

Land Acquisition and Resettlement Plan

Project Number: 53118-001
October 2021

Georgia: Livable Cities Investment Project for Balanced Development

Urban Regeneration of Historical Streets in Velistsikhe

Prepared by the Municipal Development Fund, Government of Georgia for the Asian Development Bank.

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24 February 2021

Currency Unit - Georgian Lari (GEL)
USD 1.00 - GEL 3.3198

ABBREVIATIONS

AB - Affected Businesses

ACM - Acquisition and Compensation Matrix

ADB - Asian Development Bank

AH - Affected Household

AP - Affected Person

BH – Beneficiary Household

BP - Beneficiary Person

CBO - Community Based Organisation

DMS - Detailed Measurement Survey

EMA - External Monitoring Agency

EM- External Monitoring

GRC - Grievance Redress Committee

HH - Household

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 Organisation

PSC - Project Supervision Consultant

PRRC - Property Rights Recognition Commission

RoW - Right of Way

RU - Resettlement Unit

SeS – Socio-economic Survey

SPS - Safeguard Policy Statement

ToR - Terms of Reference

GLOSSARY

Affected Businesses (AB) - Businesses affected by the Project-related impacts.

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

Affected Person (AP) – individuals/legal entities affected by the Project-related impacts.

Beneficiary Household/Person (BH/BP) – a household and its members whose property/assets will be involved in the Project rehabilitation works and who will benefit from the Project as such (rehabilitation of their houses will be carried out free of charge for them, their living conditions will be improved, cost of the real estate will be increased etc.), but who are not subject to relocation or any other involuntary resettlement impact subject to mitigation and/or compensation as per entitlement matrix of the project and SPS.

Eligibility - 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 recognisable legal right or claim to the land APs are occupying.

Compensation – in-cash or in-kind payment of the replacement cost of the acquired assets.

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

Land Acquisition - the process whereby a person is compelled by the Government through the implementation 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 - 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. The above will be entitled to rehabilitation assistance measures for restoring incomes and living standards. Such measures must be determined in consultation with APs, including any APs whose rights might not be formally recognised.

Resettlement - 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 effects sustained, regardless of whether it involves actual relocation.

Sakrebulo - is the representative body of local self-government at middle level of local government consisting of 67 municipalities and six cities in Georgia: Tbilisi, Kutaisi, Rustavi, Poti, Batumi and Sukhumi. The representative branch at municipality level is a Local Council (Municipality Sakrebulo) and the executive branch is represented by Municipality Mayor. The self-government level is relevant for settlements (self-governed cities) or groups of

settlements (municipalities). Groups of settlements could include villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing services, and communal infrastructure development.

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

Replacement Cost - method of valuing assets to replace the loss at fair market value, or its nearest equivalent, plus any transitional and restoration costs such as administrative charges, taxes, registration, title costs and any other applicable payments. Whenever national law doesn't meet this standard, the replacement cost will be supplemented as necessary. Whenever market value of land, based on recent arm's length transactions between willing buyers and sellers is not able to be determined, the value may be calculated, based on its productive potential and location. The replacement cost of houses and structures is based on current fair market price of building materials and labour without depreciation or deductions for salvaged building material. The market value of crops, trees, and other commodities includes transaction costs that will enable to replace these assets.

Vulnerable Households - particularly disadvantaged Households who for gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status reasons may be more adversely affected by resettlement than others, and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. These are: (i) female-headed households; (ii) households of disabled people; (iii) poor households as defined by the official poverty threshold; (iv) households of elderly people with no means of support and (v) refugees or internally displaced people."

EXECUTIVE SUMMARY

1. Georgia is strategically located at the crossroads of Europe and Asia. The country is rich in natural resources and cultural heritage. Despite these relative advantages, substantial shortcomings in infrastructural urban services and capacity gaps weaken the country's economic growth potential, particularly when it comes to its secondary cities and towns in the regions. Regional Development Strategy of the country promotes inclusive and balanced regional development by capitalizing the on-going investments in connectivity to develop regional clusters as hubs for tourism and MSMEs, building on the comparative advantages of each region - natural, cultural and human assets. The multi-sectoral investment approach in regional clusters covering cities/municipalities and surrounding peri-urban areas will stimulate local economic growth, economic diversification and balanced urban-rural development. The investments will cover upgrading of city centers and community facilities such as sports complexes, parks, theatres, libraries, cultural heritage structures. One of the regional clusters for urban upgrading present diverse economic models with the potential to be replicated countrywide is Kakheti cluster covering Telavi Municipality and Village Velistsikhe (in Gurjaani Municipality) with a focus on viticulture, agribusiness, and cultural heritage.

2. The Municipal Development Fund (MDF) of the Ministry of Regional Development and Infrastructure of Georgia (MRDI) is to commence implementation of infrastructure development projects in Velistsikhe Village of Kakheti Region. The works envisage rehabilitation/reconstruction of residential houses located on central street of Velistsikhe Village and a theatre building with an adjacent square in the central part of Velistsikhe Village.

3. Implementation of urban upgrading program for the cities with tourism potential will facilitate the employment of local population, improvement of the community social and economic conditions and increase in number of tourists.

4. The present Land Acquisition and Resettlement Plan (LARP) has been prepared for the Project in Velistsikhe by the Municipal Development Fund of Georgia (MDFG) of the Ministry of Regional Development and Infrastructure of Georgia (MRDI) with support of "Terragraphic¹" in compliance with the Land Acquisition and Resettlement Policy Framework (LARP) developed for Livable Cities Investment Project for Balanced Development (LCIP) and agreed between MDF, on behalf of the Government of Georgia (GoG), and the Asian Development Bank (ADB).

5. The LARP is based on detail design and 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.

6. The project does not envisage severe impacts as it will not have permanent impacts caused by loss of lands, trees/crops and other productive assets; it will not require permanent physical relocation of residents or businesses. The project impact will be limited to temporary relocation of AHs for 3-4 months due to rehabilitation works on their houses/structures and temporary suspension of businesses/employment. The temporary impacts for the project and number of affected HHs and persons is provided in Table ES1 below.

¹ LARP Consultant.

Table ES 1 Summary of involved Beneficiaries and Land Acquisition and Resettlement Impacts

N	Description	Number
A	Total number of involved beneficiary households (BH) and persons (BP) ² , of which:	20/76*
a1	Involved BH/BP due to project works on their commercial land plots	8/28
a2	Involved BH/BP due to project works on their vacant non-agricultural land plots	2 ³ /8
a3	Involved BH/BP due to project works on their residential land plots	12/48
B	Total number of affected households (AH) and persons (AP), of which:	31/108*
b1	Number of AH/AP to be temporary relocated from their residence	14/49
b2	Number of AH/AP due to temporary impact on operational business	17/59
b3	Number of AH/AP due to temporary impact on employment	11/11
b4	Number of vulnerable households	8*
b5	Number of severely affected households	34/114*
C	Total number of temporarily affected businesses	26 ⁴
D	Total number of employees temporarily losing job	11
E	Total number of involved land plots	63
F	Total number of affected land plots (included in item E)	35
G	Total number of relocated AHs/APs/Abs	34/114*
H	Total number of affected and benefited households and persons due to rehabilitation works on their residential/commercial buildings or land plots (A+B)	51/184
* without double counting		

7. The preparation of the LARP included consultation and participation. The focus of these consultations effectively ensured that BPs, APs and other stakeholders are well informed of the Project and of the LAR process and could participate in planning. The LARP and the information pamphlet in Georgian language will be disclosed on the website of MDFG and in English language on ADB website. Information booklet in Georgian language will be also distributed to APs during the implementation.

8. A grievance redress mechanism (GRM) is available to allow APs to appeal any disagreeable decision, practice or activity arising during the project implementation. GRM was communicated to APs and stakeholders during the consultations.

9. The Table ES 2 below provides a Project-specific summary of the compensation entitlements for various categories of APs.

Table ES 2. The Project-specific Entitlement matrix

No. of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
1.	Buildings and Structures				
1.1.	Temporary loss of residence	AH has to be relocated during the	All AHs regardless of their formal or informal status	All AHs will be compensated for temporary relocation according to the construction period of each structure	34

² Beneficiary Household/Person (BH/BP) refers to those whose property/assets will be involved in project rehabilitation works and who will benefit from the Project as such but who are not subject to relocation or any other involuntary resettlement impact subject to mitigation and/or compensation as per entitlement matrix of the project and SPS.

³ The BH owning the 2 land plots are the BH owning the residential property at the same time, that's why we do not take them into account.

⁴ 19 of 26 temporarily affected businesses are included in total 51 HHs as they own commercial properties and operational businesses in the project area.

No. of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
		rehabilitation work		occupied by an AH. Each of the AHs will get cash compensation, which is sufficient to rent an acceptable residence for living of equal or better quality and in a comparable location ⁵ . The AHs will be provided with assistance by the project to find suitable rental properties for temporary relocation if requested by the AHs. The monthly rent cost for the compensation will be calculated by an independent evaluator during preparation of the LARP.	
2.	Loss of Community Infrastructure/Common Property Resources				
2.1.	Loss of common property resources	community/Public assets	community/Government	Reconstruction of lost resource/asset with equal or better quality and size in a comparable location in consultation with the community and restoration of their functions.	<u>0</u>
3.	Loss of Income and Livelihood				
3.1.	Business/Employment	business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<p><u>Owner:</u> (ii) Temporary impact: cash indemnity of net income for the 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>Worker/employees:</u> (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</p>	<p><u>26</u></p> <p><u>11</u></p>

⁵ Acceptable residence means a comfortable space, which does not require repair work and other additional interventions, provides the residents with the necessary furniture and appliances, household utilities

No. of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
				months of business stoppage (5-member family).	
4.	Allowances				
4.1.	Severe Impacts	Temporary physical relocation	All severely affected AHs including informal settlers	Assistance to identify and obtain adequate rental housing needs to be provided to physically displaced persons.	34
4.2.	Relocation/ shifting (temporary)	Transport/ transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (GEL200 as vehicle hire charge plus minimum subsistence allowance for 3 months. Assistance, if required to identify and temporary obtain adequate rental housing needs to be provided to physically displaced persons.	34
4.3.	Vulnerability Allowance		HHs below poverty line, AHs headed by women, AHs with disabled people, elderly HH with no means of support 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 the 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.	8
5.	Unforeseen circumstances				
	Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction on 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.	0

No. of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
	Extension of construction period due to the construction company's failure to complete on time or damages during rehabilitation works caused by construction contractor's activities	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 its own failure.	All APs	Compensation for (i) damages during construction and/or (ii) extension of construction period due to the construction company's failure to complete on time. Compensation will be assessed and paid per procedures and rates in this LARP based on the following methodology: (i) If damages to residences or commercial structures occur, houses/buildings will be valued at replacement cost as per LARF provisions, (ii) additional rental payment at current market value for the extended period In case if such damages/additional impact is confirmed to be caused by the construction company's failure, contractor to pay the compensation.	
	Temporary Impacts related to spoil disposal areas and construction camps.	Temporary impacts	Ps 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, which might include be not limited to rental payments at current rental market value. 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.	0

No. of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
	Permanent Impacts related to spoil disposal areas and construction camps.	Permanent impacts	Ps using affected pasture lands	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, as well as any other unanticipated impact will be adequately assessed, reported and compensated, through negotiated settlement or expropriation based on provisions of this LARF and subproject LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.	0
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 evaluator, 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. The MDFG will implement the LARP with the support of the GoG. Internal resettlement monitoring will be performed by the MDFG in close collaboration with ADB project team. The local social and LARP⁶ consultants hired by MDFG were engaged to prepare the present LARP, follow-up with its approval, disclosure, as well as will provide support during implementation and monitoring activities.

11. According to the calculation, a budget of GEL 249,544.68 (equal to USD 75,168.60). will be required for LARP implementation activities. This includes the cost for temporary relocation of residences and businesses for the duration of rehabilitation works at specific buildings, allowances, transaction costs, other administrative expenses, as well as resettlement monitoring and evaluation.

12. 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 reviewed and approved by ADB. The reports will be prepared throughout the project implementation to address possible prolongation of temporary relocation, if any.

⁶ LARP consultant of "Terragraphic" company involved in LARP preparation.

1. Introduction

1.1 The Project Overview

13. According to the plan for developing the central part of Velistsikhe Village, promotion of tourism is determined by the following conditions: location of the village on the main transport roads of Kakheti, view of unique set of architectural features of residential and commercial buildings in the historical center of the village, introduction to centuries-old traditions of wine production, hospitality and trade, cellars, basements, operating wineries, food and handicraft shops, etc.

14. 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; as well as to respond to current needs and challenges.

15. Restoration and rehabilitation of the central part of the village should stimulate the opening of family guest houses and small hotels. The central street of the village and the theater square should become a pedestrian zone with cafes, shops and other social services.

16. The aim of the project is to create attractive and interesting environment. In order to achieve this, the project comprises the following four main parts:

- (i) Reconstruction and rehabilitation of houses on the Central Street of Velistsikhe village.
- (ii) Rehabilitation and renovation of the Theater Square and Central Street, including engineering networks (for more details please see para 21, 26).
- (iii) Reconstruction of the first floor and facade of the theater.
- (iv) Development of the park infrastructure (for more details please see para 22-23).

17. After the implementation of the above mentioned four independent projects, one united complex will be created. The four projects differ in terms of functionality and selection of reconstruction methodologies. Additional information regarding 3 other projects is provided in Annex 6.

1.2 Description of the Project

18. The Project aims at development of attractive and organised environment for tourism development in Velistsikhe. Also, arrangement of specific infrastructure depending on location is considered. Details are given in subsequent sections.

General planning parameters and scales of the Project

19. The Project considers the rehabilitation/reconstruction of the Central Street of Velistsikhe Village. A number of the Project design measures are aimed at creating a pedestrian-oriented environment in the street.

20. The pedestrian street – the special walking path - is 432 meters long and 3.5 meters wide. The entire street will be paved with granite stones 10x10x10cm. A new drainage channel for

surface water will be arranged. New sewer, water and outdoor lighting installations are also considered.

21. The number of buildings to be reconstructed, the current 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 leisure and public events for the local community and tourists were highlighted.

22. The project also includes rehabilitation of the park associated with the Theater Square turning the area into a social hub. Rehabilitation works will be done within the existing park boundaries. Thematic zones will be allocated in the park. An entertainment center will be located on the ground floor of the theater building standing in the park, while commercial spaces will be located on the first floor.

Picture 1. Theater Square and park in Velistsikhe



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

23. The design of the Central Street Reconstruction-Rehabilitation Project comprises 63 land plots with 61 buildings. The detailed survey 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 have been identified. Most of the buildings have basements and wine-cellars, which are largely unused, full of old family items/waste, 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 appear as unfinished. Some houses have only walls standing. Most of the roofs need to be replaced. The table below shows all the works to be carried out within the scope of the project.

Table 1.1. Scope of the project works

N	Work description	Number of buildings involved
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	Reconstruction of the existing building	61
15	Repair of damaged floors	3
16	Complete construction of annexes (balcony, loggia)	3
17	Reinforcement of the damaged columns	2

Picture 2-3. Visualisation of the pedestrian part of Central Street after the Project





The two currently vacant land plots located within the street will be developed as follows: a fence will be constructed on one plot, and on the other plot the existing gate will be removed, and the plot will be left as an open space (see the details in Annex 6, pictures 2 and 6). The rehabilitation works will also be carried within 4 public spaces/buildings: theatre; park (with structures); art school; library & city hall (see Annex 6).

Rehabilitation of recreational park

24. Recreational park of Velistsikhe has the area of 3.4 ha. Today, the park infrastructure, including the cinema/theater building located in the park, is completely destroyed. Arrangement of walking and bicycle trails, playgrounds for children and sports/leisure zones are envisaged within the project. The old building of cinema/theater located in the park will be reconstructed. A Skate Park and toilets will be arranged on the ground floor. Skate Park will extend beyond the building area and cover a total of 1,200 m². Café-restaurant and trampoline will be arranged on the first floor. Main entrance to the park will be reconstructed. The park will be fenced within the existing boundaries. Solar panels will be installed in the park (or the building roof) to provide park and building with electricity. Arrangement of irrigation, water supply and wastewaters systems, as well as landscaping is also included in the project design. Operation and maintenance costs will be covered from the municipal budget.

Picture 3-4. Velistsikhe Theater before and after the project design (before and after)



Rehabilitation works of the central street.

25. The Central Street project area, which includes the arrangement of a hiking zone, covers 416 meters in length, with a width between 7.80 and 20 meters. Apart from the central street, project area includes several lanes, totaling 13,516 square meters. The rehabilitation works will be done within the existing width of the street with no plans to widen it.

26. The figure 1 below gives a general area of project interventions.

Figure 1. Project Area



Rehabilitation of engineering infrastructure networks in Velistsikhe

27. The rehabilitation of engineering infrastructure networks as part of the Project scope is envisaged on the Central Street within the existing public area boundaries and does not interfere in properties of private owners or users, thus, no LAR impacts will be caused due to these utility rehabilitation works under the project. Detailed information is included in Annex 5. Brief description of existing utility networks is provided below.

28. Telecommunications – network of optical fiber Internet cables are available, television is connected to the same network, and mobile telephone connections are reliable in all parts of the village;

29. Electricity - The village is connected to the national grid. Electricity supply in the village is provided via 10 transformer substations. Two of these substations are adjacent to the theater, two are adjacent to the existing park and two are located close to the access road.

30. There is a 0.4 KW aerial power transmission line stretched on partially dilapidated towers of various types (metal, wood, reinforced concrete). Electrical cables are chaotically arranged to connect residential buildings to the power transmission line on the towers;

31. Outdoor Lighting - There are various types of outdoor lighting fixtures near the theater, they look quite outdated and insufficient for the area. The lights in the streets are distributed fragmentally. The lighting fixtures are mainly mounted on power transmission line towers. There are no outdoor lighting installations in the park area.

32. **Water Supply** - The village suffers from a shortage of drinking water. During the Soviet Union time the village was supplied from the Alazani River. As the water level in Alazani River is lower than ground level in the village of Velistsikhe, the supply of water from the river water intake to the buildings required availability of a pumping station and covering its operation costs. In the 2000s, the village switched to water intake from the Cheremiskhevi River, which is the cause of the above shortage. There are also 30 groundwater intake wells drilled in the village (200 m deep, equipped mainly during the Soviet period). They are an additional source of water supply. Currently, 25 of them groundwater wells are operational. However, water supply is not available on 24/7 basis. The village is supplied with water according to established schedules.

33. **Wastewater Treatment Plant** – No wastewater treatment plant is currently available in the village. The project includes construction of wastewater treatment plant consisting of two units with capacity of 150m³ per day each (please see Annex 4 for details). New sewage network will be installed and connected to the treatment plant. The plant will include biological treatment of wastewater and will be established on the bank of the Cheremiskhevi river outside the village (the proposed location is indicated in Figure 2). The treatment plant option with two sections is selected for optimal matching the demand (i) for average number of population out of the tourist season and (ii) increased population during the tourist season. The calculations of treatment plant's capacity are based on the maximum number of residents and visitors in the village. Treatment plant's location is selected to ensure the wastewater flow in the sewer pipelines by gravity, so that there is no need to set up a pumping station. The biological treatment plant units are odorless, as treatment process takes place in a closed space. The wastewater treatment plant will be established within a state-owned land plot not used by any 3rd party (cadastral code of the land plot is 51.07.66.153, the total area is 55,997 m² of which 589 m² is allocated for wastewater treatment plant arrangement). The nearest residential house is located 170 meters away from the area. The selected site is located at 25 m distance from the nearest surface water body – the Chermiskhevi river. Improved wastewater collection system in the village will be installed during the Project using new pipelines, that will be arranged in soil in the streets within the land owned by the local Municipality and not used by any 3rd parties. No private land will be impacted by the construction works.

Figure 2. Location of WWTP



34. Gas Supply - The central gas pipe runs throughout the village. Pressure meets standards. Some buildings are currently not connected but can be connected on request. No activities are planned under the project in regard to gas supply.

35. Waste Management - The village is served by waste collection operators taking the collected waste to two landfills - Telavi and Tsnori. The waste is collected twice a week: on Sunday and Wednesday. No activities are planned under the project in regard to waste management.

36. Drainage system - The surface water runoff within the Central Street is drained via a cuvette made of asbestos concrete pipes, that are in some sections replaced by concrete-clad or just dug out ditch. Street gradients do not allow all surface water to enter the cuvette. The project envisages arrangement of the drainage network in the central part of the village (details are provided in Annex 5). Rehabilitated drainage system will be arranged in the streets and entrances of yards on the lands owned by the local municipality and not used by any 3rd parties. No private land will be impacted by the construction works.

37. Arrangement of the bus station - After rehabilitation of the central part of Velistsikhe, the flow of tourists to the village is expected to increase, which requires additional parking spaces for both large buses and cars. Area for arrangement of bus station and parking was selected in the eastern part of the village, near the Chermiskhevi river. The plot is owned by the state and not used by any 3rd party. Cadastral code of the land plot is 51.07.66.153 and total area is 55,997m², of which 4,611 m² is allocated for parking and bus station arrangement. The project envisages arrangement of 12 parking spaces for buses and 66 parking spaces for cars. Lighting, benches and landscaping will be arranged as well. A pavilion will be constructed with a footprint area of 121 m² and height of 4,5 m. Public toilet, warehouse, info box and roofed waiting area will be arranged within the pavilion.

2. Census and Impact Assessment

Impacts Assessment Methodology

38. Project design provides works for rehabilitation, restoration and conservation of buildings and structures with different purposes and functions (administrative, residential and supplementary). The initial data on properties ownership within the project sites was collected (for officially registered ones) from the National Agency of Public Registry. But as several parts of the properties are not officially registered by the National Agency of Public Registry, consultations with local representatives of Velistsikhe municipality and door-to-door visits and consultations were carried out at an initial phase of project planning.

39. Some additional data on HHs structure and composition was collected during the conducted Social and Economic Survey (SES). Some HHs live there on a permanent, and others on a temporary basis (for summer/winter holidays/vocations). The Project includes reconstruction and replacing of the buildings' facades and roofs. All AHs whose houses have to undergo roof reconstruction and replacement have been considered⁷ as subject to temporary relocation, regardless whether they are permanent dwellers or temporary users. There are several demolished houses and auxiliary structures in project area that cannot be used for living purposes. As rehabilitation of these buildings will not carry safety risks to the owners, they are not subject to temporary relocation.

2.2 Data Collection Methodology

40. During the design period, the following research works of the facilities have been carried out:

- 1) Determining types and size of the Project area;
- 2) Archival research and art-historical study of immovable cultural heritage monuments within the project zone;
- 3) Creating the topographic map;
- 4) Listing registered land plots with cadastral boundaries and codes on topo plan.
- 5) General Geological Survey;
- 6) Measurement of each building;
- 7) Photo fixing;
- 8) Constructive conclusions defining the stability of the buildings;
- 9) Collection of baseline information on existing communication networks;
- 10) Defining general planning parameters and scales of the project;
- 11) Determination of the expected implementation methodology and schedule;
- 12) Approximate calculation of rehabilitation volumes;
- 13) Project's technical and economic justification;

41. During the investigation phase, multiple facilities were inspected and studied by various specialists, including an authorised person designated by the MDFG. The representatives of Gurjaani Municipality government were also involved in the working process.

42. Based on the conducted studies, the number of buildings under the project, degree of damage and the types and volumes of the possible works for their rehabilitation-reconstruction-restoration-conservation were determined. To save the buildings from damage and minimise

⁷ The decision on temporary resettlement was made by the technical group of design consultant.

impact from construction related activities, all works on structures and their adjacent areas will be carried out by hand, without the use of construction utilities generating high level of vibration. Movement of heavy construction machinery will be restricted in the close vicinity of cultural heritage (CH) monuments. All work on CH monuments will be carried out under the supervision of CH experts.

43. 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 the central street of the Velistikhe village. The maximum time period for which the HH, affected by the Project, 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/ unforeseen works, the Construction Supervisor consultant applies to the Municipal Development Fund, notifying about the bases, terms, timeframe and conditions of these works. After review, the Project manager (MDF) officially applies to MDF relevant department to ensure payment of additional compensation. But if the works deadline is extended due to Contractor's failure, the Supervision consultant will ensure the construction company will pay compensation to relevant AHs.

44. 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 which involves LAR impacts. In parallel with the rehabilitation of the houses, the other three components of the projects do not have an impact on private ownership or informal usage. Detailed information regarding three other projects are provided in section 1.2 and annex 5.

45. After consultations with the Project affected persons, and as per the final design developed by MDF, the 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.

2.3. Impact on Land Plots

46. There are 63 land plots affected by the Project works, of which 59 are privately owned, while other four land plots are owned by the state: theatre, park (with structures), art school, library & city hall.

47. As for the 59 privately owned land plots: 27 is used as commercial spaces, 30 – as residential, 2 land plots are vacant. The vacant land plots will not be acquired, ownership will not be changed, the access to land plots will not be affected during the rehabilitation works. As per AP's agreement (please, see Annex 7), a fence will be constructed on one plot, and, on the other one, the existing gate will be removed and left as an open space the affected land plots per type of use and registration status are given in the table 2.1.

