

**MINISTRY OF REGIONAL DEVELOPMENT AND INFRASTRUCTURE
OF GEORGIA**

ROADS DEPARTMENT



KVESHETI-KOBI ROAD

TUNNEL SECTION (LOT 1)

**LAND ACQUISITION AND RESETTLEMENT PLAN
(LARP)**

July 2019

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LIST OF ABBREVIATIONS

ACS	Acquisition and Compensation Scheme
ACM	Acquisition and Compensation Matrix
ADB	Asian Development Bank
AH	Affected Household
AP	Affected Person
CBO	Community Based Organization
CSC	Construction Supervision Consultant
DD	Detail Design
DMS	Detailed Measurement Survey
EMA	External Monitoring Agency
EA	Executive Agency
EBRD	European Bank for Reconstruction and Development
ETCIC	Eurasian Transport Corridor Investment Center
ESIA	Environmental and Social Impact Assessment
EWHCIP	East West Highway Corridor Improvement Project
FS	Feasibility Study
GoG	Government of Georgia
GPS	Global Positioning System
GRCE	Grievance Redress Committee
GRCN	Grievance Redress Commission
GRM	Grievance Redress Mechanism
HH	Household
IA	Implementing Agency
IP	Indigenous Peoples
Km	Kilometer
LAR	Land Acquisition and Resettlement
LARP	Land Acquisition and Resettlement Plan
LARC	Land Acquisition and Resettlement Commission
MOES	Ministry of Economic and Sustainable Development
M&E	Monitoring and Evaluation
MTFF	Multi Tranche Financial Facilities
MOF	Ministry of Finance
MPR	Monthly Progress report
MRDI	Ministry of Regional Development and Infrastructure
NAPR	National Agency of Public Registry
PIB	Public Information Booklet
PR	Public relation
PRRC	Property Rights Recognition Commission
NGO	Non-governmental Organization
RD	Roads Department (of the Ministry of Regional Development and Infrastructure of Georgia)
ROW	Right of Way
SES	Socioeconomic Survey
SPS	Safeguard Policy Statement

In this report “\$” refers to US dollars

1\$=2.43 GEL (20th of April 2018)

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

GLOSSARY

Affected Household (AH)	All members of a household residing under one roof and operating as a single economic unit, who are adversely affected by the Project. It may consist of a single nuclear family or an extended family group.
Affected People (AP)	Individuals affected by Project-related impacts.
Eligibility	Means any person(s) who at the Cut-off-date was located within the area affected by the project, its sub-components, or other subproject parts thereof, and are affected by the project. Eligibility is irrespective of (a) formal legal rights to land, (b) customary claim to land or asset, or (c) no recognizable legal right or claim to the land APs are occupying.
Entitlement	Means the range of measures comprising cash or kind compensation, relocation cost, rehabilitation assistance, transfer assistance, income substitution, and relocation which are due to APs, depending on the type, degree and nature of their losses, to restore their social and economic base.
Land acquisition	Means the process whereby a person is compelled by the Government through the Executing Agency of the Project to alienate all or part of the land s/he owns or possesses in favor of the State due to the implementation of the Project or any of its components in return for consideration.
Replacement cost	Means the method of valuing assets to replace the loss at market value, or its nearest equivalent, plus any transaction costs such as administrative charges, taxes, registration, and titling costs. Where national law does not meet this standard the replacement cost will be supplemented as necessary. Replacement cost is based on market value before the project or dispossession, whichever is higher. In the absence of functioning markets, a compensation structure is required that enables affected people to restore their livelihoods to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access. For loss that cannot easily be valued or compensated for in monetary terms (e.g. access to public services, customers, and supplies; or to fishing, grazing, or forest areas), attempts are made to establish access to equivalent and culturally acceptable resources and earning opportunities.
Rehabilitation	Means the measures required to (i) restore access to public facilities, infrastructure, and services; (ii) cultural property and common property resources; (iii) mitigate loss of access to cultural sites, public services, water resources, grazing, or forest resources including establishment of access to equivalent and culturally acceptable resources and income-earning opportunities; and, (iv) restore the economic and social base of APs severely affected by the loss of assets, incomes, and employment. All such people will be entitled to rehabilitation assistance measures for restoring incomes and living standards. Such measures must be determined in consultation with APs, including any APs whose rights might not be formally recognized.
Resettlement	Means full or partial, permanent or temporary physical displacement (relocation, loss of residential land/ or shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to parks and protected areas. The definition applies to impacts experienced, regardless of whether it involves actual relocation.
Land acquisition and resettlement plan	Means the time-bound action plan prepared to compensate and/or mitigate the impacts of resettlement..
Relocation	Means the physical shifting of APs from his/her pre-project place or residence, place for work or business premises.
Sakrebulo	This is the representative body of local self-government. The middle level of local government consists of 67 municipalities and six cities in Georgia: Tbilisi, Kutaisi, Rustavi, Poti, Batumi and Sukhumi. The representative branch of municipality level is the municipality level Local Councils (Municipality Sakrebulo) and the executive branch is the Representative of the Mayor of the

	<p>municipality in the administrative. The self-government level consists of settlements (self-governed cities) or groups of settlements (municipalities). Settlements could be villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The representative and executive branches of self-government are represented accordingly by Local Council (Sakrebulo) and the Representative of the Mayor of the municipality in the administrative unit. The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.</p>
Severely Affected Household	<p>Include those AHs (i) losing 10% or more of their productive land/income generating assets (ii) physically displaced HH and (iii) households losing commercial/business establishments.</p>
Informal Settlers	<p>Non-legalizable AHs losing land plot used without authorization, for living and/or provision of source of income for the AH.</p>
Vulnerable Households	<p>Particularly disadvantaged Households who might suffer disproportionately or face the risk of being marginalized from the effects of land acquisition and resettlement. These are; (i) female-headed households with and/or without dependents; (ii) disabled household heads; (iii) poor households as defined by the official poverty line; (iv) elderly-headed households residing alone; (v) households without security of tenure; (vi) cultural or ethnic minorities; and (vii) refugees or internally displaced people.</p>

EXECUTIVE SUMMARY

1 General Information

1. The Kvesheti – Kobi section is divided into two lots for the construction works. Lot 1 begins at KM 12+720 and ends at KM 22+751. It runs from Tskere tunnel portal to Kobi junction where it connects with the exiting road. The main element of this section is a 9 km tunnel (Tunnel No 5). An emergency gallery parallel to the tunnel, service buildings in both the North and South portals and other related works are being considered as part of the Lot 1 project.

2. The Lot 2 section from Kvesheti to Tskere includes four tunnels totaling 2.5 km in length and six bridges. It begins at KM 0+000 and ends at KM 12+700. The main elements of this section are:

- (i) Kvesheti bypass road (length 3.2 km),
- (ii) six bridges ranging from 27.8 m to 435.28 m in length,
- (iii) four tunnels ranging from 193.42 m to 1,540.64 m in length,
- (iv) five grade junctions (KM 0+300, KM 1+700, KM 3+100, KM 7+700, KM 10+500), and
- (v) three service roads.

3. A separate Land Acquisition and Resettlement Plan (LARP) will be prepared for each Lot. This LARP is concerned with Lot 1 (the Project). It has been prepared by the Roads Department of the Ministry of Regional Development and Infrastructure (RD) of the Government of Georgia for the 10 km Kvesheti-Kobi Road Tunnel Section Lot 1 project which is expected to be financed under a proposed loan from the Asian Development Bank (ADB). The Ministry of Regional Development and Infrastructure (MRDI) is the Project's Executing Agency (EA) and the RD is the Implementing Agency (IA).

4. This LARP is an implementation-ready document based on the final road alignment and impact figures/implementation arrangements. It fully reflects the provisions of relevant Georgian laws, ADB Safeguards Policies Statement of 2009 (SPS 2009) and the European Bank for Reconstruction and Development (EBRD) Environmental and Social Policy 2014: Performance Requirement (EBRD PR 5).

5. Based on the impacts assessment carried out during the preparation of this LARP as well as on the preliminary data for the Lot 2 LARP, the Project is, as defined by SPS 2009, classified as 'Category A' for involuntary resettlement, and as 'Category C' for Indigenous Peoples (IP).

2 Census and Impact Assessment

6. The AHs/APs Census Survey and the Detailed Measurement Survey (DMS) of all affected assets was conducted in April 2018 and updated in August and September 2018.¹ The census identified 17 affected households (AHs) with 67 affected persons (APs). The surveys considered owners and users of land and buildings, affected crops and fruit trees as well as the severity of impact and vulnerability of affected people.

7. The 17 AHs will be impacted as follows:

- (i) 20 agricultural land plots,
- (ii) 3 residential land plots,
- (iii) 12 fruit trees,
- (iv) 3 residential buildings,
- (v) 8 gates and fences,
- (vi) vegetables on 5 land plots (3,004 m²), and
- (vii) fodder on 18 plots (27,746 m²)

¹ There were no changes in the number of AHs. One AP which was not accessible in April 2018, was identified and interviewed in September 2018.

8. There are 14 severely affected households including five AHs which are vulnerable and three AHs which will be relocated. Out of these three-to-be-relocated HH, one AHs is living below poverty line. Out of all AHs, 14 will lose more than 10% of their productive agricultural and/or residential land. Five of these AHs belong to vulnerable groups and three will lose their summer residential building.
9. There are no affected businesses or affected jobs at this Project.
10. The impacts and the number of APs are summarized in the following table:

Table 0-1 Summary of Impact

Impact Category	No. of AHs	No. of APs	Remarks
A. Land			
A1. Agricultural /residential land	3	11	3 land plots
A2 Agricultural land	14	56	20 land plots
Sub-total (A) (without double counting)	17	67	
B. Crops /Trees			
B1. Crops losses	17	67	All AHs included in A1/A2
B2. Tree losses	2	12	All AHs included in A1
Sub-total (B) (without double counting)	17	67	
C. Permanent Structure			
C1. Residential Structure	3	11	All AHs included in A1
C2. Supporting structures (gates and fences)	8	23	All included under A1 and A2
Sub-Total (C) (without double counting)	8	23	
D. Vulnerable AHs	5	21	All AHs included in A1/A2
E. Severely affected AHs			
E1. Losing more than 10% of agricultural/ productive residential land	14	51	All AHs included in A1/A2
E 2.. Relocated AHs	3	11	All AHs included in A1
Sub-Total (E) (without double counting)	14	51	
Grand Total	17 (without double counting)	67 (without double counting)	

11. The census identified five AHs belonging to vulnerable groups. These AHs will receive a vulnerability allowance equal to three month of the national subsistence minimum for AHs with five members. At the cut-of-date on 1 April, 2018, the subsistence minimum was GEL 352.5 per month. The vulnerable households will receive 1,057.5 GEL as a vulnerability allowance. Should the national subsistence minimum increase prior to payment of compensation, payment of vulnerability and other allowances based on the subsistence minimum will be based on the new rate.

3 Socioeconomic Information

12. The socioeconomic survey (SES) and census survey in the Project area were conducted between 20 and 30 April, 2018 and updated in September 2018. All 17 AHs were surveyed. There was no differences in the number of AHs surveyed in September 2018.

13. In total, 17 affected households with 67 persons were covered by the study. Most of the surveyed population (14 AHs/62 APs) does not permanently live in the Project villages. They usually have a couple of elderly people who look after houses and the livestock during the winter months when these

villages may be inaccessible for seven months or more. During the summer months, when children have their school break, the residents return to the villages.

14. The permanent residents (3 AHs/5 APs) of these villages typically have livestock and plant potatoes, garlic and carrots. These vegetables grow successfully in the mountainous terrain. The villagers' major product is hay, which is fed to livestock or sold. Households may earn around GEL 50 per month from the sale of the hay (as reported during the SES).

15. The two Project villages, Tskere and Kobi, have electricity and gas, TV reception from satellite dishes and the mobile phone network works well in the mountains. There are no schools or health care facilities. Access to these services is approximately 10 km away and people are usually walk these distances. No public transport is available as access to these villages is very difficult.

16. The main Project benefits, as stated by the surveyed people, are better access to all facilities such as schools, medial services, shops, public transport etc, better safety (wolves often come close to their cowsheds) and more socializing, once the road is completed. Noise, air pollution and some resettlement were stated as the main adverse impacts of the Project.

4 Legal Background

17. The legal and policy framework of the Project is based on national laws and legislations related to land acquisition and resettlement (LAR) in Georgia, ADB's Safeguard Policy Statement 2009 and EBRD ESP 2014: PR5. Project related LAR principles were adopted based on applicable laws and policies and ADB's Policy requirements,.

18. In general, Georgian legislation adequately reflects the major provisions of ADB Safeguards Policy Statement 2009 and EBRD ESP 2014: PR 5. Performance Requirement 5. The most significant differences are related to the economic rehabilitation of people's livelihoods, compensation and the definition of formal property rights and acquisition of properties for public purposes. ADB SPS 2009 and EBRD ESP 2014: PR 5, complement the Georgian legislation/regulations with additional requirements related to (i) the economic rehabilitation of all AP/AH (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) provision of special allowances covering AP/AH expenses during the resettlement process or covering the special needs of severely affected and vulnerable AP/AHs. To reconcile the gaps between Georgian laws/regulations, ADB Policy (ADB's SPS 2009) and EBRD ESP 2014: PR 5, RDMRDI has adopted a policy for the Project which ensures compensation at full replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for AHs that will be relocated, suffer business losses, or will be severely affected.

19. The RD has developed a Project-specific eligibility and entitlement matrix which determines eligibility for compensation from the Project cut-off-date (1 April, 2018). The following types of APs are entitled to compensation for Project-affected assets.

- (i) all APs losing land covered by a legal title/traditional land rights, legalizable land, or land without legal status;
- (ii) tenants and sharecroppers whether registered or not;
- (iii) owners of buildings, crops, plants, or other objects attached to the land regardless of their legal status; and
- (iv) APs losing businesses, income, and salaries.

5 Institutional Arrangements

20. The Road Department of the Ministry of Regional Development and Infrastructure of Georgia (RDMRDI) is the Implementing Agency (IA) and the MRDI is the Executing Agency (EA). RD has lead responsibility for implementation of the Project as well as acquisition of land and implementation of the LARP. RD is assisted by a number of other government departments and private agencies in the design, construction and operation of the Project. Pursuant to active legislations, 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 land ownership, verification and certification of land use by village communities, Notaries, Property Rights Recognition Commission (PRRC), and Sakrebulo. Municipality

NAPR is also responsible for registering the transfer of acquired land from landowners to the RD. The local governments at the Municipality and Sakrebulo levels are involved in the legalization of legalizable land parcels and therefore, land acquisition and resettlement of APs. The Ministry of Natural Resources and Environmental Protection is responsible for environmental issues.

6 Public Consultations, Participation and documents Disclosure

21. A public consultation and participation plan has been made and implemented for this Lot. The aim of consultations was to involve the stakeholders in the decision-making process, especially the people who are either directly benefiting from, or affected by the Project. Communications were conducted mostly in the Georgian language. A total of 144 APs (99 males and 46 females) participated at four consultations in Kvesheti, Kobi, Begoni, Tskere, Zakatkary, Mugure, Bedoni and Arahveti. During the DMS and SES activities, each AP was additionally informed about the LAR processes, applicable entitlements and available GRM. Public consultation with APs' participation at all stages are ongoing. The consultations with APs will continue after the finalization of the LARP, during the LARP and Project implementation and at any point when required. Representatives of 15 AHs participated in consultations, while all AHs were informed about the Project.

22. During the LARP preparation, the following activities were completed :

- (i) dissemination of Project information such as the description of the Project, cut-off-date, entitlements stipulated by the Project and GRM, in consultation with all APs, NGOs and other stakeholders during consultations with the Project communities, DMS and SES studies;
- (ii) establishment of the rates/unit prices to be used as the basis for compensation awards
- (iii) confirmation of land acquisition and impact on properties identified through the DMS/census, and demarcation and inventory activities, in consultation with APs
- (iv) conducted a socio-economic survey (SES) as part of the LAR processes to: (i) inform APs about possible resettlement options, and, (ii) obtain information from APs about services they currently use such as education, healthcare and markets, their distance from such services and their livelihoods; and
- (v) consulted severely impacted and vulnerable APs about their preferred option for livelihood stabilization and/or rehabilitation assistance (where required).

23. A copy of the final LARP in English will be disclosed on ADB's and EBRD's website while a copy of the final LARP in Georgian, will be disclosed on the RD website and at the RD offices. The LARP in Georgian will also be disclosed to the APs at the relevant municipality buildings.

24. The Information booklet in English is included in an Annex to this LARP and the booklet in Georgian, will be included in the LARP written in Georgian. Once the LARP is finalized, the information booklet in Georgian, will be sent to all APs by a registered mail.

7 Grievance Redress Mechanism

25. The LARP includes in its scope the establishment of an appropriate grievance redress mechanism (GRM). A grievance redress mechanism (GRM) has been established to allow affected persons to appeal any contentious decision, practice or activity arising from the compensation of land or other assets. The scope of the GRM addresses issues related to involuntary resettlement, social and environmental performance and information disclosure. During the public consultations, focus group discussions (FGD) and face-to-face meetings, the APs were informed about the GRM procedures for addressing complaints whether orally or in writing. Grievance Redress Committees (GRCEs) have been established at the municipality and at EA level. The GRCEs include representatives of the mayor, village governing bodies and representatives of the APs/larger community (including females APs).

26. Complaints resolution will be first attempted at the municipality level GRCE. If any aggrieved AP is unsatisfied with the GRC decision at the municipality level, the complaint will be raised to the Resettlement Division of RD within two weeks after receiving the decision from the GRCE. The grievance mechanism will not impede access to the country's judicial or administrative remedies. Affected Persons can approach the court of law at any time independent of grievance redress process.

27. Losses of assets and income as well as adverse impact on livelihood incurred due to the Project, will be compensated as per the provisions agreed for this Project. The Project-specific Entitlements Matrix is provided in Table 0-2.

Table 0-2 Entitlements Matrix

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

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			during the period of impact and after their use will be re-established by the EA at the pre-impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	All APs regardless of legal status (including legalizable and Informal settlers)	Cash compensation at market rate on the basis of type, age and productive value of the trees. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (i) (<u>permanent impact</u>) cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance. (ii) (<u>Temporary impact</u>) cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage; <u>Permanent worker/employees:</u> indemnity for lost wages equal to actual wage for 3 month or in case of absence of tax declaration, one-time minimum subsistence allowance in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie. salary payment document, accountant/financial report.
Allowances			
Severe Impacts	Physical relocation or loss of >10% of productive assets	All severely affected households including informal settlers	Agricultural income: 1 additional crop compensation for 1 year's yield of affected land or an allowance covering 3 months of minimum subsistence, whichever is higher - or, for other incomes: an allowance covering 3 months of minimum subsistence.
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee' households/internally displaced people.	One-time minimum subsistence allowance in cash for 3 months and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009 and EBRD PR 5.
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.
	Permanent impacts		Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.

8 Implementation Process

28. The LARP will be an integral part of the Project implementation schedule. All activities related to LAR will be planned so as to ensure that compensation is paid prior to displacement and commencement of civil works. Public consultation, monitoring and grievance redress will be undertaken throughout the implementation of the LARP and during construction.

29. The most important tasks of the LARP implementations are as follows:

- (i) signing of contracts with APs,
- (ii) disclosure and consultation,
- (iii) capacity building and training of LAR institutions, APs and NGOs,
- (iv) grievance resolution,
- (v) requisition to ETCIC for payment of compensation and allowances,
- (vi) transfer of compensation and allowance to APs' bank account and registration of land at the RD,

- (vii) relocation of affected structures/ assets,
- (viii) compliance review and reporting,
- (ix) notice to proceed for Civil works construction; and
- (x) monitoring.

30. The time bound implementation schedule of the LARP (Table 8-1) has been prepared in consultation with the RD.

9 Cost and Financing

31. The total implementation cost of the LARP, including compensation, rehabilitation allowances as well as administrative costs for LARP implementation and contingency, amounts to 607,550 GEL, which is equivalent to USD 250,021 (as per the exchange rate of the National Bank of Georgia, on 20 April, 2018, (<https://www.nbg.gov.ge/index.php?m=582&lng=eng>)).

10 Monitoring and Evaluation

32. The Project will establish a system for internal and external monitoring. The main purpose of effective monitoring is to ensure that the course and pace of implementation continues as originally planned. The implementation of the LARP will be subjected to both, internal and external monitoring as the Project in its entirety, (both Lots) will have a significant amount of involuntary resettlement. ADB SPS 2009 considers involuntary resettlement impacts significant if 200 or more persons will be physically displaced from their home or lose 10% or more of their productive or income-generating assets. Internal monitoring will be conducted by the RD. External monitoring is assigned to an External Monitor hired by the EA and approved by the ADB.

33. RD will monitor the progress of implementation of the LARP and will submit a semi-annual monitoring report to ADB. Monitoring reports will be disclosed on the ADB, EBRD and RD websites. RD will monitor the LARP implementation progress and the semi-annual monitoring report will be submitted by RD to ADB and EBRD.

1 GENERAL INFORMATION

34. The Kvesheti – Kobi section is divided into two lots for the construction works. Lot 1 begins at KM 12+720 and ends at KM 22+751. It runs from Tskere tunnel portal to Kobi junction where it connects with the exiting road. The main element of this section is a 9 km tunnel (Tunnel No 5). An emergency gallery parallel to the tunnel, service buildings in both the North and South portals and other related works are being considered as part of the project.

35. The Lot 2 section from Kvesheti to Tskere includes four tunnels totaling 2.5 km in length and six bridges. It begins at KM 0+000 and ends at KM 12+700. The main elements of this section are:

- (vi) Kvesheti bypass road (length 3.2 km),
- (vii) six bridges ranging from 27.8 m to 435.28 m in length,
- (viii) four tunnels ranging from 193.42 m to 1,540.64 m in length,
- (ix) five grade junctions (KM 0+300, KM 1+700, KM 3+100, KM 7+700, KM 10+500), and
- (x) three service roads.

36. A separate Land Acquisition and Resettlement Plan (LARP) will be prepared for each Lot. This LARP is concerned with Lot 1 (the Project). It has been prepared by the Roads Department of the Ministry of Regional Development and Infrastructure (RD) of the Government of Georgia (GoG) for the 10 km Kvesheti-Kobi Road Tunnel Section Lot 1 (the Project) which is expected to be financed under a proposed loan from the Asian Development Bank (ADB). The Ministry of Regional Development and Infrastructure (MRDI) is the Project's Executing Agency (EA) and the RD is the Implementing Agency (IA).

37. This LARP is an implementation-ready document based on the final road alignment and impact figures/implementation arrangements. It fully reflects the provisions of relevant Georgian laws, ADB Safeguards Policies Statement of 2009 (SPS 2009) and the European Bank for Reconstruction and Development (EBRD) Environmental and Social Policy 2014: Performance Requirement 5 (EBRD ESP 2014 (PR 5)).

38. Based on the impacts assessment carried out during the preparation of this LARP as well as on the preliminary data for the Lot 2 LARP, the Project is, as defined by SPS 2009, classified as 'Category A' for involuntary resettlement, and as 'Category C' for Indigenous Peoples (IP).

1.1 Introduction and Objective

39. This report aims to describe the development and methodology followed to carry out the Land Acquisition and Resettlement Plan.

40. The Kvesheti-Kobi road section is part of Mtskheta-Stepantsminda-Larsi road which is the main road connecting Georgia to the Russian Federation. The road starts from Mtskheta and ends at the border of the Russian Federation. The length of the existing road is around 34 km and is characterized by difficult terrain and winter maintenance conditions. During the winter, the height of snow at Jvari Pass reaches 3-5 meters. In addition, blizzards often close Jvari Pass for traffic for many days during the winter months.

41. The East - West Highway project is a strategic part of the Government's effort to transform Georgia into a transport and logistics hub for trade between Central Asia and the Far East on one hand, and Turkey and Europe on the other. Connecting the East-West Highway to the main border crossing points is critical for Georgia to enhance its role as a transit country along the Silk Road.

42. This section of the road is financed by ADB and EBRD. The Ministry of Regional Development and Infrastructure (MRDI) is the Executing Agency (EA) for the Project on behalf of the Government of Georgia (GoG) and the Roads Department of the MRDI (RD) is the implementing agency (IA).

Figure 1-1 Proposed Kvesheti-Kobi Road



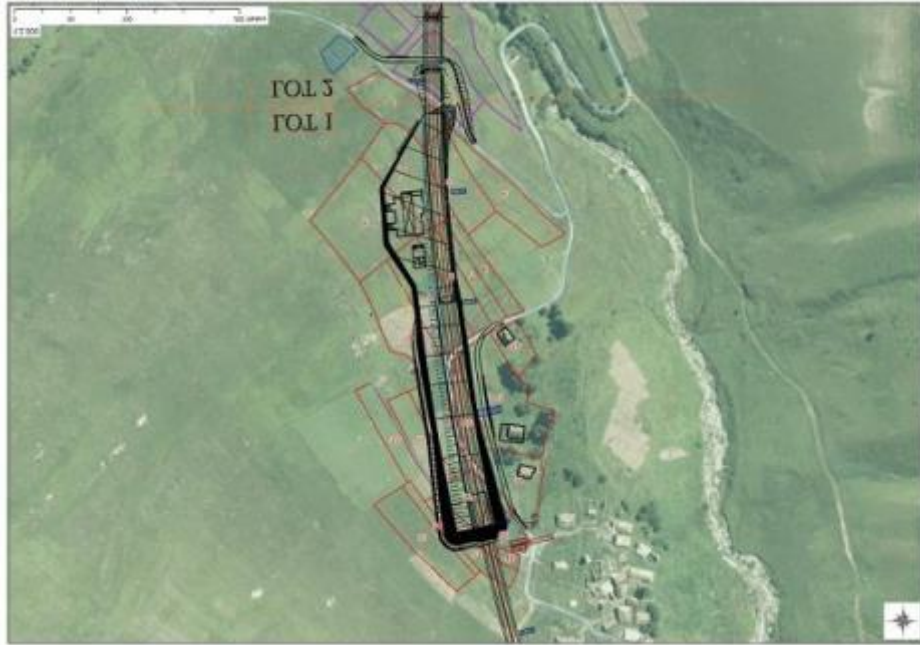
43. The detailed measurement survey (DMS) and census of affected persons for this Lot have been completed based on a detailed and final engineering design and the final delineation of the Right of Way (RoW). Any additional impact such as access roads, disposal areas, will be assessed and included in an addendum which will be prepared when the design for access roads is finalized. This LARP is based on the Georgian laws and regulations related to land acquisition and involuntary resettlement, ADB SPS, 2009 and EBRD Pr5. This project is classified as Category A for Involuntary resettlement as per ADB safeguard Policy (SPS), 2009. There are no indigenous people in the Project area.

