

Municipal Development Fund of Georgia



Partial Compliance Report #1

on

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

**Tbilisi – Rustavi Urban Link – Section 2 Part B
SUB-SECTION: KM 5+400 to KM 6+800**

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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
CRP	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
NASP	National Agency of State Property
USD	United States Dollar
LARMS	Land Acquisition and Resettlement Monitoring Specialist
SSMR	Semi-annual Social Monitoring Reports
GRM	Georgia Resident Mission
OSPF	Office of the Special Project Facilitator

Table of Contents:

1. Introduction
 - 1.1 Project Background
 - 1.2 Involuntary Resettlement
 - 1.3 Objective and Scope of the Compliance Report
 - 1.4 Impact Summary

2. External monitoring objective and methodology
 - 2.1 Objective and Scope of the Review
 - 2.2 methods

3. Implementation framework and procedures
 - 3.1 Institutional Framework
 - 3.2 Public Consultations and Information Disclosure
 - 3.3 Complaints and Grievance Redress Mechanism
 - 3.4 Grievances received from local residents not included under the LARP
 - 3.5. Process of Compensation Provision
 - 3.6. Additional Support to the Affected Households and Businesses
 - 3.7. Expropriation and court cases

4. Project impact, compensation provided and livelihood restoration
 - 4.1. Summary
 - 4.2. Residential relocates
 - 4.3. Severely affected households
 - 4.4. Vulnerable households
 - 4.5. Businesses
 - 4.6. Employees
 - 4.7 Findings of AHs' satisfaction survey

5. Conclusion and recommendations

1. INTRODUCTION

1.1 Project Background

Sustainable Urban Transport Investment Program (SUTIP) is financed through the Asian Development Bank (ADB) Multitranchise 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 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) #1 for Section 2 Part B of Tranche 3, relates to sections Km5+400 to Km 6+800 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 completed.

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 land acquisition and resettlement monitoring specialist 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 subsections.

The present Partial Compliance Report (PCR) #1 for Section 2 Part B covers sections Km 5+300 to Km 6+800 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 1.4. Summary Impact

	Affected under the LARP	Considered under CPR (as per LARP)
A. Land parcels to be acquired		1.2.1
1. Privately owned lands	32	27
2. State owned lands	52	46
B. Fully affected land plots	60	52
C. Partially affected land plots	24	21
D. Permanently affected households losing property	133	90
E. Permanently affected legal entities	14	13
F. Permanently affected businesses	12	12
G. Temporarily affected businesses	1	0
H. Employees losing job	56	56
I. Residential relocate (AH)	60	26
J. Vulnerable households	24	0
K. Severely affected households	119	25
Total number of affected households/entities (D+E+H)	203	158

2. EXTERNAL MONITORING OBJECTIVE AND METHODOLOGY

2.1 Objective and Scope of the Review

LARMS started monitoring and evaluation in August – September 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 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;
- **Compensation for suspension of the business** – whether compensations for suspension of the business were addressed;
- **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 (Valuation Reports, contracts and agreements) have been reviewed, which allows to confirm its completeness, accuracy, validity; verification of used unit compensation rates, 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 from 14 to 15 October, 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. To ensure, that several specific groups have been interviewed, the following criteria have been considered:

- 100% of Vulnerable HHs
- at least 30% of AHs who lost a residential houses
- at least 30% of businesses
- at least 30% of severely affected
- at least 30% of AHs who complained to ADB (resident mission and/or HQ)
- at least 30% of the employees of the permanently effected businesses

The data was inserted into the database and analyzed. Table 2.2.2 shows number of interviewed APs 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	90	30
B. Permanently affected businesses	12	12	4
C. Employees losing job	56	1	0 ¹
D. Residential relocate (AH)	60	25	14
E. Vulnerable households	24	0 ²	9 ³
F. Severely affected households	119	25	14
Total (AH and LE) (without double count)	AH 90 LE 12	AH 90 LE 12	30

2.2.3 Participatory Rapid Appraisals

Participatory Rapid Appraisal was used as an additional method for data collection and verification, which was very useful for understanding the needs of specific AP groups and/or specific LAR issues. Particularly, the following have been applied:

- Case studies for grievance and expropriation cases.

¹Based on official documents submitted from the companies only one employee lost the job due to the project.

² According to the LARP there were not vulnerable households under the particular section but during implementation 9 APs submitted documents on vulnerability. the compensation was paid accordingly.

