



Abbreviated Resettlement Action Plan for Urban Regeneration of historical streets in Dusheti

Third Regional Development Project

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ABBREVIATIONS

AF	Affected Family
AB	Affacted Businesses
CBO	Community Based Organization
GRC	Grievance Redress Committee
PAP	Project Affected Person
BP	Bank Procedure
EA	Executing Agency
NARP	National Agency for Public Registration
NGO	Non Govenmortal Organization
LARP	Land Acquisition and Resettlement Plan
PAP	Project Affected Person
PSC	Project Supervision Consultant
PRRC	Property Rights Recognition Commission
RPF	Resettlement Policy Framework
MDFG	Municipal Development Fund of Georgia

Glossary

1. **Affected Person (or household)** - People (households) affected by project-related changes in use of land, water or other natural resources. These include permanent and temporary loss of land, assets, and income. Affected persons entitled for compensation or at least rehabilitation provisions under the Project are: all persons losing land, or access to land, permanently or temporarily either covered by legal title/traditional land rights or without legal status; tenants and sharecroppers whether registered or not; owners of affected buildings, crops, plants, or other objects attached to the land; and affected persons losing business, income, and salaries;
2. **Asset Inventory** - A complete count and description of all property that will be acquired or impacted;
3. **Compensation** - Loss reimbursement for the Project affected persons; Cash payment or in-kind compensation in the due amount in return for the loss of assets (property), resources or income;
4. **Direct impact** - When privately owned land parcels are physically affected by the project;
5. **Economic Rehabilitation** - Economic Rehabilitation implies the measures taken for income restoration or economic recovery so that the affected population can improve or at least restore its previous standard of living;
6. **Eligibility** - The criteria for qualification to receive benefits under a resettlement program;
7. **Eminent Domain** - The right of the state to acquire land, using its sovereign power, for public purpose. National law establishes which public agencies have the prerogative to exercise eminent domain;
8. **Expropriation** - Process whereby a public authority, usually in return for compensation, requires a person, household, or community to relinquish rights to land that it occupies or otherwise use;
9. **Grievance Procedures** - The processes established under law, local regulations, or administrative decision to enable property owners and other displaced persons to redress issues related to acquisition, compensation, or other aspects of resettlement;
10. **Initial Baseline Survey** - The population census, asset inventory, and socioeconomic survey together constitute the baseline survey of the affected population;
11. **Income restoration** - Re-establishing income sources and livelihoods of people affected;
12. **Involuntary** - means actions that may be taken without the displaced person's informed consent or power of choice;
13. **Involuntary resettlement** - Development project results in unavoidable resettlement losses that people affected have no option but to rebuild their lives, income and/or assets bases elsewhere;
14. **Land** includes anything growing on or permanently affixed to land, such as buildings and crops;
15. **Land Acquisition** - The process of acquiring land under the legally mandated procedures of eminent domain.

- 16. Land parcels under project impact** - When only privately owned land parcels are physically affected by the project activities;
- 17. Land parcel with residential house attached under project impact** - When privately owned land parcels as well as residential houses are physically affected by the project activities and require demolition of the house;
- 18. Land parcel with supplementary structure under project impact** - When privately owned land parcels as well as any non-residential and non-commercial structures are physically affected by the project activities and may require demolition of the residential house as well;
- 19. Population Census** - A complete and accurate count of the population that will be affected by land acquisition and related impacts. When properly conducted, the population census provides the basic information necessary for determining eligibility for compensation;
- 20. Project Cycle** - the cycle of project development from initial phases of identification and assessment of feasibility, until its final implementation. From standpoint of the Project implementing agency, it is convenient to represent the project cycle as consisting of following phases: Pre-feasibility Assessment, Feasibility Studies, Project Design and Appraisal, Project Implementation;
- 21. Rehabilitation** - Re-establishing incomes, livelihoods, living, and social systems;
- 22. Relocation** - Rebuilding housing, assets, including productive land, and public infrastructure in another location;
- 23. Replacement rates** - Cost of replacing lost assets and incomes, including cost of transactions;
- 24. Resettlement** - Term – “Resettlement” in accordance to the World Bank Involuntary Resettlement Operational Policy Document 4.12 considers alienation of land parcels and/or physical relocation (moving to other place) of households being appeared within the Project affected area;
- 25. Resettlement Entitlements** - Resettlement entitlements with respect to a particular eligibility category are the sum total of compensation and other forms of assistance provided to displaced persons in the respective eligibility category;
- 26. Resettlement effects** - Loss of physical and non-physical assets including homes, communities, productive land, income-earning assets and sources, subsistence, resources, cultural sites, social structures, networks and ties, cultural identity, and mutual help mechanisms;
- 27. Resettlement plan** - A time-bound action plan with budget setting out resettlement strategy, objectives, entitlements, action, responsibilities, monitoring and evaluation
Resettlement (Action) Plan - A resettlement action plan [RAP] is the planning document that describes what will be done to address the direct social and economic impacts associated with involuntary taking of land.
- 28. Resettlement Strategy (Rehabilitation Strategy)** - The approaches used to assist people in their efforts to improve (or at least to restore) their incomes, livelihoods, and standards of living in real terms after resettlement. The resettlement strategy typically consists of payment of compensation at replacement cost, transition support arrangements, relocation

- to new sites (if applicable), provision of alternative income-generating assets (if applicable), and assistance to help convert income-generating assets into income streams.
- 29. Socioeconomic Survey (SES)** - A complete and accurate survey of the project-affected population. The survey focuses on income-earning activities and other socioeconomic indicators;
 - 30. Stakeholders** -A broad term that covers all parties affected by or interested in a project or a specific issue—in other words, all parties who have a stake in a particular issue or initiative. Primary stakeholders are those most directly affected—in resettlement situations, the population that loses property or income because of the project and host communities. Other people who have an interest in the project—such as the project authority itself, the beneficiaries of the project (e.g., urban consumers for a hydro-power project), and interested NGOs are termed secondary stakeholders;
 - 31. Task Manager or Task Team Leader** - In Bank parlance, the officer in charge of a Bank-supported project or activity;
 - 32. User** - Physical person not registered as the owner at the Public Register, or holding the right to use the land;
 - 33. Usufruct** - The right to use and profit from land belonging to other person, or group of persons but in difference with the owner he/she will have no right to alienate, mortgage or bequeath of the land parcel;
 - 34. Vulnerable groups** - Vulnerable people – Project affected people, especially these below the poverty line, families lead by single women, lonely elderly, refugees or family headed by persons with disabilities;;
 - 35. Micro business** - A status of a micro-business may be assigned to a physical entity doing economic activity on his own and having the total income of maximum 30 thousand GEL per calendar year. A physical entity with the status of a micro-business is exempt from paying the income tax. The entities with this status are exempt from the obligation to use a cash register.
 - 36. Small business** - A status of a small business may be assigned to an entrepreneuring physical entity whose income from the economic activity does not exceed 100.000 GEL per calendar year. The taxable income of the small business is taxed by 5%.

1. Introduction

The project envisages the rehabilitation of the buildings and premises adjacent to Rustaveli, Erekle II, Shamanauri, Kostava and St. Nino streets– all located in the central part of Dusheti. There are historical buildings and buildings of outstanding historical and artistic value concentrated along these streets. The goal of the project is the restoration and rehabilitation of the mentioned buildings and premises in order to restore their original appearance. Mostly, one- and two-story brick houses, built at the turn of the 19th century, are located along the said section of the city. These houses have inclined roofs, typical barrelhouses ¹on the first floor and wooden or metal-forged balconies. Most of their facades are decorated with artistic elements typical to the 19th century, in particular, brick, plastered, arc-rusticated² and/or dissection of design in a diversified manner on the facades, with versatile laced edges around the door and window openings and with a decorative line separating the cornices and the floors.

At present, the appearance of these houses is in a poor state. The bearing structures or roofs of some of them are damaged; their facades are in a poor state and need repairs, and the plaster is removed at many places. The situation has been aggravated by artisanal reconstructions of recent years – there are annexes, entrances or staircases built to the houses by their residents. These works have changed the original appearances of the houses a lot and further aggravated their state. The main goal of the project is to restore and rehabilitate the external view of the buildings. Following the meeting with the population, as their appeals were considered, it was decided not to demolish any of the extensions or annexes to the buildings within the scope of the project (for the detailed information see Chapter 2).

Consequently, most of the project works are planned for the house facades and roofs. However, if necessary, reinforcement works of the hazardous parts and bearing structures of some buildings will also be accomplished including the relevant works of the house interiors. Such works have been specified in the design for concrete buildings. The project envisages cleaning the brick façade walls and filling in the joints with the stone-cement mortar. In addition, the damaged parts of the walls will be restructured and reinforced. Where needed, it is envisaged to restore lost parts of the design as well. There are also houses with their facades subject to plastering and balconies to be restored.

The above-listed buildings and premises are listed as monuments of cultural patrimony³ and the restoration and rehabilitation works must be done with particular caution and by workers with relevant experience. Fragments of many wooden or metal decorative elements have survived and are worth of a particular attention. Their dismantlement and installation need particular caution.

¹ Typical shops on the first floor.

² [Rustication \(architecture\)](#), a masonry technique mainly employed in [Renaissance architecture](#)

³ Law of Georgia “**ON CULTURAL HERITAGE**”, date of publishing: 22/05/2007, Consolidated publications: 01.06.2017

These elements were studied at the stage of design. The project envisages removing the local decorative elements from houses with caution, without any damage to the elements, cleaning them off old paint, and scraping, treating and installing them at their original sites and painting them with two coats of oil paint together with other structures. These operations are to be done by engaging and in agreement with the project author. This regards both the process of treatment of the said details and the selection of the quality and color of the paints. If necessary, they can be used as patterns to restore the lost parts.

The situation is similar with the house doors and windows. The houses have old doors and windows, which are in a poor state. The project envisages maintaining their original appearance to the extent possible by cleaning, scraping, restoring, treating, painting and reinstalling. Dry material of hard-timber tree species must be used for all new doors and windows. This material, like other wooden façade elements, must be painted with two coats of high-quality oil paint. Double-glazing units are planned for better thermal insulation of windows and glazed loggias.

Almost all house roofs will be rehabilitated. The damaged parts of the roof decking and moulds will be totally replaced, and those of wooden bearing structures will be partially replaced. 0,7-mm-thick factory-painted smooth tin will be used as roof decking.

In addition to the mentioned rehabilitation buildings, the project envisages to rehabilitate and/or totally replace the gates and fences looking on the central streets. The project plans to replace 13 garden gates and 11 fences of different lengths.

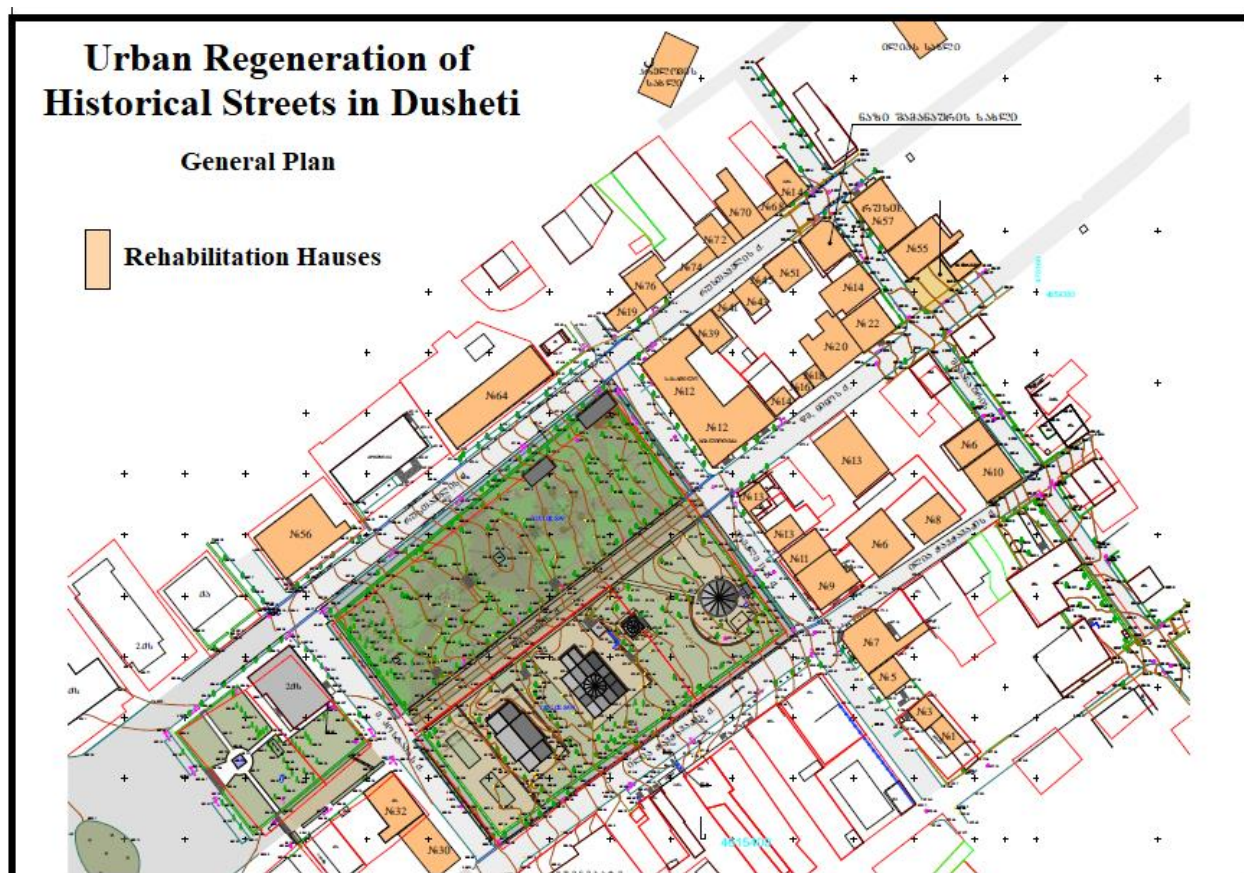
The owners of the property, who are going to have only their gates and/or fences replaced, are not considered as affected persons (APs) under the Resettlement Plan because (i) the gates will be replaced in one or maximum two days, and the rehabilitation of the fences will take similarly short time, (ii) the works will be undertaken along the edge of the privately-owned plots, from the side of the streets. Consequently, the owners of the areas will not experience any impact as a result of the implementation of the planned activities.

The project also envisages the improvement of the above-listed streets. The sidewalks will be paved with basalt tiles, and basalt curbs will be made. The staircases to the house basements will be rehabilitated and concrete offtakes will be made. The streets will be illuminated.

During the dismantling works on the buildings, the so called “inauguration” of the building, concealed information may be revealed what may necessitate some corrections to the present design. Consequently, the above-described process must be realized with the engagement of the project author. All technical decisions, arising during the project implementation, must be agreed with the project author.

There are 40 buildings in the project zone.

Figure 1. Houses to rehabilitate



These 40 buildings are divided into 83 independent areas. 11 areas of the 83 areas are owned by the state, while other 72 areas are privately owned.

As for the 11 state-owned areas,

- one area - the library (with 18 employees);
- one area - Non-Commercial Legal Entity “Free Dining Hall of Dusheti Municipality for People Deprived of Care” (with 8 employees);
- one area - the Military commissariat⁴ of Dusheti (with 1 employee);
- 8 areas - which were leased to private businesses are abandoned

As for the 72 privately owned areas:

⁴ **Military commissariat** -is a local military administrative agency in the former Soviet Union as well as in present-day Russia and some other countries including Georgia use this wording for the organization that prepares and executes plans for military mobilization.

- 4 areas - commercial stores and all of them are operating by their owners.
- 68 areas -used for living.

The 72 private areas - have 71 owners (1 PAPs own 2 areas).

71 private owners, 28 employees (27 public and 1 private), and 1 tenant come under direct impact of the project. The total number of PAPs is 100.

Table 1 shows the number of the buildings and areas in the project zone and their owners.

Table 1: The areas in the rehabilitation buildings and status of their ownership

#	Address (according the project design)	Number according the Annex 2	Number of areas	Private owners	Legal entities	State property	Affected persons (owners, employees, tenant)
1	Erekle II str.#1	1	2	3			3 (includes 1 tenant)
2	Erekle II str.#3	2	1	1			1
3	Erekle II str. #5	3	1	1			1
4	Erekle II str. #7	4	2	2			2
5	Erekle II str. #9-11	5	3	1		2 Abandoned buildings	1
6	Erekle II str. #13	6	1	1			1
7	Erekle II str. #15	7	3	3			3
8	Erekle II str. #17	8	13	9		4 (2 Abandoned building)	35 (9 private, 26 public employees)
9	Kostava str. #30	9	1	1			1
10	Kostava str. #32	10	3	3			3
11	St. Nino str. #14	11	1	1			1
12	St. Nino str. #16	12	1	1			1
13	St. Nino str. #18	13	1	1			1
14	St. Nino str. #20	14	2	2			2
15	St. Nino str. #19	15	1	1			1

16	Rustaveli str. #39	16	1	1			1
17	Rustaveli str. #41	17	3	3			3
18	Rustaveli str. #43	18	1	1			1
19	Rustaveli str. #45	19	1	1			1
20	Rustaveli str. #51	20	1	1			1
21	Rustaveli str. #68	21	1	1			1
22	Rustaveli str. #70	22	1	1			1
23	Rustaveli str. #72	23	1	1			1
24	Rustaveli str. #74	24	4	2	1	1 Abandoned building	4 PAP (3 owners, 1 private employee)
25	Rustaveli str. #76	25	1		1		1
26	Aprelov Castle	26	2	2			2
27	Chavchavadze House	27	6	5		1 Abandoned building	5
28	Chavchavadze str. #6	28	1	1			1
29	Chavchavadze str. #8	29	1	1			1
30	Chavchavadze str. #10	30	5	5			5
31	Shamanauri str. #6	31	3	3			3
32	Shamanauri str. #22	32	1	1			1
33	Shamanauri str. #14	33	2	2			2
34	Shamanauri str. #12	34	2	2			2
37	Shamanauri str. #55	35	2	1	1		2
36	Shamanauri str. #57	36	3	2	1		3
37	Samanauri 14	37	1	1			1
38	Rustaveli str. 19		1			1 Abandoned building	0
39	Rustaveli str. 64		1			1	1 PAP (public employee)
40	Rustaveli 56		1			1 Abandoned building	0
Total			83	68	4	11	100

The rehabilitation works needed for the 40 buildings in the project zone differ with their scales depending on the existing surroundings. Following the building activities intended for each building, they were categorized. The categorization of the buildings allows identifying the scales of temporary resettlement before the construction starts.

