



STUDIA 21



Resettlement Planning Document

Land Acquisition and Resettlement Plan
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Urban Regeneration of historical streets in Velistsikhe

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CURRENCY EQUIVALENT
(as of 17 December 2019)¹

Currency Unit	–	Georgian Lari (GEL)
USD 1.00	=	GEL 2.8787

¹ <https://www.nbg.gov.ge/index.php?m=582&lng=eng>

ABBREVIATIONS

AB - Affected Businesses
ACM - Acquisition and Compensation Matrix
ADB - Asian Development Bank
AH - Affected Household
AP - Affected Person
BP - Bank Procedure
CBO - Community Based Organization
DMS - Detailed Measurement Survey
EMA - External Monitoring Agency
GRC - Grievance Redress Committee
HH - House Hold
IDP - Internally Displaced Person (refugee)
GoG - Government of Georgia
IA - Implementing Agency
LAR - Land Acquisition and Resettlement
LARF - Land Acquisition and Resettlement Framework
LARP - Land Acquisition and Resettlement Plan
MDFG -Municipal Development Fund of Georgia
MoESD - Ministry of Economy and Sustainable Development
MoF - Ministry of Finance
NARP - National Agency for Public Registration
NGO - Nongovernmental Organization
PSC - Project Supervision Consultant
PRRC - Property Rights Recognition Commission
RoW - Right of Way
RU - Resettlement Unit
SeS - Socioeconomic Survey
SPS - Safeguard Policy Statement
ToR - Terms of Reference
sq.m. Square Meter

Glossary

Affected Household (AH)- means all members of a household residing under one roof and operating as a single economic unit, who are adversely affected by the Project. It may consist of a single nuclear family or an extended family group.

Affected Person (AP) - means individuals affected by Project-related impacts.

Eligibility - means any person(s) who at the Cut-off-date was located within the area affected by the project, its sub-components, or other subproject parts thereof, and are affected by the project. Eligibility is irrespective of (a) formal legal rights to land, (b) customary claim to land or asset, or (c) no recognizable legal right or claim to the land APs are occupying.

Entitlement - means the range of measures comprising cash or kind compensation, relocation cost, rehabilitation assistance, transfer assistance, income substitution, and relocation which are due to APs, depending on the type, degree and nature of their losses, to restore their social and economic base.

Land acquisition - means the process whereby a person is compelled by the Government through the Executing Agency of the Project to alienate all or part of the land s/he owns or possesses in favor of the State due to the implementation of the Project or any of its components in return for consideration.

Rehabilitation- means the measures required to (i) restore access to public facilities, infrastructure, and services; (ii) cultural property and common property resources; (iii) mitigate loss of access to cultural sites, public services, water resources, income-earning opportunities; and, (iv) restore the economic and social base of APs severely affected by the loss of assets, incomes, and employment. All such people will be entitled to rehabilitation assistance measures for restoring incomes and living standards. Such measures must be determined in consultation with APs, including any AP whose rights might not be formally recognized.

Resettlement - means full or partial, temporary physical displacement (relocation) and economic displacement (loss of access to assets, income sources, or means of livelihoods). The definition applies to impacts experienced, regardless of whether it involves actual relocation.

Relocation - means the physical shifting of APs from his/her pre-project place or residence, place for work or business premises.

Sakrebulo- is the representative body of local self-government. The middle level of local government consists of 67 municipalities and six cities in Georgia: Tbilisi, Kutaisi, Rustavi, Poti, Batumi and Sukhumi. The representative branch of municipality level is the municipality level Local Councils (Municipality Sakrebulo) and the executive branch is represented by Municipality Mayor. The self-government level consists of settlements (self-governed cities) or groups of settlements (municipalities). Settlements could be villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The representative and executive branches of self- government are represented accordingly by Local Council (Sakrebulo) and the Mayor of municipal level. The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.

Vulnerable Households - mean Particularly Disadvantaged Households who might suffer disproportionately or face the risk of being marginalized from the effects of land acquisition and resettlement. These are; (i) female-headed households with dependents; (ii) disabled household heads; (iii) poor households as defined by the official poverty line;

EXECUTIVE SUMMARY

1. The Land acquisition and Resettlement Plan (LARP) is prepared for the Livable Cities Investment Program by the Municipal Development Fund of Georgia (MDFG) of the Ministry of Regional Development and Infrastructure of Georgia (MRDI) with support of ADB transaction technical assistance (TRTA), the Consultant, engaged by the Asian Development Bank (ADB). The LARP is subject to review and clearance by the GOG and ADB.
2. This LARP includes: (I) information on type and number of affected assets and involved households; (II) information on affected businesses and respective compensation (excluding temporary impacts); (III) information on vulnerable and severely affected households and respective allowances; (IV) summary of consultations carried out; (V) LARP implementation preliminary budget and tentative timeline; (VI) information on respective legal framework, compensation calculation principles, and (VII) grievance redress mechanism.
3. The Project The impacts for the project and number of affected persons is underlined in table 1 below.

Table 1. Summary Land Acquisition and Resettlement Impacts

No.	Description	Number/Amount
1	Total number of affected households	50
2	Total number of temporarily affected businesses	27
3	Total number of employees temporarily losing job	14
4	Total number of vulnerable households	8
5	Total number of temporarily affected structures	61
6	Total estimated number of Aps	181

4. The preparation of the LARP included consultation and participation. The focus of these consultations effectively ensured that APs and other stakeholders would be well informed of the Project and of the LAR process, and could participate in planning. The LARP in Georgian language will be disclosed in the MDFG web-site and the information.
5. A grievance mechanism is available to allow APs to appeal any disagreeable decision, practice or activity arising from land or other assets compensation.
6. The Table E-2 below provides a Project-specific summary of the compensation entitlements for various categories of APs.

Table E-2. Entitlement and compensation matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			6

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Agricultural Land: Permanent land loss, access or damage.	AP losing productive land regardless of impact severity	<u>Registered Owner/Legal:</u> Owner with full registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unviable for cultivation, the project will acquire it if the owner so desire.
		<u>Legalizable Owner:</u> (APs with title formalization pending and APs who are not registered but legitimately use the land and have residential land or agricultural plots adjacent to the residential land)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Non-legal/Informal Settler:</u> APs that are not legitimate land users or squatters	Non-legalizable APs losing agricultural land plot will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period where land is actively cultivated, or 3 month period where land is barren/unused.
		Agricultural Tenant	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease, unless otherwise provided by the lease agreement. In case of tenancy no crop compensation will be given to the land owner, and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy
Non-Agricultural Land	AP losing their commercial/residential land	<u>Registered Owner/Legal:</u> (Owner with full registration)	Cash compensation at full replacement cost.
		<u>Legalizable Owner:</u> (Legalizable owners according to active legislation)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Non-legal/Informal Settler</u> (Without registration/valid documents using land permanently.)	Non-legalizable APs losing a land plot, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period. This only applies to physically displaced APs who do not have other residence.
Temporary Impact on land plot	N/A	N/A	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-established by the EA at the pre-impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Temporary loss of Residence	AH has to be relocated during the rehabilitation work	All AH regardless of their formal or informal status	All AH will be compensated for temporary relocation according to the construction period of each structure occupied by the AH. Each AH will get the cash compensation, which is sufficient to rent acceptable residence for living. Prior to rehabilitation of the property, beneficiaries will be informed regarding the allowance packages and other LARP related information; written consent by the owner/user will be received, compensations will be paid and after this will be started rehabilitation. The monthly compensation will be calculated by independent evaluator during preparation of the LARP.
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	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. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<p><u>Owner:</u></p> <p>(i) <u>(permanent impact)</u> cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance for a 5-member family.</p> <p>(ii) <u>(Temporary impact)</u> cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family)</p> <p><u>Permanent worker/employees:</u></p> <p>(i) Permanent impact stoppage business indemnity for lost wages equal to actual wage for 3 months or in case of absence of tax declaration, one-time minimum allowance (5-member family) subsistence in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie. salary payment document, accountant/financial report.</p> <p>(ii) Temporary impact cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in</p>

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			its absence, minimum subsistence allowance for months of business stoppage (5-member family).
Allowances			
Severe Impacts	Permanent physical relocation or loss of >10% of productive assets	All severely affected AHs including informal settlers	in addition to the compensation of lost land and /or crops, severely affected AHs will be provided with additional rehabilitation measure; in particular, one-time allowance equal to cash compensation calculated based on the minimum subsistence monthly income level for the family of five (5) members multiplied to 3 months per AH.
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee' households/internally displaced people.	One-time minimum subsistence allowance in cash for 3 months fixed for 5-member family and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009. MDFG with assistance of supervision contractor will address and mitigate/compensate unforeseen Resettlement impact during project.
Impacts related to spoil disposal areas and construction	Temporary impacts	APs using affected pasture lands	Any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
camps.			<p>between the Contractor and the land owners.</p> <p>Should such temporary impacts also affect persons using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation.</p>
	Permanent impacts		<p>Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.</p>
Damages during construction; Extension of construction period due to the reason of the construction company	This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated property and etc. If contractor is not able to finish works on time due to their own reason	All Aps	Compensation for such damages during construction and Extension of construction period due to the constructor's reason is a Contractor's responsibility. Compensation will be assessed and paid per procedures and rates in this LARP.
<p>Tax liabilities, registration and financial transaction related costs caused by the project implementation will be covered by the project and included in the accounting. Compensation will be provided in net, as determined by an independent and licensed valuator, following the principles and methodology of international valuation standard, and elaborated in formulas in respective LARP. No tax deductions will be applied to the compensation amount. In the event that taxes apply to the compensation amount, the appropriate tax amount will be topped up and covered by the project</p>			

7. The MDFG will implement the LARP, with support from the GoG. Internal resettlement monitoring will be done by the MDFG in close collaboration with ADB national LAR consultant. The international and local social and resettlement consultants (hired by MDFG to facilitate development of LARPs) were engaged to coordinate finalization of LARP, follow-up with its approval, disclosure, as well as provide support during implementation and monitoring activities.

8. An Independent Monitoring Consultant will be engaged to provide monitoring of the implementation of land acquisition and resettlement activities of the Project.

9. According to the calculation, a budget of approximately GEL **258,471** (USD 89,787) will be required for LARP implementation activities. This includes the cost for renting temporary residential spaces, relocation, other administrative expenses, as well as resettlement monitoring and evaluation, and costs related to operation of Resettlement Unit.
10. Civil works for the Project will commence after the full implementation of the compensation program described in this LARP including full delivery of compensation to the APs, and preparation of monitoring reports, review and approval by ADB.

1. Introduction

1.1 Project Overview

11. According to the plan of development of the central part of Velistsikhe, promotion of tourism is determined by the following conditions: location of the main transport roads of Kakheti, architectural monuments of historical center, centuries-old traditions of wine production, hospitality and trade, cellars, basement, existence of wineries and other options.
12. The project area should be developed on the basis of universally proven principles of sustainability: to preserve the authenticity and historical appearance of the area, which is one of its main values; to respond to current needs and challenges.
13. Restoration and rehabilitation of the central district should stimulate the opening of family and small hotels. The Central Street of the village and Theater Square should become a pedestrian zone with its cafes, shops and other social services.
14. The aim of the project is to create attractive and interesting environment. To achieve this, the project assignment comprises four main stages:
 - Reconstruction and rehabilitation of houses on the main street of Velistsikhe village.
 - Rehabilitation and renovation of Theater Square and Central Street (including engineering networks).
 - Reconstruction of the first floor and facade of the Theater.
 - Development of the Park infrastructure.

After the implementation of four independent projects, a single complex will be created. All four projects differ in terms of functionality and selection of reconstruction methodologies.

1.2. Information obtained and works planned during the research phase

15. During the design period the following research works of the facilities have been carried out:
 1. Determining the project area;
 2. Creating the topographic map in 1/500 scale;
 3. Listing of registered land plots with cadastral boundaries and codes on topo plan.
 4. General Geological Survey;
 5. Measurement of each building (crocs);
 6. Photo fixing;
 7. Constructive conclusions defining the sustainability of buildings;
 8. Collecting primary information for providing facilities with water and electricity and for connecting sewage and drainage networks;
 9. Collecting the information on existing communication networks;
 10. Collecting the information on existing drainage and sewage networks;

11. Defining general planning parameters and scales of the project;
 12. Determining the expected implementation methodology and schedule;
 13. Calculation of tentative rehabilitation volumes;
 14. Preparing technical and economic justification of the Project.
16. During the research phase, multiple facilities have been inspected and studied by various specialists, including an authorized person designated by the purchaser. The Mayor of Gurjaani Municipality is involved in the working process related to the Project of Village of Velistsikhe

Define general planning parameters and scales of the project.

17. Based on the conducted studies, the parameters of the Pedestrian Street and adjacent lanes were specified. The number of buildings to be reconstructed, the degree of damage and the types of possible construction-reconstruction works were determined. The necessity of reconstructing of the Theater Square as the main place of meeting of the local community and tourists were highlighted. The next stage of the design will specify the streets necessary for the movement of traffic (after the pedestrian street arrangement) and their amenities. Parking place for tourist buses will be determined as well.
18. The park's rehabilitation plan envisions turning the area into a social hub. First of all, thematic zones will be allocated in the park. An entertainment center will be located on the first floor of the building standing in the park, while commercial spaces will be located on the second floor.

Reconstruction and rehabilitation of the buildings/structures of the Central Street of the village Velistsikhe.

19. The design of the Central Street Reconstruction-Rehabilitation Project comprises 63 land plots with 61 buildings on which surveying has been carried out and each building has been studied in terms of architectural, artistic, urban building values and structural sustainability. It is planned to make a new fence on one plot and to arrange summer café on the other. The functions and owners of all buildings are clear. Most of the buildings have basements and wine-cellars, which are largely unused, full of old family items, with cluttered entrances. Some basements are filled with soil. Authentic facades are rare, most of them are plastered or decorated with substandard materials. Many buildings are unfinished. Some houses have only walls standing. Most of the roofs need to be replaced.

Work description

20. The table below shows works to be carried out within the scope of the project.

Table 1.1.

#	Work description	Number of buildings
---	------------------	---------------------

1	Reconstruction and Replacing of the Roofs	41
2	Changing windows	39
3	Arrangement of a new facade	34
4	Arrangement and reinforcement of walls	29
5	Rehabilitation of balconies	21
6	Reconstruction of stairs	12
7	Arrangement of ferro-concrete belt	12
8	Framing the spaces with metal constructs	10
9	Reconstruction of roofing concrete slabs	7
10	Reinforcement of the foundation	5
11	Construction of attic	4
12	Dismantling the unfinished annexes and auxiliary buildings	3
13	Reconstruction of fences and gates	5
14	Construction of a new building	3
15	Reconstruction of the existing building	3
16	Repair of damaged floors	3
17	Complete construction of annexes	2
18	Reinforcing of the damaged columns	2

Rehabilitation works of the Central Street.

21. The Central Street project area, which includes the arrangement of a hiking zone, 416 meters in length, with a width varying from 7.80 to 20 meters. Except the Central Street, project area includes several lanes, totaling 13,516 square meters.