1.2 LAR-related Project Processing Conditionalities

44. The LAR-related conditionalities for the processing and the implementation of the Project are as follows:

- (i) **Loan Signing:** conditional on approval of this implementation-ready LARP by ADB and EBRD and the Government of Georgia; and
- (ii) **Notice to proceed to contractors:** conditional on:
 - a) the full and proper implementation of the Final LARP with the full satisfaction of the RD, ADB and EBRD and
 - b) the execution of due-diligence for disposal areas and, if necessary, the preparation and implementation of a LARP addendum acceptable to the RD, ADB and EBRD, and
 - c) the preparation of an independent compliance report verified and approved by ADB and EBRD.

Figure 1-2: LOT 1 Project Alignment



2 CENSUS AND IMPACT ASSESSMENT

45. The baseline information on Project impacts was gathered in Tskere and Kobi villages and the AHs/APs were identified/quantified during intensive survey and inventorying activities in the field which started on 20 April 2018 and ended on 30 April 2018. The gathered information was updated from 14 to 18 September 2018².

46. Following a preliminary identification of the impacts based on a survey of existing cadastral maps, the LARP preparation team initiated a Detailed Measurement Survey (DMS) in the field. In the course of the implementation of the DMS each affected plot and asset was measured anew. The data obtained through the preliminary cadastral survey was updated and corrected based on the DMS measurements. Additional fine-tuning of the impact data was conducted after the finalization of the detailed engineering design. This work was complemented by a survey of Public Registry records aiming at identifying the legal status of each affected asset.

47. All affected assets were valued by an accredited valuator, in parallel with the DMS activities. Land was valued using an at income approach. Buildings were valued at full replacement cost (without discount for depreciation and salvaged materials) based on the cost and transport of materials, labor and construction taxes and fees.

48. Also, in parallel with the conduction of the DMS all AH/AP were identified, quantified and interviewed. In the course of the interviews, information about each AH was recorded in detail to obtain a full socio-economic profile of the AH and to assess its specific impacts. During the census, all AHs were identified in terms of AP categories defined by the LARP.

49. The compensation eligibility cut-off-date for the project is 1 April, 2018, which marks the start of the DMS and AP census survey.

2.1 Impacts Assessment

50. The Project will impact a total of 17 households (AHs) and 67 persons (APs). There are 32 male and 35 female affected persons. In total, 14 AHs will lose agricultural land and three AHs will lose agricultural/residential land. No households are losing industrial/commercial land or purely pasture land plots. Three households will lose residential structures. There is no impact on businesses, employment or public properties. The summary of impacts is presented in table 2-1 and details on impact by category are presented in the following paragraphs.

51. In total, 17 households will lose:

- (i) 20 agricultural land plots
- (ii) 3 residential land plot
- (iii) 12 fruit trees
- (iv) 3 residential homes
- (v) 8 gates and fences
- (vi) vegetables on 5 land plots (3,004 m²)
- (vii) fodder on 18 plots (27,746 m²)

52. There are 14 AHs severely affected households including five vulnerable AHs. Three AHs will be relocated.

² AP's which were not interviewed in April, were identified and interviewed in month of September.

Table 0-1: Summary of Impact

Impact Category	No. of AHs	No. of APs	Remarks
A. Land			
A1. Agricultural /residential land	3	11	3 land plots
A2 Agricultural land	14	56	20 land plots
Sub-total (A) (without double counting)	17	67	
B. Crops /Trees			
B1. Crops losses	17	67	All AHs included in A1/A2
B2. Tree losses	2	12	All AHs included in A1
Sub-total (B) (without double counting)	17	67	
C. Permanent Structure			
C1. Residential Structure	3	11	All AHs included in A1
C2. Supporting structures (gates and fences)	8	23	All included under A1 and A2
Sub-Total (C) (without double counting)	8	23	
D. Vulnerable AHs	5	21	All AHs included in A1/A2
E. Severely affected AHs			
E1. Losing more than 10% of agricultural/ productive residential land	14	51	All AHs included in A1/A2
E 2.. Relocated AHs	3	11	All AHs included in A1
Sub-Total (E) (without double counting)	14	51	
Access roads and any other unforeseen impacts			Will be addressed in a separate LAR documents to be prepared upon completion of the design
Grand Total	17 (without double counting)	67 (without double counting)	

2.1.1 Impact on land

53. The Lot 1 project, will affect some agricultural and mixed residential/agricultural land. There are 23 land plots affected by the Lot 1 project. In total, 17 AHs (67 DPs) will lose 23 land plots. Out of these, 20 land plots are agricultural and three are residential/agricultural land plots. The loss of solely agricultural land amounts to 22,869 m² and the loss of residential/agricultural land amounts to 8,420 m². There are no purely residential land-plots registered in the area. However, in some cases people built their homes on agricultural land and the land became 'residential' based on its current use. Some residents plant vegetables for their own consumption on residential land, giving it an agricultural use as well. For the purpose of this LARP, a categorization of 'residential/agricultural' land is used as these land plots have characteristics of both. Only two AHs reported selling hay.

54. The affected plots are subdivided as follows by legal category of land loss: a) legal lands 5,582 m² (5 plots); b) legalizable lands 25,647 m² (17 plots); c) non-legal lands 60 m² (out of 6,758 m² used by one DP in Kobi village). The user of the illegally used land plot, does not have any legal documents nor can provide other acceptable forms of confirmation needed to register the land plot. The DP uses free government land as a pasture for his livestock.

55. The information on land impacts by use and legal status is presented in Table 2.2 below.

Table 0-2: Impact on Land

<u>Land type by use</u>	<u>Legal</u>				<u>Legalizable</u>				<u>Non-Legalizable</u>				<u>Total</u>	
	<u>m²</u>	<u>No of plots</u>	<u>No of AHs</u>	<u>No of APs</u>	<u>m²</u>	<u>No of plots</u>	<u>No of AHs</u>	<u>No of APs</u>	<u>m²</u>	<u>No of plots</u>	<u>No of AHs</u>	<u>No of APs</u>	<u>m²</u>	<u>No of plots</u>
<u>Agricultural</u>	<u>3,254</u>	<u>4</u>	<u>2</u>	<u>10</u>	<u>19,555</u>	<u>15</u>	<u>13</u>	<u>49</u>	<u>60</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>22,869</u>	<u>20</u>
<u>Agricultural/residential</u>	<u>2,328</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>6,092</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,420</u>	<u>3</u>
<u>Total</u>	<u>5,582</u>	<u>5</u>	<u>3</u>	<u>16</u>	<u>25,647</u>	<u>17</u>	<u>15</u>	<u>54</u>	<u>60</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>31,289</u>	<u>23</u>

2.1.2 Impact on Crops

56. The Project will affect 24,052 m² of cropped land. This total planted area is subdivided by crop and number of plots as follows: a) 40 m² (1 plot) garlic, b) 615 m² (1 plot) carrots, c) 2,349 m² (5 plots) potatoes, d) 24,052 m² (18 plots) hay. (Table 2-3)

Table 0-3: Impact on Crops

No	Agricultural crop	No of AHs	No of DPs	Area (m²)	No of land plots	Remarks
1	Garlic	1	6	40	1	
2	Carrot	1	3	615	1	
3	Potato	3	9	2,349	5	1 land plot included under No 1 and 1 land plot included under No 2
4	Hay	12	49	21,048	18	1 land plot included under No 3
	Total	17	67	24,052		

2.1.3 Impact on Trees

57. The census found that two households will lose a total of 12 trees. The type of affected trees and the age of the trees is detailed in the following table.

Table 0-4: Impact on Trees

No	Types of trees	No of AHs	No of APs	Age of trees				Total number of trees
				< 5	5-10	11-20	21+	
1	Plum	1	1	0	0	6	0	6
2	Pear	2		0	0	5	0	5
3	Apple	1	3	0	0	1	0	1
	Total	2	4	0	0	12	0	12

2.1.4 Impact on Structures

58. The Project will affect the residential buildings of three households. The buildings are used for occasional visits during the summer time, and one consists only of partial outer walls. There is no physical relocation of people as they have other permanent residences. Nevertheless, these APs will receive an allowance for severely affected APs (GEL 1,057.5) due to the loss of their summer homes, as well as other applicable allowances.

Table 0-5: Impact on Structures

Type of building	AHs	APs	Number of buildings
Residential (summer houses)	3	11	3
Total			3

2.1.5 Impact on severely affected and vulnerable households

59. The Project will severely affect 14 households with 51 APs. These households will lose more than 10% of their land holdings. Although none of the surveyed AHs has a land-based livelihood and the land is not used for income generation, all AHs losing more than 10% of their land holdings will receive a severely affected household allowance. AHs' primary sources of income are pension, work in private sector and self-employment. A head of one AH refused to share data on income. Five AHs have potatoes and garlic planted in their home gardens (Table 2-6 a). Out of 14 severely AHs, three will lose residential buildings. These residential buildings are uninhabited, but two have some furniture as APs use them on occasional visits during summer. One house is dilapidated and has two walls still attached to the foundation. All three AHs will receive compensation on a full replacement cost basis, allowances for severely affected households and a relocation allowance.

60. There are five AHs whose members belong to vulnerable groups. Four are registered as poor (living below the poverty line) and one is an internally displaced household. Furthermore, all five AHs are also severely affected. AHs are entitled to more than one allowance. One vulnerable household will receive three allowances. Table 2-6 presents a breakdown of vulnerable and severely affected households and Table 2-6 a provides more detailed information about each vulnerable household, their land holdings, income and sources of income. Table 2-7 details the allowances to be received by these households.

Table 2-6: Severely Affected and Vulnerable Households

No	Assistance	Number of AHs		No of APs	Remarks
		With double counting	Without double counting		
A	Severely affected households (affected residential buildings)	3	3	11	One AHs has only the remains of affected summer-house residential building affected
B	Severely affected households (more than 10% of its land affected)	14	11	40	3 AH included under A
C	Vulnerable households	5	0	0	All included under B
Total		22	14	51 (without double counting)	

Table 26 a: Vulnerable Households' Particulars

Head of AHs	Place of residence	Monthly income	Source of income	Source of secondary income	Landholding (m ²)	Affected land (m ²)	Affected crop (m ²)	Type of crops	Self-reported vulnerable	Severely affected
Z. T.	Tbilisi	780	Salary	Pension	800	325	325	Potatoes		Yes
Z. T.	Kvesheti	N/A	N/A	N/A	15,000	1,456	374	Potatoes	Yes	Yes
Z. G.	Tbilisi	190	Pension		4,500	1,114	450	Potatoes		No
Z. I.	Tskere	1340	Salary	Pension	4,900	2,328	540	Garlic, potatoes	Yes	Yes
G.Z.	Tbilisi	680	Salary	Pension	7,000	5,018	1,315	Carrot, potatoes		Yes

Table 2-7: Allowances to Vulnerable Households

Vulnerability	No of AH	Number of APs	Female	Male	Impact on land %	Vulnerability allowance*	Serious impact allowance*	Relocation/ shifting allowance*
Internally displaced person	1	4	3	1	18%	yes	yes	
Below poverty line	1	2	1	1	23%	yes	yes	
Below poverty line	1	7	4	3	13%	yes	yes	
Below poverty line	1	2	1	1	10%	yes	yes	
Below poverty line	1	6	4	2	48%	yes	yes	yes
Total	5	21	13	8				

*352.5 GEL (times 3 months) is a monthly subsistence minimum for a family with 5 members of April 2018.

2.1.6 Indigenous People

61. An assessment of impact on indigenous peoples was undertaken in accordance with ADB's Safeguard Requirements 3 of SPS 2009 and EBRD ESP 2014: PR 7. The Project will not affect people classifiable as indigenous persons (IP) under SPS 2009, therefore, the Project will not trigger ADB's policy on IP.

2.2 Livelihood Restoration

62. Out of all AHs, 14 will lose more than 10% of their land holdings. Five of these AHs belong to vulnerable groups. The information collected by the SES, shows that the major source of income of the vast majority of AHs are not land-based, with the exception of one AH (Kobi) which is a pensioner and depends on income from the land and livestock. This AH has 60 m² of illegally used land affected; however, the loss of the affected portion will not severely affect their livelihood. The other AHs will not lose access to an acquired garden plot on which they live, a grazing area or other resources. These AHs plant vegetables for their own consumption and any losses of their crops are compensated for. The data on total landholdings shows that all 5 AHs have significant remaining land which can be used to grow vegetables. Table 2-6 a presents information on 5 AHs which grow vegetables on the affected land. Data shows that the primary sources of income for the AHs are salaries and in one case pensions (one AP refused to provide his personal data). Pensions are the main secondary source of income for these AHs.

63. Most AHs do not live at the location where the land is to be acquired. One of the AHs reported an income of 50 GEL from selling hay. Other AHs produce hay or crops such as potatoes, carrots and

garlic which they use for their own consumption. The table below shows the AHs' income and income sources.

64. Data on the main income source and additional sources of income are self-reported and were obtained from 16 out of 17 surveyed households. Work in the private sector is the main source of income and was reported by 50% of respondents, followed by self-employment/business (18.75%). Half of the AHs reported a source of secondary income (50%). The average household's income amounts to 876 Gel per month.

65. Each of the AHs will receive an allowance of 1,057.5 GEL for severely affected households, which amounts to Georgia's minimum subsistence for three months. In addition, each of these households will receive an allowance for their livelihood restoration: for agricultural livelihood restoration, the AHs will receive an allowance equal to two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead. For the non-agricultural livelihood restoration, severely AHs will receive a livelihood restoration package of 3 months of minimum subsistence. AHs which are severely affected and vulnerable will receive an additional minimum subsistence allowance for three months. Three AHs will lose a residential building and need to relocate; therefore they will receive a relocation allowance equal to the three-month subsistence minimum. As such, AHs will receive multiple allowances to assist with the restoration of their livelihoods. No special packages for livelihood restoration are envisaged for these AHs as their livelihoods are not endangered by the limited land acquisition and they do not live at the site of the acquired land or depend on land production. AHs losing residential buildings do not live in these summer homes and therefore do not need to relocate. Nevertheless, each household will receive a relocation allowance of GEL 1,075.5 amounting to the national subsistence minimum for three months as additional assistance and a transport allowance for their movable household belongings.

Table 2-8: Severely Affected and Vulnerable Households Livelihood Information³

No	APs	Residence	Type of crop	Self-reported vulnerability	No of APs	Income from agriculture/live stock (Gel)	Total landholding (m ²)	Impact on landholding (m ²)	Impact on landholding %	Self-reported monthly income	Main source of income	Secondary source of income
1	T.G.	Kvesheti	Hay	IDP	4		5,000	877	18%	320	Pension	Self-empl.
2	Z.N.	Tbilisi	Hay		7		9,000	166	2%	1,000	Salary	
3	Z.G.	Tbilisi	Hay	Poor	2		4,500	3,022	67%	190	Pension	
4	B.Z.		Hay		4		8,300	2,918	35%	250	Self-empl.	
5	B.G.	Tbilisi	Hay		4			1,999		500	Salary	
6	Z.S.	Kvesheti	Hay	Poor	7		2,810	372	13%	1,050	Salary	Pension
7	T.V.	Kvesheti	Hay		6	50	8,000	1,255	16%	482	Pension	Agriculture
8	N.M.	Tbilisi	Hay		4		7,870	5,628	72%	600	Salary	
9	N.M.	Kaspi	Hay		2		7,500	3,891	52%	3,180	Business	Pension
10	J.G.	Tbilisi	Hay		7		25,000	159	1%	1,680	Salary	Pension
11	Z.T.	Tbilisi	Potato		2		800	325	41%	780	Salary	Pension
12	Z.E.		Hay		3		10,700	741	7%	216	Pension	
13	Z.T.	Kvesheti	Potato	Poor	2		15,000	1,456	10%			
14	Z.I.	Tskere	Garlic, potato	Poor	6		4,900	2,328	48%	1,380	Salary	Pension
15	G.Z.	Tbilisi	Carrot, potato		3		7,000	5,018	72%	680	Salary	Pension
16	Z.G.	DuSeti	Hay		2		3,500	1,074	31%	316	Pension	

³ Vulnerability status of APs will be cross-checked during implementation and adjustments made if necessary and reported by EM.

17	A.A	Kobi	Selling cows		2	600	8,158	60	1%	1,400	Pension	Agriculture
				21	67		128,038	31,289				

3 SOCIO-ECONOMIC INFORMATION

66. This Chapter presents the findings on the major socio-economic characteristics of the affected Project communities. The chapter is based on information from the official Georgian statistics for the region and data collected through the socioeconomic surveys and census undertaken in the Project area. The main objectives of the SES and census surveys are to understand the existing socioeconomic environment and vulnerability of affected people in the Project area, to use the data for preparation of the LARP budget and to identify groups and persons who may need additional support due to the Project's impact.

67. The Project is located in two municipalities of the Mtskheta-Mtianeti region, Dusheti and Kazbegi. Mtskheta-Mtianeti is a region in eastern Georgia. The town of Mtskheta serves as the regional capital, which extends to its districts and the adjoining mountainous areas. The region is comprised of five municipalities: Akhgori, Dusheti, Tanti, Mtskheta and Kazbegi. Dusheti, the main town in Dusheti municipality, has a population of 25,659. Kazbegi municipality has a population of 3,795 inhabitants. Its main settlement is Stepantsminda, which accounts for about half of the municipality's population.

Table 3-1: Population in Project Municipalities

Municipality	Male	Female	Total
Kazbegi	1,859	1,936	3,795
Dusheti	12,785	12,874	25,659
Total	14,644	14,810	29,454

Source: Municipality administration

68. The Project impacts two villages Kobi village in Kazbegi municipality, and Tskere village (Dusheti municipality).

69. Two households with only three permanent inhabitants were identified in Tskere village during the field visits - one couple and one elderly woman. Due to harsh living conditions, most of its people live in other more habitable places such as Kwesheti, Gudauri and Tbilisi. During winter, the two women stay in the village to keep the households and mind the livestock. As the only male in the village works in the Gudauri resort, the two women are alone most of the time.

70. Kobi village is located at the other end of tunnel No 5. Official municipality statistics indicate that there are 5 HH with 7 people in Kobi village. The Project affects only one household from this village.

3.1 Socio-Economic Survey Results

71. The socioeconomic survey in the area covered by Lot 1 of the Project was conducted in April 2018 and updated in September 2018. The SES aimed to sample 100% of all affected households. The resettlement team completed the socioeconomic study with each of the 17 AHs.

72. The objective of the socioeconomic survey was to gather general information on socioeconomic condition of the affected people.

73. The SES Questionnaire included questions which aim to measure the main characteristics of 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, opinion about the Project, etc. Each questionnaire took around 20 to 30 minutes to complete. The collected data was processed using Microsoft Excel.

74. In total, the Project impacts 17 households with 67 members (32 male and 35 female). During the Socioeconomic Survey of AHs, representatives of all 17 AHs were interviewed. There were 3.9 persons per surveyed household on average. A total of 15 out of 17 AH members live outside of the Project area. Information about the place of residence of AHs is presented in Table 3-2 below.

Table 3-2: SES Sample

Village	No of AHs	No of surveyed AHs	Male	Female	Total APs
Kobi	1	1	1	1	2
Tskere	16	16	31	34	65
Total	17	17	32	35	67

Source: SES

Table 0-3 Living Place of Members of AHs

City/Village	Number of AHs
Tbilisi	6
Rustavi	1
Kvesheti	3
Nagvarevi	1
Bedoni	2
Tskere	2
Kaspi	1
Kobi	1
Total	17

75. The two Project villages have electricity, gas and a supply of drinking spring water in front of the houses. There are no schools, medical facilities or shops in Tskere village. The closest school is 9 km away in Kvesheti. There is mobile phone reception in the village and some TV programs are available.

76. Kobi village does not have a school or medical facilities either. The village has some small shops where the residents can purchase household items. Almasiani village is located around 1 km from Kobi where there is a free minibus service for school children to Gudauri or Stepansminda as well as regular minibuses. Medical services are also available in Gudauri and Stephasmind. These villages are about 15 km from Kobi. Nevertheless, the road may be closed for days during the winter, preventing access to these services.

77. Affected persons who live in these villages permanently keep some cattle. Sheep and horses can be seen grazing near villages. The APs sow potatoes, garlic and carrots, which can be cultivated successfully under such climatic conditions. The vegetables are used for the households' own consumption and nobody reported selling vegetables.

78. Hay is the main product produced in these villages. Grass is left to grow on some lands so that the villagers can harvest enough hay for the winter. Hay is also used for their own livestock and in these villages, only one household reported selling hay.

79. The villagers cultivate apples, pears and plums. All harvested fruit is used for personal consumption.

80. Every surveyed household has a latrine, which is common in this area. Mobile phones are used by 94.12% of surveyed households. Televisions and satellite antennas are available in 76.47% of the AHs. Electric or gas stoves are available in 13 AHs (76.47%). Refrigerators and washing machines are owned by 47.06% and 41.18 % of households, respectively. Utilities such as hot water systems, in-house flush toilets or an Internet connection are not available in these households. There were no other assets listed by the APs. (Table 3-4)

Table 3-4: Households Assets and Amenities

Items	No of AHs	%
Latrine	17	100
Flash toilets	0	0
Hot water system	0	0
TV	13	76.47
TV antenna/ dish	13	76.47
Computer	1	5.88
Internet	0	0
Mobile phone	16	94.12
Electric stove	13	76.47
Refrigerator	8	47.06
Washing machine	7	41.18

81. Each of the 17 AHs will lose some land. The total land held by AHs amounts to 133,723 (m²) and 3 24% of it needs to be acquired by the Project. Five AHs (29%) own registered land and 11 AHs (65%) have legalizable land. One AH will lose 60 m² of non-legalizable land which is 0,89% of his total land holding (6,758 m²). Most of the land held by AHs is registered as agricultural land (102,640.5 m²) while only three affected plots are classified as residential/agricultural (50,520 m²). Only two AHs reported an income from 50 to 600 Gel/month from selling hay. One of these two AHs will lose 16% and one 1% of their total land holdings. (Table 3-5)

Table 3-5: Land Holdings

No of APs	Total landholding area (m ²)	Affected area (m ²)	Affected area (%)	Income from agriculture (Gel/month)
4	5,000	877	17.54	
7	9,000	166	1.84	
2	4,500	3,022	67.16	
4	8,300	2,918	35.16	
4	5,685	1,999	35.16	
7	2,810	372	13.24	
6	8,000	1,255	15.69	50
4	7,870	5,628	71.51	
2	7,500	3,891	51.88	
7	25,000	159	0.64	
2	800	325	40.63	
3	10,700	741	6.93	
2	15,000	1,456	9.71	
6	4,900	2,328	47.51	
3	7,000	5,018	71.69	
2	3,500	1,074	30.69	
2	8,158	60	0.89	600
67	133,723	31,289	23,39	650

3.2 Gender and Household Composition

82. There are 17 AHs with 32 males and 35 females. There are no female nor male, head of household living alone with dependent children. More than (64.70%) of surveyed people live in nuclear families. Extended families (those having members, other than parents and their children, living in one household; these may be spouses of their married children, grandchildren, gear grandparents etc.) comprise 35.29% of all surveyed families. The household size of the surveyed population ranges from one to seven persons in a household. A total of 13 AHs (81.25%) have up to 4 members in a household. Two AHs have six members and three AHs have seven persons in their households. Out of 67 APs, 65 are Georgian who are Orthodox Cristian.

Table 3-6: Type of Families

Family Type	Number of AHs	Percentage (%)
Nuclear	11	64.70
Extended	6	35.29
Total	17	

3.3 Age and Marital Status

83. There are six female and two male-widowed heads of households. One single-man head of household is divorced. Out of five poor single heads of households, three are women and two are single men. No vulnerable households among other single-headed households. The heads of households are well educated. The table 3-7 a shows that 13 (76.47%) out of 17 head of HH have completed secondary education, while one has a higher education degree and two have a vocational education. Almost half (47.06%) of the head of households are pensioners, while 35.29% (8) are self-employed or employed in private sector.

84. The age distribution of the surveyed population for this LARP, shows that the 18-35 age group was the most represented (20.90%). When the two age groups, 0-7 and 8-17 are combined, minors account for 22.39% of the surveyed population. The 36-45 and 46-55 age groups account for 16.42% each. The 66 and above age group accounts for 14.93 % of the surveyed population. (Table 3-7)

85. Married APs account for 43.28% of all APs. A total of 14.93% of APs are widowed and 2.99 % divorced. Unmarried APs and minors account for 38.81%. One married man did not agree to give information about his wife. He insisted that only his mother's and his data are recorded as they live in the village and his wife lives elsewhere. This explains the odd number (29) of married people.

Table 3-7 a: Profile of the Heads of Households

No	No of HH members	Gender	Age	Marital status	Educational level	Occupation	Vulnerability
1	4	Male	37	Married	Secondary	Unemployed	Poor
2	7	Male	58	Married	Secondary	Self-employed	
3	2	Female	84	Widowed	Secondary	Pensioner	Poor
4	4	Male	45	Married	Secondary	Self-employed	
5	4	Male	49	Married	Secondary	Employed in private sector	
6	7	Female	87	Widowed	Secondary	Pensioner	Poor
7	6	Male	66	Married	Secondary	Pensioner	
8	4	Male	40	Married	Secondary	Employed in private sector	

No	No of HH members	Gender	Age	Marital status	Educational level	Occupation	Vulnerability
9	2	Female	68	Widowed	Secondary	Pensioner	
10	7	Male	55	Married	Secondary	Employed in private sector	
11	2	Female	69	Widowed	Secondary	Pensioner	
12	3	Male	82	Widowed	Secondary	Pensioner	
13	2	Male	61	Married	Vocational	Self-employed	
14	6	Male	75	Widowed	Secondary	Unemployed	Poor
15	3	Female	65	Widowed	Vocational	Pensioner	
16	2	Female	93	Widowed	Secondary	Pensioner	Poor
17	2	Male	52	Divorced	Higher	Farmer	

Table 3-7: Age

Age	All AH members			Age group (%)
	Male	Female	Total No	
0 - 7	4	5	9	13.43
8-17	5	1	6	8.96
18 - 35	7	7	14	20.90
36 - 45	6	5	11	16.42
46 - 55	6	5	11	16.42
56 - 65	3	3	6	8.96
66 or more	3	7	10	14.93
Total	34	33	67	100.00

Table 3-8: Marital Status

Marital status	APs	
	Number	%
Married	29	43.28
Unmarried	26	38.81
Widowed	10	14.93
Divorced	2	2.99
Total	67	100.00

3.4 Education

86. The following table shows a high level of literacy among the surveyed population. More than half (53.73%) APs have completed secondary education and 7.46% obtained a university degree. A further 16.42% obtained vocational education. There are no illiterate APs among the surveyed population. (Table 3-9)

Table 3-9: Education Level of APs

No education	Pre-school	School age	Secondary	Vocational	University degree	Other
0	9 (13.43%)	6 (8.95%)	36 (53.73%)	11 (16.42%)	5 (7.46%)	0

3.5 Employment, Income Sources and Expenses

87. Employment and income data were collected from all APs. All data is self-reported. Work in the private sector is the most common type of employment, accounting for 23.64%. Housewives and pensioners make up 21.82% and 20% respectively. The unemployment rate among the surveyed APs is 14.55%. (Table 3-10). Only one of a few permanent inhabitants of Tskere and Kobi villages is employed as a seasonal worker at Gudauri ski center.