³Nine vulnerable households were identified under the section during implementation of the LARP, out of which eight were interviewed.

- Meeting with people who leave near the RoW.
- In-depth review (8AHs)⁴ 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 a 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, conducting of public consultations and negotiations with APs, contract signature and provision of 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 6 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 at the 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,

⁴One AP does not answer the phone calls and previous neighbors of AP do not have any contact information.

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 of Grievance Redress Mechanism in case of occurrence of disagreements and disputes. All AHs were requested to provide supporting documents on vulnerability. During interviews all AHs were asked about need of support from MDFG on the arrangement of the necessary documents to get compensation. In total 24 out of 30 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 LARF⁵/LARP⁶ requirements on ADB website in English and on MDF website in English and Georgian
- Information leaflet was provided to all AHs attending the consultation 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., 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

⁵<http://mdf.org.ge/?site-lang=en&site-path=documents/&year=2015&month=10&id=67>

⁶<https://www.adb.org/projects/documents/geo-sutip-t3-tbilisi-rustavi-urban-link-section-2-part-b-rp>

which increased transparency and efficiency of the GRM (order on establishment of Grievance Redress Committee is attached to the report) According to the requirements of the LARP.

Under the section 18⁷ complaints were received and all of them were resolved without applying to the court. Table 3.3 presents the information on the received complaints and describes process of their consideration and results.

Table 3.3 Grievance resolution table

AP#	Date of grievance	Subject of grievance	Action taken by MDFG	Result
49	30.09.2016	Request of Re-evaluation of the property by Samkharauli Expertise bureau	MDFG allocated funds for re-evaluation of the property	Re-evaluation of the property was done
50;51	02.11.2015	Request of recalculation of the affected	AH's request has been approved	Re-evaluation of the property was done
65B	22.01.2016	Request of increase of compensation amount due to the fact that the AH was unable to purchase bigger garage	MDFG reviewed the request	AHs request was considered as uneligible
49	22.01.2016	AHs requested the increase of the calculation of the compensation	AP's request has been sent to Appraisal company ATOS	Resolved
97	22.01.2016	AP requests The apartment or a normal money compensation	AP's request has been sent to Appraisal company ATOS for re-evaluation	Resolved
112	23.02.2016	LE demands the sum needed for closing and transferring its production. as far as mentioned sum is not included in the Calculation Of Atos.	LE's request was approved	Resolved
49	15.03.2016	Request of increase of compensation amount with USD 18000	Rejected as it was re-evaluated by Evaluation company ATOS	Rejected
N/A	25.04.2016	Request of Detailed Design of the Project	Request was approved	Documents were provided to interested party
116	25.04.2016	Ap's Application was received from MRDI, where information is requested from MDF.	Requested information was provided.	Resolved

⁷ The grievances were submitted by several AHs, and since the requests were cumulative and submitted collectively they were considered as one under the report

112	03.06.2016	AP requested compensation in the amount of 3000 GEL for demolition and conservation.	AP's request has been sent to appraisal company ATOS	Rejected. Company ATOS explained that such cost was already considered under the compensation budget
107	30.09.2016	AP requested additional compensation after contract signature	In the process of signing the Purchase agreement and the Contract "On Reimbursement of Rehabilitation Costs" MDF has met all the requirements of effective legislation and Resettlement Action Plan.	Rejected, as MDFG fully meet the LARP requirements
49	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
65T	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
64	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
65	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved

65E	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
65D	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
65I	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
65Z	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
66	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
68	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
69	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved

		funds for revaluation purposes.		
70	30.09.2016	As property revaluation should be conducted by the Samkharauli Expertise Bureau commission is required to discuss allocation of funds for revaluation purposes.	MDFG considered the request and property was re-evaluated by the Samkharauli Expertise bureau	Resolved
65V	30.09.2016	AP requested payment of compensation	According to LARP the request has been satisfied.	Resolved
67	30.09.2016	AP requested payment of compensation	According to LARP the request has been satisfied.	Resolved
57	06.04.2017	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
58	06.04.2017	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
50	25.02.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
51	25.02.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
63	30.09.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
65g	30.09.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
65k	30.09.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
73	29.10.2015	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
89	28.10.2015	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
105	02.11.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved
106	02.11.2016	AP requested recalculation of compensation	Upon request of the AP recalculation has been conducted.	Resolved

MDFG received 9 requests on additional compensation, such as vulnerability allowance, out of which 9 requests were satisfied.