The practice of categorization of the rehabilitation buildings was adopted in line with the methodology developed for the subprojects within the scope of RDP I (see the full description of the methodology in Chapter 9.3).

In line with the said methodology, (i) no temporary resettlement of the owners of the I-category buildings is needed, (ii) temporary resettlement of the owners of the II-category buildings depends on the wish of the owners, and (iii) temporary resettlement of the owners of the III-category buildings is absolutely necessary.

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

As per the mentioned methodology, 10 of the 40 houses located in the project zone belong to the I category, 23 of them belong II category and the rest 7 buildings belong to the III category either partially or fully. See the full information about the categorization of the buildings in Table 2.

Table 2: Categorization of the buildings in the project zone

#	Addresses	Assigned Category at design stage	Number of areas	Buildings useless for living or not in use	Number of temporarily relocated PAPs	Number of PAPs
1	Erekle II str. #1	2	2			3
2	Erekle II str.#3	2	1			1
3	Erekle II str.#5	3	1	1	-	-
4	Erekle II str.#7	2	2			2
5	Erekle II str.#9-11	3	3	2 (State)	1	-
6	Erekle II str 13	2	1	1		1
7	Erekle II str. #15	2	3			3
8	Erekle II str. # 17	2/3	13	2 (State)	2 (State)	9
9	Erekle II str. #30	2	1			1
10	Erekle II str. #32	2	3			3
11	St. Nino str. # 14	2	1	1		
12	St. Nino str. #16	2	1			1

13	St. Nino str. #18	2	1			1
14	St. Nino str. #20	2	2			2
15	St. Nino str. #19	3	1	1	-	-
16	Rustaveli str. #39	1	1			1
17	Rustaveli 41	1	3			3
18	Rustaveli str. #43	1	1			1
19	Rustaveli str. #45	1	1			1
20	Rustaveli str. #51	1	1			1
21	Rustaveli str. #68	1	1			1
22	Rustaveli str. #70	1	1			2 (
23	Rustaveli str. #72	1	1			1
24	Rustaveli str. #74	1	4	1		4(3PAP + 1 PAP saleswoman)
25	Rustaveli str. #76	1	1			1
26	Aprelovs' Palace	2	2			2
27	Ilia Chavchavadze House	2	6	1 (State)		5
28	Chavchavadze str. #6	3	1		1	-
29	Chavchavadze str. #8	2	1			1
30	Chavchavadze str. #10	2	5			5
31	Shamanauri str. #6	2	3		-	3
32	Samanauri 22	2	1			1
33	Shamanauri str. #14	2	2		-	2
34	Shamanauri str. #12	2	2			2
35	Shamanauri str. #55	3	2		2	
36	Shamanauri str. #57	3	3		3	
37	Shamanauri str. 14	2	1			1
38	Rustaveli str. 19		1			
39	Rustaveli str. 64		1			
40	Rustaveli 56		1			
Total			83**	9	9***	58

** 11 ares are owned by the state, 4 areas are owned by physical entities, making total of 72 private owners;

*** 2 ares are owned by the state.

It should be noted that the process of the buildings classification was mainly undertaken based on visual studies. Therefore, after the onset of the rehabilitation works, when the list of the needed works is specified, the building may be given higher ratings. This, in turn, requires relevant amendments to be made to the Resettlement Action Plan, to the financial section in particular.

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

The time to rehabilitate one building is maximum three months. Consequently, each compensation tariff was calculated for 3 months and was fixed at 550 GEL for one month. (See the detailed methods of compensation calculation in Chapter 9.3 and Annex 6).

Each PAP subject to temporary resettlement within the scope of the project will be given additional compensation of 300 GEL to cover the cost of transportation of his furniture.

2. Resettlement Minimization and Mitigation

As already mentioned, no permanent resettlement of the PAPs will take place within the scope of the project. The maximum time period, for which a part of the project affected population may need to leave their houses and/or commercial objects, is 3 months. In the event of prolonged construction work, under unexpected circumstances, compensation will be recalculated and added to the total package for the respective PAPs.

The project does not envisage purchasing land plots and buildings, nor any impacts on annual/perennial plants. Only the rehabilitation of 40 buildings (mostly their facades and roofs) is planned within the scope of the project. However, following the hazardous state of most of the buildings, a certain number of the population will be subject to temporary resettlement.

After consultations with project-affected persons, and as per the final design developed by MDF, project designer and engineers, it was decided that none of the extensions or annexes to the existing buildings will be demolished within the scope of the project.

At the stage of rehabilitation works, all parties engaged in the project will be particularly attentive to prevent any potential indirect impact on the population living adjacent to the project area and/or access roads. In order to avoid such impacts, the Construction Contractor will take the following measures:

1. The schedule of the construction equipment movement shall be agreed with the city authority and road police.
2. Information about the movement of construction equipment will be delivered to the residents of the nearby areas and all those concerned.
3. Temporary storage of construction materials will be done in a way so as to avoid blocking the road and/or entrances to the buildings and organizations.
4. The Construction Contractor shall meet all requirements specified in the ER (Environmental Review) document developed within the scope of the project.

3. Socio-economic survey

3.1 Introduction

The social-economic survey was held on June 27 – July 4, 2017. Consequently, July 4 was declared a cut-off date, after which an entity starting his business in the project zone will not be entitled to compensation.

85 PAPs participated in the social survey making 85% of the total number of PAPs. 3 library employees and a military commissar were on their leave. As for 11 PAPs, it was impossible to contact them during social survey.

3.2 Affected population

3.2.1 Demography

The project will be implemented in the city of Dusheti: in Rustaveli street, Erekle II street, St. Nino street, Shamanauri street, Chavchavadze street and Kostava street. 100 PAP come under the impact, with 85 PAP having participated in the survey making 85% of the total number of PAPs. The interviewed 85 PAPs (this includes both residence and business owners) with 284 members are classified as follows depending on their age (See Table 4). On average, one household has 3.3 members, which is close to the average household size in the country.

Table 4: Demography of the APs

Age group	Women		Men		Total		Average per family
	No.	%	No.	%	No.	%	
Children <6 years	5	3.3	10	7.5	15	5.3	0.2
Young people (6-18 years)	17	11.3	19	14.2	36	12.7	0.4
Adults (19-64 years)	104	69.3	84	62.7	188	66.2	2.3
Pensioners (>65 years)	24	16.0	21	15.7	45	15.8	0.5
Total	150	100	134	100	284	100	3.3

3.2.2 Ethnic background

The majority of the people living in the project zone (99.3%) are Georgians. The detailed information about the ethnic background of the PAPs is given in Table 5.

Table 5: Ethnic background

N	Ethnic group	Number of PAPs	%
1	Georgian	282	99.3
2	Russian	1	0.4
3	Armenian	1	0.4
	Total	284	100

3.2.3 Rural and urban residents

The majority of the interviewed people live in the city of Dusheti. 95.2% of the PAPs are urban residents. The detailed information is given in Table 6.

Table 6. Rural and urban residents

N	Type of settlement	Number	%
1	Rural	4	4.7
2	Urban	81	95.3
	Total	85	100.00

3.2.4 Education

Almost half of the affected persons and their families (46.7%) have higher education. Forty percent have completed basic primary and secondary education, and 13.3 percent have vocational education. An equal share (44.8%) have primary or secondary The detailed information is given in Table 7.

Table 7: Education of PAPs

N	Category	Women		Men		Total	
		No.	%	No.	%	No.	%
1	Primary/secondary	58	40.0	50	40.0	108	40.0
2	Secondary vocational (vocational training)	22	15.2	14	11.2	36	13.3
4	Higher	65	44.8	61	48.8	126	46.7
5	Uneducated (illiterate)	0	0.0	0	0.0	0	0.0
	Total	145	100	125	100	270	100

3.2.5 Real estate

Only 29 out of 85 PAPs own additional land plots outside of the project area: 27 own one land plot each, and 2 own two land plots each. The detailed information is given in Table 8.

Table 8: Land plot ownership

N	Families	Number of families	%
1	Families without plots	57	66
2	Families owning one plot	27	31.7
3	Families owning two plots	2	2.3
	Total number of families	85	100
	Each family owns 0.5 ha of land on average		

3.3 Economic activities

3.3.1 Major sources of income

The major source of 32.9% of the PAPs' families is permanent wages at public offices or their state pension. The major source of income for 27 PAPs is their state pension, while the major source of income for 28 PAPs is the permanent wages at public offices. 15.3% of the families receive labor compensation from time to time, on a seasonal basis. The detailed information about the sources of major income is given in Table 9.

Table 9: Information about the major sources of income

N	Type of activity	Major source of income	
		Number	%
1	Agriculture	0	0
2	Pension	27	31.8
3	Permanent wage at a public office	28	32.9
4	Permanent wage at a private business	10	11.8
5	Seasonal wages	13	15.3
6	Own business	7	8.2
	Total	85	100

45 households have only one source of income, 23 households have two sources, 4 PAPs have three sources of income. 12 PAPs receive additional income from renting their homes in the summer.

According to the survey (self reported), the average monthly income of the families is 450 GEL. The project affected persons state that they spend almost half of the family budget on food. The information about the family expenses is given in Table 10.

Table 10: Average annual expenses

N	Consumption model	Average annual expenses	% total expenses
1	Food	3500	54
2	Other (except food)	3000	46
	Average	6500	100

3.3.2 Loans

Over half of 57 PAPs (67 %) have bank or private loans: 55 have bank loans, and two have received loans from private entities. The maximum amount of loan received is 12,000 GEL and the minimum is 600 GEL.

3.3.3. Domestic animals and Household goods

The detailed information about the kinds of domestic animals and essential commodities owned by the PAPs is given in Table 11.

Table 11: Ownership of household items (out of 85 interviewed households)

N	Item	Number of households	%
1	Radio	4	5
2	Bicycle	0	0
3	TV	79	94
4	Gas stove	74	88
5	Fridge	75	89
6	Washing machine	70	83

7	Motorbike	0	0
8	Vehicle	27	32
9	AC unit	2	2
10	Cow/buffalo cow	1	1
11	Poultry	7	8

4. The World Bank Policy, Safeguards and Georgian Legislation

4.1 Introduction

The legal and political framework of the project is based on the Georgian legislation about the land compensation/purchase and resettlement and World Bank (WB) OP 4.12 “Involuntary Resettlement Policy”. The principles of this Abbreviated Resettlement Action Plan were established by considering the requirements of these laws and WB Policy, as well as the Resettlement Policy Framework of the Third Regional Development project.

4.2 Resettlement Related Legislation of Georgia

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

- Constitution of Georgia, 1995;
- Law of Georgia on Motor Roads, 1994;
- Organic Law of Georgia, Local Self-Government Code, 2014;
- Civil Code of Georgia, 1997;
- Law of Georgia on Cultural Heritage, 2007;
- Law of Georgia on Notary, 2009;
- Law of Georgia on State Property, 2010;
- Law of Georgia on Ownership Rights to Agricultural Land, 1996;
- Law of Georgia on Legalization of Property, 2007;
- Law of Georgia on Public Register, 2008;
- Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal entities, 2007;
- Law of Georgia on Rules for Expropriation of Ownership for Necessary Public Need, 1999;
- Civil Procedural Code of Georgia, 1997;
- Law of Georgia on Social Assistance, 2006;
- Law of Georgia on Social Protection of Disabled Persons, 1995;
- Law of Georgia on Internally Displaced Persons from Occupied Territories – Refugees, 2014.

A more expanded review of the Georgian legislation pertinent to the resettlement issues is provided in the Annex 5 of this document.

Below we present a brief summary:

Overall the above laws/regulations provide that the principle of replacement cost compensating at market value is reasonable and legally acceptable. The laws also identify the types of damages eligible to compensation and indicates that compensation is to be given for loss of physical assets. The law makes no provision for income/livelihood rehabilitation, allowances for severely affected

or vulnerable APs, or resettlement expenses. Finally, these laws place strong emphasis on consultation and notification to ensure that the Project Affected People (PAP) participate in the process. As in practice public opposition to expropriation is very strong, eminent domain is very rarely used by public authorities. It is exercised only when negotiations between the agency acquiring the land and the owners fail.

4.3 The World Bank Safeguards and Involuntary Resettlement Policy

All projects funded by WB must comply with the WB social and environmental safeguards. WB OP/BP 4.12 Involuntary Resettlement is the safeguards policy guiding land acquisition and related resettlement/compensation issues during project implementation. In line with the principles of host-country responsibility, Georgia is committed to implement the WB financed projects in compliance with the requirements of WB OP/BP 4.12.

For RDP III program, in 2015 RPF was prepared and disclosed. Presented aRAP is prepared in accordance with that RPF.

4.4 Comparison of Georgian Legislation on LAR and WB Resettlement Policy

Overall, the legislation of Georgia adequately reflects the major provisions of the WB OP 4.12, but a few differences are to be noted. The most significant of these differences is that under Georgian legislation/regulation, emphasis is put on the definition of formal property rights and on how the acquisition of properties for public purposes is to be implemented and compensated while in the case of OP 4.12 emphasis is put both on the compensation of both legally owned and informally used assets, as well as and on the restoration of affected persons' livelihood. WB Safeguards policy complements the Georgian legislation with additional requirements related to (i) the economic rehabilitation of all AP/AF (including those who do not have legal/formal rights or assets acquired by a project); (ii) the provision of indemnities for loss of business and income, (iii) and 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 Georgian legislation does not require preparation of aRAPs based on extensive public consultations. The differences between Georgia law/regulation and WB policy are outlined in Table12 below:

Table 12: Comparison of Georgia Laws/Regulations on LAR and WB Resettlement Policy

Georgia Laws and Regulations	WB OP 4.12	Corrective Action
Only registered houses/buildings are compensated for damages/demolition caused by a project.	All affected houses/buildings are compensated for buildings damages/demolition caused by a project.	Accordingly the compensation will be paid to all affected households. In case of damages during construction period, the construction contractor will be responsible for compensation and MDFG

		team will supervise the processes
Executive Agency is the only pre litigation final authority to decide disputes and address complaints. Complaints are reviewed in compliance with the formal procedures (rules) established by the Administrative Code of Georgia. There is no informal grievance redress mechanism through community participation at the local level.	Complaints & grievances can also be resolved informally through a project- level grievance redress mechanism which in some cases can have community participation through a Grievance Redress Committees (GRC), Local governments, and NGO and/or local-level community based organizations (CBOs).	The MDFG has in place a mechanism to receive, register and process grievances from APs. Representatives of municipalities, local authorities and villages will be involved in the process from early stages. This will ensure solution of disputes and claims (if such occurs) at the community level, however if solution could not be found, the case will be processed in accordance to legislation of Georgia.
No provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable APs, or resettlement expenses.	WB policy requires income/livelihood restoration and provision of rehabilitation for income/livelihood, severe losses, and for expenses incurred by the APs during the relocation process	MDFG will have in place clear legal procedures to allow for additional assistance for vulnerable households in accordance to the aRAP.
No specific plan for public consultation is provided under the Georgian laws	Public consultation and participation is the integral part of WB's policy which is a continuous process at conception, preparation, implementation and finally at post implementation period.	The public consultation process will be accomplished in accordance to WB requirements and guidelines prior to aRAP implementation.

To reconcile the gaps between Georgian laws/regulations and WB's OP 4.12 MDF has drafted a RPF for the Project, ensuring compensation at replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for AFs that may be relocated, suffer business losses, or may be severely affected.

“The legislation of Georgia shall correspond to universally recognized principles and rules of International law. An international treaty or agreement of Georgia unless it contradicts the Constitution of Georgia, the Constitutional Agreement, shall take precedence over domestic normative acts⁵”

⁵ “Constitution of Georgia”, Article 6 point 2.

Signing a legal agreement with the Bank implies that WB safeguards policies over-rule.

4.5 Principles of Resettlement and Land Acquisition Adopted for the Regional Development Project III

In the event of permanent land acquisition or resettlement, a market survey will be conducted to assess the prevailing market prices of land, construction materials for affected structures, crops and other relevant items, which will be used to find adequate replacements when necessary. After this is done, each individual PAP's property will be valued by an independent valuation company. This will additionally ensure that the market prices will allow PAPs to purchase replacement land.

Loss of income and assets will be compensated on a net basis without tax, depreciation or any other deduction. The final RAP should be submitted to, cleared by the Bank, and it should be implemented and PAPs should be fully compensated prior to the execution of civil works for relevant sections.

4.6 Eligibility and Entitlements

4.6.1 Eligibility

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

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

Compensation eligibility will be limited by a cut-off date to be set for each subproject on the day of the ending of the Census. Persons who settle in the affected areas after a locally publicized cut-off date will not be considered project-affected, and persons initiating improvements to land or structures after a locally publicized cut-off date will not be eligible for additional compensation.

They, however, will be given sufficient advance notice, requested to vacate premises or dismantle affected structures prior to project implementation. Their dismantled structures materials will not be confiscated and they will not pay any fine or suffer any sanction.

4.6.2 Entitlements

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

- Formal and informal businesses who experience temporary loss of income or assets as a result of access restrictions during civil works.

- Leaseholders (individuals and enterprise) who have lease agreements with the Municipalities or private owners in existing and alternative alignments and sites

Affected persons will be compensated for:

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

4.6.3 Assessment of Compensation Unit Values

The methodology for assessing unit compensation values of different items is as follows:

If damages to residences or commercial structures occur, houses/buildings will be valued at replacement value based on the cost of materials, types of construction, labor, transport and other construction costs. No deductions will be applied for depreciation, salvaged materials and transaction costs. Compensation will be for the value of the loss of the entire damaged structure.

The unit compensation rates will be assessed by Project consultant or by the MDF authorized independent evaluator on clear and transparent methodologies acceptable to WB. The assessed compensation rates will then be verified and certified by the Environmental and Resettlement Unit of MDFG.