Table 3-10: Type of Employment

Type of employment	No of APs	%
Pensioner	11	20.00
Private sector employee	13	23.64
Self employed	3	5.45
Farmer	1	1.82
Housewife	12	21.82
Pupil/Student	7	12.73
Unemployed	8	14.55
Total	55	100.00

88. Data on income is self-reported and was obtained from 16 out of 17 surveyed households. One AP did not wish to talk about income and one lives abroad. The data on monthly income ranges from 190 to 3,180 Gel per household. A total of 47.05% respondents reported salaries as their source of income, followed by pension (29.41%). Two AHs reported income from business and self-employment and two AHs reported 50 – 600 Gel/month income from agriculture. More of AHs reported some source of secondary income (52.94%), while 47.05% do not have any additional income. The average household income amounts to 876 Gel per month.

Table 3-11: Self-reported Monthly Income

Monthly income	No of AHs	Percentage
up to 300 gel	3	18.75
301-600	5	21.25
601-1000	3	18.75
>1001	5	31.25
Total	16	100.00

89. Income and expenses were self-reported by surveyed persons. The average monthly expenditure for a household was around 691 Gel per month. It was difficult to get itemized information on monthly expenses for food, clothing, schooling, healthcare etc., so total monthly expenditures were obtained from the respondents instead. The self-reported monthly income and expenditure for each of the surveyed household, are presented in the following table:

Table 3-12: Self-reported Monthly Income and Expenses

AHs No	Monthly income (Gel)	Monthly expenses (Gel)
1	500	
2	482	600
3	780	700
4	1,380	1,500
5	680	500
6	190	190
7	216	
8	316	300
9	1,680	1,500
10	320	400
11	600	600
12	N/A	
13	1,000	1,200
14	250	
15	1,050	300
16	3,180	2,500
17	1,400	100
Total	14,024	8,990

90. The most reported as a primary source of income is work at private sector (8 AHs; 47.05%), followed by 17.65% pension and self-employment/business (each 3 AHs) as the main source of income. There are 7 (41.18%) of AHs who reported pension as a secondary source of income. Only two AHs reported secondary income from agriculture (selling hay). (Table 3-13)

Table 3-13: Sources of Income

AHs	No of APs	Primary income (Gel)	Secondary income (Gel)	AHs' monthly income (Gel)
1	4	Private sector		500
2	6	Pension	Agriculture	482
3	2	Private sector	Pension	780
4	3	Private sector	Pension	1,380
5	2	Private sector	Pension	680
6	2	Pension		190
7	3	Pension		216
8	2	Private sector	Pension	316
9	7	Private sector	Pension	1,680
10	4	Unemployed	Self-employed	320
11	4	Salary		600
12	6	Self-employment		N/A
13	7	Private sector		1,000

AHs	No of APs	Primary income (Gel)	Secondary income (Gel)	AHs' monthly income (Gel)
14	4	Self-employment		250
15	7	Private sector	Pension	1,050
16	2	Business	Pension	3,180
17	2	Farming	Agriculture	1,400

91. Five households have some livestock used primarily for their own consumption. The AHs have some cattle, sheep and chicken. These livestock is not difficult to sustain during the long winter period as the households' hay production is sufficient for the winter period. Table 3-14 shows the AHs and the existing livestock.

Table 3-14: Livestock in AHs

No	AHs	Horses	Cattle	Sheep/ goat	Chicken	Pigs	Other/ specify
1	V. Ts.		2		4		
2	I. Z.		3				
3	T. Z.		2				
4	A. A.		6	6	5		
5	E. Z.				4		
	Total	0	13	6	13	0	0

92. A total of 7 AHs (43.75%) reported having a bank loan. Information about the purpose of their bank loans was unavailable. The APs who reported more expenditures than income per month explained that they have loans to repay and that they are constantly in debt.

3.6 Women in Project Villages

93. During the SES and DMS studies, a limited information was gathered on women's activities in the Project villages. All women, regardless of employment status, do housework and care for children and household' members. These who have some land and livestock, do gardening work and mind livestock. Four women reported being employed.

Table 3-14: Women's Activities

Type of activities	No of AHs	% of AHs
Gardening	9	56.25
Minding livestock	9	56.25
Making and selling handmade products	0	0
House work, family care	16	100
Employed	4	25
Total	16	100

3.7 Impacts of the Project as Perceived by Surveyed Households

94. There were 16 answers on the perceived effects of the Project in general and 16 answers on the perceived socioeconomic benefits in the Project villages. Two surveyed APs (12.5%) stated that their attitude towards the Project ranges from negative to very negative as well as their opinion about the

Project's socioeconomic effect on their community. These APs think that the Project will affect their properties, affect livelihood of APs from Kvesheti who let their garden on the riverbank to tourists, increase air and noise pollution, increase influx of tourists and attract people from other countries to settle in their area. Five APs (31%) had neutral attitude and perception on the Project's effect, while 8 APs (50%) stated that they think that the Project is positive or very positive for them and for their communities. These who have a positive perception about the Project think that the Project will bring development and employment opportunities to young people, increase access to villages and basic services and enable villagers to live permanently in their summer homes. Some of the comments were: 'I am sick of fresh air. I need the road', (a young woman from Beniani village). A young man from Beniani village stated: 'I have a car, but I don't have the road". A woman from Zakatkary thinks that the access road will enable more residents to live permanently in the village. She said that her family cannot live in Zakatkari as school for children is far, there is no good road nor public transport to reach the school or a medical station. (Table 3-15)

Table 3-15: Opinion and Attitudes towards the Project

Opinion	Negative/ very negative (No)	%	Neutral (No)	%	Positive/ very positive (No)	%
Personal attitude towards the Project and the Project's effect on communities	2	12.5	5	31.25	8	50

4 LEGAL BACKGROUND

4.1 General

95. The legal and policy framework of the Project is based on national laws and legislations related to Land Acquisition and Resettlement (LAR) in Georgia and ADB's Safeguard Policy Statement 2009 and EBRD PR 5.

4.2 Legal Framework

4.2.1 Georgia's Laws and Regulations on Land Acquisition and Resettlement

96. In Georgia, the legislative acts given below regulate the issues of obtaining State ownership rights to privately owned land parcels based on the necessary public needs established due to road construction activities:

- The Constitution of Georgia, August 24, 1995 (Last update 16 October 2013)
- The Law of Georgia on the Rules for Expropriation of Ownership for Necessary Public Need, 23 July, 1999 (amend. 2005, 2007, 2010, 2013, 2017)
- The Civil Code of Georgia, 26 June, 1997 (amend. 2000, 2002, 2003, 2004, 2005, 2006, 207, 2008, 2009, 2010, 2011, 2012, 2013, 2014,2015, 2016, 2017)
- The Law of Georgia on Notary Actions , 4 December, 2009 (amend. 2010, 2011,2012, 2013, 2014, 2015, 2016)
- Law on Public Health 27 June 2007 (amend. 2009, 2010, 2011, 2012, 2013, 2014, 2015.2016,2017)
- The Law of Georgia on Ownership Rights to Agricultural Land, 22 March, 1996 (amend. 1997, 1998, 1999, 2000, 2003, 2004, 2007, 2010, 2012, 2014, 2016, 2017)
- Law on Compensation of Land Substitute Costs and Damages due to Allocating Agricultural Land for Non-Agricultural Purposes 1997 (amend. 2005, 2006, 2007, 2009, 2010, 2011, 2013, 2014, 2015)
- The Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal Entities; 11 June 2007 (amend. 2007,2008,2009 2010, 2011, 2012)
- Law on state property 2010 (amend 2011, 2012,2013,2014, 2016,2017)
- The Law of Georgia on Public Register- No820 –IIs; 19 December, 2008; (amended 2009 2010, 2011, 2012, 2013, 2014, 2015)
- In frames of national project, the Law of Legal Power of Land Parcels Systemic and Sporadic Registration and Improvement of Quality of Cadastral Data. 17 June, 2016. (amended 14 December, 2016)
- The Civil Procedural Code of Georgia, 14 November, 1997(amend. 1998-2015)
- The Law of Georgia on State property, 21 June, 2010
- Labour Code, 25 May, 2006
- Tax Code, January 2005
- Law on Entrepreneurship, 28 October, 1994

97. Overall, the above laws/regulations provide that the principle of compensation at full replacement cost is reasonable and legally supported. The laws also identify the types of damages eligible for compensation and indicate that compensation is to be given both for loss of physical assets and for the loss of income. Finally, these laws place strong emphasis on consultation and notification to ensure that the APs participate in the process. Income loss due to loss of harvest and business closure will be compensated to cover net loss. The above-listed laws and regulations allow for the application of the following legal mechanisms related to property rights:

- Obtaining the right of way without expropriation through the payment of due compensation by arrangement, or if the reaching an arrangement fails, through a court decision for expropriation, prior to commencement of the activities.

- Expropriation which allows for the obtaining of the permanent rights to land and/or other real estate property on the basis of Eminent Domain Law and court decision through the payment of due compensation.

4.2.2 ADB's Policy on Involuntary Resettlement

98. 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 well-being with the project as without it. For any ADB operation requiring involuntary resettlement, resettlement planning is an integral part of project design, to be dealt with from the earliest stages of the project cycle, considering the following basic principles:

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

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

4.3 Comparison of ADB SPS 2009 and EBRD PR 5 with Georgian Laws and Legislation

99. Overall, the legislation of Georgia adequately reflects the major provisions of the ADB Safeguards Policy Statement 2009; with some differences already reconciled in practice at ADB financed projects. The most significant of these differences is that Georgian legislation/regulations place emphasis on the definition of formal property rights and on how the acquisition of properties for public purposes is to be implemented and compensated, while ADB policy emphasizes both, the compensation of rightfully owned affected assets and the general rehabilitation of the livelihood of Affected People (AP) and Households (AH). Because of this, ADB policy complements the Georgian legislation/regulations with additional requirements related to (i) the economic rehabilitation of all AP/AH (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 AP/AH expenses during the resettlement process or covering the special needs of severely affected or vulnerable AP/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 EBRD PR5 are outlined in Table 4-1.

100. RDMRDI 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.

4.4 EBRD Performance Requirement 5

101. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition and/or restrictions on land use.

102. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition, or restrictions on land use, that result in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and (ii) settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if arrangement with the seller fail.

103. Application of this Performance Requirement (PR) supports and is consistent with the universal respect for, and observance of, human rights and freedoms, specifically the right to adequate housing and the continuous improvement of living conditions.

104. The objectives of this PR are to:

- avoid or, when unavoidable, minimize, involuntary resettlement by exploring alternative project designs
- mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons use of and access to assets and land by: (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected
- restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displacement levels;
- improve living conditions among physically displaced persons through the provision of adequate housing, including security of tenure at resettlement sites;
- consider feasible alternative project designs to avoid or at least minimize physical and/or economic displacement, while balancing environmental, social, and economic costs and benefits;
- involve affected men and women, including host communities from the earliest stages and through all resettlement activities. This will facilitate their early and informed participation in decision-making processes related to resettlement;
- Displaced persons may be classified as persons: (i) who have formal legal rights to the land (including customary and traditional rights recognized under national laws); (ii) who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognized or recognizable under national laws; or (iii) who have no recognizable legal right or claim to the land they occupy.
- Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with PR 1⁴ and should involve the participation of key stakeholders such as affected communities.

4.5 Comparison of EBRD Policy with Georgian Laws and Legislation

105. Compared to Georgian legislation, EBRD/IFC requirements contain potential additional requirements related to:

- Livelihood restoration of affected people, including those who do not have legal or other
- Formal rights to the assets that are affected. This would include tenants on the land and
- Employees or dependents of those who hold rights to the land.
- The provision of indemnities for loss of business and income.
- The provision of special allowances that cover expenses during the resettlement process, and
- Covering the special needs of severely affected or vulnerable people.
- The need to consider effects on communities, not only on owners, and to compensate them
- In the same way private parties are compensated.
- The requirement to prepare plans to guide any necessary land acquisition and compensation.

106. The key differences between Georgian law and the policies of ADB and EBRD are outlined in Table 4-1.

Table 4-1 Comparison of Georgian Laws on LAR and ADB and EBRD Resettlement Policies

⁴ This PR applies to projects with potential environmental or social risks and impacts that should be assessed in the early stages of project development, and managed on an ongoing basis. For details, please refer to EBRD PR 1: Environmental and Social Appraisal and Management.

Georgia Laws and Regulations	ADB Involuntary Resettlement Policy	EBRD Involuntary Resettlement Policy
Land compensation only for titled landowners. In practice legalizable land owners are also compensated after they register their ownership with the NAPR.	Lack of title should not be a bar to compensation and/or rehabilitation. Non-titled landowners receive rehabilitation assistance.	Consideration for compensation of formal and informal owners and users of land.
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.	Formally registered structures and occupants of informally erected structures are eligible for compensation or resettlement assistance.
Crop losses compensation provided only to registered Landowners	Crop losses compensation provided to landowners and sharecrop/lease tenants whether registered or not.	Crop losses are compensated to landowners, tenants, or sharecroppers as applicable, regardless of title.
Land Acquisition Committee is the only pre-litigation final authority to decide disputes and address complaints regarding quantification and assessment of compensation for the affected assets.	Complaints & grievances are resolved informally through community participation in the Grievance Redress Committees (GRC), Local governments, and NGO and/or local-level community-based organizations (CBOs).	There must be an independent objective appeal mechanism that is open to the public and reported openly.
		The Project owner to establish a grievance mechanism as early as possible in the process to receive/ address in a timely manner the concerns related to physical/ economic displacement.
Decisions regarding LAR are discussed only between the landowners and the Land Acquisition Authorities.	Information on quantification, affected items value assets, entitlements, and compensation/financial assistance amounts are to be disclosed to the APs prior to appraisal.	All affected and impacted people must be consulted prior to agreements, and compensation must be made directly to affected persons as well as landowners.
Loss of income is considered for compensation but no provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable APs, or resettlement expenses.	ADB policy requires rehabilitation for income/ livelihood, severe losses, and for expenses incurred by the APs during the relocation process.	Provisions for improving, or at least maintain, the levels of livelihood/income of affected persons/businesses.
There is provision for consultation with APs but there is no specific plan for public consultation under the Georgian laws	Public consultation and participation are an integral part of ADB's policy which is a continuous process at conception, preparation, implementation and finally at the post implementation period.	Public consultation and participation of affected people required throughout project process from planning through implementation, including public notifications of activities.

4.6 Land Acquisition Process

107. Complete and accurate registration of private land as per current laws governing land acquisition in Georgia is the precondition for proceeding with acquisition of private land by agencies requiring land for land-based infrastructure development. To construct the Project RDMRDI will acquire private land under the law of eminent domain wherever possible through the establishment of an agreement with the APs. Negotiations (if any) with APs will not determine the base compensation rates. The land buyer will offer an adequate and fair price for land and/or other assets. RDMRDI will ensure that the process of land acquisition with the APs openly addresses the risks of asymmetry of information and bargaining power of the parties involved in such transactions. Expropriation will only be sought in case an AP does not agree with the impact, measurement of the impact or the amount of compensation.

108. Following the acquisition and compensation matrix (ACM), LARC, assisted by the LAR team at the local level, will offer each of the APs the compensation rates defined in this LARP. Upon successful settlement, Land Acquisition Agreements will be signed with legalized/titled owners of acquired land parcels and an Agreement of Entitlement with the non-titled APs. Any APs' grievances will be resolved through the Project's approved grievance redress mechanism.

109. In the event an AP does not accept the rates defined in this LARP even after attempts to resolve the disagreement through the process of the grievance redress mechanism, RDMRDI will seek the concurrence of the appropriate authority to proceed with the expropriation process under the eminent domain for acquisition of the land through local courts.

110. The detailed design consultant has prepared updated cadastral maps of the acquired plots with geometric details required for legalization. RDMRDI will provide these maps to the concerned legalizable owners. The process will be followed by endorsement of these maps and ownership documents by the Sakrebulo and finally registration at the local registration office prior to the receipt of Project compensation.

4.7 Expropriation

111. Acquisition of land through expropriation will be pursued under the Project only in extreme cases when arrangement of a compensation amount between APs and RDMRDI, fails. Should the contract proposal fail, the expropriation process will commence by undertaking the procedures set out in the Law of Georgia “On the Rules for Expropriation of Ownership for Necessary Public Need”. Under Georgian law, the making of arrangements is seen as an alternative to expropriation, whereas ADB and EBRD policy treat arrangement under the threat of expropriation as involuntary resettlement.

112. Pursuant to the Law of Georgia “On the Rules for Expropriation of Ownership for Necessary Public Need” expropriation shall be carried out based on the order of the Minister of Economy and Sustainable Development of Georgia and a court decision. The order of the Minister of Economy and Sustainable Development of Georgia will determine the case for public needs, and grant the expropriation entity the rights to obtain land. Only the court shall determine the state body or local authorities and/or legal entity under the Public Law/Private Law to which the expropriation rights can be granted. The court decision should also include a detailed inventory of the assets to be expropriated and the provisions on the compensation payable to relevant land owners.

113. Under no condition would the RD occupy the required plots until:

- (i) the proper judicial process as defined by the law is initiated;
- (ii) a court injunction has been obtained and properly communicated to the APs; and
- (iii) The compensation/rehabilitation amounts are deposited in an escrow account.

114. The entire expropriation process, from the moment in which expropriation proceedings are initiated to the moment in which the expropriation injunction from the court is obtained, may last between three to six months.

4.8 Legalization

115. The RD will provide technical assistance to APs qualifying as legitimate possessors (Legal APs) of project affected land parcels. These APs will be assisted free of charge in the process of legalization of private ownership rights to Project-affected assets, followed by the registration of ownership title. After that, the AP will alienate the Project-affected land parcel to the RD for road project purposes in return for fair compensation calculated according to the unit rate determined in the approved LARPs. The entire legalization process for one plot may last between one week and six months.

4.9 Compensation Eligibility and Entitlements

4.9.1 Eligibility

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

- (i) all APs losing land covered by legal title/ traditional land rights, legalizable land, or land without legal status;
- (ii) tenants and sharecroppers whether registered or not;
- (iii) owners of buildings, crops, plants, or other objects attached to the land; and
- (iv) APs losing business, income, and salaries.

117. Compensation eligibility will be limited by a cut-off date to be set for each subproject on the day of the beginning of the AP Census and DMS. In this Project, the cut-off date has been set as 1 April 2018. APs who settle in the affected areas after the cut-off date will not be eligible for compensation. However, they will be given sufficient advance notice, requested to vacate premises and dismantle affected structures prior to the Project implementation. The materials from dismantled structures will not be confiscated, and they will not pay any fines or suffer sanctions.

4.9.2 Definition of Entitlements

Agricultural land impacts will be compensated at full replacement cost. The Project does not envisage a land-for-land compensation due to lack of available government land to offer. When 10% or more of total landholding owned by an AP is acquired, the AP (owners, leaseholders and sharecroppers) will get an additional allowance for severe impacts equal to two additional crop compensation or three months' income at minimum subsistence (if crop compensation is not applicable).

Legalizable APs' lands/assets will be legalized and they will be paid as titled owners. If the remaining part of a particular plot becomes inaccessible or unviable for cultivation or for any use after the acquisition, then the remaining land will be acquired, if the owners/user so requests. The land registration (regardless of type of land) and other transaction costs will be borne by the project.

118. APs that are not legitimate land users or are squatters, will be compensated with a one-time allowance in cash amounting to minimum monthly subsistence allowance for a five-member family for 12-month period where land is actively cultivated, or 3-month period where land is barren/unused.

119. **Non-agricultural land (Residential/commercial land).** Titled settlers will be compensated at full replacement cost free of depreciation. Legalizable settlers will be legalized, registered in NAPR and compensated as titled APs. Non-titled and non-legalizable land users will be compensated with a one-time allowance in cash equal to a minimum subsistence allowance for a five-member family for 12-month period when an AP loses land on which the AP permanently resigns.

120. **Houses, buildings, and structures** will be compensated in cash at full replacement cost free of deductions for depreciation, and transaction costs irrespective of the registration status of the affected land. In case of partial impacts and unwillingness of the owner to relocate, compensation will cover only the affected portion of a building and its full rehabilitation to the previous use. Full compensation will be paid if partial impacts imperil the viability of the whole building. Construction materials remaining after the demolition of the structures will be deemed the ownership of the AH.

121. **Crops:** Cash compensation at current market rates for the gross value of 1 year's harvest by default. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements.

122. **Trees:** Cash compensation at market price of income from the tree based on type, age, tree-productivity for the number of years needed to regrow the tree at the productive stage it was at when cut.

123. **Businesses:** If a business is lost permanently cash indemnity of 1-year net income or in the absence of income proof, one-time minimum subsistence allowance in cash corresponding to the actual months of activity in the year. In case of temporary impact cash indemnity of net income for number of months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum

subsistence allowance for months of business stoppage; in cases where APs have paid tax based on flat tax rate will receive compensation equal to 3 months minimum subsistence allowance.

124. **Agricultural Tenant:** If agricultural tenants are affected, they will be compensated in the form of assistance equivalent to one year of cash return from the tenanted land as per recorded proof, or in its absence, official minimum subsistence allowance for one year.

125. **Loss of wages/employment:** if employees lose their wages due to the Project, they will be compensated with the equivalent of the actual wage for three months, or in case of absence of tax declaration, official minimum subsistence allowance for three months.

126. **Relocation/Shifting Allowance:** Physically displaced households forced to relocate will receive a relocation subsidy comprising an allowance of 200 GEL covering transport expenses, plus an allowance equivalent to three months of minimum subsistence income (GEL 1,057.5) to cover livelihood expenses for the transitional period.

127. **Community Structures and Public Utilities:** will be fully replaced or rehabilitated so as to satisfy their pre-project functions.

128. **Vulnerable People Livelihood:** Vulnerable AHs (below poverty line, women headed or **AHs** with members with disabilities or pensioners) will receive an allowance equivalent to 3 months of minimum subsistence. Severity, vulnerability and shifting allowances are not mutually exclusive.

129. Tasks under the Project will be implemented according to a compensation eligibility and entitlements framework in line with both Georgian laws and regulation and ADB Policy (SPS 2009). A summary entitlements matrix is included in Table 4-2 below.

Table 4-2 Entitlement Matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, access or damage.	AP losing productive land regardless of impact severity	Registered Owner/Legal: Owner with full registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unviable for cultivation, the project will acquire it if the owner so desire.
		Legalizable Owner: (APs with title formalization pending and APs who are not registered but legitimately use the land and have residential land or agricultural plots adjacent to the residential land)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		Non-legal/Informal Settler: APs that are not legitimate land users or squatters	Non-legalizable APs losing agricultural land plot will be compensated with one-time allowances in cash equal to a minimum monthly subsistence allowance for a 5 members family for 12 month period where land is actively cultivated, or 3 month period where land is barren/unused.
		Agricultural Tenant	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease, unless otherwise provided by the lease agreement. In case of tenancy no crop compensation will be given to the land owner, and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy
		Registered Owner/Legal:	Cash compensation at full replacement cost.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Non-Agricultural Land	AP losing their commercial/residential land	(Owner with full registration)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost.
		<u>Legalizable Owner:</u> (Legalizable owners according to active legislation)	
		<u>Non-legal/Informal Settler</u> (Without registration/valid documents using land permanently.)	
Temporary Impact on land plot	N/A	<u>N/A</u>	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-established by the EA at the pre-impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	All APs regardless of legal status (including legalizable and Informal settlers)	Cash compensation at market rate on the basis of type, age and productive value of the trees. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (i) (<u>permanent impact</u>) cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance. (ii) (<u>Temporary impact</u>) cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage; <u>Permanent worker/employees:</u> indemnity for lost wages equal to actual wage for 3 month or in case of absence of tax declaration, one-time minimum subsistence allowance in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			salary payment document, accountant/financial report.
Allowances			
Severe Impacts	Physical relocation or loss of >10% of productive assets	All severely affected households including informal settlers	Agricultural income: 1 additional crop compensation for 1 year's yield of affected land or an allowance covering 3 months of minimum subsistence, whichever is higher - or, for other incomes: an allowance covering 3 months of minimum subsistence.
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee' households/internally displaced people.	One-time minimum subsistence allowance in cash for 3 months and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009 and EBRD PR 5.
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.
	Permanent impacts		Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.

4.9.3 Valuation and Compensation Rates

130. The Valuation methodology of compensation rates for the different affected assets is detailed in the next paragraphs.

131. The detailed methodology for determining valuations and compensation rates is included in Annex 4.

4.9.4 Valuation of Land

132. For valuation of land plots was used Income Approach, because for determination of the compensation amount Market approach method could not be used as the information on sales and announcements were actually unavailable.

133. Income approach - Under this approach the valutors defined a current value generated by the assets from the property ownership. This approach, like any other methods requires wide market investigations, specific data, studied by the valuator: a total income expected from immovable property, expected losses of total income due to the fact that the facility was not rented or mortgaged, expected annual operation expenses. ADB commissioned independent valuations of a random sample of 2 land plots distributed along the road alignment. In each case, the valuation conducted for this LARP exceeded the market value determined by the independently commissioned experts.

4.9.5 Valuation of Impacted Structures

134. The replacement cost of houses/buildings was determined based on construction type, cost of materials, transportation, types of construction, land preparation, labor, and other construction costs at current rates. No deduction for depreciation and transaction costs will be applied.

4.9.6 Valuation Method of Annual Crops

135. The market value of annual crops was determined as the net market rates at the farm gate for the first-year crop. Cash compensation at current market rates for the gross value of 1 year's harvest is paid by default.

136. Compensation for affected annual crops have been calculated by lost income method, which is derived based on the data on productivity of each specie and the current market price of 1kg of product. Data on productivity of different annual crops within the project rayon is a statistical data published by National Statistics Office of Georgia and from the sourcebooks prepared by agrotechnical scientists and accepted by the Ministry of Agriculture of Georgia. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements. In the event that more than one year's compensation is due to the APs, the crops after the first year will be compensated at a gross market value.

4.9.7 Valuation Method of Fruit-Bearing Trees

137. Fruit trees will be compensated differently if they are productive or yet to become productive. Productive trees will be compensated based on the future income lost for the years needed to re-grow a tree to the same age/production potential at which it was cut. Productive trees will be compensated based on the price of a seedling plus the income of the productive tree for the years needed to grow from the one-year seedling. The price of the seedling also includes the cost of fertilizers, water and other expenses. Non-productive/wood trees will be compensated based on the value of the investment made to grow the tree to the age at which the tree was cut.