All cases were resolved, which resulted in signature of the contracts and acceptance of compensation.

3.4 Grievances received from local residents not included under the LARP

Residents of the multi-apartment buildings: 16 A/B; 8, 12vg and 28a stated that road construction activities, which takes place nearby their multi-apartment, might cause damage to their apartment, and dust and noise will be harmful to their lives.

3.4.1 Multi-apartment building: #8

Grievance was submitted by the residents of multi-apartment houses. Building N8 applied to MDFG claiming that the construction works would adversely affect those buildings, which currently were in emergency condition. At the stage of review of the grievance the GRC took into consideration the conclusion issues by "Nord Est Progetti S.r.l." company, which conducted the modeling of noise and vibration caused by traffic flow and evaluated its influence during construction and operation of the road section. Based on the conducted study GRC concluded that vibration caused by construction works would not result in the risk of damage or collapse of the building.

3.4.2 Multi-apartment building: 16 A/B

Multi-apartment house 16 a/b applied to the Prime Minister of Georgia, Human Rights Protection Committee of Parliament of Georgia and MDFG on February 24, 2016 stating that the exploitation period (life span) for the building constructed in 1969 had expired and should be demolished. In the opinion of the residents construction of the road, which will be conducted in 12 meters from the building, will result in collapse of the building, as well as noise and dust caused by the construction will make living in the house impossible. GRC under MDFG reviewed the issue and concluded that vibration caused by construction works would not result in the risk of damage or collapse of the building. Following this the MDFG addressed the residents and clarified the measures undertaken and the studies conducted by MDFG regarding the case.

3.4.3 Multi-apartment building: 12 V/G

Residents of multi-apartment building 12"vg" applied to MRDI on November 11, 2016 and requested compensation, as the building is located close to the project road and claimed that they would be disturbed by dust and noise. The case was addressed to the GRC, which did not satisfy the claims and declared that according to the LARP only that immovable property, which falls within the project's corridor of impact, will be acquired. Since the abovementioned building is located outside the ROW, MDFG is not entitled to satisfy the grievance. GRC pointed out the studies conducted by the MDFG according to which vibration caused by civil works would not result in damage or collapse of the building. Vibration impact (during the construction and operation of the road) is within the acceptable limits, and it is not expected that due to construction and operation of the road stability of structural integrity of the building will be impacted.

3.4.4 Multi-apartment building: 28a

Residents of multi-apartment building N28 "a" applied to different state institutions and pointed out the emergency condition of the building and requested additional expertise. The MDFG did

not consider additional expertise relevant, as the study had already been conducted and clarified the results of the conducted studies.

It should be noted, that the residents of all four multi-apartment buildings did not consider provided information by MDFG as satisfactory and applied to the Accountability Mechanism of ADB, specifically the Office of the Compliance Review Panel (OCRP), for case resolution.

3.5. Process of Compensation Provision

There are 147 AHs affected by land losses, residential and business property losses. 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, cost for the temporary suspension of the businesses, etc. Analysis of payment orders, valuation reports and contracts signed with the AHs revealed, that AHs have been compensated for: loss of agricultural and commercial/residential land, buildings and structures, compensation for crops and perennials, business loss, relocation and registration costs, vulnerability allowance etc. according to the LARP provisions.

Compensation was not deducted for salvageable materials, taxes and registration fees. Particularly, income taxes and VAT has been calculated by the MDF and added to the compensation amount reflected in the acquisition contract transferred on the bank account of the AP. In cases, when the land plots have been partially affected, APs were responsible for the division of the land plot in 2 parts (measurement documentation have been provided by the MDFG free of charge) and registration of 2 parts of the land plot in the State cadastre. APs have paid 101 GEL for re-registered property. Based on the payment order submitted by the AP before signing of the contract, this amount have been re-paid to the APs.

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 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.