Table 2.1 Project involved land plots per type, impact and ownership

N	Land per Type and ownership		Number of involved land plots	Number of affected land plots ⁸	Registration/legal status of involved plots		Number of Affected HHs/APs
					Registered	Not registered/legalizable	
1	Privately owned land plots	Commercial	27	17 ⁹	25	2	16 ¹⁰ /56
		Vacant - non-agricultural	2	0	2	0	-
		Residential	30	14	22	8	14/49
2	Municipal/state-owned land plots	non-agricultural	4	4	4	0	0
3	Total		63	35	53	10	30/105 (without double counting)

48. The 59 private land plots are owned by 51 households, some land plots are owned by several family members – co-owners.

2.4. Impact on Structures

49. There are 61 structures in the project area, 4 of them are owned by the State, while 57 are privately owned. 22 HHs (owning 24 structures) are permanently living in the project area, out of which 14 HHs (owners of 14 structures) are subject to temporary resettlement, while the remaining 8 HHs will not be affected by project activities, and their access to their buildings will not be restricted during the rehabilitation works. These 8 HHs are considered not affected but beneficiary HHs under the project.

50. There are 27 privately owned commercial spaces in the project area, 10 of them are non-operational. There is no land plot affected with either residential or commercial type of structure.

Table 2.2. Involved and Affected structures per type and status

N	Privately owned structures	No. of private - owned structures	Number of BH/BP	Number of AHs/APs
A	Residential			
1	Temporary resettlement (affected and compensable)	14	-	14/49
2	Inhabited houses with no need of resettlement (non-compensable beneficiary)	10	9/36	-

⁸ Those are the land plots where AHs/APs are involved who are affected and subject to compensation.

⁹ From the total 20 businesses, 4 business are operating in 2 commercial space and 1 (bakery) operates in the residential property.

¹⁰ 1 AH owns 2 commercial spaces.

N	Privately owned structures	No. of private - owned structures	Number of BH/BP	Number of AHs/APs
3	Uninhabited structures with no impacts (non-compensable beneficiary)	6	4/15	-
4	Sub Total	30	13/51	14/49
B	Commercial			
1	Temporary affected operational commercial spaces ¹¹ (compensable structure)	17	-	16/56
2	Operational commercial spaces with no need of resettlement (non-compensable beneficiary)	4	3/11	-
3	Non-operational commercial spaces with no impact (non-compensable beneficiary)	6	5/17	-
4	Sub Total	27	8/28	16/56
C	Subtotal A1+B1 (affected and compensable)	57	21/79	30/105
D	Total (without double counting)	57	21/79	30/105

51. At the stage of the rehabilitation works, it may become necessary to carry out additional works which will require to amend the period of temporary resettlement. This decision will be made jointly by the project architect, engineer and resettlement specialist of the Municipal Development Fund and supervision consultant. In the event of prolonged construction work, under unexpected circumstances, compensation will be recalculated and added to the total package for the respective APs.

2.5. Impact on Business

52. There are 20 businesses operating in 17 commercial spaces which will be temporarily affected by the Project (13 self – employed businessmen and 7 tenants), four of these operate in two commercial spaces, one business - bakery - operates in a private house. ⁶¹² landlords (renting spaces to the above mentioned 7 tenants) will also have their businesses suspended in the project implementation period. Consequently, all 26 affected businesses will receive the compensation for temporary business suspension.

Table 2.4. Affected businesses per type and legal status

N	Type of business loss	Number of Businesses	Legal status		Number of AH/APs
			With tax declaration	Without tax declaration	
1	Self-employed business	13	6	7	13/56
2	Tenant operating business	7 ¹³	1	6	7/7

¹¹ There are 20 businesses operating in 17 commercial spaces which will be temporarily affected by the Project, four of 20 businesses operate in two commercial spaces, one business - bakery - operates in a private house. At the same time 6 landlords renting commercial spaces will have their businesses suspended in the project implementation period

¹² 6 landlords are renting commercial spaces and they will be compensated for business loss as well.

¹³ 4 business are operating in 2 commercial space, 1(bakery) off the 20 businesses operates in the residential property.

3	Landlord	6	1	5	6/25
4	Total (without double counting)	26	8	18	26/81 ¹⁴

53. The main business activities affected by the project are trade, in particular food trade, specifically 8 groceries and 3 bakeries, followed by beauty salons (3 facilities) and pharmacies (2 facilities). Detailed information is given in table 3 of Annex 3.

54. Affected business owners are informed about the temporary suspension of activities and there is no disagreement or concern in that regard.

2.6. Impact on Trees and Perennial Plants

55. The project does not envisage any impacts on annual/perennial plants. The AHs that are to be temporary relocated do not have any trees/perennials adjacent to their houses which may need care during the relocation period.

2.7. Impact on Crops

56. The project will not have any impact on crops. The AHs that are to be temporary relocated do not cultivate any crops adjacent to their houses which may need care during the relocation period.

2.8. Impact on Severely Affected and Vulnerable Households

57. Out of the total 51 affected and beneficiary HHs (184 persons) under the project, there are 8 HHs (35 persons) whose members belong to vulnerable groups, of which 5AH (25APs) and 3 are BH (10BP). Due to the Project circumstances, the vulnerability under the project has been assessed not only for AHs but also for BHs. These HHs will receive allowances, for vulnerability impact as per EM. In case if HH falls under double vulnerability category, one-time allowance will be provided. The breakdown of HHs per vulnerability category is provided in table 2.5 below.

Table 2.5. Breakdown of vulnerable households

N	Impact	No of BH/AHs	No of BP/APs
1	Families below the poverty line	3	13
2	Families lead by single women	0	0
3	Disabled-belongs I and II groups	5	22
4	Internally Displaced Persons	0	0
5	Vulnerable households (without double counting)	8	35

58. All the AHs subject to temporary relocation are envisaged by the project as severely affected. Given the nature of impact, particularly: (i) temporary relocation impact is short- term (3-5 months) within the same village/community with no impact on their livelihood sources, and the

¹⁴ Tenants are not included in the total number of Affected Households

project itself is a benefit to the affected individuals in terms of rehabilitation of their houses, to additional cash allowance is envisaged to severely AHs - while assistance to identify and obtain adequate rental housing will be provided to physically displaced persons instead as per entitlement matrix.

2.9. Relocation Impact

59. The project does not envisage purchasing of buildings. Only the rehabilitation of buildings/structures (mostly their facades and roofs, fences and gates) is planned within the scope of the project. However, following the safety measures, most buildings - 14 HHs and 20 businesses (6 landlords are not included in 14HHs to avoid double-counting) will be subject to temporary relocation/resettlement. According to the design and planned rehabilitation works on the involved structures, the period of temporary resettlement is estimated 3 to 5 months (see table 9.2). However, at the stage of the rehabilitation works, it may become necessary to accomplish additional works which may require extending the period of temporary resettlement. This decision will be made jointly by the project architect, engineer of the Municipal Development Fund and supervision consultant. In the event of the extended construction work, under unexpected circumstances, compensation will be recalculated and added to the total package for the respective APs (please refer also to Implementation chapter).

60. The relocated AHs will receive compensation for renting houses with sufficient living standards and within the same location (village) evaluated per EM, including allowances for transportation, livelihood expenses for the transitional period and vulnerability (see details in budget section). At this stage, none of AHs informed about self-relocation to their other house (if any) or house of relatives/friends. However, if such case occurs during the implementation, AHs will still keep their entitlement to compensation and allowances. The affected businesses will receive compensation for temporary suspension of their businesses based on their legal status, as well as applicable allowances per EM. In total, 34 AHs (114 APs) will get relocation allowance, of which 14 AHs due to temporary relocation from their residence and 20 businesses to be temporary relocated.

2.10. Movable Property

61. As relocation of HHs will only be short-term (3-5 months), the list of movable properties to be temporarily moved to/from the rented buildings will depend on APs needs and conditions in the houses they will rent for temporary relocation and will be determined at the time of implementation. The survey to determine average market price of leasing 1m² space in Velistsikhe village of Gurjaani municipality was carried out for the spaces provided with furniture and utensils (beds, kitchen, and bathroom) required for normal living conditions, and compensation calculations are done according to rental rate provided by immovable property evaluator. This means that AHs will be provided with sufficient compensation to rent spaces with required equipment, which minimises variety of movable property to be temporarily moved to/back from the buildings. However, the compensation for two-way transportation is estimated for each HH and included in LARP budget and will be paid to AHs by default to move their personal belongings.

Table 2.6. Summary of Land Acquisition and Resettlement Impacts

N	Description	Number
A	Total number of affected households (AH) and persons (AP), of which:	31/108*
a1	Number of AH/AP to be temporary relocated from their residence	14/49
a2	Number of AH/AP due to temporary impact on operation business	17/59

N	Description	Number
a3	Number of AH/AP due to temporary impact on employment	11/11
a4	Number of vulnerable households	8*
a5	Number of severely affected households	34/114
B	Total number of temporarily affected businesses	26 ¹⁵
C	Total number of employees temporarily losing job	11
D	Total number of involved land plots	63
E	Total number of affected land plots (included in item E)	35
D	Total number of relocated AHs/APs/Abs	34/114*
* without double counting		

¹⁵ 19 of 26 temporary affected businesses are included in total 51 HHs as they own commercial properties and operational businesses in the project area.

3. Socio-economic Profile of Benefiting/Affected People

3.1. Introduction

62. All BPs/APs were consulted to participate in the data-collecting and 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.

63. The social-economic survey (SES) was held between December 3 – December 17, 2019. Consequently, December 17, 2019 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, which made 98% of the total number of 51 HHs both affected and beneficiary HHs. The surveyed 51 HHs do not include affected employees. The objective of this detailed socio-economic survey was to gather general information on socio-economic conditions of the affected persons. In addition, socio-demographic information was collected on economic activities of the APs, education and literacy level, major sources of income, employment and vulnerability level. The SES Questionnaire included questions which aim to measure the main characteristics of the affected households such as type of land use, land holdings, buildings, businesses, family type and size, main demographic data of the household members, self-reported monthly income and total monthly expenditure, sources of income, house facilities, ethnicity, vulnerability, women's status, opinions about the Project, etc.

Table 3.1. Summary of involved HHs and Persons per type

N	Description	Number
A	Total number of involved beneficiary households (BH) and persons (BP) ¹⁶ , of which:	20/76*
a1	Involved BH/BP due to project works on their commercial land plots	8/28
a2	Involved BH/BP due to project works on their vacant non-agricultural land plots	2 ¹⁷ /8
a3	Involved BH/BP due to project works on their residential land plots	12/48
B	Total number of affected households (AH) and persons (AP), of which:	31/108*
b1	Number of AH/AP to be temporary relocated from their residence	14/49
b2	Number of AH/AP due to temporary impact on operational business	17/59
b3	Number of AH/AP due to temporary impact on employment	11/11
b4	Number of vulnerable households	8/35*
b5	Number of severely affected households	34/114
C	Total number of relocated AHs/APs	34/114*
D	Total number of households and persons that benefited or were affected due to rehabilitation works on their residential/commercial buildings or land plots (A+B)	51/184

* without double counting

3.2. Affected Population

3.2.1 Demography

¹⁶ Beneficiary Household/Person (BH/BP) refers to those whose property/assets will be involved in project rehabilitation works and who will benefit from project in that regard but who are not subject to relocation or any other involuntary resettlement impact subject to mitigation and/or compensation as per entitlement matrix of the project and SPS.

¹⁷ The BH owning the 2 land plots are the BH owning the residential property at the same time, that's why we do not take them into account

66. As mentioned above, 50 HHs with 181 members participated in the survey, 1 AH was not available for the survey due to changing ownership status from State owned and nonoperational building to private ownership. Thus, the SES data is presented for 50HHs. Table 3.2 below presents the profile of APs per age and gender. Gender distribution is almost equal and the most of APs (60%) are age 18-59.

Table 3.2. Distribution of APs per gender and age

N	Age	All AH members			
		Male	Female	Total number	Age group (%)
1	0 – 5	4	2	6	3.3
2	6-17	12	7	19	10.5
3	18-59	51	58	109	60
4	60 or more	24	23	47	26.2
5	Total	91	90	181	100

3.2.2 Education

67. 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 3.3. Education Level of APs

N	Education level of Aps	Number of Aps	%
1	Preschool	6	3,3
2	Primary school	17	9,4
3	Secondary education	67	37
4	Technical/other college	18	9,9
5	University degree	73	40,4
6	Total	181	100

3.2.3 Ethnicity

68. The majority of the people living in the project zone (99.3%) are Georgian. The detailed information about the ethnic background of the APs is given in Table 3.4.

Table 3.4. Ethnic groups

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

3.2.4. Rural and urban residents

69. The majority of the interviewed people (84%) live in the village of Velistsikhe, while other 16% live in urban area.

Table 3.5. Type of settlement

N	Type of settlement	Number of AH	%
1	Rural	42	84
2	Urban	8	16
3	Total	50	100

3.3. Land Holdings

70. 15 AHs out of 50 interviewed own additional land plots outside of the project area. Majority of the HHs own one land in the project area. The detailed information is given in Table 3.6.

Table 3.6. Land holding of HHs

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

3.4. Economic Activities, Income and Expenditures

71. Out of 50 AHs 49 responded to the question about their income. Average annual income of the AH is 28,500 GEL. One household refused to provide information on family income and expenses.

72. The main source of income is private sector – 71%, of which 54% are the self-employed businesses. Then agriculture – with 14%, main field being cattle and poultry breeding. As the affected area resembles an urban type settlement and with well-developed economic activities, farms are set up outside in the countryside. Consequently, the project will not affect the source of income from rural farming.

Table 3.6. - Major sources of income

N	Sources of income	Average annual income, Gel	%
1	Agriculture	202,200	14%
2	Salary, public sector	79,236	5%
3	Salary, private sector	246,792	17%
4	Periodic remuneration	39,840	3%
5	Own business	805,800	54%

6	Pension	110,824	7%
7	Sum	1,484,692	100%

73. 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. Family expenses

N	Consumption model	Expense	%
1	Food	337,000	56%
2	Medicines	52,950	9%
3	Transport	51,800	9%
4	Education	47,100	8%
5	Fuel	74,160	12%
6	Utility	42,000	7%
7	Sum	605,010	100%

3.5. Loans

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

3.6. Domestic Animals and Household Goods

75. 100% of the HHs inform that they own a TV set and a fridge, 64% own a vehicle. 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	%
1	TV	50	100
2	Fridge	50	100
3	Washing machine	47	92
4	Vehicle	33	64
5	Gas stove	43	84
6	Air Condition unit	11	21
7	District heating	6	12

76. Majority of the HHs are connected to electricity grid, natural gas supply and central water supply systems. Only 26% are connected to central sewer system.

Table 3.9. Essential utilities

N	Item	Number of households	%
1	Electricity	48	96
2	Wood fuel	14	28
3	Liquid fuel	0	0
4	Natural gas	49	98
5	Central water supply	46	92
6	Spring water	0	0
7	Septic tank / pit latrine	37	74
8	Centralised sewer system	13	26

77. Basic government services are available to the vast majority. The only exception is higher education which is accessible only for 12 % due to non-availability of such services within the region/village.

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

78. Most of the Project affected HHs raise cattle on the alternative property outside the Project zone, and temporary relocation will not affect their access or their ability to care for the livestock without any additional costs. However, the Project will affect the sources of income from rural farming of 2 HHs owning 33 poultry pieces will be affected within the Project zone, but the poultry will be transported to the places of the respective HHs temporary residence¹⁸.

Table 3.11. Domestic animal

¹⁸ To determine the value of the rent of a residence during the period of temporary accommodation, similar private houses with yards that can accommodate poultry are taken as an analog, so the provided compensation will be sufficient to rent a house with similar poultry keeping facilities and no additional cost for their stalls is needed.

N	Item	Number of households	Total number of animals
1	Pig	1	5
2	Poultry	1	1,206
3	Cow	3	26

79. Out of 50 HHs, only one thinks that the living conditions will not improve. It is worth noting that the above-mentioned AP does not reside in the village. Attitude of village residents towards the Project is very positive - 47 (94%) out of 50 HHs interviewed think that the Project is “very good”, 2 of them think that the project is “good”.

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

4.1. Introduction

80. 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 the following laws, as well as ADB Safeguards Policy Statement (SPS 2009) and Project LARF.

4.2. Resettlement-Related Legislation of Georgia

81. 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 Legalisation 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

82. 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.

83. The significant attention shall be paid to the protection and care of cultural heritage so that they are not damaged or 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”.

84. 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.

85. 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.

86. 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 privatisation issues.

87. 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.

88. 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.

89. 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.

90. Construction Right. The owner is allowed to transfer a land plot to another person for temporary use (for 59 years at most) 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.

91. 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 decided by the judge further to the decision granting “Necessary Right-of-Way”.

92. 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.

93. Servitude. Servitude Right on the property establishes the limits on land parcel or on other property in favor of other land parcel or owner of the property (the 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.

94. However, with regards to 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.

95. 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.

96. 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 under the terms and conditions to care and protect.

97. Law of Georgia on Notaries. The stated law defines the types of notary activities and rules of their implementation. The law also defines which institutions and authorised 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. Particularly, 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 utilised when registering the land parcels when another member of the household is registered as the land parcel owner in place of the deceased member. The representatives of the consulates of Georgia (consuls) also other key persons at the consulates are eligible for conducting notarial activities on behalf of the State of Georgia beyond the territory of the country (Article 43). Citizens abroad may apply to the consulate of Georgia in the county of their location.

98. 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 for

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 privatisation. It also determines the competences of state authorities and local self-government in the privatisation process.

99. 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).

100. 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 with the legislation of Georgia, which carries out his/her/its/their 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).

101. 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.

102. Law of Georgia on Legalisation of Property mainly refers to the lands that are in private ownership but are not registered in public register. The main purpose of this law is to additionally establish guarantees 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 legalisation means the confirmation of ownership on property that can only be dispossessed in the cases stipulated in the Article 21.

103. The Law on Legalisation 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.

104. Property is legalised by the National Agency of Public Register under the control of Ministry of Justice. The procedures related to the legalisation are regulated by the Law on Public Register.

105. 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; it 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.

106. 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.

107. Law of Georgia on Recognition of Property Rights of the Parcels of Land Possessed (Used) by Natural Persons and Legal Entities under Private Law. 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.

108. 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 recognised. 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.

109. 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.

110. 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 respectively 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 he/she cannot sign other type of document.

111. The above listed laws and regulations give the possibility of applying the following two mechanisms for legal application of the property rights:

112. Obtaining the necessary right of way through paying due compensation based on the court decision.

113. 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.

114. 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.

115. 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 individuals. 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 the ones 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).

116. 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 with strong physical, mental, intellectual or sensory impairment that 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 inadmissible to design and construct residential areas, to develop residential districts, to work out design solutions, to build and reconstruct buildings and facilities, including educational, cultural and entertainment, as well as, sports and recreation facilities, airports, railway stations, sea and river transportation communications and facilities, individual means of communication and information unless those facilities meet the needs of persons with disabilities.

117. 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.

118. 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 to noncitizens without citizenship status of Georgia, who were forced to leave their permanent place of their 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 another 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 to be evicted from their legal owned residential areas except for the cases considered by the law when: (a) a written document is concluded with IDP about financial or non-financial compensation in accordance with his/her land area; (b) Refugee will be given relevant living area, which does not diminish his/her living conditions; (c) Natural or other disaster takes place, which will be compensated and is regulated by the general rule.

119. 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 organised by the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees (Article 19).

120. Overall, the above laws/regulations ensure that the principle of replacement cost compensating at market value is reasonable and legally acceptable. The laws also identify the types of damages eligible for 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

121. 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 nongovernmental organisations. 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 recognisable 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 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

122. Overall, the legislation of Georgia adequately reflects the major provisions of the ADB Safeguards Policy Statement 2009 with some notable differences that have already been 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 emphasises both the compensation of rightfully owned affected (non-land) assets and the general rehabilitation of the livelihood of Affected Persons (APs) and Households (AHs), regardless the ownership status. 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.

123. 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 Regulations	ADB Involuntary Resettlement Policy	Corrective Action
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. This refers to all AHs regardless of their legal ownership/ registration status (including localizable and Informal Settlers)
Implementing 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 organisations (CBOs).	<p>The MDFG has in place a mechanism to receive, register and process grievances from APs.</p> <p>Representatives of municipalities, local authorities and villages will be involved in the process from early stages.</p> <p>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 with legislation of Georgia.</p>
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. especially for vulnerable affected persons.	MDFG will have in place clear legal procedures to allow for additional assistance for severely affected and/or vulnerable households in accordance to the ADB policy requirements

124. The legislation of Georgia shall correspond to universally recognised 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. To reconcile the gaps between Georgia laws/regulations and ADB Policy, MDFG/TDF has adopted the LARF for the entire Project, ensuring compensation at full replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for those APs who will be relocated, suffer business losses, are vulnerable or will be severely affected.

4.5. Principles of Resettlement and Land Acquisition

125. No permanent land acquisition or resettlement is envisaged by the LARP. For unanticipated impacts the LARP will refer to the relevant provisions under the LARF

4.6. Eligibility and Entitlements

4.6.1. Eligibility and cut-off date

126. 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.

127. 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. For this subproject, the cut-off is set on 17 December 2019. Persons who settle in the affected areas after a locally publicised 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

128. At present, the following categories of people are expected to be affected by this subproject:

129. **Temporary loss of residencies:** All AHs, whose structures are planned to be rehabilitated by the project and therefore are subject to temporary relocation, 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 of equal or better quality and in a comparable location 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, after which rehabilitation process will start. The monthly compensation has been calculated by an independent evaluator under this LARP. The AHs may require assistance by the project to find suitable rental properties for temporary relocation.

- **Temporary impact on business:** 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).
- **Temporary impact on employees involved in affected business:** 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).
- **Temporary relocation/Shifting:** APs subject to physical displacement, resettlement will receive a one-time relocation/ transportation subsidy sufficient to cover 2-way transport costs and plus an allowance to cover living expenses for three (3) months at minimum subsistence income level.
- **Assistance for vulnerable people:** In addition to the compensation of lost land and assets, vulnerable AHs will be provided with additional rehabilitation measures; specifically, one-time allowance set to three (3) months of the minimum subsistence income level for family of five members.
- **Assistance for severe impact:** Temporary relocated AHs will be provided with assistance to identify and obtain adequate rental housing as needed.

130. 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).

131. Besides, the affected HHs, the beneficiary HHs/persons whose property/assets will be involved in rehabilitation works and who will benefit from the Project as such, but who are not subject to relocation or any other involuntary resettlement impact subject to mitigation and/or compensation as per entitlement matrix (see the details in chapter 2 and table 4.2 below) will be given a targeted attention in regard to public consultation, participation and awareness on project related activities (including notice of start/finish of construction works), as well as access to GRM and other mitigation measures envisaged under the project and monitoring on any unforeseen impacts throughout the project implementation.

4.6.3. Assessment of compensation unit values

132. 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.

133. The unit compensation rates are being assessed by a qualified certified valuator on clear and transparent methodologies acceptable to ADB.

Table 4.2. Project-specific Entitlement Matrix

Numb of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
1.	Buildings and Structures				
1.1.	Temporary loss of residence	AH has to be relocated during the rehabilitation work	All AHs regardless of their formal or informal status	All AHs will be compensated for temporary relocation according to the construction period of each structure occupied by an AH. Each of the AHs will get cash compensation, which is sufficient to rent an acceptable residence for living of equal or better quality and in a comparable location. The AHs will be provided with assistance by the project to find suitable rental properties for temporary relocation if requested by the AHs. The monthly rent cost for the compensation will be calculated by an independent evaluator during preparation of the LARP.	34
2.	Loss of Community Infrastructure/Common Property Resources				
2.1.	Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of lost resource/asset with equal or better quality and size in a comparable location in consultation with the community and restoration of their functions.	<u>0</u>
3.	Loss of Income and Livelihood				
3.1.	Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (ii) Temporary impact: cash indemnity of net income for the 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>26</u>

Numb of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
				<u>Worker/employees:</u> (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).	11
4.	Allowances				
4.1.	Severe Impacts	Temporary physical relocation	All severely affected AHs including informal settlers	Assistance to identify and obtain adequate rental housing needs to be provided to physically displaced persons.	34
4.2.	Relocation/ shifting (temporary)	Transport/ transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (GEL200 as vehicle hire charge plus minimum subsistence allowance for 3 months. Assistance, if required to identify and temporary obtain adequate rental housing needs to be provided to physically displaced persons.	34
4.3.	Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs with disabled people, elderly HH with no means of support 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 the 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.	8
5.	Unforeseen circumstances				
5.1.	Unforeseen impacts during construction, including temporary impacts and impacts on	Impacts during construction on 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.	0

Numb of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
	livelihoods not otherwise assessed.				
5.2.	Extension of construction period due to the construction company's failure to complete on time or damages during rehabilitation works caused by construction contractor's activities	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 its own failure.	All APs	Compensation for (i) damages during construction and/or (ii) extension of construction period due to the construction company's failure to complete on time. Compensation will be assessed and paid per procedures and rates in this LARP based on the following methodology: (i) If damages to residences or commercial structures occur, houses/buildings will be valued at replacement cost as per LARF provisions, (ii) additional rental payment at current market value for the extended period in case if such damages/additional impact is confirmed to be caused by the construction company's failure, contractor to pay the compensation.	0
5.3.	Temporary 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, which might include be not limited to rental payments at current rental market value. 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.	0

Numb of Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Numb of AHs
5.4.	Permanent Impacts related to spoil disposal areas and construction camps.	Permanent impacts	APs using affected pasture lands	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, as well as any other unanticipated impact will be adequately assessed, reported and compensated, through negotiated settlement or expropriation based on provisions of this LARF and subproject LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.	0
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 evaluator, 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.					