Table 13: Compensation Entitlement Matrix

Type of Loss	Application	Definition of AP	Compensation Entitlements
Compensation for Temporary Resettlement			
Temporary loss of Residence	Household living in appartments belonging to the III category.	All PAPs regardless of their formal or informal status	All PAP will be compensated for temporary relocation for a three month period. Each PAP will get the sum which is enough to rent an apartment. The monthly compensation is 550 GEL. Consequently, all of them will receive the compensation for 3

			months amounting to 1650 GEL per household. Owners of unused areas, will not receive compensation within the scope of the Project.
	Household living in buildings/areas belonging to the II or I category.	All PAPs regardless of their formal or informal status.	The mentioned entities will receive the compensation in the following cases: (i) the residents of the buildings of the II category have expressed their wish for temporary resettlement, or (ii) at the stage of the Project implementation, it becomes necessary to accomplish additional works for the I and II category buildings having changed the category of the buildings in question converting them to the objects of the III category. The monthly compensation is 550 GEL. Consequently, all of them will receive the compensation for 3 months amounting to 1650 GEL.
Temporary loss of income	All affected persons running business in project area in appartments belonging to the III category	All ABs regardless of their formal or informal status.	All PAP will be compensated for temporary suspension of Business for three months. The compensation will be calculated based on the Tax Declaration presented by the business owner. If a business owner is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum

			<p>fixed for a 5-member family under the legislation of Georgia. In case the official profit of a legal entity is less than 347.4 GEL, the same amount will be considered as his profit and his due compensation will be calculated based on 347.4 GEL.</p> <p>The ABs owning commercial objects which are presently useless to run the business, will not receive compensation within the scope of the Project.</p>
Temporary loss of income	All affected person running business in project area in apartments belongs to I and II category	All ABs regardless of their formal or informal status.	<p>The mentioned entities will receive the compensation in the following cases: (i) the residents of the buildings of the II category have expressed their wish for temporary resettlement, or (ii) at the stage of the Project implementation, it becomes necessary to convert a building to III category.</p> <p>In this case all PAPs will be compensated for temporary suspension of Business for three months. The compensation will be calculated based on the Tax Declaration presented by the business owner. If a business owner is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum</p>

			fixed for a 5-member family under the legislation of Georgia 347.4 GEL. In case the official profit of a legal entity is less than 347.4 GEL, the same amount will be considered as his profit and his due compensation will be calculated based on 347.4 GEL for three month which is 1042 GEL.
Temporary reduction of income	All affected person running business in project area in apartments belongs to I and II category	All ABs regardless of their formal or informal status.	PAP's will be given 20% of profit. The profit will be calculated by considering the subsistence minimum fixed for a 5-member family. At present, the subsistence minimum for a family of 5 is fixed at 347.4 GEL for three month. PAP's will receive 20% of: $347.4 \times 3 \text{ month} = 208 \text{ GEL}$. In case PAPs of the buildings of the II category have expressed their wish for temporary resettlement they will get full compensation for three months (1042 GEL).
Temporary loss of residence - lessors (Renter)	All affected owners renting their own areas to private residents or a business in the I- or II-category buildings	Regardless of his legal status	The mentioned business owners will be compensated if: (i) the entities running business in the II-category buildings wish temporary resettlement; or (ii) at the stage of the Project implementation, it becomes necessary to convert the building to III category. All of them will receive the compensation for 3

			months for suspended business. The compensation amount will be calculated based on the tax declaration submitted by the company. If a business owner fails to submit the relevant tax declaration, then the profit will be calculated based on the amount of subsistence minimum fixed for a 5-member family specified by the legislation of Georgia. At present, subsistence minimum for a 5-member family is 347.4 GEL making 1042 GEL in 3 months.
Temporary loss of employment - state	All affected persons employed by state in the project area.	All employees persons regardless of their formal or informal status.	All affected employees during the project implementation will receive their due wages. Consequently, no additional compensation is envisaged for them.
Temporary loss of employment – private	All affected persons employed by private businesses in the project area.		If, at the implementation stage of the Project, the business where the said entity is employed is suspended, he/she will be entitled to the compensation. The compensation will be calculated based on the Tax Declaration presented by the employees. If a employee is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia

			for three-month which is 1042 GEL.
Allowances			
Allowance for Transportation Costs	Household living in appartments belongs to III category.	All AH,s regardless of their formal or informal status.	All of them will receive the transportation compensation amounting to 300 GEL.
	Household living in appartments belongs to II or I category.	All AH,s regardless of their formal or informal status.	If it becomes necessary to resettle the residents from the buildings of the I or II category, all of them will receive the transportation compensation amounting to 300 GEL.
	Library located in the building of the III category.	library, 45000 books	The compensation will be given out depending on the number of books. 100 GEL will be given for collecting, packing and returning every 1000 books. The total amount of for the books kept at the library (45000 books) is 4500 GEL, plus the cost of transportation for the purpose of temporary storage of books amounting to 300 GEL. The total cost of transportation makes 4800 GEL.
	Free dining hall located in the III-category building		Free dining hall of Dusheti Municipality will receive the compensation for disassembly, transportation and assembly of the production facilities in the amount of 2000 GEL (two ways).
Vulnerable People Allowances (below the poverty line, families lead by single women, refuges, disabled belongs I and II groups and elderly)		Vulnerable People	Allowance equivalent to 3 months of minimum subsistence income for a family of five* and employment priority in project-related jobs. This

			is additional allowance for vulnerability status on top of that of other entitlements in this matrix.
Temporary Loss			
Temporary impact during construction			Due compensation will be assessed and paid based on this RPF during construction.
Unforeseen impact			MDFG and the construction contractor will address and mitigate/compensate unforeseen Resettlement impact during project.

4.6.4 Allowances for Vulnerable Groups

According to the WB and IFC guidelines and the baseline socio-economic survey, vulnerable groups will be considered: Families below the poverty line⁶, families lead by single women, refugees, disabled belongs I and II groups and elderly. Allowance equivalent to 3 months of minimum subsistence income for a family of five* and employment priority in project-related jobs.

This is additional allowance for vulnerability status on top of that of other entitlements in this matrix. The above mentioned persons will receive 347.4 GEL x 3 months, i.e., 1042 GEL.

In case of a substantial change of the Subsistence Minimum by the moment of hampering in the accomplishment of the Resettlement Action Plan or giving out compensation, the compensation will be given by considering the most up-to-date value of the Subsistence Minimum.

⁶ Families under the poverty threshold (officially registered in Social Services as poor: with rating less than 57000 – extremely poor receiving social allowances and with rating more than 57000 but less than 70000 – receiving policies).

5. Political and Administrative Structure

5.1 Institutional Responsibilities

The Municipal Development Fund of Georgia (MDFG) is the executing agency (EA). MDFG is responsible for managing construction/rehabilitation activities in scope of the RDP III project as well as resettlement of the PAPs.

MDFG is assisted by a number of other government departments and private agencies in the design, construction and operation of the Project. Pursuant to the active legislation, the National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the recognition of ownership rights of rightful owners, registration of ownership, based on verification and certification from village communities, notaries, property rights recognition commissions at local administration/municipalities. The Ministry of Environmental and Natural Resources Protection (MoENRP) is responsible for environmental issues.

All sub-projects of the RDP III Project are located in the municipalities of Samtskhe-Javakheti and Mtskheta-Mtianeti Regions. All corresponding Sakrebulo, Gamgeoba, Registration Offices and PRRCs will be involved in aRAP. Local Sakrebulo and Rtsmunebuli of villages are involved for local level LAR activities.

The World Bank (WB) is financing the Project and will provide advice and supervision on resettlement activities.

5.2 Land Registration Organizations

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

Rtsmunebuli and Gamgeoba at Village (Community) Level

The community level Gamgeoba⁷ is the executive branch of self-government headed by Rtsmunebuli. Rtsmunebuli has the primary role in the process of legalization and registration of land parcels. Rtsmunebuli confirms the ownership of affected land plots, the parameters of land plots and endorses the cadastral maps and related data prepared in cases of legalization. Gamgeoba plays an important role in the legalization of non-rightful owners (owners in possession before the enactment of current law on privatization of land in Georgia without prior permission of the government). Gamgeoba has the power to authorize details of the occupied land parcel and verify its usage pattern as the first hand verification and authorization for further consideration in the Property Rights Registration Commission (PRRC) as a basic step for registration with the Public Registry. Neighbours of applicants for legalization have roles in the authorization process. Rtsmunebuli of the Borough Dusheti will be involved in the aRAP implementation process.

⁷ The bodies of self-government at the level of municipalities are a representative council (*sakrebulo*), directly elected for a four-year term, and an executive branch, (*gamgeoba*) "municipal government". Rtsmunebuli is the head of Gamgeoba.

Property Rights Recognition Commission

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

Rayon Registration Office

NAPR is in charge of the registration of land ownership. Rayon Archives are now transferred in the possession of the Rayon Registration Offices of the NAPR. Rayon Archive is used for cross verification of ownership document and validity of physical possession of land by persons seeking registration as legalizable owner. This is the case of owners who do not have available documentation proving ownership rights on the adjacent land lot or in case there is any doubt regarding the plot.

Rayon Registration Office of the NAPR is the Rayon level authority for executing registration of land parcels in the name of the applicants based on package of application documents provided by rightful owners (PAPs possessing ownership documents but with title formalization pending) or by non-rightful owners after receiving appropriate certificate from PRRC. The owners submit both soft copy and hard copy of plot maps with geometric details for record in the Rayon and Central NAPR.

5.3 Land Acquisition and Resettlement Organizations

MDFG – Municipal Development Fund of Georgia

MDFG has the overall responsibility of design, land acquisition and resettlement, construction, construction monitoring and supervision of the RDP III Project. This also includes financing and executing land acquisition and resettlement tasks and cross-agency coordination. MDFG will exercise its functions through its existing Resettlement Management Team (RMT), which consists of representatives of Permits Unit, Legal Department and Environmental and Social Safeguards Unit of MDFG. Social Safeguards/Resettlement Specialists are hired and a Social / Gender Specialist has been hired and engaged for WB financed projects. The staff have received professional on-the-job training as a part of the World Bank’s technical assistance to the MDFG. For each separate project, including the present one, MDFG will use its staff member to assisting in implementation of aRAP.

A Resettlement Management Team (RMT) having specific experience and skills in land acquisition and resettlement (LAR), is responsible for LAR activities related to the project. The RMT is responsible for supervision of all technical work to accomplish RAP preparation and implementation tasks and coordination within the MDFG, as well as at central and local government levels.

The specific tasks of the MDFG RMT will be to (i) supervise preparation of aRAPs for construction contracts and implement it after concurrence from donor IFI; (ii) ensure proper internal monitoring;

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

The RMT will also be responsible for all livelihoods restoration activities. This will include ensuring that consultations are held with PAPs who are losing livelihoods/whose incomes will decrease, helping them to develop alternatives for livelihoods restoration, linking these PAPs with government programs to promote employment/livelihoods, and developing tailored assistance to PAPs that may need this assistance to return to their pre-project income level.

5.4 Other Organizations and Agencies

Civil Works Contractor

A Civil Works Contractor to be appointed by the MDFG to undertake the construction will be responsible for mitigating impacts resulting from the construction activities. The construction activities shall be monitored closely by the MDFG to ensure compliance to the temporary mitigating measures.

Court of Georgia

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

Ministry of Finance

The budgets for the implementation of aRAP will be provided to MDFG by the Ministry of Finance following its official approval. The aRAP budget will be allocated on the accounts of MDFG (or its fiscal agent) that is responsible for the financial management of the project.

Ministry of Justice

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

Donor WB

Besides supervising the Project periodically, the WB will review aRAPs and provide clearance to contract awards signing and initiation of civil works for construction under the Project.

5.5 Capacity Building on LAR

Initial capacity building for relevant agencies was carried out during the preparation of aRAP at the feasibility study stage. Close consultations were held with all the concerned departments. MDFG has established the Resettlement Management Team dealing with land acquisition and resettlement.

Table 14: State Institutions that may be involved in resettlement process

#	Ministries and Departments	Responsibilities
3	Ministry of Environmental Protection and Natural Resources	Resolves the issues related to the changes of the designation of land. Site approval within the Construction Permit.
4	Tourism Department	Site approval within the Construction Permit. Certain restrictions on construction in a sanitaire protection zones of resorts
5	Ministry of Culture, Monuments Protection and Sports	Site approval within the Construction Permit. Certain restrictions on construction in archaeologically valuable sites.

6. Consultation and Participation

6.1 Introduction

Consultation and participation is a process through which stakeholders influence and share control over development initiatives, and the decisions and resources that affect them. It is a two way process where the executing agencies, policy makers, beneficiaries and PAP discuss and share their concerns in a project process. Consultation and participation has been a major principle in the planning and preparation of the detailed design of the Project. WB gives high priority on public consultation and participation to enhance the community voice and assure incorporation of community's views in design and implementation of a socially and environmentally compliant project. The Georgian laws also place strong emphasis on consultation and notification to ensure that the PAP participate in the process.

The focus of these consultations are to ensure that the PAPs and other stakeholders are informed, educated, consulted and allowed to participate actively in the process of project development and preparation of social and resettlement plan; reducing public resistance to change; helping mitigate and minimize any probable negative impact and bringing in the benefit of the project to the people. The project design and preparation of land acquisition and resettlement plans, therefore, conducted consultation and participation of the PAP and communities to incorporate their views, needs and aspirations into the Project components. The consultation process has started up at Feasibility Study stage and was continued through public consultation meetings and individual contacts during land compensation/acquisition and resettlement surveys in June-July 2017.

Table 15. The Report of the Consultations Held and Methods of Consultations

Concerned Parties	Goal	Method
		Meetings during design preparation stage
Potential APs and their communities	Informing the APs, reviewing their views about the possible impact, compliance and rights of property, as well as giving out compensation, displacement and rehabilitation procedures	Meetings with all AHs during the socio-economic survey Discussions with specific groups and meetings.
Municipal Development Fund of Georgia, including its resettlement team (RMT)	Taking advice about the government policy, project guiding priorities and works	Resettlement consultant held frequent individual meetings with the MDF staff in order to consult them.
National Agency of Public Registry of the Ministry of Justice of Georgia	Obtaining a cadaster map and information about the land plots and people in the impact zone. Obtaining the information about the official statuses of the entities running business in the project zone.	Consultations and discussions with the officials.

Concerned Parties	Goal	Method
		Meetings during design preparation stage
Local authorities at the city level confidant	Benefiting from their cooperation in the impact assessment study. An agreement was reached regarding the following issues: one local authority undertook 1) to continue giving the wages to public employees (library and free dining hall) in the project implementation phase; 2) to allot a territory to the free dining hall in the project implementation phase to help them continue operating.	Individual meetings with the officials of the relevant regions and discussions.

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

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

6.2 The Consultations with APs at the Stage of Preparation of the Resettlement Action Plan

The process of consultation started at the stage of feasibility study/project preparation and continued with public consultations. Social survey was held in 27 June- 4 July of 2017.

At the stage of preparing the presented documents and social survey, the persons affected by the project implementation were given the possibility to express their views and remarks regarding the project and inform the project implementing organizations about the expectations and wishes. A relevant question was included in the social questionnaire. In the process of RAP preparation, leaflets were distributed in the communities under the potential project impact and thus, the residents learned about the project features and World Bank resettlement principles. The leaflets were distributed through the regional and rural municipalities and were also given immediately to the business owners under the potential impact.(see annex 3)

6.3 Consultation and Participation Plan

RMT on behalf of MDFG will pursue information disclosure for effective implementation and timely execution of aRAP. City level consultations with APs will be conducted during the implementation process. For the benefit of the community in general and APs in particular, aRAP will be made available in the offices at the municipal Gamgeoba. An information leaflet (in Georgian) is distributed among the APs and their community. A copy of the English version of aRAP Leaflet is attached in Annex 3

For continued consultations, the following steps are envisaged in the project:

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

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

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

6.4 Information publication

The final e-version of the Resettlement Action Plan will be uploaded on the MDF web-site. A copy of aRAP (Georgian version) will be available at Dusheti Municipality. The final document will be submitted to WB for approval and signing. The construction contracts will be signed after the Resettlement Action Plan is approved by WB.

7. Grievance Redress Committee (GRC)

7.1 Objectives

A grievance redress mechanism is established to allow a PAP to complain about any decision of activities regarding temporary or permanent loss of income and their compensation. Grievance resolution is a two-stage process, including:

Stage 1 – informal (oral) review of the PAP’s complaint (whether written or oral). At this stage, the PAP’s complaint shall be reviewed by Grievance Redress Committee in an informal (oral) way and the Committee members of both levels (the composition of the committee is specified in this Section) shall make and sign the minutes on the matter. If at Stage 1 the PAP’s complaint is not resolved the PAP should be informed about grievance resolution procedures of Stage 2. PAP has the right to use the procedures of Stage 2 without applying to Stage 1 procedures.

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

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

The grievance redress mechanism shall deal with the issues of land and other assets acquisition (e.g. amount of compensation, suitability of residual land plots, loss of access roads, etc.) as well as the losses and damages caused by the construction works, e.g. temporary or permanent occupation of land by the contractor. Therefore the grievance redress mechanism shall be in place by the time the MDFG starts negotiations with the PAPs and shall function until the completion of the construction.

At the aRAP preparation stage during the consultations meetings and negotiations the PAPs shall be fully informed of the grievance redress mechanism, its functions, procedures, contact persons and rules of making complaints through oral information and booklets. Care will always be taken to prevent grievances rather than going through Stage 2. The achievement of this goal can be ensured through careful planning and preparation of RAP, active participation of PAPs, continued consultations with PAPs through regular site visits by MDFG safeguard representative. Prior to beginning of works leaflets will be disseminated with all project affected persons during the public consultations. These leaflets will include information about contact person and her contact details

(Telephone Number and E-Mail address). GRM information will also be posted on the project site and at the entrance of LSG building in a clear and visible way.

7.2 Formation of GRC

A Grievance Redress Mechanism will be established to allow a PAP to complain about any decision about activities regarding temporary or permanent loss of their lands, source of incomes and their compensation.

