
Resettlement Planning Document

Land Acquisition and Resettlement Plan
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Georgia:

Sustainable Urban Transport Investment Program

Tbilisi – Rustavi Urban Link – Secondary Road
for Section 3

Prepared by Municipal Development Fund of Georgia.

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CURRENCY EQUIVALENTS

(as of 30 March 2015)¹

| | | |
|---------------|---|--------------------------------|
| Currency Unit | – | Georgian Lari (GEL) |
| | | United States Dollar (USD, \$) |
| GEL 1.00 | = | USD 0.45 |
| USD 1.00 | = | GEL 2.22 |

ABBREVIATIONS

| | |
|-------|---|
| ADB | Asian Development Bank |
| AH | Affected Household |
| AP | Affected Person |
| DMS | Detailed Measurement Survey |
| GoG | Government of Georgia |
| GRC | Grievance Redress Committee |
| IA | Implementing Agency |
| IEE | Initial Environmental Examination |
| IM | Independent Monitor |
| km | kilometre |
| LAR | Land Acquisition and Resettlement |
| LARC | Land Acquisition and Resettlement Consultant |
| LARF | Land Acquisition and Resettlement Framework |
| LARP | Land Acquisition and Resettlement Plan |
| M&E | Monitoring and Evaluation |
| MDFG | Municipal Development Fund of Georgia |
| MFF | Multitranchise Financing Facility |
| MOESD | Ministry of Economy and Sustainable Development |
| MOF | Ministry of Finance |
| NAPR | National Agency of Public Registry |
| NGO | Non-Governmental Organization |
| PFR | Periodic Financing Request |
| PPR | Project Progress Report |
| PPTA | Project Preparatory Technical Assistance |
| PRRC | Property Rights Recognition Commission |
| R&R | Resettlement and Rehabilitation |
| RoW | Right of Way |
| RU | Resettlement Unit |
| SES | Socio-economic Survey |
| SPS | Safeguard Policy Statement |
| SUTIP | Sustainable Urban Transport Investment Project |

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

DEFINITIONS:

Affected Household - All members of a household, residing under one roof and operating as a single economic unit, who are adversely affected by the Project or any of its components. It may consist of a single nuclear family or an extended family group.

Affected Person - Any person affected by Project-related changes in use of land, water, natural resources, or income losses.

Beneficiary Community - All persons and households, situated within the government-owned or acquired property, who voluntarily seek to avail and be part of the Project and represented by a community association that is duly recognized by the community residents, accredited by the local government, and legally registered with the appropriate institutions.

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

Entitlement - Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

Host population - Community residing near the area where the Project beneficiaries propose to voluntarily resettle as part of the Project.

Improvements - Structures constructed (dwelling unit, fence, waiting sheds, animal pens, utilities, community facilities, stores, warehouses, etc.) and crops/plants planted by the person, household, institution, or organization.

Land Acquisition - The process whereby a person is compelled by a government agency to alienate all or part of the land a person owns or possesses to the ownership and possession of the government agency for public purpose in return for a consideration.

Non-Viable Land (or "Orphan" Land): Land that is affected partially but to such an extent that the remainder is not usable.

Rehabilitation - Compensatory measures provided under the Policy Framework on involuntary resettlement other than payment of the replacement cost of acquired assets.

Relocation - The physical relocation of AP from her/his pre-Project place of residence.

Replacement Cost - The value determined to be fair compensation for land based on its productive potential, the replacement cost of houses and structures (current fair market price of building materials and labour without depreciation or deductions for salvaged building material), and the market value of residential land, crops, trees, and other commodities.

Resettlement - All measures taken to mitigate any and all adverse impacts of the Project on AP's property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation of the damaged/removed infrastructure and installations.

Sacrebulo (Village) - Village level self-government unit.

Severely Affected People – In the context of the Project, severely affected people include: physically displaced households (those who lose their primary residence); households losing 10% or more of their productive, income generating assets; and business owners losing their business partially or temporarily.

Vulnerable People – In the context of the Project and consistent with the LARF, vulnerable people include affected households below poverty line, households headed by women, disabled people, and elderly.

EXECUTIVE SUMMARY

1. The Government of Georgia has declared the modernization of the Tbilisi-Rustavi road as a priority project. The project envisages upgrading the existing 17.1 km long, 2-lane road between Tbilisi and Rustavi into an international standard, “Category I” highway, with 4 lanes and a general design speed of 120 km/hour.
2. A Land Acquisition and Resettlement Framework (LARF) was agreed in 2010 between Municipal Development Fund of Georgia (MDFG), on behalf of the Government of Georgia (GoG), and the Asian Development Bank (ADB) upon the inception of Sustainable Urban Transport Investment Program (SUTIP, hereafter “Program”). Together with other projects, the Tbilisi-Rustavi Road Improvement Project (hereafter “Project”) is included in Tranche 2 of the Program. The Program is financed through an ADB Multitranche Financing Facility (MFF), and previous sections of the same road (section 1 from km 0 to km 4.0 and section 3 from km 10.5 to km 17.1) are financed by Tranche 2 of the MFF. LARPs for sections 1 and 3 were prepared earlier, publicly disclosed and implemented.
3. The necessity of the construction of secondary road for Section 3 was initiated by MDFG (Executive Agency) after reviewing the Detailed Design prepared for Modernization of Tbilisi-Rustavi Section of the Tbilisi-Red Bridge (Azerbaijani Border) Road Project (Section 3) and identifying the necessity of Secondary Road construction at the right side of the Section 3.
4. The objective of secondary road construction is to provide convenience to the residents who are living in the area and to sustain current passing system by constructing the secondary roads in the sections where the existing secondary road is disconnected from Tbilisi-Rustavi highway.
5. This Land Acquisition and Resettlement Plan (LARP) includes: (i) information on number and valuation of affected assets (land plots and structures) and affected households; (ii) information on affected businesses and respective compensation (excluding temporary impacts); (iii) information on vulnerable and severely affected households and respective allowances; (iv) summary of consultations carried out; (v) LARP implementation budget and tentative timeline; (vi) information on respective legal framework, compensation calculation principles, and (vii) grievance redress mechanism.
6. The impacts for the project and number of affected persons are underlined in Table E-1 below.

Table E-1: Summary land acquisition and resettlement impacts

| No. | Description | Number/Amount |
|-----|--|---------------|
| 1 | Total number of land parcels to be acquired: - privately owned lands - state owned lands - lands with unknown owner | 59 22 3 |
| 2 | Total area of land to be acquired permanently (in m ²) | 58,720.0 |
| 3 | Total number of land fully affected land plots | 28 |
| 4 | Total number of land partially affected land plots | 56 |
| 5 | Total area of agricultural land to be acquired permanently (in m ²) | 12,840.0 |
| 6 | Total area of non-agricultural land to be acquired permanently (in m ²) | 45,880.0 |
| 7 | Total area of permanently affected privately-owned land (in m ²) | 27,354.0 |
| 8 | Total area of permanently affected state-owned land (in m ²) | 31,024.0 |
| 9 | Total area of permanently affected land of unknown ownership (in m ²) | 342.0 |

| No. | Description | Number/Amount |
|-----|---|---------------|
| 10 | Total number of permanently affected households losing property | 51 |
| 11 | Total number of permanently affected legal entities | 9 |
| 12 | Total number of vulnerable households | 6 |
| 13 | Total number of severely affected households | 42 |
| 14 | Total number of permanently affected structures | 34 |
| 15 | Total estimated number of APs | 218 |

7. The preparation of the LARP included consultation and participation. The focus of these consultations effectively ensured that affected persons (APs) and other stakeholders would be well informed of the Project and of the Land Acquisition and Resettlement (LAR) process, and could participate in planning. The printed pamphlets were provided to AP's during the public consultations and meetings.
8. A grievance mechanism is available to allow APs to appeal any disagreeable decision, practice or activity arising from land or other assets compensation.
9. The Table E-2 below provides a summary of the compensation entitlements for various categories of APs.

Table E-2. Entitlement and compensation matrix

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|-------------------------------------|---|--|---|
| Land | | | |
| Permanent loss of agricultural land | AH losing agricultural land regardless of impact severity | Owner with full registration | Cash compensation at replacement cost. |
| | | Legalizable Owner | These AP will be supported by the IA to obtain legalization and provided with cash compensation at replacement cost. |
| | | Informal settlers (APs with no registration/valid documentation and non legalizable) | One time self-relocation allowance in cash. The relocation allowance is not dependent on the number of AH members or land characteristics and is a fixed amount per family equal to 1 year of minimum subsistence income ² . |
| Non-Agricultural Land | AH losing their commercial/residential land | Owner with full registration | Cash compensation at replacement cost. |
| | | Legalizable Owner | These APs will be legalized and provided with cash compensation at replacement cost. |
| | | Renter/Leaseholder | Rental allowances in cash equal to 3 months of leasing costs, according to leasing fees approved by the municipalities for leasing the land of such category. |

² For this LARP the minimum subsistence income is calculated based on a 5 people family and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia (February 2015: 319 GEL x month). Source: http://www.geostat.ge/index.php?action=page&p_id=179&lang=eng

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|---|---|--|---|
| | | Informal settlers (APs with no registration or valid documentation and not legalizable). | One time self-relocation allowance in cash. The relocation allowance is not dependent on the amount of AH members or land characteristics and constitutes fixed amount per family equal to 1 year at minimum subsistence income. |
| Non-viable ("orphan" land) | Land that is affected partially but to such to an extent that the remainder is not usable | Owner with full registration or legalizable owner (subject to legalization) | Subject to a request being lodged by the land owner to MDFG, orphan land may be compensated in full if the review of the request indicates that the remainder cannot be used economically, and/or is not accessible, and/or appropriate infrastructure is not available anymore. |
| Buildings and Structures | | | |
| Residential and non residential structures/assets | | All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers) | Full impact: Cash compensation for loss of building/ structures at full replacement costs free of depreciation and transaction costs Partial impact: compensation for repairs |
| Loss Of Community Infrastructure/Common Property Resources | | | |
| Loss of common property resources | Community/Public Assets | Community/Government | Reconstruction of the lost structure in consultation with community and restoration of their functions |
| Loss of Income and Livelihood | | | |
| Crops | Standing crops affected | All APs regardless of legal status (including legalizable and informal settlers) | Crop compensation in cash at market rate at gross crop value of expected harvest. |
| Trees | Trees affected | All APs regardless of legal status (including legalizable and informal settlers) | Cash compensation at market rate on the basis of type, age and productive value of the trees (according to methodology provided in Annex B). |
| Business/Employment | Business/employment loss | All APs regardless of legal status | Owner: (i) (permanent impact) cash indemnity of 1 year net income; and technical and administrative support from the RU to relocate the business in appropriate premises (ii) (temporary impact) cash indemnity of net income for months of business stoppage. Income will be calculated based on tax declaration or in its absence on minimum subsistence income. Permanent worker/employees: |

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|---|--|---|---|
| | | | (i) indemnity for lost wages equal to 3 months of minimum subsistence income AND (ii) support to business owner to relocate the business as quickly as possible (see above) AND (iii) support from RU to enrolment into existing livelihood restoration programmes such as business training and micro-credit |
| Allowances | | | |
| Severe Impacts | >10% land impact Physically displaced households Owners of businesses that have to interrupt activity permanently or temporarily | All severely affected AHs including informal settlers | Agricultural income: additional crop compensation covering 1 year yield from affected land. Other income: additional compensation for 3 months of minimum subsistence income. |
| Relocation/Shifting | Transport/transition costs | All AHs to be relocated | Assistance to identification of a suitable replacement dwelling Provision of an allowance of 319 GEL covering transport expenses and livelihood expenses for a 3 months transitional period. |
| Vulnerable People Allowances | | AHs below poverty line, households headed by women, disabled or elderly | Allowance equivalent to 3 months of minimum subsistence income and employment priority in project-related jobs |
| IDPs living in municipal or other housing | Support to relocation | Registered IDPs | Assistance to the identification of suitable municipal housing in cooperation with relevant authorities in charge of support to IDPs |
| Other Losses | | | |
| Temporary impacts during construction | This applies to impacts that are not of the construction contractor's responsibility, such as, for instance, temporary severance | All APs | Design measures have been taken to eliminate all predictable temporary impacts. If specific claims occur, they will be reviewed through the grievance mechanism, procedures and rates in this LARP will apply, and any compensation that would be warranted would be paid from the contingencies budget. |

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|-----------------------------|--|--------------------------------------|---|
| Damages during construction | This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated property | All APs | Compensation for such damages during construction is a Contractor responsibility. Compensation will be assessed and paid per procedures and rates in this LARP. |

10. The MDFG will implement the LARP with support from the GoG. Internal resettlement monitoring will be done by the MDFG in close collaboration with ADB national LAR consultant and external international and national LAR consultants. The external international and local social and resettlement consultants were engaged to coordinate review and finalization of LARP, follow-up with its approval, disclosure, as well as provide support during implementation and monitoring activities.
11. An Independent Monitor already available for Section 2 Part A will also be engaged to provide monitoring of the implementation of land acquisition and resettlement activities in this secondary road for Section 3 of the Project road.
12. According to the calculation, a budget of approximately **GEL 1,337,466.24 (USD 601,859.81)** will be required for LARP implementation activities. This includes the cost for compensation of losses, transaction costs such as registration of new land plots / structures, re-registration of remaining portions of land plots, expenses required for notary services, bank account opening and closing fees, bank operational fees and charges, other administrative expenses.
13. Civil works for the Project will commence after the full implementation of the compensation program described in this LARP including full delivery of compensation to the APs, and preparation of monitoring report, and review by ADB.

CHAPTER 1. INTRODUCTION

1.1 Project Overview

1. The Government of Georgia has declared the modernization of the Tbilisi-Rustavi road as a priority project. The project envisages upgrading the existing 17.1 km long, 2-lane road between Tbilisi and Rustavi into an international standard, "Category I" highway, with 4 lanes and a general design speed of 120km/hour.

2. Tbilisi is the capital of Georgia, with a population of about 1 million people, and its main economic and political centre. Rustavi, located only 25 km to the South East of the capital, is the administrative centre of the province of Kvemo Kartli. Rustavi used to be a major industrial centre during the Soviet period but has lost many of its mainly metallurgical industries following the collapse of the centrally planned economy. Its current population is estimated at around 120,000 people, making it the third city in Georgia by population size. With the loss of local economic activity Rustavi has evolved into a satellite city of the broad Tbilisi urban area and many Rustavi residents commute daily to Tbilisi where they are employed.

3. The existing two-lane road (one lane in each direction) has not enough capacity to carry the whole traffic entering or exiting Tbilisi at peak hours. The road between Tbilisi and Rustavi is one of the busiest in the country. Traffic measurements indicate an average of about 18,000 vehicles per day (2011), which is well beyond the capacity of a two-lane road. Most of the traffic (about 95%) is comprised of passenger vehicles (cars and minibuses), which reflects a commute pattern rather than a long haul one. The Government of Georgia (GoG) has therefore decided to upgrade this road and has assigned the project responsibility to the Municipal Development Fund of Georgia (MDFG).

4. The Tbilisi-Rustavi road is part of the larger Tbilisi – Red Bridge (Azerbaijan border) highway. The Tbilisi-Rustavi part consists of three sections:

- Section 1 (km 0 to km 4+000) is an upgrade and widening of the existing road and has relatively limited LAR impacts as a result; a Land Acquisition and Resettlement Plan (LARP) has been prepared in 2012, approved by both the GoG and the Asian Development Bank (ADB) and implemented;
- Section 2 (km 4+000 to km 10+800) is a new urban road link. In this section the widening of the existing highway would have caused significant impacts and a new road was preferred. In contrast with Sections 1 and 3, Section 2, will entail significant physical and economic displacement, and from LARP finalization perspective was subdivided into the Parts A and B. The LARP for Part A has been prepared and approved in 2014 and is currently being implemented. The LARP for Part B is in development;
- Section 3 (km 10+800 to km 17+400) is also an upgrade and widening of the existing road, where LAR impacts are relatively limited. The LARP has been prepared in 2012, approved by both GoG and ADB, and implemented. In addition, the Secondary Road for Section 3 of Tbilisi-Rustavi road will be constructed, for which the LAR impacts have been assessed and this LARP has been prepared.

5. The Program has two key dimensions:

- A local and urban one, associated to the improvement of the urban link between Tbilisi and Rustavi;
- An international one, the enhancement of the link between Azerbaijan and Georgia, and thereby between the Caspian Sea (Baku port) and the Black Sea (Poti and Batumi ports).

