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# Resettlement Planning Document

Addendum 1 to the Land Acquisition and Resettlement Plan  
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January 2015

LARP 2 approved in April 2012

**Georgia:**  
**MFF - Sustainable Urban Transport Investment**  
**Program, Tranche 2 (Loan No 2879 / 2880)**  
**Tbilisi – Rustavi Urban Link – Section 3**

Prepared by Municipal Development Fund of Georgia.

The addendum to the land acquisition and resettlement plan is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

# Municipal Development Fund of Georgia



## **ADDENDUMS TO THE LAND ACQUISITION AND RESETTLEMENT PLAN (LARP 2)**

### **Addendum 1**

Engineering, Procurement, Construction Management and Supervision  
of the Modernization of Tbilisi-Rustavi Section of the Tbilisi-Red Bridge  
(Azerbaijani Border) Road

#### ***Section-3: (km 10.5 – 17.1) Tbilisi - Phonichala***

LARP 2 approved in April 2012

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## CURRENCY EQUIVALENTS

(as of 20 January 2015)<sup>1</sup>

Currency Unit	–	Georgian Lari (GEL)
		United States Dollar (USD, \$)
GEL 1.00	=	USD 0.5146
USD 1.00	=	GEL 1.9434

## ABBREVIATIONS

ADB	Asian Development Bank
IA	Implementing Agency
km	Kilometre
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
MDFG	Municipal Development Fund of Georgia
MFF	Multitranchise Facility
SPS	Safeguard Policy Statement
SUTIP	Sustainable Urban Transport Investment Project
sq.m.	Square Meter

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

## 1. GENERAL

1. Sustainable Urban Transport Investment Program is financed through an ADB Multitranche Financing Facility (MFF) and implemented by Municipal Development Fund (MDFG) of Georgia with an overall purpose to improve connectivity, reduce traffic congestion and promote sustainable, safe, reliable and efficient transport. The Project is, with other projects, included in Tranche 2 of the Sustainable Urban Transport Investment Program (SUTIP).

2. The Land Acquisition and Resettlement Plan for Section 3 (LARP 2) was prepared by the MDFG to address Land Acquisition and Resettlement (LAR) impacts/compensation issues for Section 3 (km 10.5 – 17.1) of the Tbilisi-Rustavi Urban Link. The LARP 2 was based on detailed design, and was prepared in compliance with the provisions of the Land Acquisition and Resettlement Framework (LARF)<sup>2</sup> and the requirements of ADB's Safeguards Policy Statement of (SPS). With MDFG as the Implementing Agency (IA) the Project is included in Tranche 2 of SUTIP. The Program is financed through an ADB Multi-tranche Facility (MFF) of which Tranche 2 accounts for about 100 million USD. In Tranche 2 of the program also includes the section 1 (km 0 – 4) of the same road for which the separate LARP was prepared and implemented.

## 2. LARP 2 IMPLEMENTATION

3. The LARP 2 was approved by Government of Georgia and ADB in April 2012. Implementation of LARP 2 commenced in 2012. Implementation of LARP 2 was finalized and the joint Compliance Report on LARP 1 (Section-1: (km 0 – 4) Tbilisi – Phonichala) and LARP 2 (Section-3: (km 10.5 – 17.1) Phonichala – Rustavi) was developed in August 2012. In the result of monitoring process the External Monitor concluded that land acquisition and resettlement procedures are accomplished according to the LARP 2 for Modernization of Tbilisi-Rustavi Section of the Tbilisi – Red Bridge Road Section 3 (km 10.5 – 17.1) Phonichala – Rustavi.

4. Implementation of LARP 2 is mostly completed, however there are few pending issues<sup>3</sup>. Civil works in Section 3 are currently in process, however access was provided only to the part of Section 3 where no pending issues existed. Pending issues also include provision of compensation to the affected person (AP) #74, part of the land plot of which is affected under the Section 3, while another part of the same land plot will be affected due to construction of the Secondary Roads for Section 3 (for which the LARP is currently under development). Thus, during implementation of LARP 2, it appeared that there will be additional impacts on the AP #74. The overall area of the land plot owned by the AP is 3500 sq.m. Within the framework of LARP 2 (approved in April 2012), part of the land plot with an area of 816 sq.m. was impacted and compensation in amount of 31,775 GEL was estimated to be provided to the owner.

5. In addition, the canopy structure of petrol station (under which pumps and meters are located) with an area of 234.35 sq.m., platform made of concrete and asphalt with an area of 360.00 sq.m., as well as an advertisement pylon were affected and respective compensation in total amount of 116,863 GEL was envisaged in the LARP 2 (including compensation for canopy in amount of 94,666.00 GEL, platform - 21,010 GEL and pylon - 1,187 GEL). Total

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<sup>2</sup> Land Acquisition and Resettlement Framework was agreed in 2010 between MDFG, on behalf of the Government of Georgia, and the ADB upon the inception of SUTIP.

<sup>3</sup> Two other pending issues include: (i) finalization of court review of inheritance case, since the owner of the plot passed away and the compensation was transferred to an escrow account and will be provided to the relative of the owner (and his only potential heir) once the court process to formalize inheritance rights is completed; and (ii) completion of the land plot registration process, for which the negotiations with the owner who is not citizen/resident of Georgia were carried out.

compensation calculated for the AP in the LARP 2 (approved in April 2012) was equal to 148,638 GEL. See table 1. In the meantime, the AP was expected to continue his activities on the remaining land plot with an area of 2,684 sq.m., where the structures and operating business (petrol station, including canopy to be reconstructed) are located.