A Grievance Redress Committee (GRC) is an informal grievance redress mechanism at Stage 1. This informal body will function at community level in Dusheti Gamgeoba (village/community authority). Additionally, GRC will comprise representatives of PAPs, women PAPs. If the complainants are not satisfied with the GRC decisions, they can always use the procedures of Stage 2 of grievance resolution process.

For Stage 2 of grievance resolution process a commission comprising at least 3 members established by order of the MDFG Chairman.

At the stage of the social survey, which was held on June 27- July 4 of 2017, the APs were given the information leaflets, which informed them thoroughly about the instructions of both, the Project and the World Bank, including the necessity for establishing a Grievance Redress Committee (GRC) within the scope of the project and members of the Committee. At the stage of conducting the said study, all APs had to name two people as candidate members of GRC (a relevant question was included in the social survey questionnaires – Annex 4). As the survey results suggest, the following representatives among the displaced people were elected the members of GRC: (1) Nino Khachapuridze, a representative of the displaced women, and (2) Sergo Kariauli, a representative of the affected people. Information about the contact persons will be provided to PAP's during the public meeting. Contact person from the Municipality will be Mr. Giorgi Gedevandze. Information about the contact persons will be provided to PAP's during the public meeting. Contact Person from MDF during the grievance resolution process - Nutsa Gumbaridze. At MDF level a feedback email address (feedback@mdf.org.ge) and telephone (598 88 20 19) will be disseminated during the consultation and posted in a visible location throughout the course of the project.

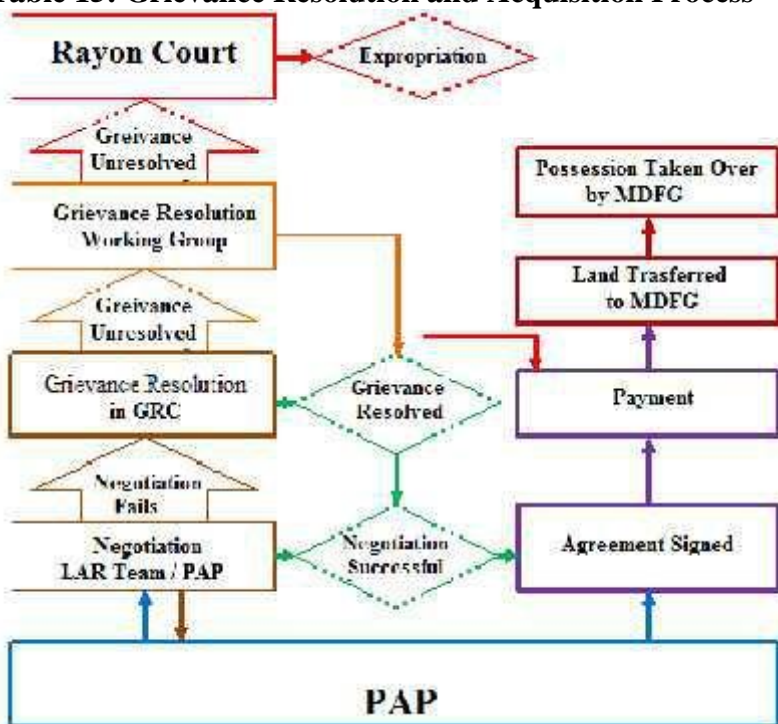
7.3 Grievance Resolution Process

Stage 1 – The member secretary of GRCs will be regularly available and accessible for PAPs to address concerns and grievances. The PAPs shall be informed of the details of contact persons to whom complaints were submitted. The Contractor, Rtsmunebuli and Sakrebulo shall be warned that all complaints they may receive from PAPs shall be immediately submitted to the contact persons of MDFG (coordinator and secretary), which will then organize a meeting and informally review the complaint with the aggrieved PAP. If the PAP is not satisfied, the GRC shall assist him/her in lodging an official complaint to the relevant body (i.e. MDFG). RT of MDFG headquarters will keep record of complaints received for its use as well as for review by the WB during regular supervision. The complaints and grievances from the APs will be addressed through the process described below in Table 16.

Table 16: Grievance Resolution Process

Steps	Action level	Process
I	Negotiations with PAPs	The complaint is informally reviewed by the GRC, which takes all necessary measures to resolve the dispute amicably.
II	GRC Resolution	A Grievance Redress Committee (GRC) is an informal grievance redress mechanism at Stage 1. This informal body will function at community level in Dusheti Gangeoba (village/community authority). Additionally, GRC comprise representatives of PAPs, women PAPs. If the complainants are not satisfied with the GRC decisions, they can always use the procedures of Stage 2 of grievance resolution process.
III	Decision from MDFG	If any aggrieved PAP is unsatisfied with the GRC decision, the next option will be to lodge grievances to the MDFG. The MDFG shall review the complaint in compliance with the procedures specified in the Administrative Code of Georgia. GRC should assist the plaintiff in lodging 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 plaintiff shall be informed of the decision.
IV	Court decision	If the MDFG decision fails to satisfy the aggrieved PAPs, they can pursue further action by submitting their case to the appropriate court of law (Rayon Court). The aggrieved PAP can take a legal action not only about the amount of compensation but also 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, etc.

Table 15: Grievance Resolution and Acquisition Process



8. RAP Implementation Steps and Responsibilities

Based on experience in Georgia the Preparation and implementation of a aRAP may take up to a few months. The aRAP implementation schedule will be agreed and approved by MDFG and the WB after detailed design and are finalized. The basic steps for the preparation and implementation of a aRAP are summarized the table 17 below.

Table 17: The basic steps for the preparation and implementation of a Land Acquisition and RAP

	step	Action	Responsibility	Dates
A	aRAP PREPARATION			25 Days
1	Preparation of RPF		MDFG	Completed
2	Conduct social impact assessment	Data collection process and preparation of a draft version of the Resettlement Action Plan	Consultant	Completed
3.	Preparation draft of Resettlement Action Plan	Preparation of the final Resettlement Action Plan, taking into consideration the MDFG and the World Bank comments;	Consultant	15 days after receiving comments
		Conduct public consultation	MDFG	10 days after approval of the document by the World Bank and the MDFG
4	Minutes of meeting	Final agreement with WB	WB	5 Days
B	Planning Phase			15 Days
1		taking stock of the legal framework for compensation		7 Days
2		settling institutional arrangements and mechanisms for payment of compensation;		
3		defining tasks and responsibilities of each stakeholder		7 Days
4		establishing a work plan		7 days

C	Implementation Phase			40 days
1		Send notifications about compensation for PAP.	MDF Resettlement Management Group /Land Acquisition and Resettlement Worker Group	10 days
2		Issue of business delay or / or de-suspension compensation	MDF Resettlement Management Group	20 days
3		Issuing other types of compensations.	MDF Resettlement Management Group	20 days
4		Assessment of implementation the Resettlement Plan based on Compliance Reports	MDFG/World Bank	10 days
5		Issuance of construction permit if the resettlement plan is completed in a satisfactory way.	World Bank	
D	Monitoring and Evaluation Phase			
1		Semi-annual reporting to WB	Social Safeguard Consultant/Supervision Consultant	Twice in year
2		Monitoring after completion of the project	MDFG	After completion of the project.

8.1 RAP preparation and Implementation Phases

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

8.1.1 Data Collecting Phase

Actors: MDFG, independent consultants

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

PAPs were consulted to participate in the data-collecting phase and to provide socio-economic information about their livelihoods, the social impacts of project operations and the mitigation measures suggested. The contributions of the PAPs integrated into the subproject implementation process, from planning to evaluation.

8.1.2. Planning Phase

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

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

8.1.3. Implementation Phase

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

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

8.1.4. Monitoring and Evaluation Phase

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

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

9. Costs and financing

9.1 Introduction

The presumable cost of resettlement within the scope of the subproject to rehabilitate the historical district of Dusheti cover the compensation amounts for temporal constraint and/or suspension of business.

MDF, as the project owner, is responsible for the timely allocation of the funds needed to realize the resettlement policy. The fund assignment must be checked twice a year based on the budget specified in the Resettlement Action Plan. The compensation and rehabilitation budget must be paid directly by the Municipal Development Fund of Georgia.

The presumable cost of resettlement within the scope of the subproject to rehabilitate the historical buildings in Dusheti covers the compensation amounts for temporal displacement, transportation and costs of transportation and temporal storage of books, as well as the costs of transportation and disassembly and assembly of the industrial facilities of fund free dining hall . Within the scope of the subproject, additional compensation will be given to the vulnerable population.

9.2 Itemized budget

At the stage of preparation of the document, socio-economic survey was carried-out. The calculation of different types of compensation and allowance has been conducted as per the entitlement matrix (for detailed budget see annex 1).

9.3 Categorization of the buildings

The rehabilitation works to be accomplished for 40 buildings in the project zone differ with their scales depending on the present state of the buildings. Following the planned construction activities, the category of each building was identified. The categorization of the buildings allows identifying the scales of temporal resettlement before the construction starts.

The practice of categorizing the buildings was adopted in line with the methods developed for the sub-projects within the scope of RDP I.

Under this methodology, (i) the residents of the buildings of the I category will not be subject to temporal resettlement, (ii) temporal resettlement/non-resettlement of the residents of the buildings of the II category depends on the owner's wish, and (iii) temporal resettlement of the residents of the buildings of the III category is obligatory.

Category	Category description
I	This category covers the rehabilitation works not resulting in significant limitation of the population's living conditions, discomfort or disturbance of the sanitary norms. The accomplishment of these works

	does not affect the population safety. Consequently, there is no need for resettlement.
II	This category covers the rehabilitation works, which limit the population's living conditions to a certain degree; in addition, the sanitary norms are expected to be violated in some cases. The accomplishment of these works may entail minor impact on the population safety. Therefore, it may become necessary to resettle the population.
III	This category covers the construction activities limiting the living conditions and leading to the disturbance of the sanitary norms. In the course of these works, the population safety cannot be observed. Therefore, it is necessary to resettle the population.

The table below shows 20 criteria used to categorize the buildings within the scope of the project.

#	Work description
1	Finishing the facade
2	Installing doors and windows and painting of walls
3	Putting the balconies to order
4	Reinforcing the foundation and retaining walls from the outside of the building
5	Reinforcing the foundation of the non-residential area
6	Putting the seismic belt in the attic to order
7	Changing the roofing
8	Changing the attic structure partially
9	Changing the fences and gate
10	Reinforcing the foundation and retaining walls from the inside of the building
11	Changing the retaining walls partially
12	Changing the attic structure completely
13	Building a new store
14	Improving the attic
15	Improving the balcony and stairs hampering the access to the building
16	Extending and reinforcing the openings
17	Laying a new reinforced concrete floor
18	Making a seismic belt at the floor level
19	Replacement of all walls
20	Disassembling the whole building

Criteria 1- 9 - I category

Criteria 10-16 - II category
Criteria 17 -20 - III category

In the case if during project implementation on the first category buildings, one of the following activities from the list (10-16) is required to carry out the building will be transferred in the second category and the resettlement will depend on the wishes of the resident;

In the case if during project implementation on the first or second category buildings, one of the following activities from the list (17-20) is required to carry out the building will be transferred in the third category and the PAP will be resettled;

During the Project implementation, if a building is classified as the I-category building, but the Executive Agency considers that the realization of the planned works may have a certain negative impact on the PAP and besides, the PAP applies to the EA with relevant request about temporal resettlement, the management of the Municipal Development Fund will be authorized to organize the temporal resettlement of the PAP and use reserve funds for this purpose.

9.4 Methods to calculate the compensation

As the city of Dusheti is not a famous resort zone with poorly developed tourism, home rent service or tourist organizations are hardly found there. Consequently, a certified Surveyor was hired within the scope of the project, who was charged with fixing the value of residential house rent in the city of Dusheti by August of 2017.

Nino Beraia, an independent audit was hired within the scope of the project, who is:

- A Member of Royal Institution for Chartered Surveyors;
- A member of the Independent Surveyors' Society of Georgia;
- A member of the Land and Real Estate Professionals Association;
- A member of Professional Surveyors' Certification Council, and
- An auditor certified by the Auditory Council at the parliament of Georgia.

As per the conclusion of the above-mentioned entity, **by 10.08.2017, the amount of lease of the valued property was 9.15 GEL a month per 1 sq.m. (See the full Conclusion and Methodology in Annex 6).**

Based on the given Conclusion, all compensation rates were calculated for the lease of residential, commercial or storage areas. **All PAP will be compensated for temporary relocation for a three month period. Each PAP will get the sum which is enough to rent minimum 80 m² area.** Monthly compensation is 550 GEL

9.5 Compensation for lessors

There are two objects rented out by their owners in the project zone. One object is leased to a private entity, and another is leased to a legal entity. Both buildings are in the premises of the II category. Consequently, no temporal resettlement of the lessees of the said buildings is planned.

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

The compensation amount will be calculated based on the tax declaration submitted by the owner. If a owner fails to submit the relevant tax declaration, then the profit will be calculated based on the amount of subsistence minimum fixed for a 5-member family specified by the legislation of Georgia. At present, subsistence minimum for a 5-member family is 347.4 GEL making 1042 GEL in 3 months.

9.6 Employee compensation

28 PAPs are hired at various organizations and private bodies in the project zone. 27 of them work at state organizations and one of them works in the private sector. All state employees will continue to receive their due wages in the phase of the project implementation. Consequently, no compensation will be given to them within the scope of the project.

One PAP is employed in the private sector (at the store in Erekle II street). The store is located in the building of the II category. At the stage of social survey, the store owners stated that they will continue business in the project implementation phase and will pay the salary to their employee. If during the project, the business owner is forced to suspend his business temporarily, the PAP hired by him will receive compensation.

The compensation will be calculated based on the Tax Declaration presented by the employees. If an employee is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia for three-month which is 1042 GEL.

As per the agreement reached with Dusheti Municipality, the latter has undertaken the following tasks:

1. All public employees will receive their due wages in the project implementation phase.
2. The Municipality will allot an adequate area in the dining hall rehabilitation process.

9.7 Vulnerability compensation

Nine out of 7 APs are vulnerable. Each of them will receive additional 1042 GEL compensation. This is the allowance equivalent to 3 months of minimum subsistence income for a family of five.

9.8 Legal entities

4 of 72 objects owned privately house stores. 2 of the 4 objects are located in the building of the III category, and the representatives of these businesses will have their businesses suspended in the project implementation phase. Consequently, they will receive the compensation for business suspension.

The compensation will be calculated based on the Tax Declaration presented by a business owner. If a business owner is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia. At present, the subsistence minimum for a 5-member family is 347.4 GEL making 1042 GEL in 3 months.

9.9 Costs of transportation

The costs of transportation needed by each PAP for two-way transportation of his/her furniture at the stage of the temporal resettlement, was fixed at 300 GEL.

9.10 Costs of transportation and temporal storage of the library books

There is a library in the project zone. The cost of packing 1000 books properly, storing them temporarily and returning to their original site was fixed at 100 GEL (following the consultations with the library employees), while the cost of transportation in both directions was fixed at 300 GEL.

Consequently, the compensation amount to transport the books from the library to the public library made up 4500 GEL.

10. Monitoring and Evaluation

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

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

Monitoring of aRAP in the Project will be carried out. The MDFG social safeguards specialist will carry out regular internal monitoring through regular site visits.

10.1 Monitoring

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

- Information campaign and consultation with APs;
- Status of land acquisition and payments on land compensation;
- Compensation for affected structures and other assets;
- Relocation of APs;
- Payments for loss of income;
- Selection and distribution of replacement land areas;
- Income restoration activities, and
- Grievances and their resolution

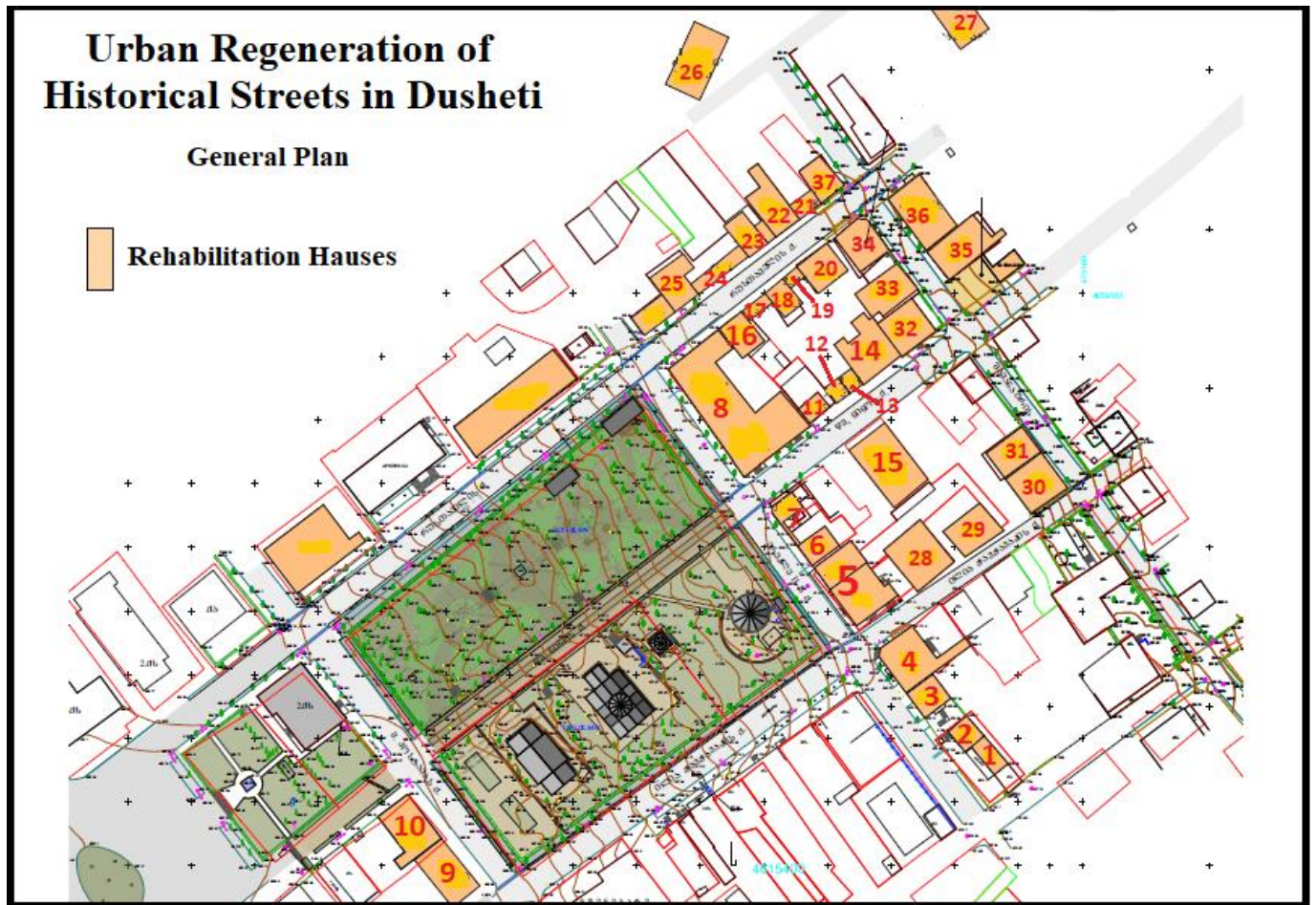
Within the scope of the Sub-Project, MDF is authorized to carry out rehabilitation activities step by step, before the fully completion of aRAP, only on the building(s), whose owners

receive total amount of compensations. The rehabilitation activities will not be conducted until payments on each (given) building are done. MDF will ensure that all stakeholders (PAPs, local authorities, contractors, supervisors, engineering staff, etc.) are aware of this requirement.