Information on existing communication networks (engineering infrastructure).

22. Communication - optical Internet is provided, television is connected to the same network, and mobile connection is working properly;

23. Electricity - The village is electrified. Electricity supply in the village is provided by 10 transformer substations. Two of these substations are located adjacent to the theater, two adjacent to the existing park and two adjacent to the access road.

24. There is 0.4 KW aerial transmission line stretched on partially amortized towers of various types (metal, wood, reinforced concrete). Electricity is chaotically distributed to residential buildings from the same towers;

25. Outdoor Lighting - There are various types of outdoor lighting fixtures near the theater, quite outdated and insufficient for the area. The street lights are fragmentally distributed. The lamps are mainly mounted on transmission line towers. There is no outdoor lighting installed in the park area.

26. Water Supply - The village suffers from a shortage of drinking water. During the Soviet period the village was supplied from the Alazani River. As the Alazani River is lower than the village of Velistsikhe, the supply of water requires a pumping station, causing additional costs. In the 2000s, the village switched to the Cheremiskhevi River, which caused the above shortage. There are also 30 artesian wells drilled in the village (mainly during the Soviet period, 200 m deep). Which are an additional source of water supply. Currently 25 pieces are operational. The village is supplied with water on schedule.
27. Gas Supply - The central gas pipe runs throughout the village. Pressure meets standards. Some buildings are not included, but can be attached on request.
28. Waste Management - The village is served by two landfills - Telavi and Tsnori. On Sunday and Wednesday the waste is collected.
29. Existing drainage system - The street is followed by a cuvette made of asbestos-clad pipes, which in some places is replaced by concrete or just dug out. Street tilting often fails to provide surface water to the channel.

Mitigation actions planned.

30. At the stage of rehabilitation works, all parties engaged in the project will be particularly attentive to prevent any potential indirect impact on the population living adjacent to the project area and/or access roads. In order to avoid such impacts, the Construction Contractor will take the following measures:
1. The schedule of the construction equipment movement shall be agreed with the city authority and police.
 2. Information about the movement of construction equipment will be delivered to the residents of the nearby areas and all those concerned.
 3. Temporary storage of construction materials will be done in a way so as to avoid blocking the road and/or entrances to the buildings and organizations.
 4. The Construction Contractor shall meet all requirements specified in the IEE (Initial Environmental Examination) document developed within the scope of the project.

Please include pictures with project overviews

2. Census and Impact Assessment

2.1 Impacts Assessment Methodology

31. As already mentioned, no permanent resettlement of the APs will take place within the scope of the project, only temporary relocation is envisaged due to rehabilitation works in houses/commercial objects on Central Street of Velistikhe village. The maximum time period, for which a part of the project affected HH may need to leave their houses and/or commercial spaces, is 5 months. In the event of prolonged construction work, under unexpected circumstances, compensation will be recalculated and added to the total package for the respective APs. In case of unexpected circumstances/hidden works, the Supervisor applies to the Municipal Development Fund and notifies the bases, terms, timeframe and conditions of these works, after approval, the MDF will provide additional compensation. In case, if the deadline is unreasonably delayed, the supervisor will ensure the compensation to be paid by the construction company.
32. The project does not envisage purchasing land plots and buildings (permanent acquisition), nor any impacts on annual/perennial plants. Only the rehabilitation of buildings/structures (mostly their facades and roofs) is planned within the scope of the project. However, following the hazardous state of most of the buildings, a certain number of the population will be subject to temporary resettlement.
33. After consultations with project-affected persons, and as per the final design developed by MDF, project designer and engineers, it was decided that none of the extensions or annexes to the existing buildings will be demolished within the scope of the project.

2.1. Impact on land plots

34. There are 63 Land Plots affected, of which 5 land plots are owned by the state, while other 58 are privately owned. The 5 state-owned land plots:
- Theatre;
 - Post Office;
 - Park (with structures)
 - Art School;
 - Library & City hall;

As for the 58 privately owned land plots:

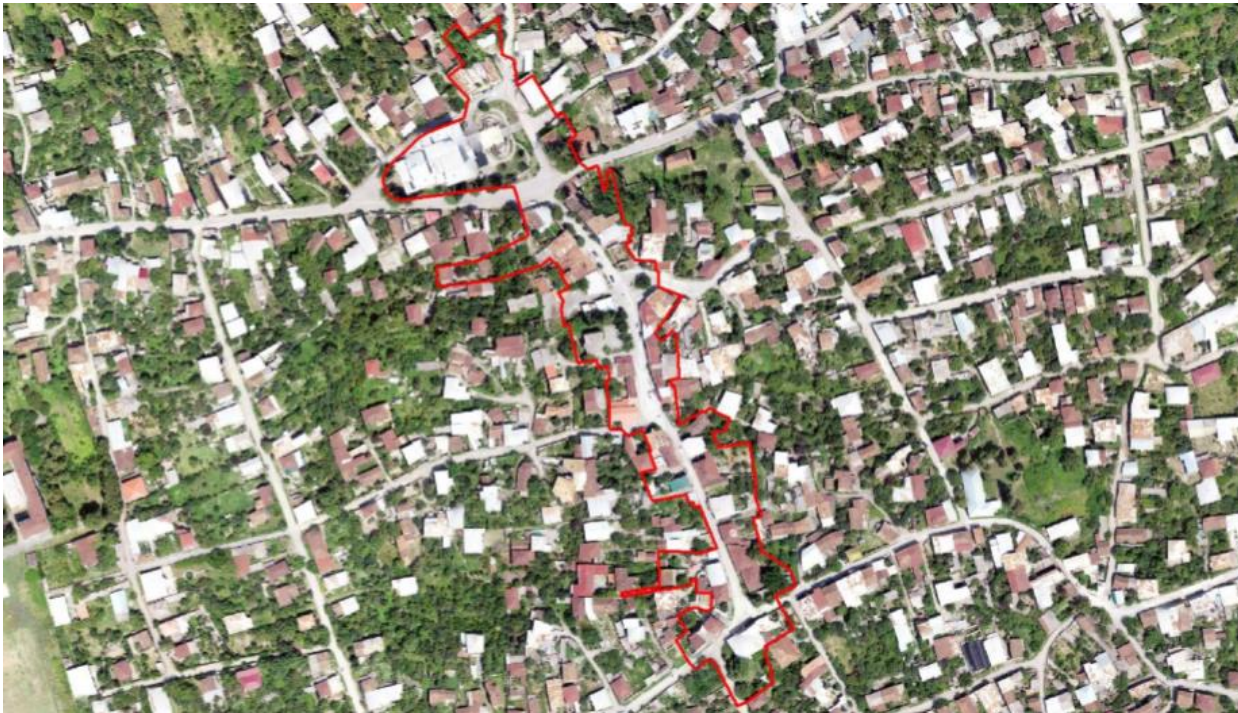
- 26 - commercial spaces.
- 30 - residential.
- 2 – vacant land plots

35. The 58 private land plots - have 77 owners (some land plots are owned by several family members - co-owners).

Table 2.1.

Categories by ownership	Description of land plots		Number of affected land plots under the land plots No.	Number of AHs/APs
	Land plot with structure	vacant land plot		
Privately owned land plots	56	2	58	?
Municipal or state-owned land plots	5	0	5	?
Total	61	2	63	? (without double counting)

Figure 1. Project Area



2.2. Impact on structures

36. There are 61 structures in the project area, 5 of them are owned by the State, while 56 are privately owned. 24 HHs live in project area permanently, out of which 14 HHs are subject to temporary resettlement.

37. There are 26 commercial spaces in the project area, 8 of them are vacant and nonoperational.

Table 2.2.

privately owned structures	No. of structures	Number of AHs/APs
Residential		

privately owned structures	No. of structures	Number of AHs/APs
temporary resettlement/Compensable	14	?
no need of resettlement/non Compensable	10	?
Vacant	6	?
sub total	30	
Commercial		
Operational	18	?
Vacant	8	?
sub total	26	?
grand total	56	? (without double counting)

38. The period of construction of the buildings and premises involves the work of the project designer, engineers and resettlement consultant. At the stage of the rehabilitation works, it may become necessary to accomplish additional works what may make it necessary to change the period of temporary resettlement. This decision will be made jointly by the project architect, engineer and resettlement specialist of the Municipal Development Fund.

39. It should be noted that abovementioned calculations are based on visual studies. Therefore, after the onset of the rehabilitation works, when the list of the needed works is specified, it may require relevant amendments to be made to the LARP, to the financial section in particular.

2.3. Impact on severely affected and vulnerable households

40. Out of the total xx affected HHs under the project there are 8 AHs (35 APs) whose members belong to vulnerable groups. These AHs will receive allowances, for vulnerability impact as per EM. The breakdown of AHs per vulnerability category is provided in table 2.3 below.

Table 2.3.

Impact	No of Ahs	No of Aps
Families below the poverty line	3	13
families lead by single women	0	0
disabled belongs I and II groups	5	22
Internally Displaced Persons	0	0
Vulnerable households (without double counting)	8	35

...

2.4. Impact on business

41. There are 21² businesses operating in 18 commercial spaces affected by the project. 6 lessors will have their businesses suspended in the project implementation phase. Consequently, they will receive the compensation for business suspension.

Table 2.4.

Type of business loss	No Business compensation
Business	21
Lessors	6
Total	27

Add paras and specify that no other impacts, such as trees/crops etc. Also specify whether the residential houses have any small gardens close to their houses.

Add also details on movable property which will be temporary moved to/back from the buildings due to temporary relocation of AHs.

² 4 businesses operate in 2 commercial spaces, 1 business - bakery operates in a private house.

3. Socio-economic Profile of Affected People

3.1 Introduction

41. The social-economic survey was held during December 3 – December 17, 2019. Consequently, December 17 was declared a cut-off date, after which an entity starting business in the project zone will not be entitled to compensation. 50 HHs participated in the social survey making 100% of the total number of HHs. The objective of this detailed socio-economic survey was to gather general information on socio-economic conditions of the affected persons. In addition, social information was gathered on economic activities of the APs.

3.2 Affected population

3.2.1 Demography

42. The project will be implemented in the Central Street of village of Velistsikhe. 50 HH come under the impact, with 50 HH having participated in the survey making 100% of the total number of HHs. For the project we have interviewed 50 HHs with 181 members (see results in the table below)

Table 3.1. The interviewed 50 HHs with 181 members, by gender and age groups.

Age	All AH members			
	Male	Female	Total number	Age group (%)
0 – 5	4	2	6	3.3
6-17	12	7	19	10.5
18-59	51	58	109	60
60 or more	24	23	47	26.2
Total	91	90	181	100

3.2.2 Education

43. The following table shows a high level of literacy among the surveyed population. Majority of (40.4%) APs obtained a university degree and almost 37 % have completed secondary education. A further 9.9% obtained vocational education.

Table 3.2. - Education Level of APs

Education level of Aps	Number	%
Preschool	6	3,3
Primary school	17	9,4
Secondary education	67	37
Technical/other college	18	9,9
University degree	73	40,4
Total	181	100.00

3.2.3 Ethnic background

44. The majority of the people living in the project zone (99.3%) are Georgians. The detailed information about the ethnic background of the APs is given in Table 3.3.

Table 3.3.

N	Ethnic group	Number of APs	%
1	Georgian	180	99.45
2	Azerbaijani	1	0.55
	Total	181	100

3.2.4 Rural and urban residents

45. The majority of the interviewed people live in the village Velistsikhe 84%.

Table 3.4.

N	Type of settlement	Number of AH	%
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1	Rural	42	84
2	Urban	8	16
	Total	50	100.00

3.2.5 Real estate

46. 15 AHs out of 50 interviewed own additional land plots outside of the project area. The detailed information is given in Table 3.5.

Table 3.5.

N	Families	Number of families	%
1	Families without additional plots	35	70
2	Families owning one or more additional plot	15	30
	Total number of families	50	100
Each family owns on average 1.78 ha of land			

3.3 Economic activities

3.3.1 Household income and expenditures

47. Out of 50 AHs 49 responded to the question about their income. Average annual income of the AH is 28,500 GEL.

Table 3.6. - Major sources of income

N	sources of income	Expense
1	Agriculture	202,200
2	Salary, Public Sector	79,236
3	Salary, Private Sector	246,792
4	Periodic remuneration	39,840

5	Own Business	805,800
6	Pension	110,824
	Sum	1,484,692

48. According to the survey (self-reported), the average monthly income of the AHs is 2,375 GEL. The project affected persons state that they spend almost half of the family budget on food. The information about the family expenses is given in Table 3.7.

Table 3.7.

N	Consumption model	Expense	%
1	Food	337,000	55.7
2	Medicines	52,950	8.8
3	Transport	51,800	8.5
4	Education	47,100	7.8
5	Fuel	74,160	12.3
6	Utility	42,000	6.9
	Sum	605,010	100%

3.3.2 Loans

49. Approximately one third of AHs have the loan from financial institution 11 of them have the loan from commercial banks and 6 of them from other financial institutions. The maximum amount of loan received is 150,000 GEL and the minimum is 1,500 GEL.

3.3.3. Domestic animals and household goods

50. The detailed information about the kinds of domestic animals and essential commodities owned by the APs is given in Table 3.8.

Table 3.8.: Ownership of household items (out of 50 interviewed households)

N	Item	Number of households	%
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1	TV	50	100
2	Fridge	50	100
3	Washing machine	47	92
4	Vehicle	33	64
5	Gas Stove	43	84
6	AC unit	11	21
7	Central heating	6	12

Table 3.9. Essential utilities

N	Item	Number of households	%
1	Electricity	48	96
2	Wood	14	28
3	Liquid Air	0	0
4	Natural gas	49	98
5	Central water supply	46	92
6	Spring water	0	0
7	Septic Pit	37	74
8	Central Sewer system	13	26

Table 3.10. Access to services

N	Item	Number of households	%
1	Ambulance	48	96
2	Highway	49	98
3	Secondary school	46	92

4	Higher education institution	6	12
5	Government services	49	98
6	Local road	49	98
7	Local hospital	48	96
8	Kindergarten	48	96

Table 3.11. Domestic animal

N	Item	Number of households	Total number of animals
1	Pig	1	5
2	Poultry	1	1,206
3	Horse/donkey	0	0
4	Sheep	0	0
5	Cow	3	26

51. Out of 50 HHs, only one thinks that the living conditions will not improve, it's worth to mention that abovementioned AP does not reside in the village. Attitude towards the project is very much acceptable - out of 50 HHs interviewed 47 (94%) think that the project is "very good".

4. Legal Framework on Safeguards: The ADB Policy and Georgian Legislation

4.1 Introduction

52. The legal and political framework of the project is based on the Georgian legislation about the compensation/and resettlement and Asian development Bank (ADB) “Safeguard Policy Statement” 2009. The principles of this LARP were established by considering the requirements of these laws, ADB Safeguards Policy Statement (SPS 2009) and Project LARF.