4.7. Additional Mitigation Actions Planned

134. At the stage of rehabilitation works, all parties engaged in the project will be particularly vigilant 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 construction start/finish, as well as movement of construction equipment will be delivered to the residents of the nearby areas and all those concerned (including AHs and BHs).
- 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 organisations.
- 4) The Construction Contractor shall meet all requirements specified in the IEE (Initial Environmental Examination) document developed within the scope of the project.

5. Institutional Arrangements

5.1. Institutional Responsibilities

135. 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.

136. 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.

137. All corresponding sakrebulo, local Municipality, registration offices and PRRCs will be involved in LARP. Local sakrebulo and the representatives of the Mayor in the village are involved in local level LAR activities.

5.2. Land Registration Organisations

138. Government agencies active at various levels in the process of legalisation of privately owned land parcels (as needed) are described hereunder.

Local Municipality and representative of the Mayor at the village (Community) level

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

140. At the local level, the construction permit is regulated by the representative and executive bodies of the relevant self-governing unit in accordance with the Organic Law of Georgia on Local Self-Government. The relevant self-government body, in agreement with the Ministry of Economic Development of Georgia, is authorised to determine the obligation to agree on a part of the facade of the architectural project on specific streets, in their area of operation.

Property Rights Recognition Commission

141. 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 authorises the application of ownership for

registration with the NAPR. The PRRC authorises 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 the definition under Georgian regulations).

Local Registration Office

142. 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 legalisable 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.

143. 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 formalisation 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 Organisations

MDFG – Municipal Development Fund of Georgia

144. 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.

145. 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.

146. 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.

147. The RMT will also provide all necessary documentation that will 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 Organisations and Agencies

Civil Works Contractor

148. 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, preventing damages on private property not covered by the LARP, and if such an event occurs, reimbursing 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)

149. 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

150. 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

151. 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

152. 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

153. 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, and provides 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

154. Consultation and participation are a major principle in the planning and preparation of the detailed design of the Project. Information dissemination to APs and other stakeholders is an important part of LARP preparation and implementation. Consultations with APs and the ensuring of their active participation will reduce potential conflicts and minimise the risk of project delays. Consultation and participation are 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. 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 is 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 resettlement plan; reducing public resistance to change; helping mitigate and minimise any probable negative impact, and bringing in the benefit of the project to the people

155. During the design and preparation of land acquisition and resettlement plan, the project team conducted consultation with the BPs/APs and communities to incorporate their views, needs and aspirations into the Project components. In total, 82 BPs/APs attended the consultation meeting both face to face and online, of which 61 male and 21 female. The consultation process was introduced at Feasibility Study stage and was continued through public consultation meetings and individual contacts during land compensation/acquisition and resettlement surveys in December 2019. During individual consultations BPs/APs and BPs/APs have been provided with site maps of the project locations and informed that the Project envisages to include rehabilitation of their properties. All HHs provided their written consents that they agree to include their properties in the Project and develop required design (hard copies of written consents are kept in MDFG office, while the sample is provided in annex 5). HHs were introduced to the designs that will be developed (detailed information is provided in annex 5 and 6).

Table 6.1. Details of the Consultations per Stakeholder types

Concerned Parties	Goal	Remarks
Meetings during design preparation stage		
Potential APs/BPs 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 BPs/APs during the socio-economic survey. Discussions and meetings 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.

Concerned Parties	Goal	Remarks
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.

156. After first consultation individual consultations were conducted with APs as required. During individual consultations AHs and APs have been provided with site maps of the project locations and draft designs and renders of their properties. After taking into consideration their views, needs, and aspirations into the designs APs provided their written consents on final drafts of the designs.

157. APs have received detailed information regarding planned works envisaged under Project and GRM developed for the Project. Information on GRM is disclosed in Velistsikhe Municipality Office. 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. MDF got relevant consents in written from the APs.

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

158. The process of consultations started at the stage of feasibility study/project preparation and continued with public consultations at LARP preparation stage. Social survey/census was held between 3 December and 17 December of 2019. Accordingly, information on cut-off day was communicated to APs at this stage.

159. 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 organisations 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, accordingly, the residents learned about the project features and ADB resettlement principles. Main Q&As are presented below in table 6.3.

Table 6.3. Questions and answers during consultations

N	When will the rehabilitation works be started?	After receiving compensations, you will be given notice prior to the rehabilitation works.
1	How long will it take to finish rehabilitation works for each house?	The time to rehabilitate one building is 90 to 150 days
2	The drainage system is destroyed, is it planned to rehabilitate the system and the road?	It's planned to rehabilitate the drainage system as well as the central road and nearby lanes.

N	When will the rehabilitation works be started?	After receiving compensations, you will be given notice prior to the rehabilitation works.
3	What kind of renovation will be done according to the project?	Depending on the condition of each house, different works will be carried out, The facade of almost every house will be renovated, most of the roofs will be replaced with new ones, Damaged houses will be reinforced.

160. On December 02, 2019, a public consultation meeting was conducted in the Municipality building of Velistsikhe, Gurjaani. As for the Public Consultation Meeting announcement, the paper informing date/time and location was posted at the entrance of the Local Municipality building prior to the meeting. (Please see the detailed information in Annex 4.)

161. Additional consultations with communities and APs aimed to discuss the LARP prepared for the Project (including compensation entitlements, grievance redress mechanism, impact on the buildings and other LARP related procedures). public meetings were underway over the course of several days.

A. Online meeting with vulnerable affected persons was held on November 18, 2020, at 16:00.

B. Online meeting with Velistsikhe central street building residents, owners and other stakeholders was held on November 26-27 and December 3, 2020, at 17:00.

C. Online meeting with representatives of businesses was held on November 30, 2020, at 17:00 and on December 1, 3 and 10 at 16:00.

162. In view of the “Covid-19” pandemic outbreak worldwide as well as in Georgia, consultations were held online as agreed upon with the Asian Development Bank. Format and communication strategy for the meeting were also approved by the above-referenced donor organisation.

163. Based on the fact that major part of the population was surveyed during the initial socio-economic survey and the MDF had their contact information available, each affected person had been duly contacted by phone and the population had been kept up-to-date regarding public hearing of respective documents. Furthermore, in the buffer zone of the street to be rehabilitated and its adjacent area, notices had been posted regarding the scheduled activities to be performed. Since for the most part pharmacies and groceries have been operating during the pandemics and the population generally gathers in these locations, notices have mostly been placed there.

164. The following stakeholders were present at the meeting (Please see the list of BP in Annex 4.):

- Gurjaani City Hall Representative: Natia Tatarashvili
- MDF Representatives:
 - Environmental Specialist- Niniko Isakadze

- ADB Communication Consultant – Irakli Japaridze
- Project Manager – Tornike Tabagua
- Resettlement Consultant – David Arsenashvili

165. The meeting was opened by Irakli Japaridze, Communication Consultant, He familiarised the public with the main objectives of the meeting, the Project, project implementing and donor organisations. Further, Niniko Isakadze, Environmental Specialist presented the Environmental Review prepared for the specific SP and briefly updated the public on social and environmental screening procedures for the ADB funded projects and social and environmental requirements for the present SP. She also reviewed works planned under the SP, relative environmental and social impacts expected as a result of project implementation and those main measures, which are to be carried out in order to prevent or mitigate the expected adverse impacts on the environment. Project will be implemented in accordance with the respective safeguards policy and the Operations Manual of the ADB. She noted that the ER document forms integral part of the contract made with the civil works contractor and that the contractor is responsible for mitigation measures envisaged under the ER and protection of social and natural environment. She also discussed the SP environmental monitoring, and parties responsible for associated reporting procedures.

166. Following introduction of the ER document to the population, David Arsenashvili, Resettlement Consultant addressed the public and discussed in detail the project and its various components.

167. For better visual expression and comprehension, at the meeting the population was in online setting shared with design documentation and renders. Besides, Davit Arsenashvili introduced the audience to the LARP document elaborated under the present project. Those present were acquainted in detail with compensation matrix, and comprehensively informed of compensation requirements developed and assigned by an independent audit company. Each affected person was notified that pursuant to the Resettlement Action Plan, those owners/users of buildings subject to resettlement according to the architectural-engineering solution, will be granted respective compensations based on the areas assigned in the document, with the amount been calculated by an independent certified audit company. Moreover, they were notified that resettlement period may take 3-5 months and were provided with information regarding those buildings and structures whose owners (users) will have to leave such buildings in accordance with the engineering/architectural solution.

168. Davit Arsenashvili and Irakli Japaridze also clarified to the audience that there will be no limited access to the existing buildings in course of rehabilitation works. They were informed that there will be temporary footpaths and cable bridges arranged to provide unrestricted access for temporary and constant dwellers.

169. Furthermore, detailed information was supplied concerning grievance redress mechanism. They were given guidance that they could at any time contact the Consulting Company, which will be permanently present at the project site in the course of construction works, or Gurjaani City Hall accommodating the Grievance Redress Committee; they were also notified that there had been a Grievance Redress Committee operating faultlessly and efficiently in the MDF for years and that they could apply to it at any time if they were not satisfied with the decision at the two former levels. In addition, Davit Arsenashvili explained to each beneficiary that availability of the above-referenced mechanisms does not hinder them from directly appealing to the court. Beneficiaries were supplied with all detailed information and time limits relating to GRM

management and operation. Besides, Irakli Japaridze shared his telephone number with each interested and affected person in order to let them communicate with him at any moment for timely and effective solution of the raised issue. It should also be stated that the above-mentioned notifications posted in Velistsikhe streets additionally included information on Grievance Redress Committee. It is remarkable that the above information was provided at all aforesaid online meetings, including the separate one with vulnerable groups and the ones with businesses and residents.

170. After the presentation, the audience was given a possibility to express their opinions and/or participate in Q&A session concerning the above issues. Irakli Japaridze, Zurab Chinchaladze, Irakli Japaridze and Niniko Isakadze responded to all the questions asked by the participants:

Table 6.4. Questions and answers during consultations

N	Question	Response
1	Will we have to leave our houses?	Engineer-architects of the involved design company have developed list of works for each house, and according to the degrees of work necessary to carry out, it will be determined whose owners/users are subject to temporary resettlement.
2	What is an expected duration of resettlement process?	Based on the LARP, tentative timeframe of temporary resettlement process is 3-5 months.
3	We would like to once again hear from you about categories of vulnerable groups.	Vulnerable groups are divided into the following categories: socially vulnerable persons living below poverty line, disabled persons, single mothers, IDPs.
4	Please, additionally introduce us to compensation mechanisms regarding businesses.	The businesses that have submitted an appropriate official document confirming their profit, will be eligible for receiving compensation, while the businesses that have failed to provide such documents, will be compensated through receiving a 5-member household minimum of subsistence during the period of business interruption.
5	How will the wastewater system undergo rehabilitation?	A new wastewater collection network will be arranged as new pipes placed in soil in the street that is to be rehabilitated, and it will be connected to the wastewater treatment plant.
6	I own a commercial space, which is not functioning; will I receive compensation in this case?	You are not eligible for compensation under the existing circumstances.
7	I am familiar with the design; however, could you be so kind to once again forward it to me.	After the meeting, you will receive the design description through means of communication most acceptable to you.
8	When will the rehabilitation works commence ?	Tentative schedule of the commencement of rehabilitation work is April 2021.
9	Where is the wastewater outfall?	Design area of the WWTP is located on Velistsikhe territory at a distance of 560 meters (direct distance) from Akhmeta-Telavi- Bakurtsikhe internal road (int-42), on the left bank of river Chermiskhevi.

N	Question	Response
10	Where will the stage I works start?	As you have been informed, works are broken down into several stages. However, the contractor is the one to determine commencement of stages by areas subject to approval by the MDF.
11	Will there be a single bidding, or will different biddings be announced for each house individually?	One bidding will be announced for the overall project
12	Is it possible for me not to leave my space?	In case LARP provides a property for resettlement of the owner/user of a building subject to rehabilitation within the Project, it is binding upon him/her to move taking into consideration the safety regulations and the respective compensation. However, we would like to once again remind you that participation in the above-mentioned project for rehabilitation of your buildings is optional.
13	Is my house subject to resettlement?	The contractor has drawn up a plan, according to which certain residents are supposed to leaving their houses and others are not. This was also specified in the previously discussed document. We will provide to each of you individual information concerning your specific house.

6.3. Consultation with vulnerable group

171. On 18 November 2020, a targeted meeting with vulnerable AHs was conducted in the remote mode. All the vulnerable HHs were contacted using distant communication channels (via personal computer, mobile phone). Locals have been given notice about the meeting in advance by phone call, due to the circumstances caused by the virus outbreak (COVID 19) that has been affecting the whole world, social distancing has been applied amongst the population and public consultations in the course of infrastructural projects, as implementation might have become the source of virus spreading.

172. The aim of these consultations was to inform, educate, consult and allow the vulnerable groups to participate actively in the process of reconstruction of the center of the village of Velistsikhe and preparation of LARP; also, to pay particular attention to the needs of vulnerable groups and ensure their participation in consultations.

173. During the meeting the following activities were completed:

- dissemination of Project information such as the description of the Project, cut-off-date, entitlements matrix and GRM
- Inform about the valuation principles and rates/unit prices to be used as the basis for compensation;
- consult vulnerable APs about their preferred option for helping to mitigate and minimise any probable negative impact and bringing in the benefit of the project to the people.

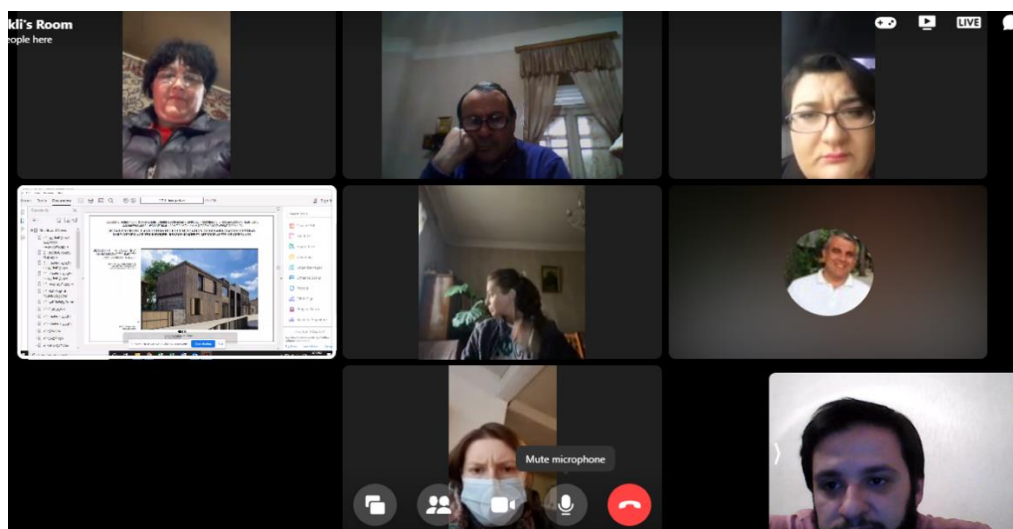
174. They were aware of the high positive social effect of this project, meaning that the rehabilitation of their houses (which is free of charge for them) their living condition will be improved, cost of the real estate will increase, and historical value of the houses will be restored.

175. The audience was given an opportunity to express their opinions and ask question concerning the presented issues, they asked the following questions:

Table 6.4 Questions and Answers during consultations with vulnerable HHs

N	Question	Answer
1	Will all of us need to leave our homes?	Discussion regarding this issue was carried out by the design company in order to redress safety measures.
2	How long could the resettlement last?	Resettlement will last from 3 to 5 months, depending on the work to be done. In case of extended works, additional payment will be given.
3	What are the categories included into vulnerable groups?	The vulnerable group includes the following categories: AHs below poverty line, AHs headed by women, AHs with disabled people and refugee households / internally displaced people.
4	Will compensation be paid to individuals who have a business?	Of course, the relevant compensation will be payed based on entitlement matrix.

Picture 6.1. Photos from online consultation meeting



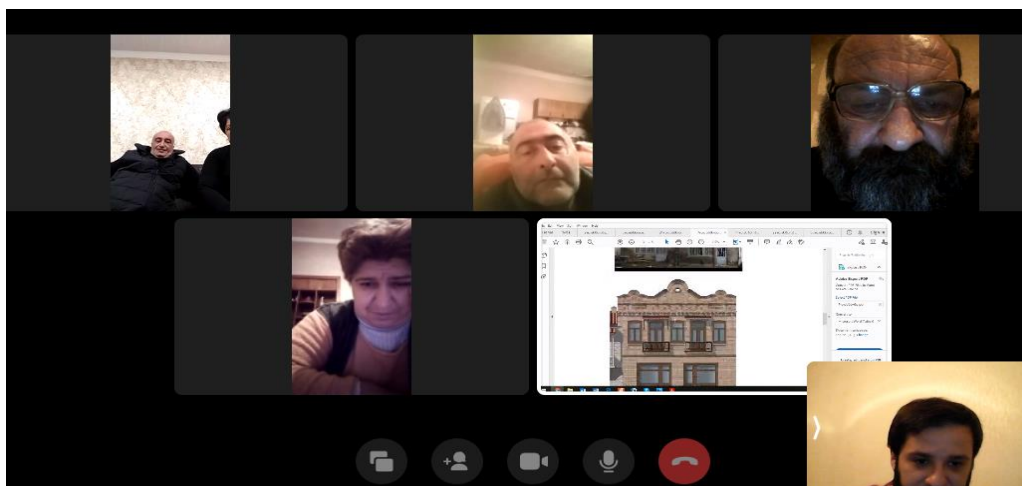


Table 6.5. List of attendees

# land plots	Number according the Plan	Name, surname, ID, Contact information	Village, Municipality
002	002	Nunu Tergiashvili (13001020372)	Velistsikhe, Gurjaani
003	003	AnzorGomshiashvili (13001051787)	Velistsikhe, Gurjaani
008	007	Makvala Zaalishvili (13001028744)	Velistsikhe, Gurjaani
015	014	Amiran Mailashvili (13001056089), Sergi Mailashvili (13001002505)	Velistsikhe, Gurjaani
025	021	Gia Kapanadze (13001058631)	Velistsikhe, Gurjaani
026	022	Besarion Kardenaxlishvili (13001048393)	Velistsikhe, Gurjaani
061	058	Zura Onoprishvili (13001000646)	Velistsikhe, Gurjaani

6.4. Consultation and Participation Plan

176. Due to the circumstances caused by the COVID 19 virus outbreak that has been affecting the whole world, it is essential to find alternative sources of communication with the stakeholders so that the recommendations issued by the World Health Organisation (WHO) and the Government of Georgia (GoG) are not violated. It is also highly importance that public and direct consultations with all stakeholders are held in order for the stakeholders and other locals, residing in the Municipality to be thoroughly informed of current and planned infrastructural projects and social and environmental matters related to the referenced projects. This 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 resident areas throughout Georgia, many people have access to various social networks (Facebook, Skype, WhatsApp, Viber and other software tools) 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 also depend on networks and internet applications used by local residents.

177. During the phone conversations, the local community will be notified of planned public consultations to be held throughout the LARP implementation and project execution.

178. The following public consultation and information disclosure activities are envisaged in the project:

- Final LARP will be disclosed in Georgian and English languages upon receiving approval from the ADB;
- MDFG will organise public meetings and will inform the communities about the progress of the implementation of resettlement, and social activities;
- 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 project stakeholders through MDFG website and will be available in local government office;
- 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 to take their specific needs into account;
- Additionally, pamphlets will be disseminated with all project affected persons during the public consultations. These booklets 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.

179. Prior to beginning of civil works at each building / property a walk-through will be organised 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 each residence in order to be able to compare with the residence after the project is completed.

6.5. Information Disclosure

180. 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 Velistsikhe, Gurjaani Municipality. The final LARP in English will be disclosed on ADB website upon approval.

6.5.1. Public information booklet

181. Public Information booklet has been prepared on understandable language and it includes sufficient information to ensure that APs, their representatives, and local government agencies in sub-project areas fully understand the details of the LARP process and are also informed about the compensation and rehabilitation packages applicable to the Project, a Public Information booklet have been prepared within the LAR planning process and distributed among APs and other stakeholders (see Annex 4).

7. Grievance Redress Mechanism

182. The LARP includes in its scope the establishment of a responsive, readily accessible and culturally appropriate grievance redress mechanism (GRM) capable of receiving and facilitating the resolution of an affected person's concerns and grievances related to the project. An established grievance redress mechanism allows an AP to appeal any decision, practice or activity arising from land or other assets compensation that they disagree with. The scope of the GRM is to address issues related to involuntary resettlement, social and environmental performance, and information disclosure. The established GRM is available to all people whether or not affected by physical or economic displacement.

183. The fundamental objectives of the GRM are:

- i. To reach mutually agreed solutions satisfactory to both, the Project and the APs, and to resolve any grievances locally, in consultation with the aggrieved party;
- ii. To facilitate the smooth implementation of the LARP, most importantly, avoid lengthy litigation processes and prevent delays in Project implementation;
- iii. To facilitate the development process at the local level, while maintaining transparency as well as to establish accountability to the affected people.

7.1. Objectives

184. 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 any LAR related concerns and complaints by APs, including 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 GRM shall be in place by the time the MDFG starts negotiations with the APs and shall function until the completion of the construction.

7.2. Grievance Resolution Process

185. Grievance redress procedures of Stage 1 (including formal or "project level" procedures' logged information and monitoring) are the first attempt 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 GRM 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 GRM 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.).

186. 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.

187. 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 the Project affected communities and help ensure efficient resolution of project-related complaints.

188. Upon receipt of the complaint, it will be registered at the reception of MDF. The complainant shall be given a receipt as a proof of submission of his/her complaint (both verbal and written) to 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 their receipt by the reception office, will forward 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.

189. After registering 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; the complainant will also receive the number assigned to the complaint and the contact information for further queries and clarifications.

190. 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.

191. Grievance Redress Committee hearing shall be held at least once a month. Any complaint must be heard within two months upon 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 an agenda, together with a 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 decision of the commission will be considered valid if it is attended by more than 50% of the members.