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

1. Review of census information for all APs;
2. Consultation and informal interviews with APs;
3. In-depth case studies;
4. Sample survey of APs;
5. Key informant interviews;
6. Community public meetings; and
7. Grievances and their resolution

Annex 2: Numbering of the houses by order



Third Regional Development Project Urban Regeneration of historical streets in Dusheti

The project envisages the rehabilitation of the sections adjacent to Rustaveli, Erekle II, Shamaauri, Kostava and St. Nino streets and boulevard and buildings and premises along them – all located in the central part of Dusheti. There are historical buildings and those with artistic value, as well as buildings outstanding in respect of historical and artistic views concentrated along those sections. The goal of the project is the restoration and rehabilitation of the mentioned buildings and premises and restoration and clear demonstration of their original appearance. Mostly, one- and two-story brick houses built at the turn of the 19th century is located along the said section of the city. These houses have inclined roofs, typical barrelhouses on the first floor and wooden or metal-forged balconies. Most of their facades are decorated with artistic elements typical to the mentioned period, in particular, brick, plastered, arc-rusticated or plains dissected in a diversified manner, with versatile laced edges around the door and window openings and with a decorative line separating the cornices and the floors. The present-day poor technical state of the houses is worth mentioning. The bearing structures or roofs of some of them are damaged; their facades are in a poor state and need repairs, and plaster is removed at many places. The situation has been aggravated by artisanal reconstructions of recent years – there are annexes, entrances or staircases built to the houses by their residents. These works have changed the original appearances of the houses a lot and further aggravated their state. The main goal of the project is to restore and rehabilitate the external view of the buildings. Consequently, most of the project works are planned for the house facades and roofs. However, if necessary, the reinforcement works of the hazardous parts and bearing structures of some buildings will also be accomplished including the relevant works of the house interiors, and they are specified in all concrete cases. The project envisages cleaning the brick façade walls and filling in the joints with the stone-cement mortar. In addition, the upper loosen parts of the walls will be restructured and reinforced. In some cases, it is envisaged to restore their lost parts as well. There are also houses with their facades subject to plastering, with their balconies to be restored and with their filled-in openings to be opened.

The above-listed buildings and premises are the monuments of cultural patrimony, and the restoration and rehabilitation works must be done with particular caution and by the workers with relevant experience. Each house has its original appearance and is ornated with relevant decorative elements. Most of them are damaged or stripped bare, with quite many reconstructions, such as cutting new openings or filling the existing ones. Fragments of many wooden or metal decorative elements have survived and are worth of a particular attention. Their dismantlement and installation need a particular caution.

These elements were studied at the stage of designing. They were considered when developing the project to restore the original appearance of the houses. The project envisages removing the local decorative elements from houses with caution, without any damage to the elements, cleaning them off old paint, and scraping, treating and installing them at their original sites and painting them with two coats of oil paint together with other structures. These operations are to be done by engaging and in agreement with the project author. This regards both, the process of treatment of the said details and selection of the quality and color of the paints. If necessary, they can be used as patterns to restore the lost parts.

The situation is similar with the house doors and windows. The houses have old doors and windows, which are in a poor state. The project envisages maintaining their original appearance to the extent possible by cleaning, scraping, restoring, treating, painting and reinstalling. The dry material of hard-timber tree species must be used for new doors and windows. This material, like other wooden façade elements, must be painted with two coats of high-quality oil paint. Double-glazing units are planned for better thermal insulation of windows and glazed loggias. In order to change the windows and doors of the houses, the sides of the openings in the house interiors will be necessary to partially demolish. The project envisages the restoration and painting the plaster of the sides after the installation.

Almost all house roofs will be rehabilitated. The damaged parts of the roof decking and moulds will be totally replaced, and those of wooden bearing structures will be partially replaced. 0,7-mm-thick factory-painted smooth tin is used as roof decking. The project envisages the improvement of the above-listed streets. The sidewalks will be paved with basalt tiles, and basalt curbs will be made. The staircases to the house basements will be rehabilitated and concrete offtakes will be made. The streets will be illuminated. Following the specifics of the restoration and rehabilitation works, during the dismantling works, following so called “inauguration” of the building, concealed information may be revealed what may necessitate some corrections to the present project. Consequently, the above-described process must be realized with the engagement of the project author and must continue based on his immediate decision. Besides, all decisions regarding the question of facing or restoration works of the buildings, the existing wooden or metal parts or those to be restored, material to be used, quality of treatment, color or restoration of each detail must be agreed with the project author.

There are 40 buildings and premises in the project zone.

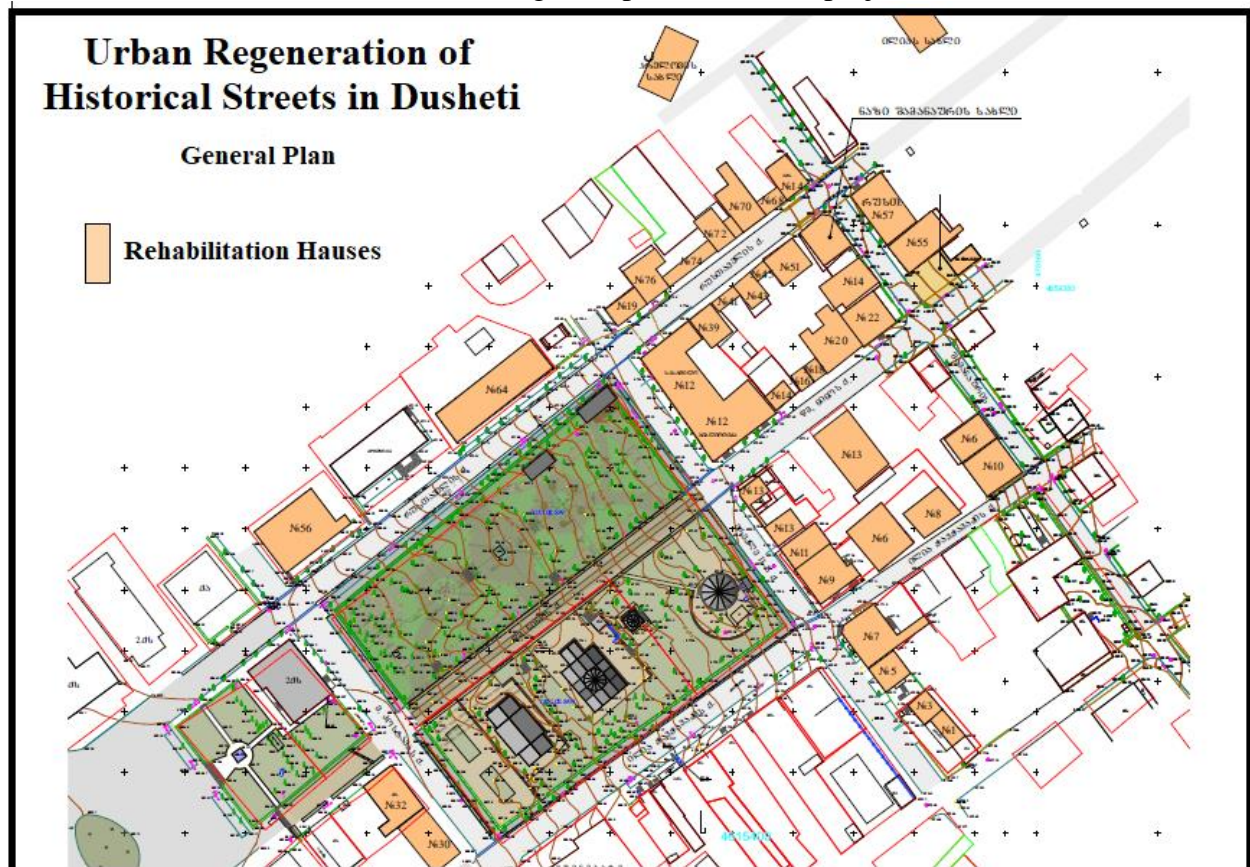


Table 1: Compensation Entitlement Matrix

Type of Loss	Application	Definition of AP	Compensation Entitlements
Compensation for Temporary Resettlement			
Affected Households	Household living in apartments belongs to the III category.	All PAPs regardless of their formal or informal status	<p>All PAP will be compensated for temporary relocation for three month.</p> <p>The monthly compensation is 550 GEL. Consequently, all of them will receive the compensation for 3 months amounting to 1650 GEL.</p> <p>The entities having the residential areas, which are presently useless to live in, will not receive the compensation within the scope of the Project.</p>
	Household living in apartments belongs to the II or I category.	All PAPs regardless of their formal or informal status.	<p>The mentioned entities will receive the compensation in the following cases: (i) the residents of the buildings of the II category have expressed their wish for temporary resettlement, or (ii) at the stage of the Project implementation, it turned out that it was necessary to accomplish additional</p>

			<p>works for the I and II category buildings having changed the category of the buildings in question converting them to the objects of the III category.</p> <p>The monthly compensation is 550 GEL. Consequently, all of them will receive the compensation for 3 months amounting to 1650 GEL.</p> <p>The entities having the residential areas, which are presently useless to live in, will not receive the compensation within the scope of the Project.</p>
Affected Businesses	All affected person running business in project area in apartments belonging to the III category	All AB,s regardless of their formal or informal status.	<p>All PAP will be compensated for temporary suspension of Business for three month. The compensation will be calculated based on the Tax Declaration presented by the business owner. If a business owner is unable to present the declaration, his monthly compensation will be calculated by</p>

			<p>considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia. In case the official profit of a legal entity is less than 347.4 GEL, the same amount will be considered as his profit and his due compensation will be calculated based on 347.4 GEL.</p> <p>The ABs owning the commercial objects which are presently useless to run the business, will not receive the compensation within the scope of the Project.</p>
	<p>All affected person running business in project area in apartments belongs to I and II category</p>	<p>All AB,s regardless of their formal or informal status.</p>	<p>The mentioned entities will receive the compensation in the following cases: (i) the residents of the buildings of the II category have expressed their wish for temporary resettlement, or (ii) at the stage of the Project implementation, it turned out that it was necessary to accomplish additional works for the I and II</p>

			<p>category buildings having changed the category of the buildings in question converting them to the objects of the III category.</p> <p>All PAP will be compensated for temporary suspension of Business for three month. The compensation will be calculated based on the Tax Declaration presented by the business owner. If a business owner is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia. In case the official profit of a legal entity is less than 347.4 GEL, the same amount will be considered as his profit and his due compensation will be calculated based on 347.4 GEL for three month which is 1042 GEL.</p>
Lessors	All object owners letting their own	Regardless of his legal status	The mentioned business owners will

	areas to the private entity or a business in the I- or II-category buildings		be compensated if: (i) the entities running business in the II-category buildings wish temporal resettlement; or (ii)) at the stage of the Project implementation, it turned out that it was necessary to accomplish additional works for the I and II category buildings having changed the category of the buildings in question converting them to the objects of the III category. All of them will receive the compensation for 3 months for suspended business. The compensation amount will be calculated based on the tax declaration submitted by the company. If a business owner fails to submit the relevant tax declaration, then the profit will be calculated based on the amount of subsistence minimum fixed for a 5-member family specified by the legislation of Georgia. At present, subsistence minimum for a 5-member family is 347.4 GEL making 1042 GEL in 3 months.
Employees	All affected persons	All employees persons regardless	All affected employees during the

	employed by state in the project area.	of their formal or informal status.	project implementation, they will receive their due wages. Consequently, no additional compensation is envisaged for them.
	All affected persons employed by private in the project area.	All employees regardless of their formal or informal status	If, at the implementation stage of the Project, the business where the said entity is employed is suspended, he/she will be entitled to the compensation. The compensation will be calculated based on the Tax Declaration presented by the employees. If an employee is unable to present the declaration, his monthly compensation will be calculated by considering the subsistence minimum fixed for a 5-member family under the legislation of Georgia for three months which is 1042 GEL.
Allowances			
Transportation Costs	Household living in apartments belongs to III category.	All AH,s regardless of their formal or informal status.	All of them will receive the transportation compensation amounting to 300 GEL.

	Household living in apartments belongs to II or I category.	All AH,s regardless of their formal or informal status. 53 P	If it becomes necessary to resettle the residents from the buildings of the I or II category, all of them will receive the transportation compensation amounting to 300 GEL.
	Library located in the building of the III category.	library, 45000 books	The compensation will be given out depending on the number of books. 100 GEL will be given for collecting, packing and returning every 1000 books. The total amount of for the books kept at the library (45000 books) is 4500 GEL, plus the cost of transportation for the purpose of temporary storage of books amounting to 300 GEL. The total cost of transportation makes 4800 GEL.
	Free dining hall located in the III-category building		Free dining hall of Dusheti Municipality will receive the compensation for disassembly, transportation and assembly of the production facilities in the amount of 2000 GEL (two ways).
Vulnerable People Allowances (below the poverty line, families lead		Vulnerable People	Allowance equivalent to 3 months of minimum subsistence

by single women, refugees, disabled belongs I and II groups and elderly)			income for a family of five* and employment priority in project-related jobs. This is additional allowance for vulnerability status on top of that of other entitlements in this matrix.
Temporary Loss			
Temporary impact during construction			Due compensation will be assessed and paid based on this RPF during construction.
Unforeseen impact			MDFG and the construction contractor will address and mitigate/compensate unforeseen Resettlement impact during project.

Consultation Company “Eco-Spectri” Ltd. hired within the scope of the project will accomplish the social-economic study of the project zone and will develop a Resettlement Action Plan.

Attention!

The study will be accomplished on 24 June-4 July of 2017. therefore, July 4 was declared a critical date. Under the World Bank requirements, it is inadmissible to make any changes or amendments to the social-economic study accomplished following the critical date.

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Annex 4: Questionnaire

Family member interviewed

Date

Checklist #

Name of the respondent

Date - - -

The information booklet of the project was delivered:

Signature

Name of the Head of Household

1. Household Characteristics

Name, Surname	Gender	Age	Ethnic Group	Religion	Education				
					Incomplete Secondary)	Completed Secondary	Professiona l /Technical	High School	Illiterate
Head of Household (HoH)									
Other Members of Family (with notes on relationship with the HoH)									

2. Residence area

Residence area

Urban	Rural

3. Social Status (Vulnerability)

Any Social Allowances from the Government	Lower than poverty line 57000 scores	Medical Policy Lower than 70000 scores	Other social allowances

4. Women headed household (without breadwinner male)

Yes	No

5. Income Sources

Major Income	Agriculture	Permanent salary in the public service	Permanent salary in the private company	income from Own business	Periodic wages (workings)	Pension
Additional Income						

6. Credit and its structure (Yes/No and bank or individual credit)

Bank	Private Person	No

7. Real estate of the affected households⁸

Property	Category	Characteristics
Land	Agricultural/residential/commercial	area
Land plot 1		
Land plot 2		

8. Movable Property (number)

Radio	T V	Refrigerat or	Washin g Machin e	Ca r	Motorbik e	Bicycl e	Gas stov e	Heatin g devices	Condition er

9. Livestock (How many)

Cattle	Pig	Sheep	Horse/donkey	Poultry

10. Current and basic expenses of the family (GEL per a year)

For food	Not food	Totally

11. Availability of infrastructure and communal services (Yes/No)

Centraliz ed water supply	Wel l	Sprin g	Centraliz ed sewage	Septi c tank in	Electri c power supply	Natur al gas	Gas balloo ns	Liquefie d fuel	fire woo d

⁸This table is related to all assets of AHs but not only affected assets

				the yard					

12. Medical Services and Education (Yes/No)

Local Polyclinics	Local Hospitals	Municipal Hospitals	Kindergarten	Secondary School	High School	Local Road	Central roads

13. Have you any recommendation or comment related with the project:

1	
2	

14. At the stage of the project development and realization, a working team considering the complaints and proposals filed within the scope of the project and is established. A 6-member team will include two representatives of APs. Please, feel free to name candidates to be the members of the working team:

1. Representative of Women PAPs: _____;

2 Representative of PAPs: _____;

Interviuer Signuter:

Annex 5: Synopsis of Selected Georgian Laws and Regulations on RAP

Constitution of Georgia. The Constitution determines the essence of private ownership and defines presumption of inviolability and also regulates the issues related to compensation and expropriation of land and immovable property for necessary public need. The Constitution of Georgia ensures the publicity of information. Pursuant to Article 21 of the Constitution of Georgia “the right of ownership and inheritance is declared and secured”. Nobody is eligible to cancel the universal right of ownership and legacy. Throughout of the necessary public need or if the urgent necessity has emerged, the Article 21.3 of the Constitution allows the expropriation of the private ownership however, only according to the Court Decision or under the rules identified in the organic law⁷ on basis of the appropriate and fair reimbursement.