6. Together with other projects, the Project on Secondary Road for Section 3 of Tbilisi-Rustavi Road (hereafter “Project”) is included in Tranche 2 of the Sustainable Urban Transport Investment Program (SUTIP, hereafter “Program”). The Program is financed through an ADB Multitranche Financing Facility (MFF): Section 1 (from km 0 to km 4.0) and Section 3 (from km 10.5 to km 17.1), as well as this Project are financed by Tranche 2 of the MFF. The Section 2 is financed by Tranche 3 of the MFF.

7. The necessity of the construction of secondary road for section 3 was defined jointly by ADB and MDFG (Executive Agency) after reviewing the Detailed Design prepared for Modernization of Tbilisi-Rustavi Section of the Tbilisi-Red Bridge (Azerbaijani Border) Road Project (Section 3) and identifying the need for secondary road at the right side of the Section 3. Figures 1-3 presents the Project overview.

8. The Project is focused to improve the current conditions of local inhabitants in regard of transportation. The Project is aimed at the improvement of local roads and will ensure safe and reliable access for local population to the main road linking Tbilisi and Rustavi.

9. The Land Acquisition and Resettlement Framework (LARF) was agreed in 2010 between MDFG, on behalf of the GoG, and the ADB upon the inception of SUTIP. The objective of the LARF is to provide overall guidance in the preparation and implementation of Land Acquisition and Resettlement (LAR) tasks for the projects under each tranche and to establish the necessary covenants to ensure that this is done in compliance to the ADB’s Safeguard Policy Statement (SPS) and procedures and relevant Georgian legislation. The LARF sets out the procedures for the preparation of LAR tasks for projects under the Program and the objectives, principles, compensation eligibility and entitlement criteria, legal/institutional frameworks, participation and /consultation procedures and grievance redress mechanisms to be employed to compensate, resettle and rehabilitate the living standards of APs. This LARF has been prepared in compliance with provisions in the LARF³.

10. The LARF for Secondary Road Project has been prepared and revised by Dohwa Engineering during August 2014 – March 2015 and was finalized by the MDFG with support from consultants. The length of Section 3 is 6.6 km, and the length of secondary road is 5.83 km. The LARF has been developed in the period between August 2014 – March 2015, and has involved consultation with potentially affected people, interaction with the design team, and interaction with Georgian authorities.

11. This LARF was prepared for Secondary Road for the Section 3 of Tbilisi Rustavi Urban Link Road (the Project). It aims to provide assessment of the Project impacts and plan needed compensation/rehabilitation measures. Its preparation involved: (i) detailed measurement surveys, (ii) asset valuation/documentary research on affected plots, (iii) consultation with governmental agencies and affected parties; (iv) a socio-economic survey of APs. The LARF was developed in compliance with the ADB’s SPS (2009) and Georgian legislation pertaining LAR issues.

12. This LARF includes: (i) information on number and valuation of affected assets (land plots and structures) and affected households; (ii) information on affected businesses and respective compensation (excluding temporary impacts); (iii) information on vulnerable and severely affected households and respective allowances; (iv) summary of consultations carried out; (v) LARF implementation preliminary budget and tentative timeline; (vi) information on respective legal framework, compensation calculation principles, and (vii) grievance redress mechanism.

13. MDFG is responsible for management of the project, including Secondary Road for the Section 3 of Tbilisi Rustavi Urban Link Road. MDFG’s functions cover day-to-day

³ <http://www.adb.org/projects/documents/georgia-sustainable-urban-transport-investment-program-resettlement-framework>

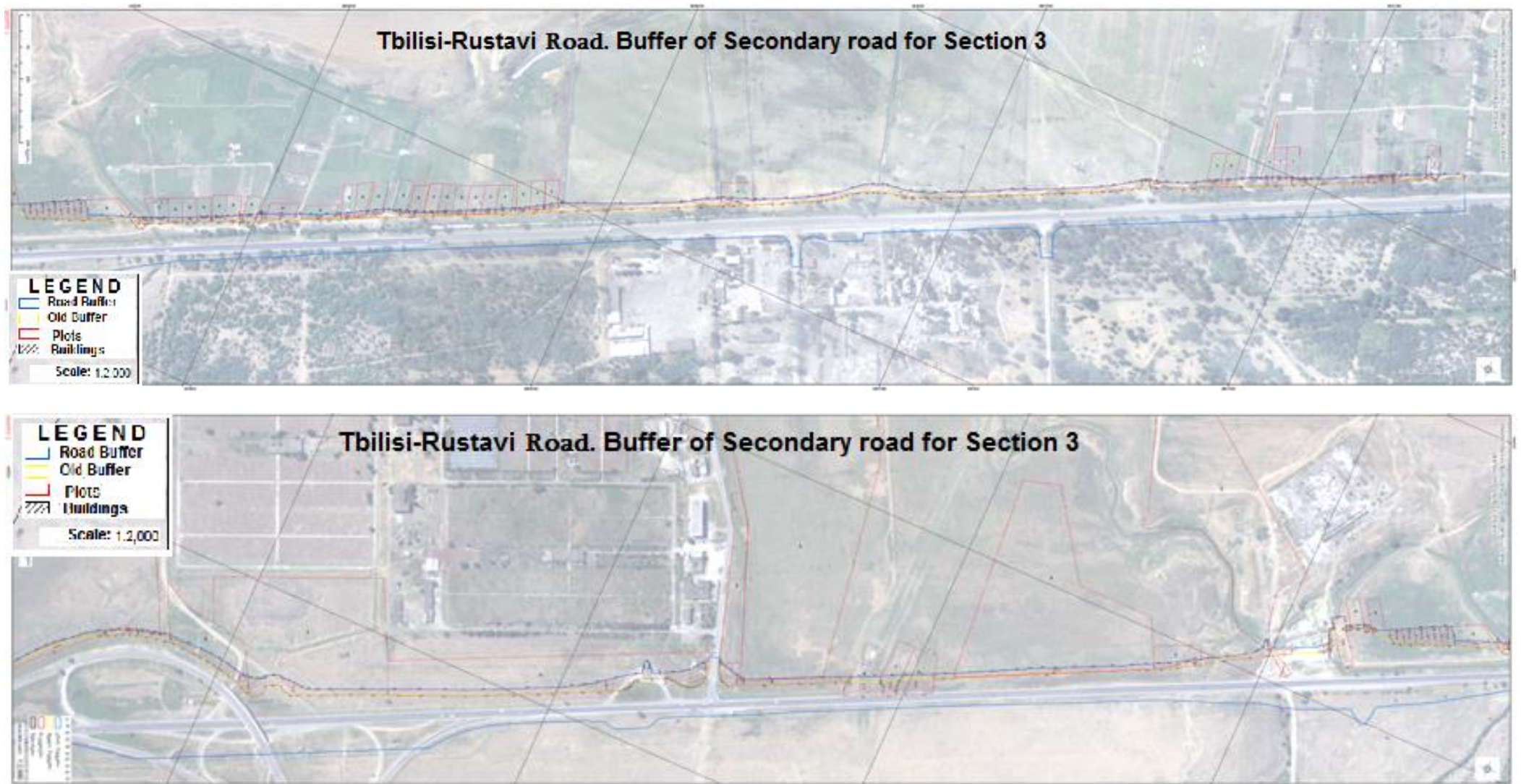
management of the project, including supervision of the design process, coordination of implementation of civil works, etc. The construction works in Secondary Road is expected to be initiated in 2015.

1.2 LAR-Related Conditionality

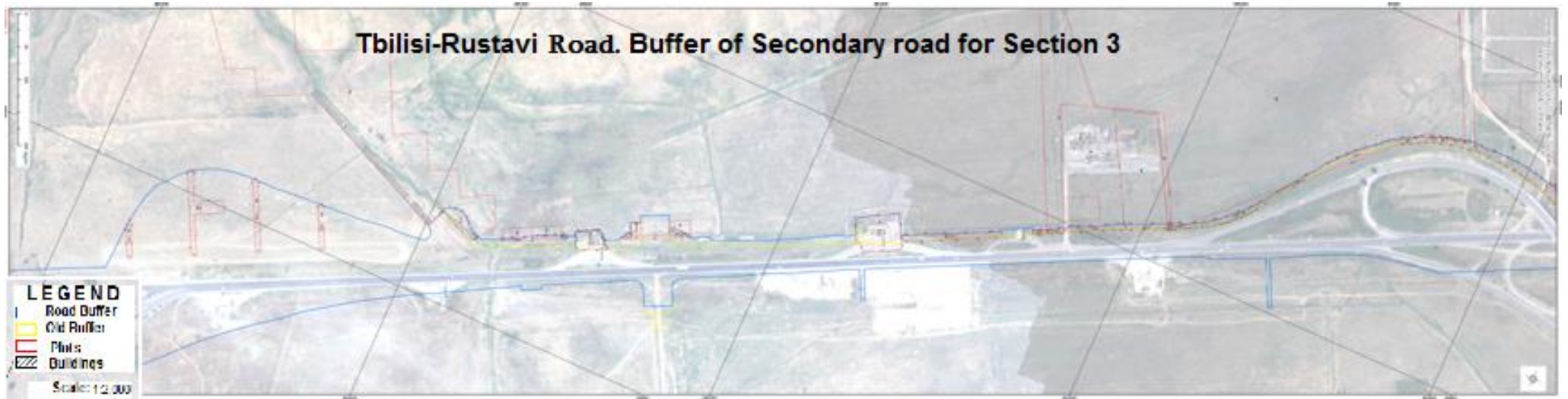
14. Based on ADB policy and practice, the commencement of the implementation of the Tbilisi – Rustavi Urban Link (Secondary Road for Section 3) sub-project is subject following LAR-related conditionalities:

- Announcement of the civil works contract tender: formal approval of the final LARP (“implementation-ready”) by ADB and the GoG;
- Provision of ADB no-objection to start civil works: full implementation of LARP as vouched by the Compliance Report prepared by an independent monitor.

Figure 1-3. Project Overview



Tbilisi-Rustavi Road. Buffer of Secondary road for Section 3



CHAPTER 2. IMPACT ASSESSMENT AND AP CENSUS

2.1 Methodology of Census and Surveys

15. This LARP impact assessment details losses to land, structures, businesses, and other assets entailed by the Project. The detailed inventory/measurement of affected assets was based on a tentative alignment prepared by Dohwa Engineering and delivered in August 2014; later the design was revised and finalized in December 2014. An alignment fine-tuning process was carried out as the survey results were becoming available to avoid or minimise some of the most sensitive impacts. Digitized cadastral maps and related parcel information were collected from the National Agency of the Public Registry (NAPR) and the road alignment was superimposed on cadastral maps to identify affected parcels.

16. On the basis of cadastral records, a topographic survey was conducted by surveying company Alligator from end June to mid-July 2014 to identify in the field the borders of the affected plots, the limits of the road Right-of-Way, contact affected landowners, identified land users where relevant, and verify all information in the cadastral records. Information was also collected in regards to unregistered land parcels and informal land users.

17. Based on these topographic surveying activities and the identification of affected landowners and land users, the survey team conducted a census of Affected Households (AH), including the administration of a systematic socio-economic and survey questionnaire to all identified AH. Annex A presents the questionnaire for socio-economic survey and census.

18. Lastly, a valuation exercise was conducted by licensed valuation company for all identified affected properties and business losses. This was undertaken based on the results of the survey and census, and in the same time frame. All teams were working together in an integrated manner.

19. The end date of the census survey (September 20, 2014) is the eligibility cut-off date for this LARP, subject to the processing of claims and grievances that may be deemed founded by MDFG or by Courts of Law.

2.2 Impacts Assessment

2.2.1 Land Losses

20. Detailed measurements made at the design stage revealed that a total of 58,720.0 m² of land will be fully acquired for permanent use. Out of that, 47 land plots with an area of 12,840.0 m² or 21.9% of permanently affected lands are agricultural, and 37 land plots with an area of 45,880.0 m² or 78.1% of permanently affected lands are non-agricultural.

21. In total 59 land plots with an area of 27,354.0 m² or 46.6% of the affected lands are privately-owned (including 50 plots (77.2%) owned by private people and 9 plots (22.8%) owned by legal entities). The remaining 22 land plots with an area of 31,024.0 m² or 52.8% belong to State, while the ownership of 3 land lots with an area of 342.0 m² or 0.6% is not clear.

22. An estimated 84 plots are affected and will be provided for project purposes. See table 1.

Table 1. Number of plots and area of permanently affected lands by land type and tenure status

| Land Type | Number of plots by tenure status | | | Total number of plots | Area of land (in m ²) by tenure status | | | Total area, in m ² |
|-----------------------|----------------------------------|-------------|-------------------|-----------------------|--|---------------|-------------------|-------------------------------|
| | Privately owned | State owned | Unknown ownership | | Privately owned | State owned | Unknown ownership | |
| Agricultural land | 41 | 3 | 3 | 47 | 9,961 | 2,537 | 342 | 12,840 |
| Non-agricultural land | 18 | 19 | 0 | 37 | 17,393 | 28,487 | 0 | 45,880 |
| Total | 59 | 22 | 3 | 84 | 27,354 | 31,024 | 342 | 58,720 |

23. 50 land plots are privately owned by 51 households. From which 5 households own 2 land plots each, 1 plot is owned by 4 households, 1 plot is owned by 3 households and 1 plot is owned by 2 households. In terms of legal entities, 7 of them own 9 plots (2 legal entities own 2 plots each). Most of the privately owned agricultural land plots seem abandoned and not used by their owners.

2.2.2 Loss of Trees and Perennial Plants

24. It is estimated that 10 households (no legal entities) will lose an estimated number of 102 trees and perennial plants (all productive) located on 11 land plots. Fruit trees like apricots, cherries, pomegranates, figs, quince, and perennial plants such as grapes are typical. Number of productive trees and plants distributed by type and age is provided in the table 2 below. There are no non-productive trees and plants observed on affected land plots.

Table 2. Number of trees and perennial plants by type and age

| Species | Number of affected trees by age category | | | | |
|--|--|------------|--------------|-----------------|------------|
| | age 0 to 5 | age 5 to 9 | age 10 to 15 | age 15 and more | Total |
| Productive trees and perennial plants | | | | | |
| Apricot | 0 | 6 | 5 | 6 | 17 |
| Cherry | 0 | 4 | 0 | 2 | 6 |
| Fig | 1 | 0 | 0 | 0 | 1 |
| Pomegranate | 1 | 1 | 0 | 0 | 2 |
| Quince | 1 | 1 | 0 | 0 | 2 |
| Apples | 8 | 6 | 0 | 0 | 14 |
| Plums | 1 | 0 | 1 | 0 | 2 |
| Pears | 1 | 1 | 0 | 0 | 2 |
| Peaches | 9 | 0 | 1 | 0 | 10 |
| Mulberry | 0 | 1 | 1 | 0 | 2 |
| Barberry | 0 | 1 | 0 | 0 | 1 |
| Grapes (vineyard) | 4 | 5 | 21 | 8 | 38 |
| Grapes (alley) | 0 | 6 | 0 | 0 | 6 |
| Total | 26 | 31 | 29 | 16 | 102 |

25. In addition to the above mentioned 10 plots with perennial plants on them, 2 another plots privately owned by 2 households have annual crops (herbs, including parsley, cilantro, dill, basil and some others) growing on them. The planted areas comprise 32 m² on the first plot and 49 m² on the second.

2.2.3 Structure Losses

26. A total of 34 structures will be fully affected. These structures are owned by 29 households, 4 legal entities and 2 unknown owners for various purposes. See table 3.

Table 3. Affected structures

| Type of Structure | Type of Material | Number of Structures | Total area (m ²) |
|--|-----------------------------------|----------------------|------------------------------|
| Auxiliary buildings (toilet, warehouses) | Concrete, wood | 4 | 80.04 |
| Gate | Metal | 5 | 52.40 |
| Fence | Metal mesh, barbed wire, concrete | 21 | 1,262.65 |
| Petrol station (inactive) | Block, metal | 1 | 6,522.50 |
| Concrete platform | Concrete | 3 | 1,178.34 |
| Total | | 34 | 9,095.93 |

27. In addition, 4 APs (2 households and 2 legal entities) will have their 4 structures (3 movable wagons and 1 banner) affected and will have to relocate them to remaining parts of their land plots. Three (3) movable metallic wagons with a total area of 48 m² are located in the affected land plots (owners by 2 households and 1 legal entity) and will be relocated to remaining parts of the land plot of the respective owners. Wagons are used by the owners for keeping the clothes for working on the plot and some agricultural tools. In addition, a banner (containing the business name and showing the direction to business) installed by another legal entity will be relocated to remaining part of its land plot. For these structures a licensed valuation company has calculated the compensation covering dismantling/mantling and transport expenses.