5 INSTITUTIONAL ARRANGEMENTS

5.1 Introduction

138. The Implementing Agency will be the Road Department of the Ministry of Regional Development and Infrastructure of Georgia (RD) and the Ministry of Regional Development and Infrastructure of Georgia (MRDI) will be the Executing Agency (EA) that has the lead responsibility for road construction. The RD has overall responsibility which includes preparation, implementation and financing of all LAR tasks and cross-agency coordination. RD will exercise its functions through its existing resettlement division (RDRD) which will be responsible for the general management of the planning and implementation of all LAR tasks. The regional RD offices will assist the activities of the RDRD with one dedicated officer who will facilitate communication between the RDRD, the local governments and the APs and assist in implementing LAR tasks related to the local administration. RDMRDI, a number of other government departments and private agents will play an instrumental role in the design, construction and operation of the Project. The Ministry of Natural Resources and Environmental Protection is responsible for environmental issues, pursuant to active legislation. The Ministry of Justice is responsible for legal matters regarding land ownership, and the National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the registration of land ownership and its transfer through purchase agreement from landowners to the Road Department. The local governments at the Sakrebulo and village levels will also be involved.

139. The specific role and responsibility of each state agency participating in the given project is detailed below.

5.2 Land Acquisition and Resettlement Organizations

5.2.1 RDMRDI of Georgia

140. RDMRDI 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. RD will exercise its functions through its existing Resettlement Division, which is a subdivision of the Roads Development and Resettlement Division (RDRD), and LAR Commission.

141. A Resettlement Division (RD) under the RDRD, which is led by the Head of the division and staffed by other personnel with specific experience and skills in LAR, is responsible for LAR activities related to the project. RD is responsible for all technical work needed to accomplish all LAR preparation and implementation tasks, and coordination within the RD, as well as the central and local governments.

142. Nine officials are assigned to the central office of the RD for the monitoring and management of resettlement. This project will be monitored by two officials of the central unit.

143. The LAR Commission (LARC) within RD has the authority to finally endorse all LAR-related decisions and actions (i.e. approval of LARP, initiation of compensation payments etc.). The LARC convenes to review issues requiring decisions as needed. The LARC will oversee and monitor implementation of the LARP to ensure that all APs are duly compensated and that mitigating measures are instituted by the Civil Works Contractor as a result of temporary impacts. It is also the final pre-litigation authority with the power to provide decisions on grievances that cannot be resolved at the regional level. The LARC will ensure that the Project is implemented in accordance with ADB policy requirements and the approved LARP. A Grievance Redress Committee (GRC) at the Representative of the Mayor of the municipality in the administrative unit will be working to resolve the grievances of APs as a means of reducing grievances and avoiding the expropriation process for acquisition of land.

144. The structure of the LARC includes experienced and skilled experts in economics and law who simultaneously occupy responsible positions in RD. Agreement can be reached between RD management and LARC if needed to expand the structure by inviting professionals from different sectors in response to the volume of LAR work for a project. The core team of the LARC is represented

by RD, which is supplemented by legal experts, financial experts, engineers and other professionals from other departments of RD.

145. The specific tasks of the RD will be to (i) establish the LARC capacity at the regional level offices of the RD; (ii) ensure proper internal monitoring; (iii) hire, following ADB policy recommendations, the external monitoring agency; (iv) conduct all technical work to accomplish all LAR preparation and implementation tasks; (v) maintain the coordination of all land acquisition and resettlement related activities within the RDMRDI, central and local government; and (vi) provide all necessary documentation to ensure the prompt allocation of land acquisition and resettlement compensation amounts to the APs.

5.2.2 ETCIC

146. The Eurasian Transport Corridor Investment Center (ETCIC) as legal entity of Public Law, has been established pursuant to the President's order #161, dated 21 April 2000. ETCIC provides financial management for ADB projects, receiving appropriate funds directly from the Ministry of Finance of Georgia on the Project's account and disburses the amounts to APs. Following requisition from RD, RD. ETCIC will review, scrutinize and transfer the amount of compensation and allowance in the bank account of APs' mentioned in the Compensation and Allowance Ledger prepared, confirmed and produced by the resettlement unit for each AP.

5.2.3 Local Court LAR Team

147. The Local Court LAR Team will assist the central LARC and provide assistance to APs in the process of legalization of legalizable land. The offer of acquisition of land parcels shall be undertaken based on the RD's LARC decision and the LARP prices. If an AP agrees to the acquisition, he/she will confirm such agreement in writing by signing the Sales/Acquisition Agreement that will be registered with the Public Registry. This agreement will serve as the basis for compensation payment processing and release. If agreement is not reached between the AP and the LAR Team, the latter will inform the LARC, which will make the decision to start expropriation.

148. The RD resettlement division will be responsible for the implementation of the project. The team is composed of two senior officials and two consultants, who will be assigned to the project.

5.2.4 Local Governments

149. Local administration have direct jurisdiction for land administration, valuation, verification and acquisition. To confirm the surveys and the asset valuations carried out by the LAR consultants, RD will establish through its consultants local court LAR teams which will have designated officials from the local administrations (Sakrebulo; Representative of the Mayor of the municipality in the administrative unit) and representatives of each affected village/community administration (representatives of all affected communities/villages).

5.3 Land Registration Organizations

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

5.3.1 Representative of the Mayor of the municipality in the administrative unit

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

5.3.2 Sakrebulo

152. Sakrebulo is the representative branch of self-government at the local level. The Sakrebulo now has less involvement in the process of legalization of legalizable land plots. However, the local Sakrebulo assists the PRRC in the process of authorizing the application of non-rightful owners.

5.3.3 Property Rights Recognition Commission

153. Under the Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal entities in 2007, the Government of Georgia established the PRRC (Property Rights Recognition Commission) at the local level for recognition of ownership rights of non-rightful owners for registration. PRRC verifies and authorizes the application of ownership for registration with the NAPR. PRRC only authorizes the application of APs who are not registered but have residential land or agricultural plots adjacent to residential land (“non-rightful land owners”, according to the definition of Georgian regulations).

154. NAPR is in charge of the registration of land ownership and its transfer by acquisition agreement from landowners to the RD. Local Archives are now in the possession of the Local Registration Offices of the NAPR. The Local Archive is used for cross verification of ownership documents and the validity of physical possession of land by persons seeking registration as a legalizable owner, in the event that the owner does not have available documentation proving ownership rights on the adjacent land plot or if there is any doubt regarding the plot.

155. The Local Registration Office of the NAPR is the local level authority for executing the registration of land parcels in the name of the applicants based on the package of application documents provided by rightful owners (APs possessing ownership documents but with title formalization pending) or by non-rightful owners after receiving an appropriate certificate from PRRC, as the case may be. The owners submit both a soft copy and hard copy of plot maps with geometric details for the record in the Local and Central NAPR. The Local NAPR is involved in the updating and implementation of the LARP.

5.4 Other Organizations and Agencies

5.4.1 Civil Works Contractor

156. The Civil Works Contractor to be appointed by the RD to undertake the construction will be responsible for mitigating impacts resulting from the construction activities. Based on the LARP and the Technical Design, the parcel of land that will be identified and acquired as part of road the ROW will be demarcated to clearly delineate it from the remaining non-acquired parts. The construction activities shall be monitored closely by the RDMRDI to ensure compliance with the temporary mitigating measures.

5.4.2 Consultants and Auditors

157. **Design Consultant:** RDMRDI has been supported by the detailed design consultant to prepare the LARP. The design consultant has an international social development and resettlement specialist and a national resettlement / social specialist for finalizing the LARP for each construction stage. The design consultant has hired a survey and independent audit agency to conduct a land acquisition and resettlement survey and provide documentation including a census, socioeconomic survey, inventory of losses, and valuation of land and assets for replacement value. The LARP has been prepared based on the findings of the surveys following the final alignment as per the detailed engineering design.

158. Construction Supervision Consultant (CSC): will have land acquisition and resettlement specialists to oversee all resettlement related issues that may arise during the construction works.

5.4.3 Court of Georgia

159. The Court of Georgia shall be the last resort for issues and concerns regarding the implementation of the LARP. In case there is no agreement between the RDRD and the APs concerning the acquisition of private properties, the RD with the mandate for expropriation based on existing legislation, will submit to the Court a request for expropriation. Upon its approval and following the prescribed procedure, RD will then take over the concerned property after having been given by the Court the right of the Expropriator. The review of specific cases starts at local courts.

160. Furthermore, in cases where complaints and grievances regarding LARP implementation and compensation are not solved at the various levels as prescribed in the agreed Grievance Redress Mechanism, the APs will have the right to appeal the case to the court. The supreme court of Georgia is the highest court and its decisions are final.

5.4.4 Ministry of Finance

161. The budgets for the implementation of LARP will be provided to RD by the Ministry of Finance following its official approval. The LARP budget will be allocated on the accounts of ETCIC which is responsible for the financial management of the project.

5.4.5 Ministry of Justice

162. The Ministry of Justice is responsible for legal matters regarding land ownership, and the National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the registration of land ownership and its transfer through acquisition agreement from landowners to the Road Department.

5.4.6 Ministry of Economy and Sustainable Development

163. The Ministry of Economy and Sustainable Development (MOESD) issues a decree confirming the necessity of expropriation and assigning RD as an entity that can be granted the right for expropriation. The decision on expropriation can be resolved in about one month.

5.4.7 ADB and EBRD

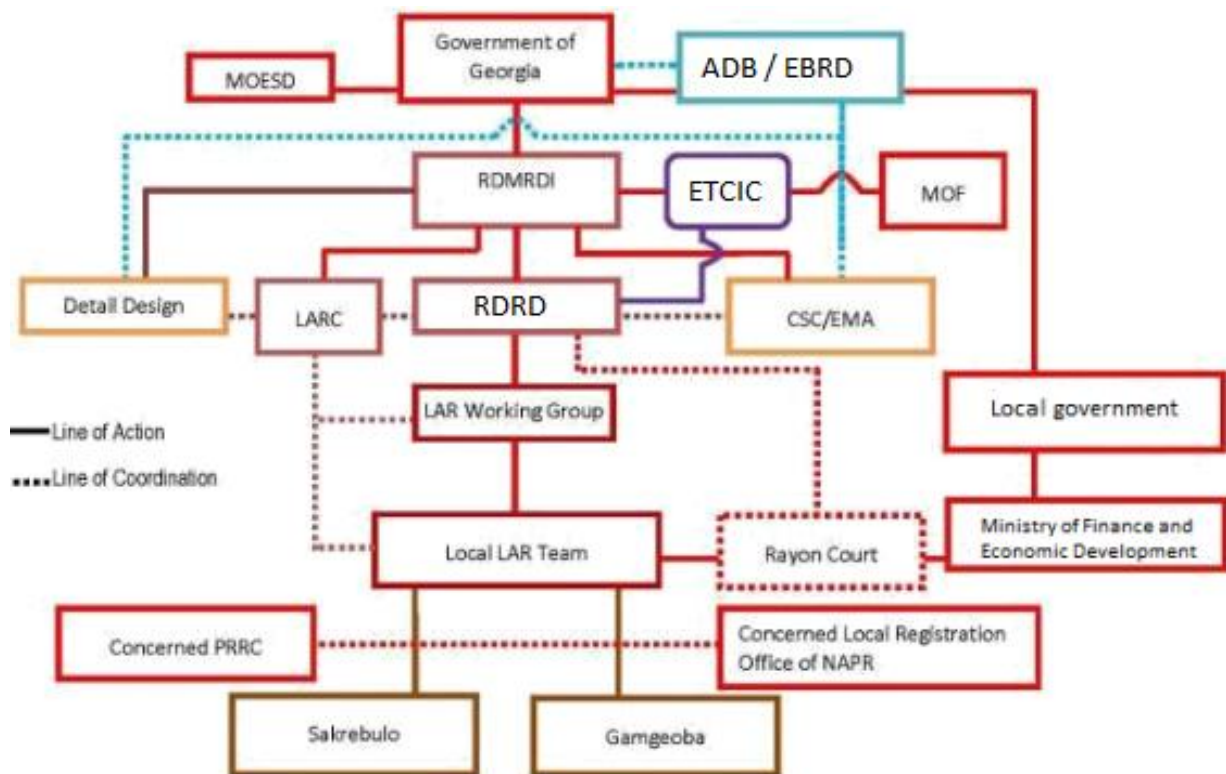
164. Besides supervising the Project periodically, ADB and EBRD will review the LARP and External and Internal Monitors' compliance reports, and provide clearance for the award of contracts and the signing and initiation of civil works.

5.4.8 Monitoring Agency

165. RD will appoint an independent external monitoring agency (EMA) for external monitoring and post evaluation of the LARP implementation. External monitoring covers all aspects of LARP implementation, starting from legalization and finishing with payment of all compensation and rehabilitation allowances before starting civil works. The external monitoring will be executed by the hired company or person.

166. An organization chart showing all the concerned institutions to be involved in the LAR activities is depicted in the following Figure:

Figure 0-1 Project Implementation Organogram



6 PUBLIC CONSULTATIONS, PARTICIPATION AND DOCUMENTS DISCLOSURE

167. APs have been consulted and informed in an ongoing, continuous process involving collective AP meetings, discussions with individual APs and the provision of printed materials, during both the preparation of the LARP and its implementation.

6.1 Introduction and Objectives of Public Consultations

168. Information dissemination to APs and other stakeholders is an important part of LARP preparation and implementation. Consultations with APs and ensuring their active participation will reduce potential conflicts and minimize the risk of project delays. In order to include local authorities, as well as representatives of APs, in the planning and decision-making processes, RDMRDI and the Consultant will continue a dialogue with rayon and municipality authorities and NGOs, as relevant, during the entire project implementation process. The aim of this is to:

- (i) raise people's awareness about the road corridor, project features, potential losses, implementation arrangements, eligibility and entitlements; grievance procedures and mechanism; land registration process, disclosure, and implementation schedule;
- (ii) fully share information about the proposed subproject components and LARP activities with the APs;
- (iii) obtain information about the needs and priorities of APs, as well as receive information about their reactions to proposed policies and activities;
- (iv) ensure that APs are fully informed about the decisions that will directly affect their incomes and living standards, and that they will have the opportunity to participate in activities and decision-making about issues that will directly affect them;
- (v) ensure that APs are given the contact information of project responsible persons from local authorities/RD that will provide timely and sufficient feedback to their inquiries;
- (vi) obtain the cooperation and participation of the APs and communities in activities necessary for resettlement planning and implementation; and
- (vii) ensure transparency in all activities related to land acquisition and resettlement.

6.2 Public Consultation during LARP Preparation and Implementation

169. Public consultations were held with stakeholders, and every effort was made to ensure that people either directly benefiting from, or affected by the subprojects participated. All communications were conducted in the Georgian language. The Consultant carried out the following activities as required by the RDMRD during the LARP preparation and implementation:

- (i) Information dissemination at consultations and consultation for all APs, NGOs and other stakeholders;
- (ii) Established the rates/unit prices to be used as the basis of compensation awards, and confirmed land acquisition and impact on properties identified through the DMS/census, demarcation and inventory, in consultation with APs;
- (iii) Conducted a survey as part of the DMS to:
 - inform APs about possible resettlement options and
 - identify services such as education/health/markets that APs are currently using and their distance from such services.

170. Community consultations were arranged at various locations through public meetings from May 2018 during the detailed design study to September 2018, during the preparation of the final LARP. Another wave of consultations will be conducted in November 2018, before the finalization of the LARPs for both project Lots. Consultations involved presentations of the Project and open discussions. The contents of the presentations included various aspects such as project/design features, a video presenting a model of the new road, core resettlement policy principles, project impacts and losses, eligibility and entitlements, LAR processes and the GRM. This information was shared with the people and their feedback was collected.

171. The first consultations with communities were held on 14 May 2018 in Kvesheti. Focus group discussions on environmental and resettlement issues were conducted in the Project villages in July and August 2018. Additional consultations with communities and APs were focused on the LAR procedure and processes. These were conducted in September in Tskere, Beniani and Begoni villages and Zakatkari. In total, there were 117 participants (74 males and 43 females). A list of the consultations is presented in the following table and the minutes are presented in Annex 2.

172. During the consultations, participants were mostly supportive of the Project. Presently, the mobility of citizens from the Project villages such as Tskere, Beniani, Begoni and Zakatkari, is heavily constrained by bad roads and inaccessibility of the villages during the winter time. Due to these factors, family members are often separated for 6-7 months during the winter. Only a handful of people remain in the villages during the winter. The participants therefore understood the need for the project and the benefits it will create. Nevertheless, the opponents of the Project, especially in Kvesheti, where the road will affect land and some homes on the river bank, argue that the road will destroy their way of living by obstructing their river view, bringing noise and air pollution, and reducing income from economic activities such as letting rooms and river-front yards to tourists. The Project benefits, as perceived by the participants, are summarized as follows:

- (i) access to villages all year round;
- (ii) more people will decide to live permanently in these villages;
- (iii) better access to health, education, markets and other facilities;
- (iv) availability of public transport;
- (v) development of tourism and income generating activities;
- (vi) more employment for the local population; and
- (vii) promotion of overall economic and social development of the project area especially in villages.

173. The participants also expressed their opinions about the adverse effects of the proposed project. The main concerns were related to land acquisition and possible relocation, unavailability of land to purchase in the area and adequate and timely compensation for losses. The main adverse effects of the proposed project are summarized as follows:

- (i) economical and physical displacement;
- (ii) affected livelihood of those who are letting rooms and gardens on the river bank in Kvesheti;
- (iii) unavailability of residential and non-residential land nearby for home reconstruction after displacement;
- (iv) concerns that insufficient compensation may be given for land and buildings;
- (v) concerns that old houses may collapse due to machinery vibrations during the road construction;
- (vi) inability to register some of the land that APs use;
- (vii) more noise and air pollution due to increased traffic; and
- (viii) permanent settling of foreigners in the tourist area.

174. The participants at consultations gave a range of suggestions which they would like to see integrated into the project planning and road design. The suggestions are as follows:

175. The participants at consultations gave a range of suggestions which they would like to see integrated into the project planning and road design. The suggestions are as follows:

- (i) construction of access roads from villages to the main road;
- (ii) provision of safe pedestrian and animal road crossings (bridges, underpasses);
- (iii) fair compensation for loss of APs' land and other assets;
- (iv) compensation to be given to affected households before the start of construction works;
- (v) changes in the design to avoid adverse effects on the communities' places of interest such as St George's Cross and memorial;
- (vi) employment opportunities during the construction period for the local population;
- (vii) fencing off the road where passes through grazing area;
- (viii) potential places for spoil area; and
- (ix) roadside market Discussion at Zatkatkari/Gudaury access road;

Table 6-1: List of Consultations

Date	Location	Type of consultations	Males	Females	Total
14.05.2018	Kvesheti	APs and wider community members	15	1	16
06.07.2018	Kvesheti, Mughere, Zakatkari	FGDs	8	12	20
30.08.2018	Zakatkari, Arakhveti & Bedoni	FGDs (mixed)	4	5	9
30.08.2018	Beniani- Begoni	FGD (mixed)	13	6	19
30.08.2018	Kobi & Almasiani	FGDs (mixed)	5	3	8
14.09.2018	Tskere	Consultations with APs	1	3	4
14.09.2018	Beniani & Begoni	Consultations with APs	4	6	10
15.09.2018	Kvesheti	Consultations with APs	20	5	25
15.09.2018	Zakatkari	Face to face discussion	4	2	6
09.01.2019	Kvesheti	Public consultation	24	3	27
Total			98	46	144

6.3 Project Information Booklet

176. To ensure that APs, their representatives, and local government agencies in the Project area are informed about the Project, and that they fully understand the LAR process, compensation entitlements, rehabilitation packages applicable to the Project and available GRM, a Public Information Booklet (PIB) was prepared and will be distributed to the APs during the final round of consultations to be conducted before finalization of the LARP. (Annex 3)

177. The general contents of the PIB include the following:

- (i) a brief description of the project, implementation schedule;
- (ii) project impacts, entitlements and rights of APs;
- (iii) institutions responsible for resettlement and time-frame (schedule);
- (iv) information dissemination to and consultations with APs and stakeholders;
- (v) Grievance Redress Mechanism; and
- (vi) requirements for monitoring and evaluation, including independent monitoring.

6.4 Public Disclosure

178. A Copy of the final LARP in English will be disclosed on ADB's and EBRD's websites, while a copy of the final LARP in Georgian will be disclosed on the RD website and at RD offices. The LARP in Georgian will also be disclosed to the APs at the relevant municipality offices.

179. The Project Information Booklet in English is included in Annex 3 to this LARP and the booklet in Georgian, will be included in the LARP in the Georgian language. The information booklet in Georgian will also be sent to all APs by a registered mail once the LARP is finalized.

7 GRIEVANCE REDRESS MECHANISM

180. 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 affected persons' 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.

181. The APs will have the right to file complaints and/or queries on any aspect of the project, including land acquisition and resettlement. Under the adopted grievance mechanism, the APs may appeal any decision, practice or activity related to the project. All possible avenues will be made available to the APs to voice their grievances. The IA will ensure that grievances and complaints on any aspect of the project are addressed in a timely and effective manner.

182. The fundamental objectives of the Grievance Redress Mechanism are:

- 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;
- To facilitate the smooth implementation of the LARP, particularly to cut down on lengthy litigation processes and prevent delays in Project implementation;
- To facilitate the development process at the local level, while maintaining transparency as well as to establish accountability to the affected people.

183. APs were fully informed of their rights and of the procedures for addressing complaints whether orally or in writing during the consultations and surveys, and will be informed again when the compensation is disbursed. Care will be taken to prevent grievances rather than relying solely on the redress process. This can be achieved through careful LAR design and implementation, by ensuring full participation and consultation with the APs, and by establishing extensive communication and coordination between the affected communities, the EA, and local governments in general. Complaints and grievances will be addressed through the process described in Table 7-4.

184. The GRM consists of the project-specific systems established at the municipal level and a regular system established at RD. Grievance Redress Committees (GRCE) were established at a municipal level as a project-specific instrument, and will function for the duration of Project implementation. The Grievance Redress Commission (GRCN) was formed as an informal structure within the RDMDRI to record and ensure grievance review and resolution.

185. The Grievance Redress Commission (GRCN) was formed by the order of the Head of the RD as a permanent and functional informal structure, engaging personnel of RD from all departments to work on LAR issues and complaint resolution. This includes the top management of the RDMDRI, safeguard or LAR units, legal other relevant departments (depending on the specific structure of the IA). The GRCN is involved in Stage 2 of the grievance resolution process. The order states that if necessary, a representative of local authorities, NGOs, auditors, APs and any other persons or entities can be included in the Commission as its members.

186. A Grievance Redress Committee (GRCE) is an informal, project-specific grievance redress mechanism established to administer grievances at Stage 1. This informal body has been established at the community level in each affected municipality (village/community authority). The GRCE includes representatives of municipal LAR teams and local communities. The RD representative in the municipal LAR team coordinates the GRCE formation. He/she is responsible for the coordination of GRCE activities and organizing meetings (conveyor). In addition, GRCE comprises the village Rtsmunebuli or his/her representative, representatives of APs, women APs, and appropriate local NGOs to allow the voices of the affected communities to be heard and ensure a participatory decision-making process.

187. GRCEs were established at the municipality level for the Project with an office order from the Road Department (RD). The GRCE at the municipality level consists of seven members as listed in the following table:

7.1 GRCE at Kazbegi Municipality

188. The GRCE for the Kazbegi municipality will be based in Kobi.

Table 7-1: GRCE at Kazbegi Municipality

Name	Position	Telephone/email	Status
Shota Batsikadze	Representative of Resettlement Division at RD	577613302	Conveyor; Contact person
Archil Jorbenadze	Representative of LAR Commission (GRCN) of RDMRDI	591403038	Member
Givi Chkareuli	Representative of Mayor in Kobi village	598240334	Member Secretary
Kakha Chopikashvili	Representative of Kobi village in Sakrebulo of Kazbegi municipality	595555918	Member
Artur Abaev	Representative of APs	555446125	Member
Fatima Koblova	Representative of Kobi population	599567894	Member

7.2 GRCE at Dushety Municipality

189. The GRCE for Dushety Municipality will be based in Kvesheti.

Table 7-2: GRCE at Dushety Municipality

Name	Position	Telephone/email	Status
Shota Batsikadze	Representative of Resettlement Division at RD	577613302	Conveyor; Contact person
Archil Jorbenadze	Representative of LAR Commission (GRCN) of RDMRDI	591403038	Member
Tengiz Bedoidze	Representative of Mayor in Kvesheti	551102790	Member
Ketevan Kakhurashvili	Elected Representative of Kvesheti village	591113462	Member
Ushangi Zakaidze	Representative of APs	595012903	Member
Vasiko Burduli	Representative of Kvesheti population (Male)	597212120	Member
Marta Mezvrishvili	Representative of Kvesheti population (Female)	555916273	Member

7.3 Grievance Redress Commission (GRCN) at Road Department Infrastructure Development (RDMRDI)

190. The Grievance Redress Commission, was established at the RD level as a permanent GRM structure by order No. 224. It consists of 17 permanent members, two secretaries and three non-permanent members without the right of vote. The list of the members is presented in the following table:

Table 7-3: Grievance Redress Commission (GRCN)

No	Name of Member	Position
1	Irakli Karseladze	Head of the Commission
2	Aleksandre Tevdoradze	Deputy Head of the Commission
3	Levan Kupatashvili	Member
4	Giorgi Tsereteli	Member
5	Koba Gabunia	Member
6	Salome Tsurtsumia	Member
7	Pikria Kvernadze	Member
8	Davit Sajaia	Member
9	Giorgi Eragia	Member
10	Nodar Agniashvili	Member
11	Mikheil Ujmajuridze	Member
12	Nino Mtsuravishvili	Member
13	Gia Sopadze	Member
14	Akaki Mshvidobadze	Member
15	Davit Kaladze	Member
16	Davit Getsadze	Member
17	Pavle Gamkelidze	Member
18	Girogi Tsagareli	Non-permanent member of commission
19	Mariam Begiashvili	Non-permanent member of commission
20	Archil Jorbenadze	Non-permanent member of commission

7.4 Grievance Resolution Process

191. A representative of the resettlement service of the IA is responsible for coordination of the Committee's work and at the same time, he/she is nominated as a Contact Person who receives the grievances and handles the grievance logbook. The local authorities at the municipal level, the civil works Contractor, the Supervising Company (Engineer), as well as APs (through informal meetings) are informed about the Contact Person and his contact details are available in the offices of all mentioned stakeholders.

192. The Contact Person collects and records the grievances, informs all members of the Committee and the management of RD about the essence of the problem, engages the relevant stakeholders in discussions with the aggrieved party and handles the process of negotiation with APs at Stage 1 of the grievance resolution process. The Contact Person prepares the minutes of meetings and collects signatures. If the grievance is resolved at Stage 1, the Contact Person records the resolution of the grievance in his logbook and informs the RD management in writing.