Table 3.5 Entitlement Matrix and actions taken

Type of Loss	Definition of Affected Persons (APs)	Compensation Entitlements	Actions taken
Permanent loss of agricultural land	Owner with full registration and Legalizable owners	Cash compensation at replacement cost.	AHs were provided with cash compensation at replacement cost

Type of Loss	Definition of Affected Persons (APs)	Compensation Entitlements	Actions taken
	Informal settlers (APs with no registration/valid documentation and non legalizable)	One time self-relocation allowance in cash. The relocation allowance is not dependent on the number of AH members or land characteristics and is a fixed amount per family equal to 1 year of minimum subsistence income ⁸ .	One time self-relocation cost was pad to informal settlers that equals to GEL 3864 (322*12)
Non-Agricultural Land (commercial and residential land)	Owner with full registration and Legalizable Owner	Cash compensation at replacement cost.	AHs were provided with cash compensation at replacement cost
	Renter/Leaseholder	Rental allowances in cash equal to 3 months of leasing costs, according to leasing fees approved by the municipalities for leasing the land of such category.	No such case under the section
	Informal settlers (APs with no registration or valid documentation and not legalizable).	One time self-relocation allowance in cash. The relocation allowance is not dependent on the amount of AH members or land characteristics and constitutes fixed amount per family equal to 1 year at minimum subsistence income.	One time self-relocation cost was pad to informal settlers that equals to GEL 3864 (322*12)

⁸The minimum subsistence income is calculated based on a 5 member household and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia (in June 2015 the minimum subsistence income for 5 member household per comprised 321.7 GEL per month; the rounded amount of 322 GEL was used for this LARP). Source: http://www.geostat.ge/index.php?action=page&p_id=179&lang=eng

Type of Loss	Definition of Affected Persons (APs)	Compensation Entitlements	Actions taken
Non-viable ("orphan" land)	Owner with full registration or legalizable owner (subject to legalization)	Subject to a request being lodged by the land owner to MDFG, orphan land may be compensated in full if the review of the request indicates that the remainder cannot be used economically	No such case under the section
Residential and non residential structures/assets	All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Full impact: Cash compensation for loss of building/ structures at full replacement costs free of depreciation and transaction costs Partial impact: compensation for repairs	Full compensation was provided to AHs
Loss of common property resources	Community/Government	Reconstruction of the lost structure in consultation with community and restoration of their functions	Was not need of reconstruction
Crops	All APs regardless of legal status (including legalizable and informal settlers)	Crop compensation in cash at market rate at gross crop value of expected harvest.	Was Compensated accordingly
Trees	All APs regardless of legal status (including legalizable and informal settlers)	Cash compensation at market rate on the basis of type, age and productive value of the trees. In addition, trees will be cut by the construction contractor and made available to APs for timber	Was Compensated accordingly
Business/Employment	All APs regardless of legal status	Owner: (i). (permanent impact) cash indemnity of 1 year net income; and technical and administrative support from the RU to relocate the	Was paid accordingly

Type of Loss	Definition of Affected Persons (APs)	Compensation Entitlements	Actions taken
		<p>business in appropriate premises</p> <p>(ii) (temporary impact) cash indemnity of net income for months of business stoppage. Income will be calculated based on tax declaration or in its absence on minimum subsistence income.</p> <p>Permanent worker/employees: (i) indemnity for lost wages equal to 3 months of minimum subsistence income AND (ii) support to business owner to relocate the business as quickly as possible (see above) AND (iii) support from RU to enrolment into existing livelihood restoration programmes such as business training and micro-credit</p>	<p>No need under the section</p> <p>Only 1 AP lost a job and was compensated accordingly</p>
Severe Impacts	All severely affected AHs including informal settlers	<p>Agricultural income: additional crop compensation covering 1 year yield from affected land.</p> <p>Other income: additional compensation for 3 months of minimum subsistence income.</p>	3 Months subsistence income was provided to severely impacted AHs

Type of Loss	Definition of Affected Persons (APs)	Compensation Entitlements	Actions taken
Relocation/Shifting	All AHs to be relocated	Assistance to identification of a suitable replacement dwelling Provision of an allowance of 300 GEL covering transport expenses, as well as an allowance equivalent to 3 months of minimum subsistence income to cover livelihood expenses for transitional period.	Transportation cost (GEL300) Please 3 months of minimum subsistence income (GEL966) was paid
Vulnerable People Allowances	AHs below poverty line (poor and very poor), households headed by women, disabled people, IDPs	Allowance equivalent to 3 months of minimum subsistence income and employment priority in project-related jobs	All AHs below poverty line were compensated No IDPs under the section

3.6. Additional Support to the Affected Households and Businesses

- 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 to vulnerable and severely affected people, additional consultations for legal advices, registration support, opening of bank account, provision of cadastral drawings and registration fee was provided.

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 not a case of expropriation under the section.