Other articles of the Constitution of Georgia also establish legislative basis in respect with the resettlement measures related to infrastructure projects. This considers the State actions for expropriation of land for urgent public need, i.e. exercising the right of expropriation (power of eminent domain), also information disclosure and public consultations, protection of cultural heritage and grievance redress related to land acquisition and resettlement of population. The stated regulations create the set of procedures that allow obtaining the permit on road construction from private owners.

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

The Constitution ensures the right of a citizen to live in safe and healthy environment and use natural and cultural environment. The State undertakes environment protection measures to secure safe environment for people. People have the right to obtain “full, true and timely information” in regard with their work place and residential environment.

The Article 42 of the Constitution makes the citizens eligible to claim, in particular protects them and encourages appealing to the court for protection of their rights and freedom.

Organic Law of Georgia, Local Self-Government Code. The code defines the legal basis for self-government’s operation, authorities of local self-government bodies, their establishment and duty rules, their finances and properties, relations with citizens, state authorities, as well as with public and private legal entities. Local self-government is carried out by municipalities: in self-governed cities and in self-governed communities. The law establishes the categories of municipal property, the way of establishment and property rights (with the exception of natural resources, as their use, ownership and management is regulated by the Georgian legislation), as well as municipal property privatization issues.

Municipalities have their own property that could include non-agricultural lands, agricultural lands (with or without buildings), as well as shares and stocks. Property of municipality consists of two categories: the basic (inalienable) property and the additional property. The basic (inalienable) property can only be used for the public functional use by municipality and for carrying out duties.

The basic (inalienable) property is inalienable, besides the exceptional cases. The additional property is inalienable. If it is necessary property of municipality can be transferred free of charge to the State.

Civil Code of Georgia regulates private civil relationships, and evolves property rights, the law of obligations, family law and the law on inheritance. Regulations of the Civil Code that are particularly relevant to the property law section, where the ownership, construction and servitude rights are discussed, and other type rights directly related to the project are elaborated below:

- **Ownership Right.** The ownership right entitles its beneficiary to freely possess and use the property. The ownership right can be limited based on legislation or other agreement. Ownership on the land parcel gives implicit right to the land owner to implement construction activities if it is not restricted by any agreement or law;
- **Construction Right.** The owner is allowed to transfer a land plot to another person for temporary use (not to exceed 59 years) for charge or free of charge. The transferee obtains the right to build a building/construction on or under the land plot, as well as to assign and transfer this right under inheritance or tenancy, borrowing or renting. The construction right may cover such part of a land plot that is not necessary for the actual construction but allows a better use of the facility constructed on the basis of the construction permit. Termination of the construction right requires consent from the landowner;
- **Necessary Right-of-Way.** Another possibility is the use of “Necessary Right-of-Way”, a legal alternative to expropriation, which is regulated by the Civil Code of Georgia (Article 180). Per Civil Code, Necessary Right-Of-Way can be invoked “if a land plot lacks access to public roads, electricity, oil, gas and water supply lines that are necessary for its adequate use”. The owner may then claim for using a neighbour’s land parcel “for the purpose of providing the necessary access”. “Necessary Right-Of-Way” is granted by a District Court based on an application by the “neighbour” that must contain a justification of the urgency. Compensation may either be amicably agreed or be decided by the judge further to the decision granting “Necessary Right-of-Way”. Fundamentally “Necessary Right-Of-Way” is intended to allow a landowner to obtain right of way through a neighbouring land parcel for utilities serving his/her land parcel. It can be used where amicable agreements cannot be reached due to refusal or absence of affected landowners;
- **Servitude.** Servitude Right on the property establishes the limits on land parcel or on other property in favour to other land parcel or owner of the property (beneficiary). The Beneficiary is granted with the right to use land parcel under restriction with some conditions on land parcel under restriction and/or restrict concrete activities or prohibit land owner in regard of this land under significant rights. However, in regard with this project, any rights (among them ownership, construction, inevitable road or servitude) the terms and conditions for transfer the right for construction shall be defined against each land parcel in accordance to the identified rules and on the basis of registered agreement entered by a landowner and the party holding the corresponding right of construction.

Law of Georgia on the Protection of Cultural Heritage. In addition to the Constitution of Georgia affirming the State's obligation to protect cultural heritage and requiring each citizen to

care for, protect and preserve cultural heritage, the Law of Georgia on Protection of Cultural Heritage defines the legislative principals for protection of existing cultural heritage in Georgia. According to the Law, State protection of cultural heritage is undertaken by the Ministry of Culture and Monuments Protection, Ministry of Justice of Georgia, local self-government bodies, as well as other State Institutions, Public and Legal Persons of Private Law. It is worth to be mentioned that the State and local self-government bodies exercise their authorities in the sphere of protection of cultural heritage in accordance to the Constitutional Agreement between the State and the Orthodox Church of Georgia. The Ministry of Culture and Monuments Protection of Georgia provides general coordination and manages the activities undertaken in this sector.

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

Law of Georgia on Notary. The stated law defines the types of notary activities and rules of their implementation. The law also defines which institutions and authorized persons, except the Notaries, have the right to conduct notarial activities within the territory of Georgia and beyond it. According to the Article 42 of the Law, the local self-governments have the right to implement notarial activities related to inheritance, verification of accuracy of the copy with the original document, proving the fact that a citizen is alive, proving the fact of a citizen's certain location. Rural population often applies to local self-governments to obtain certain notarial services. Especially, when it is required to identify a person and a document, or the notarial services are required to replace the deceased head of the household with another member. This rule is often utilized in registration of the land parcels, when as the owner of the land parcel the other member of the household is registered in place of the deceased member. The representatives of the Consulates of Georgia (consuls) also other key persons at the Consulates are eligible to conduct notarial activities on behalf of the State of Georgia beyond the territory of the country (Article 43). Citizens being abroad may apply to the Consulate of Georgia in the county of their location.

Law of Georgia on State Property. This Law regulates issues connected to the Georgian state property management and usage transfer. This law does not apply to state property that includes useful materials that were left after reconstruction, repair or demolition of transferred in ownership property owned by the Georgian autonomous republics and local self-government and public legal persons. The law covers property which cannot be sold, including: water resources, territorial waters, continental shelf, state forest fund (except populated areas located in forests), air space, State Reserves, National Parks, Natural Monuments, recreation areas identified by the Government of Georgia and/or identified specific construction areas; objects of historical, cultural and artistic value, cultural and art facilities, as well as lands on which these objects are located, pasture (except for leased pastures until July 30, 2005), cattle trails, first section of sanitary protection zone of water supply units (maximum-security zone). The law of state property establishes rules of

transferring ownership of state property and privatization. It also determines the competences of state authorities and local self-government in the privatization process.

Law of Georgia on Ownership Rights to Agricultural Land. The current law is completely different from the initial version adopted in 1996. The changes made to this law in different times (among them the amendments on the basis of the Law #389 dated July 14, 2000) have significantly changed its initial format and simplified to extent possible the procedures considered under the Law. The sphere of regulation of the Law mainly extends over the agricultural lands. Article 3.1. Defines that "a land parcel with or without household structure that is registered at the public register and used for cattle-breeding and plant cultivation is considered as an agricultural land parcel" with existing household and additional structures or without them. The law also refers to the share of a member of household community within the shared hay fields, grazing lands or forestry areas and the part of the agricultural land that may be the object "of separate ownership right" (Article 3.2).

The Law determines that the ownership right to agricultural land is granted to the State, physical person, household community (Komli) and legal entity registered in accordance to the legislation of Georgia, which carries out its activities in agricultural sphere. Besides, the Law declares the form of village and household community (Komli) ownership to state-owned grazing lands, private and form of community ownership in high mountain regions (Article 4.3).

According to the Articles 6 and 8, acquisition of agricultural land is allowed on the basis of ordinary rules and general restrictions. Ordinary rule considers land alienation without any permits and other limitations, and general restrictions consider land alienation only on the basis of the consent of co-owner of shared property.

Law of Georgia on Legalization of Property mainly refers to the lands, which are in private ownership, but are not registered in public register. The main purpose of this law is to additionally establish guaranties of defending private rights (article 21 of the Constitution, which presumes rights of private ownership) and develop international agreements. According to the article 2, State agencies and officials are obliged to ensure the protection of private property rights and immunity. According to the law, property legalization means the confirmation of ownership on property, which only can be dispossessed in cases determined in the Article 21.

The Law on Legalization of Property applies to any property owned by the state or by the local government. This applies to properties for which ownership was purchased or the reason of purchasing the property appeared from legal act or deal before 22 July 2007. All the state agencies and officials are prohibited to purchase the property under the jurisdiction of the law or to control, to study, to observe in any other forms. Registration fee for the administrative boundaries of the city for one square meter of land is 15 GEL.

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

Law of Georgia on Public Register regulates rights and obligations of National Agency of Public Register under the control of Ministry of Justice, in the process of property registration, also sets rules for registration of real and personal property. Article 11 defines which types of rights are registered in real estate register. According to this article real estate rights register records property, structure, usufruct, servitude, mortgage, rent, leasing, subleasing, borrowing, rights provided for

use by the public law. According to the Article 16, movable property and Intangible Benefit of Property is registered in public register. According to this article, movable property and Intangible Benefit of Property registers pledge (excluding financial pledge), leasing, bank guarantee. Public register law also sets out the procedures and conditions for the registration of companies.

Public register law is not limited only to the rules of registration, its regulation area involves land registration and changes in land use, for example, changing the status of agricultural land to non-agricultural land.

Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Formal Entities. The main purpose of this law is to support land market development and mastering lands owned by government. This law defines the legal ownership and main terms and conditions about recognition of ownership rights on informally occupied lands. It also defines rights of involved state agencies in this process.

The law applies to informally occupied agricultural or non-agricultural lands owned by private and legal entities. Article 2 establishes the lands on which property rights can be recognized. In particular, it can be a piece of land on which the house or other building is located. Recognition of private property by the law takes place after paying a fee, but it also can be free of charge.

Lands are recognized free of charge only when they were held legally, but they were not recognized by the government in the past, in other cases recognition of land required fee. Ownership rights on payable or on non-payable lands are recognized by the commissions formed in municipalities.

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

Existing laws provide that compensation for lost assets, including land, structures, trees and standing crops, should be at current market price without depreciation. They also identify types of damages eligible to compensation and indicate that both loss of physical assets and loss of income should be compensated. Income loss due to loss of harvest and business closure should be compensated to cover net loss.

Land acquisition for public interest may include eminent domain procedures, through a two-phase process as follows:

Phase 1: A negotiated settlement is sought in a first phase, based on a first compensation proposal at market/replacement value.

Phase 2: If no agreement is reached, land acquisition is further pursued through a judicial expropriation process (the implementing agency applies to Court to order expropriation and to fix compensation).

The Minister of Economy and Sustainable Development issues expropriation applications for each property where no agreement could be reached, based on dossiers filed by the implementing agency. On this basis, the implementing agency applies to Court, which, in a first stage, validates whether the application is justified by public interest and whether the appropriate procedures have been followed. Following this ruling validating the fact that eminent domain proceedings (expropriation) can be followed, the Court in a second stage appoints an expert to assess the compensation amount.

In the case of this project, eminent domain is applicable and expropriation will be sought where no amicable agreement is reached.

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

The Procedural Civil Code of Georgia also regulates those cases when determination of the defendant is impossible. This may be important for the Project in the cases when the landowner is not found and correspondingly ownership to his/her land parcel cannot be obtained in legally valid manner, i.e. it is impossible to enter corresponding agreement with the landowner or him/her cannot sign other type of document.

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

Obtaining the road right of way without expropriation through the payment of due compensation (on the basis of negotiations or a court decision) prior to commencement of the activities;
Obtaining the necessary right of way through paying due compensation based on the court decision.

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

Law of Georgia on Social Assistance. The law regulates issues connected with the receiving of the Social welfare, determines types of the social support. It also defines the authority of administrative bodies in the field of social aid (Article 1). The law applies to the vulnerable persons permanently legally residing in Georgia. Article 2 sets list of socially unprotected people: persons in need of special care, poor families and the homeless.

Article 4 defines terms, which explains nature of social aid and identifies persons who should receive this aid. According to this article social support can be provided in form of monetary or non-monetary benefit for persons in need of special care, poor families and the homeless. Poor families consist of persons or groups of people whose socio-economical status is lower than minimum level set by Georgian government. A homeless person does not have a permanent place of residence, and he/she is registered with the local authority as homeless. Persons in need of special care include orphans and children deprived of parental care, persons with disabilities, adults with disabilities are who are deprived of family care, persons with lost breadwinner. According to the law a disabled person is a person who has been granted such status by the Law on Medical-social Expertise. Social security financing sources include Georgian state budget, budgets of Units of local self-government, the money paid by the beneficiary or his/her representatives, and contributions (Article 24).

Law of Georgia on Social Protection of Persons With Limited Abilities. According to Article 1 legal status of persons with limited abilities In Georgia is regulated by Declaration of the United Nations about "Rights of Persons With Limited Abilities from 9 December 1975, Constitution of Georgia and this law. The person With Limited Abilities is person of strong physical, mental, intellectual or sensory impairment, which may interfere with the interaction of a variety of obstacles to the full and effective participation in public life on equal terms with others (Article 2). According to the Article 8 it is not allowed of the design localities, educational, cultural and sports facilities, as well as infrastructure construction and of buildings and structures, if these objects are not suitable for people with disabilities and needs.

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

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

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

Conditions for Expropriation and Legalization

The above-listed laws and regulations give the possibility of applying the following three mechanisms for legal application of the property rights: (i) Obtaining the road right of way without expropriation through the payment of due compensation prior to commencement of the activities; (ii) Expropriation which gives the possibility of obtaining permanent right to land and/or necessary road on the basis of Eminent Domain Law or a court decision through the payment of due compensation; (iii) Expropriation of private properties for urgent public necessity, which gives the possibility of obtaining permanent rights on land and/or necessary road for the purpose of national security or accident prevention. Expropriation is to be made on the basis of the 40 Presidential Decree on Expropriation through the payment of due compensation to affected people.

Expropriation. Land acquisition through expropriation entails lengthy procedures, which are often resisted. Such an approach will thus be pursued only in extreme cases if there is no agreement between APs and MDFG. In these cases the Project will not occupy the needed plots until: (i) the proper judicial process as defined by the law is initiated; (ii) a court injunction is obtained and communicated to the APs; and (iii) the compensation/rehabilitation amounts are deposited in an escrow account.

Using the Mechanism of Necessary Road means the right to demand necessary road by court in specific cases when owners location is unknown or/and person can't be located, or there are some liabilities which interrupts land acquisition process.

According to the Article 180 of Civil Code, if land is not necessary needed for proper use of public roads, electricity, oil, gas and water supply networks, than the owner has right to demand from neighbour that he/she was the one whose land will be used for these necessary connections. Those neighbours on whose lands are necessary roads or wiring should be compensated. There is a certain mechanism set by the Georgian civil trial code about how the public message can be delivered to respondent whose location is unknown.

According to the Article 78 of Procedural Code in this case the message will be published publicly. After 7 days following its publication, the court notice will be considered as delivered. After making this information public, the trial has legal right to review this case and make a decision. In case of using the necessary road mechanism, compensation will be transferred to an escrow account. Compensation will be transferred to the owner of land once his/her location will be identified or after the person will do all the obligations connected to the land transaction.

Annex 6: Evaluation of Compensation



დასკვნა

ქალაქ დუშეთში საცხოვრებელი ბინების იჯარის ღირებულების შესახებ 2017 წლის 10 აგვისტოს მდგომარეობით.

წინამდებარე დასკვნა წარმოადგენს საშემფასებლო ანგარიშის შემაჯამებელ დოკუმენტს, რომლის მიზანია ქონების საბაზრო ღირებულების დადგენა დამკვეთის ინფორმირებისათვის.

ი/მ ნინო ბერაიამ (შემფასებლის სერტიფიკატი გაცემული შემფასებელთა და ექსპერტთა პროფესიული მომსახურების ცენტრის მიერ №A-0218) სამუშაოები ჩაატარა 2017 წლის აგვისტოში საერთაშორისო საშემფასებლო სტანდარტების (IVS) მოთხოვნათა გათვალისწინებით.

საშემფასებლო ანგარიშში მოცემული ღირებულება წარმოადგენს შემფასებლის მიერ პროფესიული ცოდნისა და ჩვევების საფუძველზე ჩატარებული განსჯის შედეგს და ქონების ღირებულების შესახებ ობიექტურად დასაბუთებულ აზრს.

წინამდებარე შეფასების დასკვნაში შენობა ნაგებობების იჯარის საბაზრო ღირებულების დასადგენად გამოყენებულ იქნა შემოსავლების მეთოდი, კერძოდ პირდაპირი კაპიტალიზაციის მეთოდი.

ქონების შეფასების თარიღს წარმოადგენს – 2017 წლის 10 აგვისტო

უნდა აღინიშნოს, რომ აბსოლუტური სიზუსტით შეფასება შეუძლებელია, რადგან შეფასების შედეგად დგინდება მხოლოდ საფარაუდო ღირებულება, აისახება შემფასებლის დასაბუთებული აზრი ქონების ღირებულების შესახებ და არა ფასი. ფასი არის არის ფაქტი - უკვე განხორციელებული გარიგების შედეგად დაფიქსირებული თანხა. ამდენად, შეფასებული ღირებულება შეიძლება მეტი ან ნაკლები იყოს უკვე მომხდარი ან მოსახდენი გარიგების შედეგად დაფიქსირებულ/დასაფიქსირებელ თანხაზე. ჩვენი შეფასების ზღვრული ცდომილება შეადგენს 10-15%-ს. უნდა აღინიშნოს რომ შეფასების თარიღიდან დასკვნის დაწერის მომენტამდე ბაზარზე მნიშვნელოვანი ცვლილებები არ მომხდარა.