Table 1. Compensation for affected lands and property as per LARP 2 (approved in April 2012)

<b>Structure</b>	<b>Unit</b>	<b>Compensation (GEL)</b>
Land plot	816 sq. m.	31,775.00
Canopy structure of petrol station	234.35 sq. m.	94,666.00
Platform (concrete and asphalt)	360 sq. m.	21,010.00
Advertisement pylon	1 unit	1,187.00
<b>Total</b>	-	<b>148,638.00</b>

6. However, later in 2014 during assessment of impacts while development of LARP for Secondary Roads for Section 3 it became clear that a part (1228 sq.m.) of the 2684 sq. m. plot remaining after the LARP 2 impact will also be acquired. In addition to the land plot, the building of the petrol station (including building with operation room and administrative office, as well as canopy structure) with area of 98 sq.m., underground fuel tanks, as well as platform with area of 675 sq.m. will be acquired. The owner requested to take the whole land plot, since the remaining plot with an area of 1456 sq.m. is unviable for further use and business operation.

### **3. OBJECTIVES OF THE ADDENDUM 1 TO LARP 2**

7. During implementation of LARP 2 for the section 3 (km 10.5 – 17.1) of the Tbilisi-Rustavi Urban Link, an additional impact on one land and property owner was revealed, which determines the necessity of introducing changes in LARP 2 and its implementation process, and requires acquisition of the entire land plot, structures located on that land plot (since December 2013 the business was operating on the affected land plot with no profit). These changes are reflected in the current Addendum 1 to LARP 2.

8. A compensation budget is provided in the Addendum 1 to LARP 2 to enable MDFG to pay compensation to AP. Implementation of the mitigation measures described in this Addendum is a precondition for starting the civil works in the area, where the affected land plot is located.

### **4. ADDITIONAL IMPACTS AND COMPENSATION**

#### **4.1 Land loss and compensation**

9. Additional impacts include loss of a non-agricultural land plot with total area of 3500 sq.m. owned by a single legal entity (the AP). The calculation of compensation was carried out in accordance with the Entitlement and Compensation Matrix of the LARP 2, that for privately-owned lands envisages compensation in cash based on the current market value in the area. The total compensation for the affected land plot is estimated at **GEL 144,550.00** including VAT<sup>4</sup>.

#### **4.2 Structure losses and compensation**

10. There is 1 structure located on the affected land plot – petrol station building with an overall area of 332.35 sq.m. (based on actual measurement), including the main one-storey

<sup>4</sup> According to section 5 of clause 177 of the Tax Code of Georgia “during delivery of the land plot with attached premises, the operation is considered as delivery of the premises” and in such case it is liable to the VAT.

building with an area of 98 sq.m., as well as the canopy covering the area of 234.35 sq.m., where pumps and meters are located.

11. Structure located on the affected land plot is also connected to centralized systems for water supply and sewerage, power supply, and are equipped with air conditioning system. Valuation of the structures, including infrastructure required to connect to utilities, such as water supply and sewerage networks, power grid (including pipelines, cabling, etc.) was carried out in accordance with ADB requirements, by replacement (or construction of the similar new one) cost that included cost estimation for the station construction works. The total replacement cost for the affected structures is estimated at **GEL 421,535.00** including VAT.

12. In addition, the equipment available on the land plot and previously used to operate the business will be dismantled and provided to the owner.

#### **4.3 Employment loss and compensation for lost jobs of workers**

13. One business entity will be permanently affected due to Project activities. According to the information provided by the business owner, the business was not operational and thus was not profitable during last year, and the salaries for 2 employees were paid from the income accumulated prior to December 2013. In total 2 employees (director and accountant) will lose their jobs. These workers are entitled to indemnity for lost wages equal to 3 months of minimum subsistence income of 313 GEL. The compensation for affected workers comprises **GEL 1,878.00**.

#### **4.4 Relocation and transition allowance**

14. According to the Compensation Matrix of LARP 2, the AP is entitled to provision of a monthly allowance of 313 GEL covering transport expenses and livelihood expenses for the transitional period for 3 months. Total amount of relocation and transition allowance is estimated at **GEL 939.00**.

#### **4.6 Severely affected household**

15. According to the Compensation Matrix of LARP 2, the AP is entitled to provision of an additional compensation for 3 months of minimum subsistence income (313 GEL \* 3 months) totaling to **GEL 939.00**.

### **5. CONSULTATIONS WITH AP**

16. MDF carried out several meetings with AP from July 2012 to January 2015 and consulted the AP regarding the acquisition of the entire land plot and structures, valuation methodology and compensation calculation to ensure that AP is well informed and aware of the LAR process, and is provided with an opportunity to express his views. The AP is well informed of the valuation methodology and compensation amount proposed, and has expressed his agreement.

## 6. COMPENSATION BUDGET

17. Total compensation budget is summarized below in the table 2.

Table 2. Additional land acquisition and resettlement budget

	Particulars/Items	Number of APs	Quantity	Estimated Budget (GEL)	Estimated Budget (USD)
1.	Compensation for privately-owned non-agricultural land (1 plot)	- HH, 1 LE	3,500 sq.m.	144,550.00	74,385.43
2.	Compensation for structures	- HH, 1 LE	1 unit	421,535.00	216,921.91
3.	Compensation for employment loss	2 employees	2 units	1,878.00	966.42
4.	Relocation and transition allowance	- HH, 1 LE	1 unit	939.00	483.21
5.	Allowance to severely affected persons	- HH, 1 LE	3 months	939.00	483.21
<b>Total</b>				<b>569,841.00</b>	<b>293,240.18</b>