4.2 Resettlement Related Legislation of Georgia

53. This section provides a brief summary of the normative and legislative acts in Georgia regulating the issues of land acquisition and resettlement, obtaining State ownership rights to privately owned land parcels based on the public needs, social issues caused due to project activities:

- Constitution of Georgia, 2018
- Organic Law of Georgia, Local Self-Government Code, 2018
- Civil Code of Georgia, 2018
- Law of Georgia on Cultural Heritage, 2007
- Law of Georgia on Notary, 2010
- Law of Georgia on State Property, 2020
- Law of Georgia on Ownership Rights to Agricultural Land, 2019
- Law of Georgia on Legalization of Property, 2019
- Law of Georgia on Public Register, 2016
- Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal entities, 2019
- Civil Procedural Code of Georgia, 2019
- Law of Georgia on Social Assistance, 2019
- Law of Georgia on Social Protection of Disabled Persons, 2005
- Law of Georgia on Internally Displaced Persons from Occupied Territories – Refugees, 2014

54. **Constitution of Georgia.** The Constitution determines the essence of private ownership, ensures the publicity of information. Pursuant to Article 21 of the Constitution of Georgia “the right of ownership and inheritance is declared and secured”. Nobody is eligible to cancel the universal right of ownership and legacy.

55. The significant attention shall be paid to the protection and care of cultural heritage so that they are not damaged and deteriorated. In accordance to the Article 34 of the Constitution of Georgia, “each and every citizen of Georgia is obliged to care for the protection and maintenance of cultural heritage. The State protects cultural heritage by the Law”.

56. The Constitution ensures the right of a citizen to live in safe and healthy environment and use natural and cultural environment. The State undertakes environment protection

measures to secure safe environment for people. People have the right to obtain "full, true and timely information" in regard with their work place and residential environment.

57. The Article 42 of the Constitution makes the citizens eligible to claim, in particular protects them and encourages appealing to the court for protection of their rights and freedom.
58. **Organic Law of Georgia, Local Self-Government Code.** The code defines the legal basis for self-government's operation, authorities of local self-government bodies, their establishment and duty rules, their finances and properties, relations with citizens, state authorities, as well as with public and private legal entities. Local self-government is carried out by municipalities: in self-governed cities and in self-governed communities. The law establishes the categories of municipal property, the way of establishment and property rights (with the exception of natural resources, as their use, ownership and management is regulated by the Georgian legislation), as well as municipal property privatization issues.
59. Municipalities have their own property that could include non-agricultural lands, agricultural lands (with or without buildings), as well as shares and stocks. Property of municipality consists of two categories: the basic (inalienable) property and the additional property. The basic (inalienable) property can only be used for the public functional use by municipality and for carrying out duties. The basic (inalienable) property is inalienable, besides the exceptional cases. The additional property is inalienable. If it is necessary property of municipality can be transferred free of charge to the State.
60. **Civil Code of Georgia** regulates private civil relationships, and evolves property rights, the law of obligations, family law and the law on inheritance. Regulations of the Civil Code that are particularly relevant to the property law section, where the ownership, construction and servitude rights are discussed, and other type rights directly related to the project are elaborated below.
61. **Ownership Right.** The ownership right entitles its beneficiary to freely possess and use the property. The ownership right can be limited based on legislation or other agreement. Ownership on the land parcel gives implicit right to the land owner to implement construction activities if it is not restricted by any agreement or law.
62. **Construction Right.** The owner is allowed to transfer a land plot to another person for temporary use (not to exceed 59 years) for charge or free of charge. The transferee obtains the right to build a building/construction on or under the land plot, as well as to assign and transfer this right under inheritance or tenancy, borrowing or renting. The construction right may cover such part of a land plot that is not necessary for the actual construction but allows a better use of the facility constructed on the basis of the construction permit. Termination of the construction right requires consent from the landowner.
63. **Necessary Right-of-Way.** Another possibility is the use of "Necessary Right-of-Way", which is regulated by the Civil Code of Georgia (Article 180). Per Civil Code, Necessary Right-Of-

Way can be invoked “if a land plot lacks access to public roads, electricity, oil, gas and water supply lines that are necessary for its adequate use”. The owner may then claim for using a neighbor’s land parcel “for the purpose of providing the necessary access”. “Necessary Right-Of-Way” is granted by a District Court based on an application by the “neighbor” that must contain a justification of the urgency. Compensation may either be amicably agreed or be decided by the judge further to the decision granting “Necessary Right-of-Way”.

64. Fundamentally “Necessary Right-Of-Way” is intended to allow a landowner to obtain right of way through a neighboring land parcel for utilities serving his/her land parcel. It can be used where amicable agreements cannot be reached due to refusal or absence of affected landowners.

65. Servitude. Servitude Right on the property establishes the limits on land parcel or on other property in favor to other land parcel or owner of the property (beneficiary). The Beneficiary is granted with the right to use land parcel under restriction with some conditions on land parcel under restriction and/or restrict concrete activities or prohibit land owner in regard of this land under significant rights.

66. However, in regard with this project, any rights (among them ownership, construction, inevitable road or servitude) the terms and conditions for transfer the right for construction shall be defined against each land parcel in accordance to the identified rules and on the basis of registered agreement entered by a landowner and the party holding the corresponding right of construction.

67. **Law of Georgia on the Protection of Cultural Heritage.** In addition to the Constitution of Georgia affirming the State's obligation to protect cultural heritage and requiring each citizen to care for, protect and preserve cultural heritage, the Law of Georgia on Protection of Cultural Heritage defines the legislative principals for protection of existing cultural heritage in Georgia.

68. In respect with the ownership rights, the Law identifies some differentiations. Namely, the alienation of the State-owned land parcel - located within the zone of State-owned monument, considered as cultural value, or located within archeologically protected area - with the right to possess and use the Law considers the agreement with the Ministry of Culture, Monuments Protection and Sports with the terms and conditions of protecting and care being identified ahead. On the other hand, the Law directly restricts alienation of the monuments under private ownership that can only be alienated under the right to possess, and use and with the terms and conditions to care-and protect.

69. **Law of Georgia on Notary.** The stated law defines the types of notary activities and rules of their implementation. The law also defines which institutions and authorized persons, except the Notaries, have the right to conduct notarial activities within the territory of Georgia and beyond it. According to the Article 42 of the Law, the local self-governments have the right to implement notarial activities related to inheritance, verification of accuracy of the

copy with the original document, proving the fact that a citizen is alive, proving the fact of a citizen's certain location. Rural population often applies to local self-governments to obtain certain notarial services. Especially, when it is required to identify a person and a document, or the notarial services are required to replace the deceased head of the household with another member. This rule is often utilized in registration of the land parcels, when as the owner of the land parcel the other member of the household is registered in place of the deceased member. The representatives of the Consulates of Georgia (consuls) also other key persons at the Consulates are eligible to conduct notarial activities on behalf of the State of Georgia beyond the territory of the country (Article 43). Citizens being abroad may apply to the Consulate of Georgia in the county of their location.

70. **Law of Georgia on State Property.** This Law regulates issues connected to the Georgian state property management and usage transfer. The law covers property which cannot be sold, including: water resources, territorial waters, continental shelf, state forest fund (except populated areas located in forests), air space, State Reserves, National Parks, Natural Monuments, recreation areas identified by the Government of Georgia and/or identified specific construction areas; objects of historical, cultural and artistic value, cultural and art facilities, as well as lands on which these objects are located, pasture (except for leased pastures until July 30, 2005), cattle trails, first section of sanitary protection zone of water supply units (maximum-security zone). The law of state property establishes rules of transferring ownership of state property and privatization. It also determines the competences of state authorities and local self-government in the privatization process.
71. **Law of Georgia on Ownership Rights to Agricultural Land.** The sphere of regulation of the Law mainly extends over the agricultural lands. Article 3.1. Defines that "a land parcel with or without household structure that is registered at the public register and used for cattle-breeding and plant cultivation is considered as an agricultural land parcel" with existing household and additional structures or without them. The law also refers to the share of a member of household community within the shared hay fields, grazing lands or forestry areas and the part of the agricultural land that may be the object "of separate ownership right" (Article 3.2).
72. The Law determines that the ownership right to agricultural land is granted to the State, physical person, household community (Komli) and legal entity registered in accordance to the legislation of Georgia, which carries out its activities in agricultural sphere. Besides, the Law declares the form of village and household community (Komli) ownership to state-owned grazing lands, private and form of community ownership in high mountain regions (Article 4.3).
73. According to the Articles 6 and 8, acquisition of agricultural land is allowed on the basis of ordinary rules and general restrictions. Ordinary rule considers land alienation without any permits and other limitations, and general restrictions consider land alienation only on the basis of the consent of co-owner of shared property.

74. **Law of Georgia on Legalization of Property** mainly refers to the lands, which are in private ownership, but are not registered in public register. The main purpose of this law is to additionally establish guaranties of defending private rights (article 21 of the Constitution, which presumes rights of private ownership). According to the article 2, State agencies and officials are obliged to ensure the protection of private property rights and immunity. According to the law, property legalization means the confirmation of ownership on property, which only can be dispossessed in cases determined in the Article 21.
75. **The Law on Legalization of Property** applies to any property owned by the state or by the local government. This applies to properties for which ownership was purchased or the reason of purchasing the property appeared from legal act or deal before 22 July 2007. All the state agencies and officials are prohibited to purchase the property under the jurisdiction of the law or to control, to study, to observe in any other forms.
76. Property is legalized by the National Agency of Public Register under the control of Ministry of Justice. The procedures related to the legalization are regulated by the Law on Public Register.
77. **Law of Georgia on Public Register** regulates rights and obligations of National Agency of Public Register under the control of Ministry of Justice, in the process of property registration, also sets rules for registration of real and personal property. Article 11 defines which types of rights are registered in real estate register. According to this article real estate rights register records property, structure, usufruct, servitude, mortgage, rent, leasing, subleasing, borrowing, rights provided for use by the public law. According to the Article 16, movable property and Intangible Benefit of Property is registered in public register. According to this article, movable property and Intangible Benefit of Property registers pledge (excluding financial pledge), leasing, bank guarantee. Public register law also sets out the procedures and conditions for the registration of companies.
78. Public register law is not limited only to the rules of registration, its regulation area involves land registration and changes in land use, for example, changing the status of agricultural land to non-agricultural land.
79. **Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal Entities.** The main purpose of this law is to support land market development and mastering lands owned by government. This law defines the legal ownership and main terms and conditions about recognition of ownership rights on illegally occupied lands. It also defines rights of involved state agencies in this process.
80. The law applies to illegally occupied agricultural or non-agricultural lands owned by private and legal entities. Article 2 establishes the lands on which property rights can be recognized. In particular, it can be a piece of land on which the house or other building is located. Recognition of private property by the law takes place after paying a fee, but it also can be

free of charge.

81. **Civil Procedural Code of Georgia.** The general courts of Georgia consider the cases according to the rules identified under the Procedural Civil Code of Georgia. The requirements of the procedural law are exercised during the lawsuit, during implementation of separate procedural actions or execution of the court decision.
82. **The Procedural Civil Code of Georgia** also regulates those cases when determination of the defendant is impossible. This may be important for the Project in the cases when the landowner is not found and correspondingly ownership to his/her land parcel cannot be obtained in legally valid manner, i.e. it is impossible to enter corresponding agreement with the landowner or him/her cannot sign other type of document.
83. The above listed laws and regulations give the possibility of applying the following two mechanisms for legal application of the property rights:
84. Obtaining the necessary right of way through paying due compensation based on the court decision.
85. If applied adequately the above listed mechanisms can ensure the appropriate consideration of lawful interests of all parties and the due observation of the existing legislations.
86. **Law of Georgia on Social Assistance.** The law regulates issues connected with the receiving of the Social welfare, determines types of the social support. It also defines the authority of administrative bodies in the field of social aid (Article 1). The law applies to the vulnerable persons permanently legally residing in Georgia. Article 2 sets list of socially unprotected people: persons in need of special care, poor families and the homeless.
87. Article 4 defines terms, which explains nature of social aid and identifies persons who should receive this aid. According to this article social support can be provided in form of monetary or non-monetary benefit for persons in need of special care, poor families and the homeless. Poor families consist of persons or groups of people whose socio-economic status is lower than minimum level set by Georgian government. Persons in need of special care include orphans and children deprived of parental care, persons with disabilities, adults with disabilities are who are deprived of family care, persons with lost breadwinner. According to the law a disabled person is a person who has been granted such status by the Law on Medical-social Expertise. Social security financing sources include Georgian state budget, budgets of Units of local self-government, the money paid by the beneficiary or his/her representatives, and contributions (Article 24).
88. **Law of Georgia on Social Protection of Persons with Limited Abilities.** According to Article 1 legal status of persons with limited abilities In Georgia is regulated by Declaration of the United Nations about "Rights of Persons with Limited Abilities from 9 December 1975, Constitution of Georgia and this law. The person With Limited Abilities is person of strong

physical, mental, intellectual or sensory impairment, which may interfere with the interaction of a variety of obstacles to the full and effective participation in public life on equal terms with others (Article 2). According to the Article 8 it is not allowed of the design localities, educational, cultural and sports facilities, as well as infrastructure construction and reconstruction of buildings and structures, if these objects are not suitable for people with disabilities and needs.

89. Government provides the necessary conditions for education and professional training for persons with limited abilities. Persons with limited abilities are socially supported by funds, pension, social assistance technical and other facilities (Article 24). Social security pensions and allowances are regulated by Georgian legislation on security pensions and allowances for persons with limited abilities.

90. Law of Georgia on Internally Displaced Persons from Occupied Territories – Refugees. According to the Article 2, the status of refugees is given to people who are citizens of Georgia or noncitizens without citizenship status of Georgia, who were forced to leave their permanent place of residence due to occupation, armed conflict, communal violence and / or mass violations of human rights which became threat for person or person's family members lives or freedom by the other country. Any kind of discrimination of refugees is inadmissible. Refugee status is granted by the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees (Article 8). According to the Article 14 refugees are not being evicted from their legal owned residential areas except the cases considered by the law when: (a) written document is formed with refugee about financial or non-financial compensation in accordance with his/her land area; (b) Refugee will be given relevant living area, which does not worsen his/her living conditions; (c) Natural or other disaster takes place, which will be compensated and is regulated by the general rule.

91. All refugees have their family unity respect right. Uniting or dividing refugee families without their will is inadmissible (Article 13). Refugee settlement, registration, and other social issues are organized by the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees (Article 19).

92. Overall, the above laws/regulations provide that the principle of replacement cost compensating at market value is reasonable and legally acceptable. The laws also identify the types of damages eligible to compensation and indicates that compensation is to be given for loss of physical assets. The law makes no provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable HHs, or resettlement expenses. Finally, these laws place strong emphasis on consultation and notification to ensure that the Project Affected Persons (APs) participate in the process. As in practice public opposition to expropriation is very strong, eminent domain is very rarely used by public authorities. It is exercised only when negotiations between the agency acquiring the land and the owners fail.