დამოუკიდებელი აუდიტორ-შემფასებელი ნინო ბერაია
INDEPENDENT AUDITOR-VALUER NINO BERAIA

შესაფასებელი ქონების საიჯარო ღირებულებამ 10.08.2017-თვის შეადგინა

9.15 ლარი თვეში 1კმ ფართობისათვის

ნინო ბერაია RICS

დამოუკიდებელი აუდიტორ-შემფასებელი

დიდი ბრიტანეთის სერტიფიცირებულ შემფასებელთა სამეფო ინსტიტუტის წევრი (Member of Royal Institution for Chartered Surveyors)

საქართველოს დამოუკიდებელ შემფასებელთა საზოგადოების ვიცე პრეზიდენტი



დამოუკიდებელი აუდიტორი შემფასებელი ნინო ბერაია
INDEPENDENT AUDITOR-VALUER NINO BERAIA

შესავალი

ზოგადი ინფორმაცია

შეფასების მიზანი იყო ქალაქ დუშეთში ორ ოთახიანი ბინის საშუალო იჯარის ღირებულების დადგენა.

შეფასება შესრულდა შეფასების საერთაშორისო სტანდარტების (IVS 2011) მოთხოვნების შესაბამისად.

შეფასების თარიღი 10.08.2017 წ

შეფასების დასკვნის შედგენის თარიღი: 10.08.2017წ

საერთაშორისო საშემფასებლო სტანდარტების მიხედვით – ქონებრივი უფლებები წარმოადგენს უფლებას რომელიც ქონების ფლობასთანაა დაკავშირებული, იგი მოიცავს უფლებას გააუმჯობესოს ან არ გააუმჯობესოს მიწის ნაკვეთი, გააქირაოს, გაყიდოს, გაასხვისოს, აწარმოოს სასოფლო სამეურნეო აქტივობები ან არ გამოიყენოს არცერთი ზემოთ ჩამოთვლილი უფლებებიდან. ამ ქონებრივი უფლების კომპინაციები რიგ შემთხვევებში წარმოადგენილია როგორც ქონებრივი უფლებები რომელიც განუყოფლადაა დაკავშირებული უძრავი ქონების ფლობასთან. ქონებრივი უფლებები როგორც წესი ექვემდებარება საჯარო ან კერძო შეზღუდვებს როგორიცაა უზუფრუქტი, სპეციალური განაშენიანების სიმკირდროვე, ზონირება და სხვა შეზღუდვები, რომლებიც შეიძლება დაიტვირთოს ქონება.





ღირებულების განსაზღვრება:

საბაზრო ღირებულება წარმოადგენს გამოთვლად ფულად სიდიდეს, რომელითაც, გაიცემა ქონება შეფასების თარიღისათვის დაინტერესებულ მყიდველსა და დაინტერესებულ გამყიდველს შორის "გაშლილი მკლავის" პრინციპით ტრანსაქციისას, მართებული მარკეტინგის ნატარების შემდეგ, როდესაც თითოეული მხარე მოქმედებს გათვითცნობიერებულად, წინდახედულად და ძალდატანების გარეშე" (IVS -1, პარა. 3.1.).

"Market Value is defined for the purpose of these Standards as Follows: Market Value is the estimated for which a property should exchange on the date of valuation between a willing buyer and a willing seller in arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion". (International Valuation Standards -1, para. 3.1.)

ტერმინი "ქონება" გამოიყენება იმისთვის, რომ ამ სტანდარტების ყურადღების ცენტრში მდებარეობს ქონების შეფასება. იმის გამო, რომ ეს სტანდარტები მოიცავს ფინანსურ ანგარიშგებასაც, ამ განმარტების გამოყენებისას შესაძლებელია ცნება "ქონების" შეცვლა ცნებით "აქტივით". მოცემული განსაზღვრების თითოეულ ელემენტს გააჩნია საკუთარი აზრობითი (გაგების) ჩარხოები:

"გამოთვლადი ფულადი სიდიდე..." მიეკუთვნება ფასს, გამოხატულს ფულადი ექვივალენტით (როგორც წესი ადგილობრივ ვალუტაში), რომელიც შეიძლება გადახდილი იქნას ქონებაში კომერციული საბაზრო გარიგების შედეგად. საბაზრო ღირებულების სახომს წარმოადგენს ყველაზე სავარაუდო ფასი, რომელიც გონებრივი მოსაზრებებით შეძლება მიღებულ იქნას შეფასების თარიღისათვის ბაზარზე საბაზრო ღირებულების განმარტებაში განსაზღვრული პირობების დაცვით. ეს არის საუკეთესო ფასი გონებრივი მოსაზრებებიდან ყველა მისაღები ფასებიდან გამყიდველისათვის და ყველაზე მისაღწევი - მყიდველისათვის. ამ ფასის გაანგარიშებისას, კერძოდ, არ გათვალისწინება ფასები, რომლებიც აწეულია ან დაკლებულია ისეთი განსაკუთრებული მიზეზების ან გარემოებების გამო როგორებიცაა ფინანსირების არატიპური ფორმა, გაყიდვა ქონების უკან იჯარის აღების მიღებით, გარიგებაში მონაწილე რომელიმე მხარის მიერ შეთავაზებული სპეციალური კომპენსაციები ან დათმობები, ან სპეციალური ღირებულების ნებისმიერი ელემენტი.

"... რომელითაც, შეფასების თარიღისათვის, გაიცემა ქონება . . ." მიანიშნებს იმ გარემოებაზე, ქონების ღირებულება წარმოადგენს გამოთვლად (წამოსახვით) სიდიდეს და არა წინასწარ განსაზღვრულ ან ფაქტურ გასაყიდ ფასს. ეს არის ფასი, რომელის მიხედვითაც ბაზარი ელოდება გარიგებას შეფასების თარიღისათვის საბაზრო ღირებულების განმარტებაში განსაზღვრული ყველა სხვა პირობების დაცვით.

"... შეფასების თარიღისათვის ..." ასახავს მოთხოვნას, რათა საბაზრო ღირებულების გამოთვლადი (წამოსახვითი) სიდიდე მიეკუთვნოს კონკრეტულ თარიღს. იმის გამო, რომ ბაზრები და საბაზრო პირობები შეიძლება შეიცვალოს, სხვა თარიღისათვის გამოთვლადი (წამოსახვითი) ღირებულება შეიძლება აღმოჩნდეს არასწორი ან არ შეესაბამებოდეს სინამდვილეს. შეფასების შედეგი ასახავს ბაზრის მიმდინარე მდგომარეობას და პირობებს შეფასების თარიღისათვის, და არა მომავალი ან წარსული თარიღისათვის. განმარტება აგრეთვე გულისხმობს, რომ აქტივის ხელშიდან ხელში გადასვლა და გარიგება ხდება ერთდროულად, ფასის ვარიაციების გარეშე, რომლებიც სხვა შემთხვევაში შესაძლებელი იქნებოდა.

"... დაინტერესებულ მყიდველსა..." მიეკუთვნება იმას, ვისაც გააჩნია მოტივაცია იყიდოს, მაგრამ მას ამისათვის არაფერი არ უბიძგებს. ასეთი მყიდველი არ იწევს სურვილით იყიდოს და გადაიხადოს ნებისმიერი ფასი. გარდა ამისა, ის ახორციელებს რა ყიდვას მოქმედებს რეალური ბაზრის რეალიზების და მოდოინის შესაბამისად, და არა წარმოსახვითი და პიპოტეტური ბაზრიდან გამოშინარე, რომლის არსებობა არ შეიძლება დემონსტრირებულ და განჭვრეტად იქნას. მოსალოდნელი მყიდველი არ გადაიხდის იმაზე მეტ თანხას, რასაც მოითხოვს ბაზარი. ესტანდარტი მყიდველი შედის იმათ რიცხვში, რომლებიც შეადგენენ "ბაზარს". შეფასებელმა არ უნდა გააკეთოს არარეალური დაშვებები ბაზრის პირობების შესახებ ან წამოსახოს



(წარმოიდგინოს) საბაზრო ღირებულების დონე გონებრივი მოსაზრებებით მისაღწევზე შეტად.

3.2.5. „...და დაინტერესებულ გამყიდველს შორის ...“ იგულისხმება გამყიდველი, რომელიც არ იწვევს სურვილით გაყიდოს, არ არის იძულებული გაყიდოს და არ არის მზად გაყიდოს ნებისმიერ ფასად, რომელიც არ ნაითვლება ბაზარზე გონებრივად მოცემული მომენტისათვის. დაინტერესებული გამყიდველის მოტივს წარმოადგენს ქონების საბაზრო პირობებით გაყიდვა მაქსიმალურად მისაღებ ფასად შესაბამისი მარკეტინგის ნატარების შემდეგ, რა ოდენობისაც არ უნდა იყოს ეს თანხა. რეალური მესაკუთრის (მფლობელის) ფაქტობრივი მდგომარეობა ყურადღებაში არ მიიღება, რადგანაც „დაინტერესებული გამყიდველი“- არის პიოტენტური მესაკუთრე.

„...გაშლილი ხელის“ პრინციპით ტრანსაქციისას...“ ნიშნავს, რომ მხარეებს შორის არ არსებობს არაეითარი განსაკუთრებული ან სპეციალური ურთიერთკავშირი (ისეთები, როგორებიცაა მაგალითად, ურთიერთობა სათაო და შეიღობილ საწარმოებს შორის, ან სახლის მესაკუთრესა და მოთჯარეს შორის), როდესაც შეუძლიათ გადააქციონ ფასთა დონე შეუსაბამო ბაზრის მონაცემებთან ან გაზარდოს ფასები სპეციალური საკუთრების ელემენტების არსებობის გამო. იგულისხმება, რომ გარიგება საბაზრო ღირებულების მიხედვით უნდა მოხდეს მხარეებს შორის, რომლებიც არ არიან დაკავშირებული ერთმანეთთან რაიმე სახით, და თითოეული მხარე მოქმედებს დამოუკიდებლად.

„...მართებული მარკეტინგის ნატარების შემდეგ...“ გულისხმობს, რომ ქონება ბაზარზე გამოტანილ იქნას ყველაზე შესაფერისი სახით, რათა უზრუნველყოს მისი რეალიზაცია საბაზრო საუკეთესო ფასად გონებრივი მოსაზრებებით მისაღწევი ფასებიდან ღირებულების განმარტების შესაბამისად. ბაზარზე გამოტანის ხანგრძლივობა შეიძლება იყოს სხვადასხვა საბაზრო პირობების გათვალისწინებით, მაგრამ ყველა შემთხვევაში იმისათვის, რომ აქტივმა მიიზიდოს პოტენციური მყიდველების საკმარისი რაოდენობის ყურადღება. ბაზარზე გამოტანის თარიღი წინ უსწრებს შეფასების (ღირებულების დადგენის) თარიღს.

„... როდესაც თითოეული მხარე მოქმედებს გათვითცნობიერებულად, წინდახედულად ...“ გულისხმობს წარმოდგენას, რომ როგორც დაინტერესებული მყიდველი, ასევე დაინტერესებული გამყიდველი საკმარისად არიან ინფორმირებული გასაყიდი ქონების ხასიათის და თვისებების, ფაქტობრივი და პოტენციური გამოყენების შესახებ, აგრეთვე შეფასების თარიღისათვის ბაზრის მდგომარეობის შესახებ. შემდეგ იგულისხმება, რომ თითოეული მათგანი, ფლობს რა ამ ინფორმაციას მოქმედებს საკუთარი ინტერესებიდან გამომდინარე გაანგარიშებით, რათა მიადგინოს გარიგებაში საუკეთესო ფასს თავისი პოზიციიდან გამომდინარე. იგულისხმება ანგარიშშიანობა ბაზრის მდგომარეობის მიმართ შეფასების თარიღისათვის, და არა ანგარიშშიანობა უკანა თარიღით შემდგომი (მომავალი) თარიღისათვის. საზოგადოდ, უყიარაობად არ ითვლება ის ფაქტი, როდესაც გამყიდველი ყიდის ქონებას ვარდნადი ფასების ბაზრის პირობებში წინა საბაზრო ფასებზე დაბად ფასად. ამ შემთხვევებში, ისევე როგორც ცვალებადი ფასების სხვა სიტუაციებში ყიდვა-გაყიდვასთან დაკავშირებით ანგარიშიანი გამყიდველი ან მყიდველი მოქმედებს ბაზრის თაობაზე არსებული და მისთვის ხელმისაწვდომი მაქსიმალურად სრულ ინფორმაციის საფუძველზე.

„... და ძალდატანების გარეშე ...“ ნიშნავს, რომ თითოეულ მხარეს გაანია მოტივების გარიგების განსახორციელებლად, მაგრამ არცერთ მათგანს არ აიძულებენ განახორციელონ გარიგება.

საბაზრო ღირებულება აღქმულ (გაგებულ) უნდა იქნას როგორც აქტივის ღირებულება, რომელიც გამოთვლილია მის გაყიდვასთან ან ყიდვასთან დაკავშირებული დანახარჯების და გარიგებასთან დაკავშირებული გადასახადების გარეშე.





შეფასების ხარისხის სერტიფიკატი

მოცემულ ანგარიშის ხელის მომწერი შემფასებლები (შემდგომში შემფასებლები) ნამდვილად ადასტურებენ, რომ მათ ხელთ არსებული მონაცემების მიხედვით:

- ანგარიშში წარმოდგენილი ინფორმაცია არის სარწმუნო და შეესაბამება სინამდვილეს.
- ანალიზი, მოსაზრებები და დასკვნები, რომელსაც შეიცავს ანგარიში ეკუთვნით შემფასებლებს და სწორია აღნიშნული შეზღუდვების და დაშვებების საზღვრებში, რომლებიც მოცემული ანგარიშის განუყოფელ ნაწილს წარმოადგენს.
- შემფასებლებს არც ამჟამად და არც მომავალში არ გააჩნიათ რაიმე დაინტერესება შესაფასებელ ობიექტთან და მოქმედებენ მიუკერძოებლად.
- შემფასებლებს არ გააჩნიათ რაიმე დაინტერესება ან კავშირი მხარეებთან რომლებიც დაკავშირებულნი არიან შესაფასებელ ქონებასთან
- შემფასებლის პირობები არ არის დამოკიდებული ობიექტის საბოლოო ღირებულებაზე და აგრეთვე იმ გარემოებებზე, რომლებიც შეიძლება წამოიჭრან დამკვეთის ან მესამე პირის მიერ ანგარიშში მოცემული დასკვნების გამოყენების შედეგად.
- შეფასება ჩატარდა და ანგარიში დაიწერა მოქმედი საერთაშორისო სტანდარტების შესაბამისად.
- ანგარიშში მოყვანილი ფაქტები, რის საფუძველზეც იქნა ჩატარებული ანალიზი, გაკეთდა ვარაუდები და დასკვნები და შესრულდა შეფასების დასკვნა გაკეთებულია შეფასების საერთაშორისო სტანდარტების (IVS) მოთხოვნების შესაბამისად.

ძირითადი დაშვებები და შემზღუდავი პირობები

ქვემოთ მოცემული დაშვებები და შემზღუდავი პირობები საშემფასებლო დასკვნის განუყოფელ ნაწილს წარმოადგენს.

- საშემფასებლო დასკვნაში წარმოდგენილი ღირებულება სარწმუნოა



დამოუკიდებელი აუდიტორი შპს ნინო ბერაია
INDEPENDENT AUDITOR-VALUER NINO BERAIA

მხოლოდ აღნიშნული მიზნებისა და შეფასების თარიღისათვის

- ფინანსური და სხვა ინფორმაცია რომელიც იქნა მოწოდებული შემკვეთის მიერ ან მისი წარმომადგენლების მიერ სამუშაოს წარმოების პროცესში მიღებულ იქნა ყოველგვარი გადამოწმების გარეშე როგორც სწორი და მართებულად ამსახველი საწარმოს მდგომარეობისა შესაბამისი თარიღისათვის, გარდა სპეციალურად აღნიშნული შემთხვევებისა. კომპანიას არ გაუკეთებია აუდიტი, და აქედან გამომდინარე არ გამოთქვამს რაიმე მოსაზრებას ამ ინფორმაციის შესახებ.
- კომპანია არ წარმოადგენს კონსულტანტს გარემოს დაცვის საკითხებთან დაკავშირებით და არ იღებს თავის თავზე პასუხისმგებლობას პოტენციური გარემოს მიმართ ვალდებულებების თაობაზე.
- წინამდებარე დასკვნა განკუთვნილია მხოლოდ დამკვეთის მოხმარებისათვის მხოლოდ და მხოლოდ ზემოთ მოხსენიებული მიზნებისათვის.
- მომავალი მომსახურება ამ დასკვნაში მოცემულ საკითხებთან დაკავშირებით, მათ რიცხვში სასამართლოს წინაშე წარდგომის ვალდებულება არ შედის კომპანიის მოვალეობებში.
- საჯარო ინფორმაცია და სტატისტიკური ინფორმაცია აღებულ იქნა წყაროებიდან, რომელთაც ჩვენ ვენდობით. მიუხედავად ამისა სპეციალურად არ გადავვიმოწმებთ მათი სისწორე.
- შემფასებელს არ ჩაუტარებია შესაფასებელი ქონების ინსპექტირება და შეფასებისას ეყრდნობოდა დამკვეთისაგან მოწოდებულ ინფორმაციას

საშემფასებლო სტანდარტი

International Valuation Standards 2017



საუკეთესო და ყველაზე ეფექტური გამოყენების ანალიზი

საუკეთესო და ყველაზე ეფექტური გამოყენების ანალიზი ღირებულების განსაზღვრისათვის ერთ-ერთ ძირითად წინაპირობას წარმოადგენს.

საუკეთესო და ყველაზე ეფექტური გამოყენების ანალიზი ასახავს შემფასებლის მოსაზრებას ქონების გამოყენების შესახებ ბაზრის არსებული მდგომარეობის შესახებ. “საუკეთესო და ყველაზე ეფექტური გამოყენების ანალიზის” ცნება რომელიც წინამდებარე ანგარიშში გამოუყენება გულისხმობს ისეთ გამოყენებას, რომელიც ყველა გონივრულად შესაძლო, ფიზიკურად განხორციელებად, ფინანსურად მისაღებ და იურიდიულად დასაშვებ გამოყენებათა შორის მიწის ყველაზე მეტად მაღალ ღირებულებას უზრუნველყოფს.