Table 7.1. Composition of GRC (Grievance Redress committee)

N	Position/Entity	Role
1.	Executive Director, MDFG	Chairman of the Commission
2.	First Deputy Executive Director, MDFG	Deputy Chairman of the Commission
3.	Deputy Executive Director, CFO, MDFG	Commission Member
4.	Deputy Executive Director, Program Manager, MDFG	Commission Member

5.	Head of the Legal Department, MDFG	Commission Member
6.	Head of the Evaluation and Planning Department, MDFG	Commission Member
7.	Head of the Construction Supervision Department, MDFG	Commission Member
8.	Head of the Quality Control Department, MDFG	Commission Member
9.	Program Manager, MDFG	Commission Member
10.	Head of the Financial Department, MDFG	Commission Member
11.	Head of the Administrative Department, MDFG	Commission Member
12.	Program Manager, MDFG	Commission Member
13.	Program Manager, MDFG;	Commission Member
14.	Head of the Environmental and Resettlement Service, MDFG	Commission Member
15.	Head of the Project Evaluation Service, MDFG	Commission Member
16.	Environmental Protection and Resettlement Service Resettlement Specialist	Commission Member

192. The process of addressing the complaint by GRC will involve the following steps:

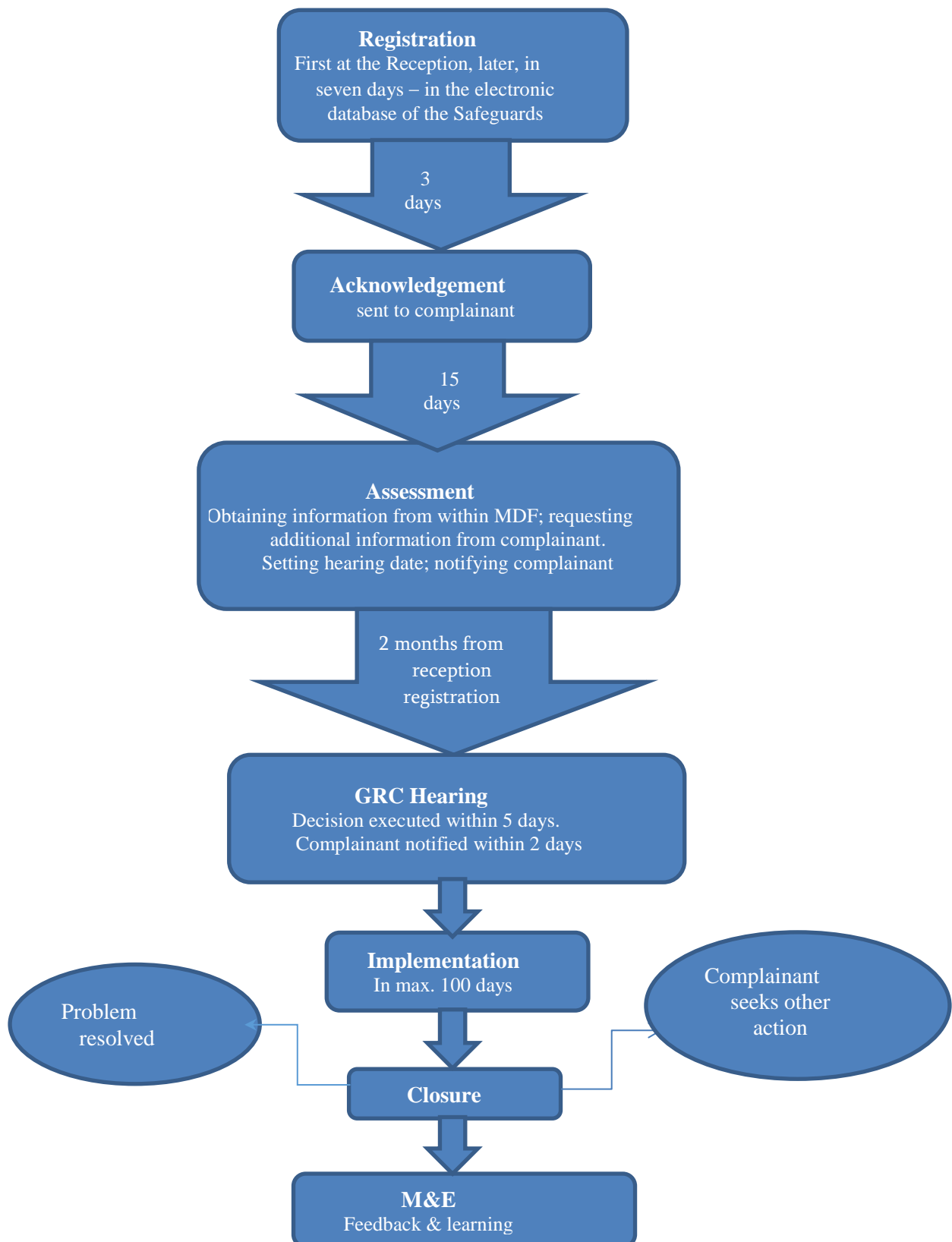
- The staff member responsible for each complaint shall first present a short description/summary of the complaint, and then answer any questions the GRC members may have. Final decision based on the deliberations and discussions is made by the Committee by the majority of votes. If need be, the complainant 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 five 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 two 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 within three weeks, the complaint shall be considered officially closed.

193. 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.

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

Figure 2. Grievance redress process



7.3. Formation of GRC

195. At the LARP preparation stage during the consultation meetings and negotiations, the APs shall be fully informed of the GRM, its functions, procedures, contact persons and rules of making complaints through oral information and booklet. 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, booklet will be disseminated with all the Project affected persons during the public consultations. The booklet includes information about contact person and her contact details (phone number and email 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.

196. At the stage of the social survey, which was held on December 3 – December 17, 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 affected persons were elected as members of local GRC: Besarion Kardenakhlishvili, Nunu Tergiashvili. 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 phone number 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.

7.4. ADB Accountability Mechanism

197. When and the project GRM and ADB Operations Team have already been engaged and the AP is not satisfied with the outcome, the complainant can appeal the decision and bring the case to the ADB Accountability Mechanism (AM).¹⁹

198. The GRC established under MDFG does not in any way impede APs access to the judicial or administrative remedies of the Country of Georgia and/or ADB AM, however the project always encourages the stakeholders to raise their issues/complaints through the project GRM first.

199. LARP Public Information booklet and the attached Grievance Redress Form will carry the contact information for the Complaints Receiving Officer to be readily available for any AP who may wish to register a complaint with the ADB AM.

¹⁹ <https://www.adb.org/site/accountability-mechanism/main>.

8 LARP Implementation

200. The time bound implementation schedule of the LARP has been prepared by the consultant in consultation with the MDFG. All activities related to LAR have been planned to ensure that compensation is paid prior to AHs relocation and commencement of civil works construction. Efforts will be made to reach agreements or resolution of issues with the APs on the compensation payments without involving the Courts in order to avoid delays in project implementation.

Table 8.1.: LARP preparation and implementation schedule per milestones

	Step/Action	IV - 2019	I- 2020	II- 2020	III- 2020	IV- 2020	I- 2021	II- 2021	III- 2021	IV- 2021
A LARP Preparation										
1	Public consultations									
2	Data collection process									
3	Preparation of a draft version of final LARP									
4	Review of LARP by MDFG and ADB									
5	Approval of LARP by ADB									
B Implementation Phase										
6	Sending notification about compensation to APs									
7	Issuing all types of compensation									
8	Preparing Compliance Report									
9	Issuance of construction permit									

201. The compensation/rehabilitation program involves different actors in implementation. These actors are:

- MDFG as the Implementation Agency (IA),
- Municipal Government (Gurjaani Municipality),
- the Government of Georgia (GoG) at central level,
- the ADB, and
- Contractors and consultants.

202. Upon the approval of final LARP, all the arrangements for delivering the compensation and the disbursement have to be done. These include payment of all eligible assistance, relocation of APs, rehabilitation measures. AHs will be given notification one month earlier before

the site preparation for civil works contractor and commencement of the civil works (major works that require resettlement).

203. The agreement will be signed with each AP which will include the following basic provisions: Subject of the Agreement, rehabilitation period (temporary relocation period), value of compensation (breakdown per entitlement matrix), terms of payment, details of bank account, other specific details as needed and signatures of the parties.

204. Prior to the commencement of rehabilitation activities on the properties, the civil work construction company will submit a work plan for construction works (including a timeframe) according to which the temporary resettlement process will be planned based on cluster handover approach²⁰. Each cluster may include a street, building or set of buildings to be relocated given the planned works in that particular section (cluster) of the Project. Given that the relocation will be on a short temporary basis, this approach will allow to ensure flexibility in synchronization of actual relocation with Contractor's work plan. The A/H will receive a written notice regarding the temporary resettlement time-schedule, after which a compensation agreement will be signed.

205. MDFG will prepare and submit to ADB's approval an abbreviated Compliance Report (CR) for each completed cluster to demonstrate that the AH(s) received a notice regarding the temporary resettlement, signed the contract, received a compensation and temporary relocation took place (or agreed timeline for relocation) which will serve as a basis for the commencement of construction works in that particular section (cluster). A similar procedure will be performed for each cluster (building/ set of buildings). Only after LARP implementation in all clusters (buildings) is completed, a consolidated CR will be prepared and submitted to ADB. The outline of abbreviated CR is attached in Appendix 8.

206. MDFG leads to the implementation of the LARP through its Resettlement Unit. The compensation operations will be conducted by the MDFG, relevant specialists. All 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 payments are affected. MDFG coordinates interventions of other parties as needed.

²⁰ Tentative LARP implementation Action Plan will be sent to ADB for information prior the implementation commencement. Action Plan can be updated based on changes in Contractor's work plan.

9 Costs and financing

9.1. Introduction

207. All LARP preparation and implementation costs, including the cost of compensation and resettlement administration, will be considered in the project budget. The presumable cost of resettlement within the scope of the project to rehabilitate the historical district in Velistsikhe covers the compensation amounts for temporary relocation and/or suspension of business, allowances for vulnerable AHs and other related assistance, as well as LARP implementation administrative costs, including the contingency.

208. At the stage of preparation of the document, census and 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).

209. MDF, as the project owner, is responsible for the timely allocation of the funds needed to implement the resettlement policy. The compensation and rehabilitation budget must be paid directly by the Municipal Development Fund of Georgia.

9.2. Methods to Calculate the Compensation for Temporary Rent of Residential Properties

210. As the rental market (real estate brokerage service) is not well developed in Gurjaani Municipality, it is difficult to find property agencies or tourist organisations there and the local real estate and hotel owners let their rooms/houses directly to the clients/tourists. As a result, the MDF team (through its sub-consultant) hired certified valuator IVS in Tbilisi, to identify renting costs for the AHs, in order to calculate budget for the temporary resettlement, by February 2021.

211. As per the conclusion of the above-mentioned specialists, by 24.02.2021, the average amount of lease of the valued properties in the given district was 5 GEL a month per 1 m² (see the English version of the full Conclusion and Methodology in Annex 3).

212. 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 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. The Order sets out the guidelines for living space taking into account the number of family members (table 9.1.). This approach was used by MDFG for various temporary resettlement projects such as "Rehabilitation Project of the Central District of Abastumani and Dusheti Municipalities", "Tbilisi-Rustavi Urban Link Project" financed by ADB and WB respectively.

Table 9.1. Residential space standard according Order N320

Standard for residential space	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

Standard for residential space	The number of rooms in the living space	Number of family members
65 – 80 m ²	three rooms apartment	5-6 members

213. The experience from the previous projects has shown that the AHs were satisfied with the above level of compensation. There were frequent cases when the affected persons used the unoccupied houses of the neighbors in exchange, due to the fact that the majority of the rural population in Georgia tends to move to the cities and their houses in the villages are unoccupied. Or, as the houses in the villages typically have a larger living space than the landlords use, most of them are happy to give up unused space in exchange for rent.

214. In order to be in full compliance with ADB SPS 2009 and standards, while the number of HH members who are subject to temporary resettlement ranges from 1 to 6 (table 9.2.), all of them will get the monthly compensation of 400 GEL (5GEL*80 m²), which is enough to rent 80 m² residential area for a family with 5-6 members under temporary resettlement as per the applied standard (Order N320). It should also be taken into account that in their current houses, even if the surface of house is more than 80 m², the AHs mostly use only part of their house as a living area, therefore, below given number of AH members, the applied approach will ensure equal and, in some cases, even better living standards for temporary relocation.

Table 9.2. Structure of HHs subject to temporary resettlement

N of property	Number of HH members	Time for construction works/months
003	4	4
007	1	4
020	6	3
026	4	3
027	3	3
028	2	3
031	4	4
033	6	4
036	2	4
038	1	4
039	3	4
043	6	5
044	4	5
045	3	4

9.3. Compensation Strategy

215. As already mentioned, no permanent resettlement of the APs will take place within the scope of the project. The minimum and maximum time period for which a part of the Project affected population may need to leave their houses and/or businesses is, respectively, 3-5 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 Supervision consultant officially applies to MDF

and notifies of the basis, terms, timeframe and conditions of these works. After review, the Project manager (MDF) officially applies to MDF relevant department to ensure payment of additional compensation. But if the works deadline is extended due to Contractor's failure, the Supervision consultant will ensure the construction company will pay compensation to relevant AHs.

216. Types of compensations identified:

- Compensation for temporary resettlement,
- Compensation for Income loss (temporary loss of business and employment),
- Relocation and moving,
- Rehabilitation allowances.

9.4. Temporary Resettlement Compensation

217. The compensation for 14 AHs to be relocated was calculated based on estimated period of their temporary relocation as given in table 9.2 and amounts to 21,600 GEL. Assistance will be provided to APs by the project in locating suitable rental properties as needed.

Table 9.3 Temporary resettlement cost

Affected HH	Total number of months of temporary resettlement	Monthly cost for rent, GEL (per unit)	Total compensation, GEL Total
14	54	400	21,600

9.5. Business Compensation

218. 20 business entities and 6 landlords will have their businesses suspended in the project implementation phase. Consequently, they will receive the compensation for business suspension.

219. The compensation has been calculated based on the Tax Declaration/Rent Agreement presented by a business owner. If a business owner is unable to present an official documentation, his monthly compensation was calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia. The subsistence minimum for a 5-member family is 377.7 GEL per month²¹. According to the entitlement matrix, compensation will be cash compensation of net income for months of business stoppage.

220. If, during the rehabilitation works, some new circumstances lead to the change in the status of some of the above buildings that will require the owner/user to vacate the buildings, each Lessor will receive compensation as per provisions of EM and this LARP²².

221. 6 landlords with 7 tenants and 13 self-employed businesses will have their businesses suspended in the project implementation phase. Consequently, they will receive the compensation equal to net income or subsistence minimum (whichever is applicable), for the

²¹ According to latest data given from www.geostat.ge minimum subsistence for 5 members family per month is 377.7GEL for Nov 2020.

²² Cut-off date has been established both for BHs and AHs, and Census/SES covered all of them.

months the business will be suspended. The total compensation for temporarily affected businesses amounts to 56,741.7 GEL.

Table 9.4. Compensation for temporary business loss

N	Type of business loss	Number of Businesses	Number of months of temporary suspension²³	Unit rate, GEL*/Average	Total Compensation, GEL
A	Sub Total private business (self-employed)	13	50	795,9	30,625.8
A1	Based on declaration	8	30	769.1	23,071.8
A2	Based on minimum subsistence	5	20	755,4	7,554
B	Sub Total tenant	7 ²⁴	28	583	16,051.1
B1	Based on declaration	1	5	1473	7,364
B2	Based on minimum subsistence	6	23	377,7	8,687.1
C	Sub Total landlord	6	28	368	10,064.8
C1	Based on rent agreement	1	4	240	1,000
C2	Based on minimum subsistence	5	24	377,7	9,064.8
D	Total	26 (without double counting)	95	612	56,741.7
* The given unit rate for business with tax declaration is an average.					

9.6. Employee compensation

222. Eleven (11) APs are currently employed in the private businesses (two restaurants, two pharmacies) that will be temporarily suspended during the rehabilitation works. The APs hired by the private businesses will receive compensation for temporary loss of their employment due to business suspension during the construction works.

223. As the businesses with affected employees could not provide tax declarations, the compensation was calculated based on one-time minimum subsistence allowance in cash for months of business suspension fixed for a 5-member family according to www.geostat.ge which is GEL 377.7 per month.

²³ Suspension time is different for different businesses due to planned works volume on involved structures.

²⁴ One commercial space is rented by two tenants.

Table 9.5. Compensation for temporary employment loss

Affected Employees	Total number of months of temporary suspension	Unit rate, GEL	Total Compensation, GEL
11	49	377,7	18,507.3

224. As per the agreement reached by MDFG with the Velistsikhe Municipality, the latter has undertaken the following tasks: All public employees that will not work on a temporary basis due to the rehabilitation works at the 4 public objects will receive their due wages in the project implementation phase.

9.7. Vulnerability Allowance

225. According to the ADB Policy and the baseline socio-economic survey, groups/categories of vulnerable households are as follows: families with income below the poverty line²⁵, families headed by single women with dependent children under 18, HHs with disabled belonging to groups I and II and HHs with elderly people with no means of support. The vulnerable AHs will receive allowance equivalent to 3 months of minimum subsistence income for a family of five and an employment priority in project-related jobs. This is additional allowance for vulnerability status on top of other entitlements indicated in the entitlement matrix. Each of the above-mentioned households will receive GEL 377.7 x 3 months, i.e., GEL 1,133.1. Eight (8) out of 51 households are vulnerable (including both AHs and BHs). In total, GEL 9,064.8 of vulnerability allowance will be paid to 8 AHs. The calculation is presented in the following table.

Table 9.6. Calculation of vulnerability allowance

Impact	BH/AHs	BP/AP	Compensation amount, GEL
Families below the poverty line	3	13	3,399.3
HHs with disabled belonging to groups I and II	5	22	5,665.5
Total (without double counting)	8	35	9,064.8

9.8. Costs of Transportation and House Shifting

226. Each AP subject to temporary resettlement within the scope of the project will be given a compensation covering transport and livelihood expenses for the transitional period amounting to 1,364 GEL, of which 200 GEL is a 2-way relocation charge (will be recalculated by the evaluator within the frame of the LARP implementation as needed) plus minimum subsistence allowance during 3 months fixed for a 5-member family as a livelihood expenses for the transitional period. (as of November 2020 it is GEL 377.7 per

²⁵ 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 70000).

month as per www.geostat.ge). The costs of transportation are considered for 14 AH and 20 businesses²⁶ (34AHs/114APs).

Table 9.7. Compensation for transportation and Livelihood expenses for transitional period

Type of relocation	Number of AHs	Total transportation cost, GEL	Total Livelihood expenses, GEL	Total compensation cost, GEL
Temporary relocated from residence	14	2,800	15,863.4	18,663.4
Temporary relocated business	20	4,000	22,662	26,662
Total	34	6,800	38,525.4	45,325.4

9.9. Summary of LAR Costs

227. The total LAR cost calculated for the implementation of this LARP constitutes GEL 249,544.68 (equal to USD 75,168.6). The summary of LAR cost estimate is presented in Table 9.8.

228. As changes may take place in the project design after construction begins, this LARP considers a 'reserve' resettlement budget to accommodate any additional and/or unanticipated impacts. Tax liabilities, registration and financial transaction related costs caused by the project implementation will be covered by the Project and included in this LARP budget.

Table 9.8: Summary LAR Costs

N	Item	Cost in GEL	Cost in USD
A	Compensation		
1	Compensation for renting residential space	21,600.0	6,506.4
2	Compensation of affected businesses	56,741.7	17,091.9
3	Compensation of employment losses	18,507.3	5,574.8
	Subtotal A	96,849.0	29,173.1
B	Allowances		
1	Vulnerable households	9,064.8	2,730.5
2	Cost of relocation (transportation and livelihood assistance)	45,325.4	13,653.1

²⁶ Since each of the 7 tenants are associated with a commercial space of 6 landlords and the landlords are not living in affected properties, therefore only the tenants, ie those who run the business are entitled to receive compensation to avoid double-counting/paying compensation for the same space.

	Subtotal B	54,390.2	16,383.6
	C Total LAR Cost (A+B)	151,239.2	45,556.7
	D Income tax 20% ²⁷	37,809.8	11,389.2
	D Reserve 20% ²⁸	30,247.8	9,111.3
	E. Contingency 20%	30,247.8	9,111.3
	Grand Total	249,544.68	75,168.6

USD =3.3198 GEL as per 24 February 2021

10 Monitoring and Evaluation

229. The main objective of implementation of the LARP is at least to restore the social and livelihood resources of the APs to their pre-project level or to improve them. 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, to identify problems as early as possible and to facilitate well-timed adjustment of implementation arrangements.

230. The objectives are to: (i) ensure that all the AHs, ABs and employees temporarily losing jobs receive compensations in timely manner; (ii) all the AHs are supported with timely finding and moving to relevant alternative accommodation for staying during the temporary resettlement; (iii) ensure that the construction works are carried out as per schedule and the timelines are being met; (iv) ensure that the compensations are sufficient, (v) make sure that information on any arising problems or potential issues related to resettlement is collected and reported on a regular basis, (vi) identify methods to rapidly mitigate problems, and (vii) ensure that the new standard of living of APs after return to their houses, are improved.

10.1. Monitoring

231. 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 prior the start of construction works.

232. Prior to beginning of civil works at each building / property a walk-through will be organised on site with APs, MDF resettlement specialist, Municipality representative and engineer to go over

²⁷ Compensation will be provided in net, as determined by an independent and certified valuator, in accordance with 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.

²⁸ The reserve amount will be used in case of hidden or extended works during the construction, which may lead to additional costs. If there is no need to use the reserve finance, it will be returned to the budget.

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.

233. MDFG provides permanent Internal monitoring of LARP Implementation (with the support from consultants) as soon as LARP implementation starts and till the completion of the Project. MDFG will be responsible for internal monitoring over LARP implementation, preparation of progress reports to be submitted to ADB. Internal monitor will be involved to prepare the LARP completion report.

234. MDFG ensures collecting the data during implementation of LARP and other project related activities. MDFG is responsible to organize the main task force in the data-collecting phase. This process includes consultations with APs and other relevant stakeholders. The data collected will serve as instrument for the monitoring of the social mitigation measures applied.

235. No external monitoring of LARP in the Project will be carried out. The MDFG social safeguards specialist (SSS) will carry out regular internal monitoring through regular site visits with the support of supervision consultants safeguard staff.

236. This Project stipulates the following process- and output-based indicators within a checklist: (i) Have all activities required under the LARP been undertaken? (ii) Have all the entitlements required under the LARP been provided to all eligible APs? (iii) Is implementation process of LARP activities in line with the LARP implementation schedule? (iv) Are the LARP implementation costs in line with the LARP budget? (v) Have APs received all the relevant necessary assistance, planned in LARP (e.g. in opening personal bank accounts, processing the Compensation Agreements, delivery of compensation)? (vi) Are there any resolved and outstanding issues, and how many, if any?

237. 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 semi-annual 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. 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.

238. Within the scope of the sub-project, MDFG is authorised to carry out rehabilitation activities before the full completion of LARP only by following the step-by-step principle – starting the works on the building(s) only after their owners receive the total amount of compensation. The rehabilitation activities on any building will not be conducted until payments to all APs related to each (given) building are completed.

10.2. Reporting Requirements

239. The results of internal monitoring during LARP implementation as well as project related construction activities will be communicated with ADB through the quarterly progress reports (QPR) and semi-annual social monitoring reports (SSMR).

240. Compliance Report will be issued after the LARP is fully implemented. During this process, the SSS will closely monitor the implementation of the LARP. The LARP implementation monitoring will entail the following tasks: (a) review of actions taken by the PIU to compensate the APs, with particular attention to the way these actions fit the LARP stipulations; (b) review all compensation tallies; (c) verify whether the compensation is provided thoroughly to the relevant APs and in the amounts defined in the LARP and AP contracts; (d) assess the satisfaction of the APs with the compensation/rehabilitation package offered to them; (e) review complaints & grievances recorded for that time. The SSS will prepare the Compliance Report after the compensation is fully paid. The Compliance Report will include the following sections:

- (i) Assessment of the way the compensation has been carried out in relation to LARP stipulations;
- (ii) Verification that APs were compensated with the amounts stipulated in the LARP;
- (iii) Review of complaint and grievance cases and their resolution;
- (iv) Assessment of the rehabilitation program for vulnerable APs;
- (v) Any unanticipated impacts and corrections conducted;
- (vi) Lesson learned to be applied to the next projects, and;
- (vii) After the reviewing the compliance report, ADB will provide No Objection Letter which will serve as a basis for commencement of construction works.

As expected, the cluster-based implementation and handover will be applied, thus separate Compliance Reports will be prepared and approved by ADB for each completed cluster prior to the start of civil works.