193. If the complainants are not satisfied with the GRCE decisions, they can always use the Stage 2 procedures of the grievance resolution process. In such case, the Contact Person helps the AP lodge an official complaint (the complainant should be informed of his/her rights and obligations, rules and procedures of lodging a complaint, format of complaint, terms of complaint submission, etc.).

194. The APs were informed about the available GRM. This was achieved through implementing information campaigns, distributing a Project information brochure, keeping all focal points up-to-date and maintaining regular communication with them, allowing multiple entry points for complaints and introducing forms for easier reporting of complaints.

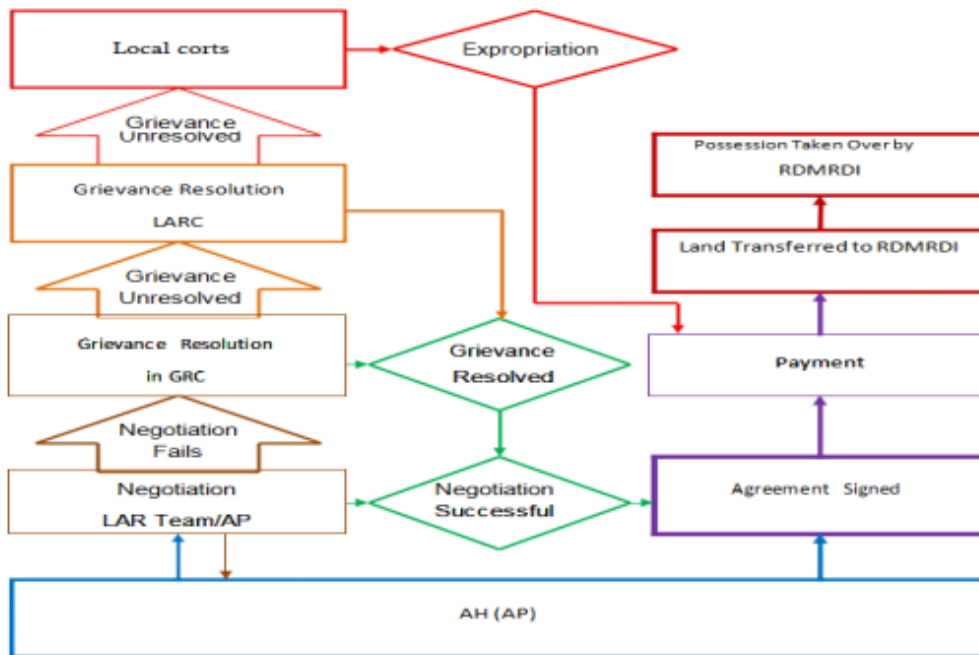
Table 0-4: Grievance Resolution Process

Steps	Process
Step 1	The complaint is informally reviewed by the focal point at the village level, which takes all necessary measures to resolve the dispute amicably.
Step 2	<ul style="list-style-type: none"> If the grievance is not solved at the previous level, the municipality level LAR representative will assist the aggrieved APs to formally lodge the grievances with the respective GRCE at the municipality level. The aggrieved APs will lodge the complaint if there is failure of negotiation at the village level and produce documents supporting his/her claim. The GRCE member secretary will review the complaint and prepare a Case File for a GRCE hearing and resolution. A formal hearing will be held with the GRCE at a date fixed by the GRCE member secretary in consultation with the conveyor and the aggrieved APs. On the date of the hearing, the aggrieved AP will appear before the GRCE at the village office and produce evidence in support of his/her claim. The member secretary will note down the statements of the complainant and document all procedures. The decisions will be issued by the conveyor and signed by other members of the GRCE. The case record will be communicated to the complainant by the LAR Team at the village level. The grievance redress at this stage shall be completed within 4 weeks.
Step 3	If the aggrieved AP is unsatisfied with the GRCE decision at the municipality level, the next option will be to lodge grievances with the Grievance Redress Commission (GRCN) at the Resettlement Division of the RD at the national level within two weeks after receiving the decision from GRCE. The complainants must produce documents supporting his/her claim. The GRCN will review the GRCE hearing records and convey its decisions to the aggrieved APs within four weeks after receiving the complaint.
Step 4	If the RD decision fails to satisfy the aggrieved APs, they can pursue further action by submitting their case to the appropriate court of law (local courts) without reprisal. The aggrieved AP can take legal action over the amount of compensation or any other issues, e.g. occupation of their land by the contractor without their consent, damage or loss of their property, restrictions on the use of land/assets, environmental concerns such as dust caused by the contractor's machinery, etc.

7.5 GRC Records and Documentation

195. RD of RDMRDI headquarters will keep record of all complaints received for its use as well as for any review by ADB and EBRD during regular supervisions.

Figure 0-1: Grievance Organization Chart



7.6 Special Recommendations to AP for Legalization of Land Plots

196. It is likely that many land parcels to be acquired are not registered or not properly registered. An AP who occupies land plots that are not owned by other private persons or the state and that are legitimately used by the AP but have not been registered under the privatization process, may be legalized. The legalization process is in progress and will be completed by the time of Implementation of the LARP. APs can only be compensated for lost land after legalization of the land plots.

197. The Roads Department and local governments from the Project area are already assisting the APs by preparing accurate land parcel maps with geometric descriptions which will be provided to them. However, in order complete this efficiently, the Project authorities need APs to cooperate by providing the necessary documents. To facilitate the process, the cost of registration of land parcels has been included the replacement cost of land.

8 IMPLEMENTATION PROCESS

8.1 General

198. The time bound implementation schedule of the LARP has been prepared in consultation with the RD. All activities related to LAR have been planned to ensure that compensation is paid prior to displacement and commencement of civil works construction. The most important acquisition activity, relating to the privatization process in Georgia, is the legalization of legalizable land parcels identified for acquisition. Titled owners and non-titled but legalizable owners of land parcels to be acquired have been identified in the survey.

199. The present document is the final LARP. The RD has reviewed and approved this document including the compensation package and rates and forwarded it to ADB for approval. Tasks for the RAP are divided into (i) final preparation including LARP approval of various initial tasks including legalization of legalizable APs and signing of contracts with APs (ii) LARP implementation including processing and making payment of compensation and allowances and (iii) evaluation of implementation. Public consultation, internal monitoring and grievance redress will be undertaken intermittently throughout the duration of the project. The LAR milestones include (i) approval of the LARP, (ii) signing of contract awards, (iii) letter to proceed for civil works construction, and (iv) start of physical civil works. A post-implementation evaluation will be carried out after completion of RAP implementation.

8.2 Detailed Design Stage

200. The setting up relevant institutions for the LAR activities is in progress. The final LARP based on the detailed design has been prepared and is being submitted for approval of ADB and RD. The detailed and final LARP includes the final impact assessment, detailed measurement surveys, preparation of individual parcel maps, legalization of legalizable owners and updating of compensation rates etc. The final LARP will be disclosed after approval by ADB and EBRD. The following pre-implementation LAR activities are in progress during this detailed design stage:

- Establishment of LAR Institutions;
- Legalization of legalizable parcels
- Updating of LAR Budgets
- Confirmation of updated impact data and of compensation amounts;
- Approval of LARP by ADB and EBRD and Government and subsequent disclosure

8.3 LARP Approval and Initial Tasks

201. The Resettlement Division of the RD under MRDI sets up relevant institutions and line up ETCIC (Eurasian Transport Corridor Investment Center), LARC, Working Group/LAR Team, GRC and others for the Project. Upon completion of the LARP by the detailed design consultant, the RD reviews and approves the document including the compensation rates. RD will submit the approved LARP to ADB and EBRD for approval. Meanwhile, RD will implement actions for legalization of legalizable owners listed in the ACS (Acquisition and Compensation Scheme) of the LARP (ACS-I) at the field level. All arrangements will be set for signing the contract agreement with the APs and the process will be executed for land purchase and compensation agreements. The capacity building exercise will be enhanced during this stage. Representatives of the APs and NGOs may be involved in LAR training at this stage. After completion of legalization of all legalizable owners of land parcels in accordance with the LARP, RDMRDI will award civil works contracts (signing of contract awards). The initial LAR activities are:

- (i) establishment of LAR Institutions and GRM;
- (ii) legalization of rightful owners of land parcels;
- (iii) agreement with APs and signing contract agreements;
- (iv) updating of LAR budgets and ACS;
- (v) confirmation of updated impact data and compensation amounts;

- (vi) approval of LARP by ADB, EBRD and the Government.

8.4 LARP Implementation stage

202. Payment of compensation and allowances under LARP will commence after a number of preparatory tasks have been completed. These tasks are:

- (i) signing of contracts with APs
- (ii) disclosure and consultation
- (iii) capacity building and training of LAR institutions, APs and NGOs
- (iv) grievance resolution
- (v) requisition to ETCIC for payment of compensation and allowances
- (vi) transfer of compensation and allowance to APs' bank account and registration of land in PR in the RDMRDI name
- (vii) relocation of affected structures/ assets
- (viii) compliance review and reporting
- (ix) notice to proceed for Civil works construction and
- (x) monitoring

203. Upon approval of the detailed/final LARP, all arrangements needed for the fixing of the compensation and disbursements should be finalized, which includes issuance of Identity cards (IDs), payment of all eligible compensation and assistance; initiation of rehabilitation measures; preparation for delivering the site to contractors for construction and finally commencement of the civil works. The following tasks will be undertaken during the LARP implementation stage:

- (i) signing of contracts with APs
- (ii) grievance resolution
- (iii) requisition to ETCIS for payment of compensation and allowances
- (iv) transfer of compensation and allowance to APs' bank account and registration of land with NAPR in RDMRDI name
- (v) execution of expropriation cases if required and if applicable
- (vi) compliance review and reporting
- (vii) notice to proceed for Civil works construction

8.5 LARP Monitoring Stage

204. Monitoring of the LARP implementation will be done simultaneously and will be reported in the form of a semiannual monitoring report.

8.6 Implementation Schedule

205. This is a tentative schedule for LARP implementation for the LOT 1 of the Project. However, a phased implementation mechanism may be considered in order to start the civil works in the completed section and to simultaneously proceed with the implementation of the LARP for other sections. The schedule can be adjusted during the detailed design. The tentative implementation Schedule is presented in Table 7-1.

Table 8-1: Implementation Schedule

LARP Tasks	2018												2019																																																						
	May			June			July			August			September			October			November			December			January			February			March			April			May			June			July			August			September			October			November			December									
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3
Preparation																																																																			
LARP survey/evaluation																																																																			
AP Consultation																																																																			
LARP Finalized																																																																			
ADB and EBRD final review and approval																																																																			
Disclosure																																																																			
Loan agreement																																																																			
Contract signing																																																																			
Implementation																																																																			
Legalization																																																																			
AP agreement signing																																																																			
Allocation of LAR budget																																																																			
Transfer of budget to ETOIC																																																																			
Transfer of budget to AP bank account																																																																			
Compensation deposit in ETOIC account & unvalued cases																																																																			
Grievance resolution																																																																			
Court proceeding in case of expropriation																																																																			
Relocation of affected structures																																																																			
Compliance report By EMA																																																																			
NOL form ADB to start civil works																																																																			
Start of physical construction																																																																			
Internal Monitoring																																																																			
External Monitoring																																																																			

9 COSTS AND FINANCING

206. All LARP preparation and implementation costs, including the cost of compensation and resettlement administration, will be considered in the project budget. The Road Department is responsible for securing the project related funding.

207. Land compensation value was provided by independent evaluator. Land plots have been divided into four categories based on their location and usage.

208. The compensation cost of structures is determined by considering all costs necessary for construction of the same building, at current market prices.

- (i) All LARPs should contain the information about the budget, including:
- (ii) Unit compensation rates for all affected items and allowances by indicating methodologies.
- (iii) A cost table for all compensation expenses including external monitoring and contingencies;
- (iv) LARP implementation costs.

9.1 Compensation for Land

209. The residential plots were valued based on the productivity/income method multiplied by the applicable index for valuation of residential land (The detailed methodology for determining valuations and compensation rates is included in Annex 4.)⁵. The total compensation for affected land amount to 199,516 Gel. The price of land for this Project area are as follows:

I Price category: Agricultural/ Residential: 8.4 Gel/1 m².

II Price category: Agricultural: 5.6 Gel/1 m².

III Price category: State land: 0 Gel/1 m².

ADB commissioned independent valuations of a random sample of 2 land plots distributed along the road alignment. In each case, the valuation conducted for this LARP exceeded the market value determined by the independently commissioned experts.

Table 9-1: Compensation for Land

	Type of land	Price per 1 m ² (GEL)	Number of plots	Area	Compensation (GEL)
I	Agricultural/Residential	8.4	3	8,420	70,728
II	Agricultural	5.6	19	22,809	127,730
III	State land	0	0	0	0
IV	Non-legalizable land*	0	1	60	1,057.50
	Total		23	37,987	199,516

9.2 Compensation of Structures

210. The compensation cost of structures is determined by considering all costs necessary for construction of the new building at current market prices.

211. Three residential buildings are impacted by the Project. Compensation rates for them presented in the table below.

⁵ An independent study of land valuation is being conducted by ADB. Should the independent study find that the valuations determined in this LARP are significantly low, these will be adjusted accordingly via a corrective action plan (CAP) as an addendum to this LARP.

Table 9-2 Compensation for Structures

Type of Structure	Affected Area (m ²)	Price of Structure
Summer house-Residential	137.8	92,385 (\$35,180)
Summer house-Residential	463.30	140,760 (\$53,600)
Summer house-Residential	188.94	39,930 (\$15,205)
Total		273,075 (\$103,985)

9.3 Compensation for Annual Crops and Vegetables

212. All affected persons will be paid compensation for their harvest at the full market rate. Table 9-3 shows the crop area affected and compensation to the APs for loss of harvest.

Table 9-3: Compensation for Harvest

Agricultural crop	Area (m ²)	Price per m ² (Gel)	Total compensation
Garlic	40	0.8	32
Carrot	615	0.5	308
Potato	2,349	1.56	3,664
Hay	21,048	0.12	2,525
Total	24,052		6,529

9.4 Compensation for Trees

213. The value of perennial plants was determined according to their age. The price of fruit trees was calculated by multiplying the market price of the annual harvest to that number of years that is needed for growing new tree planting up to the age of the existing fruit trees.

Table 9-4: Compensation for Trees

Plants	Age group	Cost of seedling, Gel	Cost of harvest unit, Gel	Number of compensation years	Full productivity per year, kg	Harvest compensation for per year (Gel)	Total compensation for adult perennial seedling with considering the cost (Gel)	Quantity	Compensation
1	2	3	4	5	6	7	8	9	10
Pear	Seedling (<5)	4	1,2	5	7	8,4	33	0	0
	5-10	4	1,2	7	20	24,0	122	0	0
	11-20	4	1,2	7	70	84,0	416	5	2080
	21+	4	1,2	7	45	54,0	269	0	0
Apple	Seedling (<5)	4	1	5	5	5,0	22	0	0
	5-10	4	1	6	25	25,0	109	0	0

Plants	Age group	Cost of seedling, Gel	Cost of harvest unit, Gel	Number of compensation years	Full productivity per year, kg	Harvest compensation for per year (Gel)	Total compensation for adult perennial seedling with considering the cost (Gel)	Quantity	Compensation
1	2	3	4	5	6	7	8	9	10
	11-20	4	1	6	70	70,0	298	1	298
	21+	4	1	6	40	40,0	172	0	0
Plum	Seedling (<5)	4	0,8	5	8	6,4	26	0	0
	5-10	4	0,8	5	15	12,0	46	0	0
	11-20	4	0,8	5	30	24,0	88	6	528
	21+	4	0,8	5	20	16,0	60	0	0
Total								12	2906

9.5 Resettlement Assistance

214. Three types of assistance are provided for the affected families:

- I. **Assistance for severely affected households:** assistance for such households amounts to three months of the minimum subsistence wage for a family with 5 members (352.5* Gel x 3 months). (<http://geostat.ge>) (April 2018) **Agricultural livelihood restoration:** Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead. **Non-agricultural livelihood restoration:** A livelihood restoration package of 3 months of minimum subsistence.
- II. **Assistance for socially vulnerable families:** assistance amounts to three months minimum subsistence wage for a family with 5 members (352.5 Gel x 3 months regardless of the number of people in the AHs).
- III. **Assistance for relocation/shifting:** assistance for such families amounts to three months' minimum subsistence wage for a family with 5 members - (352.5 Gel x 3 months), plus 200 Gel for transportation.

215. Information about detailed calculation of assistance is presented in the table 9-5.

Table 9-5 Resettlement Assistance

Assistance	Unit price (Gel)	No of AHs	Number of APs	Total compensation (Gel)
Livelihood Restoration	2 year lost crops value or 3 months subsistence	14	51	17,698
Severely affected households	1,057.5	14	51	14,805
Vulnerable households	1,057.5	5	21	5,287.50
Relocation/Shifting	1,257.5	3	11	3,772.50
Total				41,563

* 352.5 GEL is the subsistence minimum for a family with 5 members as of April 2018. geostat.ge)

216. Eleven AHs received a 3 months subsistence allowance for the livelihood restoration as this amount is higher than the 2-year value of their lost crops. 3 AHs received 2-year value of lost crops for their livelihood restoration

9.6 Resettlement Management Cost

217. The Roads Department will need to employ an independent monitoring agency for external monitoring of LARP implementation for a period of 2 months. Miscellaneous expenses have been kept as a provision to cover administrative costs that may be incurred during implementation of the LARP. Details of the LARP implementation management cost are given in Table 9-6.

218. The table below shows the cost for the external monitoring for the LOT 1.

Table 9-6 Resettlement Management Cost

Type of expenses	Unit	Quantity	Unit cost (GEL)	Total cost (GEL)
Cost for external monitoring 1st part	Months	2	3,000	6,000
Cost for external monitoring 2nd part	Months	2	3,000	6,000
Various administrative expenses	Months	12	1,000	12,000
Total				24,000

9.7 Cost of Resettlement

219. The budget of the Land Acquisition and Resettlement Plan covers: proper compensation, resettlement allowance and unexpected costs, which is 10% of the total cost. The total cost of the LARP will be GEL **607,550** (USD 250,021).

Table 9-7 Resettlement Budget

Type	Unit affected	Unit cost	Total cost (Gel)
Land	31,289 m²	5.6-8.4 Gel/m ²	199,516
Structures	3	Various	273,075
Trees	12	Various	2,906
Crop	24,052 m²	Various	6529.7
Gates	8	Various	4,728
Livelihood Restoration	14 AHs	2 year lost crops value or 3 months subsistence	17,698
Severe impact allowance	14 AHs	Subsistence minimum for 3 months (352.5x3)	14,805
Relocation/Shifting allowance	3 AHs	Subsistence minimum for 3 months (352.5x3)+ transportation cost (200 Gel)	3,772.50
Vulnerability allowance	5	Subsistence minimum for 3 months (352.5x3)	5,287.50
External and Internal monitoring		-	24,000
Subtotal			552,319
Unexpected costs		10%	55,231.86
Total			607,550

220. The total cost of the LARP is **USD- 250,021**. Official exchange rate for 20 April, 2018: 1USD=2.43 GEL (<https://www.nbg.gov.ge/index.php?m=582&lng=eng>)

10 MONITORING AND EVALUATION

221. LAR tasks under the Project will be subjected to internal monitoring. In high risk projects, or other projects, where it is considered necessary, external monitoring will be conducted by RDRD/RD. External monitoring will be assigned to Social Safeguard Consultant (SSC) to be hired by RD and approved by ADB and EBRD.

10.1 Internal Monitoring

222. Internal monitoring will be carried out routinely by RDRD/RDMRDI either directly or through the services of a consultant. The results will be communicated to ADB and EBRD through the quarterly project implementation reports. Indicators for the internal monitoring are related to process and immediate outputs and results. This information will be collected directly from the regional RD level and reported monthly to RDRD/RDMRDI to assess the progress and results of LARP implementation, and to adjust the work program, if necessary. The monthly reports will be consolidated quarterly in the standard supervision reports to ADB and EBRD. Specific monitoring benchmarks will include:

- (i) Timeliness, information campaign, quality of information and consultation with APs;
- (ii) Status of land acquisition and payments of land compensation;
- (iii) Compensation for affected structures and other assets;
- (iv) Relocation of APs;
- (v) Payments for loss of income;
- (vi) Selection and distribution of replacement land areas; and
- (vii) Income restoration activities; and
- (viii) Results of income restoration activities and compensation provided in terms of measuring the extent to which affected livelihoods were restored, and the identification of factors which prevented satisfactory restoration of livelihoods.

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

- (i) Review of census information for all APs;
- (ii) Consultation and informal interviews with APs;
- (iii) In-depth case studies;
- (iv) Sample survey of APs;
- (v) Key informant interviews; and
- (vi) Community public meetings.

10.2 External Monitoring

224. The Project will be classified as category 'A' for the involuntary resettlement. Therefore, an external monitoring will be carried out by the SSC for the Project activities. Indicators for External Monitoring tasks will be carried out in two phases.

Phase One: This external monitoring phase will be carried out by an independent monitoring agency in parallel with the implementation of the LARP and will be concluded after the LARP is fully implemented by the preparation of a compliance report.

225. During this phase, the SSC will (i) conduct the investigations and define the indicators needed for phase two activities and ii) closely monitor the implementation of the LARP. The LARP implementation monitoring will entail the following tasks: (a) review of LARP/information pamphlet disclosure; (b) review of actions taken by the PIU to compensate the APs, with particular attention to the way this action fits the LARP stipulations; (c) review all compensation tallies; (d) verify whether the compensation is provided thoroughly to all APs and in the amounts defined in the LARP and AP contracts; (e) assess the satisfaction of the APs with the information campaign and with the compensation/rehabilitation package offered to them; (f) review the legalization process and assess its effectiveness; (g) review complaints & grievances; (h) carry out an AP satisfaction survey with a 20% sample of the APs. The SSC will

prepare the Compliance Report immediately after the completion of LARP implementation. The Compliance report will section on the following:

- (i) Assessment of the way the compensation has been carried out in relation to LARP stipulations;
- (ii) Verification that all APs were compensated in the amounts stipulated in the LARP;
- (iii) Review of complaint and grievance cases and of their solution;
- (iv) Assessment of the rehabilitation program for vulnerable APs;
- (v) Assessment of the satisfaction of the APs;
- (vi) Lesson learned to be applied to the next projects, and;
- (vii) General assessment of LARP implementation and recommendations to ADB and EBRD regarding the provision of No Objection Letter to start the civil works.

226. **Phase Two:** The LARPs implementation will be assessed within one year of the completion. The following are the main indicators for the assessment to be carried out in this external monitoring phase:

- (i) Socio-economic conditions of the APs in the post-resettlement period;
- (ii) Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- (iii) Changes in housing and income levels;
- (iv) Rehabilitation of informal settlers;
- (v) Effectiveness of property valuation for rehabilitation purposes;
- (vi) Effectiveness of Grievance procedures; and
- (vii) Level of satisfaction of APs in the post resettlement period.

10.3 Post Implementation Evaluation

227. Post implementation Evaluation entails two tasks:

1) Task 1

228. The first task will be the preparation of a Compliance Report (CR) at the end of the compensation process. The objective of the CR will be to vouch for the proper implementation of the LARP for all affected impacts and APs based on the impact assessment figures, compensation rates and procedures set up in the document. The CR will be prepared immediately after the conclusion of the compensation process by an independent monitoring agency consultant. A CR proving full compliance with the LARP will be a condition for ADB's 'no objection' to start civil works at the road section with resettlement. The CR will entail the following activities:

- a) Comparison of the acquired assets, number of AP compensated, amount stipulated in the LARP and paid to the APs;
- b) Reconciliation of any differences between figures in the LARP and figures in the compensation tallies in case of changes in impact figures and AP number due to changes in the project design or errors in the LARP;
- c) An analysis of eventual complains and their solution;
- d) An AP satisfaction survey to be carried out through interviews with the APs; and
- e) A set of recommendation for the preparation and implementation of future LARPs

2) Task 2

229. Task two will entail the preparation of an Evaluation Report assessing the degree to which the compensation program for the project managed to maintain the pre-project standards of living and incomes of the APs. The report will be prepared one year after the conclusion of the compensation program by an Independent monitoring agency and will be based on comparison of the data and living standards of the APs before and after the compensation program.

ANNEXES

Annex 1: Synopsis of Selected Georgian Laws and Regulations on LAR

A. The Constitution of Georgia

The Constitution determines the essence of private ownership and defines the presumption of inviolability; however, it also regulates issues related to compensation and expropriation of land and real estate for public needs. The Constitution of Georgia ensures access to public information. Pursuant to Article 21 of the Constitution of Georgia “the right of ownership and inheritance is declared and secured”. No party can revoke the universal rights of ownership and inheritance. If there is a public need or urgency, Article 21.3 of the Constitution allows the expropriation of privately owned land/real estate; however, this can only be executed in accordance with a court decision or under the rules identified in the Organic Law ⁶ on the basis of appropriate and fair reimbursement.

Other articles of the Constitution of Georgia also create a legislative basis in respect of land acquisition and resettlement. These articles regulate the state’s actions for expropriation of land for public needs, i.e. exercising the right of expropriation (power of eminent domain), and the requirements of information disclosure, public consultations, protection of cultural heritage and grievance redress related to land acquisition and resettlement.

The Constitution ensures the right of each citizen to live in a safe and healthy environment and to use the natural and cultural environments. The state undertakes to implement environmental protection measures to secure a safe environment for people. People have the right to obtain "full, true and timely information" in regard to their workplace and environment. Article 42 of the Constitution enables citizens to make claims. It protects citizens and encourages appeal to a court for protection of their rights and freedoms.

B. Civil Code of Georgia

The Civil Code of Georgia regulates private civil relationships and covers property rights and obligations, family law and the law on inheritance. These regulations of the Civil Code enshrine the right to own property, the right to build, servitude and other rights directly applicable to the Project.

Ownership Rights

The right of ownership entitles its beneficiary to freely possess and use property. It may be limited by legislation or on a contractual basis. Ownership of a land parcel gives the land owner the implicit right to implement construction activities if they are not restricted by any agreement or law. Alienation of real estate is not limited under the Civil Code of Georgia. Pursuant to Article 183 of the Civil Code of Georgia “in order to purchase real property the agreement shall be made in a written format and the ownership right shall be registered on the name of the buyer at the Public Register”. The agreement, on the basis of which one person purchases and the other sells the real property, may be notarized. The agreement also may be certified by the person identified under the law (Article 69 of the Civil Code of Georgia). Presently, the sales agreement of real property may be certified by a representative of the Public Register. The presumption of veracity and completeness of entries operates with respect to the Public Register. Pursuant to Paragraph 1, Article 312, “an entry in the Public Register shall be deemed to be accurate until its inaccuracy is proven.

Right to Build.