4.3 ADB's Policy on Involuntary Resettlement

93. Three important elements of ADB's involuntary resettlement policy are: (i) compensation to replace lost assets, livelihood, and income; (ii) assistance for relocation, including provision of relocation sites with appropriate facilities and services; and (iii) assistance for rehabilitation to achieve at least the same level of wellbeing with the project as people would have had without it. Resettlement planning is an integral part of project design for any ADB operation requiring involuntary resettlement, to be dealt with from the earliest stages of the project cycle, considering the following basic principles:

- I. Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
- II. Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
- III. Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based, where possible, or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.
- IV. Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.
- V. Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
- VI. Develop procedures in a transparent, consistent, and equitable manner to ensure that people will maintain the same or better income and livelihood status.
- VII. Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
- VIII. Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting

framework, budget, and time-bound implementation schedule.

- IX. Disclose a land acquisition and resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
- X. Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
- XI. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
- XII. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

4.4 Comparison of ADB SPS 2009 with Georgian Laws and Legislation

94. Overall, the legislation of Georgia adequately reflects the major provisions of the ADB Safeguards Policy Statement 2009; with some notable differences already reconciled in practice at ADB financed projects. The most significant of these differences is that Georgian legislation/regulations place emphasis on the definition of formal property rights and on how the acquisition of properties for public purposes is to be implemented and compensated, while ADB policy emphasizes both the compensation of rightfully owned affected assets and the general rehabilitation of the livelihood of Affected Persons (APs) and Households (AHs). Because of this, ADB policy compliments the Georgian legislation/regulations with additional requirements related to (i) the economic rehabilitation of all APs/AHs (including those who do not have legal/formal rights to the assets acquired by a project); (ii) the provision of indemnities for loss of business and income, and (iii) the provision of special allowances covering APs/AHs expenses during the resettlement process or covering the special needs of severely affected or vulnerable APs/AHs. In addition, the legislation of Georgia does not require the preparation of a LARP based on extensive public consultations. The differences between Georgia law/regulations and ADB SPS 2009 and are outlined in Table 4.1.

95. MDF has adopted a policy for the Project to reconcile the gaps between Georgian laws/regulations and ADB Policy (ADB's SPS 2009) by ensuring compensation at full replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for AHs who will be relocated, suffer business losses, or will be severely affected.

Table 4.1. Comparison of Georgian Laws on LAR and ADB Resettlement Policies

Georgia Laws and	ADB Involuntary Resettlement Policy	Corrective Action
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Regulations		
Only registered houses/buildings are compensated for damages/demolition caused by a project.	All affected houses/buildings are compensated for buildings damages/demolition caused by a project.	Accordingly, the compensation will be paid to all affected households. In case of damages during construction period, the construction contractor will be responsible for compensation. Project Supervision Consultant and MDFG team will supervise the processes
Executive Agency is the only pre litigation final authority to decide disputes and address complaints. Complaints are reviewed in compliance with the formal procedures (rules) established by the Administrative Code of Georgia. There is no informal grievance redress mechanism through community participation at the local level.	Complaints & grievances can also be resolved informally through a project- level grievance redress mechanism which in some cases can have community participation through a Grievance Redress Committees (GRC), Local governments, and NGO and/or local-level community-based organizations (CBOs).	The MDFG has in place a mechanism to receive, register and process grievances from APs. Representatives of municipalities, local authorities and villages will be involved in the process from early stages. This will ensure solution of disputes and claims (if such occurs) at the community level, however if solution could not be found, the case will be processed in accordance to legislation of Georgia.
No provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable Person, or resettlement expenses.	ADB policy requires income/livelihood restoration and provision of rehabilitation for income/livelihood, severe losses, and for expenses incurred by the APs during the relocation process	MDFG will have in place clear legal procedures to allow for additional assistance for vulnerable households in accordance to the ADB policy requirements

96. “The legislation of Georgia shall correspond to universally recognized principles and rules of International law. An international treaty or agreement of Georgia unless it contradicts the Constitution of Georgia, the Constitutional Agreement, shall take precedence over domestic normative acts”

4.5 Principles of Resettlement and Land Acquisition

97. In the event of permanent land acquisition or resettlement, a market survey will be conducted to assess the prevailing market prices of land, construction materials for affected structures, crops and other relevant items, which will be used to find adequate replacements when necessary. After this is done, each individual APs property will be valued by an independent valuation company. This will additionally ensure that the market prices will allow APs to purchase replacement land. Loss of income and assets will be compensated on a net basis without tax, depreciation or any other deduction. The final LARP should be submitted to, cleared by the Bank, and it should be implemented and APs should be fully compensated prior to the execution of civil works for relevant sections.

4.6 Eligibility and Entitlements

4.6.1 Eligibility and Cut-off Date

98. AP entitled for compensation or at least rehabilitation provisions under the Project are:

- All APs losing land, or access to land, permanently or temporarily either covered by legal title/traditional land rights or without legal status;
- Tenants and sharecroppers whether registered or not;
- Owners of affected buildings, crops, plants, or other objects attached to the land; and
- APs losing business, income, a source of livelihood, and salaries.

99. Compensation eligibility will be limited by a cut-off date to be set for each subproject on the day of the ending of the Census. Persons who settle in the affected areas after a locally publicized cut-off date will not be considered project-affected, and persons initiating improvements to land or structures after cut-off date will not be eligible for additional compensation. They, however, will be given sufficient advance notice, requested to vacate premises or dismantle affected structures prior to project implementation. Their dismantled structures materials will not be confiscated and they will not pay any fine or suffer any sanction.

4.6.2 Entitlements

100. At present, the following categories of people are expected to be affected by the project:

- Formal and informal businesses who experience temporary loss of income or assets as a result of access restrictions during civil works leaseholders (**individuals** and enterprise) who have lease agreements with the Municipalities or private owners in existing and alternative alignments and sites.

101. Affected persons will be compensated for:

- Compensation for Temporary Resettlement (All APs, AB Lessors, and Employees regardless of their formal or informal status);
- Allowances (Transportation costs and Vulnerable people allowance)
- Compensation for temporary loss (temporary impact during construction and unforeseen impact).

4.6.3 Assessment of Compensation Unit Values

102. The methodology for assessing unit compensation values of different items is as follows: If damages to residences or commercial structures occur, houses/buildings will be valued at replacement value based on the cost of materials, types of construction, labor, transport and other construction costs. No deductions will be applied for depreciation, salvaged materials and transaction costs. Compensation will be for the value of the loss of the entire damaged structure.

103. The unit compensation rates will be assessed by Project consultant on clear and transparent methodologies acceptable to ADB.

Table 4.2. Project-specific Entitlement Matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, access or damage.	AP losing productive land regardless of impact severity	<u>Registered Owner/Legal:</u> Owner with full registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unviable for cultivation, the project will acquire it if the owner so desire.
		<u>Legalizable Owner:</u> (APs with title formalization pending and APs who are not registered but legitimately use the land and have residential land or agricultural plots adjacent to the residential land)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Non-legal/Informal Settler:</u> APs that are not legitimate land users or squatters	Non-legalizable APs losing agricultural land plot will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period where land is actively cultivated, or 3 month period where land is barren/unused.
		Agricultural Tenant	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease, unless otherwise provided by the lease agreement. In case of tenancy no crop compensation will be given to the land owner, and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy
Non-Agricultural Land	AP losing their commercial/residential land	<u>Registered Owner/Legal:</u> (Owner with full registration)	Cash compensation at full replacement cost.
		<u>Legalizable Owner:</u> (Legalizable owners according to active legislation)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Non-legal/Informal Settler</u> (Without registration/valid documents using land permanently.)	Non-legalizable APs losing a land plot, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period. This only applies to physically displaced APs who do not have other residence.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Temporary Impact on land plot	N/A	<u>N/A</u>	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-established by the EA at the pre-impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs
Temporary loss of Residence	AH has to be relocated during the rehabilitation work	All AH regardless of their formal or informal status	All AH will be compensated for temporary relocation according to the construction period of each structure occupied by the AH. Each AH will get the cash compensation, which is sufficient to rent acceptable residence for living. Prior to rehabilitation of the property, beneficiaries will be informed regarding the allowance packages and other LARP related information; written consent by the owner/user will be received, compensations will be paid and after this will be started rehabilitation. The monthly compensation will be calculated by independent evaluator during preparation of the LARP.
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	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. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (i) (<u>permanent impact</u>) cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance for a 5-member family. (ii) (<u>Temporary impact</u>) cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			<p>or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family)</p> <p><u>Permanent worker/employees:</u></p> <p>(i) Permanent impact stoppage business indemnity for lost wages equal to actual wage for 3 month or in case of absence of tax declaration, one-time minimum allowance (5-member family) subsistence in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie. salary payment document, accountant/financial report.</p> <p>(ii) Temporary impact cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family).</p>
Allowances			
Severe Impacts	Permanent physical relocation or loss of >10% of productive assets	All severely affected AHs including informal settlers	in addition to the compensation of lost land and /or crops, severely affected AHs will be provided with additional rehabilitation measure; in particular, one-time allowance equal to cash compensation calculated based on the minimum subsistence monthly income level for the family of five (5) members multiplied to 3 months per AH.
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee'	One-time minimum subsistence allowance in cash for 3 months fixed for 5-member family and employment priority in project-related jobs

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
		households/internally displaced people.	where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009. MDFG with assistance of supervision contractor will address and mitigate/compensate unforeseen Resettlement impact during project.
Impacts related to spoil disposal areas and construction camps.	Temporary impacts	APs using affected pasture lands	Any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements between the Contractor and the land owners. Should such temporary impacts also affect persons using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation.
	Permanent impacts		Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.
Damages during construction; Extension of construction period due to the reason of the construction company	This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated property and	All Aps	Compensation for such damages during construction and Extension of construction period due to the constructor's reason is a Contractor's responsibility. Compensation will be assessed and paid per procedures and rates in this LARP.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
	etc. If contractor is not able to finish works on time due to their own reason		
<p>Tax liabilities, registration and financial transaction related costs caused by the project implementation will be covered by the project and included in the accounting. Compensation will be provided in net, as determined by an independent and licensed valuator, following the principles and methodology of international valuation standard, and elaborated in formulas in respective LARP. No tax deductions will be applied to the compensation amount. In the event that taxes apply to the compensation amount, the appropriate tax amount will be topped up and covered by the project</p>			

5. Institutional Arrangements

5.1 Institutional Responsibilities

104. The Municipal Development Fund of Georgia (MDFG) is the Executing Agency (EA). MDFG is responsible for managing construction/rehabilitation activities as well as resettlement of the APs.
105. MDFG is assisted by a number of other government departments and private agencies in the design, construction and operation of the Project. Pursuant to the active legislation, the National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the recognition of ownership rights of rightful owners, registration of ownership, based on verification and certification from village communities, notaries, property rights recognition commissions at local administration/municipalities. The Ministry of Environmental and Natural Resources Protection (MoENRP) is responsible for environmental issues.
106. All corresponding Sakrebulo, Local Municipality, Registration Offices and PRRCs will be involved in LARP. Local Sakrebulos and Representatives of Mayor in village are involved for local level LAR activities.

5.2 Land Registration Organizations

107. Government agencies active at various levels in the process of legalization of privately owned land parcels are described hereunder.

Local Municipality and representative of Mayor at Village (Community) Level

108. The community level Municipality is the executive branch of self-government headed by Representative of Mayor has the primary role in the process of legalization and registration of land parcels. Confirms the ownership of affected land plots, the parameters of land plots and endorses the cadastral maps and related data prepared in cases of legalization. Mayor plays an important role in the legalization of non-rightful owners (owners in possession before the enactment of current law on privatization of land in Georgia without prior permission of the government). Has the power to authorize details of the occupied land parcel and verify its usage pattern as the first hand verification and authorization for further consideration in the Property Rights Recognition Commission (PRRC) as a basic step for registration with the Public Registry. Neighbors of applicants for legalization have roles in the authorization process.

Property Rights Recognition Commission

109. Under the Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned/Used by Physical Persons or Legal Entities (2007), the Government of Georgia has established the PRRC at the local level for recognition of ownership rights of non-rightful owners for registration. The PRRC verifies and authorizes the application of

ownership for registration with the NAPR. The PRRC authorizes the application of only those APs who are not registered but have residential land or agricultural plots adjacent to the project affected area (“non-rightful land owners”, according to definition of Georgian regulations).

Local Registration Office

110. NAPR is in charge of the registration of land ownership. Local Archives are now transferred in the possession of the Local Registration Offices of the NAPR. Archive is used for cross verification of ownership document and validity of physical possession of land by persons seeking registration as legalizable owner. This is the case of owners who do not have available documentation proving ownership rights on the adjacent land lot or in case there is any doubt regarding the plot.
111. Rayon Registration Office of the NAPR is the Rayon level authority for executing registration of land parcels in the name of the applicants based on package of application documents provided by rightful owners (APs possessing ownership documents but with title formalization pending) or by non-rightful owners after receiving appropriate certificate from PRRC. The owners submit both soft copy and hard copy of plot maps with geometric details for record in the Rayon and Central NAPR.

5.3 Land Acquisition and Resettlement Organizations

MDFG – Municipal Development Fund of Georgia

112. MDFG has the overall responsibility of design, land acquisition and resettlement, construction, construction monitoring and supervision of the Project. This also includes financing and executing land acquisition and resettlement tasks and cross-agency coordination. MDFG will exercise its functions through its existing Resettlement Management Team (RMT), which consists of representatives of Permits Unit, Legal Department and Environmental and Social Safeguards Unit of MDFG. Social Safeguards/Resettlement Specialists are hired and a Social/Gender Specialist has been hired and engaged for ADB financed projects. The staff has received professional on-the-job trainings. For each separate project, including the present one, MDFG will use its staff member to assist in implementation of LARP.
113. A Resettlement Management Team (RMT) having specific experience and skills in land acquisition and resettlement (LAR), is responsible for LAR activities related to the project. The RMT is responsible for supervision of all technical work to accomplish LARP preparation and implementation tasks and coordination within the MDFG, as well as at central and local government levels.
114. The specific tasks of the MDFG RMT will be to (i) supervise preparation of LARPs for construction contracts and implement it after concurrence from donor IFI; (ii) ensure proper internal monitoring;

115. The RMT will also provide all necessary documentation to ensure the prompt temporary allocation and resettlement compensation to the APs and will maintain the coordination of all, resettlement and livelihoods-restoration related activities.

5.4 Other Organizations and Agencies

Civil Works Contractor

116. A Civil Works Contractor to be appointed by the MDFG to undertake the construction will be responsible for mitigating impacts resulting from the construction activities. The construction activities shall be monitored closely by the MDFG to ensure compliance to the temporary mitigating measures. The construction contractor is responsible for fulfilling the obligations set forth by the LARP. prevent damages on private property not covered by the LARP, and if such an event occurs, reimburse the loss with its own funds. The Contractor shall also be obliged to provide compensation to the Project Affected Persons if the construction deadline is unreasonably delayed, the supervisor will ensure the compensation to be paid by the construction company.

Construction Supervision Consultant (CSC)

117. Construction Supervision Consultant (CSC): will have resettlement specialists to oversee all resettlement related and social issues that may arise during the construction works. Request the Contractor to fulfill its obligations under the LARP.