საუკეთესო და ყველაზე ეფექტური გამოყენების ანალიზის ჩატარება ხდება განხილული ვარიანტების შემდეგი კრიტერიუმებით შეფასების გზით:

საკონონმდებლოდ დაშვებული: იმ ვარიანტების განხილვა, რომლებიც დაშვებულია მიწის გამოყენების, ზონირების, სხვადასხვა შეზღუდვების ისტორიული ზონების და ეკოლოგიური კანონმდებლობის შესაბამისად.

ფიზიკურად განხორციელებადი: აღნიშნულ გარემოში რეალურად ფიზიკურად შესაძლებელი გამოყენების ვარიანტების განხილვა.

ფინანსურად განხორციელებადი: იმის განხილვა თუ რომელი ფიზიკურად შესაძლებელი და კანონით დასაშვები გამოყენების ვარიანტი მოუტანს ნაკვეთის მფლობელს შემოსავლების მისაღებ დონეს.

მაქსიმალური ეფექტურობა: იმის განხილვა, თუ ფინანსურად განხორციელებადი გამოყენების რომელი ვარიანტი უზრუნველყოფს მაქსიმალურ წმინდა შემოსავლებს ან მაქსიმალურ მიმდინარე ღირებულებას.

იმისათვის რომ შეფასდეს მთლიანად ობიექტის საუკეთესო და ყველაზე ეფექტური გამოყენება კეთდება ანალიზი პირობითად თავისუფალი ნაკვეთისთვის და არსებული გაუმჯობესებების მქონე მიწის ნაკვეთისთვის.





დამოუკიდებელი აუდიტორი-ვალერი ნინო ბერაია
INDEPENDENT AUDITOR-VALUER NINO BERAIA

ობიექტის საიჯარო ღირებულების დადგენა

	პტტპს/წწწ.მ ყომე-გე/კა/პ როდუცტ?იდ =7813987	პტტპს/წწწ. მყომე-გე/კა/ პროდუცტ?ი დ=7813829	პტტპს/წწწ.მ ყომე-გე/კა/პ როდუცტ?იდ =7859741
ინფორმაციის წყარო			
ფართი, კვ.მ.	64	70	35
ობიექტის საბაზრო ღირებულება, ლარი	54336	43330	31000
კაპიტალიზაციის კოეფიციენტი, %	14%	14%	14%
წმინდა შემოსავლები, ლარი	7607	6066	4340
იჯარის ღირებულება, თვე	634	505,5	362
იჯარის ღირებულება, კვმ	9,9	7,2	10,4
იჯარის ღირებულება, კვმ (საშუალო)	9,15		

დუშეთში საცხოვრებელი ბინის 1 კვმ-ის იჯარის ღირებულება შეადგენს 9.15 ლარს თვეში

შენიშვნა: შეფასების მიზნებიდან გამომდინარე ითვლება, რომ შესაფასებელი ქონება საშუალო მდგომარეობაშია და მისი გამოყენება შესაძლებელია დანიშნულებისამებრ.





დამოუკიდებელი აუდიტორი შპს ნინო ბერაია
INDEPENDENT AUDITOR-VALUER NINO BERAIA

შემსრულებელთა კვალიფიკაცია

ნინო ბერაია RICS

აუდიტორ-შემფასებელი

დიდი ბრიტანეთის სერტიფიცირებულ შემფასებელთა სამეფო ინსტიტუტის წევრი (Member of Royal Institution for Chartered Surveyors)

საქართველოს დამოუკიდებელ შემფასებელთა საზოგადოების საბჭოს წევრი

მიწისა და უძრავი ქონების პროფესიონალთა ასოციაციის წევრი

პროფესიონალ შემფასებელთა სერთიფიცირების საბჭოს წევრი

საქართველოს პარლამენტთან არსებული აუდიტორული საბჭოს მიერ სერტიფიცირებული აუდიტორი

პროფესიული გამოცდილება

საშემფასებლო სფეროში მუშაობის 7 წლიანი გამოცდილება, კავკასიის რეგიონის უძრავი ქონების ბაზრის თავისებურებების კარგი ცოდნა. აუდიტორული კომპანიების დიდი ოთხეულის ("PricewaterhouseCOOPERS"; "Deloitte & Touche"; "ERNST & YOUNG", "KPMG") მიერ საშემფასებლო დასკვნების განხილვაში მონაწილეობის ხანგრძლივი გამოცდილება. სხვადასხვა პროექტებში მონაწილეობა: კერძოდ, საქართველოს წამყვანი ბანკების აქტივების შეფასების პროექტები ("საქართველოს ბანკი", "თი-ბი-სი ბანკი", „ბაზისბანკი“, „ბანკი რესპუბლიკას“ , „ბანკი ქართლ“, „კორსანდარტბანკი“); დიდი სამეწარმეო კომპლექსების აქტივების გადაფასება – ნავთობტერმინალი „სან პეტროლეუმი“, ბენზინგასამართი სადგურების ქსელი “ ”, გ.ი.შ.შ. ; რკინიგზა მარაბდა-კარწანი; საქცემენტი, სანტე და სხვა; ვენახების შეფასება („თელიანი ველი“), მოძრავი ქონებისა და ტექნოლოგიური საზღვრის შეფასება („თელიანი ველი“, „აქსისი“ , „სანტე“, „თელასი“ და სხვ); სასტუმროების შეფასება (თბილისის მარიოტი, ქორთიარდ მარიოტი, თ პლაზა, სასტუმრო ბეტსი, და სხვ), რესტორნების შეფასება, სპეციალიზირებული ქონების შეფასება, სავაჭრო ცენტრების, საოფისე ფართების, მიწის ნაკვეთების შეფასება. სხვადასხვა დროს - აღსრულების ბიუროს შემფასებელთა ჯგუფის კონსულტანტი; სასამართლო ექსპერტების შემფასებელთა ჯგუფის კონსულტანტი; პროგრამული უზრუნველყოფის შემუშავება საშემფასებლო საქმიანობისათვის; სინქრონული თარგმანი ინგლისურიდან ბიზნესის, მოწყობილობა დანადგარების შეფასების ტრენინგების კურსზე რომელიც ჩატარდა ინტერნაციონალ ღვაღლ როპერტე უონდატიონ უგიდით.



დიპლომები

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მაგისტრი, ინჟინერი, საქართველოს ტექნიკური უნივერსიტეტი, ელექტრონიკის ფაკულტეტი, დიპლომი წარჩინებით №068127

სერტიფიკატები

დ – მიწის მფლობელთა უფლებების დაცვის ასოციაცია, უძრავი ქონების შემფასებელი; სერტიფიკატი №A-0057

დ – მიწის მფლობელთა უფლებების დაცვის ასოციაცია, მოძრავი ქონების შემფასებელი; სერტიფიკატი № -0002

საქართველოს პარლამენტთან არსებული აუდიტორთა ასპქო, აუდიტორი, სერტიფიკატი №5.479

კავკასიის სოციალური სტრატეგიების ინსტიტუტი, სრული კურსი საზოგადოებრივი ურთიერთობები, სერტიფიკატი №0004

კავკასიის ბიზნეს სკოლა, ეკონომიკა, ფინანსური მენეჯმენტი, მარკეტინგი, სერტიფიკატი

კოლუჯი TISIS ეკონომიკა, ფინანსური მენეჯმენტი, სერტიფიკატი

სამუშაო გამოცდილება

- 2006 – დღემდე საშემფასებლო კომპანია “ქართული საშემფასებლო კომპანია”, შემფასებელი; უძრავი და მოძრავი ქონების შეფასება, ბიზნესის შეფასება
- 2010 -დღემდე ლექტორი, პროფესიონალ შემფასებელთა სასერტიფიკატო კურსი “მანქანა დანადგარებისა და მოწყობილობების შეფასება”, მიწისა და უძრავი ქონების პროფესიონალთა ასოციაცია.
- 2007- დღემდე დამოუკიდებელი აუდიტორ შემფასებელი, უძრავი და მოძრავი ქონების შეფასება, ბიზნესის შეფასება
- 1998- დღემდე პროგრამისტი, პროგრამული პროდუქტების შემუშავება სხვადასხვა სფეროს მცირე და საშუალო ბიზნეს კომპანიებისათვის
- 2003-2006 შპს "თელავის მარანი" პროგრამისტი



დამოუკიდებელი აუდიტორი შემფასებელი ნინო ბერაია
INDEPENDENT AUDITOR-VALUER NINO BERAIA

1999-2003	შპს „კომპანია ცენტრი“: ფასიანი ქაღალდების რეგისტრატორი, პროგრამისტი
1996-1999	შპს „ელპფა“, მედიკამენტებით საბითუმო ვაჭრობა იმპორტი/ექსპორტი, პროგრამისტი
1992-1996	გენეტიკური ეკოლოგიის ცენტრი, პროგრამისტი, მათემატიკური მოდელირება.



Conclusion

On the Evaluation of the Rent of the Residential Houses in the city of Dusheti by August 10, 2017

The present Conclusion is a summary document of the evaluation report aiming at fixing the market value of the property to communicate to the Client.

Individual Entrepreneur Nino Beraia (with Surveyor's Certificate #A-0218 issued by the Valier's and Experts Professional Development Center) accomplished the works in August of 2017 by considering the international valuation standards.

The value given in the evaluation report was obtained through the consideration of the valuator based on her professional knowledge and skills and objectively grounded opinion about the value of property.

The present Conclusion used the income method, the direct capitalization method in particular, to identify the market rental fee of the buildings and premises.

The date of the property evaluation is August 10, 2017.

It should be noted that no evaluation with absolute accuracy is possible in the given case, as the valuation identifies only presumable value and gives the valuator's grounded opinion about the property value and not property price. Price is a fact, the amount fixed following the accomplished deal. Thus, the identified value may be more or less the amount fixed/to be fixed through the deal, which is either accomplished, or is to be accomplished. The limit error of our evaluation is 10-15%. It should be noted that no significant variations were observed in the market from the date of evaluation to the moment of drafting the present Conclusion.

By 10.08.2017, the rental fee of the valued property was fixed at 9.15 GEL per 1 sq.m. a month

Nino Beraia MRICS
Independent Auditor and Evaluator,
Member of Royal Institution for Chartered Surveyors,
Vice-President of the Independent Surveyors' Society of Georgia

Introduction

General

The goal of the evaluation was to identify the mean rental fee of a two-room apartment in the city of Dusheti.

The evaluation was done in line with the requirements of the international valuation standards (IVS 2011)

Date of evaluation: 10.08.2017

Date of drafting the conclusion of the evaluation: 10.08.2017

As per the international valuation standards, the property rights are the rights related to the ownership of property and cover the rights to improve or not improve a land plot, rent, sell, alienate, do agricultural farming operations or not to realize any of the above-listed rights. In some cases, the combinations of such property right are presented as property rights unconditionally related to the ownership of the property. Property rights are usually subject to public or private limitations, such as usufruct, specific accommodation density, zoning, etc. to be used in respect of the property.

Estimating the value

”Market Value is defined for the purpose of these Standards as Follows: Market Value is the estimated for which a property should exchange on the date of valuation between a willing buyer and a willing seller in arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”. (International Valuation Standards –1, para. 3.1.)

Term “Property” is used as it is the evaluation of the property in the focus of the said standards. As these standards cover the financial settlement, when using this explanation, concept “property” can be changed by concept “assets”. Each element of the given definition has the frames of understanding of one’s own:

“Estimated monetary value” belongs to the price expressed by a monetary equivalent (usually, in local currency), which can be used to pay for the property as a result of a commercial market deal. A measure of market value is the most probable price reasonably obtainable in the market by observing the conditions given by the explanation of the market value on the valuation date. This is the best price, in respect of reasonable consideration, of all acceptable prices for the seller and most reachable for the buyer. In particular, when calculating this price, the prices either risen, or fallen due to such special causes or surroundings, such as non-typical form of financing, selling of property by obtaining one’s rent back, special compensations or allowances offered by one of the parties of the deal or any element of a special value, are not considered.

“...for which a property should exchange on the date of valuation...” is indicative of the fact that the property value is a calculable (imaginary) value rather than the price fixed in advance or factual selling price. It is the price, based on which, the market expects the deal on the date of valuation by observing all other conditions given by the explanation of the market value.

“On the date of valuation” shows the demand so that the calculable (imaginable) market value should belong to a concrete date. As the markets and market conditions can be changed, a calculable (imaginary) value on some other date may turn out incorrect and not correspond to the reality. The result of valuation shows the current state of the market and conditions on the date of valuation rather than on a future, or past date. The explanation also means that the transfer of the assets from hand to hand and the deal take place simultaneously, without the price variation what could be the case otherwise.

“Willing buyer” is the entity motivated to buy, but is not forced to buy. Such a buyer is not eager to buy and pay any price. Besides, as he buys, he acts in line with the realms and expectations of the market rather than following an imaginary or hypothetic market, whose presence cannot be demonstrated or foreseen. A potential buyer will not pay more than required by the market. A current owner is among those making the “market”. A valuator must not make unreal assumptions about the market conditions or present (imagine) the market value level more than a reasonably obtainable one.

3.2.5. “... and a willing seller...” means the seller not eager, forced or ready to sell at any price not reasonable on the market at the given moment. A motif of the willing seller is selling the property under market conditions, at a maximally acceptable price after proper marketing regardless of the

amount of money. The factual state of a real owner is not considered, as “the willing seller” is a hypothetical owner.

“In arm’s-length transaction” means that there is no special connections between the parties (such as the link between the head and daughter companies, or relation between the apartment owner and the lessee for example), which may make the price level incompatible with the market data or increase the prices due to the presence of special property elements. It is meant that a deal must be completed in line with the market value between the parties, who are not related to one another in any manner, with each party acting independently.

“...after proper marketing...” means that the property must be presented on the market in the most relevant form to allow its realization at the best market price in line with the value given by the explanation of reasonably obtainable prices. The duration of the market presentation may vary depending on the different market conditions, but in any case, to allow the assets to attract sufficient attention of the potential buyers. The date of market presentation is earlier than the date of valuation (fixing the value).

“...wherein the parties had each acted knowledgeably, prudently,..” means the imagination of both the willing buyer and the willing seller are sufficiently interested in the nature and properties and factual and potential use of the property to sell, as well as the market state on the date of valuation. Further, it means that each of them, having this kind of information, acts following his own interests to obtain the best price following his position. Prudence of the market condition is meant on the date of valuation and not prudence of the past date for the later (future) date. Generally, the fact when a seller sells the property in terms of falling market prices lower than the past market prices is not considered wastefulness. In such a case, like in case of other situations of varying prices, a prudent seller or buyer in regard to selling or buying acts based on the maximally thorough information about the market available to him.

“...and without compulsion...” means that each party has an incentive to conclude a deal, but neither of them is forced to conclude it.

Market value must be understood as the value of an asset calculated without considering the expenses related to its selling or buying or taxes related to the deal.

Valuation Quality Certificate

The valuers signing the present report (hereinafter “The Valuers”) certify that based on the data available to them:

- The information given in the present report is true and reflects the reality.
- The analysis, considerations and conclusions given in the report belong to the valuers and are correct within the limits of the existing limitations and assumptions being an integral part of the present report.
- Neither now, nor in the past have had the valuers any interest in the object of appraisal, and they act in an unbiased manner.
- The valuers have no interest in or relation to the parties related to the property of appraisal.
- A valuator’s fee does not depend on the final value of the object or on the surroundings to possibly take place following the use of the conclusions given in the report by the client or a third entity.
- The valuation was accomplished and the report was drafted in line with the effective international standards.
- The facts given in the report used as a basis to do the analysis, make assumptions and conclusions and valuation. The conclusion was drafted in line with the requirements of the International Valuation Standards (IVS).

Major assumptions and limitations

The assumptions and limitations given below are an integral part of the valuation conclusion.

- The value given in the valuation report is authentic only for the given purposes and on the date of valuation.
- The financial and other information provided by the client or his representative in the course of the works, was accepted without any verification as the correct information showing the state of enterprise on the relevant date in real terms, except special cases. The company has not performed an audit and therefore, it does not express any opinion about the above-mentioned information.
- The company is not a consultant regarding the environmental issues and does not undertake responsibility for the potential environmental issues.
- The present conclusion is designated for the cliental use and for the above-stated purposes only.
- The future service related to the issues given in the present conclusion, including the obligation to appear before the court, is not the obligation of the company.
- Public and statistical information was obtained from the sources we trust. Despite this, we have not verified their accuracy specially.
- The valuator has not done the inspection of the property of appraisal, and during the valuation, relied on the information provided by the client.

Valuation Standard

International Valuation Standards 2017

Analysis of the best and most efficient use

The analysis of the best and most efficient use is one of the preconditions to identify the value.

The analysis of the best and most efficient use shows the valuator's opinion about the use of the property and current state of the market. The concept of "the best and most efficient use" used in the present report, means the use providing the highest value of land of all reasonably possible, physically realizable, financially acceptable and legally admissible uses.

Accomplishment of the analysis of the best and most efficient use is done by evaluating the following criteria of the considered options:

Legally admissible: consideration of the options admitted under the laws of land use, zoning, various limitations in regard of historical zones and environmental legislation.

Physically realizable: consideration of the options, which are physically realizable in the given situation.

Financially possible: considering which physically realizable and legally admissible option of use will bring the plot owner the admissible income level.

Maximum efficiency: considering which financially possible option will yield maximum net income or maximum current value.

In order to evaluate the best and most efficient use of the object as a whole, the analysis is done for a conditionally free plot and land plot with existing improvements.

Fixing the rental fee of the object

Source of information	https://www.myhome.ge/ka/product?id=7813987	https://www.myhome.ge/ka/product?id=7813829	https://www.myhome.ge/ka/product?id=7859741
Area, sq.m.	64	70	35
Object market value, GEL	54336	43330	31000
Capitalization index, %	14%	14%	14%
Net incomes, GEL	7607	6066	4340
Rental fee, month	634	505,5	362
Rental fee, 1 sq.m.	9,9	7,2	10,4
Rental fee, 1 sq.m. (average)	9,15		

The rental fee of 1 sq.m. of a residential house in Dusheti is 9.15 GEL.

Note: following the purposes of the valuation it is considered that the object of valuation is in normal state and can be used properly.