2.2.4 Business Losses

28. One legal entity will be affected and lose part of its business due to the Project. The legal entity operates car purchase / sell business (dealership). The Project will impact part of the asphalted area and parking lot where vehicles are parked. Overall 1005 m² (out of total 80277 m²) sufficient for parking of about 20 cars (out of over 6000 lots as per information provided by legal entity) will be impacted. No administrative/service buildings will be impacted. This legal entity will be given the compensation equivalent to 1-year income generated on the part of its territory lost due to the project.

2.2.5 Employment Loss

29. The only business partially affected by the Project is not going to fire its employees following the implementation of the Project. No workers are employed specifically at affected part of the land plot, thus no person will consequently be affected by the acquisition of land and property owned and used by the business entity. As a result of the project implementation no one is losing jobs.

2.2.6 Relocation Impact

30. None of the APs will permanently lose their residential or commercial structures and will be displaced.

2.2.7 Vulnerable Households

31. Efforts were made during the census to identify poor and vulnerable households. Data has to be verified with the Social Service Agency of the Ministry of Labour, Health and Social Affairs of Georgia. It is estimated that 6 of the total 51 affected households are vulnerable. Five of them are headed by women, while 2 households includes elderly (in the meantime one of the vulnerable households is headed by elderly woman). Information on vulnerable households is presented in table 4 below.

Table 4. Vulnerable households identified during the socio-economic survey

| Vulnerability Criteria | Number of HH |
|--|---|
| Women-led households (single women) | 5 |
| Households comprised with elderly member | 2 |
| Total | 7 6 (without double count) |

2.2.8 Severely Affected Households

32. Out of total 84 affected land plots, 28 are affected fully and 14 plots are affected partially and impact on these plots exceeds 10% of the total land area. Out of 42 severely affected land plots, 37 land plots are owned by 34 households (3 APs own 2 plots each), 3 land plots are owned by 3 legal entities, and for 2 land plots the owners are unknown.

2.2.9 Non-viable (“Orphan”) Land

33. Non-viable, “orphan” land is land that is affected partially to such an extent that the unaffected remainder becomes uneconomical. This can be the case in a variety of situations, including, but not necessarily limited to the following:

- Because the remainder is too small to be used for any economically meaningful purpose (particularly in the area to build a house or industrial building);
- Because vehicular or pedestrian access to the remainder is not possible any longer after the Project is built;
- Because access to vital infrastructure (for example irrigation, sewerage or electricity) is not possible anymore.

34. In such situations, Georgian expropriation regulations provide that the landowner may lodge a claim and that non-viable land may be compensated in full if the review of the landowner’s request indicates that the remainder is indeed not usable. The Project will adopt a similar strategy with regards to non-viable land, even where land acquisition is not undertaken through expropriation.

35. There are some plots under a partial impact adjacent to the project area. As a result, the rest of the plot area is no more useful for their owners. Consequently, all such plots were studied within the limits of the project and purchased from their owners on the mutual agreements with them.

2.2.10 Temporary Impacts

36. The analysis of construction work plan and schedule for the secondary road revealed, that there are risks of temporary interruption of 2 businesses located along this road. The risk is associated with the temporary loss of access to the business premises, which might take place during the construction of the secondary road. Both businesses are located in the same building and have shared access road. Should such impact occur during implementation of works, the compensation will be provided in accordance with the requirements of the Entitlement and Compensation Matrix and funded from the Contingency funds allocated for this LARP.

2.3 Number of Affected Households / Legal Entities and Persons

37. 61 APs (51 households, 7 legal entities and 3 unknown owners) will likely experience various losses / impacts from the implementation of the Project (Secondary Road for Section 3). Most of the households will lose ownership / access to residential lands and most of the legal entities will lose ownership/access to commercial lands. The estimated number of APs, is 218 persons See table 5.

Table 5. Details of affected households, legal entities and APs by category

| AP Category | Number of affected households / legal entities | | Estimated number of APs ⁴ | Notes |
|--|--|------------------------------------|--------------------------------------|---|
| | (impact type) | Absolute (without double counting) | | |
| A. Land loss | | | | |
| A1. Agricultural land (permanent loss) | | | | Number of affected people differs from number of plots (see paragraph 23) |
| - owned/leased by households | 40 | 40 | 156 | |
| - owned/leased by legal entities | - | - | - | |
| A2. Non-agricultural land (permanent loss) | | | | 1 AP is accounted for in A1 |
| - owned/leased by households | 12 | 11 | 43 | |
| - owned/leased by legal entities | 7 | 7 | 7 | |
| A3. Other land (permanent loss) | | | | |
| - unknown owner | 3 | 3 | 12 | |
| Sub-total (A) | 62 | 61 | 218 | |
| B. Loss of trees and perennial plants | | | | |
| - owners/leaseholders (households) | 12 | - | - | Accounted for in A1 |
| - owners/leaseholders (legal entities) | - | - | - | |
| Sub-total (B) | 12 | - | - | |
| C. Business/Income Losses | | | | |
| C1. Permanent business losses | | | | |
| - owners (household) | - | - | - | Accounted in A2 |
| - owner (legal entity) | 1 | - | - | |

⁴ Data on the number of household APs is based on the information on average size of the household obtained during socio-economic survey and census, and represents only estimate of the total number of household members to be affected by the Project.

| AP Category | Number of affected households / legal entities | | Estimated number of APs ⁴ | Notes |
|---|--|------------------------------------|--------------------------------------|-------------------------|
| | (impact type) | Absolute (without double counting) | | |
| C2. Wage workers/Employees from affected businesses | - | - | - | |
| Sub-Total (C) | 1 | - | - | |
| D. Permanent structure losses | | | | |
| owners (households) | 29 | - | - | Accounted in A1 and A2 |
| owners (legal entity) | 4 | - | - | Accounted in A1 and A2 |
| unknown | 2 | - | - | Accounted in A3 |
| Sub-total (D) | 35 | - | - | |
| E. Vulnerable people | 6 | - | - | Accounted in A1 and A2 |
| F. Severely affected people | 42 | - | - | Accounted in A1, A2, A3 |
| G. Total (A+B+C+D+E+F) | - | 61 | 218 | |

CHAPTER 3. SOCIO-ECONOMIC SURVEY

3.1 Introduction

38. As a result of the project implementation, 61 APs (including 51 households and 7 legal entities that own land plots, as well as 3 unknown owners) will be subject to impact. A socio-economic survey and census was held from August to September of 2014. 39 APs out of 58 APs (comprising 67% of the identified land plot owners) owning 59 land plots were interviewed.

39. All of surveyed 39 APs were households. None of the APs lives on the land plots affected by the Project. Respondents provided information on affected land and assets, including details on income sources and assets (not generated or located on the affected plot), family composition by gender and age, poverty status, head of the household, etc. This information was sufficient for identifying severely affected and vulnerable groups and to get a picture of basic socio-economic status of the APs. The objective of this detailed socio-economic survey was to gather general information on socio-economic conditions of the APs.

3.2 Profile of the affected population

40. A sample survey of 39 of APs was conducted. Formal and informal interviews were carried out from August 1 to September 20, 2014. Socio-economic survey was carried out based on the list of affected assets and persons. Results of analysis are presented further in this chapter.

3.3 Number and size of affected households

41. Most of the surveyed households (22 households or 56.4%) have 3-5 members, while households including 6-10 members constitute 15.4% (6 households) and those with less than 3 members comprise 28.2% (11 household). About 4.2% of households in the sample are headed by women. All (39 out of 39) interviewed parties agreed to provide information on their households, which was used for the analysis. The average household size is 3.9, while the minimum size of affected household is 1 and maximum is 8. See table 6.

Table 6. Size of the surveyed households

| Household Size | Number | Percent |
|----------------|-----------|--------------|
| 1 and 2 | 11 | 28.2 |
| 3 – 5 | 22 | 56.4 |
| 6 – 10 | 6 | 15.4 |
| Total | 39 | 100.0 |

3.4 Age, Marital Status and Education Level

42. The families of the interviewed 39 APs include 153 people, with 75 (49.0%) women and 78 (51.0%) men. The age and gender distribution of affected people is shown in the table 7 below.

Table 7. Age and gender distribution of surveyed household members

| Age of APs | <6 year | 7-18 year | 19-65 year | 65+ year | Total |
|--------------|-----------|-----------|------------|-----------|------------|
| Male | 10 | 14 | 30 | 21 | 75 |
| Female | 10 | 10 | 32 | 26 | 78 |
| Total | 20 | 24 | 62 | 47 | 153 |

43. 44 persons comprising 28.7% of affected people are under 18 years of age. This group is either in process of studying or not yet attending the school. In the same time, 92 (60.2%) have higher education, while the remaining 11.1% (17 persons) have completed secondary and vocational education.

3.5 Ethnic Composition

44. Statistically, the area where the project zone is located is settled by Georgian, Azerbaijani and Armenian people. Despite this fact, 92.3% of the people affected as a result of the project implementation are Georgians. Other nationalities are represented by Azeris (5.1%) and Russians (2.6%). Such a great difference in the ethnic composition of the local population and project-affected people is due to the fact that the land plots located in the project impact zone were allocated for summer cottages and most of their owners are living in Tbilisi. See table 8.

45. The Georgians constitute the native local population. The other ethnic groups are settled in the area for many years. None of these ethnic groups maintain cultural and social identifies separate from the mainstream Georgia's society fitting the ADB definition of Indigenous Peoples. They have full and equal access to institutions and economic opportunities as the rest of the population and live or own assets within the project impacted area. Based on this data it is concluded that the Project will not trigger the ADB policy on Indigenous Peoples.

Table 8. Ethnicity of surveyed APs

| Ethnicity of household head | Total | |
|-----------------------------|-----------|--------------|
| | Number | Percent |
| Georgian | 36 | 92.3 |
| Azeri | 2 | 5.1 |
| Russian | 1 | 2.6 |
| Total | 39 | 100.0 |

3.6 Household income, livelihood and possessions

46. All of the 39 households reported to have an income, from which 9 households (23.1%) rely on one source of income, while 20 households (51.3%) have two sources of income and 10 families (25.6%) have 3 sources of income. Among 11 households that rely on one source for income, 2 households depend on pensions only. Maximum reported monthly income is 33,000 GEL (2 households) while minimum was 150 GEL for households that reported on income. Details on main sources of income of households are provided in the table 9.

Table 9. Main sources of income of households

| Occupations of affected household members | Number | Percent |
|---|--------|---------|
| Daily labor | 14 | 35.9 |
| Pension | 20 | 29.0 |
| Permanent private sector employment | 31 | 79.5 |
| Permanent government employment | 6 | 15.5 |
| Business | 8 | 20.5 |
| Agriculture | 0 | 0 |

47. As the study has evidenced, the monthly incomes of the APs are higher than average monthly income in the region. This is due to the fact that up to 80% of the APs live in Tbilisi, where the major resources of the country are accumulated. The detailed information about the places of residence of the all project-affected households is provided in Table 10 (data on place of residence includes both interviewed and not interviewed households).

Table 10: Places of residence of the project-affected people

| City | Number | Percent |
|--------------|-----------|------------|
| Tbilisi | 40 | 78.4 |
| Rustavi | 4 | 7.8 |
| Gardabani | 4 | 7.8 |
| Zugdidi | 2 | 4.0 |
| Tsalenjikha | 1 | 2.1 |
| Total | 51 | 100 |

48. General information related to the monthly income of the household is given in the table 11 below.

Table 11. Reported monthly household income of surveyed households (per household member)

| Income range (in GEL) | Number | Percent |
|-----------------------|-----------|--------------|
| 500 and below | 6 | 15.4 |
| 500 – 1000 | 13 | 33.3 |
| 1000 – 2000 | 14 | 35.9 |
| 2000 – 10000 | 4 | 10.3 |
| 10000 and above | 2 | 5.1 |
| Total | 39 | 100.0 |

49. The table 12 below shows minimum, maximum and average data on household income and expenditures.

Table 12. Household income and expenditures

| | Income (GEL per month) | Expenditures (GEL per month) |
|----------------|---------------------------|---------------------------------|
| Minimum | 150 | 150 |
| Maximum | 33,000 | 2.500 |

| | Income (GEL per month) | Expenditures (GEL per month) |
|----------------|-----------------------------------|---|
| Average | 2,214 | 518 |
| Median | 360 | 360 |

50. As one can see, the average monthly incomes of the families of the APs are several times higher than the similar indicator of the country. This is caused by the following reasons: one plot under the impact has two owners (father and a son), who are the founders of one of the largest companies in Georgia, and the annual income of each of them is 400.000 GEL making approximately 33.000 GEL a month. Consequently, the income of the two people is higher than the sum of the incomes of all other interviewed 37 APs. This results in the higher figure of the average monthly income. This results in the higher figure of the average monthly income. If not considering the two owners, the average monthly income of the other 37 HH is 550 GEL, with monthly expenses of 490 GEL (which is close to the Georgian average disposable income (after tax) being 600 GEL per month). As a reference the minimum subsistence income for a household is five was estimated by the Georgian Institute of Statistics at 318.9 GEL per month (as of February 2015)⁵ rounded to 319 GEL to be used for this LARP purposes.

51. Lastly possession of household items and vehicles, shown in the table 13 below, confirms that the affected population is generally in line with Georgian averages. For example, average possession of cars in Georgia (World Bank, data for 2010) is 130 cars per 1,000 inhabitants. This is equivalent to about 60% of households having a car.

Table 13. Possession of Household Items and Vehicles

| | Possess (%) | Do not possess (%) |
|------------------------|--------------------|---------------------------|
| Refrigerator | 100% | 0% |
| Washing machine | 100% | 0% |
| Car | 59% | 41% |
| Motorcycle | 2.5% | 97.5% |
| Bicycle | 7.6% | 92.4% |
| Gas cooker | 97.4% | 2.6% |
| Heating system | 10.3% | 89.7% |
| Air conditioner | 10.3% | 89.7% |

3.7 Living conditions

52. Most of the affected households, (31 household or 79.5 %) live in their own private houses. In the meantime, 8 of them (20.5%) live in their own houses, out of which one AP (2.6%) has a one-storey house, 6 APs (15.3%) have two-storey houses and another AP (2,6%) has a three-storey house.

53. A total of 100% (39 households) of APs are connected to the central water supply system and to the central sewerage system. All the APs are connected to power supply system.

⁵ http://www.geostat.ge/index.php?action=page&p_id=179&lang=eng

54. The major public infrastructure (including educational and medical institutions) is located 5-8 km from the affected plots. In the meantime, it should be noted that the owners of the private land plots do not reside there and are only visiting their plots from time to time. Consequently, the absence of the necessary social infrastructure very close to the land plot is not an issue for these APs. It should be emphasized that the respective utility companies will consider provision of the water- and gas-supply services in the project area, so as the owners will be able to connect to the infrastructure, if needed.

CHAPTER 4. LEGAL AND POLICY BACKGROUND

55. This LARP is based on existing legal framework and procedures for land acquisition in Georgia and ADB Safeguard Policy Statement (2009), as well as Land Acquisition and Resettlement Framework prepared in April 2010. The following section describes these policies, land acquisition processes, entitlements and eligibility for compensation and other resettlement entitlements.

4.1 Georgian Legislation

56. 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 road constructions 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

57. **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 law⁶ on basis of the appropriate and fair reimbursement.

58. Other articles of the Constitution of Georgia also establish legislative basis in respect with the resettlement measures related to motor road construction. 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

⁶ In the hierarchy of the laws the Organic Law stands between the Constitution and other laws, what highlights the significant importance of the latest.

and resettlement of population. The stated regulations create the set of procedures that allow obtaining the permit on road construction from private owners.

59. In the process of construction and rehabilitation of motor roads, 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”.

60. 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.

61. 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.

62. **Law of Georgia on Motor Roads** defines the status of the roads and use of roads. The law divides the roads into three categories: international, domestic and local roads, as well as sets right-of-way on the land, which is located 100 meters from the road. If the land is located within 100 meters from the road the permission from road owner is required for construction activities. The road owner’s means: road department of Georgia, Municipal authorities and others who are the owners of the roads.

63. The road agencies and other organizations that are building roads and highways are given with the right for permanent or temporary use of the lands based on the Georgian legislation.

64. **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.

65. 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.

66. **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.

67. **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.

68. 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.

69. 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.

70. **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.

71. **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.

72. **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).

73. 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).

74. 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.

75. **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.

76. 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.

77. 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.

78. **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.

79. 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.

80. **Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal 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 illegally occupied lands. It also defines rights of involved state agencies in this process.

81. The law applies to illegally occupied agricultural or non-agricultural lands owned by private and legal entities. Article 2 establishes the lands on which property rights can be 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.

82. 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.

83. **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.

84. 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).

85. 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.

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

87. **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.

88. 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.

89. 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.

90. 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.

91. **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.

92. 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).