The owner is allowed to transfer a land plot to another person for temporary use (not exceeding 59 years) for a charge or free of charge. The transferee obtains the right to build a building/construction on

⁶ In the hierarchy of the laws, the Organic Law stands between the Constitution and other laws, which highlights its significance

or under the land plot, as well as the right to assign and transfer this right through inheritance or tenancy. The construction right may cover such parts of a land plot that are not necessary for the actual construction but allow for better use of the facility constructed on the basis of the construction permit. Termination of the construction right requires consent from the landowner. Based on Article 180 of this Code, if a land parcel lacks access to public roads that are necessary for its adequate use, the owner may claim easement from a neighbor for the purpose of providing the necessary access. The mentioned article may be used for road construction, though the determination of a necessary right of way can be a rather complicated procedure if the road construction involves the obligation to prove the existence of elements of such rights. In the event of a necessary right of way, the implementer of the road project shall have the right to undertake road construction notwithstanding the owner's will.

Right of Servitude

According to the Civil Code of Georgia, this right means the restriction imposed on a land parcel or real property in favor of the owner (beneficiary) of another land parcel or real property. The beneficiary is granted the right to use a land parcel under restriction with some conditions and /or restricts the undertaking of specific activities or prohibits the landowner from exercising some rights against this land parcel. However, in regard to this project, the terms and conditions for transfer of any right (among them ownership, construction, necessary right of way or servitude) shall be defined against each land parcel in accordance with the identified rule and on the basis of the agreement entered into between the land owner and the party holding the appropriate right to act. This agreement shall be registered at the Public Register.

C. 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 principles for the protection of existing cultural heritage in Georgia.

According to the Law, state protection of cultural heritage is undertaken by the Ministry of Culture, Monuments Protection and Sport, the Ministry of Justice of Georgia, local self-government bodies, as well as other state institutions, public and legal entities. On the territories of Abkhazia and Adjara autonomous republics, the corresponding bodies of Abkhazia and Adjara autonomous republics have this responsibility within the scope of authority defined under the legislation of Georgia. It is worth mentioning that the state and local self-government bodies exercise their authorities in the sphere of protection of cultural heritage in accordance with the Constitutional Agreement between the state and the Orthodox Church of Georgia. The Ministry of Culture, Monuments Protection and Sports of Georgia provides general coordination and manages the activities undertaken in this sphere.

The Ministry of Culture, Monuments Protection and Sports may by agreement consider the alienation of state-owned land parcels located within a culturally or archeologically protected area on the condition that measures of protection and care are set. By contrast, Georgian law directly restricts alienation of monuments/land within a culturally or archaeologically protected area under private ownership that can only be alienated under the right to possess and, use despite any conditions of care and protection.

D. The Law of Georgia on Notary Actions

The stated law defines the types of notary actions and rules of their implementation. The law also defines which institutions and authorized persons other than the Notaries have the right to conduct Notary actions within the territory of Georgia and abroad. On the basis of Article 42 of the Law, local self-governments have the right to implement Notary actions related to inheritance, confirmation of the accuracy of a copy of an original document, proving the fact of a citizen's life, or proving the fact of a citizen's certain location. The rural population often applies to local self-governments to conduct certain notary actions, especially, when it is required to identify a person and a document, or the notary actions are required to replace the deceased head of the household with a new member. This rule is often utilized in the registration of land parcels when one member of the household is registered in the place of a deceased member. The representatives of the Consulates of Georgia (consuls) and other key persons at the consulates are eligible to conduct notary actions on behalf of the Georgian state beyond

the territory of the country. (Article 43). Citizens abroad may apply to the consulate of Georgia in the county of their location.

E. The Law of Georgia on Privatization of State-owned Agricultural Land

The Law regulates the privatization of state-owned agricultural land. On the basis of this law, leased or non-leased state-owned agricultural land is subject to privatization. However, the categories of agricultural lands listed below are not subject to privatization:

- grazing lands except grazing lands which were leased before enactment of the law; grazing lands attached to existing structures under ownership of legal entities and/or private persons or state ownership in accordance with the rules refined by the Law;
- Cattle-driving routes;
- Water fund land, except fish breeding in artificial ponds and lands of common water utilized as agricultural lands in accordance with the Law of Georgia on Water
- Forest fund land used under agricultural designation;
- Recreation lands;
- Lands allocated to historical monuments, nature and religious monuments;
- Lands in protected areas;
- Agricultural lands assigned as reform land in Adjara Autonomous Republic;
- Agricultural lands being used by budgetary institutions and legal entities of public law in the form of usufruct.

Privatization of the two categories (forest fund and recreation land) of agricultural land is still allowed, although only for development of resort-recreation infrastructure in accordance with the decision of the Government of Georgia.

F. The Law of Georgia on Ownership of Agricultural Land

The current law is completely different from the initial version adopted in 1996. The changes made in this law at different times (among them the amendments on the basis of Law # 389 of 14 July 2000) have significantly changed its initial format and simplified it.

Article 3.1. states that "a land parcel with or without a household structure that is registered at the public register and used for cattle-breeding or cultivation is considered an agricultural land parcel" with the existing household and additional structures or without them. This also applies to shared hay fields, grazing lands or forestry areas and parts of agricultural land that may be subject to "a separate ownership right" (Article 3.2).

The same law indicates that the ownership right to agricultural land is granted to the state, citizen of Georgia, household (komli) and legal person registered in accordance to the legislation of Georgia, which carries out its agricultural activities. The law also declares the state, private and community ownership rights to grazing lands in the high mountain regions (Article 43).

According to the limitations set under this law, a foreign citizen or legal entity registered abroad can only be granted ownership rights to agricultural land parcels through inheritance by will. However, foreign citizens and legal entities registered abroad are obliged to alienate privately owned agricultural land parcels to a citizen of Georgia, Komli and/or legal entity registered in Georgia according to the legislation of Georgia within six months of obtaining private ownership of the given land parcel. If this legal requirement is neglected, agricultural land parcels can be expropriated by court decision in return for due compensation. The standards identified by the Law of Georgia on the Rules for Expropriation of Ownership for Necessary Public Need shall also be exercised in such case.

According to Articles 6 and 8, the acquisition of agricultural land is allowed on the basis of ordinary rules and general restrictions. Ordinary rules consider land alienation without any permits and other limitations, and general restrictions consider land alienation only on the basis of the consent of the co-owner of shared property. In the case of agricultural land acquisition, the lessee has the priority right to purchase the land. (Article 10). Alienation is restricted if the area remaining after this action will be less than 5 hectares (Article 9).

The law imposes tax sanctions if land has not been cultivated for two years, for non-payment of land tax and failure to transfer a land lease. In such cases the law does not directly state any type of penalty and only refers to sanctions under the tax legislation (Article 20).

G. Law of Georgia on Registration of Rights to Immovable Property

The law defines the rules, terms and conditions for registration of rights to immovable property, and the rights and obligations of parties participating in registration procedures. The goal of this law is to declare and verify ownership rights for immovable property within the territory of Georgia through registration of these rights in the Public Register. The Law describes the rules set for the organization and functioning of the Public Register.

This law ensures the successful process of expropriation and the obtaining of necessary rights of way as land and real property must be registered into the public register to provide legal validity to the sales agreement. Pursuant to active legislation, the acquisition (purchase) of private property is legally valid and ownership rights are declared only after its registration into the Public Registry.

H. The Law of Georgia on the Rules for Expropriation of Ownership for Necessary Public Need

The “Rules for Expropriation of Ownership for Necessary Public Need” (23 July 1999) specified the expropriation procedures, liabilities and rules. The rules for expropriation of ownership stipulate that a regional (civil) court verdict must be issued on the basis of a presidential decree in the event of expropriation related to road construction.

According to the Constitution of Georgia the expropriation of properties required for the construction of roads is permitted for public needs. The process of expropriation can only be enabled by a court decision. Expropriation is carried out by means of compensation payment which should correspond to the market value and be honest. The Georgian state has the constitutional right to carry out the acquisition of property through expropriation instead of payment of legislative compensation (Clause 21).

I. Procedural Civil Code of Georgia

The general courts of Georgia consider cases according to the rules identified under the Procedural Civil Code of Georgia. The requirements of the procedural law are exercised during lawsuits and implementation of separate procedural actions or execution of a court decision.

The Procedural Civil Code of Georgia also regulates cases in which a determination for the defendant is impossible. This may be important for the Project in cases where the landowner is not found and ownership to his/her land parcel cannot be obtained in a legally valid manner.

The above-listed laws and regulations allow the following three mechanisms for legal application of property rights:

- Obtaining the right of way without expropriation through the payment of due compensation (on the basis of arrangement or a court decision) prior to commencement of the activities;
- Expropriation which enables the obtaining of permanent rights to land on the basis of eminent domain law or a court decision by payment of due compensation;
- Expropriation of private properties for urgent public necessity, which enables the obtaining of permanent rights to land for the purpose of national security or accident prevention. Expropriation is to be made on the basis of a presidential decree on expropriation through the payment of due compensation to affected people.

If applied adequately the above listed mechanisms can ensure the appropriate consideration of lawful interests of all parties and the due observation of existing legislations.

Annex 2: Consultations with Project Communities

Kvesheti (Lot 1 and 2)

Date: 14 May, 2018
Location: Kvesheti village, Dusheti municipality
Purpose: Consultations with communities
Facilitator(s): Archil Jorbenadze – ADB Project Coordinator and Contracts Monitoring Manager, Nino Mtsuravishvili – Deputy Head of the Resettlement Unit at the Roads Department of Georgia, Rusudan Kuliashvili and Elene Mgaloblishvili - specialists of Gamma Consulting LTD, Tengiz Bedoidze - Governor of Kvesheti village, and members of local communities.

Attendees: 16 persons from the Project villages
Gender: 1 females and 15 males.

Chair Person of the consultations: Elene Mgaloblishvili

Secretary of the consultations: Rusudan Kuliashvili

Overview

The meeting was opened by the representative of Gamma Consulting LTD – Elene Mgaloblishvili, who talked about the project zone and tunnel location, profile and parameters in detail, as well as the main principles of land acquisition and resettlement, eligibility and the grievance mechanism.

Summary of issues raised

- (i) legalization of land;
- (ii) safety of graves, shrines, crosses, memorials of the local communities;
- (iii) technical characteristics of the road and tunnels;
- (iv) employment opportunities for the local population;
- (v) vibrations during the construction and safety of houses;
- (vi) access roads to villages during the construction period; and
- (vii) road benefits for the local municipalities;

The following are the participants questions/suggestions and responses related to the involuntary resettlement:

**Comments and suggestions expressed at the public hearing of Kvesheti-Kobi Road
Construction and Operation Project**

N	Name of AP	Comment	Answer
1	Valerian Tsamalaidze	If I don't have a registered land parcel, what will happen in such case?	The Roads Department and consulting companies will assist you in the making of drawings and their registration.
2	Zviad Kavtaradze	I have a residential house and a land parcel in Khada village, I don't have any ownership certifying documentation. The recognition commission refused to register this property due to the fact that it is in a recreation zone.	Please, send us the number of your statement to find the reason of refusal in the Public Registry. Unfortunately, we have not received any information about this problem until now. We will investigate this issue and inform you.
4	Ushangi Zakaidze	If the project zone interferes with graves and shrines, it would be desirable to relocate the construction zone.	Graves will not be not affected by the Project. What's more, a protective wall will be arranged along these area, by initiative of the project company, in order to prevent damage to this area during the construction process.
5	Mamuka Rostiashvili	What are the road parameters?	The design length of the road is 10.03 km, out of which 9,06 km is accounted for by the tunnel. The width of the access road will be 10 m.
6	Mamuka Rostiashvili	What are the tunnel parameters?	The carriageway will be 3,5 m on each side, sidewalk - 1,5 m, for pedestrians - 0,75 m. In addition, an emergency tunnel is also being considered.
7	Eldari Zakaidze	When will we have the opportunity to view the entire project of the road?	You will be able to see the project on the other section of the road at the public hearing of the given project.
8	Davit Zakaidze	Will the local population be employed on the project?	The local population will be given preference during employment.
9	Giorgi Tsamalaidze	What benefits will be provided by the road project for the municipality?	As you know, this section is closed during most of winter due to much snow and the risks of avalanche. Construction of the mentioned tunnel will ensure the connection of the municipality with the rest of the country throughout the year.
12	Davit Zakaidze	Has the construction company already been revealed?	The tender has not been held yet, so it is not known at the given stage.
15	Gocha Zakaidze	I live quite close to the project zone. If the construction damages my house, what can I and who should I address?	You can submit an application to the Roads Department prior to the construction and demand a property inventory. If your property is damaged due to ongoing works, it will be properly compensated.
16	Levan Tsamalaidze	What could you say about the potential vibration, will it harm the already damaged houses?	Studying of the mentioned issue is taking place within the framework of EIA. In case of any hazard, corresponding measures will be carried out.
17	Nodari Beniadze	Which road can be used during the works and will the traffic be hampered by the construction process?	A new road connecting to the village will be arranged. Movement will not be restricted.
21	Nino Tsamalaidze	Who funds the construction of the mentioned project?	ADB and EBRD

List of Attendees at Consultations with Communities of Kvesheti-Kobi Road Construction and Operation Project

N	Name /Surname	contact information	Employ	Gender
1	Tsamalaidze Nino	593 75 42 18	Pensioner	Female
2	Beniaidze Badri	577 32 70 49	„Mountain Forest Development Agency of Georgia“	male
3	Beniaidze Davit	555 65 90 79	Unemployed	male
4	Javaxishvili Mikhail	599 70 79 98	Unemployed	male
5	Tsamaladze Valerian	579 77 62 35	pensioner	male
6	Beniadze Nikoloz	599 97 34 56	„ Gas Transportation Company“	male
7	Zakhaidze Ushangi	595 01 23 03	„ Gas Transportation Company“	male
8	Zakhaidze Eldari	593 38 13 15	Unemployed	male
9	Khavtaradze Zviadi	591 21 51 19	Unemployed	male
10	Tsamalaidze Giorgi	593 66 50 44	Unemployed	male
11	BeniaiZe Nodari	539 75 59 97	„Military path of Georgia“	male
12	Rostiashvili Mamuka	557 23 98 39	Self-employed	male
13	Zakhaidze Davit	599 99 76 55	Unemployed	male
14	Beniaidze Giorgi	595 04 31 36	„Mountain Forest Development Agency of Georgia“	male
15	Tsamalaidze Levani	591 96 88 35	Unemployed	male
16	Zakhaidze Gocha	597 32 70 47	„Mountain Forest Development Agency of Georgia“	male

Photographs from the Consultations with Communities Residing along the Kvesheti-Kobi Road Project



Kvesheti FGDs (Lot 2)

Date: 6 July, 2018
Location: Kvesheti administrative building
Purpose: Consultations with communities
Facilitator(s): Amy Sexton (Consultant of EBRD) and Elene Mgaloblishvili, Gamma Consultant
Attendees: 20 people from Zakatkari, Kvesheti and Mughere villages
Gender: 12 females and four males.

Overview

The meeting was opened by Elene Mgaloblishvili, who introduced the facilitators and the purpose of the meeting to attendees. A discussion about various aspects of the project and mapping activities with participants was conducted by Amy Sexton.

Summary of issues raised

- (i) unit price for land, crops, buildings;
- (ii) legalization of land;

- (iii) access roads to villages;
- (iv) cross in Kvesheti;
- (v) underpasses for animals; and
- (vi) job opportunities during the road construction for the local population.

Resettlement concerns remain significant; the IR issues will be addressed at planned LAR meetings. Overall, the participants consider the project to be a 'good project', although those whose property may be affected, expressed their concern about the land and other assets losses.

During the community mapping exercise, the participants identified the pastures, forest and hay areas they use, places important to villagers such as St George's cross, access to services such as education, healthcare and municipal transport services, and road safety education in schools. The primary concerns of the participants were to do with issues related to involuntary resettlement such as land registration, compensation for land and other affected assets, and the possibility of avoiding impact by alteration of the road design. The following are the participants questions/suggestions and responses related to the involuntary resettlement:

No	Questions/Comments	Response from Facilitators
1	What happens if there are partially affected land parcels?	It depends on the land plot size and what portion of the overall parcel is affected. If most of the land plot is affected and the remaining land is not viable for use, the whole land plot will be acquired. If the remaining land can be used and the AP does not want it to be acquired, the remaining part of the land will not be acquired.
2	We are not able to register land plots and many people do not have the required documents. What is your approach to these issues?	Non-legalizable land will receive compensation for all non-land losses such as loss of crops, trees, improvements on land and structures built by APs.
3	Our cattle cross wherever they want, but there is one location in Kvesheti that leads directly to where the bridge crosses the river (road beside the school, down to the river, across near the bridge to Khada road).	There are no underpasses planned here. However, the final alignment hasn't been determined yet.
4	Participants raised the issue of problems with land registration and small land plots. These are important for participants, who are hopeful that the Government can assist in registering land plots.	
	Participants stated that they are happy the project will be implemented, but for them, it is important that houses are not affected, and that the road is not constructed too close to homes, so they have to relocate.	The road buffer zone was described to the participants. The total amount of required land to be acquired has not yet been confirmed.
5	How will you provide connections to the villages?	Proposed access roads were shown on the map.
6	Will we be able to use our pasture areas after the road is constructed?	Yes. You will be able to use the pasture areas.
7	Where will be the spoil site?	The spoil sites have not been determined yet. Your suggestions for the site after Arakhveti will be discussed.
8	What is the unit price of land, crops, houses etc?	A professional valuator will determine the prices for all acquired assets. The price will be the replacement cost price for an acquired asset.
9	How will the legalizable land be compensated? Before or after registration?	To receive compensation, the land must be legalized/registered first. Our law does not allow payment for unregistered land.

10	We have land at the location where a bridge is planned. Can we use the land under the bridge after the bridge construction?	
11	There are people who need a job. Will there be any opportunity for locals to get some work? At other projects in Gudauri, or the rope line in Gudauri or the hotels there, some non-locals are employed. Locals should have job opportunities.	Yes, it would be possible to put together a list for the contractor of local people looking for work.



06.07.2018

PARTICIPANT LIST

ආදායම්
සහතික මිලදා ගන්නා

NAME-SURNAME	AGE	SEX	BIRTH PLACE	PLACE OF RESIDENCE	OCCUPATION	RELATION TO THE HOUSEHOLD HEAD (e.g. husband/son/brother)
1. පුංචි පුංචිපුංචි	49	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
2. පුංචි පුංචිපුංචි	57	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
3. පුංචි පුංචිපුංචි	44	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
4. පුංචි පුංචිපුංචි	65	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
5. පුංචි පුංචිපුංචි	65	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
6. පුංචි පුංචිපුංචි	49	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
7. පුංචි පුංචිපුංචි	59	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
8. පුංචි පුංචිපුංචි	48	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
9. පුංචි පුංචිපුංචි	55	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
10. පුංචි පුංචිපුංචි	55	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
11. පුංචි පුංචිපුංචි	57	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
12. පුංචි පුංචිපුංචි	32	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
13. පුංචි පුංචිපුංචි	80	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
14. පුංචි පුංචිපුංචි	77	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි
15. පුංචි පුංචිපුංචි	84	ඉස්ත	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි	පුංචිපුංචි

	lebar, gigitan	slur	litr	caibangkul sangg	lufangkul sangg	antupul	awangkul sangg
16.							
17.	masih jangkul	28	leangk	angkul	leangk	leangk	leangk
18.	masih jangkul	32	leangk	angkul	leangk	leangk	leangk
19.	leangk. jangkul	56	leangk	angkul	leangk	leangk	leangk
20.	leangk. jangkul	67	leangk	angkul	leangk	leangk	leangk
21.	leangk. jangkul	58	leangk	angkul	leangk	leangk	leangk
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FGD with Communities of Zakatkari, Arakhveti and Bedoni Villages (Lot 2)

Date: 30 August, 2018
Location: Kvesheti administrative building
Purpose: Consultations with communities
Facilitator(s): Archil Jorbenadze (ADB Project Coordinator (RD), Amy Sexton (Consultant of EBRD) and Elene Mgaloblishvili, Gamma Consultant
Other participants: Pilar Pastor (IDOM); Sopho Gigauri (Gamma) and Tengiz Bedoidze – representative of Dusheti Mayor in Kvesheti community.
Attendees: 9 persons from Zakatkari, Arakhveti and Bedoni villages
Gender: (5 female and 4 male).

Overview

The meeting was opened by Elene Mgaloblishvili who introduced the facilitators and the purpose of the meeting to attendees. Pilar Pastor, the design consultant, described the project and its technical components after which a discussion about the project and mapping activities with participants was conducted by Amy Sexton.

Summary of issues raised

- (i) pedestrian and cattle crossings,
- (ii) land registration,
- (iii) condition of bridge near Bedoni,
- (iv) access road through Bedoni,
- (v) cattle fences,
- (vi) water sources and pasture areas mapped,
- (vii) compensation for land,
- (viii) possible damages to houses during the construction

During the community mapping exercise, the participants identified the pastures, forest and hay areas they use, places of importance to villagers, access to services such as education, healthcare and municipal transport services; water and gas supply and the safety of these services during the construction period; tourist areas and road safety education in schools. Issues related to involuntary resettlement such as land registration, compensation for land and other affected assets, and the possibility of avoiding impact by alteration of the road design, were the primary concerns of the participants. The following are the participants' questions/suggestions and responses:

No	Questions/Comments	Response from Facilitators
1	Will we have pedestrian and cattle passes near Arakhveti to access the plateau we use for cattle grazing?	Yes. Cattle passes and pedestrian passes are envisaged by the project.
2	How will we access our land plots on the other side of the road?	Overpasses or underpasses for pedestrians are planned and proper animal passes for cows are included in the road design.
3	I have a land plot which I am not able to register, how I will be compensated?	If your land is not legalizable, you will be compensated for all non-land affected assets such as crops, trees, structures etc.
4	What will happen if our water or gas supply is damaged during construction?	The contractor will be responsible for any damage to these services and will any damage.
5	The residents of Bedoni village worry about the conditions of the houses during construction, because as we understood, the access road for construction trucks will go through our village. Our houses are old and build without cement, and vibration will cause damage to the houses. We think if the access road bypasses our village from the side of river we will not have such problems.	We are aware of these issues and we are considering a bypass to avoid impact on these houses.

6	<p>My house is located near the river and away from the road in Kvesheti, after construction of the new road my home will be surrounded by three roads. Why was this design alternative chosen? This new road will worsen my living conditions and that of my neighbors. In total, this is about 12 families. Please take into consideration our situation. Also we have sent a letter to the prime minister about this issue, asking to avoid our resettlement. As an alternative we suggest shifting the road toward the river (suggestion was shown on the map and discussed).</p>	<p>This design was chosen among nine alternatives that designers considered for this project. We will look at the design again and if feasible, alter the design and construct Bedoni access road. The construction of the road at the other side of the river is not technically feasible as the soil is not stable. We will re-visit the design again, amend the design where possible and avoid or minimize the impact on private land and assets.</p>
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Photographs of the FGD



List of Attendees

1103a 30.01.2018

PARTICIPANT LIST							
NO	NAME-SURNAME სახელი-გვარი	AGE წელი	SEX სქესი	BIRTH PLACE დაბადების ადგილი	PLACE OF RESIDENCE სახლობის ადგილი	OCCUPATION დასაქმება	RELATION TO THE HOUSEHOLD HEAD სახლის/კვრის მფლობელი, მშობელი, შვილი
1.	მამუკაშვილი გიორგი	58	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
2.	მამუკაშვილი ნინო	63	ქალი	ქუთაისი	ქუთაისი	მშენებელი	მამა
3.	მამუკაშვილი გიორგი	65	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
4.	მამუკაშვილი გიორგი	59	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
5.	მამუკაშვილი გიორგი	82	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
6.	მამუკაშვილი გიორგი	44	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
7.	მამუკაშვილი გიორგი	44	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
8.	მამუკაშვილი გიორგი	24	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
9.	მამუკაშვილი გიორგი	22	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
10.	მამუკაშვილი გიორგი	22	მამაკაცი	ქუთაისი	ქუთაისი	მშენებელი	მამა
11.							
12.							
13.							
14.							
15.							

Khada valley FGD (Lot 2)

Date:	August 30, 2018
Location:	Beniani-Begoni (Place of community gatherings).
Purpose:	Consultations with project communities
Facilitator(s):	Archil Jorbenadze (ADB Project Coordinator (RD), Amy Sexton (Consultant of EBRD) and Elene Mgaloblishvili, Gamma Consultant
Other participants:	Pilar Pastor (IDOM); Sopho Gigauri (Gamma) and Tengiz Bedoidze – representative of Dusheti and Mayor of Kvesheti community.
Attendees:	19 persons from Zakatkari, Arahveti ad Bedoni villages
Gender:	6 females and 13 males

Overview

Meeting was opened by Elene Mgaloblishvili, who introduced the facilitators and purpose of the meeting to attendees. Pilar Pastor, the design consultant, described the project and its technical components after which, a discussion about the project and mapping activities with participants lead by Amy Sexton, took place.

Summary of issues raised

- (i) access to new road for Tskere community;
- (ii) issues of land registration;
- (iii) safety of buildings during the road construction;
- (iv) cattle fences; and
- (v) water sources and pasture areas mapped.

During the community mapping exercise, the participants identified the pasture, forest and hay areas they use, places of importance to villagers, access to services such as education, healthcare, and municipal transport; water and gas supply and safety of these services during the construction period, tourist areas, and road safety education in schools. However, the issues related to involuntary resettlement such as land registration, compensation for land and other affected assets, and the possibility of avoiding impact by alteration of the road design were the primary concerns of the participants. The following are the participants questions/suggestions and responses:

No	Questions/Comments	Response from Facilitators
1	Will houses in Tskere be safe during the construction?	Yes. The condition of your houses will be documented before the construction starts. If there will be any damage due to the construction, compensation will be paid to the APs as per the Project entitlement matrix which corresponds to Georgian national laws and regulations as well as ADB SPS requirements.
2	We have problems with land registration. How will the compensation be paid if we are unable to register land plots?	For non-legalizable land, you will be paid compensation for all non-land assets. Whatever is on the land, for example, fruit trees that you planted, crops, improvement on the land etc, will be compensated at the replacement cost rate.
3	What are the parameters of the road? What is the road width?	The road will be a two-lane road and the total width is 11 m.
4	How will the residents of Tskere and Mugure villages access the new road? During the winter, they will not be able to cross these 3 kilometers to access the new road.	We cannot construct an access road close to the bridge and tunnel due to road safety issues. The only possible place to gain access is the location near the farm house. Your current road will be improved too. The local authorities will have better access to clear the snow during the winter.
5	What will happen to this existing road?	The road will be improved, and it will be easier to access villages and clean the snow.

6	Will it be safe to leave cattle on grazing areas near the road after the road construction? Will be there fences for safety?	Yes. We considered fences to protect the animals crossing the road.
7	Is this project alignment final?	Yes. Only some details such as access roads will be added.