ANNEX 1. List of Affected Households/Legal Entities and Affected Properties and Compensations

Table 1. Details of compensation per each AH

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
001	001	owner	Gurjaani Municipality	Velistsikhe, Gurjaani	51.07.65.004	4							0
002	002	owner	(01012000891) (450003599) (13001020372)	Velistsikhe, Gurjaani	51.07.64.005	4				1133.10			1133.1
003	003	owner	(13001051787), (13001012397), (13001048598), (13001015873)	Velistsikhe, Gurjaani	51.07.64.226	4	400	1600		1133.10	1333.1		4066.2
004	004-square	owner	(13001051787)	Velistsikhe, Gurjaani	51.07.14.638	2							0
005	004	owner	(13001010732)	Velistsikhe, Gurjaani	51.07.14.025	0							0
006	005	owner	(13001005231)	Velistsikhe, Gurjaani	51.07.14.025	4						1510.8	1510.8
006	005	tenant	(13001000938)	Velistsikhe, Gurjaani		4			1510.8		1333.1		2843.9
007	006	owner	(13001055686)	Velistsikhe, Gurjaani	51.07.64.265	4	400	1600			1333.1		2933.1
008	007	owner	(13001028744)	Velistsikhe, Gurjaani	51.07.14.640	4			1510.8	1133.10	1333.1		3977

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
009	008	owner	(01005015810), (13001031638), (13001033369)	Velistsik he, Gurjaani	51.07.64.003	4						1000	1000
009	008	tenant	(427736006)			4			1510.8		1333.1		2843.9
010	009	owner	(200075113)	Velistsik he, Gurjaani	51.07.64.023	4							0
011	010	owner	(13001007865)	Velistsik he, Gurjaani	N/R	4							0
012	011	owner	(13001016290)	Velistsik he, Gurjaani	N/R	0							0
013	012	owner	(13001009898)	Velistsik he, Gurjaani	51.07.64.029	3			290.70		1333.1		1623.8
014	013	owner	(13001001274)	Velistsik he, Gurjaani	51.07.64.201	3			13158		1333.1		14491.1
015	014	owner	(13001056089), (13001002505)	Velistsik he, Gurjaani	51.07.14.622	3			1133.1	2266.2	1333.1		4732.4
016	015	owner	(13001020424)	Velistsik he, Gurjaani	51.07.64.121	3						1133.1	1133.1
016	015	tenant	13001015855)			3			1133.1		1333.1		2466.2
017	016	owner	(13001050160)	Velistsik he, Gurjaani	51.07.64.146	3			840		1333.1		2173.1

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
018	016-1	owner	01011011317 (Post Office)	Velistsik he, Gurjaani	51.07.64.082	4							0
019	016-2_3_4	owner	(13001001274), (13001003534)	Velistsik he, Gurjaani	51.07.64.017	4						1510.8	1510.8
019	016-2-3-4	tenant	(427722280)	Velistsik he, Gurjaani		4			1510.8		1333.1		2843.9
020	017	owner	(13001014888)	Velistsik he, Gurjaani	N/R	3	400	1200			1333.1		2533.1
021	018	owner	(13001024651)	Velistsik he, Gurjaani	N/R	4			731.6		1333.1		2064.7
022	018-1	owner	(13001006846)	Velistsik he, Gurjaani	51.07.64.254	4							0
023	019	owner	(01032003450)	Velistsik he, Gurjaani	51.07.14.630	5			303		1333.1	1888.5	3524.6
023	019	tenant	(13001051160)			5			7364		1333.1		8697.1
024	020	owner	(65008000153)	Velistsik he, Gurjaani	51.07.64.058	3							0
025	021	owner	(13001058631)	Velistsik he, Gurjaani	N/R	3				1133.10			1133.1
026	022	owner	(13001048393)	Velistsik he, Gurjaani	51.07.64.170	3	400	1200	1133.1	1133.10	2666.2		6132.4

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
027	023-024	owner	(13001001529)	Velistsik he, Gurjaani	51.07.64.225	3	400	1200			1333.1		2533.1
028	025	owner	13001027000), (13001033782), (13001003990)	Velistsik he, Gurjaani	51.07.64.218	3	400	1200			1333.1		2533.1
029	026	owner	(13001006748), (13001004228), (13001049634), (13001002873)	Velistsik he, Gurjaani	51.07.64.109	3							0
030	027-028	owner	Gurjaani Municipality	Velistsik he, Gurjaani	51.07.14.545	2							0
031	029	owner	(13001056819)	Velistsik he, Gurjaani	51.07.63.104	4	400	1600			1333.1		2933.1
032	030	owner	Gurjaani Municipality	Velistsik he, Gurjaani	51.07.13.163	4							0
033	031-032-033	owner	(13201073247)	Velistsik he, Gurjaani	51.07.64.243	4	400	1600			1333.1		2933.1
034	034	owner	(13001042619)	Velistsik he, Gurjaani	51.07.64.210	3							0
035	035	owner	(13001041676)	Velistsik he, Gurjaani	N/R	4							0
036	036	owner	(13001041676)	Velistsik he, Gurjaani	51.07.64.260	4	400	1600			1333.1		2933.1
037	037	owner	(13001069317), (01011005396)	Velistsik he, Gurjaani	51.07.64.238	3							0

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
038	038	owner	(13001041487)	Velistsik he, Gurjaani	N/R	4	400	1600			1333.1		2933.1
039	039	owner	(13001000268)	Velistsik he, Gurjaani	51.07.64.239	4	400	1600			1333.1		2933.1
040	040	owner	(13001008005)	Velistsik he, Gurjaani	N/R	0							0
041	041	owner	(01003007323)	Velistsik he, Gurjaani	N/R	3							0
042	042	owner	(13001047354)	Velistsik he, Gurjaani	51.07.64.204	3							0
043	043	owner	(13001043879)	Velistsik he, Gurjaani	51.07.64.036	5	400	2000			1333.1		3333.1
044	044	owner	(13001013854)	Velistsik he, Gurjaani	51.07.64.179	5	400	2000			1333.1		3333.1
045	045	owner	(13001052550), (13001045298)	Velistsik he, Gurjaani	51.07.66.204	4	400	1600			1333.1		2933.1
046	046	owner	(13001052550), (13001045298)	Velistsik he, Gurjaani	51.07.66.218	3							0
047	047	owner	LTD "KTW" (200075113)	Velistsik he, Gurjaani	51.07.66.085	4							0
048	048	owner	(13001005953)	Velistsik he, Gurjaani	51.07.66.061	4			829		1333.1		2162.1

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
049	049	owner	(13001005140)	Velistsik he, Gurjaani	51.07.66.331	4						3021.6	3021.6
049	049	tenant	(13001018243)			4			1510.8		1333.1		2843.9
049	049	tenant	salon Mevlud Oganovi (13001045797)			4			1510.8		1333.1		2843.9
050	050	owner	(13001052445)	Velistsik he, Gurjaani	51.07.66.068	3			6244.5		1333.1		7577.6
051	050- ბობოღ .	owner	(13001052445)	Velistsik he, Gurjaani	51.07.66.067	3							0
052	051	owner	(13001001795)	Velistsik he, Gurjaani	51.07.66.018	3							0
052	051	Tenan t	LTD "Magniti"	Velistsik he, Gurjaani	51.07.66.018	3							0
053	051- ბობოღ .	Owner	(13001001795)	Velistsik he, Gurjaani	51.07.66.129	0							0
054	052	Owner	(13001005231), (13001028750), (13001022164)	Velistsik he, Gurjaani	51.07.66.282	5			1888.5		1333.1		3221.6
055	053	Owner	(13001017704)	Velistsik he, Gurjaani	51.07.66.063	5			1888.5		1333.1		3221.6

# land plots	Number according to the Plan	Ownership	Name surname, Contact information	Address of the house	Cadastral code	Rehabilitation period/month	1 month price for rent (5GEL*80 sq.m)	Total price for rent	Business Stoppage Compensation	Vulnerability allowance	Relocation/moving allowance	Landlords compensation	Summary
056	054	Owner	(13001056819), (13001028750), (13001037681)	Velistsik he, Gurjaani	51.07.66.286	5							
057	055	owner	(13001000696)	Velistsik he, Gurjaani	51.07.16.638	5			675		1333.1		2008.1
058	056	owner	(13001005231)	Velistsik he, Gurjaani	51.07.66.049	5							0
058	056	tenant	LTD "Spar"	Velistsik he, Gurjaani	51.07.66.049	5							0
059	059	owner	(01021006376)	Velistsik he, Gurjaani	51.07.66.270	0							0
060	060	owner	(13001017704)	Velistsik he, Gurjaani	51.07.66.056	0							0
061	058	owner	(13001000646)	Velistsik he, Gurjaani	51.07.66.333	4				1133.10			1133.1
062	057	owner	(13001043232)	Velistsik he, Gurjaani	N/R	4							0
063	Theater	owner	Gurjaani Municipality	Velistsik he, Gurjaani	51.07.66.019	0							0
								21600	46676.9	9064.8	45325.4	10064.80	132731.9

Table 2. List of affected Employees

N	Construction Project N	Business ID	Employee IDs
1	008-M/009	LTD 427736006	1.13001069325 2.13001031638 3. 13001056901
2	016-2-3-4/019	LTD 427722280	1.13001036992 2.13001049004 3. 13001010565
3	054/052	13001005231	1.13001033854 2.13001069750 3.13001053580 4.13001049951 5. 13001042596

Table 3. List of Vulnerable Persons

# land plots	Number according the Plan	Name surname, Contact information	Address of the house
002	002	13001020372	Velistsikhe, Gurjaani
003	003	13001051787	Velistsikhe, Gurjaani
008	007	13001028744	Velistsikhe, Gurjaani
015	014	13001056089	Velistsikhe, Gurjaani
015	014	13001002505	Velistsikhe, Gurjaani
025	021	13001058631	Velistsikhe, Gurjaani
026	022	13001048393	Velistsikhe, Gurjaani
061	058	13001000646	Velistsikhe, Gurjaani

ANNEX 2: Information Booklet

Urban Regeneration of Historical Streets in Velistsikhe

Historical overview

1. Velistsikhe village is one of the oldest and largest settlements in Kakheti Region. It is located on a major highway to the east and has been an important strategic place for the integration of settlements to the east.

2. The main architectural value of Velistsikhe is based on its unique development history in the 12th - 19th centuries and the buildings remaining up till now. An important element of a local house is a wine cellar. The houses are closely intertwined and form a single urban structure that is subject to protection and restoration.

3. Velistsikhe was 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 Velistsikhe.

4. In the early seventeenth century, along with other historical sites, raids of Shah Abbas army 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 has taken over the village of Velistsikhe from the survivors and remnants of the village 100 years earlier.

5. During the 18th century, active inflow of population took place in Velistsikhe. The German traveler and scientist Edward Aichveld travelled to Velistsikhe in 1825-26. He mentioned Velistsikhe as a fortified city-type settlement, where viticulture and cultivation were particularly developed. A system of water mills was operational.

6. There are several architectural monuments in the village, the church of Virgin Mary (6th century) and Castle Hall complex (9th century) being most noteworthy among them. In addition, the village is interesting in terms of planning structure. It can be said with certainty that it is an urban-type settlement with a remarkable development. There are several interesting houses from the artistic-historical point of view in the village. Most of the buildings have wine cellars, some of them are still in use. There are two separate wine cellars in the village that are regularly visited by locals and foreigners.

Introduction

7. According to the development plan of the central part of Velistsikhe (Figure.1), promotion of tourism and re-development is driven by the following conditions: Location of the main transport roads of Kakheti, architectural monuments of the historical centre, centuries-old traditions of wine production, hospitality and trade, cellars, basements. Existence of wineries and other options.

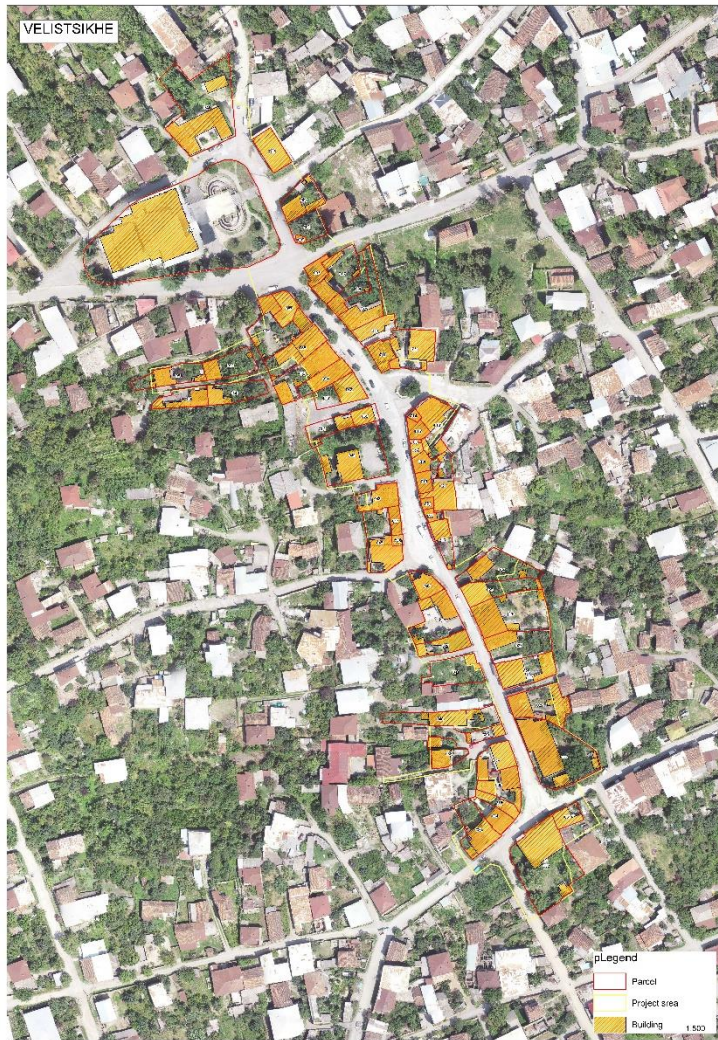


Figure 1 Velistsikhe center

The project area should be developed on the basis of universally proven principles of sustainability, with the goal to:

- Preserve the authenticity and historical appearance of the area, which is one of its main values;
- Respond to current needs and challenges.
- Restore and rehabilitate the central district in order to stimulate the opening of family-owned and small hotels. The central street of the village and the 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. In order to achieve this, the project will run in four main stages:

- Reconstruction and rehabilitation of houses on the central street of Velistsikhe.
- Rehabilitation and renovation of the theater square and the central street (including engineering networks).
- Reconstruction of the first floor and facade of the theater.
- Develop 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.

During the research phase, multiple facilities were inspected and studied by various specialists, including an authorised person designated by the purchaser. The Mayor of Gurjaani Municipality has been personally involved in the working process of the project in the village.

Reconstruction and Rehabilitation of the Buildings of the Central Street of the Village of Velistsikhe.

8. The design of the Central Street Reconstruction-Rehabilitation Project comprises 61 buildings that have been surveyed and each building has been studied in terms of architectural, artistic, urban-building values and structural sustainability. The functions and owners of all buildings have been identified. 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.

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

Table 1. Work description

N	Work description	Number of buildings
1	Reconstruction and replacing of the roofs	41
2	Changing windows	39
3	Arrangement of a new façade	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	Reconstruction of the existing building	3
15	Repair of damaged floors	3
16	Complete construction of entire annexes	2
17	Reinforcing of the damaged columns	2

Rehabilitation of the Central Street

10. 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. Apart from the central street, project area includes several lanes, with the total area of 13,516 square meters

Resettlement Policy and Principles

11. 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 Land Acquisition and Resettlement Plan (LARP) were established by consideration of the requirements of these laws and ADB Policy.

12. Three important elements of ADB’s involuntary resettlement policy are: (i) compensation to replace lost assets, livelihood, and income; (ii) assistance in relocation, including provision of relocation sites with appropriate facilities and services; and (iii) assistance with the 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 the project design for any ADB operation requiring involuntary resettlement and needs to be dealt with from the earliest stages of the project cycle.

Eligibility and Entitlements

13. 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 any legal status;
- Tenants and sharecroppers whether registered or not;
- Owners of the 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 receive:

- 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.

14. 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 publicised cut-off date will not be considered Project affected, and persons commencing improvements to land or structures after cut-off date will not be eligible for additional compensation. They, however, will be given sufficient advance notice, requesting to vacate premises or dismantle affected structures prior to the project implementation.

Table 2. Project- specific Entitlement Matrix

Item	Type of Loss	Application	Definition of AH/APs	Compensation Entitlements	Number of AHs
1.	Buildings and Structures				
1.1.	Temporary loss of residence	AH has to be relocated during the rehabilitation work	All AHs regardless of their formal or informal status	All AHs will be compensated for temporary relocation according to the construction period of each structure occupied by an AH. Each of the AHs will get cash compensation, which is sufficient to rent an acceptable residence for living of equal or better	34

[illegible]

²⁹ Acceptable residence means a comfortable space, which does not require repair work and other additional interventions, provides the residents with the necessary furniture and appliances, household utilities

			including informal settlers	housing needs to be provided to physically displaced persons.	
4.2.	Relocation/ shifting (temporary)	Transport/ transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (GEL200 as vehicle hire charge plus minimum subsistence allowance for 3 months. Assistance, if required to identify and temporary obtain adequate rental housing needs to be provided to physically displaced persons.	34
4.3.	Vulnerability Allowance		Hs below poverty line, AHs headed by women, AHs with disabled people, elderly HH with no means of support 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 the 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.	8
5.	Unforeseen circumstances				
5.1.	Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction on 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.	0

5.2.	extension of construction period due to the construction company's failure to complete on time or damages during rehabilitation works caused by construction contractor's activities	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 its own failure.	All APs	Compensation for (i) damages during construction and/or (ii) extension of construction period due to the construction company's failure to complete on time. Compensation will be assessed and paid per procedures and rates in this LARP based on the following methodology: (i) If damages to residences or commercial structures occur, houses/buildings will be valued at replacement cost as per LARF provisions, (ii) additional rental payment at current market value for the extended period In case if such damages/additional impact is confirmed to be caused by the construction company's failure, contractor to pay the compensation.	0
5.3.	temporary Impacts related to spoil disposal areas and construction camps.	temporary impacts	Ps 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, which might include be not limited to rental payments at current rental market value. 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.	0

5.4.	Permanent Impacts related to spoil disposal areas and construction camps.	Permanent impacts	Ps using affected pasture lands	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, as well as any other unanticipated impact will be adequately assessed, reported and compensated, through negotiated settlement or expropriation based on provisions of this LARF and subproject LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.	0
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 evaluator, 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.					

Grievance Redress Mechanism

In the projects implemented by MDF, grievance resolution is viewed as a two-stage process. The first stage involves locally available measures, 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, such as the amount of compensation, loss of access roads, etc. as well as the losses and damages caused by the construction works, such as 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 (including formal or “project level” procedures' logged information and monitoring) are the first attempt 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 an AP is not satisfied, the grievance redress mechanism should assist her/him in lodging an official complaint in accordance with the procedures of Stage 2 (the plaintiff should be informed of her/his rights and obligations, rules and procedures of making a complaint, format of complaint, terms of complaint submission, etc.).

Stage 2 – review of APs’ complaint. For the entire period of the project implementation, GRC will review the written complaints of APs, which will not have been resolved at Stage 1. At stage 2 the APs’ complaint will be resolved and GRC will make a decision in compliance with the Administrative Code of Georgia.

You should ask questions and get additional information regarding the project at the following addresses:

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

David Arsenashvili, Telephone: 599 01 91 83

Irakli Japaridze, Telephone 593 16 55 77

Grievance Form

N	
Full Name, Surname	
Contact Information Please, fill in how you want to be contacted (post, telephone, email)	<input type="checkbox"/> Post: please indicate your postal address: <hr/> <hr/> <hr/>

	<input type="checkbox"/> Telephone: _____ <input type="checkbox"/> Email: _____	
Preferred contact language	<input type="checkbox"/> Georgian <input type="checkbox"/> English <input type="checkbox"/> Russian	
Description of Grievance/ Claim:		What happened? What do you claim?
Negotiation Date:		Decision after the negotiation:
What is the reason for your claim?		
Signature: _____ Date: _____		

ANNEX 3: Evaluation of Compensation

Evaluation Report

On determining the market value of the lease of residential real estate (1. sq.m.) in the village of Velistsikhe, Gurjaani district

Evaluation Date:

24 February 2021

Client: **STUDIA 21** MDFG

We, the undersigned, certify that:

The analysis performed to assess the market value of the real estate lease is given in the relevant sections of the report. Value is determined by the appraiser who relies on her/his professional knowledge and experience.

The evaluator confirms the following:

- The analysis presented in the Report is based on certain assumptions, restricted conditions and reflects our personal, unbiased professional opinions as evaluators; and the conclusions we make are based on this analysis;
- The appraiser's remuneration is not determined or influenced by any aspect of the conclusion;
- The assessment was conducted in accordance with the Code of Ethics and standards of conduct;
- The education of the appraiser meets the necessary requirements;
- The appraiser has relevant experience and the knowledge of the location of the property to be assessed;
- The appraiser personally inspected the property selected as an analog or the appraisal report;
- The evaluation process - obtaining information, analysing and determining the market value - was carried out in accordance with international evaluation standards.

Terms

Property Rights

According to international valuation standards, property rights are the rights associated with owning real estate. They include the right to use the land for development, lease, sale, agricultural or mineral extraction purposes, as well as the right to change its topography, its distribution, the disposal of waste or the non-exercise of all the above rights. As a rule, a number of restrictions may be imposed on the right to property, such as: easement, construction density, zoning and other restrictions.

Value Basis

It is crucial that the value basis is consistent with the terms and purpose of the evaluation task, as the value basis may influence or determine the methods, baseline data, and assumptions that the evaluator chooses. It also influences the appraiser's final opinion (conclusion) about the value. Market value is the basis of value for the purpose of this valuation report.

The Best and Most Effective Use

The best and most effective use of an asset involves the use of an asset that is legally permissible, physically possible, and financially viable:

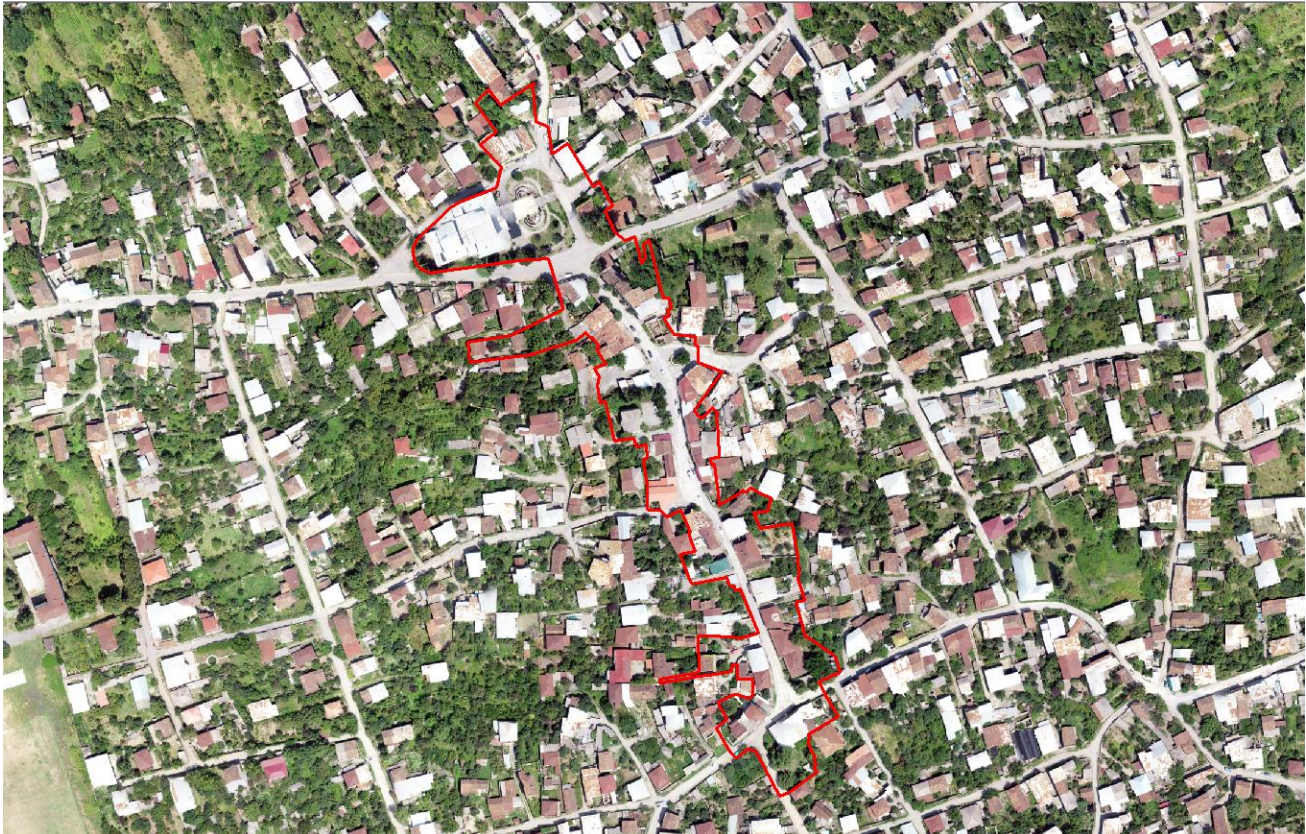
1. Use that is physically possible refers to the physical characteristics of the asset that market participants take into account when evaluating the asset (i.e. location, size of property, etc.);
2. Legal use implies any legal restrictions on the use of an asset that market participants take into account when evaluating an asset (eg zoning);
3. A use that is financially feasible implies whether the asset can generate adequate cash flow (taking into account the costs required for that use of the asset) in order to be legally permissible and physically feasible, in order to be able to repay an investment that is adequate for market participants.

The best and most effective use is determined from the point of view of market participants, regardless of how the organisation uses it. Nevertheless, the use of a non-financial asset by an organisation is considered to be the best use if the market and other factors do not show that there is a different possible use by market participants that will maximise the value of the asset.

Market value

Market value - the estimated amount at which an asset or liability is to be exchanged at the valuation date between the seller/landlord and the buyer/tenant wishing to enter into a "far-reaching" transaction after appropriate marketing measures, when each party acts deliberately.

MAP OF VELISTSIKHE SECTION



Conducted Works

During the preparation of the evaluation report, the following actions were taken:

- Collection of initial information and its analysis - this stage includes the analysis of economic, social and other factors that affect the value of the property;
- Collection and validation of market information in terms of approaches and methods needed to determine the value;
- Estimating the market value of the lease;
- Making a summary conclusion of the evaluation;

Based on the brokerage sites and on-site information, a list of properties that could be used for comparative analysis in accordance with international valuation standards was compiled. Market research was conducted on the territory of Gurjaani administrative district; offers were selected only from active announcements. During the review of bids, a visit and interview with all applicants took place. Guided by the principles of maximum relevance, analogues were selected. The evaluation was carried out in accordance with the international standards (comparable analogues comparison

method). Residential attractiveness, relief features, accessibility and other important features were taken into account. The appraiser implies a minimum lease term of one month, considering the relevant market segment.

Limitations and Permissions

The following permissions and limitations are an integral / important part of the conclusion and should be considered together:

1. The appraiser implies the absence of any hidden factors that may affect the market value of the appraisal lease. The value is calculated in the appropriate order established by the international valuation standard.
2. The final value indicator represents the result of the analysis of the information obtained.
3. The appraiser conducted site visit to inspect the comparables.
4. Data on analogues are taken based on information from "real estate" firms and on-site which has the highest confidence factor.

General Evaluation Methodology

Generally, there are three main approaches to real estate appraisal in valuation practice:

- Expense-based approach - the market value of the land (as a vacancy) is determined by adding the cost of new construction of an identical building and deducting all types of depreciation (physical, functional and economic).
- Market approach - direct comparison of the object of valuation with the data of the relevant analogues that have been sold/rented or that have been declared for sale/rent.
- income approach - determining the present value of real estate income by direct capitalisation, or by discounting cash flows.