93. **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 reconstruction of buildings and structures, if these objects are not suitable for people with disabilities and needs.

94. 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.

95. **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.

96. 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).

97. **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 Presidential Decree on Expropriation through the payment of due compensation to affected people.

98. **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.

99. 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.

100. 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.

101. 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.

4.2 Involuntary Resettlement requirements under the ADB's SPS (2009)

102. The ADB Policy on Involuntary Resettlement is based on the following principles:
- a. Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
 - b. Carry out meaningful consultations with APs, host communities, and concerned nongovernment organizations. Inform all APs of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and indigenous peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of APs and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
 - c. Improve, or at least restore, the livelihoods of all APs through (i) land-based resettlement strategies when affected livelihoods are land based where possible

or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.

- d. Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.
- e. Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
- f. Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- g. Ensure that APs without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
- h. Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- i. Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to APs and other stakeholders.
- j. Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
- k. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
- l. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

4.3 Comparison of Georgia Laws and Regulations with ADB's SPS

103. Overall, the legislation of Georgia is generally compatible with the major provisions of the ADB SPS (2009) but a few gaps are to be noted. The most significant of these differences are (1) that under Georgian legislation/regulation, only formal property owners are eligible to compensation, while the SPS (2009) provides that both formally owned affected assets and those that are held under no legal title should be compensated, and (2) that the SPS puts emphasis on the general rehabilitation of the livelihood of Affected People (AP) and Households (AH), which is not addressed in Georgian legislation. Also, Georgian law does not include a formal and comprehensive process of consultation with affected

people, nor does it require the preparation, submission and disclosure of resettlement planning documents.

104. The ADB safeguards policy on Involuntary Resettlement complements the Georgian legislation/regulation with additional requirements related to (i) the economic rehabilitation of all AP/AF (including those who do not have legal/formal rights on 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/AH. Key differences between Georgia law/regulation and ADB policy are outlined in the table 14 below.

Table 14: Comparison of Georgia Laws/Regulations on LAR and ADB Resettlement Policy

| Georgia Laws and Regulations | ADB SPS (2009) |
|--|--|
| Land compensation only for titled landowners. In practice legalizable land owners are also compensated after they are issued with the necessary papers | Lack of title should not be a bar to compensation and/or rehabilitation. Non-titled landowners receive rehabilitation. |
| 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 |
| Crop losses compensation provided only to registered landowners. | Crop losses compensation provided to all relevant APs including landowners, sharecrop/lease tenants and land cultivators without title whether registered or not |
| Land Acquisition Committee is the only pre-litigation final authority to decide disputes and address complaints regarding quantification and assessment of compensation for the affected assets. | Complaints & grievances are resolved informally through community participation in the Grievance Redress Committees (GRC), Local governments, and NGO and/or local-level community based organizations (CBOs). |
| Decisions regarding LAR are discussed only between the landowners and the Land Acquisition Authorities. | Information on quantification, affected items value assets, entitlements, and compensation/financial assistance amounts are to be disclosed to the APs prior to appraisal. |
| No provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable APs, or resettlement expenses. | ADB policy requires rehabilitation for income/livelihood, severe losses, and for expenses incurred by the APs during the relocation process. |
| No specific plan for public consultation is provided under the Georgian laws | Public consultation and participation is the integral part of ADB's policy which is a continuous process at conception, preparation, implementation and finally at post implementation period |

105. To bridge any gaps between Georgia laws/regulations and ADB's SPS (2009), MDFG has drafted an overarching LAR Framework for the whole MDFG project, which was endorsed by the Government, and is a tool for 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. This LARP is prepared in compliance with the previously submitted and officially endorsed LARF.

4.4 LARF Principles and Entitlements Applicable for the Project

106. Based on Georgian laws on land acquisition and the Safeguards Policy Statement (2009), the core principles applicable to LAR induced by the Project are as follows:

- Affected People will be assisted in improving or at least restoring their pre-project standards of living;
- Information and consultation will be carried out to fully inform Affected Households about the LAR process and allow them to provide inputs to LAR planning;
- The final LARP will be disclosed to the public and a summary information pamphlet in Georgian will be disseminated to all Ahs;
- A grievance redress mechanism will be established;
- Formally held properties will be compensated at replacement value per Georgian law and the SPS;
- Unregistered APs will be supported to register their properties where this is permissible under Georgian law;
- Non-viable remainders of land may be compensated in full subject to a request to this effect being lodged to the Implementation Agency and to review of this request;
- Physically displaced, vulnerable and severely affected Ahs will be provided specific assistance according to principles in the LARF to secure alternative dwelling;
- Compensation entitlements will be provided to Ahs before the occurrence of impacts (prior to commencement of construction activities);
- The execution and the achievement of the livelihood restoration objectives of the LARP will be monitored and divulgated.

4.5 Policy Framework and Entitlements

4.5.1 Entitlements to Compensation

107. Ahs entitled for compensation or at least rehabilitation provisions under the Project are:

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

108. Compensation eligibility is limited by a cut-off date (20 September 2014). AHs who settle in the affected areas after the cut-off date are not eligible for compensation. If such situations occur, interested individuals will be given reasonable advance notice, requested to vacate premises and 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.

109. Table 15 below provides the entitlement and compensation matrix applicable to the Project.

Table 15: Entitlement and compensation matrix

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|-------------------------------------|---|--------------------------------------|--|
| Land | | | |
| Permanent loss of agricultural land | AH losing agricultural land regardless of | Owner with full registration | Cash compensation at replacement cost. |

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|---|---|--|--|
| | impact severity | Legalizable Owner | These AP will be supported by the IA to obtain legalization and provided with cash compensation at replacement cost. |
| | | Informal settlers (APs with no registration/valid documentation and non legalizable) | One time self-relocation allowance in cash. The relocation allowance is not dependent on the number of AH members or land characteristics and is a fixed amount per family equal to 1 year of minimum subsistence income ⁷ . |
| Non-Agricultural Land | AH losing their commercial/residential land | Owner with full registration | Cash compensation at replacement cost. |
| | | Legalizable Owner | These APs will be legalized and provided with cash compensation at replacement cost. |
| | | Renter/Leaseholder | Rental allowances in cash equal to 3 months of leasing costs, according to leasing fees approved by the municipalities for leasing the land of such category. |
| | | Informal settlers (APs with no registration or valid documentation and not legalizable). | One time self-relocation allowance in cash. The relocation allowance is not dependent on the amount of AH members or land characteristics and constitutes fixed amount per family equal to 1 year at minimum subsistence income. |
| Non-viable ("orphan") land) | Land that is affected partially but to such to an extent that the remainder is not usable | Owner with full registration or legalizable owner (subject to legalization) | Subject to a request being lodged by the land owner to MDFG, orphan land may be compensated in full if the review of the request indicates that the remainder cannot be used economically, and/or is not accessible, and/or appropriate infrastructure is not available anymore. |
| Buildings and Structures | | | |
| Residential and non residential structures/assets | | All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers) | Full impact: Cash compensation for loss of building/ structures at full replacement costs free of depreciation and transaction costs Partial impact: compensation for repairs |
| Loss Of Community Infrastructure/Common Property Resources | | | |
| Loss of common property resources | Community/Public Assets | Community/Govern ment | Reconstruction of the lost structure in consultation with community and restoration of their functions |
| Loss of Income and Livelihood | | | |

⁷ For this LARP the minimum subsistence income is calculated based on a 5 people family and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia (February 2015: 319 GEL x month). Source: http://www.geostat.ge/index.php?action=page&p_id=179&lang=eng

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|------------------------------|--|--|--|
| Crops | Standing crops affected | All APs regardless of legal status (including legalizable and informal settlers) | Crop compensation in cash at market rate at gross crop value of expected harvest. |
| Trees | Trees affected | All APs regardless of legal status (including legalizable and informal settlers) | Cash compensation at market rate on the basis of type, age and productive value of the trees (according to methodology provided in Annex B). |
| Business/Employment | Business/employment loss | All APs regardless of legal status | <p>Owner:</p> <p>(i). (permanent impact) cash indemnity of 1 year net income; and technical and administrative support from the RU to relocate the business in appropriate premises</p> <p>(ii) (temporary impact) cash indemnity of net income for months of business stoppage. Income will be calculated based on tax declaration or in its absence on minimum subsistence income.</p> <p>Permanent worker/employees:</p> <p>(i) indemnity for lost wages equal to 3 months of minimum subsistence income AND</p> <p>(ii) support to business owner to relocate the business as quickly as possible (see above) AND</p> <p>(iii) support from RU to enrolment into existing livelihood restoration programmes such as business training and micro-credit</p> |
| Allowances | | | |
| Severe Impacts | >10% land impact Physically displaced households Owners of businesses that have to interrupt activity permanently or temporarily | All severely affected Ahs including informal settlers | Agricultural income: additional crop compensation covering 1 year yield from affected land. Other income: additional compensation for 3 months of minimum subsistence income. |
| Relocation/Shifting | Transport/transition costs | All AHs to be relocated | Assistance to identification of a suitable replacement dwelling Provision of an allowance of 319 GEL covering transport expenses and livelihood expenses for a 3 months transitional period. |
| Vulnerable People Allowances | | AHs below poverty line, households headed by women, disabled or elderly | Allowance equivalent to 3 months of minimum subsistence income and employment priority in project-related jobs |

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|---|--|--------------------------------------|--|
| IDPs living in municipal or other housing | Support to relocation | Registered IDPs | Assistance to the identification of suitable municipal housing in cooperation with relevant authorities in charge of support to IDPs |
| Other Losses | | | |
| Temporary impacts during construction | This applies to impacts that are not of the construction contractor's responsibility, such as, for instance, temporary severance | All APs | Design measures have been taken to eliminate all predictable temporary impacts. If specific claims occur, they will be reviewed through the grievance mechanism, procedures and rates in this LARP will apply, and any compensation that would be warranted would be paid from the contingencies budget. |
| Damages during construction | This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated property | All APs | Compensation for such damages during construction is a Contractor responsibility. Compensation will be assessed and paid per procedures and rates in this LARP. |

4.5.2 Specifics for Certain Entitlements

110. Entitlement provisions for APs losing land, houses, and livelihood rehabilitation allowances include provisions for permanent or temporary land losses, buildings losses, crops and trees losses, a relocation subsidy, and a business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:

- Land (Agricultural/Residential/Commercial land):
 - Legal settlers will be compensated at replacement rate either in cash at current market rates.
 - Renters/Leaseholders will receive a 3-month rent allowance.
 - Non-titled/non-legalizable land users will be compensated with a one-off self-relocation allowance in cash equal to 1 year of minimum subsistence income.
- This allowance is to be calculated based on a 5 people family and the monthly- updated benchmarks indicated by the National Statistics Office of Georgia at time of LARP development (319 GEL as of February 2015).
- Houses, buildings, and structures: compensation will be provided in cash at replacement cost based on cost of construction material, labor, transport of materials and specific features of the buildings free of deductions for depreciation, transaction costs of salvaged materials. APs are entitled to this provision irrespective of the registration status of the affected item. Households and small businesses will be allowed to take away the

materials salvaged from their dismantled structures and no charges will be levied upon them⁸.

- Trees: cash compensation at replacement rate based on type, age and productivity of trees (according to methodology provided in Annex B).
- Business losses: (a) permanent: cash compensation equal to a 1-year income based on tax declaration or, if this is unavailable, based on the official minimum subsistence income at the time of impact (319 GEL x 12 = 3828 GEL); (b) Temporary: cash compensation for the business interruption period based on tax declaration or, if unavailable, official minimum monthly subsistence income at the time of the end of the impacts survey (319 GEL x months of interruption).
- Affected business workers/employees: Indemnity for lost wages for the period of business interruption up to a maximum of 3 months. The allowance is based on the minimum monthly subsistence income x a 5 people family in February 2015 (319 GEL). In addition, employees who are permanently affected will be supported by MDFG to enrol into existing small business establishment programs and/or micro-credit schemes, or into training programs to enhance their employability;
- Relocation allowance: APs forced to relocate will receive a relocation subsidy sufficient to cover transport costs and living expenses for 3 months. The allowance is based on 3 months of the monthly minimum subsistence income for a family of 5 people in February 2015 (319 GEL x 3 = 957 GEL);
- Vulnerable AP allowance: Vulnerable AP (Ahs below poverty line or women headed Ahs will receive) will receive an allowance equal to 3 months of the monthly minimum subsistence income for a family of 5 people in February 2015 (319 GEL x 3 = 957 GEL);
- Severe impacts allowance: APs losing >10% of agricultural land or >10% of non-agricultural income, including business owners, and physically displaced people will receive will an allowance equal to 3 months of the monthly minimum subsistence income for a family of 5 people in February 2015 (319 GEL x 3 = 957 GEL).

111. **Right of Eminent Domain and Expropriation.** Land acquisition for public projects in the country is sought through amicable agreement between acquiring agency and affected party based on the market price defined by professional valuation agency. Only in case of disagreement the right of eminent domain will be triggered through a process of a compulsory expropriation, which is based on the court decision. No expropriation case is expected for this LARP, as all APs have signed the preliminary agreement to the acquisition of property and appropriate compensation.

112. **Legalization.** APs who do not have proper registration or titles but are legitimate occupants of the plots they lose, will be legalized and registered in the land records. After this is done they will receive full compensation as the legal APs.

⁸ Salvage and reuse of materials shall be in compliance with appropriate environmental, health and safety regulations of Georgia and international conventions and agreements.

CHAPTER 5. CONSULTATIONS AND DISCLOSURE

5.1 Consultations

113. The preparation of the LARP included consultation and participation. The focus of these consultations was to ensure that APs and other stakeholders would be well informed of the Project and of the LAR process, and could participate in planning. Consultation tasks started were undertaken in parallel and concurrently with the surveys in 2014.

114. The consultation process included two key activities:

- Face to face interaction with APs during the surveys, where the Project and its LAR impacts were explained in one to one meetings to all APs, taking the opportunity of the survey and valuation exercise during the August 2014; and
- On 22 September of 2014, a public discussion of the Resettlement Action Plan developed within the scope of the project was held in the assembly hall of the Municipal Development Fund (see the meeting protocol, list of participants and photos in Annex D).
- The necessity for holding the public consultation within the scope of the project was called forth by the specifics of the project. As already mentioned, none AP lives in his/her own land plot located within the limits of the project. Consequently, bringing them together during the social survey, even at least in small groups, was impossible.

5.2 Disclosure

115. Information brochures on the Project, as well as information on ADB resettlement requirements was provided to participants of the public consultations and meetings. Information brochure was provided and consultations were carried out during socio-economic survey and census team while interviewing APs to ensure that they are aware of proposed project and land acquisition and resettlement approached of ADB. The copy of Information brochure is provided in the Annex C.

116. The final LARP document for Secondary Road for Section 3 will be available in English and Georgian languages and disclosed on the websites of the MDFG and ADB upon approval by both ADB and the Government of Georgia.

5.3 Public Engagement During LARP Implementation

117. Public engagement during the implementation of this LARP will involve the following tasks to be carried out by MDFG:

- Grievance management and redress, per the provisions detailed further in the Chapter 6 of this LARP, including the establishment of a Grievance Redress Committee as of commencement of negotiations with APs and for the whole duration of the Project, including most prominently the construction phase;
- On-going information to APs on compensation rules, entitlements, compensation and payment process;
- On-going consultation on any issues that may arise from affected people and/or other stakeholders (central and municipal authorities, civil society organizations, others);
- Provision of support in legalization of unregistered plots, including support to absentee landowners (deceased, other succession situations, establishment of Powers of Attorney, etc.);
- Provision of support for relocation for physically displaced people;
- Provision of support to vulnerable and severely affected people.

118. For the secondary road of section 3 MDFG will use a Resettlement Unit for the whole duration of this Project which was establish for 1 and 3 sections of Tbilisi-Rustavi highway. One individual within the Resettlement Unit will be allocated the responsibility of public engagement and grievance management

CHAPTER 6. GRIEVANCE REDRESS PROCEDURE

119. Grievance redress procedure for the project aims to provide an effective and systematic mechanism in responding to queries, feedbacks and complaints from affected persons (AP), other key stakeholders and the general public. APs will be fully informed of their rights and of the procedures for addressing the complaints whether verbally or in writing during consultation, survey, and time of compensation.

120. Efforts will be made to prevent and amicably resolve grievances rather than going through a legal redress process. This can be achieved through careful LAR design and implementation, ensuring full participation and consultation with the project affected persons, and establishing extensive communication and coordination between affected communities, EA, and relevant local governments including Rustavi municipality and Gardabani rayon municipality (gamgeoba), as necessary.