List of Attendees

կայքի կոմի. 30.09.2018

PARTICIPANT LIST							
	NAME-SURNAME խնամ-զանգ	AGE մայր	SEX կան	BIRTH PLACE գնդապետի սրբանոց	PLACE OF RESIDENCE կայքի/համայնքի սրբանոց	OCCUPATION գործընթաց	RELATION TO THE HOUSEHOLD HEAD Բազմապիսի կյանքի ուղեկ պարտավորված (կա, առկա, չկա)
1.	Հակոբյան Վահագն	43	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
2.	Գրիգորյան Գրիգոր	42	ԿԱՆ	ԳՅԱՆ	ԳՅԱՆ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
3.	Գրիգորյան Գրիգոր	61	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
4.	Երանյան Երանյան	43	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
5.	Գրիգորյան Գրիգոր	43	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
6.	Գրիգորյան Գրիգոր	36	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
7.	Գրիգորյան Գրիգոր	51	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
8.	Գրիգորյան Գրիգոր	62	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
9.	Գրիգորյան Գրիգոր	29	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
10.	Գրիգորյան Գրիգոր	53	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
11.	Գրիգորյան Գրիգոր	22	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
12.	Գրիգորյան Գրիգոր	15	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
13.	Գրիգորյան Գրիգոր	40	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
14.	Գրիգորյան Գրիգոր	50	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
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կայք-

PARTICIPANT LIST							
	NAME-SURNAME խնամ-զանգ	AGE մայր	SEX կան	BIRTH PLACE գնդապետի սրբանոց	PLACE OF RESIDENCE կայքի/համայնքի սրբանոց	OCCUPATION գործընթաց	RELATION TO THE HOUSEHOLD HEAD Բազմապիսի կյանքի ուղեկ պարտավորված (կա, առկա, չկա)
16.	Գրիգորյան Գրիգոր	41	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
17.	Գրիգորյան Գրիգոր	19	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
18.	Գրիգորյան Գրիգոր	19	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
19.	Գրիգորյան Գրիգոր	14	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
20.	Գրիգորյան Գրիգոր	40	ՉԿԱՆ	ԵՏՂԻՅ	ԵՏՂԻՅ	ԳՆԴԱՊԵՏ	ԶԳՆԱՆ
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Photographs of FGDs



FGD with Kobi and Almasiani Communities (Lot 1)

Date:	August 30, 2018
Location:	Almasiani (Administrative building)
Purpose:	Consultations with project communities
Facilitator(s):	Archil Jorbenadze (ADB Project Coordinator (RD), Amy Sexton (Consultant of EBRD) and Elene Mgaloblishvili, Gamma Consultant
Other participants:	Pilar Pastor (IDOM), Sopho Gigauri (Gamma) and a representative of Kazbegi Mayor in Kobi community.
Attendees:	8 persons from Kobi and Almasiani communities
Gender:	3 females and 8 males

Overview

The meeting was opened by Archil Jorbenadze, who introduced the facilitators and purpose of the meeting. Pilar Pastor, IDOM design engineer, described the project and its technical components and Amy Sexton, EBRD consultant led the discussion with participants.

Summary of issues raised

- (i) spoil disposal areas;
- (ii) cross in Kobi;
- (iii) memorial of fallen soldier in Kobi;
- (iv) gas pipeline;

- (v) water sources and pasture areas mapped.

The community voiced their support to the project. During the community mapping exercise, the participants identified the pasture, forest and hay areas they use, places important to villagers; access to services such as education, healthcare and municipal transport; water and gas supply and safety of these services during the construction period. There will only be one person affected in this area and therefore, the participants were more interested in the temporary impacts during the road construction such as the spoil area and the moving of monuments and other structures important to the communities. The following are the participants questions/suggestions and responses:

No	Questions/Comments	Response from Facilitators
1	We have only one issue which we want you to address: first, we want to be sure that no one will touch the cross and second, if you plan to move the gas pipeline, do not shift it to the opposite side of the river. If you do, we will not be able to build anything there.	The cross will not be affected. There will be no changes to the location of gas pipelines. Some small alterations may happen, but we will stay within the current boundaries.
2	When will the construction work start?	We expected it to begin in late Spring 2019
3	Has it already been decided where the spoil disposal areas will be?	Not yet. We will decide later, and we will seek approval from the Ministry of Environment.
4	We are asking you not to touch our holy cross, but regarding the memorial, I, as a family member of the soldier to whom this memorial is dedicated, have no problem if it needs to be moved temporarily or as suggested by locals, to move it to the park, where we have another memorial.	In case the memorial needs to be moved permanently or temporarily, we will consult you and in agreement with you, make a decision.

List of Attendees

3rd day 31.08.2018

PARTICIPANT LIST							
	NAME-SURNAME Խնամանակ-զանգ	AGE տարիք	SEX սեռ	BIRTH PLACE գնդապետի ստորոտ	PLACE OF RESIDENCE նահանգ/քաղաքի ստորոտ	OCCUPATION գործընկեր	RELATION TO THE HOUSEHOLD HEAD Խնամանակի շրջանի մասին ստորագրողի անուն, հարաբերություն
1.	Բիսմյան Գրիգոր	54	ձրի	Կոնստանդնուպոլիս	Լուր Երևան	Բժ. Երևանի Կոնստանդնուպոլիս	Յրեկա և մեծ որդի
2.	Կարապետյան Կարապետ	50	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
3.	Մանուկյան Գրիգոր	60	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
4.	Գրիգորյան Գրիգոր	60	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
5.	Գրիգորյան Գրիգոր	65	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
6.	Կարապետյան Կարապետ	70	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
7.	Կարապետյան Կարապետ	45	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
8.	Մանուկյան Գրիգոր	56	ձրի	Կոնստանդնուպոլիս	Երևան	Կոնստանդնուպոլիս	
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Photographs from the FGD



Consultations in Tskere (LOT 1)

Date: 14 September 2018
Time: 12:00-13:00
Location: Tskere village
Purpose: Consultations with APs
Facilitator(s): Dragica Veselinovic, ADB Social Safeguard Consultant, Elene Mgaloblishvili, Gamma Consultant
Attendees: 4 residents from Tskere village
Gender: 3 women, 1 man

Overview

Tskere is a village of few houses and even fewer residents. It is located at the entrance of the nine-kilometer tunnel. The discussion was conducted outside a displaced person's home. Two of the three women live permanently in this village. The other villagers reside there during the summer. All expressed their appreciation for the project and the hope that the road will be built. A single woman, the oldest resident of this village, stated that for the last 60 years she had heard talk about the road being built and that she still does not believe that it will happen. The women said that they would be even happier if we acquired their land, so that they could purchase dwellings at better places, where life is a bit easier.

The husband of one of the women works in Gadauri during the skiing season. Two women stated that they are scared of wolves, and that being alone and cut off from the rest of the community for almost seven months per year is very difficult. They would like to live here if there were more people around.

They hope that after the road is built, more people will live here. During the winter time, the snow gets very high, and skiers often jump over their roofs.

After a while, a male DP, Terel Zakaidze, joined the conversation. His primary concern was the calculation of acquired land. He has 1,370 m2 of affected registered land and 700 m2 of affected non-registered land which he has been using for as long as he can remember. He tried to legalize his land, but the officials always informed him that his documentation is incomplete; however, the officials could not tell him which documents are missing.

No	Questions/Comments	Response from Facilitators
1	A woman, the oldest resident of this village: She stated that for the last 60 years she had heard talk about the road being built and that she still does not believe that it will happen. She said the residents would be even happier if their land were acquired so they could purchase dwellings in better places where life is a bit easier.	We are happy to hear that you support the road Project. I hope this time the road will be built.
2	Two women: Two women stated that they are scared of wolves and that being alone and cut off from the rest of the community for almost seven months per year is very difficult. They would like to live here if there were more people around and hope that this will be the case after the road is built. During the winter time, the snow gets very high, and skiers often jump over their roofs.	
3	Terel Zakaidze, the only man living in Tskere: His primary concern is the calculation of acquired land. He has 1,370 m2 of affected registered land and 700 m2 of non-registered affected land which he has been using for as long as he can remember. He said that he's tried to legalize his land on numerous occasions, but officials have always informed him that his documentation is incomplete. However, he said the officials have always been unable to tell him which documents he is missing.	Gamma will check what is needed to be done in your case. You have Elene's phone number and she will have information for you on Monday.





Summary

This was a small group discussion with three permanent and one temporary residents of Tskere village. The participants stated that they favored the road and tunnel project because it would connect them with the rest of the country and make their lives less isolated in the winter.

List of participants is not available

Consultations in Beniani and Begoni (LOT 2)

Date: 14 September, 2018
Time: 14:00 - 16:00
Location: Beniani and Begoni villages (Lot 2)
Purpose: Consultations with communities
Facilitator(s): Dragica Veselinovic, ADB Social Safeguard Consultant, Elene Mgaloblishvili, Gamma Consultant
Attendees: 10 residents from villages of Beniani and Begoni
Gender: Four women and six men
Information shared: GRM information, Entitlements, Legalization procedure

There are 10 families living in these two villages; however, during winter the women go to Kwesheti or Gudauri where the children can go to school and there is access to medical and other services. Most of the village men work in the ski resort in Gudauri. A few stay in the village to take care of the livestock. During winter, the villagers periodically visit their homes. They usually walk 9 km from the main road through snow to reach the village.

No	Questions/Discussions	Answers
1	Mihail Benianidze: The road passes through the middle of my land. I will not be able to access the other part of my land. I would like to use that land. Can you ensure that I have access to my land as I cannot access it through other people's land? (visited the location)	We need to see if the design envisages an underpass at this location. If there are no underpasses, the remaining land needs to be acquired.
2	There is a problem with legalization of land. Some government archives were lost in fire and many of us do not have documents proving that the land is ours. Those of us who have some	You are aware that you may legalize your land if you have your neighbors' statements that the land belongs to you? We will pass your concerns to the Ministry and the RD.

	documents are clinging to them trying to legalize our land.	
3	I have been trying to register my land for almost a year without success. Government officials keep asking for documents for which they know we cannot provide.	We will pass your concerns to the RD
4	Our ancestors protected this land with their lives. That's why we do not want to sell it. It has a different meaning to us. If our government wants to take it, we need to get a sufficient compensation, so we can purchase other properties to leave to our children. Otherwise, we will have nothing to leave to the next generations.	
5	Our income comes from selling hay. I own three plots totaling 6,000 m2. The road will take 3,000 m2 of my land, meaning, my income will be halved forever.	You'll be compensated for your losses.
6	The government does not register new land here as this is a recreational zone and land located in the recreational zone is worth more than at other locations. If the government registers our land, then they'd have to pay us more if they wanted for the road. That is why the government does not want to register our land.	We will record your concerns and pass it to the RD.
7	Young woman: I am sick of the fresh air. I need the road, so we can live here.	
8	Young man: I work in Gudaury. I have a car, but I do not have the road.	

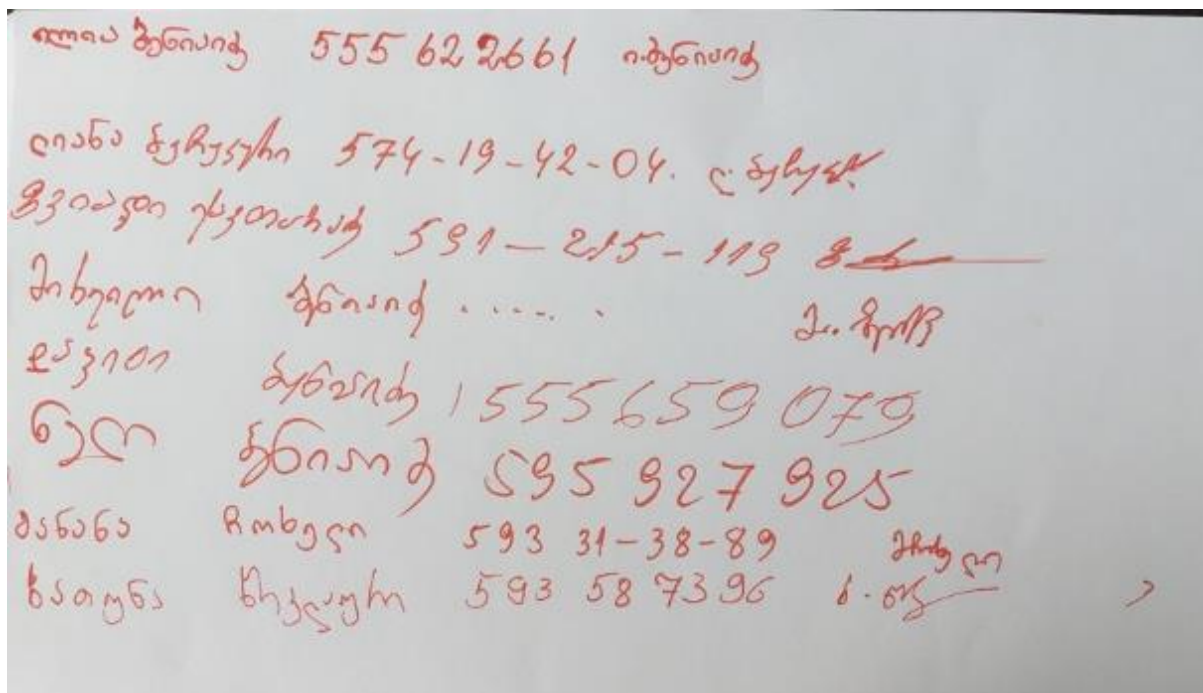


Participants at Consultations in Beniani-Begoni Villages

Summary

The main issues discussed were compensation entitlements, some difficulties in obtaining official registration documents for their land described by a few residents, some potentially negative and some potentially positive impacts that the new road would bring to the villages. The session included a visit to a property where a strip of land will be acquired by the Project.

List of participants:



Consultations in Kvesheti (LOT 2)

Date: 15 September 2018
Time: 11:00-14:00
Location: Kvesheti village
Purpose: Consultations with communities
Facilitator(s): Dragica Veselinovic, ADB Social Safeguard Consultant, Elene Mgaloblishvili, Gamma Consultant
Attendees: 25 residents from Kvesheti village
Gender: 5 women, 20 men







Overview

Displaced persons from Kvesheti village were invited to the local authorities' office for the Socioeconomic survey (SES). There were between 25 and 30 people waiting to complete the questionnaire. Informal discussions were held while people waited. All present residents were informed about RD's plan to conduct a consultation session on 26-27 September 2018, in which changes to the Kvesheti access road will be presented. The APs' discussion/ opinions are presented in the table below.

No	Questions/Discussions	Answers
1	You are saying that you are here to listen to us. Then listen. We have to tell you everything.	We are here to listen to you. We will stay as long as you need us to hear your concerns and suggestions/ solutions.
2	The stories that you hear and read from the reports are not our stories. You are saying that we will be paid a replacement cost for affected assets and land. Just tell us, where can we purchase some land here to rebuild our homes? There is no land here for sale. We cannot even register our own land. We do not want to go from this village.	

3	We do not need more money or any money for that matter. We want our land and homes to stay.	
4	We prepared a technical option for the road to be built on the other side of this river. The Ministry did not even look at that. We know that at some points the soil is not suitable for construction and we were told that this option will be too expensive. So, how much are our lives worth?	I am aware that this is one out of nine options considered for this location. The engineers informed me that it may not be technically feasible to construct this part of the road on the other side of the river. I was informed that you have received this information as well. However, your concerns will be discussed again with the RD.
5	Nobody cares about us. We do not need this road here. Just leave us as we are now. This road here is enough, and leave us if you do not want to even consider our suggestions.	
6	We are tired of all of you. Each time new people come and ask some questions and leave, while everything remains the same. We are tired, and we do not want to sell our land and homes.	I am sorry to hear that. We need to do many different studies - technical, geological, environmental, social, gender etc. That's why we need to talk to you to give information and to hear your opinions and suggestions.
7	We have a paradise here. You will destroy it. With a new road here, we will have terrible air pollution, excessive noise, cracks in our homes, no land to come out into our gardens to watch the river and relax, no land to leave even our shoes outside. Why do I need my home, which is not affected, if I lose my front yard, my peace and the river view?	If you cannot continue living in your currently unaffected home, you may request that all your land and home be acquired.
8	We rent rooms and our yards to tourists who come with their tents. They settle on the river bank under our trees and listen to the river. This greatly helps us make a living. If you make the road here, you'll destroy us. We are not against the road, we are against the road under our windows and in front of our doors. Please, leave the river at our side and make the road on the other river bank.	As already explained, the construction of the road at the other side of the river was discussed with you and technical explanation given. The soil at the other side of the road is not good for the road construction.
9	My home is 150 years old and this one is 70 years old. During the construction, these may not withstand the vibrations from the machinery. Why do we need your money if we will die?	Safety of people is the primary concern. If this is the only issue that worries you, this part of the road can be constructed without vibrations, so homes and people will be safe. Your homes will be inspected before the construction; any existing structural and other cracks will be documented. So, if a house proves to be under risk during the construction, mitigation measures will be employed. These could include for example, construction without vibration at these locations, structural repair before the construction, full acquisition if needed, or any other measure that engineers find suitable. The mitigation measure that will be used, will depend on the condition of your house.
10	Our great, great grandfathers lived here in these old homes. No replacement cost can cover that. There is no home you can give me to replace this home.	
11	Our lives have stopped. Many of us will not survive seeing our homes and our land go. We lived here, we will die here.	
12	If you and ADB really care as you claim, then listen to us and help us. We are not against the road, just do not make it under our windows.	Your concerns will be passed to the RD and the design company. They will re-visit the design and see if possible

		to avoid or at least minimize the impact by changing/altering the design at these locations.
13	We are tired of you and your talks. Nobody cares about us and our words do not touch you. We do not need your compensation.	I am sorry to hear that. We have to talk to you and listen to you, so you have a full information about all aspects of this project.
14	Please help us to have the Ministry look at our proposal. We are not stupid people to be satisfied with their simplified answers such as – it is not possible to build the road on the other side of the river because the geology is not good there. We know more than that. The foreign designers do not know our context and why would they care about our lives. Why is your design secret? I have these maps from a friend of mine. You showed us cartoons presenting your plan. In these cartoons, we, our lives and our homes are non-existent.	Your government and the designing company discussed 9 different technical solutions, taking into consideration all factors, including the minimization of adverse impacts on people and their properties. They came up with the latest version which they found to be the most acceptable considering all these points of view. For the next consultations, the RD will bring the latest design and you will have full information. We will check if some alternation in the design can be done and impacts minimized or avoided.
15	Our government stopped the legalization of legalizable land as the land price after the road construction, will increase a lot. They will take the land from us now and sell it at a high price for tourist development later. That is not fair. That will kill us.	The RD will not acquire more land than necessary for the road construction.
16	You have to see our homes and see where they will construct the road.	As per APs' request, three locations where visited.

		
Consultations with residents of Kvesheti village	Resident of Kvesheti village	A residential front yard that will become part of the road
		
A garden near the river that will be acquired for the road project	Upset residents of Kvesheti village	An old house in Kvesheti village

Summary

Participants at this session voiced significant opposition to the proposed project. Some said they had been provided with all necessary relevant information, others said they had not. At least two DPs were upset with the project design as they felt that their voices had been ignored. Most of the Project supporters could not voice their opinions and the APs opposing the Project, dominated the discussion.

List of participants is not available

Consultations in Zakatkari (Lot 2)

Date: 15 September 2018
Time: 16:00-18:00
Location: Zakatkari village
Purpose: Consultations with communities
Facilitator(s): Dragica Veselinovic, ADB Social Safeguard Consultant, Elene Mgaloblishvili, Gamma Consultant
Attendees: 6 residents from Zakatkari village
Gender: 2 women, 4 men

Overview

The consultation in Zakatkari village was attended by six village residents and was held on the roadside. The aim of the meeting was for participants to complete an SES questionnaire. It was also an opportunity to share project information and hear people's views on the project.

No	Questions/Comments	Response from Facilitators
1	An elderly woman whose land is partially affected stated that if her home is affected, she will not move from her home. She stated that she is old and that she will die in her home.	We explained to her that her home is not going to be affected. We visited her home and showed the road boundaries which are at least 50-70 m away from her house.
2	One displaced person stated that the road will bring more 'so called tourists' who will settle and stay in their country. He would not like that to happen.	
3	Zurabi Zukaidze, village resident: He insisted that we visit his home which is more than 120 years old. The road will pass approximately 30 m from his home. He is concerned that his old house may collapse during the construction. He also claims that nobody came to see his house and to reassure him that the house will be safe.	The design will be checked. Mr Zukaidze may visit Gamma's office any time and check the design. The RD will conduct more consultations and present the last version of the design.
4	Other participants stated that they are happy with the road providing that their homes will not be acquired. They stated that the road will bring fast and comfortable access to schools and other services and that they intend to stay in the area permanently.	



Public Consultation in Mleta

Date: January 9, 2019
Location: Kvemo Mleta (School Building).
Purpose: Consultations with project communities
Facilitator(s): Mikheil Ujmajuridze (Head of Social and environmental issues Division RDMRD) and Elene Mgaloblishvili (Gamma Consulting)
Other participants: Nino Mtsuravishvili (Deputy Head of Social and environmental issues Division RDMRDI), Archil Jorbenadze (ADB Project Coordinator (RDMRDI)), Girogi Khodeli (ADB Resettlement Consultant), Marika Gengashvili (ADB resident mission, communication specialist), Sopho Gigauri (Gamma Consulting) and Tengiz Bedoidze – representative of Dusheti and Mayor of Kvesheti community.
Attendees: 27 people
Gender: 3 females and 24 males

Overview

The meeting was opened by Elene Mgaloblishvili, who introduced the facilitators and purpose of the meeting to attendees, described the project and also introduced entitlement matrix and grievance redress mechanism.

Summary of issues raised

- (i) issues of land registration;
- (ii) safety of buildings during the road construction;

During the meeting were discussed issues of land registration, including recognition commission's work. Representative of Roads Department Mikheil Ujmajuridze answered questions of attendees, explained process of land legalization and registration and ask participants to contact individually with representatives of RD for assisting during registration process.

PIBs were distributed to the attendees at the beginning of the meeting.

Since some of APs were not able to attend on public consultation because of weather condition, PIBs were left to Representative of Mayor in Kvesheti community, for distribution within APs and to make notes about issues raised by them.

Name	Village	Questions/Comments	Response from Facilitators
Gocha Lagvilava	Kvesheti	Are there any changes made to the project design? If so, can you provide updated version? What is the distance from buffer to the houses? Also, we would like to know if the affected areas are already identified.	It is a final design and it will not be changed any more. Everything is already determined and information will be provided individually. You will get comprehensive responses.
Zurab Burduli (talked on behalf of Venera Zakaidze)	Zakatkari	What are the compensation packages and when will we receive it?	Compensation packages are determined individually, therefore, you will be informed about it individually. As soon as the land plot is registered, we will be able to sign arrangements.
Gocha Lagvilava	Kvesheti	Some land plots are not registered and some are in the process of registration. We heard the rumour that the Department asked recognition commission to drag on the process. Is it true? We don't have documents required for registration of land plots. What will happen in this case?	As for the mentioned rumour, it is not true. In fact, our goal is to speed up the registration process. If there are any ownership documents or proof, land plot shall be recognized as soon as possible. As for the absence of documents, more simplified laws have been adopted in the recognition commission, through which the procedure will be simplified. When everything is done in accordance with acting laws, the process becomes simple.
Vasil Burduli	Arakhveti	I have an ownership recognition document, but recognition commission declined statement and I do not know why. The documents were provided to the public registry. We are also interested in prices. In what condition will my house be after construction?	You can submit your information to the Roads Department for review and suggestions. We have a special service that gives us access to the public registry. We will find out the problem and contact with you. Compensation packages will be determined and will be introduced to you individually. Your case needs to be reviewed individually. Please contact us and we will assist you.
Gocha Lagvilava	Kvesheti	How are you going to solve the problems with land legalization? The process has been slowed down and everyone thinks it is on purpose.	As soon as we heard the abovementioned rumour regarding the recognition Commission, we immediately took measures. I immediately called your mayor. It was about 1 month ago. Currently problem is solved and the process is in progress. I do not know what will happen in the future, but we are ready to assist you within our competence. Everything should be analysed and positive steps shall be taken. Provide information about the problems you face and all the documentations you have; we have access to public registry and we will review negative answers within our competence.
Gocha Lagvilava	Kvesheti	The booklets you have provided are standard. Where can we find more detailed information?	This booklet includes key subjects; In the LARP you will get more detailed information. Resettlement specialist will meet you and discuss the document in detail.
Levan Burduli	Arakhveti	What is the status of the tender? When will the project be launched? When will the compensation be paid? When is the deadline for completion of the project?	Tender procedures are in the process. Resettlement related activities will start from the end of January or early February. The project will be launched from Spring-Summer of 2019 and estimated time to complete is 2022.
Rati Suntidze	Jaghmiani	I could not register the whole land plot. Will I receive the compensation for whole land plot or only for registered part? Can you somehow assist me? What we shall do regarding the registration of the land?	If everything is lawful and you have all the necessary documentation, it should be recognized. The Public Registry will discuss it within 4 working days. Then it will be handed over to the Recognition Commission and if the problem is not still resolved, the last stage is the court. As for the process of land

		Shall we wait for you or shall we do it by ourselves?	registration, wait for us and we will provide drawings and assist you within our competence.
Zurab Burduli	Zakatkari	Is anything new on Pasaauri section? Is it already defined?	We have to discuss this issue together with the design department. We will have information in the next week. Please contact with us later.
Zurab Murghuli (Danieli)	Kaishauri	The weather was bad during the DMS and census survey, due to which I was not able to attend it. Some plants have not been recorded on my land plot. How can you assist me?	We will discuss this issue together with DMS team and we will contact you.
Levan Tsamladze	Kvesheti	How will the issue of employment be solved? What is the principle used for compensation of lands?	As for employment, the local population will be employed. Land is evaluated by market price, depending on its location.
Giorgi Beniadze	Begoni	I have a house in Bedoni, downstream of Didveli (platou); there is already a landslide zone. If heavy equipment works there, my house will be affected. How can you help me with this issue?	Heavy equipment will work in Bedoni only during the construction phase and only on the floodplain and not on a rural road. If anything is damaged, it will be evaluated and compensated.

