

Biannual Social Monitoring Report

Reporting period: 01/2017 – 06/2017

GEORGIA: MFF - SUSTAINABLE URBAN TRANSPORT INVESTMENT
PROGRAM

(Financed by the Asian Development Bank)

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July 2017

Background

On 19 December, 2013 - Sustainable Urban Transport Investment Program Tranche 3 Loan and Project agreements were signed between Georgia and Asian Development Bank. Under Tranche 3 ADB has agreed to lend to the Borrower from ADB's ordinary capital resources an amount of seventy three million Dollars (\$73 million).

The project will provide efficient, reliable and affordable urban transport infrastructure and services, thereby increasing economic growth potential and competitiveness of urban communities, improving livelihoods of over 1.5 million people (approx. 35% of Georgian population). The project will also: (I) improve urban, environment and communities' access to economic opportunities and to public and social services; (II) promote efficient and sustainable urban transportation; and (III) generate income and employment opportunities.

Sustainable Urban Transport Investment Program – Tranche 3 (SUTIP T3) includes (a) Construction of an approximately 6.8 kilometers 4-lane urban road link between the cities of Rustavi and Tbilisi, including a 2 kilometers urban boulevard and recreational areas; (b) Construction of an approximately 1.2 kilometers coastal protection structure in the city of Anaklia; and (c) Project implementation support through financial audit and independent safeguards monitoring.

Section 2

Section 2 (km 4+000 to km 10+800) is a new urban link road. Since in this section the widening of the existing highway would have caused significant impacts, thus a new road was preferred. The 6.8 km long Section 2 passes through housing and industrial areas, and as a result generates significant displacement impacts, including demolition of a two-storey building with 40 apartments.

The draft LARP for Section 2 was developed by Design Consultant (Dohwa Engineering) in April 2014. The main issue related to LARP was that the road section might have required demolition of a building with 40 apartments and possibly the repair of other 9 buildings with a very large number of apartments. To assess the final land acquisition and resettlement impacts it was decided to carry out a study of structural integrity of the buildings.

In order to speed up and facilitate finalization of LARP for Section 2 it was agreed to split the existing draft LARP into two LARPs covering respectively the Section 2 Part A (the road section without impacts on two-storey building, where LARP can be quickly finalized) and Section 2 Part B (including the section of the road with building impacts, where the impacts shall be reassessed following finalization of the structural study of buildings).

The final LARP for **Section 2 Part A** was approved by ADB on 30 October 2014 and is currently in process of implementation. Contracts are being signed with affected persons and are registered in public registry as it is required by Georgian legislation. Affected people are getting compensation paid to their bank accounts within a reasonable time. As to the June 30, 2017 235 agreements were concluded and

signed for the purchase out of 244 affected properties. Negotiations with affected persons are ongoing. After obtaining the right of expropriation from the Ministry of Economy and Sustainable Development the expropriation process started and currently is on-going.

For **Section 2 Part B** the land acquisition and resettlement (LAR) impacts were reassessed based on the structural integrity study carried out in 2015, which was conducted by Nord Est Progetti Srl (Italy). According to the outcomes of the study of structural integrity (including review of data regarding two-storey building and 9 multi-apartment buildings, visual inspection, thermographic imaging of the buildings, subsoil investigation data, the input data for modeling the vibration impacts, etc.) it was recommended to dismantle two-storey residential building with 41 apartments. In the meantime regarding the structural integrity of the other 9 buildings, it was concluded that the construction works will not cause the risk of collapse or damage of these buildings.

The outcomes of the study on structural integrity of the buildings were reflected in the LARPs and the results of the study have confirmed the LAR impacts identified during the initial LAR assessment. Based on reassessed LAR impacts the LARP for Section 2 Part B was finalized, approved and disclosed in October 2015. Following LARP approval MDF commenced its implementation. As of June 30, 2017 the agreements were concluded and 118 privately owned properties were acquired out of total 151. In addition, out of total 41 apartments in two-storey residential building 33 apartments were acquired. LARP implementation process is ongoing.

Section	Total	Purchased	Remaining	note
LARP 2a	244	235	9	
LARP 2b	192	155	41	

Grievance redress procedure was specified in LARPs for Section 2 Part A and Part B to provide an effective and systematic mechanism in responding to queries, feedbacks and complaints from APs and stakeholders. Grievance Redress Committee was established following the requirements of the grievance redress mechanism to address LAR issues that may arise during implementation of works under Tbilisi-Rustavi Urban Road Link. In total 2 meetings were carried out by the Grievance Redress Committee in first half of 2017. Grievance Redress Committee meetings are called on as needed basis to discuss the issues regarding all of the sections of Tbilisi – Rustavi Urban Road Link. Total number of complaints received for Section 2 Part A and Part B is 14, out of which 4 cases were resolved and 10 cases were rejected by the Committee.

Private residential houses issue also should be highlighted. Part of private residential house owners also refused to sign agreements with MDF, because they think that compensation amount is small. APs demanded their property to be reevaluated and they sent letters to MDF. GRC reviewed the letters and decision has been made that these properties will be reevaluated in Levan Samkharauli National Forensics Bureau in accordance with APs’ demands. For the moment, AP’s

request has been approved and their properties have been reevaluated. During the next quarter negotiations will be conducted with residential house owners.

Problems encountered and resolved. Residents of two-story building (that should be demolished) requested the increase of compensation, as in their opinion, they will not be able to purchase appropriate residual place. The complaints review GRM has reviewed all individual and joint complaints made by two-story building residents. From 41 families residing in two-story building, 33 have already signed agreements and 8 refused to sign. MDF obtained the right of expropriation with the decree of the Ministry of Economy and Sustainable Development of Georgia for 8 apartment. At this moment expropriation process is ongoing in the court.