6.1 Grievance Redress Process

121. Persons or entities affected by the project have the right to file complaints and/or queries on any aspect of land acquisition compensation, and resettlement. In order to ensure that grievances and complaints are addressed in a timely and satisfactory manner and that all possible avenues are available to APs to air their grievances, the following mechanism for grievances is enacted:

- First, complaints resolution will be attempted informally at the community level with the involvement of community authorities and support from NGO and/or informal mediators. At these levels Grievance Focal Points to deal with project related grievance cases are nominated. If the issue cannot be resolved within two weeks, it will be passed to the MDFG for review and resolution.
- Second, complaints resolution will be attempted at the level of MDFG. At this level Grievance Focal Point to deal with project related grievance cases is nominated. If the issue cannot be resolved within two weeks, it will be referred to court for resolution.
- If after the MDFG intervention no solution has been reached and if the grievance redress system fails to satisfy the APs, they can pursue further action by submitting their case to the appropriate court of law). Nevertheless, abovementioned grievance mechanism does not limit the citizen's right to submit the case to the court of law just in the first stage of grievance process.

6.2 Logging and Review of Grievances

Avenues Available to Lodge a Grievance and Grievance Focal Points

122. Grievances can be lodged:

- At the MDFG office in Tbilisi;
- At Municipal offices in Rustavi Municipality and Gardabani Raion Municipality (gamgeoba).
- With any MDFG staff working in the area.

123. Grievance Focal Points will be designated at these levels to receive, help to resolve, report or forward complaints received from APs and the general public. The following are the Grievance Focal Points designated for the Tbilisi-Rustavi Urban Link Project:

a. David Tabidze

Head of Unit on Environment and Resettlement MDFG

Contact details. Address: 151 Aghmashenebeli ave., Tbilisi. Georgia

Phone number: (+995 32) 2437001/02/03

b. Vazha Mania

Head of Legal Unit Municipality of Gardabani
Contact details. Address: Gardabani Municipality
Phone number: (+995) 595 821100

c. Irakli Gegeshidze

Chief Specialist on Real Estate Management
Municipality of Rustavi
Contact details. Address: Rustavi Municipality
Phone number: (+995) 591 013441

Grievance Logging and Review

124. APs or other concerned individuals may visit, call or send a letter, fax or e-mail to any of the Grievance Focal Points to register their comments or complaints related to land acquisition or other aspects of the project. A grievance register will be maintained at each of the locations above to record grievances and keep track of their status. Grievances will be logged into an electronic register (MS Excel or similar) by the Secretary of GRC in MDFG. Each grievance will be assigned to the designated staff within the Resettlement Unit for resolution. Acknowledgement of grievance registration will be provided to complaining party within maximum 7 calendar days following the receipt of the grievance. Review of the grievance will typically involve the verification of the compensation dossier, survey and valuation forms, and possibly site visit and interview of the complainant and other interested parties, such as neighbours or other people involved in the grievance.

125. A resolution proposal will be drafted and communicated formally to the complainant, with a signed acknowledgement of receipt. If the resolution is satisfactory to the complainant and other aggrieved or interested parties, the minutes of agreement will be drafted for signature by all interested parties. If the resolution is not satisfactory to the complainant and other aggrieved or interested parties, the proposed resolution letter will include information on the possibility to resort to the next tier of grievance resolution process.

Grievance Redress Committee

126. To facilitate resolution of the complaints at each level, the GRC has been established for Tbilisi-Rustavi Urban Link. The Secretary of GRC will be appointed at MDFG. The grievance will be discussed by GRC with the involvement of GRC members and in presence of other relevant parties (e.g. complaining party, etc.) within two weeks following the registration of the grievance.

127. Two days after the hearing, the AP will be informed on whether the case is to be dismissed or whether recommendation has been made to MDFG for settling the case. The GRC shall comprise of the following members:

- One representative of MDFG (secretary of the Committee, preferably with a legal background);
- One representative of interested municipal offices of Rustavi and Gardabani (representative of the municipal office in the administrative area of which the grievance case is located will be invited to the GRC hearing);
- Three representatives of affected persons (with a reasonable gender representation) from each affected community (preferably a well-regarded individual in each community, such as a doctor or teacher living in the community, a well-regarded business person, a representative of a local civil society, or a representative of religious authorities);

- One representative of non-governmental organization (NGO) or local (rayon level) society, if available.

128. MDFG will ensure that the GRC members obtain some initial training to understand the basics of the LARP(s), relevant Georgian legislation and ADB Safeguard Policy Statement. This will ensure efficient work of the GRC representatives and functionality of proposed grievance redress mechanism.

129. The GRC will consider grievance cases once every month as a minimum and more frequently, if warranted by the number of grievances received. The GRC will make recommendations to MDFG for a positive resolution of the grievance, but these recommendations will not necessarily be binding to MDFG.

Non-viable Land Claims

130. Non-viable (“orphan”) land will undergo the normal grievance process. Land owners will be specifically informed that they can lodge a non-viable land claim if their land is partially affected and partially acquired for the Project. Claims will be lodged and reviewed as any other grievances. The review of non-viable land claims will involve the following:

- Size of the remainder;
- What can the remainder be used for by the current owner (agriculture, including garden, building, commercial, other);
- Can it be sold on the normal land market in its current condition?
- Assessment of access (may restriction of vehicular or pedestrian access cause the plot to become economically non-viable given its potential purpose?);
- Assessment of access (may restriction of access cause the plot to become economically non- viable?).

131. Based on the results of this assessment, a resolution (either positive – land should be deemed non-viable and compensated, or negative – land is not to be purchased) will be proposed by MDFG to the landowner.

132. In case of disagreement between the landowner and MDFG, the non-viable land claim could be escalated to the GRC as per the procedure outlined above.

Last Resort: Judiciary

133. Every juridical person or/and private person can resort to the judiciary, and complainants aggrieved by the LAR process can exert this right at any point in the LAR process. In addition, if the resolution proposed by the GRC is unacceptable to the MDFG or the complainant, one or the other party can resort to the judiciary (rayon and/or city court).

6.3 Reporting on Grievances

134. Every quarterly report will include a detailed situation of grievances. Specifically the following will be reported upon:

- Number of grievances registered in the grievance management system during the reporting period;
- Number of grievances resolved internally during the reporting period and timeline for their resolution;
- Number of grievances brought to the attention of GRC and timeline for their resolution;

135. Number of grievances left outstanding at the end of the reporting period, with a categorisation of grievances by theme, comments pertaining to the most sensitive or difficult ones, number of court cases and resolution thereof.

CHAPTER 7. COMPENSATION, RELOCATION, AND INCOME RESTORATION

7.1 Compensation for privately-owned lands

136. Privately-owned lands shall be compensated in cash based on the current market value in the area. In the area where the affected privately-owned plots are situated, market values of land vary depending on the type of land and location. The calculation of compensation was carried out in accordance with the Entitlement and Compensation Matrix. The cost of land plots reflects fair market cost without taxes, depreciation and other expenses. Table 16 shows the estimates of valuation of the affected privately-owned lands.

Table 16. Valuation of affected private lands

| Purpose of land plot use | Number of plots | Area acquired, in m ² | Average Unit Rate (per m ²) | Calculated compensation, in GEL |
|--------------------------|-----------------|----------------------------------|---|---------------------------------|
| Agricultural* | 44 | 10,303.0 | 15.05 | 155,106 |
| Non-agricultural | 18 | 17,393.0 | 29.9 | 520,124 |
| Total | 62 | 27,696.0 | | 675,230 |

* Agricultural category includes 41 privately owned plot as well as 3 plots with unknown ownership.

7.2 Compensation for trees and plants

137. Compensation to affected land users of agricultural and non-agricultural lands also includes compensation for trees and perennial plants. Methodology for compensation calculation is provided in the Annex B. Table 17 shows the valuation of the affected trees and perennial plants. Table 22 below shows the computation of compensation for 102 productive trees located on 11 land plots owned/used by 10 households.

Table 17. Valuation of affected non-productive trees and perennial plants

| Species | Number of affected trees by age category | | | | | | | | | |
|--|--|------|------------|------|--------------|------|-----------------|------|--------|------|
| | age 0 to 5 | | age 5 to 9 | | age 10 to 15 | | age 15 and more | | Total | |
| | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost |
| Productive trees and perennial plants | | | | | | | | | | |
| Apricot | | | 6 | 660 | 5 | 550 | 6 | 660 | 17 | 1870 |
| Cherries | | | 4 | 232 | | | 2 | 310 | 6 | 542 |
| Figs | 1 | 15 | | | | | | | 1 | 15 |
| Pomegranate | 1 | 73 | 1 | 73 | | | | | 2 | 146 |
| Quince | 1 | 5 | 1 | 50 | | | | | 2 | 55 |
| Apples | 8 | 40 | 6 | 600 | | | | | 14 | 640 |
| Plums | 1 | 18 | | | 1 | 70 | | | 2 | 88 |
| Pears | 1 | 90 | | | | | | | 1 | 90 |
| Peaches | 9 | 45 | | | 1 | 140 | | | 10 | 185 |
| Mulberry | | | 1 | 110 | 1 | 110 | | | 2 | 220 |

| Species | Number of affected trees by age category | | | | | | | | | |
|-------------------|--|------------|------------|-------------|--------------|-------------|-----------------|------------|------------|-------------|
| | age 0 to 5 | | age 5 to 9 | | age 10 to 15 | | age 15 and more | | Total | |
| | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost |
| Barberry | | | 1 | 110 | | | | | 1 | 110 |
| Grapes (vineyard) | 4 | 12 | 5 | 50 | 21 | 210 | 8 | 600 | 30 | 872 |
| Grapes (alley) | | | 6 | 150 | | | | | 6 | 150 |
| Total | 26 | 298 | 31 | 2695 | 29 | 1080 | 16 | 910 | 102 | 4983 |

138. In addition to the above mentioned 11 plots with perennial plants on them, two another plots privately owned by two households have annual crops (herbs, including parsley, cilantro, dill, basil and some others) growing on them. Table 18 below shows the computation of compensation for annual crops located on 2 land plots owned/used by 2 households.

Table 18. Valuation of affected annual plants

| Plot number | Area affected, in m ² | Average Unit Rate (per m ²) | Calculated compensation, in GEL |
|--------------|----------------------------------|---|---------------------------------|
| 1 | 32 | 1.115 | 36.00 |
| 2 | 49 | 1.115 | 54.00 |
| Total | 81 | | 90.00 |

7.3 Compensation for Affected Structures

139. All the 34 structures will be completely affected. The structures affected include:(i) auxiliary buildings (toilets, warehouses, etc.) – 4; (ii) gates – 5 (iii;) fences – 21; (iv) petrol station (inactive) – 1; (v) concrete platform – 3. The calculation of compensation for structures is based on replacement values for all elements constitutive of the building. Annex B provides an example, which shows the typical sheet used for valuation of all structures. Based on a visual assessment of the structures, including minor engineering works, utility connections and structure-improvements, a licensed valuation company estimated the total value of these structures. The estimated compensation reflects replacement rate calculated based on fair market price, without deduction for depreciation, taxes, transaction and other expenses, as well as salvageable materials. Table 19 shows the valuation of the affected structures.

Table 19. Valuation of affected structures

| Use of Structure | Type of Material | Number of Structures | Total area (m ²) | Unit rate (m ²) | Calculated compensation, GEL |
|---------------------|------------------|----------------------|------------------------------|-----------------------------|------------------------------|
| Auxiliary buildings | Block | 4 | 80.04 | 107.17 | 8578.3 |
| Gate | Metal | 5 | 52.4 | 110.00 | 5764.0 |
| Fence | Metal Grid | 17 | 903.3 | 9.8 | 8834.7 |
| Fence | Barbed Wire | 3 | 319.2 | 0.94 | 300.0 |
| Fence | Block | 1 | 40.15 | 80.85 | 3246.0 |

| Use of Structure | Type of Material | Number of Structures | Total area (m ²) | Unit rate (m ²) | Calculated compensation, GEL |
|---------------------------|------------------|----------------------|------------------------------|-----------------------------|------------------------------|
| Petrol station (inactive) | Block, metal | 1 | 6522.5 | 17.26 | 112574.0 |
| Concrete cover | Concrete | 3 | 1178.34 | 122.8 | 144120.0 |
| Total | | 34 | 9095.93 | | 283417.0 |

140. In addition, 4 structures (3 movable wagons and 1 banner) owned by 4 APs (2 households and 2 legal entities) will be relocated to the remaining parts of their land plots. The compensation covering dismantling/mantling and transport expenses was calculated by a licensed valuation company. In particular, compensation for 2 movable wagons will be equal to 100 GEL for each, for one movable wagon the compensation will comprise 242 GEL, while the compensation for banner relocation will amount to 600 GEL. Thus, **1,042 GEL** will be required for relocation of movable structures.

7.4 Compensation for Business Losses

141. One legal entity will be affected and lose part of its business due to the Project. The legal entity operates car purchase / sell business (dealership). The Project will impact part of the asphalted area and parking lot where vehicles are parked. Overall 1,005.0 m² (out of total 80,277.0 m²). According to entitlement matrix, the legal entity will be given the compensation equivalent to 1-year income generated on the part of its territory lost due to the project. Taking into account that the company did not provided an annual declaration of income, according to the LARF the income lost will be calculated based on minimum subsistence income accepted for this LARP and amounting to 319 GEL x 12 = **3,828 GEL**.

7.4.1 Compensation for lost jobs of workers of affected businesses

142. No employee is going to lose a job as a result of the Project implementation.

7.5 Allowance for vulnerable households

143. Efforts were made during the socio-economic survey to identify poor and vulnerable households. 6 households were identified as vulnerable during the socio-economic survey, however this data will also be verified with the he Social Service Agency of the Ministry of Labour, Health and Social Affairs of Georgia. These include households led by women and elderly. Vulnerable households are entitled to an allowance equivalent to 3 months of minimum subsistence income and calculation of respective compensation is presented in table 20 below.

Table 20. Allowance for vulnerable households

| Vulnerability Criteria | Number of HH | Amount of allowance (minimum wage x 3 months) | Total |
|---|---------------------------------|---|---|
| Women-led households (single women) | 5 | 319* 3 = 957 | 4785 |
| Households comprised with elderly member* | 1 | 319* 3 = 957 | 957 |
| Total | 6 (without double count) | - | 5742 (excluding double compensation) |

* One of the vulnerable households is headed by elderly woman is accounted in the "Women-led households" category.

7.6 Severely affected persons

144. Out of total 84 affected land plots, 28 are affected fully and 14 are affected partially, however impact on these plots exceeds 10% of the total land area. Total number of severely affected persons comprises 42. Severely affected persons are entitled to an allowance equivalent to 3 months of minimum subsistence income, comprising 957 GEL. Total compensation to severely affected persons comprises **40,194 GEL**.

8. INSTITUTIONAL FRAMEWORK

8.1 Role of MDFG

145. The timely and effective implementation of the LARP will require the involvement of several agencies and units. MDFG will be tasked to the follow-up of resettlement activities. It should be noted, that MDFG has experience in LARP implementation to ADB standards, particularly Sections 1 and 3 of the Tbilisi Rustavi highway, which were implemented in 2012. LARP for Section 2 Part A is currently under implementation and a Resettlement Unit has been established in MDFG to handle the resettlement process. Implementation of LARP for Secondary Road for Section 3 will also be carried out by a dedicated Resettlement Unit.

146. The key tasks of the Resettlement Unit will include the followings:

- Collaborate with Project related parties responsible for data collection and LARP preparation to ensure that all relevant data is available (including the list of APs based on the results of the survey and census, cadastral maps and land/property records, title verification details, property valuation details, establishment of compensation rates, etc.);
- Maintain regular coordination and communication with relevant state agencies and partners;
- Follow up and provide support to the GoG during drafting and adoption of the decree on land/property acquisition for project purposes;
- Follow up and provide support during notification of APs on upcoming land/property acquisition;
- Prepare documents for negotiation of compensation with the APs;
- Prepare documents for formalizing agreements with APs and processing of compensation payments;
- Conduct regular consultations and exchange of information with APs on the implementation of the LARP;
- Submit the LARP to ADB for review/approval;
- Disclose the LARP and the information leaflets;
- Plan and manage LARP implementation and the distribution of compensation;
- Acquisition of commercial land plots with significant commercial ventures (fuel stations, restaurants, etc.);
- Acquisition of agricultural land plots and compensation of trees and perennial crops;
- Legalization of informal owners;
- Deal with absentee landowners and refusals (triggering expropriation);
- Initiate expropriation cases and coordinate with the relevant state agencies;
- Deal with vulnerable people and severely affected people;
- Facilitate conduct of field surveys, and re-registration of the remaining portions of the APs land plots;
- Coordinate with the appropriate state agencies to provide all needed documentation and ensure prompt allocation of LAR budgets to the APs;
- Assist in receiving, recording, resolving and reporting of grievances related to land property acquisition process and other issues related to the project and coordinate with Project related consultants and contractors;
- Ensure proper internal monitoring;
- Monitor/supervise the temporary land acquisitions done by contractors engaged for the project;
- Organize compliance audits and external monitoring per ADB requirements;
- Prepare regular reports on the progress of LARP-related activities; and,
- Monitor construction related changes to land acquisition, inform ADB on LAR related impacts and follow up with preparation of supplemental LARP(s), as required.