Court of Georgia

118. The Court of Georgia shall be the last resort for issues and concerns regarding the implementation of the aspects of the LARP relating to Georgian Law.

Ministry of Finance

119. The finances for the implementation of the LARP will be provided by MoF to MDFG upon presentation of the LARP and relative budgets. As the implementation of the LARP is a condition to start the civil works it will be essential that MoF executes payments immediately LARP

Ministry of Justice

120. The Ministry of Justice is responsible for legal matters regarding land ownership, and National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the registration of ownership.

ADB

121. The Asian Development Bank (ADB) is financing the Project and Supporting MDF at any

stage of project implementation, approves appropriate documentation required by the loan agreement, will provide advice and supervision on resettlement activities. besides supervising the project periodically, ADB will review LARP and clear contract awards signing and initiation of civil works.

6. Consultation, Participation and Information Disclosure

6.1 Introduction

122. Consultation and participation is a process through which stakeholders influence and share control over development initiatives, and the decisions and resources that affect them. It is a two-way process where the executing agencies, policy makers, beneficiaries and APs discuss and share their concerns in a project process. Consultation and participation have been a major principle in the planning and preparation of the detailed design of the Project. ADB gives high priority on public consultation and participation to enhance the community voice and assure incorporation of community's views in design and implementation of a socially and environmentally compliant project. The Georgian laws also place strong emphasis on consultation and notification to ensure that the APs participate in the process. The focus of these consultations are to ensure that the APs and other stakeholders are informed, educated, consulted and allowed to participate actively in the process of project development and preparation of social and resettlement plan; reducing public resistance to change; helping mitigate and minimize any probable negative impact and bringing in the benefit of the project to the people. During the design and preparation of land acquisition and resettlement plans, the project team, therefore, conducted consultation and participation of the APs and communities to incorporate their views, needs and aspirations into the Project components. The consultation process has started up at Feasibility Study stage and was continued through public consultation meetings and individual contacts during land compensation/acquisition and resettlement surveys in December 2019.

123. A separate meeting with vulnerable groups is planned, explaining the importance and benefits of the project, compensation entitlement and rates, Grievance Redress Mechanisms.

Table 6.1. The Report of the Consultations Held and Methods of Consultations

Concerned Parties	Goal	Method
		Meetings during design preparation stage
Potential APs and their communities	Informing the APs, reviewing their views about the possible impact, compliance and rights of property, as well as giving out compensation, displacement and rehabilitation Procedures	Meetings with all AHs during the socio- economic survey Discussions with specific groups and meetings.
Municipal Development Fund of Georgia, including its resettlement team (RMT)	Taking advice about the government policy, project guiding priorities and works	Resettlement consultant held frequent individual meetings with the MDF staff in order to consult them.

National Agency of Public Registry of the Ministry of Justice of Georgia	Obtaining a cadaster map and information about the land plots and people in the impact zone. Obtaining the information about the official statuses of the entities running business in the project zone.	Consultations and discussions with the officials.
Local authorities at the city level confidant	Benefiting from their cooperation in the impact assessment study. An agreement was reached regarding the following issues: local authority undertook to continue giving the wages to public employees in the project implementation phase;	Individual meetings with the officials of the relevant regions and discussions.

124. During and after preparation of detailed design (DD) individual and group consultations were conducted with APs and other related stakeholders on daily basis. APs' proposals regarding planned works were taken into consideration. Together with APs, MDF engineer/architect, Safeguards specialists, Mayor of Gurjaani and representative of Mayor were actively involved in the DD discussions and consultations. Project Affected Persons expressed their positive attitude towards these activities.

125. APs have received detailed information regarding planned works envisaged under SP. All the APs have been familiarized with the detailed design. This information included the description of specific works that will be carried out for each individual house. Municipality representatives were present during the above-mentioned process and were in a full agreement with the design and intended works.

The Consultations with APs at the Stage of Preparation of the LARP

126. The process of consultation started at the stage of feasibility study/project preparation and continued with public consultations. Social survey was held during 3 December - 17 December of 2019.

127. At the stage of preparing the presented documents and social survey, the persons affected by the project implementation were given the possibility to express their views and remarks regarding the project and inform the project implementing organizations about the expectations and wishes. A relevant question was included in the social questionnaire in the process of LARP preparation. Communities under the potential project impact and thus, the residents learned about the project features and ADB resettlement principles.

128. On December 02, 2019, a public consultation meeting was conducted in the Municipality building of Velistsikhe, Gurjaani. As for the Public Consultation Meeting announcement paper informing date/time and location was posted at the entrance of the Local Municipality building. Please see Annex 5.

129. The meeting aimed to discuss the Abbreviated LARP prepared for the Project (including compensation entitlements, grievance redress mechanism, impact on the buildings and other LARP related procedures).

130. A separate meeting with vulnerable groups is planned, explaining the importance and benefits of the project, compensation entitlement and rates, Grievance Redress Mechanisms.

Consultation and Participation Plan

131. Due to the circumstances formed throughout the world related to the virus outbreak (COVID 19), social distancing has been applied amongst the population and public consultations in the course of infrastructural projects implementation may become the source of virus spreading. Therefore, it is essential to find alternative sources of communication with the stakeholders so that the recommendations issued by the World Health Organization (WHO) and the Government of Georgia (GoG) are not violated. It is of high importance also that public and direct consultations with all stakeholders are held in order for the stakeholders and other locals, residing at the Municipality to be thoroughly informed of current and planned infrastructural projects and social and environmental matters related to the referenced projects. Applying of that method will enable them to not only receive the information by means of various sources, but also to participate directly in discussions, ask the questions and be involved in ongoing processes. Due to general development of internet network and its availability in many resided areas throughout Georgia, people have access to many social networks and apply them successfully in their everyday lives. Hence, it is possible to hold the public consultations in the remote mode by applying available internet social networks and various communication applications. It will depend also on network and internet applications, being used by local residents.

132. First Stage: Notification and Warning on holding of Consultations in the remote mode All these stakeholders will be contacted using distant communication channels (via personal computer, mobile phone) as described below during state of emergency. In the course of socio-economic census, 100% of population was enquired, hence MDF has their phone numbers, and communication with each resident shall be provided by phone. During the phone conversation, population will be notified of planned public consultations to be held for respective document. There will be developed the list to reflect the communication means of population in order to identify internet connection availability. Generally, population use their android phones and computers for connection with the internet network. Phone communication will identify also which technique, social and communication means the stakeholders use for their availability and involvement in internet conference dedicated to the public consultations, to be easy and accessible.

133. The phone communication will identify also those who have no means of communication, except for the phone. MDF will support them in registration procedures. Such persons will be provided with the information by phone, and if they require visualization of the project, along with the documentation to be reviewed, then the authorized persons from the local Municipality will visit them as per the regulations and recommendations set by WHO, and familiarize them with the required documents.

134. Due to the virus outbreak (COVID 19), only grocery stores and pharmacies are functioning in Georgia and respectively, these areas are the most visited places by locals. For more people to be involved in public consultation, information booklets (Annex 2) reflecting detailed information about the forthcoming consultation meetings will be placed at the sites of groceries and pharmacies. Information on conducting of public consultations

will be uploaded as usual at the web page of LEPL Municipal Development Fund of Georgia.

135. Holding of Public Consultation and Direct Consultations by applying of Internet Applications and Social Networks There will be applied Facebook, Skype, WhatsApp, Viber and other useful applications as means of communication. In the course of public consultation there will be involved as many people as optimal for enabling information perceiving and participating in discussions. The public consultations will be led by the Moderator along with the other official representatives (of PIU, Municipality, Community members, etc.), who will familiarize participants with the information aimed at better perceiving of information provided, present the illustrated material (presentation) and enable the participants (e.g. engineer, consultant, Municipality representative) of internet conference to express the opinions, in case of need. In the course of the presentation, each participant will be able to provide his/her feedback, ask the questions, and to be responded as well. Following questioning/responding, the Moderator will summarize the meeting and close it up. Upon finalization of Public Consultations, participants will be able to send additional and other type of information that they believe is important, to the addressee - by means of social network. Special attention will be paid to vulnerable group and dedicated discussions will be provided to them

136. For recording of Public Consultations and Direct Consultations held by Internet for each sub project/safeguard documents it is planned to develop the Minutes of Meeting (MoMs), reflecting the information provided in the course of that meeting, along with the asked questions and responses, and other information, if it is required to be provided in given conditions. The MoM will be enclosed with the list of participants of internet conference and joint photo of participants of internet groups. Information on holding of public consultation, as well as the list of participants and photos will be the part of the document to be prepared in accordance with the Safeguards Policy.

[For continued consultations, the following steps are envisaged in the project:](#)

- Final LARP will be disclosed in Georgian and English languages upon receiving approval from the ADB;
- MDFG will organize public meetings and will inform the communities about the progress of the implementation of resettlement, and social activities;
- MDFG through its RMT will organize public meetings to inform the community about relocation alternatives/options, the compensation and assistance to be paid in the event of permanent or temporary loss of business or income. Regular update of the progress of the resettlement component of the project will be placed for public display at the local level MDFG office and at local Municipal Office;
- All monitoring and evaluation reports of the LARP will be disclosed to
- MDF will conduct information dissemination sessions at Local Municipality and solicit the help of the local community leaders to encourage the participation of the AHs in LARP implementation;
- Attempts will be made to ensure that vulnerable groups understand the process and to take their specific needs into account;
- Additionally, leaflets will be disseminated with all project affected persons during the public consultations. These leaflets will include information about contact person and her contact details (Telephone Number and E-Mail address).

During the LARP implementation all affected households will be addressed individually. They will be informed in details about the project impacts and compensation values by separate tallies. Explanation will be given regarding the valuation methodology and other issues, available grievance redress mechanisms, etc.

137. Prior to beginning of civil works at each building / property a walk-through will be organized on site with APs, MDF resettlement specialist, and engineer to go over the detailed plan of works, activities to be included and not included in the building rehabilitation, and address specific questions APs may have on the upcoming works on their property. MDF will keep records of these on-site discussions / walk-through including dates, names of participants, brief description of questions and issues raised and solutions found, 'before photos' of the residence to be able to compare with the state of the residence after the project.

Information publication

138. The final English and Georgian versions of the LARP will be uploaded on the MDF website. A copy of LARP (Georgian version) will be available at Gurjaani Municipality. The final document submitted to ADB for approval and signing.

7. Grievance Redress Mechanism

Objectives

139. In projects implemented by MDF, grievance resolution is viewed as a two-stage process. The first stage involves locally available means, such as discussing the concern with Deputy Resident Engineer or Contractor, on site focal point from Supervision Consultant / Contractor, or/and writing to local municipality for resolution of grievances on the spot. The grievance redress mechanism shall deal with the issues of e.g. amount of compensation, loss of access roads, etc. as well as the losses and damages caused by the construction works, e.g. temporary or permanent occupation of land by the contractor. Therefore, the grievance redress mechanism shall be in place by the time the MDFG starts negotiations with the APs and shall function until the completion of the construction.

Grievance Resolution Process

140. Stage 1 of Grievance Redress procedures is an informal tool of dispute resolution allowing the APs and the project implementation team to resolve the disagreement without any formal procedures, procrastination and impediments. The international experience of resettlement shows that such informal grievance redress mechanism helps to solve most of the complaints without formal procedures (i.e. without using the procedures specified in the Administrative Code or litigation). This mechanism enables unimpeded implementation of the Project and timely satisfaction of complaints. If the AP is not satisfied, the grievance redress mechanism should assist them in lodging an official complaint in accordance with the procedures of Stage 2 (the plaintiff should be informed of his/her rights and obligations, rules and procedures of making a complaint, format of complaint, terms of complaint submission, etc.).

141. Stage 2 of Grievance Redress procedures is review of APs' complaint. (GRC) for the whole period of the project implementation. GRC shall review the written complaints of APs, which were not satisfied at Stage 1. At stage 2 the APs' complaint shall be resolved and GRC shall make a decision in compliance with the Administrative Code of Georgia.

142. The present Procedures are developed specifically for the purposes of Stage 2 process of grievance resolution by the GRC. The purpose of these GRC Procedures is to make MDF more accessible to project affected communities and to help ensure efficient resolution of project-related complaints.

143. Upon receipt of the complaint it will be registered at the reception of MDF. The complainant shall be given a receipt evidencing submission of his/her complaint with the MDF. The receptionist will direct the complaint to the Director of MDF, who shall screen all incoming claims and within 5 working days of receipt of such claim by the reception office, direct the appropriate claims to the Safeguards Unit. Safeguards unit will register the complaint in its electronic database. Upon registration in the database the complaint will be assigned a number.

144. after registration of the complaint in the database of Safeguards Unit, the Safeguards unit will notify the complainant in writing (letter, and/or email) that the complaint has been received, registered, and forwarded to the project team for action as well as the number

assigned to the complaint and the contact information for further queries and clarifications.

145. Within 15 working days of registration of the complaint in the database the Safeguards unit will:

1. Determine if additional information and/or documents necessarily need to be provided by the complainant, and if so, request the complainant in writing to submit such additional information/documents.
2. Obtain relevant and necessary information internally, from MDF's various departments or from project partners.
3. Decide on the date when the complaint shall be presented to the GRC for hearing;
4. Inform the complainant of such date, if necessary;
5. Update the status of the complaint in the database.