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

Table 4.1A 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	27	27	0
2. State owned lands	52	46	46	0
B. Fully affected land plots	60	52	52	0
C. Partially affected land plots	24	21	21	0
D. Permanently affected households losing property	133	90	90	0
E. Permanently affected legal entities	14	14	14	0
F. Permanently affected businesses	13	13	13	0
G. Temporarily affected businesses	1	0	0	0
H. Employees losing job	56	56	1	55
I. Residential relocate (AH)	60	25	25	0
J. Vulnerable households	24	0	9	9
K. Severely affected households	119	25	25	0
Total number of affected households/entities (D+F+H)	202	159	104	55

Total budget for this section defined by the LARP was 5910351 GEL, while actual payments equals to 6752415 GEL. Please see table 4.1B Planned under LARP Vs actual payments

Table 4.1B Planned under LARP Vs actual payments

AH#	Plot#	Considered under LARP					Actual Payment	Difference/Note
		Land	Structure	trees and perennials	Other compensations ⁹	Total		
1	49	8586	17308	970	1266; 966	29096	33060	3964 Re-evaluation
2	50	0	5220	5887	1266; 966	13339	17013	966 for vulnerable and 2708 re-evaluation
	51	3564	37114	0	0	40678	42607	1929 re-evaluation
3	52	1890	20275		1266 966	24397	25345	966 vulnerable

⁹Transportation cost, Severe Impact, vulnerable, self-relocation etc.

	53	0	0	0	0	0	0	
4	54	1404	30530	453	1266 966	34619	34619	
5	55	0	360	1045	0	1405	2371	966 vulnerable
	56	2700	17388	0	0	20088	20088	
	62		648	4169		4817	4817	
6	57	4806	26150			30956	79259	41738 Re-evaluation
	58			4333	1266 966	6565		
7	59		1772			1772	1772	
8	60		2571			2571	2571	
9	61		144			144	1110	966 vulnerable
10	63		1800	2525	1266 966	6557	103071	24913 Re-evaluation
	64	9828	61773			71601		
11	65A		3140	70		3210	0	The AH requested to relocate the garage instead of compensation
12	65B		8380			8380	8380	
13	65G		42237		1266 966	44469	61104	16,635 Re-evaluation
14	65D		17536		1266 966	19768	22038	2270 Re-evaluation
15	65E		32832		1266 966	35064	49196	14132 Re-evaluation
16	65V		50073		1266 966	52305	53271	966 Vulnerable
	67			1083		1083	1083	
17	65Z		36048		1266 966	38280	70259	27517 Re-evaluation
	68			4462		4462		
18	65T		22256		1266 966	24488	42349	966 Vulnerable

	69			1503		1503		15392 Re-evaluation
19	65I		73952		1266 966	76184	97474	966 Vulnerable 16947 Re-evaluation
	70			3377		3377		
20	65K		22598		1266 966	24830	36286	11456 Re-evaluation
21	66		720	1759		2479	2941	462 Re-evaluation
22	71		7518	363	3864 1266 966	13977	14943	966 Vulnerable
23			180	85		265	265	
	73	8586	55361	778	1266 966	66957	78349	11392 Re-evaluation
24	74		15607	953	3864 1266 966	22656	22656	
25	75		4330	1172		5502	5502	
26	76		1800	1026		2826	2826	
27	77		900	405		1305	1305	
28	78		6135	1838		7973	7973	
29	79		281	1975		2256	2256	
30	80		5863	2260		8123	8123	
31	81		26255	745	3864 1266 966	33096	33096	
32	82		30291	1038	3864 1266 966	37407	37407	
33	83		16512	1753	3864 1266 966	24343	24343	966 Vulnerable
34	84	22194	44896	1504	1266 966	70826	70826	
35	85	5886	2610	2021		10517	10618	101 Registration Fee

	86		4680	981		5661	5661	
36	87		4440	3685		8125	8125	
37	88		20031	1112		21143	21143	
38	89		3356	3989		7345	26427	18981 Re-evaluation; 101 Registration fee
39	90	2484	180	1119		3783	3884	101 Registration fee
	91		3000	2560		5560	5560	
40	92		70919	2657	3864 1266 966	79672	79672	
41	93		4040	2338		6378	6378	
42	94		720	2075		2795	2795	
43	95	6588	4783	1088		12459	12560	101 Registration fee
44	96		2199	2986		5185	5185	
45	97	16254	27190	2165	1266 966	47841	47841	
46	98		1731	884		2615	2615	
47	99	20142	61390	683	1266 966	84447	84447	
	100		540	125		665	665	
48	101		49617	3444	3864 1266 966	59157	59157	
49	102		540	864		1404	5680	4276 Re-evaluation
50	103		252	380		632	632	
51	104		7563	510		8073	8073	
52	105	1782	270	90		2142	4900	2758 Re evaluation
	106		6354	2094		8448	11067	2619 Re evaluation
53	113A				12873	12873	0	The AH had to get compensation for rental fee. At the stage of implementation