8.2 Role of Other Agencies and Institutions

147. A number of other institutions have a role in the preparation and/or implementation of the LAR for Projects under the Program, among these the most notable are:

1. Government of Georgia at central level:

- Ministry of Finance (MoF): The finances for the implementation of the LARPs will be provided by MoF to MDFG upon presentation of the LARP and relative budgets. As the implementation of the LARPs is a condition to start the civil works it will be essential that MoF executes payments immediately. It is 10 Approval by ADB on 11 December, 2009; total budget: USD 5 Million over 10 countries including Georgia.
- recommended that MDFG should liaise with MoF early in the process to clarify their procedural requirements. Also, the MoF may take the lead in establishing administering escrow accounts to be established for expropriation and absentees. Requirements in this respect should also be clarified by MDFG in liaison with MoF;
- Ministry of Economy and Sustainable Development (MoESD): the MoESD is responsible for the establishment and communication to competent District Courts of the lists of properties to be expropriated. Similarly, it is recommended that MDFG should liaise with MoESD early in the process to clarify associated procedural requirements;

148. NAPR: NAPR will handle legalization process for unregistered properties;

- Courts: where expropriation has to be used (refusals and absentees), the competent District court will review expropriation cases based on legal due process, undertake a hearing, will possibly commission an independent expert to support the review of the case and a fresh valuation of the property, and decide whether the land can be expropriated and at what price;

149. ADB: besides supervising periodically the Project, ADB will review LARP and clear contract awards signing and initiation of civil works based on the Compliance Report established by the IM, and review LAR monitoring progress and results.

9. RESETTLEMENT BUDGET AND FINANCING

150. The GoG is responsible for all land acquisition costs associated with the implementation of the LARP. A budget of approximately **GEL 1,337,466.24** will be allocated for all LARP implementation activities from budget for Project (Secondary Road for Section 3). This includes the cost for compensation of losses, registration on new land plots and structures, re-registration of remaining land plots, all associated administrative and bank operation related costs, as well as resettlement monitoring and evaluation. The budget breakdown is shown in table 21.

Table 21: Land acquisition and resettlement budget

| # | Particulars/Items | Number of APs | Quantity | Estimated Budget (GEL) | Estimated Budget (USD) |
|------------------------------|---|----------------------------|--|------------------------|------------------------|
| 1 | Compensation for privately-owned land (50 plots) | | | | |
| | a. agricultural land | 41 HH 3 unknown | 10303 sq.m | 155,106.00 | 69,797.70 |
| | b. non-agricultural land | 9 HH ⁹ 9 LE | 17393 sq.m | 520,124.00 | 234,055.80 |
| 2 | Compensation for trees and perennial plants | 10 HH | 102 units (fruit trees and perennial plants) | 4,983.00 | 2,242.35 |
| 3 | Compensation for annual plants | 2 HH | 2 units | 90.00 | 40.50 |
| 4 | Compensation for structures | | | | |
| | a. permanently affected structures | 29 HH 4 LE 2 unknown | 34 units | 283,417.0 | 127,537.65 |
| | b. movable structures | 2 HH 2 LE | 4 units | 1042.0 | 468.90 |
| 5 | Compensation for business | 1 LE | 1005 sq. m. | 3,828.00 | 1,722.60 |
| 6 | Allowance to vulnerable | 6 HH | 6 units x 319GEL x 3 Month | 5,742.00 | 2,583.90 |
| 7 | Allowance to severely affected | 34 HH 3 LE 2 unknown | 42 units x 319GEL x 3 Month | 40,194.00 | 18,087.30 |
| 8 | Income tax (20% of total cost of lines 1, 2, 3, 4) | | | 192,952.40 | 86,828.58 |
| 9 | Implementation: Administrative costs for resettlement implementation (84 plots * 100 GEL) | | 84 units | 8,400 | 3,780 |
| Total: | | | | 1,215,878.40 | 547,145.28 |
| Contingencies (10%) | | | | 121,587.84 | 54,714.53 |
| Total + Contingencies | | | | 1,337,466.24 | 601,859.81 |

⁹ One AP owned 1 agricultural land plot and one non-agricultural Land plot

10. IMPLEMENTATION SCHEDULE

10.1 General

151. The time for implementation of resettlement plan will be scheduled as per the overall project implementation. All activities related to the land acquisition and resettlement must be planned to ensure that compensation is paid prior to displacement of APs and commencement of civil works. Public consultation, internal monitoring and grievance redress will be undertaken intermittently throughout the project duration. However, the schedule is subject to modification depending on the progress of the Project activities.

152. As part of advance actions for implementation of LARP for Section 2 Part A the capacity of the MDFG was enhanced to ensure proper implementation of LAR activities. Capacity building included establishment of Resettlement Unit and allocation of dedicated staff to be responsible for LARP implementation and grievance redress, support from ADB national LAR Consultant, as well as external international and national LAR Consultants. Capacity building may also include provision of training to staff.

153. **Pre-implementation tasks and Approvals:** This phase entails the following tasks/responsibilities:

- (i) Execution of legalization proceedings (responsibility: EA);
- (ii) Establishment and training of LAR institutions (responsibility: EA/Consultants);
- (iii) ADB's technical review and approval of the LARP (responsibility: ADB)
- (iv) GoG approval of LARP (responsibility: GoG); and
- (v) LARP disclosure (responsibility: EA and Consultants).

154. After the LARP is disclosed the PFR for the Tranche can be approved by ADB, the contract awards can be signed, and the legalizable AP can be legalized.

155. **LARP Implementation.** This phase entails the following tasks/responsibilities:

- (i) Final Legalization of legalizable APs (responsibility: EA);
- (ii) compensation agreements with APs signing (responsibility: EA);
- (iii) Requisition to TRRC for compensation/allowances finances (responsibility: MoF/EA)
- (iv) Compensation transfer to APs' bank account and registration of land on RDMRDI name (responsibility: EA)
- (v) Relocation of affected structures/assets (responsibility: EA)
- (vi) Training of LAR institutions, APs and NGOs (responsibility: EA/consultants)
- (vii) Grievance resolution (responsibility local Governments, GRG and EA)

156. **Post-implementation evaluation.** This will be conducted in two phases: a) immediately after LARP implementation through the preparation of a Compliance Report by the independent Monitoring Agency; and b) within 1 year after the LARP implementation.

10.2 LARP Implementation Time Schedule

157. The LARP implementation is presented in Table 22.

Table 22: LARP Implementation Schedule

| Tasks | 2015 | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------|-------|---|---|---|-----|---|---|---|------|---|---|---|------|---|---|---|-----|---|---|---|-----|---|---|---|
| | April | | | | May | | | | June | | | | July | | | | Sep | | | | Oct | | | |
| | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Phase 1 | | | | | | | | | | | | | | | | | | | | | | | | |
| LARP surveys | | — | — | — | | | | | | | | | | | | | | | | | | | | |
| AP Consultation | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | | | | | | | |
| LARP Finalized | | | — | — | — | — | | | | | | | | | | | | | | | | | | |
| ADB review / approval | | | | | | | — | — | | | | | | | | | | | | | | | | |
| GoG approval | | | | | | | | | ● | | | | | | | | | | | | | | | |
| Disclosure | | | | | | | | | — | | | | | | | | | | | | | | | |
| PFR Approval | | | | | | | | | | ● | | | | | | | | | | | | | | |
| Contract signing | | | | | | | | | | | | | | | | | | | | | | | ● | |
| Legalization | | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | | | | | | | |
| Phase 2 | | | | | | | | | | | | | | | | | | | | | | | | |
| AP agreements signing | | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | | | | | | | |
| LAR budget allocation | | | | | | | | | | | | | | | | | | | | | | | | ● |
| AP Compensation | | | | | | | | | | | | | | | | | | | | | | | | — |
| Compensation in escrow* | | | | | | | | | | | | | | | | | | | | | | | | ● |
| Expropriation | | | | | | | | | | | | | | | | | | | | | | | | — |
| Structures relocation | | | | | | | | | | | | | | | | | | | | | | | | — |
| Phase 3 | | | | | | | | | | | | | | | | | | | | | | | | |
| Compliance report | | | | | | | | | | | | | | | | | | | | | | | | ● |
| NOL x start civil works | | | | | | | | | | | | | | | | | | | | | | | | ● |
| Construction start | | | | | | | | | | | | | | | | | | | | | | | | — |
| Continuous tasks | | | | | | | | | | | | | | | | | | | | | | | | |
| Grievance resolution | | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Internal Monitoring | | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| External Monitoring | | | | | | | | | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |

* For Expropriation or absentee AP cases.

11. MONITORING AND EVALUATION

11.1 Introduction

158. LAR tasks under the Project will be subjected to both internal and external monitoring. Internal monitoring will be conducted by MDFG. External monitoring will be carried out by the Independent Monitor (IM) hired by MDFG for Section 2 Part A.

11.2 Internal Monitoring

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

- (i) Information campaign and consultation with APs;
- (ii) Status of land acquisition and payments on land compensation;
- (i) Compensation for affected structures and other assets;
- (ii) Relocation of APs;
- (iii) Payments for loss of income;
- (iv) Selection and distribution of replacement land areas; and
- (v) Income restoration activities.

160. 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:

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

11.3 External Monitoring

161. External monitoring will be carried out during and after LARP implementation. The results of external monitoring will be communicated to MDFG and ADB through reports. External Monitoring tasks will be carried out in two phases:

11.3.1. Phase I

162. This external Monitoring phase will be carried out in parallel with the implementation of the LARP and will be concluded after the LARP is fully implemented by the preparation of a Compliance Report. An acceptable Compliance Report is condition to start the implementation of physical civil works for the project. The Compliance report will include the following sections:

163. During this phase the IM will i) do the investigations and define the indicators needed for phase two activities and ii) closely monitor the implementation of the LARP. LARP

implementation monitoring will entail the following tasks: (a) review of LARP/Information pamphlet disclosure; (b) review of actions taken by the MDFG to compensate the APs with particular attention to the way this action fits LARP stipulations; (c) review all compensation tallies; (d) verify whether the compensation is provided thoroughly to all APs and in the amounts defined in the LARP and in the AP contracts; (e) assess the satisfaction of the APs through an AP satisfaction survey based on a representative sample of the AH; (f) review the legalization process and assess its effectiveness; (g) review complaints & grievances case. The IM will prepare the Compliance Report immediately after the completion of LARP implementation.

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

11.3.2. Phase II

165. Within 1 year after implementation of LARP the IM will also assess the degree of income rehabilitation achieved by the LAR compensation and rehabilitation program. The following are main indicators for the investigations to be carried out in this external phase:

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

ANNEXES

ANNEX A: QUESTIONNAIRE FOR SOCIO-ECONOMIC SURVEY AND CENSUS

| Family # | | | | | | | | |
|---|-------------|---|---|--------------|-------------------------|---|-------------------------|------------|
| Name of household head and ID | | | | | | | | |
| | | | | | | | | |
| 1. Household composition | | | | | | | | |
| # | Gender | Age | Nationality | Education | | | | |
| | | | | Pre-School | Primary | Professional school (profteqncial) | University | Illiterate |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 2. Social status | | | | | | | | |
| Does your household receive any kind of social allowance/assistance from the Government | | | Below poverty line/ subsistence allowance | | Insurance | | Other social assistance | |
| | | | | | | | | |
| 3. Place of residence | | | | | | | | |
| In town/city | | | | | In village | | | |
| | | | | | | | | |
| 4. Woman headed household | | | | | | | | |
| Yes | | | | | No | | | |
| | | | | | | | | |
| 5. Household annual income (GEL) | | | | | | | | |
| Main source of income | Agriculture | Regular wages from Government service | Regular wages from private company | Own business | Wages for casual labour | Pension - How many people receive pension in household and how much | | |
| | | | | | | | | |
| 6. Loan and its structure (yes/no and from private person or from bank) | | | | | | | | |
| Bank loan | | Loan from private person | | | | No | | |
| | | | | | | | | |
| 7. Household assets/real estate | | | | | | | | |
| Type of assets (structure, land, etc.) | | Category | | | | Features | | |
| Land | | (agricultural/ residential/ commercial) | | | | area | | |
| Land plot #1 | | | | | | | | |
| Land plot #2 | | | | | | | | |
| Land plot #3 | | | | | | | | |
| Land plot #4 | | | | | | | | |

| | | |
|--------------|--|--|
| Land plot #5 | | |
|--------------|--|--|

| Structures | Type of structure (residential/ancillary building (cow shed, garage, etc.)/commercial | How many storey house/brick, concrete or wooden |
|--------------|---|---|
| Structure #1 | | |
| Structure #2 | | |
| Structure #3 | | |
| Structure #4 | | |
| Structure #5 | | |

8. Movable property (quantity)

| Refrigerator | Washing machine | Car | Motorbike | Bicycle | Gas stove | Heating system | Air conditioner |
|--------------|-----------------|-----|-----------|---------|-----------|----------------|-----------------|
| | | | | | | | |

9. Cattle

| Cow | Pig | Sheep | Horse and donkey | Poultry |
|-----|-----|-------|------------------|---------|
| | | | | |

10. Household main current expenses (Gel per year)

| For food | Other | Total |
|----------|-------|-------|
| | | |

11. Infrastructure (yes/no)

| Central water supply | Well | Central sewerage system | Electricity | Natural gas supply | Gas container | Fuel | Wood |
|----------------------|------|-------------------------|-------------|--------------------|---------------|------|------|
| | | | | | | | |

12. Availability of education, medical and communal services (yes/no)

| Local polyclinic | Local hospital | Kinder garden | School | Local road | Highway |
|------------------|----------------|---------------|--------|------------|---------|
| | | | | | |

Inventory of Losses

| | | Date: | |
|----|--|-------|--|
| 1 | Owner's name and ID #: | | |
| 2 | Owner's address: | | |
| 3 | # of land plot: | | |
| 3 | Total area: | | |
| 3 | Affected land plot in sq.m.: | | |
| 4 | Ownership status: (state, private) | | |
| 5 | Tenure status: 1-registered/legal owner, 2-rightfull owner/legalizable owner, 3-non-rightfull owner/legalizable owner, 4-informal settler/non-legalizable landowner) | | |
| 6 | Legal status of user: Owner/tenant-1, official leaseholder -2, non-official leaseholder -3, new settler-4 | | |
| 7 | Land use: Agricultryal-1, Non-agricultural-2 | | |
| 8 | Agricultural-1, Residential-2, commercial-3, other non-agricultural-4 | | |
| 9 | Use of agricultural land: cropland-1, orchard-2, pasture-3, other-4 | | |
| 10 | Irrigation: irrigated-1, drainage-2, not land-reclamation -3 | | |

| 11 | Relief: plain-1, inclination-2, steep-3, mixed-4 | | | |
|--------------------------------------|--|-----------------------|----------------------------|------------------------|
| Plantations on affected land | | | | |
| # | Name of plants | Quantity | Age | Productivity (kg/tree) |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| Annual crops on affected land | | | | |
| # | Harvest type | Harvested area/ sq.m. | Average productivity kg/ha | |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| Affected structures | | | | |
| | Features | Structure #1 | Structure #2 | Structure #3 |
| 1 | Purpose of the structure | | | |
| 2 | Construction date | | | |
| 3 | Seismic stability | | | |
| 4 | Quantity of floors | | | |
| 5 | Total area: | | | |
| 6 | Area of attic/mansard | | | |
| 7 | Area of basement | | | |
| Constructional part | | | | |
| 8 | Foundation | | | |
| 9 | Walls | | | |
| 10 | Partitions | | | |
| 11 | Attic | | | |
| 12 | Roof | | | |
| Coverings/Facing | | | | |
| 13 | Outside coverings | | | |
| 14 | inside coverings | | | |
| 15 | Floor | | | |
| 16 | Ceiling | | | |
| 17 | Windows | | | |
| 18 | Door | | | |

| Communications | | | | |
|----------------------------------|-----------------------------|-----------------|-----------------|--|
| 19 | Sewage system | | | |
| 20 | Water supply | | | |
| 21 | Electricity | | | |
| 22 | Heating | | | |
| 23 | Gas supply | | | |
| Fencing and gate | | | | |
| | Title | Fence #1 | Fence #2 | |
| Fencing | | | | |
| 1 | Length | | | |
| 2 | Height | | | |
| 3 | Thickness | | | |
| 4 | Parameters of socle/base | | | |
| 5 | Construction materials used | | | |
| Gate | | | | |
| 1 | Length | | | |
| 2 | Height | | | |
| 3 | Materials used | | | |
| Business on affected land | | | | |
| # | Title | | | |
| 1 | Type of business | | | |
| 2 | Annual income | | | |
| 3 | Quantity of staff | | | |
| 4 | Average salary | | | |
| 5 | Taxes | | | |

Comments and notes:

Owner:

Interviewer:

Sakrebulo (local government)
representative:

ANNEX B: METHODS OF VALUATION OF AFFECTED LAND, STRUCTURES AND TREES

Calculation of compensation amounts for land plots was performed in September-October 2014 based on the data on transactions obtained from the Public Register and through internet from brokerage firms, while the calculation of costs for structures was carried out in the same time frame based on the prices obtained from "Construction Materials' Costs as of the 3rd Quarter of 2014" published by the Construction Assessment Feedback.