Elements of Comparison

Elements of comparison define the specific characteristics of property objects and transactions that explain price variations. Market analysis reveals which elements are particularly sensitive. The following elements of comparison are mainly considered in the analysis of comparable sales data:

- Transfer of ownership of real estate
- Funding conditions
- Terms of sale
- Expenses incurred immediately after purchase
- Market conditions
- Location
- Physical characteristics
- Economic characteristics
- Use
- Selling non-real components

1. Estimating the market value of a real estate lease

The market value of the lease presented in the report was determined using the comparable transaction analysis method. This approach is based on comparing the rental prices of residential property in the villages of Gurjaani district. This is

the most popular and accepted method when estimating the market value of real estate sales and leases. The founding principle of this method is the principle of substitution, which indicates the circumstance that a market tenant will not pay more than the cost of renting a similar real estate with the same interest. Benefit refers to a set of characteristics of an object that determine its purpose, capabilities and conditions of use, as well as the amount and terms of revenue received. The reason for using this method is to determine the market value of the lease of the appraised object by transforming the lease prices of comparable objects. When using this method, the evaluator performs the following sequence of actions:

1. The collection, classification and analyses of market data that enable the identification of analogues that are relevant and comparable to the property being valued;
2. Identifies the elements through which the comparative analyses of analogues will be carried out;
3. Determines the nature and degree of differences between the established (selected) comparison elements;
4. The price of the established comparison elements of all analogues is adjusted according to the nature and quality of the differences ;
5. The corrected analog data is weighed according to the adjustment value;
6. Determining the market value of the lease by reconciling the adjusted prices of analogues.

Table #1. Description of comparable analogues

Features	Analogues #1	Analogues #2	Analogues #3
	Gurjaani, Velistsikhe	Gurjaani, Velistsikhe	Gurjaani
Cadastral code	51.07.62.098	-	
Source	Offer on site	Hom.ge	Regmarket.ge
Contact or ID	557 77 37 51	551 55 79 35	ID 22335
Property type	Residential	Residential	Residential
Lease Price	600	600	500
(GEL)			
Area (building) sq.m.	120	200	70
Price per 1 sq.m. (GEL)	5.00	3.00	7.14
Market conditions (time)	Current	Current	Current
Location	Gurjaani district	Gurjaani district	Gurjaani district
Communications	Avaliable	Avaliable	Avaliable
Use	Residential	Residential	Residential
Non-real estate components	N/A	N/A	N/A

Table #2. Value Calculation

#	Elements of comparison	Analogues #1	Analogues #2	Analogues #3
		Gurjaani, Velistsikhe	Gurjaani, Velistsikhe	Gurjaani
1	Total rent price (GEL)	600	600	500
	Area	120	200	70
	Price per sq.m. (GEL)	5.00	3.00	7.14
2	Transfer of lease of real estate	Full	Full	Full
	Correction	0%	0%	0%
	Correction Price	0.0	0.0	0.0
	Corrected Price	5.00	3.00	7.14
3	Terms of financing	Typical	Typical	Typical
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	5.00	3.00	7.14
4	Terms of sale	Offer	Offer	Offer
	Correction	-10%	-10%	-10%
	Correction Price	-0.50	-0.30	-0.71
	Corrected Price	4.50	2.70	6.43
5	Expenses incurred after rental	NO	NO	NO
	Correction	0%	0%	0%

#	Elements of comparison	Analogues #1	Analogues #2	Analogues #3
		Gurjaani, Velistsikhe	Gurjaani, Velistsikhe	Gurjaani
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.50	2.70	6.43
6	Market conditions	Current	Current	Current
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.50	2.70	6.43
7	Location			
7.1	Residential attractiveness	Standard	Standard	Standard
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.50	2.70	6.43
7.2	Access	Good	Good	Good
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.50	2.70	6.43
8	Physical Features			
8.1	Area	120.00	200.00	70.00
	Correction	0%	10%	0%
	Correction Price	0.00	0.27	0.00
	Corrected Price	4.50	2.97	6.43
8.2	Yeard	30	30	30

#	Elements of comparison	Analogues #1	Analogues #2	Analogues #3
		Gurjaani, Velistsikhe	Gurjaani, Velistsikhe	Gurjaani
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.50	2.97	6.43
8.3	Property Condition	Garage	Good	Good
	Correction Price	0.45	0.0	0.0
	Corrected Price	4.95	2.97	6.43
9	Economic Features	Typical	Typical	Typical
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.95	2.97	6.43
10	Use	Resudential	Resudential	Resudential
	Correction	0%	0%	0%
	Correction Price	0.00	0.00	0.00
	Corrected Price	4.95	2.97	6.43
11	Non-real estate components	No	No	No
	Correction Price (GEL)	0	0	0
	Corrected Price	4.95	2.97	6.43
Weighting ratio		0.5	0.3	0.22

#	Elements of comparison	Analogues #1	Analogues #2	Analogues #3
		Gurjaani, Velistsikhe	Gurjaani, Velistsikhe	Gurjaani
Weighting		2.48	0.89	1.29
Weighted cost per 1 sq.m. (GEL)		4.66		
Rounded cost of 1 sq.m. (GEL)		5		

Definition of Correction:

1. Evaluation criteria: Terms of Sale - The first correction was made on the analogues N1, N2, N3, because, as usual, the offer price includes a 10% surcharge, ie includes the estimated discount amount and / or the broker's interest.
2. The second correction was made when comparing "physical characteristics" and area in particular. The adjustment was made on Analogue # 2, based on a market trend: as a rule, the value of a property varies according to its size, the smaller the area, the greater its value per square meter.
3. The third correction was made when considering the quality of the property - Analog-1, as it is characterised by worse repairs compared to the object under evaluation.

After reviewing the analogs and studying the adjusted pricing data, the unit value was determined by calculating the weighted average value. In the adjustment of the adjusted price results, a larger share was awarded to those analogues that were most comparable to the object being evaluated with the least adjustments. The market value of the unit of land to be assessed (using the weighted average value) was calculated using the following formula:

$$\left\{ \begin{array}{l} \text{Vwa} = \sum_{i=1}^n \text{Pi} * \left(\text{Ri} / \sum_{i=1}^n \text{R} \right) \end{array} \right\}$$

Vwa - Average weighted value;

Pi – Adjusted price for each analogue.

$\sum \text{R}$ – Sum of rated weights of djusted comparable analogues.

Ri – Rated weight of adjusted price of each comparable object.

1. Business Evaluation

Business Loss: The assessment is based on tax returns (net income of 1 year according to the methodology described in the RPF) or in the absence of returns, the one-time subsistence minimum will be calculated in the consumer basket of a family of five according to www.geostat.ge. (Subsistence minimum according to Geostat is 377,7 GEL as of November 2020).

Permanent Worker / Employees: Loss of salary was reimbursed with one-time subsistence allowance for the months of business stoppage. Assessment was based on minimum subsistence allowance for months of business stoppage (5-member family). Please, see the business compensation according to the suspended months in Table #3.

Table #3 Calculation of Business Compensation

N	Business	Average monthly salary (GEL)	Average monthly profit (GEL)	Monthly number of works	Business Compensation (GEL)	Map_N	Project N	Status
According to tax documents								
1	Shop	0	96.9	3	290.7	013	012	Self-employed
2	Shop	0	4287	3	13158	014	013	Self-employed
3	Plant protection store	0	280	3	840	017	016	Self-employed
4	Shop	0	182.9	4	731.6	021	018	Self-employed
5	Vegetable shop	0	60.6	5	303	023	019	Self-employed
6	Shop	0	1472.8	5	7364	023	019-M	Self-employed
7	Bakery	0	207.25	4	829	048	048	Self-employed
8	Shop	0	2081.5	3	6244.5	050	050	Self-employed
9	Bakery	0	135	5	675	057	055	Self-employed
Without tax documents								
10	Billiards	377.7	377.7	1510.8	006	005-M		Tenant
11	Fruit and vegetable shop	377.7	377.7	1510.8	008	007		Self-employed
12	Pharmacy	377.7	377.7	1510.8	009	008-M		Tenant
13	Meat shop	377.7	377.7	1133.1	015	014		Self-employed
14	Salon	377.7	377.7	1133.1	016	015-M		Tenant

15	Pharmacy	377.7	377.7	1510.8	019	016-2-3-4-M	Tenant
16	Bakery	377.7	377.7	1133.1	026	022	Self-employed
17	Salon	377.7	377.7	1510.8	049	049-M-1	Tenant
18	Salon	377.7	377.7	1510.8	049	049-M-2	Tenant
19	Restaurant	377.7	377.7	1888.5	055	053	Self-employed
20	Banquet hall	377.7	377.7	1888.5	054	052	Self-employed
Sum				46 676.9			

Landlords Compensation

The value is calculated based on minimum subsistence for 5 members family. The latest data published on www.geostat.ge is 377.7 GEL as of November 2020. The cost of plot # 008 is determined on the basis of the submitted tax document.

Table #4 Calculation of Business Compensation (Landlords).

N	Name	Project N	Monthly number of works	Lease price	Lease compensation
1	Billiards	005	4	377.7	1510.8
2	Pharmacy	008	4	250	1000
3	Salon	015	3	377.7	1133.1
4	Pharmacy	016-2-3-4-M	4	377.7	1510.8
5	Shop	019	5	377.7	1888.5
6	Salon	049	4	377.7	1510.8
	Salon	049	4	377.7	1510.8
Total					10 064.8

Conclusion on value:

The cost of renting a residential property (1 sq.m.) - 5 GEL

Business – 46 676.9GEL

Lease – 10,064.8GEL

International standards of assessment used:

The evaluation report was prepared in accordance with the International Evaluation Standards IVS 2017.

General standards:

- Scope of IVS 101 work;
- IVS 102 Examination and Compliance;

- Preparation of IVS 103 report;
- Fundamentals of IVS 104 value;
- IVS 105 Assessment Approaches and Methods.

ANNEX 4: Minutes of Public Consultations

On 2 December 2019, a public consultation meeting was conducted in the public hall of the village of Velistsikhe. Locals have been given notice about the meeting in prior by phone call. In addition, the announcement was made in the administrative building of the local self-governing body.

The focus of these consultations was to inform, educate, consult and allow the APs and other stakeholders to participate actively in the process of reconstruction of the center of Velistsikhe and preparation of LARP; helping mitigate and minimise any probable negative impact and bringing in the benefit of the Project to the people; preparation of land acquisition and resettlement plans, therefore, attempted consultation and participation of the APs and to incorporate their views, needs and aspirations into the Project components. The consultation process stepped up at basic design through public consultation meetings and individual contacts during land acquisition and initial resettlement surveys in December 2019. The public consultations were completed in December 2019.

Consultation with local communities and government bodies during the project process envisaged to explain clearly the Project and its impacts to the community by introducing the Project and its impacts in local language, at both informal and formal consultation meetings and individual level discussions during the census and detailed measurement surveys of land and property. Architect/engineers team was actively participating in decision making process during the preparations of detailed design.

The methodology includes walk-through informal group discussions, small group discussions, individual census survey interviews, key informant interviews, and informal discussions. The APs, their community, and local government officials were consulted to inform, educate and provide feedback on the project design.

Specifically, for this LARP the APs were consulted through individual contact during the census survey at the basic design stage, all likely APs were consulted through community level in public meetings and through individual contact at the time of census, socioeconomic survey and detail measurement survey.

Attendants at the meeting:

Representatives of LARP consultants:

- 1 Shota Pkhakadze
- 2 Irakli Sokhadze
- 3 Tamar Pkhakadze
- 4 Giorgi Lemonjava
- 5 Gia Abuladze
- 6 Nino Abuladze
- 7 Giorgi Kighuradze

The audience was given a possibility to express their opinions and ask question concerning the issues discussed, the following questions were asked:

Table 1. Questions and Answers

N	Question	Answer
1	When will the rehabilitation works start?	After receiving compensations, you will be given notice prior to the rehabilitation works.
2	How long will it take to finish rehabilitation works for each house?	The time to rehabilitate one building is 90-150 days
3	The drainage system is destroyed, is it planned to rehabilitate the system and the road?	It's planned to rehabilitate the drainage system as well as the central road and lanes nearby.
4	What kind of renovation will be done under the Project?	Due to the condition of the houses different works will be carried out, the facade of almost every house will be renovated, most of roofs will be replaced with new ones, damaged houses will be reinforced.

At the end of the meeting the audience gave positive feedback on the Project. 23 AP and BP attended the meeting, of which 6 AP/BP were female. Photo materials of the meeting attendances are hereby enclosed.

Table 2. Attendees of public consultations

N	Name/surname	Status of ownership	Gender
1	Eremia Mgebrishvili	Physical person	Male
2	Vladimer Javakhishvili	Physical person	Male
3	Beso Kardenakhishvili	Legal Entity	Male
4	Zakaria Mgebrishvili	Physical person	Male
5	Davit Kituashvili	Physical person	Male
6	Gia Kapanadze	Physical person	Male
7	Irma Abramov	Physical person	Female
8	Levan Kapanadze	Physical person	Male
9	Avtandil Avtandilashvili	Physical person	Male
10	Zaur Okruashvili	Physical person	Male
11	Lado Sulkhanishvili	Legal Entity	Male
12	Ramaz Garsevanishvili	Physical person	Male
13	Giorgi Moseshvili	Legal Entity	Male
14	Dimitry Shalashvili	Individual Entrepreneur	Male
15	Indira Kazarashvili	Individual Entrepreneur	Female
16	Hamlet Kazarashvili	Physical person	Male
17	Giorgi Sekhniashvili	Physical person	Male
18	Zurab Onoprishvili	Physical person	Male
19	Vano Mepurishvili	Physical person	Male
20	Nata Kardenakhishvili	Physical person	Female
21	Maia Mepurishvili	Physical person	Female
22	Tsira Mepurishvili	Physical person	Female
23	Nino Aptsiauri	Physical person	Female

Photos of the Meetings



Additional consultations with communities and APs were conducted later in 2020 aimed at discussing the LARP prepared for the Project, including compensation entitlements, grievance redress mechanism, impact on the buildings and other LARP related procedures.

Gurjaani District Village Velistsikhe Central Part Rehabilitation Project

Minutes of Online Meeting with Stakeholders

1. The Municipal Development Fund of Georgia – LEPL is intended to implement the project for rehabilitation of the central street in Gurjaani Municipality village of Velistsikhe with financial assistance of the Asian Development Bank. The named street rehabilitation works consist of a number of various components, such as rehabilitation of the garden square, theater building, wastewater and water supply systems, the street and buildings located along the street, as well as setting up a wastewater treatment plant.

2. There were Initial Environmental Examination (IEE) and social document - „Land Acquisition and Resettlement Action Plan” (LARP) prepared for the present project in accordance with the ADB safeguard policies. Public discussion of the above-mentioned documents and activities planned under the project was held with Project affected households and other stakeholders.
3. In view of the “Covid-19” pandemic outbreak worldwide, as well as in Georgia, consultations were held in online environments, as agreed upon with the Asian Development Bank. The format and communication strategy for the meeting were also approved by the above-referenced donor organisation.
4. Based on the fact that major part of population was surveyed during the initial socio-economic survey and the MDF had their contact information available, each affected person had been contacted well in advance by telephone, the population had been kept up-to-date regarding public hearing of respective documents. Furthermore, in the buffer zone of the street to be rehabilitated and its adjacent area, notices had been posted regarding the scheduled activities that were to take place. Since for the most part pharmacies and groceries have been operating during the pandemics and the population generally gathers in these locations, notices have mostly been placed there.
5. The consultations aimed at keeping the affected persons and other stakeholders updated on works to be carried out in the course of the rehabilitation period. Apart from it, the consultancies mainly focused on briefing them in detail on the aforesaid environmental and social documentation, in order to inform them of all planned activities and mitigation measures to be carried out at various stages of project implementation.
6. In order to make the document introduction process as thorough as possible and achieve an effective face to face meeting online, public meetings took place over the course of several days. In line with the ADB policy, a separate public discussion was held with representatives of vulnerable groups.
 1. Online meeting with vulnerable affected persons was held on November 18, 2020, at 16:00;
 2. Online meeting with Velistsikhe central street building residents, owners and other stakeholders was held on November 26-27 and December 3, 2020, at 17:00;
 3. Online meeting with representatives of businesses was held on November 30, 2020, at 17:00 and on December 1, 3 and 10 at 16:00.
7. The meeting was opened by Irakli Japaridze, Communication Consultant, he informed the public of the main objectives of the meeting, the project, project implementing and donor organisations.
8. Further, Niniko Isakadze, Environmental Specialist presented the Environmental Review prepared for the specific SP and briefly updated the public on social and environmental screening procedures for the ADB funded projects and social and environmental requirements for the present SP. She also reviewed works planned under the SP, relative environmental and social impacts expected as a result of project implementation and those main measures, which are to be carried out in order to prevent or mitigate the expected adverse impacts on the environment. Niniko Isakadze emphasised that in accordance with the active legislation, the SP works do not require any environmental permits or similar approval procedure by the Ministry of Environment and Agriculture of Georgia, therefore with the view of ensuring environmental and social safeguards under the SP, it will be implemented in accordance with the respective safeguards policy and the Operations Manual of the ADB.
9. She noted that the ER document forms integral part of the contract made with the civil works contractor and that the contractor is responsible for carrying out the mitigation measures envisaged under the ER and protection of social and natural environment. She also discussed the SP environmental monitoring, and parties responsible for associated reporting procedures.

10. Following introduction of the ER document to the population, David Arsenashvili, Resettlement Consultant addressed the public and discussed in detail the project and its various components.
11. For better visual expression and comprehension, design documentation and renders were shared with the population online at the meeting. Besides, Davit Arsenashvili introduced the audience to the LARP document developed under the present project. Those present were familiarised in detail with compensation matrix, and comprehensively informed of compensation requirements developed and assigned by an independent valuator. Each affected person was notified that in accordance with the Resettlement Action Plan, those owners/users of buildings subject to resettlement according to the architectural-engineering solution, will be granted respective compensations, based on the areas assigned in the document and amount calculated by an independent certified audit company. Moreover, they were notified that resettlement period may take 3-5 months, and were provided with information regarding those buildings and structures whose owners (users) will have to leave such buildings in accordance with the engineering/architectural solution.
12. Davit Arsenashvili and Irakli Japaridze also clarified to the audience that there will be no limited access to the existing buildings in course of rehabilitation works. They were informed that there will be temporary footpaths and cable bridges arranged to provide unrestricted access for temporary and constant dwellers.
13. Furthermore, detailed information was supplied concerning grievance redress mechanism. They were given guidance that they could at any time contact the Consulting Company, which will be permanently present at the project site in the course of construction works, or Gurjaani City Hall accommodating the Grievance Redress Committee; they were also notified that there had been a Grievance Redress Committee operating faultlessly and efficiently in the MDF for years and that they could apply to it at any time if they were not satisfied with the decision at the two former levels. In addition, Davit Arsenashvili explained to each beneficiary that availability of the above-referenced mechanisms does not hinder them from directly appealing to the court. Beneficiaries were supplied with all detailed information and time limits relating to GRM management and operation. Besides, Irakli Japaridze shared his telephone number with each interested and affected person in order to let them communicate with him at any moment for timely and effective solution of the raised issue. It should also be stated that the above-mentioned notifications posted in Velistsikhe streets additionally included information on Grievance Redress Committee. It is remarkable that the above information was provided at all aforesaid online meetings, including the separate one with vulnerable groups and the ones with businesses and residents.
14. After the presentation, the audience was given a possibility to express their opinions and/or participate in Q&A session concerning presented issues, they posed the following question. Irakli Japaridze, Zurab Chinchaladze, Irakli Japaridze and Niniko Isakadze responded to all the questiones asked.

Table 3. Questions and Answers

N	Question	Response
1	Will we have to leave our houses?	Engineer-architects of the involved design company have developed list of works for each house, and according to the degrees of work necessary to carry out, it will be determined whose owners/users are subject to temporary resettlement
2	What is an expected duration of resettlement process?	Based on the LARP, tentative timeframe of temporary resettlement process covers a 3-5 month period.
3	We would like to once again hear from you about categories of vulnerable groups.	Vulnerable groups are divided into the following categories: socially vulnerable persons living below poverty line, disabled persons, single mothers, IDPs.
4	Please, additionally introduce us to compensation mechanisms regarding businesses.	The businesses that have submitted an appropriate official document confirming their profit, will be eligible for receiving compensation, while the businesses that have failed to provide such documents, will be compensated through

		receiving a 5-member household minimum of subsistence during the period of business interruption.
5	How will the wastewater system undergo rehabilitation?	A new underground wastewater network will be arranged for the street that is to be rehabilitated, and it will be connected to the wastewater treatment plant.
6	I own commercial space, which is not functioning; will I receive compensation in this case?	You are not eligible for compensation as a business under the existing circumstances.
7	I am familiar with the design, however could you be so kind to once again forward it to me.	After the meeting, you will be provided with the design through means of communication most acceptable to you..
8	When will the rehabilitation works start ?	Tentative schedule of rehabilitation work commencement is April, 2021.
9	Where is the wastewater outfall?	Design area of the WWTP is located on Velistsikhe territory, at a distance of 560 meters (direct distance) from Akhmeta-Telavi- Bakurtsikhe internal road (int-42), on the left bank of river Chermiskhevi.
10	Where will the stage I works start?	As you have been informed, works are broken down into several stages, however, the contractor is the one to determine commencement of stages by areas, subject to approval by the MDF.
11	Will there be a single bidding, or will a new bidding be announced for each house individually?	One bidding will be announced for the overall project
12	Is it possible for me not to leave my space?	In case if the LARP provides the necessity for resettlement of the owner/user of the building, it is binding on him/her to move on account of safety regulations in consideration of the respective compensation. However, we would like to once again remind you that participation in the above-mentioned project is optional.
13	Is my house subject to resettlement?	The contractor has drawn up a plan, according to which certain residents are leaving their houses and others are not, which is also specified in the previously discussed document. We will in person supply you with individual information concerning your specific house.

15. The population is satisfied with Velistsikhe rehabilitation project, they note that apart from the benefit gained as a result of house rehabilitation, they will also derive additional benefit from compensation amounts specified in the compensation matrix. None of the meeting participants, including representatives of businesses or households, have expressed any dissatisfaction with the project or design documentation.
16. The named project implementation will give new lease of life to Velistsikhe, which will manifest itself in improving the lives of its inhabitants and businesses. The inflow of tourists will increase, which will benefit small, medium and family-run businesses. There will be the park and theater to enjoy for the local population that will enhance the development of locals, and, especially, that of the youth. The new centre will create amicable atmosphere for the locals that will facilitate healthy social. In addition, the Project envisages to repair non-operational wastewater network; transport system will also expand together with associated infrastructure. Eventually, Velitsikhe will regain its place of historical district centre, and this in turn will generate additional jobs and enhance social status of local residents.