List of Attendees

14. 09.10.19

ქვემო-კობის საავტომობილო გზა
KVESHETI - KOBİ ROAD
დასმწვეთა სია / List of Attendees

09.10.19

N	საკუთარი სახელი Full Name	სამსახურის/სამსახურის დასახელება AP (1. კი 2. არა) (1. Yes 2.No)	სახლობელი ადგილი Place of living	კავშირის ნომერი Phone Number	სურსათის Signature
1	გიორგი ბერიძე m	1	საბურთაქო	597127028	
2	საბურთაქო m	1	საბურთაქო	599204481	
3	ნ. ბერიძე m	1	საბურთაქო	59140321	
4	ნ. ბერიძე m	1	საბურთაქო	55707178	
5	საბურთაქო m	1	საბურთაქო	599492177	
6	ნ. ბერიძე m	1	საბურთაქო	514520350	
7	გიორგი ბერიძე m	1	საბურთაქო	599373160	
8	საბურთაქო m	1	საბურთაქო	577025577	
9	საბურთაქო f	2	ADB	marikagashvili@gmail.com	
10	საბურთაქო m	2	ABB	skhodeli@gmail.com	
11	საბურთაქო m	2	GAMMA	593956787	
12	საბურთაქო m	1	საბურთაქო	599123256	
13	საბურთაქო m	1	საბურთაქო	558147426	
14	საბურთაქო m	2	საბურთაქო	551102790	

1

ქვემო-კობის საავტომობილო გზა
KVESHETI - KOBİ ROAD
დასმწვეთა სია / List of Attendees

09.10.19

N	საკუთარი სახელი Full Name	სამსახურის/სამსახურის დასახელება AP (1. კი 2. არა) (1. Yes 2.No)	სახლობელი ადგილი Place of living	კავშირის ნომერი Phone Number	სურსათის Signature
15	საბურთაქო m	1	საბურთაქო	595590259	
16	საბურთაქო m	1	საბურთაქო	599707700	
17	საბურთაქო m	1	საბურთაქო	59721-21-20	
18	საბურთაქო f	1	საბურთაქო	595856325	
19	საბურთაქო m	1	საბურთაქო	557507070	
20	საბურთაქო m	1	საბურთაქო	557-33-46-46	
21	საბურთაქო m	1	საბურთაქო	577-75-75-08	
22	საბურთაქო m	1	საბურთაქო	577-32-05-85	
23	საბურთაქო m	1	საბურთაქო	555659079	
24	საბურთაქო m	1	საბურთაქო	577575235	
25	საბურთაქო m	2	საბურთაქო	591968035	
26	საბურთაქო m	1	საბურთაქო	595043136	
27	საბურთაქო m	2	საბურთაქო	551170540	
28					

2

Pictures



Annex 3: Project Information Booklet

KVESHETI-KOBI ROAD LOT 1

Project Information Booklet

Introduction

This Booklet is an instrument to disclose to the APs the compensation policy/procedures developed in the Land Acquisition and resettlement Plan (LARP) for the project.

The Land Acquisition and Resettlement Plan (LARP) has been prepared by the Road Department (RD) of the Ministry of Regional Development and Infrastructure (MRDI) of Georgia for the 10 km Kvesheti-Kobi Road Tunnel Section Lot 1 (the Project) which is expected to be financed under a proposed loan of the Asian Development Bank (ADB). MRDI is the Project's executing agency (EA) and the RD is the implementing Agency (IA).

The LARP prepared by RDMRDI is a final implementation-ready document based on the final road alignment and impact figures/implementation arrangements and fully reflects the provisions of relevant Georgian Laws and the provisions of the ADB Safeguards Policies Update of 2009 (SPS 2009) and EBRD Pr5.

Kvesheti-Kobi Road Section is part of Mtskheta-Stepantsminda-Larsi road, which is the main road connecting Georgia to the Russian Federation. The road starts from Mtskheta and ends at the border of the Russian Federation. The length of the section of existing road is around 34 km and is characterized by difficult terrain and winter maintenance conditions. During the winter, the height of snow at Jvari Pass reaches 3-5 meters. Storms and blizzards are commonplace, which is why Jvari Pass is often closed for traffic.

The East-West Highway is a strategic project in the Government's effort to transforming Georgia into a transport and logistics hub for trade between Central Asia and the Far East on one hand, and Turkey and Europe on the other. Connecting the East-West Highway to the main border crossing points is becoming a critical part of Georgia's effort to enhance its role as a transit country along the Silk Road.

The Lot 1 is defined from CH 12+720 to the end of the project area (CH 22+751). It runs from Tskere tunnel portal to Kobi junction for connection with the existing road. The main element of this section is a 9 km tunnel (named tunnel 5). An emergency gallery parallel to the tunnel is being considered as well as service buildings in the north and south portals, with related works.

Project Alignment



Resettlement Policy Commitments for the Project

The resettlement policy for the project has been designed to (a) cover all APs irrespective of their title to land, (b) provide replacement cost compensation for lost assets, and (c) restore or enhance the livelihoods of all categories of APs. The households/persons affected by the Project will receive cash compensation for land and other assets at full replacement cost as per the market price at the time of dispossession. Additional measures will be taken to ensure minimum disruption during the project construction period. Physically and economically affected households will receive due compensation, relocation assistance, and allowances in accordance with the following guidelines and policy which are also part of the Land Acquisition and Resettlement Framework of the Program and Georgian laws on land acquisition and ADB's SPS 2009:

- Land acquisition, and other involuntary resettlement impacts will be avoided or minimized exploring all viable alternative project designs.
- Where unavoidable, a time-bound LARP will be prepared and APs will be assisted in improving or at least regaining their pre-program standard of living.
- Land will be acquired through a contract agreement to the extent possible. The expropriation process will be sought only as a last resort when all possibilities of negotiation fail.
- Vulnerable and severely APs will be provided with special assistance.
- Non-titled APs (e.g., informal dwellers or squatters, APs without registration details) will receive a livelihood allowance in lieu of land compensation and will be fully compensated for losses other than land.
- Legalizable APs (APs possessing ownership documents but with title formalization pending, as well as APs who are not registered but have residential land or agricultural plots adjacent to the residential land) will be legalized and fully compensated for land losses.
- Provision of income restoration and rehabilitation compensation will be made.
- The LARP will be disclosed to the APs in the local language which is Georgian.
- Payment of compensation, resettlement assistance and rehabilitation measures: The rates set in this LARP will be fully provided prior to the contractor taking physical possession of the land and prior to the commencement of any construction activities on a particular package.
- Compensation will be provided at least at the rates detailed in this LARP although some modification in excess will be possible during the discussions preceding the signing of the contract
- Complaints will be reviewed using the existing grievance redress mechanisms.
- For projects that entail large-scale involuntary resettlement, resettlement action plans must be prepared and made available to the public. It is desirable that the resettlement action plan include elements laid out in the ADB's SPS 2009.
- Appropriate participation of affected people must be promoted in planning, implementation, and monitoring of resettlement action plans.

- Preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based.
- Provide support for the transition period (between displacement and livelihood restoration.
- In preparing a resettlement action plan, consultations must be held with the affected people and their communities based on sufficient information made available to them in advance. When consultations are held, explanations must be given in a form, manner, and language that are understandable to the affected people.

Compensation Eligibility and Entitlements

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

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

Tasks under the Project will be implemented according to the following compensation eligibility and entitlements framework in line with both Georgia laws and regulation and ADB Policy (SPS 2009). A summary entitlements matrix is included in Table below.

Entitlement and compensation matrix

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

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			members family for 12 month period. This only applies to physically displaced APs who do not have other residence.
Temporary Impact on land plot	N/A	<u>N/A</u>	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-established by the EA at the pre-impact productive conditions.
Buildings and Structures			
Residential and non-residential structures/assets		All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers)	Cash compensation for loss of building/structures at full replacement costs free of depreciation and transaction costs
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/Public assets	Community/Government	Reconstruction of the loss of resource/asset in consultation with community and restoration of their functions.
Loss of Income and Livelihood			
Crops	Affected standing crops or agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal settlers)	Crop compensation in cash at market rate for gross crop value of expected harvest.
Trees	Trees affected	All APs regardless of legal status (including legalizable and Informal settlers)	Cash compensation at market rate on the basis of type, age and productive value of the trees. (based on the expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/Employment	Business/employment loss	All APs regardless of legal status (including legalizable and Informal settlers)	<u>Owner:</u> (i) (<u>permanent impact</u>) cash indemnity of 1-year net income or in the absence of income proof, or in cases where APs have paid tax based on a flat rate, they will receive compensation equal to 12 months minimum subsistence allowance. (ii) (<u>Temporary impact</u>) cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, minimum subsistence allowance for months of business stoppage; <u>Permanent worker/employees:</u> indemnity for lost wages equal to actual wage for 3 month or in case of absence of tax declaration, one-time minimum subsistence allowance in cash for 3 months. For all the above, some acceptable official documents need to be presented, ie. salary payment document, accountant/financial report.
Allowances			
Severe Impacts	Physical relocation or loss of >10% of productive assets	All severely affected households including informal settlers	Agricultural income: 1 additional crop compensation for 1 year's yield of affected land or an allowance covering 3 months of minimum subsistence, whichever is higher - or, for other incomes: an allowance covering 3 months of minimum subsistence.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Livelihood restoration	APs losing more than 10% of their agricultural productive assets	All severely affected households AHs including informal settlers	Agricultural livelihood restoration: Two times annual harvest yields (at verified market rates) for all types of crops (inclusive of hay) and trees from the area affected by the land take, for all severely affected households. If this amount is less than 3 months minimum subsistence allowance, 3 months of minimum subsistence allowance will be paid instead.
	APs losing more than 10% of their non-agricultural productive assets	All severely affected households including informal settlers	Non-agricultural livelihood restoration: A livelihood restoration package of 3 months of minimum subsistence.
Relocation/Shifting	Transport/transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period. (200 GEL as vehicle hire charge + minimum subsistence allowance for 3 months.
Vulnerability Allowance		AHs below poverty line, AHs headed by women, AHs headed by disabled people and refugee' households/internally displaced people.	One-time minimum subsistence allowance in cash for 3 months and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW	All APs	Due compensation to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009 and EBRD PR 5.
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.
	Permanent impacts		Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.

Grievance Redress Mechanism

A grievance mechanism will be available to allow APs to appeal any decision, practice or activity arising from land or other assets compensation, that they disagree with. APs will be fully informed of their rights and of the procedures for addressing complaints whether orally or in writing during consultations, surveys, and at the time of award of compensation. Care will always be taken to prevent grievances rather than going through a redress process. This can be achieved through careful LAR design and implementation, by ensuring full participation and consultation with the APs, and by establishing extensive communication and coordination between the affected communities, the EA, and local

governments in general. Complaints and grievances will be addressed through the process described in the table below.

The GRM consists of project-specific systems established at the municipal level and a regular system established at RDMRDI. The Grievance Redress Committee (GRCE) established at the municipal level as a project-specific instrument, will be functional for the whole period of the Project implementation. The Grievance Redress Commission (GRCN) is formed as an informal structure within the RDMRDI to ensure grievance review, resolution and record.

The Grievance Redress Commission (GRCN) is formed by the order of the Head of the RDMRDI as a permanently functional informal structure, engaging personnel of RDMRDI from all departments related to LAR issues and complaint resolution. This includes top management, safeguard or LAR units, legal departments, PR department and other relevant departments (depending on the specific structure of the Implementing Agency - IA). The GRCN is involved in Stage 2 of the grievance resolution process. The order shall also state that if necessary, a representative of local authorities, NGOs, auditors, APs and any other persons or entities can be included in the commission as its members.

A Grievance Redress Committee (GRCE) is an informal, project-specific grievance redress mechanism, established to administer the grievances at Stage 1. This informal body will be established at the community level in each affected municipality (village/community authority). The GRCE shall include representatives of municipal LAR teams and local communities. The RD representative in the Municipal LAR Team shall coordinate the GRCE formation. He/she will then be responsible for the coordination of GRC activities and organizing meetings (Convener).

If considered necessary, GRCEs will be established at the community level with an office order from the RD with provision of the following seven members:

- | | |
|--|----------------------------|
| (i) Representative of Resettlement Unit of IA | : Convener; Contact Person |
| (ii) Representative District LAR team | : Member Secretary |
| (iii) Representative of the Mayor of the municipality in the administrative unit (village level) | : Member |
| (iv) Representative of APs | : Member |
| (v) Representative of NGO | : Member |
| (vi) Representative of Civil Works Contractor | : Member |
| (vii) LAR Specialist of Supervision Consultants | : Member |

A representative of the resettlement unit of the IA is coordinating the work of the Committee while acting as a contact person for collecting grievances and handling the grievance log. The local authorities at the municipal level, civil works Contractor, Supervising Company (Engineer), as well as APs (through informal meetings) are informed about the contact person and his contact details are available in the offices of all mentioned stakeholders.

The Contact Person collects and records the grievances, informs all members of the Committee and the management of RD regarding the essence of the problem, engages the relevant stakeholders in discussions with the aggrieved party and handles the process of negotiation with APs at Stage 1 of the grievance resolution. The Contact Person prepares the minutes of meetings and collects signatures. In case the grievance is resolved at Stage 1, the Contact Person records the closure of the grievance in his log and informs RDMRDI management about this in writing. If the complainants are not satisfied with the GRC decisions, they can always use the procedures that are part of the Stage 2 grievance resolution process. In that case, the Contact Person helps the AP lodge an official complaint (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.).

The APs should be informed about the available GRM. This could be achieved through implementing information campaigns, distributing brochures (e.g. Communication Plan), keeping all focal points up-to-date & maintaining regular communication with them, allowing multiple entry points for complaints, and introducing forms for ease of reporting complaints.

Grievance Resolution Process

Steps	Process
Step 1	The complaint is informally reviewed by the focal point at the village level, which takes all necessary measures to resolve the dispute amicably.
Step 2	<ul style="list-style-type: none"> • If the grievance is not solved at the previous level, the municipality level LAR representative will assist the aggrieved APs to formally lodge the grievances with the respective GRCE at the municipality level. The aggrieved APs will lodge the complaint if there is failure of negotiation at the village level and produce documents supporting his/her claim. • The GRCE member secretary will review the complaint and prepare a Case File for a GRCE hearing and resolution. A formal hearing will be held with the GRCE at a date fixed by the GRCE member secretary in consultation with the conveyor and the aggrieved APs. • On the date of the hearing, the aggrieved AP will appear before the GRCE at the village office and produce evidence in support of his/her claim. The member secretary will note down the statements of the complainant and document all procedures. • The decisions will be issued by the conveyor and signed by other members of the GRCE. The case record will be communicated to the complainant by the LAR Team at the village level. <p>The grievance redress at this stage shall be completed within 4 weeks.</p>
Step 3	If the aggrieved AP is unsatisfied with the GRCE decision at the municipality level, the next option will be to lodge grievances with the Grievance Redress Commission (GRCN) at the Resettlement Division of the RDMRDI at the national level within two weeks after receiving the decision from GRCE. The complainants must produce documents supporting his/her claim. The GRCN will review the GRCE hearing records and convey its decisions to the aggrieved APs within four weeks after receiving the complaint.
Step 4	If the RDMRDI decision fails to satisfy the aggrieved APs, they can pursue further action by submitting their case to the appropriate court of law (local courts) without reprisal. The aggrieved AP can take legal action over the amount of compensation or any other issues, e.g. occupation of their land by the contractor without their consent, damage or loss of their property, restrictions on the use of land/assets, environmental concerns such as dust caused by the contractor's machinery, etc.

Contact Information

Ministry of Regional Development and Infrastructure of Georgia - Roads Department
Deputy Head of the Resettlement Division (RDMRDI) - Nino Mtsuravishvili
Tel: +995 595 026 688

Complaints and Grievance Submission Form

#	
Name, Last name	

Contact Information Please indicate the preferable means of communication (Mail, Telephone, E-mail)	<input type="checkbox"/> Mail: Please indicate the postal address: _____ _____ _____ <input type="checkbox"/> Telephone: _____ <input type="checkbox"/> E-mail: _____
The language desirable for the communication	<input type="checkbox"/> Georgian <input type="checkbox"/> English <input type="checkbox"/> Russian
Describe the grievance/claim: What is the complaint about? What is the claim?	
Date of Negotiation:	Resolution of Negotiation:
What is the basis of your claim?	
 Signature: _____ Date: _____	

Annex 4: Valuation Methodology

1. Land Valuation

Land prices are determined according to the Income Approach. The Market Approach method could not be used for determination of the compensation amount payable for damage to land owners as the information on sales and announcements was unavailable. Accordingly, it was reasonable to use another basic approach determined by valuation standard – the **Income Approach**.

In this approach the valuers define current value generated by the assets from property ownership by future assets.

This approach requires wide market investigations, specific data, studied by the valuator: total income expected from immovable property, expected losses of total income due to the fact that the facility was not rented or mortgaged, expected annual operation expenses.

After determining incomes and costs, their flows give net operation income value that is transferred into ongoing value in the process of capitalization. The principle and factor of capitalization, used for income capitalization, are obtained based on examination of the acceptable rates of operation and incomes of similar properties.

Methods	Realization of the approach according to income capitalization is possible using two methods, namely: <ul style="list-style-type: none">– Direct Capitalization; and– Discounted Cash Flow analysis
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Direct Capitalization Method

Method By using this method, it is possible to evaluate the market value of the real estate based on future incomes.

Calculation formula $MV = NOI / R_o$, where MV – market value of real estate, NOI – net operation income, R_o – overall capitalization rate

Procedure While using this approach, the valuator carries out activities in the following order:

- Step 1. Valuator evaluates potential overall income for one-year (POI)(POI=overall income/area x market rental rate/+other income);
- Step 2. Valuator evaluates effective overall income (EOI=POI- vacancies and losses due to failing to receive rental price);
- Step 3. The valuator determines expected costs and reserves;
- Step 4. The valuator calculates net operation income (NOI= Effective overall income (EOI) expenditures);
- Step 5. The valuator establishes overall capitalization rate (R_o);
- Step 6. The valuator establishes market value of immovable property by dividing net operation income on capitalization rate (NOI/R_o)

Discounted cash flow analysis (method)

Method Discounted cash flow (DCF) analysis is financial modeling technique based on obvious assumptions. It is based on incomes and costs of property or those to be

discussed in business perspective, as acceptable instrument within the framework of approach according to incomes.

Calculation formula $MV = \sum NOI_1 / (1+i)^1 + FV / (1+i)^n$
where,
MV – market value;
NOI₁- net operation income per (¹) period;
FV – sale (reverse) value of the object at the end of the period;
I – discount rate;
N – ownership period;
¹- indication of each period (number)

Land plots subject to appraisal are located in Dusheti region, within the administrative borders of Tskere village. They do not differ from each other according to structure and fertility. So, land division has been provided according to their functionality. Lands are divided in two groups:

Type I – Land plots - homestead;

Type II – Agricultural land plots;

From above-mentioned two types of land plots, the application of the income approach was acceptable for the second type. A major part of the area to be appraised is mountainous meadow characterized by barren soils. Soils lack forest cover. Mountain meadow barren soil reaches up to 1100 - 2600 m asl. Accordingly, the most common and profitable agricultural crop within the appraising area is potato. The land is mostly used for mowing. The potential annual yield from this land has been obtained as forecast income: where 0.50 ha- comes from potato and 0.50 ha from hay.

“Discounted cash flow analysis is a tool of financial modeling, which is based on unequivocal assumptions about the forecasted incomes or costs of the property or economic entity.”

Main parameters of financial modeling discussed by us:

Forecast period:

9 years;

Reverse date:

10th year;

Income according to years:

Unchanged.

Annual Income Amount:

Summing up the results of the interviews with specialists, analyses of the various sources and inspection result data, the potential yield of 1 ha and the wholesale prices for potato and hay within the appraisal area have been established. This is based on the crop yield data and market values. In particular, the expected potato harvest on 0.50 ha is 13 tons and the wholesale price is 0.70 GEL. The expected revenue from hay on 0.50 ha is 900 GEL (150 presses - 1 unit 6 GEL). Accordingly, the total income from 1 ha is 10000 GEL.

Losses due to failure of yield harvest

For the purposes of the given approach, the likelihood of a failed yield was not considered.

Expenditures:

The appraiser deducted only land tax from the income, which is 61.0 GEL for 1 ha within the mentioned region.

Costs:

For preparation of ground, sowing material and other costs 2500 GEL was established for 1 ha.

Discount Rate

The discount rate has been calculated by valuator by using the cumulative arrangement method.

According to cumulative technique assessment of capitalization rate is carried out by summing the risk-free rate and certain risk-factors, such as macro-economic risks (country-specific risk), real estate risks and property-specific risks.

According to cumulative technique, the rate is established as follows:

- Risk-free rate /inclusive of country-specific risk+
- Real estate risk premium+
- Liquidity risk premium+
- Property-specific risk premium.

The calculation of the capitalization coefficient is given below:

Table A 1: Calculation of Capitalization Coefficient

Risk Type	Rate
Risk-free rate/inclusive of country-specific risk	9%
Real estate risk premium	1%
Liquidity risk premium	4%
Property-specific risk premium	5%
Capitalization Rate:	19%

Appraisal of Value

Period		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Potential Overall Income		10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Vacancies and Failing to Receive Rent Price											
Losses	-	0	0	0	0	0	0	0	0	0	0
Coefficient of fail to receive harvest (%)	-	0	0	0	0	0	0	0	0	0	0
Effective Overall Income	=	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Expenditures											
Operation costs and reserves		2500	2500	2500	2500	2500	2500	2500	2500	2500	2500
Operation costs (%)	-										
Reserves (%)	-	-					-	-	-	-	-
Perpetual costs	-										

Property Tax and Land Tax	-	61	61	61	61	61	61	61	61	61	61
Total Expenditures:	=	2561	2561	2561	2561	2561	2561	2561	2561	2561	2561
Net Operation Income	=	7439,0	7439,0	7439,0	7439,0	7439,0	7439,0	7439,0	7439,0	7439,0	7439,0
Discount coefficient (Rate)		19%	19%	19%	19%	19%	19%	19%	19%	19%	
Discounted Net Operation Income		6251,3	6251,3	6251,3	6251,3	6251,3	5253,2	4414,4	3709,6	3117,3	
Reverse Value											49593,33
Reverse Discounted Value											8708,71
Market Value		56459,5									
Market Value (round sum)		56000									

Thus, from the effected land plots, the market price of type II agricultural land plots is 56000.0 Gel for 1 ha. Therefore, compensation value of 1 m² is 5,60 Gel, which is the base for identification of the price for other land plots.

The base price is defined in respect to type II agricultural land plots. In compliance with the mentioned data, correlation between the calculated price and the price of type I lands has been determined.

Distinctive coefficients were calculated by considering the current supply-demand conditions of the market and factors influencing the price. For this purpose, the market data of the real estate of the neighboring region, Dusheti municipality, were studied. They are based on market bids and sales data provided by the National Agency of Public Registry. As for the mentioned data, the correlation between the calculated price and the price of other lands was determined.

Calculation of compensation

Calculation of compensation sums of the land plots according to their type and purpose				
Type	Purpose	Base value of 1 m ² land plot, Gel	Correction coefficient	Compensation value of 1 m ² land plot, Gel
I	Homestead land plots	5,60	1.5	8.40
II	Agricultural land plots		1.0	5.60

Note

1. The table provides only the names of those land plots, which are impacted by the project.
2. Within the calculation of compensation value of all land plots, a correction coefficient is applied in the table, and the compensation base value per square meter is multiplied by this coefficient.
3. The correction coefficient is identified based on a survey of the market data and considers the current supply-deman conditions, their function, application, etc.
4. All obtained results are rounded.

2. Buildings Valuation

Buildings were valued at replacement cost based on direct and indirect costs at market value necessary for the construction of a comparable building - i.e. what construction of a building of similar parameters would cost today. No deductions were made for depreciation. The following parameters were used to calculate the direct and indirect costs, as applicable to individual cases:

- a. Direct costs include:
- (i) Salaries of workers;
 - (ii) Purchase of construction materials;
 - (iii) Preparatory expenses;
 - (iv) Rent or purchase of equipment;
 - (v) Profit and overhead expenses of the constructor;
 - (vi) Expenses incurred to ensure safety measures during the construction/repair;
 - (vii) The cost of arranging temporary structures;
 - (viii) Temporary communications (electricity, water, gas supply etc.);
 - (ix) Warehouse costs;
 - (x) Transportation costs;
 - (xi) Other costs
- b Indirect costs include:
- (i) Cost of professional services:
 - 1. Compensation of the architect/designer;
 - 2. Compensation for engineering services;
 - 3. Legal expenses;
 - 4. Compensation for valuator's services;
 - 5. Other expenses
 - (ii) Expenses incurred to receive permits;
 - (iii) Insurance costs;
 - (iv) Financing %;
 - (v) Guarantee necessary to secure the contract implementation by the contractor building the new building;
 - (vi) Other expenses

3. Valuation Method of Annual Crops

This item has been valued using the area of affected crops and the current gross market values of the crop. The details are given in a table A 4.

Compensation for affected annual crops has been calculated by lost income method, which is derived from the data on productivity of each species and the current market price of 1kg of the product. Data on the productivity of different annual crops within the project region is obtained from statistical data published by National Statistics Office of Georgia and from sourcebooks prepared by agronomical scientists and accepted by the Ministry of Agriculture of Georgia.

Table A 2: Example of compensation rates for annual crops

Crops	Unit	Productivity per 1 ha	Market price of unit of crops, GEL	Crop compensation price (GEL) per ha
Potato	tone	26	600	15600
Cabbage	tone	22	300	6600
Beans	kg	800	5	4000
Garlic	kg	1600	5	8000
Hay	Press	300	4.0	1200
Other vegetables	-	-	-	5000

4. Valuation Method of Fruit-Bearing Trees

The loss of revenue determination method was used to identify the compensation value of the perennial plants during the period that is essential to growing an analogue seedling to the corresponding age of the existing plants.

The cost of perennial plants was determined according to their age. The price of fruit trees will be calculated by multiplying the annual harvest market price by the years required to grow a new perennial seedling to the same age of the existing trees.

The cost of compensation depends on the age, the expected yield, the cost of the harvest, the number of compensation years, the cost of planting and the estimated cost to reap the harvest, which varies from 15 to 30 percent of the fully acceptable funds. Data was taken from scientific papers, the Internet and sector specialists and considers different types of plant reactions in the climatic conditions of the region.

An example of compensation rates for perennials is shown in table A 5 below.

Table A 3: Compensation for Trees

Plants	Age group	Cost of seedling, Gel	Cost of harvest unit, Gel	Number of compensation	Full productivity per year, kg	Harvest compensation for per year (Gel)	Total compensation for adult perennial seedling with	Quantity	Compensation
1	2	3	4	5	6	7	8	9	10
Pear	Seedling (<5)	4	1,2	5	7	8,4	33	0	0
	5-10	4	1,2	7	20	24,0	122	0	0
	11-20	4	1,2	7	70	84,0	416	5	2080
	21+	4	1,2	7	45	54,0	269	0	0
Apple	Seedling (<5)	4	1	5	5	5,0	22	0	0
	5-10	4	1	6	25	25,0	109	0	0
	11-20	4	1	6	70	70,0	298	1	298
	21+	4	1	6	40	40,0	172	0	0
Plum	Seedling (<5)	4	0,8	5	8	6,4	26	0	0
	5-10	4	0,8	5	15	12,0	46	0	0
	11-20	4	0,8	5	30	24,0	88	6	528
	21+	4	0,8	5	20	16,0	60	0	0
Total								12	2906

Annex 5: Situation Map

