

Biannual Social Monitoring Report

Reporting period: 01/2016 – 06/2016

**GEORGIA: MFF - SUSTAINABLE URBAN TRANSPORT INVESTMENT
PROGRAM**

(Financed by the Asian Development Bank)

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Tbilisi, Georgia

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Background

Sustainable Urban Transport Investment Program is financed through an ADB Multitranches Financing Facility (MFF) and implemented by Municipal Development Fund (MDFG) of Georgia with an overall purpose to improve connectivity, reduce traffic congestion and promote sustainable, safe, reliable and efficient transport. Tranche 2 of the Sustainable Urban Transport Investment Program (SUTIP) includes modernization of the Section 1, Section 3, Secondary Road for Section 3.

A Land Acquisition and Resettlement Framework (LARF) was agreed in 2010 between MDFG, on behalf of the Government of Georgia, and the Asian Development Bank (ADB) upon the inception of SUTIP. It specifies compensation eligibility and entitlements; land acquisition and resettlement-related conditions for implementation; mechanisms for the preparation of land acquisition and resettlement plans for subprojects entailing land acquisition and resettlement.

The Tranche 2 is classified as category A for land acquisition and involuntary resettlement (LAR). The LAR issues are significant in extent and ranging from large businesses to small enterprises and considerable number of affected physical persons. Diversity in categories of affected persons and businesses complicates both LAR preparation and implementation processes since each category of impact needs to elaborate and execute specific impact mitigation measures.

On 19 December, 2013 - Sustainable Urban Transport Investment Program Tranche 3 Loan and Project agreements were signed between Georgia and Asian Development Bank. Under Tranche 3 ADB has agreed to lend to the Borrower from ADB's ordinary capital resources an amount of seventy three million Dollars (\$73 million).

The project will provide efficient, reliable and affordable urban transport infrastructure and services, thereby increasing economic growth potential and competitiveness of urban communities, improving livelihoods of over 1.5 million people (approx. 35% of Georgian population). The project will also: (I) improve urban, environment and communities' access to economic opportunities and to public and social services; (II) promote efficient and sustainable urban transportation; and (III) generate income and employment opportunities.

Sustainable Urban Transport Investment Program – Tranche 3 (SUTIP T3) includes (a) Construction of an approximately 6.8 kilometers 4-lane urban road link between the cities of Rustavi and Tbilisi, including a 2 kilometers urban boulevard and recreational areas; (b) Construction of an approximately 1.2 kilometers coastal protection structure in the city of Anaklia; and (c) Project implementation support through financial audit and independent safeguards monitoring.

Section 1

The Land Acquisition and Resettlement Plan 1 (LARP 1) was prepared by the MDFG to address LAR impacts/ issues for section 1 (km 0 – km 4) of the Tbilisi-Rustavi

Urban Link. The LARP 1 was based on detailed design, and was prepared in compliance with the provisions of the LARF and the requirements of ADB Safeguards Policy Statement of (SPS). During LARP 1 implementation by MDF and external monitoring conducted by Independent Monitoring Agency (IMA), certain circumstances have been revealed (that required changes in LARP 1 and its implementation process), which were documented in Due-Diligence Report prepared as an Addendum to LARP 1 (Addendum A to Final Compliance Report for LARP 1). Implementation of LARP 1 was completed; however, one outstanding issue was still pending and following the discussion of the issue between representatives of ADB and MDF, and an Addendum to LARP 1 was developed and approved in December 2014 to address the issue. There are no further issues in the Section 1.

Section 3

The Land Acquisition and Resettlement Plan for Section 3 (LARP 2) was prepared by the MDFG to address LAR impacts/compensation issues for Section 3 (km 10.5 – 17.1) of the Tbilisi-Rustavi Urban Link. The LARP 2 was based on detailed design, and was prepared in compliance with the provisions of the LARF and the requirements of ADB SPS. In the meantime during its implementation by MDF and external monitoring conducted by IMA, certain circumstances have been revealed (that required changes in LARP 2 and its implementation process), which were documented in Due-Diligence Report prepared as an Addendum to LARP 2 (Addendum B to Final Compliance Report for LARP 2). The implementation of LARP is almost completed, and there are only few pending issues. Civil works in Section III are currently in process, however access was provided only to part of the Section III where no pending issues exist. One of the pending issues was resolved by drafting and approving the Addendum to LARP 2 in March 2015.

Section 2

Section 2 (km 4+000 to km 10+800) is a new urban link road. Since in this section the widening of the existing highway would have caused significant impacts, thus a new road was preferred. The 6.8 km long Section 2 passes through housing and industrial areas, and as a result generates significant displacement impacts, including demolition of a two-storey building with 40 apartments.

The draft LARP for Section 2 was developed by Design Consultant (Dohwa Engineering) in April 2014. The main issue related to LARP was that the road section might have required demolition of a building with 40 apartments and possibly the repair of other 9 buildings with a very large number of apartments. To assess the final land acquisition and resettlement impacts it was decided to carry out a study of structural integrity of the buildings.