Gurjaani City Hall Representative: Natia Tatarashvili

MDF Representatives:

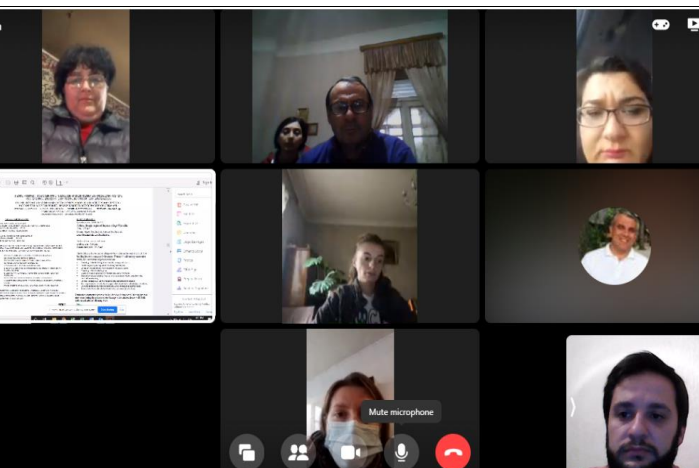
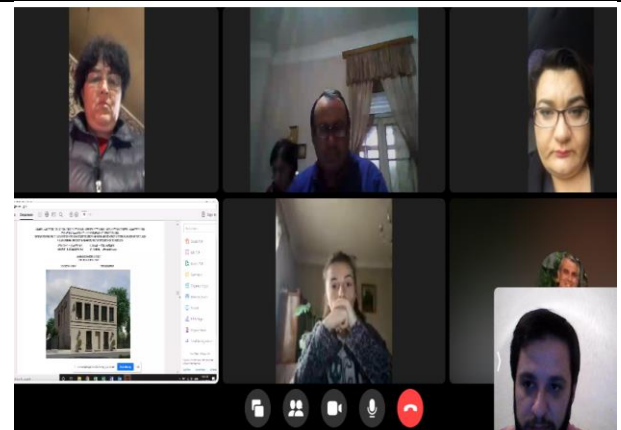
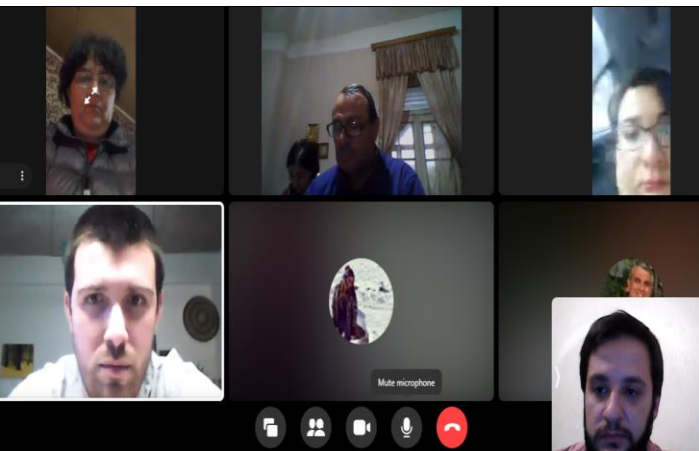
Environmental Specialist- Niniko Isakadze
 ADB Communication Consultant – Irakli Japaridze
 Project Manager – Tornike Tabagua
 Resettlement Consultant – David Arsenashvili

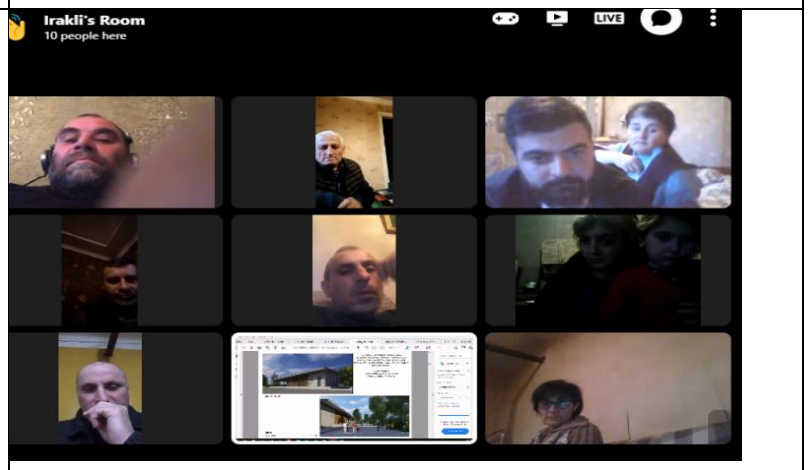
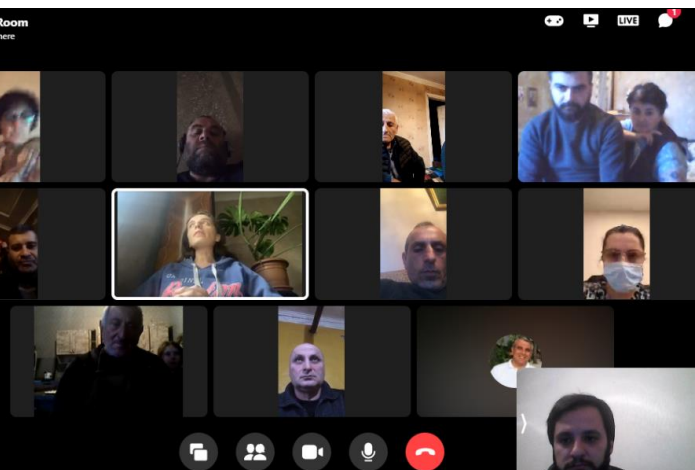
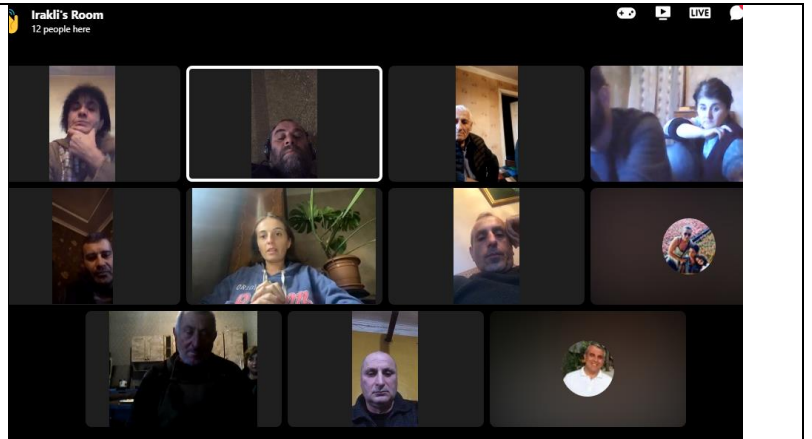
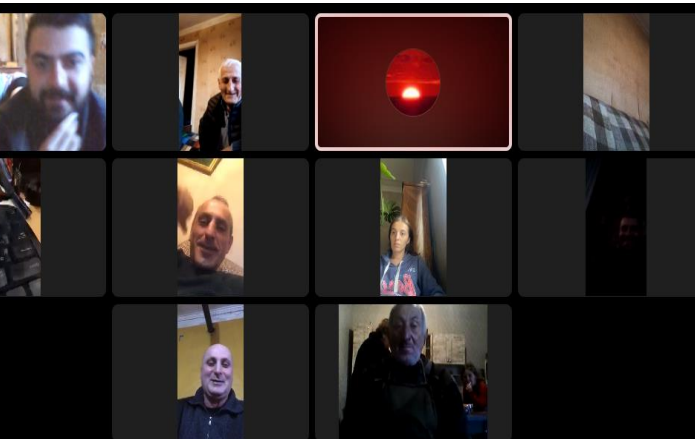
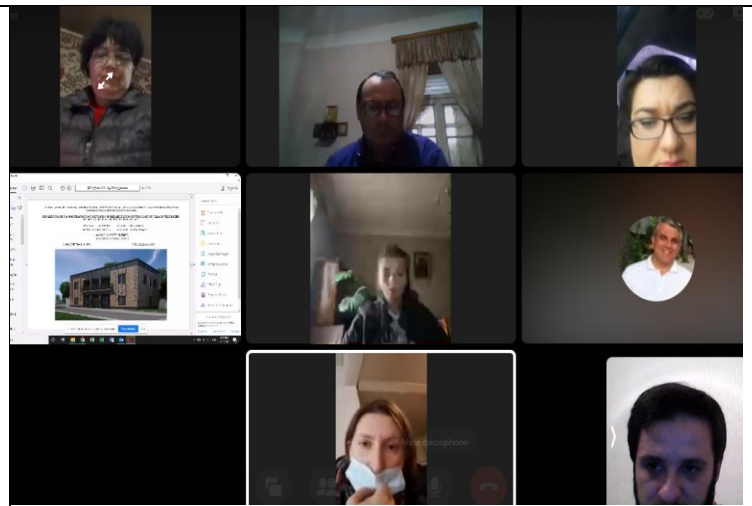
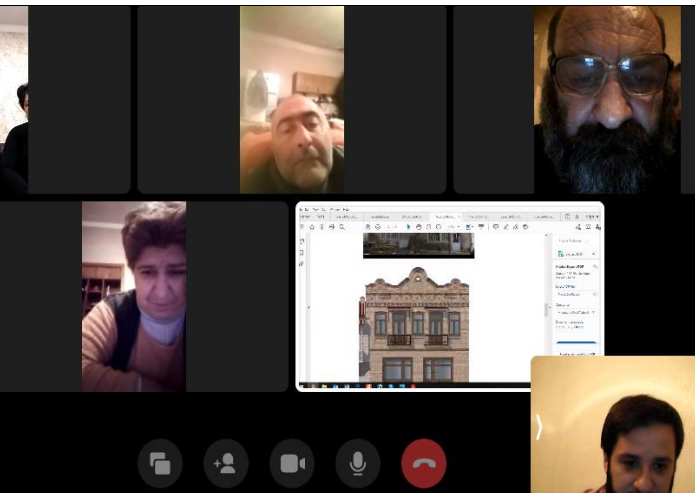
Table 3. Attendees of public consultations

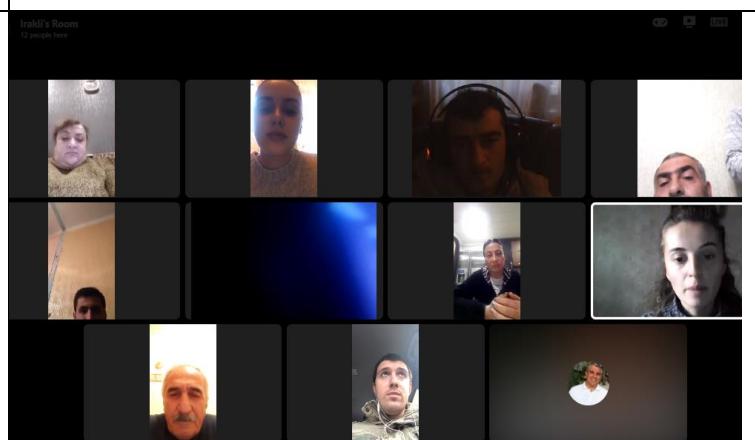
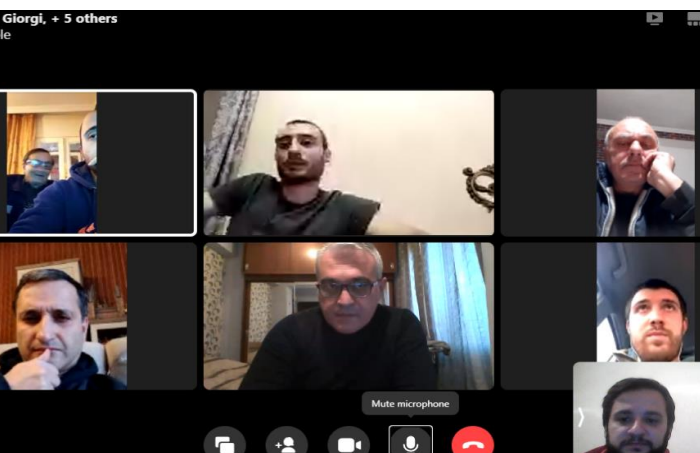
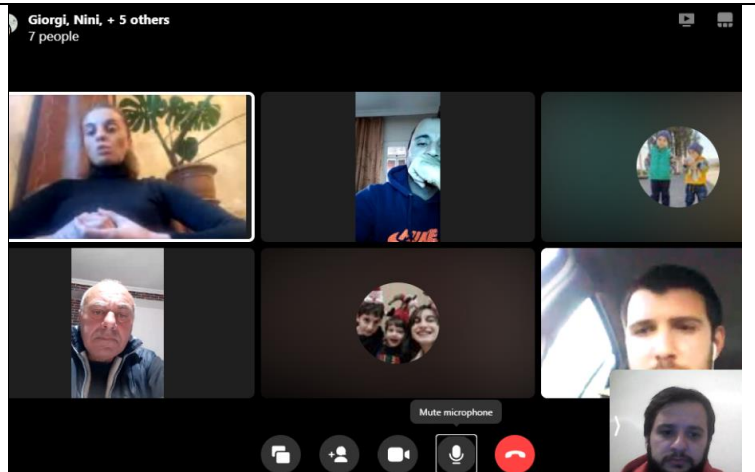
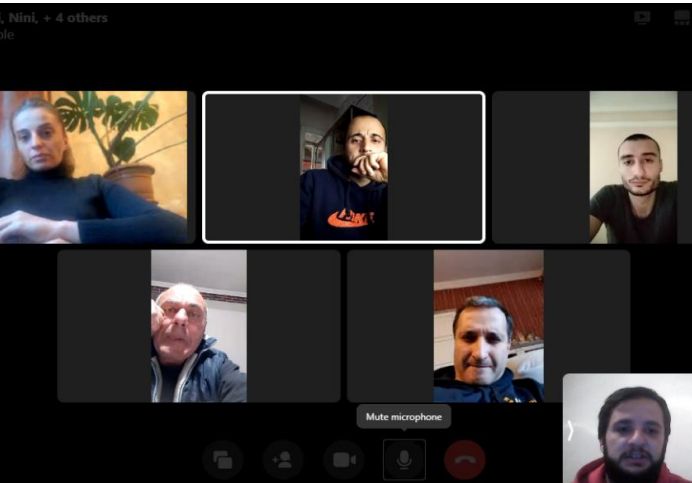
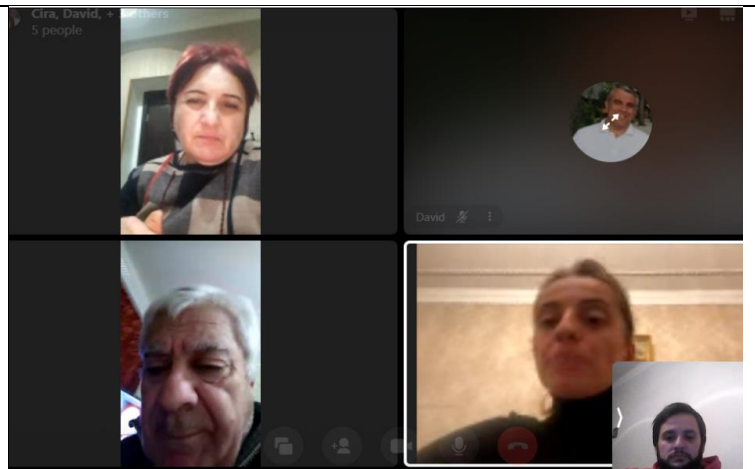
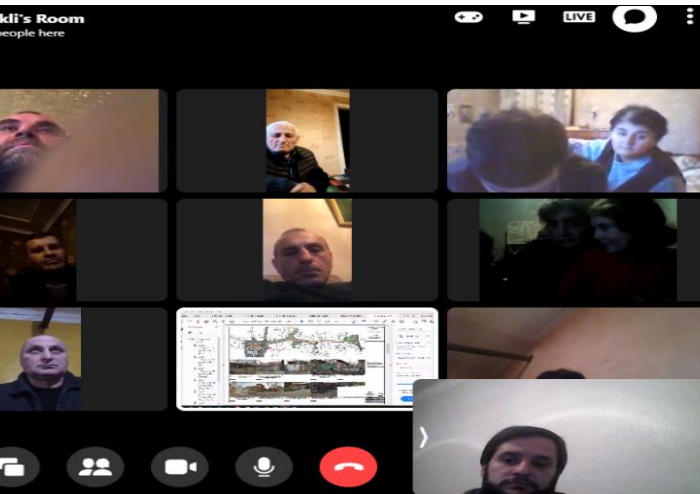
N	Name/surname	Status of ownership	Gender			Name/surname	Status of ownership	Gender
1	Nikoloz Gelitashvili	Physical person	Male		26	Solomon Zardiashvili	Physical person	Male
2	Anzor Gomshiashvili	Physical person	Male		27	Mikheil Bezhanishvili	Physical person	Male
3	Vazha Zaalishvili	Physical person	Male		28	Gia Kvrivchirishvili	Physical person	Male
4	Amiran Zaalishvili	Physical person	Male		29	Gia Moseshvili	Physical person	Male
5	Amiran Mailashvili	Physical person	Male		30	Indira Valishvili	Physical person	Female
6	Gia Kapanadze	Physical person	Male		31	Guram Berikashvili	Physical person	Male
7	Besarion Kardenakhishvili	Physical person	Male		32	Natia Karseladze	Physical person	Female
8	Zurab Onoprishvili	Physical person	Male		33	Amiran Nesuashvili	Physical person	Male
9	Gocha Nesuashvili	Physical person	Male		34	"Well Pharma" LTD (Nino Gvaramadze)	Legal Entity	Female
10	Ilia Meskhi	Physical person	Male		35	KTW LTD (Tiko Gagnidze)	Legal Entity	Female
11	Nana Tatiashvili	Physical person	Female		36	Eldar Kobakhidze	Physical person	Male
12	Baduri Kituashvili	Physical person	Male		37	Nata Kardenakhishvili	Physical person	Female
13	Avtandil Avtandilashvili	Physical person	Male		38	Maia Mepurishvili	Physical person	Female
14	Alberti Zveriashevili	Physical person	Male		39	Dimitri Shalashvili	Physical person	Male
15	Zurab Khutsishvili	Physical person	Male		40	Nino Aptsiauri	Physical person	Female
16	Mikheil Gabruashvili	Physical person	Male		41	Spar Ltd. (Ekaterine Beruashvili)	Legal Entity	Female
17	Tsira Mepurishvili	Physical person	Female		42	Magnet Ltd (Elene Utmelidze)	Legal Entity	Female
18	Levani Sul Khanishvili	Physical person	Male		43	Nana Gelashvili	Physical person	Female
19	Zaal Kapanadze	Physical person	Male		44	Beka Badalashvili	Physical person	Male
20	Vladimer Javakhishvili	Physical person	Male		45	Zauri Okruashvili	Physical person	Male
21	Giorgi Aivazashvili	Physical person	Male		46	Vano Okrouashvili	Physical person	Male
22	Zurab Korghnashvili	Physical person	Male		47	Nino Mekvevrishvili	Physical person	Female
23	Giorgi Sekhniashvili	Physical person	Male		48	Gia Bezhanishvili	Physical person	Male

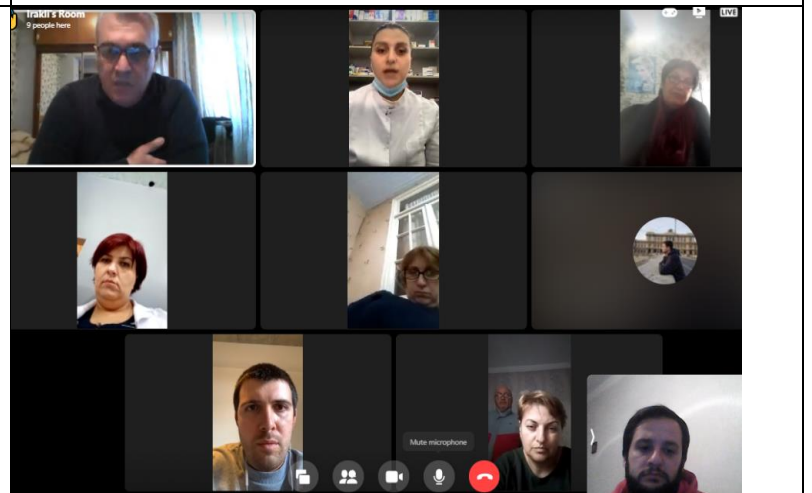
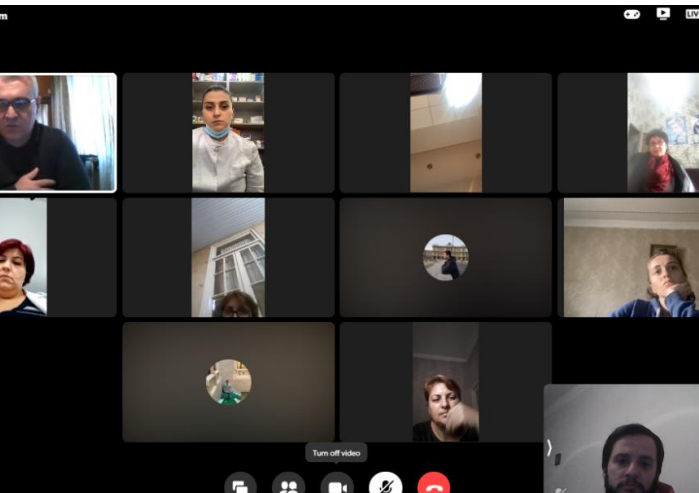
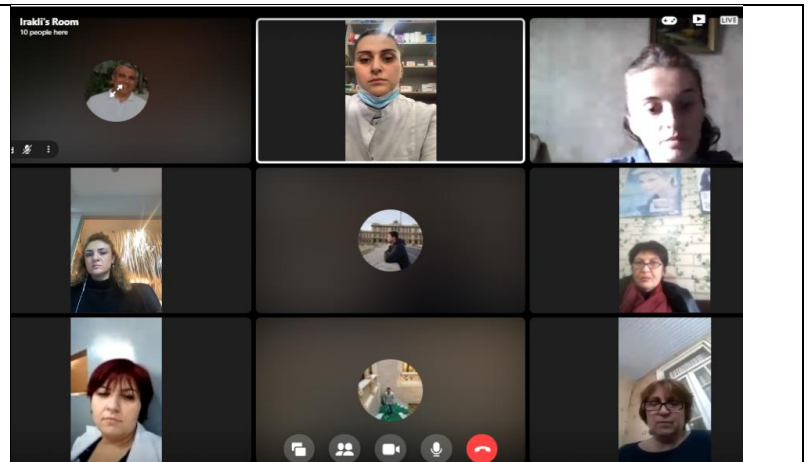
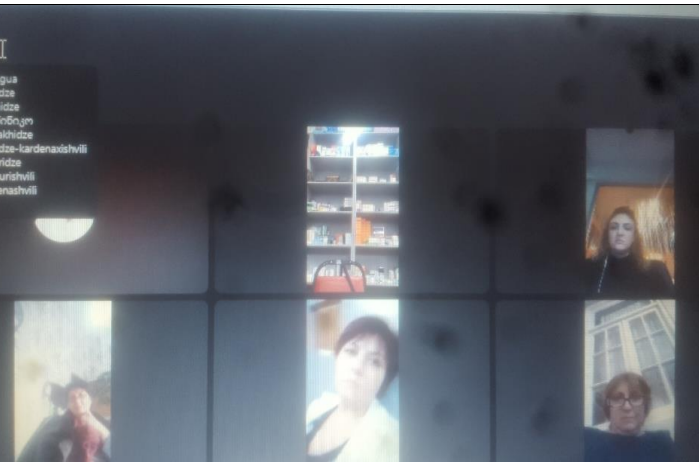
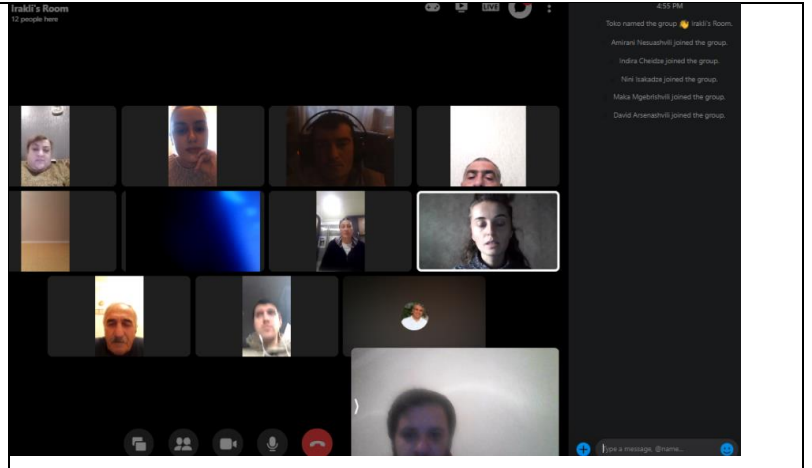
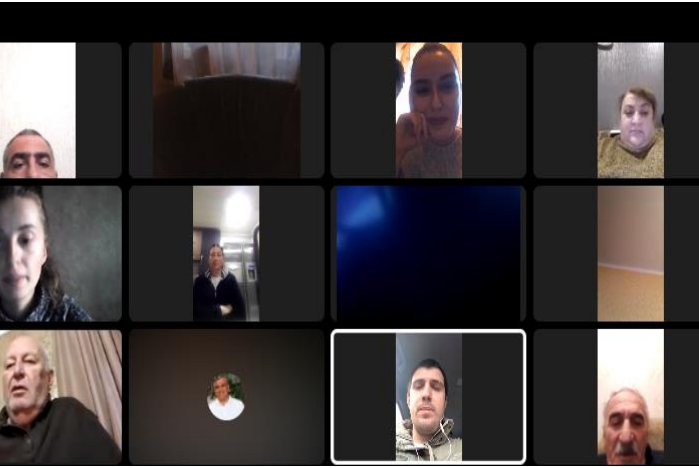
24	Zakaria Mghebrishvili	Physical person	Male		49	Bondo Mitichashvili	Physical person	Male
25	Eremia Mghebrishvili	Physical person	Male		50	Irma Parsadanishvili	Physical person	Female
					51	Mevlud Oganov.	Physical person	Male