1. Valuation of Affected Land Plots

1.1 Methodology

Land has been valued at replacement cost based on the average market value. That is based on the average sale value of comparable land in type, location and features. Based on the average market sales, adjustments were made according to the comparison parameters, in the following sequence as applicable:

- (i) Actual sale status of reference land plots (completed transactions or proposals for sale)
- (ii) Sales dynamics at the market (trend of prices and the sale date);
- (iii) Location;
- (iv) Physical parameters;
- (v) Economic parameters;
- (vi) Use;
- (vii) Existence of real estate property.

1.2 Determination of Land Compensation Price

Comparison

The land plots to be valued are located between Tbilisi and Rustavi, at the Phonichala - Rustavi section of the Tbilisi – Rustavi highway, starting from km (10.5 near Phonichala settlement), following right bank of r. Mtkvari and finishing near the entrance in Rustavi City. (km 17.1)

Information related to reference land plot (analog) prices has been obtained from NAPR, Real Estate Companies and sale advertises on different web-sites. The available information is related to the non-agricultural (commercial) land plots. Information about analogs is available both for the starting subsection (subsection 1: km 10.5 14.5) and for the second subsection (subsection 2: km14.5 – 17.1) of the road and thus calculations are related to corresponding subsections. Results are given in table 1.

Reconciliation of the adjusted prices of compared assets was carried out based on a calculation of the average weighted value of the 10 reference land plots for subsection1 and 11 reference land plots for subsection 2. During the reconciliation of the adjusted prices more value was attached to those reference land plots, which were the most comparable to the valued asset so that the smallest adjustment was necessary.

Calculation of Land Market Rates of plots between Km 10.5 and 17.1

With the use of the average weighted value, the price of the valued asset was calculated by means of the following formula:

$$V_{wa} = \frac{\sum (P_i \times R_i)}{\sum R_i} \quad (i= 1 \dots n; \quad n = 10 \text{ for subsection 1 and 11 for subsection 2)}$$

Where:

V_{wa} - is the Average Weighted Value of Market Price for 1 sq.m land plot;

P_i - is the Corrected (adjusted) selling price of each comparable reference land plot

R_i – is the rating weight of the adjusted price of each comparable reference land plot.

$\sum R$ – is the sum of the rating weights

$n = 10$ for 1st subsection (km 10.5-14.5) and 11 for the 2nd subsection (km14.5 – 17.1)

Average weighted value (V_{wa}) better represents the real market price of the affected land plots than simple average of corrected prices of the reference land plots. ($\sum P_i / n$). The rationale for introducing weighted values is explained in more details in the table 2, p. 8.

Thus, calculation of the market prices of 1m² area of valuated property, carried out with the use of average weighted value is given shown in Table N1. This table represents market prices of commercial land plots

Market prices for agricultural land plots have been derived from the prices of commercial land plots located in the same area. Agricultural land costs less than commercial land and the difference is approximately equal to the official compensation fees that should be paid to change category of the land plot from agricultural to non-agricultural.

Table 1: Calculation of Average Weighted Value of Market Price for 1sqm commercial land plots within the section km 10.5 – km17.1.

| No | Description | address | Price of Proposal/transaction (USD) per 1 sqm of Land plot | Source of Information | Price of 1 sqm declared in source (\$) | Transactions (Deal) / Proposal | Correction for Proposals | Corrected price of 1 sqm (\$) | Location | Correction | Corrected price of 1 m2 | Physical Characteristics | Correction | Corrected price of 1 m2. Pi | Ri rating weight of the adjusted price | $\sum R$ Sum of the rating weights | Vwa 1 Market price of 1 m2 (USD) | Vwa 1 market price of 1 m2 (GEL) | Total market price of the Sample Land plots (GEL) |
|-------------------------------------|----------------------|--|--|---|--|--------------------------------|--------------------------|-------------------------------|----------|------------|-------------------------|--------------------------|------------|-----------------------------|---|---------------------------------------|----------------------------------|----------------------------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 19 | 20 | 21 |
| Subsection 1: km 10.5 – 14.5 | | | | | | | | | | | | | | | | | | | |
| 1 | 550 m2 plot of land | Krtsanisi Village cadastre code 81.04.02.476 | USD 14 /1 m2 (transaction) | Public registry data 30/01/2012 | 14 | transaction | No | 14 | worse | 2 | 16 | similar | No | 16 | 2,0 | 12,0 | 12 | 20 | 10735 |
| 2 | 601 m2 plot of land | Krtsanisi Village cadastre code 81.04.12.372 | USD 13 /1 m2 (transaction) | Public registry data , 15/12/2011 | 13 | transaction | No | 13 | worse | 2 | 15 | similar | No | 15 | 2,0 | | | | 11731 |
| 3 | 1000m2 plot of land | Adjacent to Rustavi motorway, between Ponichala and car market | USD12 /1 m2 (proposal) | http://forum.ge/?f=92&showtopic=34080612 | 12 | proposal | -10% | 11 | similar | No | 11 | similar | No | 11 | 1,0 | | | | 19519 |
| 4 | 2200 m2 plot of land | Adjacent to Rustavi motorway, 2km away from the car market tel. 2471020; 790919293 | USD 20 /1m2. (proposal) | http://makler.ge/index.php?pg=ds&id=144753 | 20 | proposal | -10% | 18 | better | -10 | 8 | better | -5 | 3 | 1,0 | | | | 42941 |
| 5 | 4000 m2 plot of land | Adjacent to Rustavi motorway, between Ponichala and car market tel. 593212266 | USD 12 /1m2. (proposal) | http://place.ge/ge/ads/view/101411 | 12 | proposal | -10% | 11 | similar | No | 11 | similar | No | 11 | 1,0 | | | | 78075 |

| | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|----------------------|--|----------------------------|---|----|-------------|------|----|---------|----|----|---------|----|----|-----|------|----|----|--------|
| 6 | 6000 m2 plot of land | Ponichala, adjacent to Rustavi motorway tel 2471020; 790919293 | USD 12 /1m2. (proposal) | http://makler.ge/index.php?pg=ds&id=124751 | 12 | proposal | -10% | 11 | better | -2 | 9 | similar | No | 9 | 1,0 | | | | 117113 |
| 7 | 4000 m2 plot of land | adjacent to the former veterinary institute tel. 593240024 | USD 10 /1m2. (proposal) | http://babajana.com/index.php?newsid=2625 | 10 | proposal | -10% | 9 | worse | 2 | 11 | similar | No | 11 | 1,0 | | | | 78075 |
| 8 | 1300 m2 plot of land | Lower Ponichala, adjacent to Rustavi motorway tel. +995 (558) 07-08-78 | USD 15 /1m2. (proposal) | http://ads.aris.ge/showAdById/135232/ | 15 | proposal | -10% | 14 | better | -2 | 12 | similar | No | 12 | 1,0 | | | | 25374 |
| 9 | 1500 m2 plot of land | Lower Ponichala, near Rustavi motorway 200m from Krtsanisi turn tel. 571-98-01-91 | USD 18 /1m2. (proposal) | http://www.promote.ge/p/e_classifieds/classifieds.php?0.item.2.8.1860 | 18 | proposal | -10% | 16 | better | -2 | 14 | similar | No | 14 | 1,0 | | | | 29278 |
| 10 | 1000 m2 plot of land | Lower Ponichala, 200m from Rustavi motorway tel. 593646200 | USD 10 /1m2. (proposal) | http://www.101.ge/?lang=ge&prop=5205073 | 10 | proposal | -10% | 9 | similar | No | 9 | similar | No | 9 | 1,0 | | | | 19519 |
| Subsection 2: km 14.5 – 17.1 | | | | | | | | | | | | | | | | | | | |
| 1 | 300 m2 plot of land | Rustavi entrance cadastre code 02.01.05.049 | USD 18 /1m2. (transaction) | public registry data 26/12/2011 | 18 | transaction | No | 18 | similar | No | 18 | similar | No | 18 | 2,0 | | | | 9890 |
| 2 | 900 m2 plot of lan | Rustavi entrance cadastre code 02.01.05.279 | USD 13 /1m2. (transaction) | public registry data 13/12/2011 | 13 | transaction | No | 13 | similar | No | 13 | similar | No | 13 | 2,0 | | | | 29670 |
| 3 | 900m2 plot of lan | Adjacent to rustavi motorway< between Sokari station and car market tel. +995 (592) 05-10-53 | USD34 /1m2. (proposal) | http://ads.aris.ge/showAdById/132862/ | 34 | proposal | -10% | 31 | similar | No | 31 | better | -5 | 26 | 1,0 | 13,5 | 20 | 33 | 29670 |

| | | | | | | | | | | | | | | | | |
|----|----------------------|--|-------------------------|---|----|----------|------|----|---------|----|----|--------|----|----|-----|--------|
| 4 | 1000 m2 plot of lan | Adjacent to rustavi motorway, between Ponichala and car market tel. 593 935926 | USD 30 /1m2. (proposal) | http://www.sigma.ge/finish.php?oper=0&object=miwis%20nakveTi&town=rusTavis%20gzatkecii&place=&rooms1=0&rooms2=&num=0 | 30 | proposal | -10% | 27 | similar | No | 27 | better | -5 | 22 | 1,0 | 32966 |
| 5 | 3600m2 plot of lan | Rustavi entrance, near the car market tel. 599 09 00 79 | USD 28 /1m2. (proposal) | https://epropeerty.reestri.gov.ge/#ER12000007 | 28 | proposal | -10% | 25 | similar | No | 25 | better | -5 | 20 | 1,0 | 118679 |
| 6 | 900 m2 plot of land | Rustavi entrance, near car market tel. 2471020; 790919293 | USD 30 /1m2. (proposal) | http://www.makler.ge/index.php?pg=ds&id=129812 | 30 | proposal | -10% | 27 | similar | No | 27 | better | -5 | 22 | 1,0 | 29670 |
| 7 | 900 m2 plot of land | Rustavi entrance, near the car market tel. 2471020; 790919293 | USD 30 /1m2. (proposal) | http://www.makler.ge/index.php?pg=ds&id=154665 | 30 | proposal | -10% | 27 | similar | No | 27 | better | -5 | 22 | 1,0 | 29670 |
| 8 | 9000 m2 plot of land | Rustavi entrance, near the car market tel. 2471020; 790919293 | USD 30 /1m2. (proposal) | http://www.makler.ge/index.php?pg=ds&id=123788 | 30 | proposal | -10% | 27 | similar | No | 27 | better | -5 | 22 | 1,0 | 296697 |
| 9 | 1800 m2 plot of land | Rustavi entrance, near the car market tel. 2471020; 790919293 | USD 35 /1m2. (proposal) | http://www.makler.ge/index.php?pg=ds&id=157370 | 35 | proposal | -10% | 32 | better | -2 | 30 | better | -5 | 25 | 1,0 | 59339 |
| 10 | 600 m2 plot of land | Rustavi entrance, between the car market and Palishvili Str. tel. 2471020; 790919293 | USD 25 /1m2. (proposal) | http://www.makler.ge/index.php?pg=ds&id=132158 | 25 | proposal | -10% | 23 | similar | No | 23 | better | -5 | 18 | 1,0 | 19780 |
| 11 | 900 m2 plot of land | Rustavi entrance, near the car market tel. 599222866 | USD 28 /1m2. (proposal) | http://www.makler.ge/index.php?pg=ds&id=162595 | 28 | proposal | -10% | 25 | similar | No | 25 | better | -5 | 20 | 1,5 | 29670 |

Table 2: Explanations to the Table 1

| |
|--|
| <p>1. Column 7 explains the character of prices declared in column 6 – some of these prices correspond to deals and executed transactions, and these prices are considered as market prices requiring no deductions. The other prices correspond to proposals of sellers advertised in the referred sources. These prices are not considered as real market prices and accordingly certain deductions are made, which are reflected in columns 8 and 9. The minimum margin at the Georgian market between the real market price and advertised proposed prices is estimated to be 10%. Statistically, the proposal price in Georgia is 10-15% higher than the actual market price. As the market economy has not yet fully developed the seller usually tries to get excess profit if the buyer is unaware of real estate prices and agrees to the proposed price. 10% correction was not applied to the prices of reference land plots (analogues) No 1 and 2 of subsection 1 (km 10.5 – 14.5) and land plots No1 and 2 of the subsection 2 (km 14.5 – 17.1), which were actually sold and their market prices were determined. There was no bargaining about the prices of these plots and consequently no discounts were made. 10% correction was applied only to reference land plots No 3,4,5,6,7,8,9 and 10 of subsection 1 and plots No 3,4,5,6,7,8,9, 10 and 11 of subsection 2, which were put up for sale and were not yet sold at the time of correction. The seller and buyer would most likely bargain about the prices of these plots (analogues) and the buyer would get a discount. The IVSC (The International Assets Valuation Standards Committee) defines the market value as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.</p> |
| <p>2. Columns 10 and 13 show corrections based on the plot location and physical characteristics. The word “better” means that the reference land plot is better than the affected land plots, i.e. the market price of the reference plot is higher than that of the object. The price of the reference plot has to be reduced to suit the affected land price. The word “similar” means the reference land plot is similar to the object and the market price of the analogues does need to be reduced or increased to suit the object. The word “worse” means that reference land plot is worse than the object to be assessed and the price of the reference land plot has to be increased to suit the object.</p> |
| <p>3. Columns 11 of reference land plots No 1,2 and 7 in subsection 1 show the correction amounting to +2 \$. The estimate takes into account that the analogues are located in Krtsanisi Village 0.5-1.0km away from Tbilis- Rustavi motorway. Due to the distance the price is lower. The reference plot is worse than the object to be assessed in commercial terms (less traffic flow). However it is quite similar to the object. As regards the +2\$ correction, this amount was estimated based on expert reviews of the relevant market segments (namely, analysis/comparison of the market prices of transactions for the past 1 year based on the data provided by the Public registry and real estate agencies).</p> |
| <p>4. Columns 11 of reference land plots No No 6, 9 and 10 in subsection 1 and reference land plots No 9 in subsection 2 show the correction amounting to -2 \$. The estimate takes into account that the analogs No 6, 9 and 10 in Portion 1 are located within the settlement Kvemo Phonichala and Analogs No9 of subsection 2 are located at the entrance of Rustavi Town. These locations are better than that of the object to be assessed in commercial terms (more traffic and people) and therefore there are more businesses and offices. As regards the -2\$ correction, this amount was estimated based on expert reviews of the relevant market segments (namely, analysis/comparison of the market prices of transactions for the past 1 year based on the data provided by the Public registry and real estate agencies).</p> |
| <p>5. Columns 11 of reference land plot No 4 in subsection 1 shows the correction amounting to -10 \$. The estimate takes into account that the analog is located near the car market. This location is better in commercial terms that that of the object to be assessed. Besides, all the utilities are provided and no additional costs are needed. As regards the -10\$ correction, this amount was estimated based on expert reviews of the relevant market segments (namely, analysis/comparison of the market prices of transactions for the past 1 year based on the data provided by the Public registry and real estate agencies).</p> |
| <p>The following corrections were made based on the physical characteristics, i.e. the difference between the analog and the object to be assessed in terms of: - utilities (water supply, sewerage systems, power supply, communications, gas supply, etc) (whether the utilities are provided or how much additional costs are needed for their provision) - correction</p> |

amount of +/-5\$.

Correction amounts are estimated in compliance with the costs required to make the plot suitable for construction according to construction norms and standards.

7. Columns 14 of the reference land plot No 4 in subsection 1 and analogs No 3,4,5,6,7,8,9,10 and 11 of subsection 2 show the correction amounting to -5\$ due to the physical characteristics. It means that the analogue is better than the object to be assessed in terms of utilities as it does not require additional costs.