								the AH was not working any more so there was no impact
54	118	2975	71312			74287	74287	
	119A		8767			8767	8767	
	120B		200			200	200	
55	119B		1408			1408	1408	
	120G		7521			7521	7521	
56	119G		2321			2321	2321	
	119D		2599			2599	2599	
	119S		27626	225		27851	27851	
57	119E		200			200	200	
	119L		5535	150		5685	5685	
58	119V		5167			5167	5167	
	121D		2573			2573	2573	
59	119Z		6555			6555	6555	
60	119T		6217			6217	6217	
61	119I		5638			5638	5638	
62	119K		5813			5813	5813	
63	119M		4710			4710	4710	
64	119N		16217	295		16512	16512	
65	119O		9183			9183	9183	
66	119P		8732			8732	8732	
67	119Z H		8654			8654	8654	
	120A		200			200	200	
68	119R		16707			16707	16707	
69	119T		4957	75		5032	5032	
70	119U		29427	240		29667	29667	
71	119F		4811			4811	4811	
72	119Q		12407	1095		13502	13502	
	120E		3715			3715	3715	
73	119G H		7545			7545	7545	
74	119Y		6323			6323	6323	
75	119S H		6944			6944	6944	

76	119C H		31853	230		32083	32083	
77	119C		30754	385		31139	31139	
78	119D Z		4440			4440	4440	
79	119w		4493			4493	4493	
80	119T CH		3912			3912	3912	
81	119K H		4159			4159	4159	
82	119J		4011	360		4371	4371	
83	120D		3494			3494	3494	
84	120V		5947			5947	5947	
85	120Z		4513			4513	4513	
86	120I		6113			6113	6113	
87	121A		2851			2851	2851	
88	121B		2930			2930	2930	
89	121G		4044			4044	4044	
90	121D		2573			2573	2573	

4.2. Residential relocates

The project covers the impact over 69 HHs losing Residential Houses out of which 44 is located in 2-story multi-apartment building and is located outside of the section covered by partial compliance report. 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 15 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 re-evaluation

Table 4.2A results of reevaluation

#	Item	Quantity
1	House Holds Loosing Residential Houses	25
2	Reevaluated	15
3	Cost was changed	12
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 25 structures) and livelihood expenses for a 3 months transitional period (322 GEL x 3 month x 25

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)

	N planned under the LARP for this section	(actual after implementation)
Number of Residential Relocated AHs	1.2.2	1.2.3
Allowance covering transport expenses	300 GEL*25 = 7800	7500
Livelihood expenses for a 3 months transitional period	322 GEL x 3 month x 25 households = 24150	24150

4.3. Severely affected households

According to the LARP, 119 severely impacted households were identified out of which 25 are covered under this partial compliance report. The payment is done according to the LARP requirements.

Table 4.3 Allowances provided to severely affected households

	Compensation planned under the LARP for this section	Compensation of AH (actual after implementation)
Allowance for severely impacted for a 3 months transitional period	322 GEL x 3 month x 25 households = 24150	24150

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 nobody are located in the section covered under this Partial Compliance Report.

However, during Implementation of the LARP 9vulnerable HHs (leaving below poverty line)were identified based on special document issued by the Social Service Agency of the Ministry of Labour, Health and Social Affairs of Georgia.

All 9HH 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). For 12 permanently and 1 temporarily affected businesses, data on income provided by APs as part of census/survey was used during the preparation of the LARP. Out of 13 businesses 12 are located under the section covered by the compliance. Business owners are eligible for compensation in amount of cash

indemnity of 1-year net income and technical support from the RU to relocate the business in appropriate premises. During LARP implementation the compensation in amount of **4869219** GEL was paid to 13 businesses, including registration costs and taxes: total compensation for businesses without registration costs and taxes comprised 4501823 GEL. These APs also have been entitled to provision of an allowance covering transport expenses (300 GEL). Please refer to table 4.5. for more details

Table 4.5. impact on businesses

Business type	Planned under the LARP for this section		Actual after implementation)		Difference	
	N	Compensation (GEL)	N	Compensation (GEL)	N	Compensation (GEL)
Permanently Affected	13	4633974	13	4869219	0	235245
Temporary affected	0	0	0	0	0	0

Total amount reimbursed under the component is 4869219 GEL that exceeds planned amount by 235245 GEL. Difference between the figures is resulted due to the additional repayment of taxes by MDFG and impact on one building was eliminated by design change.