Several owners of private residential houses also requested to reevaluate their properties. The issue was reviewed by GRC and the decision has been taken to apply to Levan Samkharauli National Forensics Bureau for reevaluation. Based on AP's applications real estate properties were evaluated by the National Forensics Bureau in the second quarter 2017.

Status of Complaints submitted to the CRP

On 14 March 2016, at least 81 residents of building 12 in the Ponichala area of the road section 2 of the Rustavi Highway forwarded a complaint to the Compliance Review Panel (CRP) through the Complaint Receiving Officer (CRO) of the Accountability Mechanism of the ADB's Board to authorize a full compliance review of the project. The complainants alleged that they were not properly consulted about the impact of the Project and the proposed mitigation measures. On 15 November 2016, based on compliance review, CRP issued a draft compliance review report to the complainants, the borrower, and ADB Management. ADB and ADF on 24 January 2017, provided their comments and responses to CRP's draft report as required in the report.

During CRP's review of the first complaint an additional complaint was received on 10 November 2016 from 72 residents of the 5-storey building identified as 16 a/b, Rustavi Highway. This building is in close vicinity of building 12. Issues raised in the second complaint are also similar to those of the first. On 16 January 2017, the CRP concluded that the issues raised are similar and the second complaint can be consolidated with the first complaint.

On the 13 February 2017 CRP submitted its final report for the above project. The CRP found the project non-compliant with ADB's operational policies and procedures in six aspects: (i) noise impacts, (ii) vibration impact, (iii) impacts on vulnerable groups, (iv) impacts on water and river ecology, (v) consultations, and (vi) environment categorization of the project. The report found air quality impact compliant.

In order to bring the project back into compliance, and in response to the findings of the CRP report, ADB and ADF propose to undertake an integrated approach involving additional studies for noise impact, impact on the river ecology and iterative

targeted consultations at the community level with a particular focus on the vulnerable. This approach will be instrumental in identifying suitable solutions that are technologically feasible, cost effective, and compliant with all relevant standards. Also, as required by ADB's Safeguard Policy Statement, consultations with communities must continue throughout the project, or if there are changes in the project. An action Plan is agreed as and the schedule of actions proposed is presented. ADB will share drafts of the additional studies with the CRP, as they become available to solicit CRP's feedback, prior to finalization of the results.

The proposed Action Plan is to be implemented over a period of two (2) years, to be completed by June 2019. During this period, ADB and MDF will: (i) provide CRP with the final reports of the further studies, as stated in the Action Plan; (ii) monitor implementation of the actions on an on-going basis; (iii) and submit semi-annual progress reports to CRP at the end of June and December of each year. The reports to the CRP will detail, for each item below, the latest status of the actions taken, in progress or to be taken, referencing the scheduled dates (including any updates) specified in the Action Plan. The objective of this semi-annual reporting is to assist the CRP in carrying out its monitoring and reporting to the ADB Board on the status of implementation of the Action Plan pursuant to paragraphs 192-194 of the AM Policy. The progress reports will be publicly disclosed on ADB's website. The CRP's monitoring reports will also be publicly disclosed on ADB's website pursuant to paragraph 3 (viii) of Appendix 9 of the AM Policy.

ADB and MDF have initiated activities that feed into the Action Plan to bring the project back into compliance. These activities are in the form of studies, surveys and researches.

Noise impacts: ADB has undertaken a study of the noise impacts of the project as required by the WHO noise standards reflected in the WB EHS Guidelines. As part of this study, a comprehensive baseline of the ambient noise is established, followed by modeling for noise levels in the construction and operation stage of the project at various times in the future, and under various scenarios involving different mitigation methods. The report investigates four options through which compliance with the WHO standards reflected in the WB EHS Guidelines can be achieved, these are: (i) eight meter high noise wall and removal of five buildings (apartments 8, V 2VG and 16A/B hotel); (ii) nine meter high noise wall and removal of four buildings (apartments 8,V , 2VG and 16A/B); and (iii) five meter noise wall, improved road surface, and removal of four buildings (apartments 8,V,2VG and 16A/B); and (iv) five meter noise wall with noise tunnel. This study completed in June 2017.

Vibration impacts: MDF has initiated a vibration impacts study. Through this study the natural frequencies of the core and voluntary additions of the buildings in the Ponichala area will be measured, the impacts of the vibration are then modelled, if there are impacts, appropriate mitigation measures will be recommended. The study will include vibration modeling based on the changes in vibration impacts that may result from different noise mitigation scenarios; likely impacts and mitigation measures for the vibration affected buildings. The first report was prepared in June and the second report will be ready in July 2017.

Targeted Consultations: MDF has initiated a process of developing a comprehensive communications strategy for the project. A national communication specialist has been recruited to assist MDF to develop this strategy, which includes undertaking targeted consultations in the project area, with a focus on vulnerable and in particular vision impaired people. These consultations will include a combination of household surveys, focus group discussion, semi-structured interviews and open meetings and will be undertaken under the close supervision of ADB.

River Ecological Impacts: A river ecology screening and impact assessment study has been initiated to investigate the ecological sensitivity of the river to the project, and will assess the impacts, and likely mitigation measures. Samples were undertaken in the river and were tested, examined and analyzed by experts involved in the study. Draft report of conducted study has been prepared.

Storm Water drainage: The MDF through design engineer will initiate revision of the storm water drainage to protect the river water in case of traffic accidents. Contingency plans will be prepared as a part of the site specific environmental management plan, which will be prepared for this section.