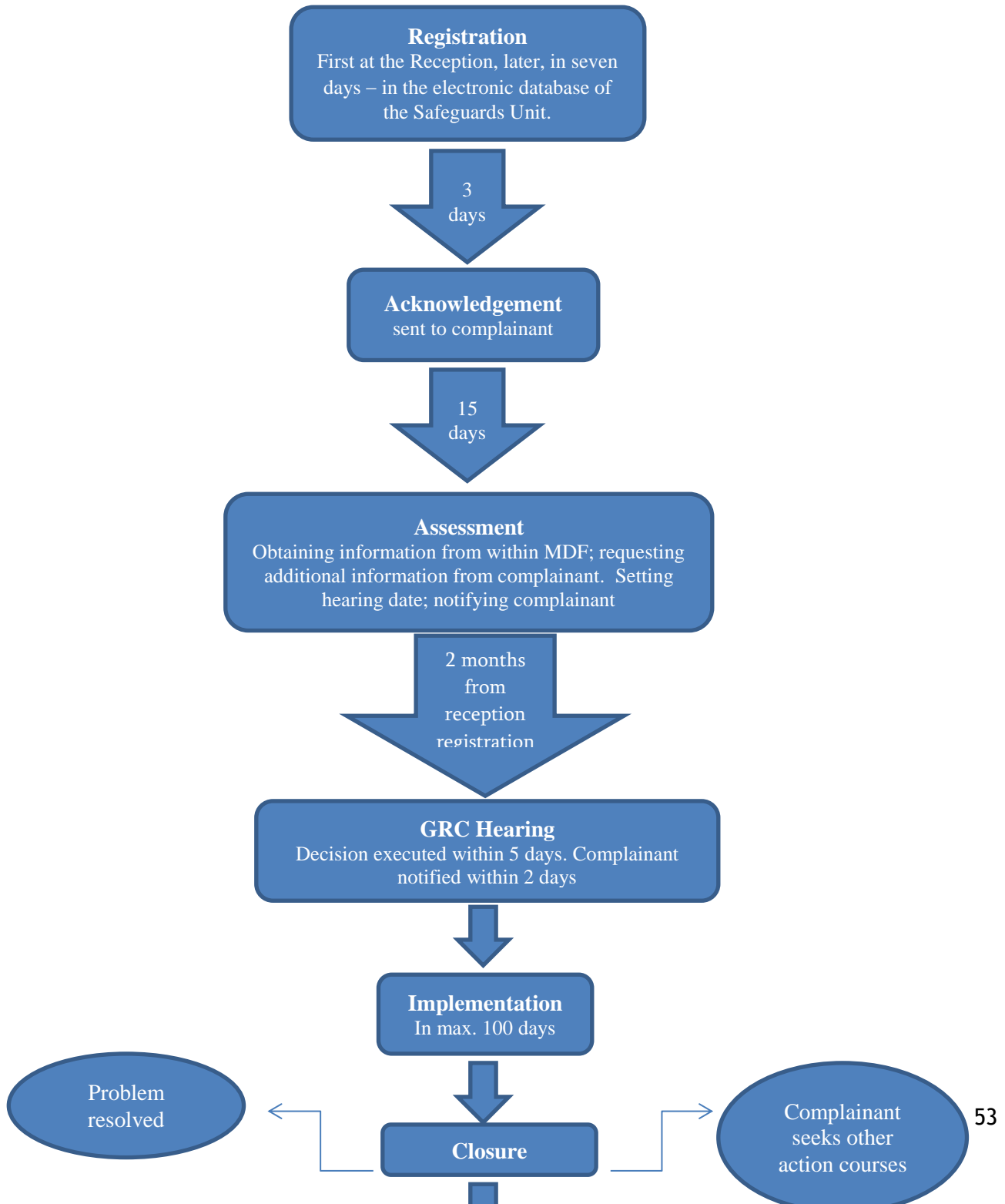
146. GRC Hearing shall be held at least once a month. Any complaint must be heard within two months after its registration at the MDF reception. The agenda of the GRC hearing, with a list of complaints to be reviewed at that hearing shall be set in advance. Such Agenda, together with a short brief/summary on each complaint shall be sent to each member of the GRC at least 3 working days prior to the date of the GRC hearing.

- The staff member responsible for each complaint shall first present a short description/summary of the complaint, and then answer any questions the GRC members may have. Final decision based on the deliberations and discussions is made by the Committee by the majority of votes. If needed, the complainant may be invited to the hearing to present evidence related to the case. Copy of the minutes from the hearing shall be provided to the relevant IFI.
- The decision adopted by the committee shall be signed by the Executive Director within 5 working days of such hearing. The final decision shall contain a timeline of its implementation.
- The information letter (regarding the decision) to the complainant shall be sent in writing within 2 working days after signing of the resolution by the Executive Director. The response provided to complainant(s) should be informative and include relevant details.
- Safeguards Unit will update the status of the complaint in the database accordingly.
- MDF's appropriate Unit shall be responsible for the follow up and implementation of the GRC decision in accordance with the resolution. Safeguards unit shall report to each following GRC meeting on the progress and status of implementation of the previous GRC meeting decisions.
- Implementation time frame will be case specific but should not normally exceed 100 days. GRC secretary will monitor implementation of the actions.
- When all actions decided at the GRC hearing have been taken the complaint is considered closed. The GRC will inform the complainant that all actions have been taken and the problem has been resolved and closed, and/or that the complaint has been rejected and is closed. If no response is received from the complainant during three weeks, the complaint shall be considered officially closed.

147. If the MDFG decision fails to satisfy the aggrieved APs, they can pursue further action by submitting their case to the appropriate court of law.

148. The complaints and grievances will be addressed through the process described below in figure 2.

Figure 2



Formation of GRC

149. At the LARP preparation stage during the consultations meetings and negotiations the APs shall be fully informed of the grievance redress mechanism, its functions, procedures, contact persons and rules of making complaints through oral information and booklets. Care will always be taken to prevent grievances rather than going through Stage 2. The achievement of this goal can be ensured through careful planning and preparation of LARP, active participation of APs, continued consultations with APs through regular site visits by MDFG safeguard representative. Prior to beginning of works leaflets will be disseminated with all project affected persons during the public consultations. These leaflets will include information about contact person and her contact details (Telephone Number and E-Mail address). GRM information will also be posted on the project site and at the entrance of local municipality building in a clear and visible way.
150. At the stage of the social survey, which was held on December 3 – December 17 of 2019, the APs were informed thoroughly about the instructions of both, the Project and the ADB, including the necessity for establishing a Grievance Redress Commission (GRC) within the scope of the project and members of the Commission. At the stage of conducting the said study, all APs had to name two persons as candidate members of GRC. As the survey results suggest, the following representatives among the displaced people were elected the members of GRC: a representative of the displaced women, and a representative of the affected persons. Information about the contact persons from MDF during the grievance resolution process was provided to APs during the public meeting. MDF feedback email address (feedback@mdf.org.ge) and telephone of the representatives of MDF David Arsenashvili and Irakli Japaridze were disseminated during the consultation and posted in a visible location throughout the course of the project.

8. LARP Implementation

151. Based on experience in Georgia the Preparation and implementation of a LARP may take up to a few months. The LARP implementation schedule will be agreed and approved by MDFG and the ADB after detailed design is finalized. The basic steps for the preparation and implementation of a LARP are summarized the table 8.1. below.

Table 8.1.: The basic steps for the preparation and implementation of a Land Acquisition and LARP (will be updated later)

Step/Action	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
aRAP PREPARATION									
Data collection process and preparation of a draft version of the Resettlement Action Plan	█								
Preparation of the final Resettlement Action Plan, taking into consideration the MDFG and the ADB comments; Conduct public consultation		█	█						
Final agreement with ADB				█					
Planning Phase									
taking stock of the legal framework for compensation settling institutional arrangements and mechanisms for payment of compensation; establishing a work plan					█				
Implementation Phase									
Send notifications about compensation for PAP.					█				
Issuing all types of compensations.					█	█			
Assessment of implementation the Resettlement Plan based on Compliance Reports							█		
Issuance of construction permit if the resettlement plan is completed in a satisfactory way.								█	
Monitoring and Evaluation Phase									
External monitoring after completion of the project									█

a. LARP preparation and Implementation Phases

152. Relocating or compensating people implies communication or dialogue with the stakeholders. The consultation and participation process will include four phases: (I) data collecting; (II) preparation and planning of operations; (III) implementation of operations; and (IV) monitoring and evaluation. The MDFG will coordinate all four operations.

Data Collecting Phase

Actors: MDFG, independent consultants

153. The actors will constitute the main task force in the data-collecting phase. This process includes consultations with APs and other relevant stakeholders. The data collected serve as instruments for the monitoring of the social mitigation measures applied.

154. APs were consulted to participate in the data-collecting phase and to provide socio-

economic information about their livelihoods, the social impacts of project operations and the mitigation measures suggested. The contributions of the APs will be integrated into the subproject implementation process, from planning to evaluation.

8.1.2. Planning Phase

155. Actors: MDFG, APs (planning inputs, sounding board and advice-giving), representatives of local communities. Planning and coordination of the tasks of the various actors is the key to a successful implementation of the expropriation/compensation arrangements. The APs will be consulted in the aim to obtain their positions on issues at stake. The requirements of their work programs/businesses activities will be incorporated into the compensation plans.

156. The work will focus on: (a) taking stock of the legal framework for compensation; (b) settling institutional arrangements and mechanisms for payment of compensation; (c) defining tasks and responsibilities of each stakeholder; and (d) establishing a work plan.

8.1.3. Implementation Phase

Actors: The principal actor is the MDFG. Also, ADB, APs (endorsement of arrangements).

157. The execution of the expropriation/compensation operations will be conducted by the MDFG, by their specialist. APs will be consulted about the compensation arrangements prepared. Cash compensation amount will be presented to each eligible AP for consideration and endorsement before cash payment can be affected.

8.1.4. Monitoring and Evaluation Phase

158. Monitoring of the LARP implementation will be conducted; MDFG will make sure that all compensations envisaged in the LARP are paid in a timely manner.

159. Prior to beginning of civil works at each building / property a walk-through will be organized on site with APs, MDF resettlement specialist, Municipality representative and engineer to go over the detailed plan of works, activities to be included and not included in the building rehabilitation, and address specific questions APs may have on the upcoming works on their property. MDF will keep records of these on-site discussions/walk-through including dates, names of participants, brief description of question and issues raised and solutions found, 'before photos' of the residence to be able to compare with the state of the residence after the project.

9. Costs and financing

9.1. Introduction

160. The presumable cost of resettlement within the scope of the subproject to rehabilitate the historical district of Gurjaani cover the compensation amounts for temporal constraint and/or suspension of business.
161. MDF, as the project owner, is responsible for the timely allocation of the funds needed to realize the resettlement policy. The compensation and rehabilitation budget must be paid directly by the Municipal Development Fund of Georgia.
162. The presumable cost of resettlement within the scope of the subproject to rehabilitate the historical buildings in Velistsikhe covers the compensation amounts for temporal displacement, business compensation, as well as allowances for vulnerable AHs.

9.2. Itemized budget

163. At the stage of preparation of the document, socio-economic survey was carried-out. The calculation of different types of compensation and allowance has been conducted as per the entitlement matrix (for detailed budget see annex 3).

9.3. Methods to calculate the compensation for renting residential properties

164. As the rental market is not developed in Gurjaani Municipality, home rent service or tourist organizations are hardly found there. Consequently, a certified Surveyor was hired within the scope of the project, who was charged with fixing the value of residential house rent in Gurjaani Municipality by December of 2019.
165. Tamar Pkhakadze and Giorgi Bakradze, independent audit was hired within the scope of the project, who are IVS certified auditors.
166. As per the conclusion of the above-mentioned entity, by 20.12.2019, the amount of lease of the valued property was 5 GEL a month per 1 m² (English version of the full Conclusion and Methodology will be added in Annex 4).
167. Based on the given Conclusion, all compensation rates were calculated for the lease of residential areas. All APs will be compensated for temporary relocation for the construction time period - Month*5GEL* Area. The area was determined in accordance with Order No. 320 of the Minister of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia of August 9, 2013, Annex N 8, which sets out the guidelines for living space, taking into account the number of family members (table 9.1.). Each AP will get the Monthly compensation of 400 GEL, which is enough to rent a residential area for a family with 5 members under temporary resettlement - 80 m² area.

Table 9.1.

Standard Minimum for newly built and empty buildings/unit	The number of rooms in the living space	Number of family members
25 - 40 m ²	one room apartment	1-2 members
45 – 60 m ²	two rooms apartment	3-4 members
65 – 80 m ²	three rooms apartment	5-6 members

9.4. Temporary resettlement Compensation

Table 9.2

Affected beneficiary HH	Total number of temporary resettlement	GEL (per unit)	GEL Total
14	53	400	21,200

9.5. Business Compensation

168. 21 business entities will have their businesses suspended in the project implementation phase. Consequently, they will receive the compensation for business suspension.

169. The compensation will be calculated based on the Tax Declaration presented by a business owner. If a business owner is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia. At present, the subsistence minimum for a 5-member family is 388 GEL per month.

170. If, during the rehabilitation, there occur some new conditions leading to the change of the status of the said buildings necessitating the vacation of the buildings, each lessor will receive compensation.

171. The compensation amount will be calculated based on the tax declaration submitted by the owner. If an owner fails to submit the relevant tax declaration, then the profit will be calculated based on the amount of subsistence minimum fixed for a 5-member family specified by the legislation of Georgia. As of December 2019, subsistence minimum for a 5-member family is 388 GEL. According to entitlement matrix compensation will be cash compensation of net income for months of business stoppage. Assessment will be based on tax declaration or, in the absence income proof, minimum subsistence allowance in cash

fixed for a 5-member family according to www.geostat.ge for months of business stoppage;

172. 6 lessors and 21 businesses will have their businesses suspended in the project implementation phase. Consequently, they will receive the compensation equal to rental fee, For months of business suspension.

Table 9.3.

Type of business loss	No Businesses	Compensation amount GEL
Business	21	51, 293
Lessors	6	3,436
Total	27	54,729

9.6. Employee compensation

173. 14 APs are employed in the private sector (two restaurants, two pharmacies). The APs hired by them will receive compensation.

174. The compensation will be calculated based on onetime minimum subsistence allowance in cash for months of business stoppage fixed for a 5-member family according to www.geostat.ge which is 388 GEL per months.

Table 9.4.

Type of income loss	No employed	Compensation amount GEL
Employed	14	23, 668

175. As per the agreement reached with Velistsikhe Municipality, the later has undertaken the following tasks: All public employees will receive their due wages in the project implementation phase.

9.7. Vulnerability compensation

176. According to the ADB Policy and the baseline socio-economic survey, vulnerable groups are considered: Families below the poverty line³, families lead by single women with

³ Families under poverty line consist of persons or groups of people whose socio-economical status is lower than minimum level set by Georgian government (officially registered in Social Services as poor: with rating less than 57000 – extremely poor receiving social allowances and with rating more than 57000 but less than

dependent children under 18, disabled belongs I and II groups. Allowance equivalent to 3 months of minimum subsistence income for a family of five* and employment priority in project-related jobs. This is additional allowance for vulnerability status on top of that of other entitlements in this matrix. The above-mentioned persons will receive 388 GEL x 3 months, i.e., 1164 GEL. 8 out of 50 AHs are vulnerable.

Table 9.5.

Impact	No of AHs	No of AP	
Families below the poverty line	3	13	3,492
disabled belongs I and II groups	5	22	5,820
Total Number of Vulnerable households	8	35	9,312

9.8. Costs of transportation

177. Each AP subject to temporary resettlement within the scope of the project will be given additional compensation covering transport and livelihood expenses for the transitional period – 1,364 GEL. (200 GEL as vehicle hire charge (will be recalculated by the evaluator in the frame of the LARP) + minimum subsistence allowance x 3 months fixed for a 5-member family according to www.geostat.ge. (As of December – 388 GEL per month)). The costs of transportation is considered for 14 AH and 21 businesses.

Table 9.6.

Costs of transportation	No	GEL
AH	14	19 096
AB	21	28 644
Total	35	47 740

9.9. Summary Estimate of LAR Costs

178. The total LAR cost calculated for the implementation of this LARP constitutes GEL **258,471**. The summary LAR cost estimate is given in Table 9.5.

70000 – receiving polices).

179. As changes may happen in the project design after construction begins, this LARP considers a 'reserve' resettlement budget to accommodate any additional impacts.