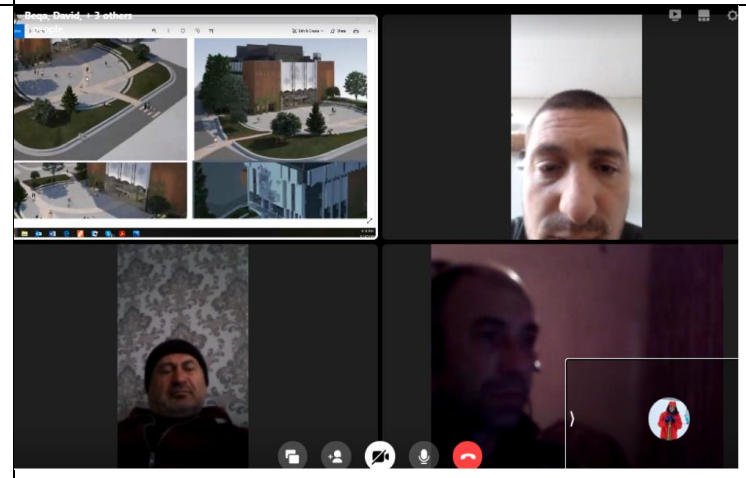
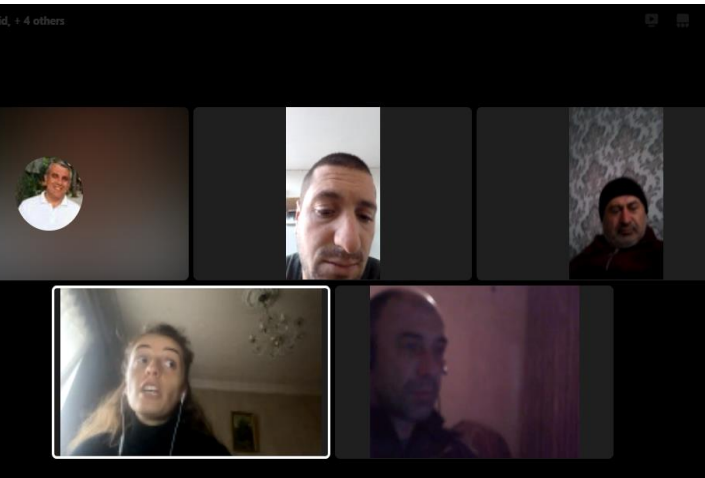
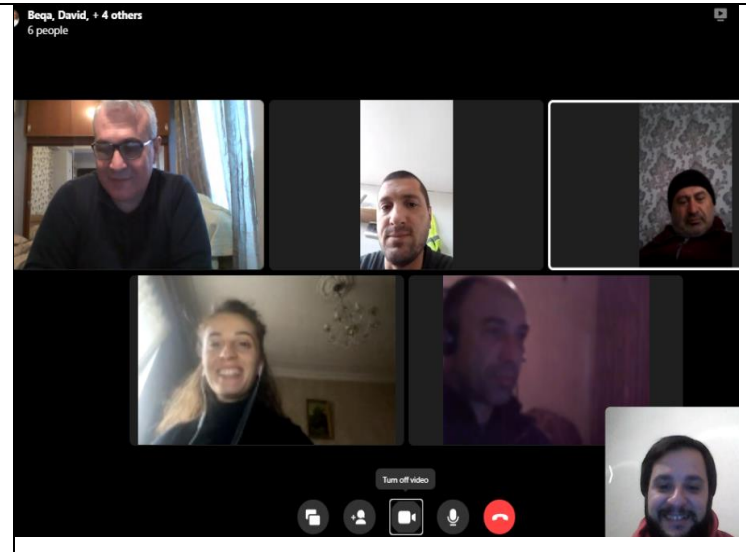
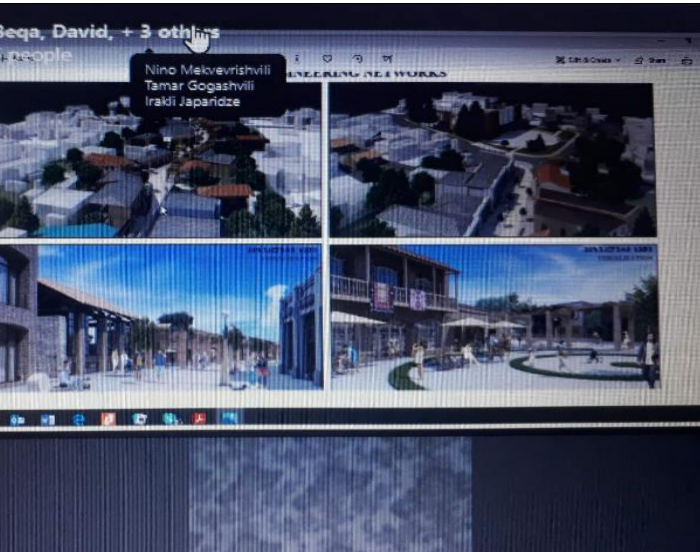
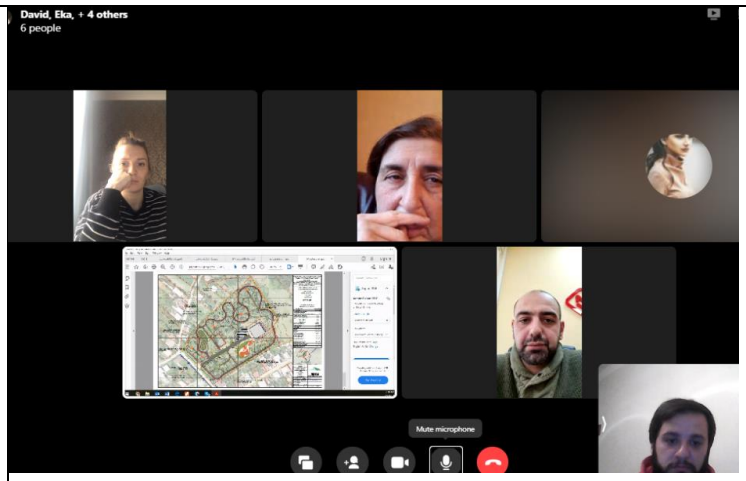
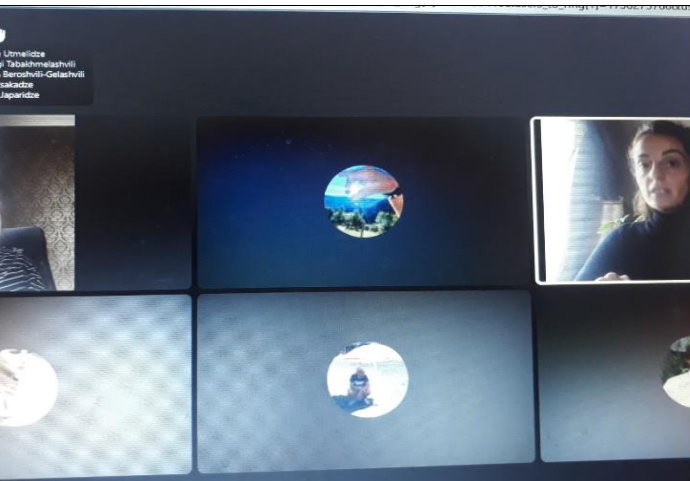
Photos of the Meeting













ANNEX 5 Water Supply and Sewerage Systems of the Central part of Velistsikhe Village

1.1 Water Supply System

Velistsikhe development project will address the issue of potable water supply to the settlement in the central part of the village. For this, it is necessary to determine the amount and quality of potable water that will meet the demand of the settlement even during the peak load period.

The location of the existing water reservoir and water intake yield makes it possible to supply with potable water by gravity to only a part of the village. As the existing water supply system can only partially meet the overall demand, it is necessary to develop main network of the new water supply system.

For operation of the water supply in the central part, it is needed to design the water supply pipeline with diameter of 180mm from the reservoir. Water will be supplied to residential buildings individually, through polyethylene pipeline. Firefighting reserve is also considered for the village – for unit fire occurrence – 10 l/s; fire hydrants should be installed along the network at every 150 m. The intact storage of firefighting water – 108 m³ is taken into account in the existing potable water reservoir.

Figure 1. Location of WWTP



1.2. Sewerage System

There was a sewerage network with its treatment plant in the village that has been ruined over time. The network is clogged and is not subject to recovery. Pipelines of $D = 150\text{--}300$ mm should be considered for arrangement of sewerage system in the central part of the village. As it was mentioned above, the average water supply discharge of the village is $q=8.08$ l/s without firefighting flow.

Considering the fact that the area of the village has slight inclination, there is a need to increase the 200mm pipe diameter up to 250-300mm at the lower part of the village in order to avoid usage of the pumping station. This way, the flow in sewerage network could be arranged by gravity.

The sewerage network is planned to take wastewater to the area near the bank of the Cheremiskhevi river, where the biological treatment plant will be arranged as two units having capacity of 2x150m³/day allowing to operate the plant according to treatment demand low out of the tourist season and high during the tourist season.

Polyethylene pipes with the diameter of 150-300 mm are considered for the sewerage network. Distance between manholes for 200-300 mm pipes should not exceed 50 m, and for 150 mm pipes – 35 m. Outfall for effluent from the wastewater treatment plant will be arranged in the lower section of the Cheremiskhevi river valley, in order to avoid water inflow into the treatment plant during river flooding.

It is noteworthy that the treatment plant capacity is calculated at the maximum capacity for the residents and the visitors to the resort. However, each treatment device can treat sewage waste at $\pm 25\%$ of its own capacity. This means that a treatment plant with the capacity of 100 m³ will additionally serve 700 persons.

Treatment plant's location is selected to ensure by-gravity flow of collected wastewater without setting up an additional pumping station. In case of construction of a new residential building below the treatment plant, it will be necessary to set up a pumping station.

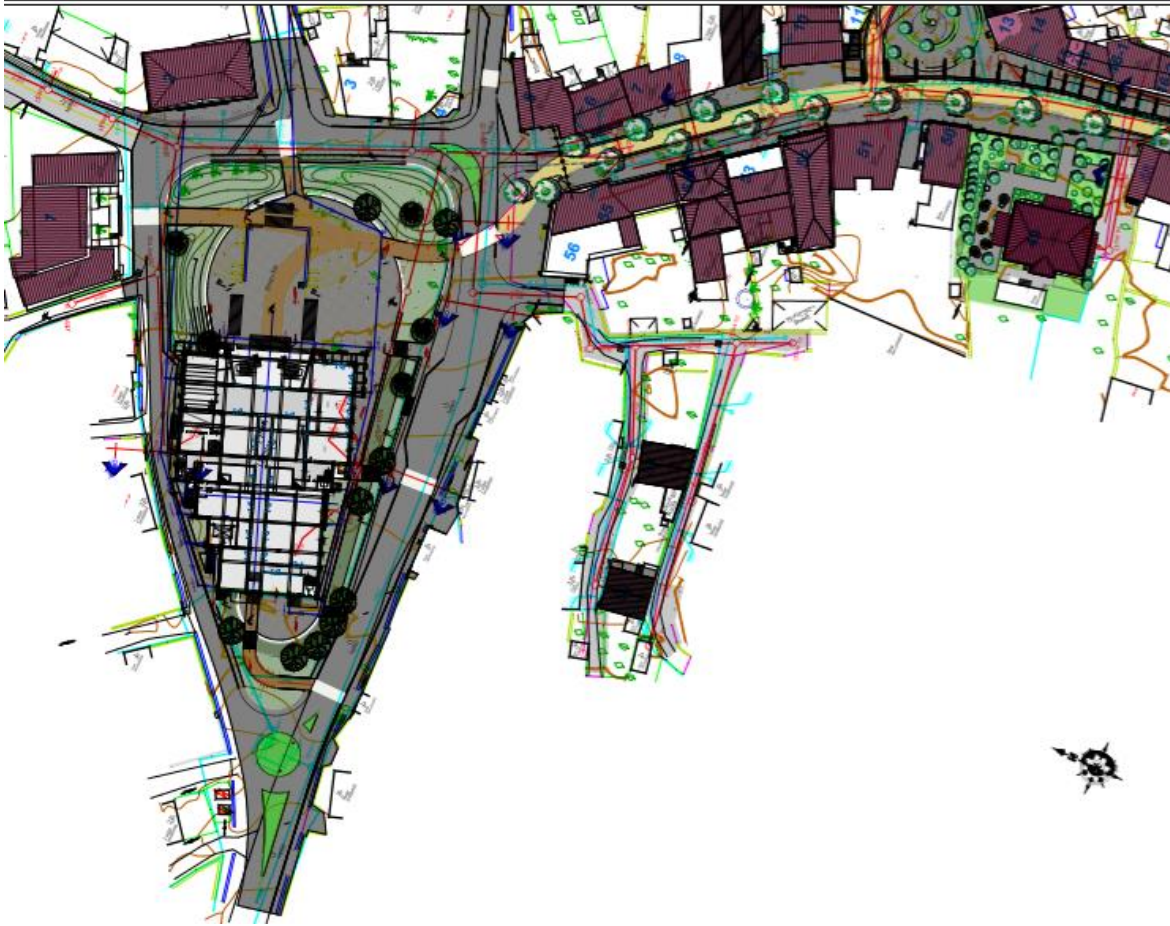
The treatment device comprises of the following: receiving-distributing chamber with dual air supply; the screen, which ensures removal of coarse admixtures; three-stage reactor; the trickling filter with air circulation, where cellular plastic mass is incorporated and which operates with the settling. Contact tank and sludge tank - aerobic sludge stabiliser and sludge dewatering.

The treatment system operates based on the principle – “Separate and Order” – high level biological treatment is implemented using aerotanks, placed following one another. In this case, each aerotank operates effectively with certain microorganisms and there is no conflict between them, as each group of microorganisms effectively operates within the framework of their own polluted liquid concentration and wastewater is processed stage by stage.

1.3. Drainage Network

The Project envisages arrangement of the drainage network in the central part of the village in accordance with the technical regulations acting in Georgia. The area of the territory is 14,93 ha, of which 2,4 ha is covered with asphalt-concrete road; total area occupied by the residential houses and the theatre is - 1,31ha. Greeneries and plants occupy 11,22 ha. There is an open drainage network in the area, the topo of which is depicted in light blue. Part of the project channels is in use and new channel pipes are being connected to them.

Scheme 1. Water supply and sewerage system are marked with red lines.





The area is divided into 3 parts: the first part – from the park to the theatre area. The channel will be arranged on the right side of the road, which will be connected to the existing channel, passing at the theatre. Closed pipes will be arranged at the entrances to the yards. In the rest of the area, open system will be provided with screens. From section 1 rain water will be discharged into existing channel, which is connected to the old drainage system through viaduct. 400 mm diameter pipe is laid under the road. Similar to the section 1, the drainage network of section 2 will be connected to the existing drainage channel through open channel. Like in the case of section 1, closed pipes will be arranged at the entrances to the yards. Pipes of both – the section 1 and section 2 are arranged at the edge of the ground road. Section 3 will be arranged on the left to centreline of the concrete road. Due to topographic elevations, the road slopes from right to left. Besides, to compensate this and, also, in order to avoid damage to water supply pipe, the channel will be arranged on the left side.

There is water supply network on the right side. Section 4 is arranged on the right side of the road. It is connected to the drainage well N1, located in section 2. The channel laid in the section 4 after drainage well N9 moves to the left side of the pedestrian road and goes along it to the end, until drainage well N1. The depth of the drainage channel from bottom to the top does not exceed 50 cm. Buried water supply pipe can be crossed in the point, where the project channel is planned to be laid, hits the channel, it should be dismantled and placed under the channel. Similar crossings will be specified in-situ.

ANNEX 6 Summary of Rehabilitation Works

Reconstruction and rehabilitation of houses on the central street of Velistsikhe village. The renders reflecting condition before and after:

1



2



3



4



5





Rehabilitation and renovation of Theater Square and Central Street (including engineering networks.)

In parallel with the rehabilitation of the houses, the three other projects are being implemented that have no impact on private ownership.

The project represents monolithic structures: stairs, walls, benches etc. which are arranged after the pit works on the compressed soil. Monolithic benches are arranged on the concrete preparation and have an expansion joint every 6 m. The monolithic walls on the outer face have metal sheets, which is connected to the concrete with pre-welded starter-rebars.

Picture 1. Detailed Project of the Theatre Square



REHABILITATION OF CENTRAL STREET AND ENGINEERING NETWORKS

The streets involved in this rehabilitation project represent 1.5 km connecting axis between pedestrian street, theatre and park. The first phase tourist units will develop around this axis, and this will further enhance the full development of Velistsikhe.

Central street project itself consists of four parts:

- I. The street project connecting theatre square and park;
- II. Theatre square project;
- III. The street project connecting pedestrian street and parking;
- IV. The street project connecting pedestrian street and parking

Paved street zone is considered to be arranged in the project area of the central street. Its length is 416 meters; width varies between 7.80 and 20 meters. The project area encompasses the center of the street as well as several impasses.

The Project considers the rehabilitation/reconstruction of the central street of the village of Velistsikhe. We have taken a number of measures aimed at creating a nice ambience in the village oriented towards the pedestrians: turning the central street (from the theater to school) into pedestrianised street; building 23 Arch in the middle of the street; making the street narrower and visually cozier; introduction of new plant arrangement; installation of chairs specially designed for Velistsikhe; making a spring instead of an old pond; installation of new modern technological lighting; changing street cover on granite 10 x 10 x 10 cm pavement; paneling the pavement with basalt slabs 30 x 30 x 6 cm; walking from sidewalk to pedestrian street will be able in one flatness, without elevated curbside (as the whole space is mainly for pedestrians and no additional barrier is needed); Another spring will be constructed in front of the school; Hydraulic bollards will stand at all four entrances of the street to restrict access for vehicles. Asphalt and basalt sidewalks will be constructed on the streets adjacent to the theatre. Moto part will be reduced to limit cars' speed.

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

The building is located in the village of Velistsikhe, in the central district. The building has four floors and a disused basement in disrepair. There is a fountain and depreciated fire tank, faced with basalt, in the main square in front of the theatre. Following works are being considered by the project: to dismantle the fountain, depreciated fire tank building and the basement faced with basalt, all located on the square; to remove the debris, the old depreciated fire system tubes and ventilation channels from the basement floor; to dismantle partition walls on the same floor; to cut and remove a part of soil around the theatre according to the project; to rebuild the main entrance on the main facade with constructive intervention; to carry out complete repair of the basement floor; to move the current puppet theatre to the opposite side; to reinforce/rehabilitate annexed console on the 3rd floor; to replace completely the roof; to arrange a terrace in the attic floor; to remove the roof in order to install ventilation in certain places of the attic floor; to arrange the panoramic elevator; to plaster removing and sharpen/coloring on the whole façade; to replace the existing dilapidated door-windows; to arrange the metal stairs; to arrange the decorative metal nets on the facade; to arrange the new engineering networks: electrical technical networks, water and sewer networks, ventilation and heating-cooling systems, fire systems.

Picture 2. Detail project of the Theatre Facade



2. Development of the Park infrastructure.

The park has open sports fields, indoor gym, greenery, skating rink, pergola, playground, boulevard and will be arranged near the Chermiskhevi river.

Picture 3. Park workplan



Picture 4. Situational map



ANNEX 7 Sample agreement with AP on construction work.

Picture 1

გურჯაანის მუნიციპალიტეტში სოფელ ველისიკის ცენტრალურ ნაწილში მდებარე
შენობაზე/ნაგებობაზე საპროექტო და სამშენებლო/სარეაბილიტაციო სამუშაოების
ჩატარების შესახებ მესაკუთრის მოსარგებლის თანხმობა

მისამართი: გურჯაანის მუნიციპალიტეტის ცენტრალური ნაწილი

მე: ნანი გელაშვილი პ/ნ 13001001795 თარიღი: 05.12.2019

გავეცანი გურჯაანის მუნიციპალიტეტში სოფელ ველისიკის ცენტრალურ ნაწილში მდებარე
შენობაზე/ნაგებობაზე საპროექტო და სამშენებლო/სარეაბილიტაციო სამუშაოების
ჩატარების პროექტს. ჩემთვის ცნობილია, რომ სამუშაოები განხორციელდება საქართველოს
მუნიციპალური განვითარების ფონდის მიერ. თანახმა ვარ ჩემს საკუთრებაში/სარგებლობაში
არსებულ შენობა-ნაგებობა(ებ)ზე (მათ შორის საჭიროების შემთხვევაში ღობეზე ან/და
ჭიშკარზე) განხორციელდეს სამშენებლო/სარეაბილიტაციო სამუშაოები.

გაცნობებთ, რომ საპროექტო არეალში მდებარე ჩემს საკუთრებაში/სარგებლობაში არსებული
შენობა-ნაგებობა(ები) არ გამოიყენება ჩემს მიერ საცხოვრებლად, ჩემი საცხოვრებელი
ადგილია ს. ველისიკე.

ნანი გელაშვილი
(სახელი, გარი სრულად)

ნანი გელაშვილი
(მფლობელის ხელმოწერა)

ს. 51.07.66.018
ს. 51.07.66.129

Consent by Owner/Beneficiary to execute design and construction/rehabilitation Works for the Building/Structure located in central part of Velistsikhe Village of Gurjaani Municipality

Gurjaani District Address: Velistsikhe Village of

Date: 05.12.2019

I, Nani Gelashvili, with the personal ID Number: 13001001795, was familiarised with the Design and Construction/Rehabilitation Works Project for the Building/Structure, located in central part of Velistsikhe Village of Gurjaani Municipality. I am aware that the Municipal Development Fund of Georgia is to execute the works. I have no objection to carrying out construction/rehabilitation works for the building-structure(s) (including fence and/or gate, if required) owned/used by me.

Please be notified that I do not live at the building-structure(s), owned/used by me that are located within the project area, since my place of residence is: Velistsikhe Village.

/Signed by/

Nani Gelashvili

Cadastral Code: 51.07.66.018

Cadastral Code: 51.07.66.129

ANNEX 8 Outline of Abbreviated Compliance Report (ACR)**Municipal Development Fund of Georgia****Abbreviated Compliance
Report****Cluster N: xx****Urban Regeneration of historical streets in
Velistsikhe****Livable Cities Investment Project for Balanced
Development (LCIP)**

Prepared and submitted by
MDFG

(Project NO. -----)**Month 2021**

ABBREVIATIONS

ADB	Asian Development bank
CR	Compliance Report
IA	Implementing Agency
Km	Kilometer
AP	Affected Person
AH	Affected Household
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
LE	Legal Entity
HH	Household
EA	Executing Agency
MDFG	Municipal Development Fund of Georgia
MFF	Multitranchise Facility
SPS	Safeguard Policy Statement
LCIP	Livable Cities Investment Project for Balanced Development
Sq. m.	Square Meter
PK	Picket
GEL	Georgian Lari
NAPR	National Agency of State Property
USD	United States Dollar

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Introduction

- General status of the project
- Summary of LARP implementation status (list of clusters with status: completed and handed over date, ongoing, not-yet started).

Objective and Scope of the Compliance Report

- Definition of the “Cluster”¹ covered by the Compliance Report (CR). All the buildings/set of buildings included in this cluster to be listed along with involved number of AHs/APs.
- Scope of CR (can be standard scope with specific additions for that cluster, as needed)
- Progress of LARP implementation indicated in percentage (xx % of completion in total and for this cluster)

Table 1. Summary implementation of the Cluster N xx

N	Description	Total per LARP	This Cluster
A	Total number of involved beneficiary households (BH) and persons (BP), of which:	20/76*	
a1	Involved BH/BP due to project works on their commercial land plots	8/28	
a2	Involved BH/BP due to project works on their vacant non-agricultural land plots	2/8	
a3	Involved BH/BP due to project works on their residential land plots	12/48	
B	Total number of affected households (AH) and persons (AP), of which:	31/108*	
b1	Number of AH/AP to be temporary relocated from their residence	14/49	
b2	Number of AH/AP due to temporary impact on operational business	17/59	
b3	Number of AH/AP due to temporary impact on employment	11/11	
b4	Number of Vulnerable households	8*	
b5	Number of Severally affected households	0	
C	Total number of temporarily affected businesses	26	
D	Total number of employees temporarily losing job	11	
E	Total number of involved land plots	63	
F	Total number of affected land plots (included in item E)	35	
G	Total number of relocated AHs/APs/Abs	34/114*	
H	Total number of affected and benefited households and persons due to rehabilitation works on their residential/commercial buildings or land plots (A+B)	51/184	
* without double counting			

Description of works for the cluster

- General description of cluster implementation process (start and end dates, any issues faced etc.).

¹ Tentative Cluster scope and number to be defined in LARP Implementation Action Plan which will be developed based on Contractor’s work plan.

Table 2. Summary of LARP implementation process in Cluster N xx

N	Affected AP/Business	Changes in impact/ budget /relocation timeline during implementation ²	Relocation place ³	Relocation timeline as per signed contract	Status /timeline for relocation ⁴

Contract signature/Payment status for Cluster N xx**Table 3. Compensation budget breakdown**

	AP/HH/Business	Contract Date	Payment Date	Compensation			Allowances		Total
				Compensation for renting residential space	Compensation of Affected Businesses	Compensation of employment losses	Vulnerable Households	Cost of Relocation (transportation and livelihood assistance)	

Consultations and Grievance Redress

- Brief description of notification and information materials provided to APs, consultation meetings conducted.
- Summary of GRM cases (both verbal and written). If no such cases, this must be also indicated.

Table 4. Grievances received and resolution status

N	Complaint description	Complaint date	MDF Response	Status

Conclusions

- Any pending issue or action to be described

Appendices**Appendix 1: Map⁵****Appendix 2: List of completed cases****Appendix 3: Payment Orders****Appendix 4: Updated Action Plan for LARP implementation (if any)**

² In case of changes in compare with LARP provisions, details shall be provided: what was changed and why.

³ Identified place of relocation to be specified, such as rented facility or other facility etc. with brief description.

⁴ Specify if the relocation status: (i) already relocated prior the CR submission by the AP's initiative or (ii) agreed timeline for relocation calculated from signing of agreement.

⁵ Map to indicate the completed cases for each cluster (labels to specify the number of clusters)