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 only one case of the employment loss due to the project was identified and was compensated accordingly. Gel 966 was paid to the AP. 18 employees identified during LARP preparation were interviewed the APs confirmed that they have not lost job due to the project and there was not fact of reduction monthly salary.

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:

- 90% of Vulnerable HHs
- at least 30% of residential relocates
- at least 30% of businesses
- at least 30% of severely affected
- at least 30% of AHs complained to ADB (resident mission and HQ)

Based on the answers:

- 80% of 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.

- 21 interviewed AHs 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.
- 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: 25 APs confirmed that compensation provided to them was adequate and evaluated with a score above 3 and 5 APs expressed their dissatisfaction on the compensation.
- 28 out of 30 AHs evaluated effort of MDFG and MDFG's staff positively.

Please see table 4.7 for more details.

Note: 7 concerns received from the interviewed AHs were related to the multi-apartment buildings located nearby the project road.

Table 4.7 Results of the interview

AH#	Public consultations	Compensation Amount	Compensated for	MDF's support	Satisfaction Evaluation
49	attended	Confirmed	Land, structure, trees and perennials, transportation Severity impact	No need	5
50,51	attended	Confirmed	Structure, trees and perennials, transportation Severity impact vulnerable	No need	4
52,53	attended	Confirmed	Structure, trees and perennials, transportation Severity impact Vulnerable	No need	3
55-56 62	No	Confirmed	Land, structure, trees and perennials Vulnerable	No need	3
57 58	No	Confirmed	Land and structure	No need	5

			Trees and perennials Transportation Severity		
61	Attended	Confirmed	Structure vulnerable	No need	5
65E	Attended	Confirmed	Structure Transportation severity	No need	3
65V, 67	No	Confirmed	Structure Trees and perennials transportation severity vulnerable	Additional support from neighbors	1
69- 65T	Attended	Confirmed	Structure, trees and perennials, transportation vulnerable	No need	3
65K	Attended	Confirmed	Structures, Trees and perennials transportation severity	No need	4
65Z 68	Attended	Confirmed	Structures, Trees and perennials transportation Severity	No need	4
71	No	Confirmed	Structure, trees and perennials, transportation Severity, Vulnerable	No need	3
78	Attended	Confirmed	Structure, trees and perennials	No need	5
80	No	Confirmed	Structure, trees and perennials	No need	4
83	Attended	Confirmed	Structure, trees and perennials, transportation Severity vulnerable	No need	3
87	Attended	Confirmed	Structure, trees and perennials	Additional help from	4

				Implementatio n Agency	
88	Attended	Confirmed	Structure, trees and perennials	No need	5
89	Attended	Confirmed	Structure, trees and perennials Reg. fee	Additional help from Local Government, Implementatio n Agency	4
92	No	Confirmed	Structure, trees and perennials, transportation Severity	Additional help from neighbors, Local Government	2
95	No	Confirmed	Land, structure, trees and perennials Reg. fee	No need	4
97	Attended	Confirmed	structure, trees and perennials, transportation severity	No need	3
101	No	Confirmed	Structure, trees and perennials, transportation	Additional help from Implementatio n Agency	3-4
105	Attended	Confirmed	Land Structure, trees and perennials, registration fee	Additional help from Public Registry	2
119z	Attended	Confirmed	structures	No need	4
119o	No	Confirmed	structures	No need	3
119f	Attended	Confirmed	structures	No need	2
119c	Attended	Confirmed	structures	No need	2
120d	Attended	Confirmed	structures	No need	4
121g	Attended	Confirmed	structures	No need	4
121d	No	Confirmed	structures	No need	3

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+400 to Km 6+800.

The Partial Compliance Report #1 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+400 to Km 6+800. And all payments were done based on LARP requirements

Upon completion of the CRP review of the project, additional external monitoring may be required to monitor the actions agreed between ADB and MDFG.