Table 9.7: Summary Estimate of LAR Costs

No.	Item	Cost in GEL	Cost in USD
A	Compensation		
1	Compensation for renting residential space	21,200	7,364
2	Compensation of Affected Businesses	54,729	19,012
3	Compensation of job losses	23,668	8,222
	Sub Total A	99,597	34,598
B	Allowances		
1	Vulnerable Households	9,312	3,235
2	Cost of Relocation	47,740	16,584
	Sub Total B	57,052	19,819
Total R&R Cost (A+B)		156,649	54,417
D Income tax 20%⁴		39,162	13,604
D Reserve 20%		31,330	10,883
E. 20% Contingency		31,330	10,883
Grand Total		258,471	89,787

1 USD = 2.8787 GEL (as of 17th of December 2019)

⁴ Tax liabilities, registration and financial transaction related costs caused by the project implementation will be covered by the project and included in the accounting. Compensation will be provided in net, as determined by an independent and licensed valuator, following the principles and methodology of international valuation standard, and elaborated in formulas in respective LARP. No tax deductions will be applied to the compensation amount. In the event that taxes apply to the compensation amount, the appropriate tax amount will be topped up and covered by the project.

10. Monitoring and Evaluation

180. The main objective of implementation of LARP is to improve or at least restore the social and livelihood resources of the APs at their pre-project level. The process of implementation should ensure that this objective is achieved over a reasonable time with allocated resources. Therefore, monitoring of the process of updating LARP, its implementation and delivery of institutional and financial assistance to the APs has been designed as an integral part of the overall functioning and management of the Project. Environmental and Resettlement Unit of MDFG through its Resettlement Team will ensure the execution of timely monitoring and evaluation indicators (process, delivery and impact indicators) of resettlement tasks. The purpose of the Monitoring and Evaluation (M&E) is to provide feedback to all stakeholders on progress made in view of a timely and comprehensive implementation of the LARP and to identify problems as early as possible to facilitate well-timed adjustment of implementation arrangements.

181. The objectives are to: (i) ensure that the standard of living of APs are restored or improved; (ii) ascertain whether activities are in progress as per schedule and the timelines are being met; (iii) assess whether the compensation and rehabilitation measures are sufficient; (iv) identify problems or potential issues; and (v) identify methods to rapidly mitigate problems.

182. No external monitoring of LARP in the Project will be carried out. The MDFG social safeguards specialist will carry out regular internal monitoring through regular site visits with support of ?..

10.1 Monitoring

183. Internal monitoring will be carried out routinely by MDFG either directly or through the services of Resettlement Team. The results will be communicated to ADB through project implementation reports. Indicators for the internal monitoring will be those related to process and immediate outputs and results. This information will be collected by MDFG to assess the progress and results of LARP implementation, and to adjust the work program, if necessary. The reports will be consolidated in the standard supervision reports to ADB. Specific monitoring benchmarks will be:

- Information campaign and consultation with APs;
- Status of resettlement and payments;
- Relocation of APs;
- Payments for loss of income;
- Grievances and their resolution.

184. Within the scope of the Sub-Project, MDF is authorized to carry out rehabilitation activities step by step, before the fully completion of LARP, only on the building(s), whose owners receive total amount of compensations. The rehabilitation activities will not be conducted until payments on each (given) building are done. MDF will ensure that all stakeholders (APs, local authorities, contractors, supervisors, engineering staff, etc.) are aware of this requirement.

185. The above information will be collected by MDFG which is responsible for monitoring the day- to-day resettlement activities of the project through the following instruments:

- Review of census information for all APs;
- Consultation and informal interviews with APs;
- In-depth case studies;
- Sample survey of APs;
- Key informant interviews;
- Community public meetings; and
- Grievances and their resolution;

Reporting Requirements

1. The results of internal monitoring during LARP implementation as well as project related construction activities will be communicated with MDFG, ADB through the semi-annual social monitoring reports (SSMR), as well as LARP implementation Compliance Report (CR) to assess whether actual project impacts are adequately addresses, compensation payments disbursed, if due and grievance redress procedures are applied as planned under the LARP. CR subject to approval by ADB prior the commencement of construction works.

Capacity Building and Training in RP Implementation

2. To allow an effective execution of all LAR related tasks some expansion of the capacity on LAR currently available at MDFG may be needed. As soon as the Investment Program becomes effective, before the LARP preparation, once the IA's safeguards staff is on board, the MDFG will carry out with ADB and the Supervision Consultant assistance a capacity needs assessment and will define the capacity building activities and if needed the additional experts required. Financing for capacity building initiatives will be included under the capacity building component of the Investment Program.
3. All concerned staff both at MLARO and GRC will undergo a two days orientation and training in ADB resettlement policy and management to be provided either by a consultant hired by MDFG or by the Supervision Consultant's resettlement expert. Training will cover the following topics:
 - a. Principles and procedures of land acquisition;
 - b. Public consultation and participation;
 - c. Entitlements, compensation and assistance disbursement mechanisms;
 - d. Grievance redress, and
 - e. Monitoring of resettlement operations.

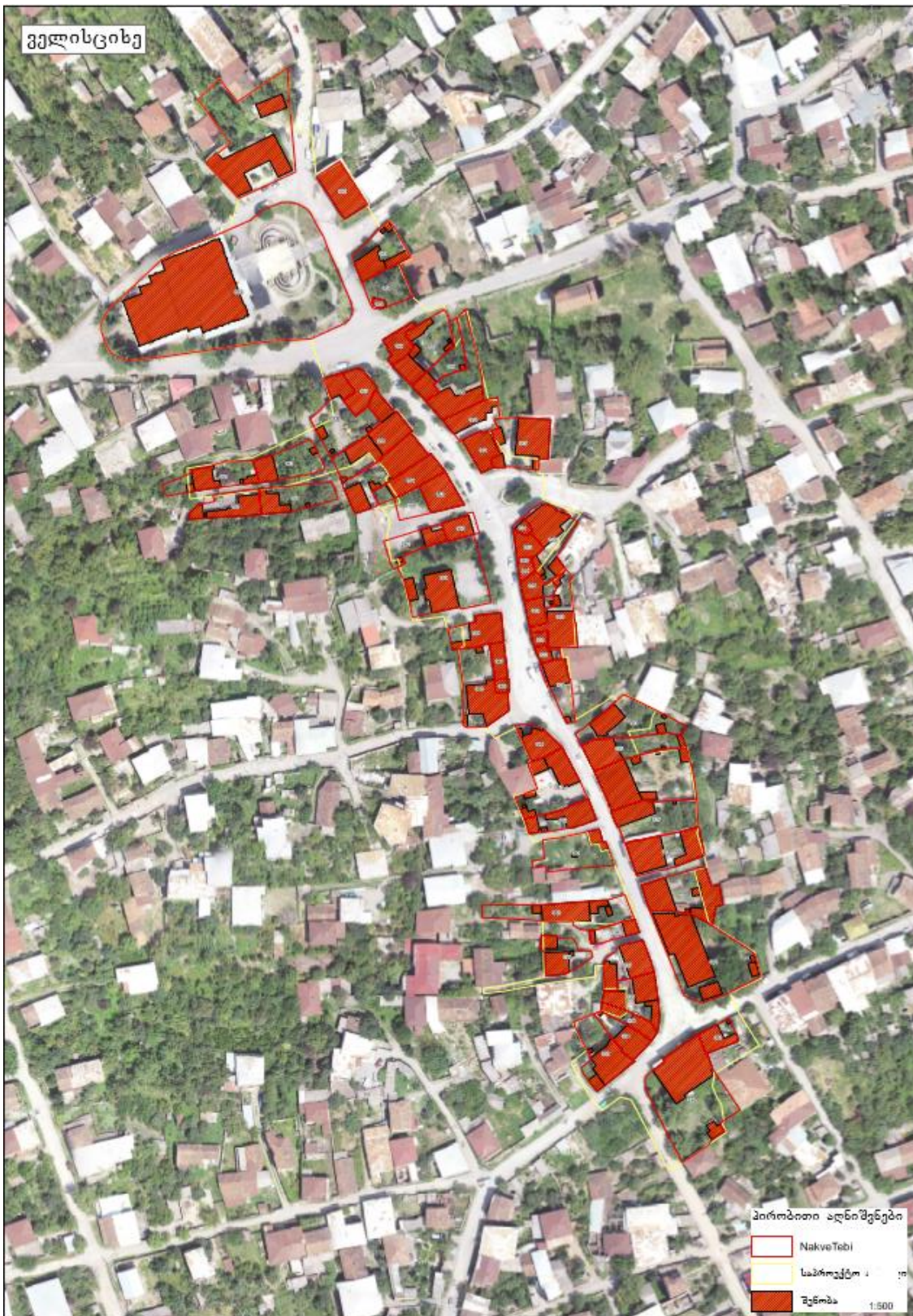
ANNEX 1. List of Affected Households/Legal Entities and Affected Property

Map N	Project N	status of the property	timeline of works/months	temporary relocation	permanent resident
001	001	State/municipal	4	yes	no
002	002	commercial	4	yes	no
003	003	residential	4	yes	yes
004	004	land	0	no	no
005	004	commercial	0	no	no
006	005	commercial	4	yes	no
007	006	residential	4	yes	yes
008	007	commercial	4	yes	no
009	008	commercial	4	yes	no
010	009	residential	4	yes	no
011	010	residential	4	yes	no
012	011	residential	0	no	yes
013	012	commercial	3	yes	no
014	013	commercial	3	yes	no
015	014	commercial	3	yes	no
016	015	commercial	3	yes	no
017	016	commercial	3	yes	no
018	016-1	State/municipal	4	yes	no
019	016-2_3_4	commercial	4	yes	no
020	017	residential	3	yes	yes
021	018	commercial	4	yes	no

022	018-1	commercial	4	yes	no
023	019	commercial	5	yes	no
024	020	residential	3	no	no
025	021	residential	3	no	no
026	022	residential	3	yes	yes
027	023-024	residential	3	yes	yes
028	025	residential	3	yes	yes
029	026	residential	3	no	yes
030	027-028	State/municipal	2	no	no
031	029	residential	4	yes	yes
032	030	State/municipal	4	yes	no
033	031-032-033	residential	4	no	yes
034	034	residential	0	no	yes
035	035	residential	4	no	yes
036	036	residential	4	yes	yes
037	037	residential	3	no	yes
038	038	residential	4	yes	yes
039	039	residential	4	yes	yes
040	061	residential	0	no	yes
041	041	commercial	3	no	no
042	042	residential	3	no	yes
043	043	residential	5	yes	yes
044	044	residential	5	yes	yes

045	045	residential	4	yes	yes
046	046	residential	3	yes	yes
047	047	commercial	4	yes	no
048	048	commercial	4	yes	no
049	049	commercial	4	yes	no
050	050a	commercial	3	yes	no
051	050b	commercial	0	no	no
052	051a	commercial	0	no	no
053	051b	land	0	no	no
054	052	commercial	5	yes	no
055	053	commercial	5	yes	no
056	054	commercial	5	yes	no
057	055	commercial	5	yes	no
058	056	commercial	5	yes	no
059	059	residential	0	no	yes
060	060	residential	0	no	yes
061	058	residential	4	yes	no
062	057	residential	4	yes	no
063	Theatre	State/municipal	0	yes	no

Numbering of the houses by order





Urban Regeneration of historical streets in Velistsikhe

Historical overview

186. Velistsikhe village is one of the oldest and largest settlements in Kakheti. It was located on a major highway to the east. And was an important strategic place for the integration of settlements to the east.
187. The main architectural value of Velistsikhe is in its unique development, which was formed in the 12th - 19th centuries and has reached the present time. The main element of the houses are the wine cellar. These houses are closely intertwined and form a single, urban structure that is subject to protection and restoration.
188. Velistsikhe is first mentioned in historical sources in the 5th century. After the creation of the Kingdom of Kakheti, the Queen of Kakheti was directly controlling a significant part of the Velistsikhe.
189. In the early seventeenth century, along with other famous sites, the Shah-Abbas raids also destroyed Velistsikhe. Since then these places have been uninhabited for a long time. In 1772 a German scientist Johann Güldenstadt visited Velistsikhe. According to him: The King Erekle II settled the village of Velistsikhe from the survivors and remnants of the village, 100 years earlier.
190. In the XVIII century an active process of population settlement was going on in Velistsikhe. The German traveler and scientist Edward Aichveld traveled to Velistsikhe in 1825-26. He mentions Velistsikhe as a fortified city-type settlement. Here viticulture and cultivation were especially developed. The whole system of water mills was operational.
191. There are several architectural monuments in the village, among which are Virgin Mary Church (VI century) and Castle Hall complex (IX century). In addition, the village is interesting in terms of planning structure. It can be said boldly that it is an urban-type settlement, with remarkable development. There are several interesting houses from the artistic-historical point of view in the village. Most of the buildings have a wine cellar, some of which are still in use. There are two separate wine cellars in the village, which are visited by locals and foreigners

Introduction

193. According to the development plan of the central part of Velistsikhe (figure.1), promotion of tourism and development is envisaged by the following conditions: Location of the main transport roads of Kakheti, architectural monuments of historical center, centuries-old traditions of wine production, hospitality and trade, cellars, basement. Existence of wineries and other options.

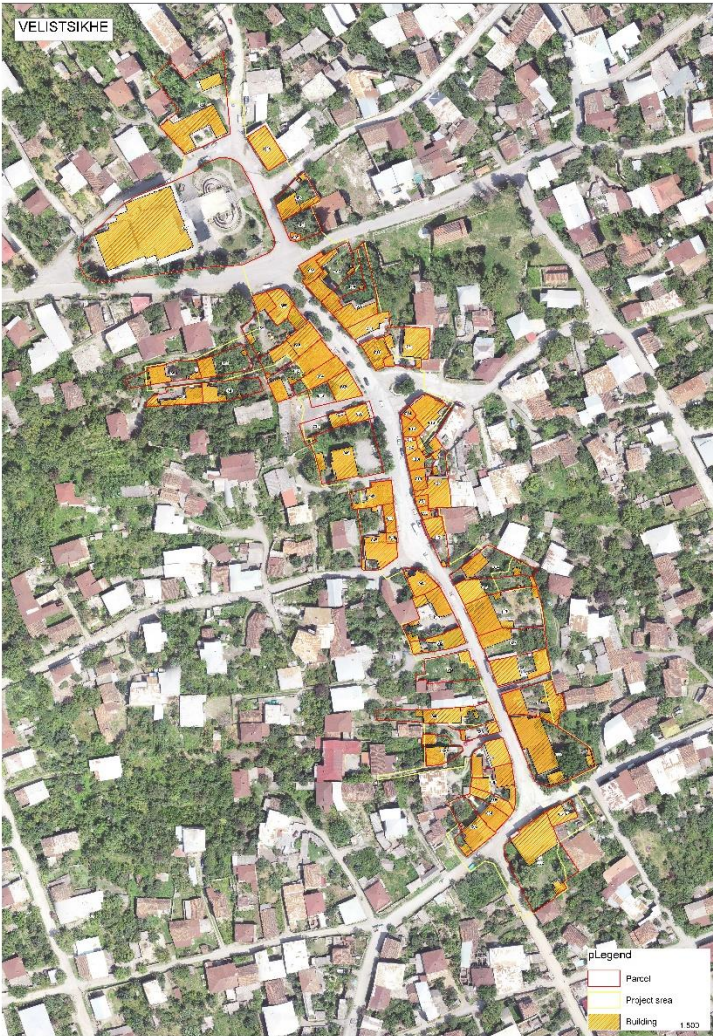


Figure 1 Velistsikhe center

(including engineering networks).