In order to speed up and facilitate finalization of LARP for Section 2 it was agreed to split the existing draft LARP into two LARPs covering respectively the Section 2 Part A (the road section without impacts on two-storey building, where LARP can be quickly finalized) and Section 2 Part B (including the section of the road with building impacts, where the impacts shall be reassessed following finalization of the structural study of buildings).

The final LARP for **Section 2 Part A** was approved by ADB on 30 October 2014

and is currently in process of implementation. Contracts are being signed with affected persons and are registered in public registry as it is required by Georgian legislation. Affected people are getting compensation paid to their bank accounts within a reasonable time. As to the June 30, 2016 the agreements were concluded and signed for the purchase of approximately 209 out of 244 affected properties. Negotiations with affected persons are ongoing. It shall be noted, that MDF provides assistance to the affected persons in land registration process.

However, it shall also be noted that exclusion of the interchange from the project required review of LARP and development of an Addendum to the LARP for Section 2 Part A. Currently the data collection for preparation of the Addendum is in process.

For **Section 2 Part B** the land acquisition and resettlement (LAR) impacts were reassessed based on the structural integrity study carried out in 2015, which was conducted by Nord Est Progetti Srl (Italy). According to the outcomes of the study of structural integrity (including review of data regarding two-storey building and 9 multi-apartment buildings, visual inspection, thermographic imaging of the buildings, subsoil investigation data, the input data for modeling the vibration impacts, etc.) it was recommended to dismantle two-storey residential building with 40 apartments. In the meantime regarding the structural integrity of the other 9 buildings, it was concluded that the construction works will not cause the risk of collapse or damage of these buildings.

The outcomes of the study on structural integrity of the buildings were reflected in the LARPs and the results of the study have confirmed the LAR impacts identified during the initial LAR assessment. Based on reassessed LAR impacts the LARP for Section 2 Part B was finalized, approved and disclosed in October 2015. Following LARP approval MDF commenced its implementation. As of June 30 2016, the agreements were concluded and 112 privately owned properties were acquired out of total 151. In addition, out of total 40 apartments in two-storey residential building 28 apartments were acquired. LARP implementation process is ongoing.

Grievance Resolution

Grievance redress procedure was specified in LARPs for Section 2 Part A and Part B to provide an effective and systematic mechanism in responding to queries, feedbacks and complaints from APs and stakeholders. Grievance Redress Committee was established following the requirements of the grievance redress mechanism to address LAR issues that may arise during implementation of works under Tbilisi-Rustavi Urban Road Link. In total 5 meetings were carried out by the Grievance Redress Committee in first half of 2016. Grievance Redress Committee meetings are called on as needed basis to discuss the issues regarding all of the sections of Tbilisi – Rustavi Urban Road Link. Total number of complaints received for Section 2 Part A and Part B is 38, out of which 9 cases were resolved, 12 cases were rejected and 17 are currently being reviewed by the Committee.

Two of the complaints, which were brought into the GRC should be noted: 1. A joint complaint of residents of Two-story residential building. 2. The complaint of owner of the hotel, from which only the restaurant was bought by the MDF. These AP-s submitted complaint to MDF and to ADB - Office of the Special Project Facilitator (OSPF). MDF is actively collaborating with the OSPF in order to resolve issues.

A number of complaints (38) were received by MDF during the accounting period from Tbilisi-Rustavi urban Link project affected persons and people living in the alongside apartment buildings. On the one hand this is understandable given the large number of APs, sensitivity and complexity of the land acquisition and resettlement process. On the other hand it requires from MDF to work very closely, spend additional time and handle all cases, conduct negotiations, assess and address inquiries by APs and provide the answers that would be simple, clear, understandable and acceptable to the APs. At the same time MDF has to take into account that implementation of LARP 3a and 3b should be conducted in a timely manner and in full compliance with the LARP conditions and ADB's SPS requirements. Residents of two-story building (that should be demolished) requested the increase of compensation, as in their opinion, they will not be able to purchase another residual place. MDF offered them alternative residual place twice. The complaints review GRM has reviewed all individual and joint complaints made by two-story building residents. From approximately 40 families residing in two-story building, 28 have already signed agreements and 12 refused to sign. Despite their refusal, MDF continues negotiations with these affected households.

An agreement with the Hotel and restaurant owners was made in 2014-2015. MDF only purchased from AP only part of the property, which was a restaurant, the hotel is situated outside the buffer zone and therefore hotel has not been purchased. Despite the fact, that APs signed an agreement and received relevant compensation, after one year they demanded that the hotel should also be purchased.

Private residential houses issue also should be highlighted. Part of private residential house owners also refused to sign agreements with MDF, because they think that compensation amount is small. GRC has also reviewed these complaints and sent them to Evaluation Company. At this stage, review of complaints is under discussion. However, the information letter was sent to private property owners.