3. Reconstruction of the first floor and facade of the theater.

4. Develop park infrastructure.

After the implementation of four independent projects, a single complex will be created. All four projects differ in terms of functionality and selection of reconstruction methodologies.

During the research phase, multiple facilities were inspected and studied by various specialists, including an authorized person designated by the purchaser. The mayor of Gurjaani municipality is involved in working process in the village of Velistsikhe

The project area should be developed on the basis of universally proven principles of sustainability:

1. To preserve the authenticity and historical appearance of the area, which is one of its main values;
2. Respond to current needs and challenges.

Restoration and rehabilitation of the central district should stimulate the opening of family type and small hotels. The Central Street of the village and Theater Square should become a pedestrian zone with its cafes, shops and other social services.

The aim of the project is to create attractive and interesting environment. To achieve this, the project assignment comprises four main stages:

1. Reconstruction and rehabilitation of houses on the main street of Velistsikhe village.
2. Rehabilitation and renovation of Theater Square and Central Street

Define general planning parameters and scales of the project.

Based on the conducted studies, the parameters of the Pedestrian Street and adjacent lanes were specified. The number of reconstructed buildings, the degree of damage and the types of possible construction-reconstruction works were determined. The necessity of reconstructing of the Theater Square as the main place of meeting of the local community and tourists were highlighted. The next stage of the design will specify the streets necessary for the movement of traffic (after the pedestrian street arrangement) and their amenities. Parking place for tourist buses will be determined as well.

The park's rehabilitation plan envisions turning the area into a social hub. First of all, thematic zones will be allocated in the park. An entertainment center will be located on the first floor of the building standing in the park, while commercial spaces will be located on the second floor.

Reconstruction and rehabilitation of the buildings of the Central Street of the village Velistsikhe.

The design of the Central Street Reconstruction-Rehabilitation Project comprises 61 buildings on which surveying has been carried out and each building has been studied in terms of architectural, artistic, urban building values and structural sustainability. The functions and owners of all buildings are clear. Authentic facades are rare, most of them are plastered or decorated with substandard materials. Many buildings are unfinished. Some houses have only walls standing. Most of the roofs need to be replaced.

Work description

The table below shows works to be carried out within the scope of the project.

Table 1.1.

#	Work description	number of buildings
1	Reconstruction and Replacing of the Roofs	41
2	Changing windows	39
3	Arrangement of a new facade	34
4	Arrangement and reinforcement of walls	29
5	Rehabilitation of balconies	21
6	Reconstruction of stairs	12
7	arrangement of ferro-concrete belt	12
8	Framing the spaces with metal constructs	10
9	Reconstruction of roofing concrete slabs	7
10	Reinforcement of the foundation	5
11	Construction of attic	4
12	Dismantling the unfinished annexes and auxiliary buildings	3

13	Reconstruction of fences and gates	5
4	Construction of a new building	3
5	Reconstruction of the existing building	3
6	Repair of damaged floors	3
7	Complete construction of annexes	2
8	Reinforcing of the damaged columns	2

Rehabilitation works of the Central Street.

The Central Street project area, which includes the arrangement of a hiking zone, 416 meters in length, with a width varying from 7.80 to 20 meters. Except the Central Street, project area includes several lanes, totaling 13,516 square meters.

Resettlement Policy and Principles

The legal and political framework of the project is based on the Georgian legislation about the compensation/and resettlement and Asian development Bank (ADB) “Safeguard Policy Statement” 2009. The principles of this LARP were established by considering the requirements of these laws and ADB Policy.

Three important elements of ADB’s involuntary resettlement policy are: (i) compensation to replace lost assets, livelihood, and income; (ii) assistance for relocation, including provision of relocation sites with appropriate facilities and services; and (iii) assistance for rehabilitation to achieve at least the same level of wellbeing with the project as people would have had without it. Resettlement planning is an integral part of project design for any ADB operation requiring involuntary resettlement, to be dealt with from the earliest stages of the project cycle

Eligibility and Entitlements

APs entitled for compensation or at least rehabilitation provisions under the Project are:

- All APs losing land, or access to land, permanently or temporarily either covered by legal title/traditional land rights or without legal status;
- Tenants and sharecroppers whether registered or not;
- Owners of affected buildings, crops, plants, or other objects attached to the land; and
- APs losing business, income, a source of livelihood, and salaries.

Affected persons will be compensated for:

- Compensation for Temporary Resettlement (All APs, AB Lessors, and Employees regardless of their formal or informal status);
 - Allowances (Transportation costs and Vulnerable people allowance)
- Compensation for temporary loss (temporary impact during construction and unforeseen impact.

Compensation eligibility will be limited by a cut-off date to be set for each subproject on the day of the ending of the Census. Persons who settle in the affected areas after a locally publicized cut-off date will not be considered project-affected, and persons initiating improvements to land or structures after cut-off date will not be eligible for additional compensation. They, however, will be given sufficient advance notice, requested to vacate premises or dismantle affected structures prior to project implementation.

Table 3. Compensation Entitlement Matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, access or damage.	AP losing productive land regardless of impact severity	<u>Registered Owner/Legal:</u> Owner with full registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unviable for cultivation, the project will acquire it if the owner so desire.
		<u>Legalizable Owner:</u> (APs with title formalization pending and APs who are not registered but legitimately use the land and have residential land or agricultural plots adjacent to the residential land)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Non-legal/Informal Settler:</u> APs that are not legitimate land users or squatters	Non-legalizable APs losing agricultural land plot will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period where land is actively cultivated, or 3 month period where land is barren/unused.
		Agricultural Tenant	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease, unless otherwise provided by the lease agreement. In case of tenancy no crop compensation will be given to the land owner, and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy
Non-Agricultural Land	AP losing their commercial / residential land	<u>Registered Owner/Legal:</u> (Owner with full registration)	Cash compensation at full replacement cost.
		<u>Legalizable Owner:</u> (Legalizable owners according to active legislation)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Non-legal/Informal Settler</u> (Without registration/valid documents using land permanently.)	Non-legalizable APs losing a land plot, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period. This only applies to physically displaced APs who do not have other residence.
Temporary Impact on land plot	N/A	<u>N/A</u>	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-established by the EA at the pre- impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs
Temporary loss of Residence	AH has to be relocated during the rehabilitation work	All AH regardless of their formal or informal status	All AH will be compensated for temporary relocation according to the construction period of each structure occupied by the AH. Each AH will get the cash compensation, which is sufficient to rent acceptable residence for living. Prior to rehabilitation of the property, beneficiaries will be informed regarding the allowance packages and other LARP related information; written consent by the owner/user will be received, compensations will be paid and after this will be started rehabilitation. The monthly compensation will be calculated by independent evaluator during preparation of the LARP.
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Pu blic assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	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. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (i) (<u>permanent impact</u>) cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			<p>a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance for a 5-member family.</p> <p>(ii) <u>(Temporary impact)</u> cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family)</p> <p><u>Permanent worker/employees:</u></p> <p>(i) Permanent impact stoppage business indemnity for lost wages equal to actual wage for 3 month or in case of absence of tax declaration, one-time minimum allowance (5-member family) subsistence in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie. salary payment document, accountant/financial report.</p> <p>(ii) Temporary impact cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family).</p>
Allowances			
Severe Impacts	Permanent physical relocation or loss of >10% of productive assets	All severely affected AHs including informal settlers	in addition to the compensation of lost land and /or crops, severely affected AHs will be provided with additional rehabilitation measure; in particular, one-time allowance equal to cash compensation calculated based on the minimum subsistence monthly income level for the family of five (5) members multiplied to 3 months per AH.
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/trans ition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee' households/internally displaced people.	One-time minimum subsistence allowance in cash for 3 months fixed for 5-member family and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009. MDFG with assistance of supervision contractor will address and mitigate/compensate unforeseen Resettlement impact during project.
Impacts related to spoil disposal areas and construction camps.	Temporary impacts	APs using affected pasture lands	Any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements between the Contractor and the land owners. Should such temporary impacts also affect persons using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation.
	Permanent impacts		Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.
Damages during construction; Extension of construction period due to the reason of the construction company	This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated	All Aps	Compensation for such damages during construction and Extension of construction period due to the constructor's reason is a Contractor's responsibility. Compensation will be assessed and paid per procedures and rates in this LARP.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
	property and etc. If contractor is not able to finish works on time due to their own reason		
<p>Tax liabilities, registration and financial transaction related costs caused by the project implementation will be covered by the project and included in the accounting. Compensation will be provided in net, as determined by an independent and licensed valuator, following the principles and methodology of international valuation standard, and elaborated in formulas in respective LARP. No tax deductions will be applied to the compensation amount. In the event that taxes apply to the compensation amount, the appropriate tax amount will be topped up and covered by the project</p>			

Grievances and Grievance Redress Mechanism

In projects implemented by MDF, grievance resolution is viewed as a two-stage process. The first stage involves locally available means, such as discussing the concern with Deputy Resident Engineer or Contractor, on site focal point from Supervision Consultant / Contractor, or/and writing to local municipality for resolution of grievances on the spot. The grievance redress mechanism shall deal with the issues of e.g. amount of compensation, loss of access roads, etc. as well as the losses and damages caused by the construction works, e.g. temporary or permanent occupation of land by the contractor. Therefore, the grievance redress mechanism shall be in place by the time the MDFG starts negotiations with the APs and shall function until the completion of the construction.

Grievance redress procedures of Stage 1 are an informal tool of dispute resolution allowing the APs and the project implementation team to resolve the disagreement without any formal procedures, procrastination and impediments. The international experience of resettlement shows that such informal grievance redress mechanism helps to solve most of the complaints without formal procedures (i.e. without using the procedures specified in the Administrative Code or litigation). This mechanism enables unimpeded implementation of the Project and timely satisfaction of complaints. If the AP is not satisfied, the grievance redress mechanism should assist them in lodging an official complaint in accordance with the procedures of Stage 2 (the plaintiff should be informed of his/her rights and obligations, rules and procedures of making a complaint, format of complaint, terms of complaint submission, etc.).

Stage 2 – review of APs' complaint. (GRC) for the whole period of the project implementation. GRC shall review the written complaints of APs, which were not satisfied at Stage 1. At stage 2 the APs' complaint shall be resolved and GRC shall make a decision in compliance with the Administrative Code of Georgia.

You should ask questions and get edition information regarding the project At the following addresses:

MDF feedback email address (feedback@mdf.org.ge)

David Arsenashvili, Telephone: 599 01 91 83

Irakli Japharidze, Telephone 593 16 55 77

Grievance Form

#		
Full Name, Surname		
Contact Information Please, fill in how you want to be contacted (post, telephone, e-mail)	<input type="checkbox"/> Post: please indicate your postal address: _____ _____ _____	<input type="checkbox"/> Telephone: _____
	<input type="checkbox"/> E-mail: _____	
Preferred contact language	<input type="checkbox"/> Georgian <input type="checkbox"/> English <input type="checkbox"/> Russian	
Description of Grievance/ Claim:	What happened? What you claim?	
Negotiation Date:	Decision after the negotiation:	
What is the reason of your claim?		
Signature: _____ Date: _____		

Annex 3: Entitlement Matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, access or damage.	AP losing productive land regardless of impact severity	Registered Owner/Legal: Owner with full registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unviable for cultivation, the project will acquire it if the owner so desire.
		Legalizable Owner: (APs with title formalization pending and APs who are not registered but legitimately use the land and have residential land or agricultural plots adjacent to the residential land)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		Non-legal/Informal Settler: APs that are not legitimate land users or squatters	Non-legalizable APs losing agricultural land plot will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period where land is actively cultivated, or 3 month period where land is barren/unused.
		Agricultural Tenant	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease, unless otherwise provided by the lease agreement. In case of tenancy no crop compensation will be given to the land owner, and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy
Non-Agricultural Land	AP losing their commercial / residential land	Registered Owner/Legal: (Owner with full registration)	Cash compensation at full replacement cost.
		Legalizable Owner: (Legalizable owners according to active legislation)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		Non-legal/Informal Settler (Without registration/valid documents using land permanently.)	Non-legalizable APs losing a land plot, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period. This only applies to physically displaced APs who do not have other residence.
Temporary Impact on land plot	N/A	N/A	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			re-established by the EA at the pre- impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs
Temporary loss of Residence	AH has to be relocated during the rehabilitation work	All AH regardless of their formal or informal status	All AH will be compensated for temporary relocation according to the construction period of each structure occupied by the AH. Each AH will get the cash compensation, which is sufficient to rent acceptable residence for living. Prior to rehabilitation of the property, beneficiaries will be informed regarding the allowance packages and other LARP related information; written consent by the owner/user will be received, compensations will be paid and after this will be started rehabilitation. The monthly compensation will be calculated by independent evaluator during preparation of the LARP.
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	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. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (i) (<u>permanent impact</u>) cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance for a 5-member family. (ii) (<u>Temporary impact</u>) cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family) <u>Permanent worker/employees:</u>

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			<p>(i) Permanent impact stoppage business indemnity for lost wages equal to actual wage for 3 month or in case of absence of tax declaration, one-time minimum allowance (5-member family) subsistence in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie. salary payment document, accountant/financial report.</p> <p>(ii) Temporary impact cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage (5-member family).</p>
Allowances			
Severe Impacts	Permanent physical relocation or loss of >10% of productive assets	All severely affected AHs including informal settlers	in addition to the compensation of lost land and /or crops, severely affected AHs will be provided with additional rehabilitation measure; in particular, one-time allowance equal to cash compensation calculated based on the minimum subsistence monthly income level for the family of five (5) members multiplied to 3 months per AH.
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/trans ition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee' households/internally displaced people.	One-time minimum subsistence allowance in cash for 3 months fixed for 5-member family and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009. MDFG with assistance of supervision contractor will address and mitigate/compensate unforeseen Resettlement impact during project.
Impacts related to spoil disposal areas and construction camps.	Temporary impacts	APs using affected pasture lands	Any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements between the Contractor and the land owners. Should such temporary impacts also affect persons using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation.
	Permanent impacts		Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.
Damages during construction; Extension of construction period due to the reason of the construction company	This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated property and etc. If contractor is not able to finish works on time due to their own reason	All Aps	Compensation for such damages during construction and Extension of construction period due to the constructor's reason is a Contractor's responsibility. Compensation will be assessed and paid per procedures and rates in this LARP.
Tax liabilities, registration and financial transaction related costs caused by the project implementation will be covered by the project and included in the accounting. Compensation will be provided in net, as determined by an independent and licensed valuator, following the principles and methodology of international valuation standard, and elaborated in formulas in respective LARP. No tax deductions will be applied to the compensation amount. In the event that taxes apply to the compensation amount, the appropriate tax amount will be topped			

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
up and covered by the project			

Annex 4: Evaluation of Compensation

Conclusion

**On the Evaluation of the Rent of the Residential Houses in Velistsikhe by
DECEMBER, 2020**

(under translation)

(will be added)