8. Column 16 shows the rating of the reference land plots (analogs) estimated through the expert review on the basis of several criteria. The most important criterion was the market position of the analogue (whether it is offered for sale or actually sold). The prices of the sold analogues are closer to the market prices while the prices of the analogs offered for sale are less realistic. The second criterion was the location (i.e. how close is the analogue to the object to be assessed). The closer the analog is to the object the more comparable their prices are). The third criterion was similarity of physical characteristics of the analogue and the object.

Based on the aforementioned criteria Analogs No 1 and 2 of Portions 1 and 2 were given 2.0 rating as they were actually sold, are close to the object and have similar physical characteristics.

The other analogs (except for Analog No11 of Portion 2) were given 1.0 rating. In all the cases the analogs are just a proposal. Analog No 11 of Portion 2 was given 1.5 rating as it is immediately adjacent to the object to be assessed and similar in size and shape. The correction of -5\$ was made because all the utilities (water and power supply, sewerage systems) were provided by the owner.

2. Finally, following prices have been derived for commercial and agricultural land plots on subsections km 10.5 – 14.5 and km 14.5 – 17.1

Table 3

| KP | Non-agricultural land plots | Agricultural land plots |
|-----------|-----------------------------|-------------------------|
| (km) | GEL | GEL |
| 10.5-14.5 | 20 | 16 |
| 14.5-17.1 | 33 | 29 |

3. **Buildings Valuation.** Buildings have been valued at replacement cost based on the direct and indirect costs at market value necessary for the construction of a comparable building i.e. what construction of a building of similar parameters would cost today. No deductions were made for amortization. The parameters for calculating the direct and indirect costs are the following as applicable to individual cases.

- a. Direct costs include:
 - (i) Construction' labor costs;
 - (ii) Purchase of construction materials;
 - (iii) Preparatory expenses;
 - (iv) Rent or purchase of equipment;
 - (v) Profit and overhead expenses of the constructing Contractor;
 - (vi) Expenses incurred to ensure safety measures during the construction/repair;
 - (vii) The cost of arranging temporary structures;
 - (viii) Temporary communications (electricity, water, gas supply etc.);
 - (ix) Warehouse costs;
 - (x) Transportation costs;
 - (xi) Other costs
- b. Indirect costs include:

- (i) Cost of professional services:
 1. Compensation of the architect/designer;
 2. Compensation for engineering services;
 3. Legal expenses;
 4. Compensation for valuator's services;
 5. Other expenses
- (ii) Expenses incurred to receive permits;
- (iii) Insurance costs;
- (iv) Financing %;
- (v) Guarantee necessary to secure the contract implementation by the contractor building the new building;
- (vi) Other expenses

4. **Compensations for Perennial Plants:** These items have been valued differently for wood trees; productive trees in production age and productive trees not yet productive.

A Seedlings: are not compensated but the owner receive compensation for transplanting costs.

B Fruit Trees in Productive Age: The value of these items has been defined according to the following parameters:

- 1) Product of the tree at the productive stage or age of the tree at the moment of cutting (which is defined by tables prepared by the consultants based on figures from the Department of Statistics of Georgia and recognized academic publications which detail the average productivity of a tree within intervals of 5 years) of the tree at the moment of cutting;
- 2) Average net value (deduced of inputs) of future produce lost at farm gate market price based on number of productive years from the year a tree is cut to the year when a tree will stop production), and;
- 3) Number of years needed to re-grow the tree at the productive stage (age) in which it was cut.

5. The valuation of the tree obtained will be discounted for: the value of yearly productive inputs (the future income to be compensated is virtual and therefore should not involve productive inputs costs). The formula to compensate one productive tree will thus be:

$$C = (K \cdot V \cdot L) - M$$

Where:

C=compensation value of tree.

K =average annual productivity of 1 tree for remaining productive years

V=market price at farm gate of 1 kg product

L =years to be compensated (years needed for growing up a tree of the same rate of productivity as the one cut.

M = average annual expenses for agricultural works

ANNEX C: INFORMATION LEAFLET

LAND ACQUISITION AND RESETTLEMENT PLAN (LARP)

THE MODERNIZATION OF TBILISI_RUSTAVI SECTION OF THE TBILISI-RED BRIDGE (AZERBAIJANI BORDER) ROAD

Section-3: Phonichala Settlement – Secondary Road for Section 3 (km 10.5 – 17.1)

A. INTRODUCTION

1. This leaflet summarizes/explains the content of the Land Acquisition and Resettlement Plan (LARP) prepared by the Municipal Development Fund of Georgia (MDF) to assess/plan the compensation of the Land Acquisition and Resettlement (LAR) impacts caused by the construction of Secondary road for section 3 (km 10.5 – 17.1) of the Tbilisi-Rustavi Road Modernization Project (the Project). The LARP is based on the prescriptions of the Safeguards Policy Statement 2009 (SPS) of the Asian Development Bank (ADB), which is the Project Financier with a multi-tranche Financial Facility (MFF) subdivided in 3 tranches. For general public information we note that ADB is also financing section 2 (km.4-10.5) and section 1 (km 0 - 4) of the same road. The LARP for section 1 is included in the same loan tranche as section 3 (tranche 2) and is currently in preparation. The LARP for section 2 will be prepared later when tranche 3 is initiated by MDF.

B. PLANNING/IMPLEMENTING THE COMPENSATION REHABILITATION PROGRAM FOR THE PROJECT

3. LARP preparation involved detailed measurement surveys of all impacts, a census of the APs and detailed valuation surveys to determine the replacement cost of all affected items. The LARP in Georgian has been disclosed on the MDF website and deposited for public consultation at the MDF office and at your Sacrebulo office. The LARP in English has been posted both on the ADB and the MDF websites. The text below summarizes the LARP's impacts assessment, compensation Policy and compensation procedures. .

C. RESETTLEMENT POLICY AND PRINCIPLES

4. Impact compensation will be carried out under the laws of Georgia, and the ADB APS. All AP will be compensated at replacement rate and receive adequate allowances according to severity of impacts and vulnerability status. LAR for the project is based on the following principles:

- (i) LAR impacts will be avoided or minimized through all viable alternative project designs;
- (ii) A scheduled action plan is to be planned/implemented to improve or at least reestablish the AP's pre-project living standards;
- (iii) The APs) will be consulted and their opinions will be considered in the project design and implementation;
- (iv) Loss of land and assets will be compensated at full replacement cost at the time of dispossession of land and assets;
- (v) Non-titled APs will be compensated for lost assets other than land and given a livelihood allowance in lieu of land compensation;
- (vi) All legalizable APs will be legalized and fully compensated for land losses;
- (vii) Vulnerable and severely affected APs will be provided special assistance;
- (viii) Land acquisition and resettlement policy and procedure will be disclosed to APs in local language;
- (ix) Compensation will be provided at least at the rates detailed in this LARP although some modification in excess will be possible during the discussions preceding the signing of the contract
- (x) payment of compensation, resettlement assistance and rehabilitation measures will be fully provided prior to the start of civil works construction; and
- (xi) Appropriate mechanisms will be established to solve APs grievances, if occurs.

D. COMPENSATION ELIGIBILITY AND ENTITLEMENTS

5. **Eligibility.** APs entitled to compensation or at least rehabilitation provisions under the Project are:

- (i) All APs losing land either with legal title or traditional land rights, legalizable, or without legal status;
- (ii) Tenants and sharecroppers whether registered or not;
- (iii) Owners of buildings, crops, plants, or other objects attached to the land; and
- (iv) APs losing business, income, and salaries.

6. In particular the eligibility to land compensation for this project has been elaborated as follows:

- Titled APs will be fully compensated
- Untitled APs who were legitimate leasers under the old Soviet system and have either plots with a house or adjacent to a plot with a house will be legalized and then compensated.
- Untitled APs who were not legitimate leasers under the old Soviet system and use/cultivate the land they occupy only extemporaneously will not be legalized nor compensated. They however, are still eligible for buildings, crops/trees or income compensation.

7. Compensation eligibility will be limited by a cut-off date to be set on the end-date of the impacts surveys (for this project the cut-off date is 20 September 2014). APs who settle in affected areas after this date will not be eligible for compensation. They however will be given sufficient advance notice to vacate and dismantle their affected premises before project implementation. Their dismantled structures materials will not be confiscated and they will not pay any fine or suffer any sanction.

8. **Entitlements.** The compensation provisions for the various items affected by the project are defined below in table 1.

Table 1. Entitlement and compensation matrix

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|-------------------------------------|---|--|--|
| Land | | | |
| Permanent loss of agricultural land | AH losing agricultural land regardless of impact severity | Owner with full registration | Cash compensation at replacement cost. |
| | | Legalizable Owner | These AP will be supported by the IA to obtain legalization and provided with cash compensation at replacement cost. |
| | | Informal settlers (APs with no registration/valid documentation and non legalizable) | One time self-relocation allowance in cash. The relocation allowance is not dependent on the number of AH members or land characteristics and is a fixed amount per family equal to 1 year of minimum subsistence income ¹⁰ . |
| Non-Agricultural Land | AH losing their commercial/residential land | Owner with full registration | Cash compensation at replacement cost. |
| | | Legalizable Owner | These APs will be legalized and provided with cash compensation at replacement cost. |
| | | Renter/Leaseholder | Rental allowances in cash equal to 3 months of leasing costs, according to leasing fees approved by the municipalities for leasing the land of such category. |

¹⁰ For this LARP the minimum subsistence income is calculated based on a 5 people family and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia (February 2015: 319 GEL x month). Source: http://www.geostat.ge/index.php?action=page&p_id=179&lang=eng

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|---|--|--|--|
| | | Informal settlers (APs with no registration or valid documentation and not legalizable). | One time self-relocation allowance in cash. The relocation allowance is not dependent on the amount of AH members or land characteristics and constitutes fixed amount per family equal to 1 year at minimum subsistence income. |
| Non-viable ("orphan" land) | Land that is affected partially but to such an extent that the remainder is not usable | Owner with full registration or legalizable owner (subject to legalization) | Subject to a request being lodged by the land owner to MDFG, orphan land may be compensated in full if the review of the request indicates that the remainder cannot be used economically, and/or is not accessible, and/or appropriate infrastructure is not available anymore. |
| Buildings and Structures | | | |
| Residential and non residential structures/assets | | All AHs regardless of their legal ownership/ registration status (including legalizable and Informal Settlers) | Full impact: Cash compensation for loss of building/ structures at full replacement costs free of depreciation and transaction costs Partial impact: compensation for repairs |
| Loss Of Community Infrastructure/Common Property Resources | | | |
| Loss of common property resources | Community/Public Assets | Community/Government | Reconstruction of the lost structure in consultation with community and restoration of their functions |
| Loss of Income and Livelihood | | | |
| Crops | Standing crops affected | All APs regardless of legal status (including legalizable and informal settlers) | Crop compensation in cash at market rate at gross crop value of expected harvest. |
| Trees | Trees affected | All APs regardless of legal status (including legalizable and informal settlers) | Cash compensation at market rate on the basis of type, age and productive value of the trees (according to methodology provided in Annex B). |
| Business/Employment | Business/employment loss | All APs regardless of legal status | Owner: (i). (permanent impact) cash indemnity of 1 year net income; and technical and administrative support from the RU to relocate the business in appropriate premises (ii) (temporary impact) cash indemnity of net income for months of business stoppage. Income will be calculated based on tax declaration or in its absence on minimum subsistence income. Permanent worker/employees: (i) indemnity for lost wages equal |

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|---|--|---|--|
| | | | to 3 months of minimum subsistence income AND (ii) support to business owner to relocate the business as quickly as possible (see above) AND (iii) support from RU to enrolment into existing livelihood restoration programmes such as business training and micro-credit |
| Allowances | | | |
| Severe Impacts | >10% land impact Physically displaced households Owners of businesses that have to interrupt activity permanently or temporarily | All severely affected AHs including informal settlers | Agricultural income: additional crop compensation covering 1 year yield from affected land. Other income: additional compensation for 3 months of minimum subsistence income. |
| Relocation/Shifting | Transport/transition costs | All AHs to be relocated | Assistance to identification of a suitable replacement dwelling Provision of an allowance of 319 GEL covering transport expenses and livelihood expenses for a 3 months transitional period. |
| Vulnerable People Allowances | | AHs below poverty line, households headed by women, disabled or elderly | Allowance equivalent to 3 months of minimum subsistence income and employment priority in project-related jobs |
| IDPs living in municipal or other housing | Support to relocation | Registered IDPs | Assistance to the identification of suitable municipal housing in cooperation with relevant authorities in charge of support to IDPs |
| Other Losses | | | |
| Temporary impacts during construction | This applies to impacts that are not of the construction contractor's responsibility, such as, for instance, temporary severance | All APs | Design measures have been taken to eliminate all predictable temporary impacts. If specific claims occur, they will be reviewed through the grievance mechanism, procedures and rates in this LARP will apply, and any compensation that would be warranted would be paid from the contingencies budget. |

| Type of Loss | Application | Definition of Affected Persons (APs) | Compensation Entitlements |
|-----------------------------|--|--------------------------------------|---|
| Damages during construction | This applies to damage caused by a construction contractor not complying with its contractual obligations and normal good practice, such as for example, the unintentional destruction of a tree situated in an uncompensated property | All APs | Compensation for such damages during construction is a Contractor responsibility. Compensation will be assessed and paid per procedures and rates in this LARP. |

* Minimum subsistence income to be calculated based on a 5 people family and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia at time of LARP approval

E. OTHER COMPENSATION AND ALLOWANCES

9. The Valuation methodology of trees, building/structure, business loss & employment loss and rate of allowances is well defined in the LARP. The Basic valuation principles for these assets are summarized below in table 3.,

Table 3: Non land assets valuation

| | |
|----------------------------|---|
| Fruit trees non productive | Based on inputs spent to grow the tree (variable) |
| Fruit trees productive | Based on future income x years to re-grow the tree (variable) |
| Buildings/structure | Based on replacement cost (materials, labor, transport(variable)) |
| Business loss | Cash compensation equivalent to 12 months' netcome |
| Employment loss | Cash compensation equivalent 3 months income |
| Allowances | As specified in the entitlements matrix |

F. COMPLAINTS AND GRIEVANCE REDRESS MECHANISM

10. In order to mitigate the possible disputes and conflicts during the LARP implementation process Grievance Redress Committee (GRC) will be established at self-local government levels (the complaints form has been attached below in Annex 1). The GRC shall comprise of the following members:

- Representative of MLARO
- Head, Department of Social Issues of the Municipality (Rayon)– Chairman;
- Representative of the Mayors and villages (Sacrebolu);
- Designated informal leader of project affected communities;
- Representative of permanently affected persons from each affected community; and
- Representative of local NGOs or local (rayon level) society, if available.

Table 3: Grievance Resolution Process

| Land/ Crops Compensation Issues |
|--|
| 1. First, complaints resolution will be attempted at village level with the involvement of village |

authorities, the assisting NGO and informal mediators.

2. If still unsettled, a grievance can then be lodged to the GRC. The AP will be invited by the GRC two weeks after the complaints had been filed to hear the case. Two days after the hearing the GRC will inform the AP whether the case is to be dismissed or whether recommendation has been made to MDFG for settling the case.

3. If after the GRC intervention no solution has been reached a grievance can be directly lodged to MLARO. The AP must lodge the complaint within 2 weeks after receiving response on the original complaint from the GRC and must produce documents supporting his/her claim. The MLARO will provide a response within 2 weeks of registering the complaint. The MLARO decision must be in compliance with this LARF provisions.

4. Should the grievance redress system fail to satisfy the AP, they can pursue further action by submitting their case to the appropriate court of law (Rayon Court). The implementing NGO may help the APs in this process.

G. SPECIAL RECOMMENDATIONS TO APS FOR LEGALIZATION OF LEGALIZABLE PLOTS

11. AP occupying affected plots that: a) are not owned by others or the State; b) were legitimately used by them under the old Soviet system; and c) have not been registered/properly registered under the privatization process may be legalized. The legalization process is ongoing and will be completed soon. Only after legalization these AP can be compensated. MDF and local governments in project areas are already assisting these APs by preparing accurate plot maps which will be provided to them. To efficiently assist these APs the Project requests their collaboration in ensuring that as soon as the documentation is available they register their land. This will avoid complications and delays in the delivery of compensation. To financially assist these APs the Project has included in the land compensation package also the land registration cost.

H. CONTACT INFORMATION

12. For any information and advice, please feel free to approach the following contacts:

MDF office 150 Agmashenebeli str., Tbilisi, Georgia

David Baidurashvili, Resettlement Specialist [e-mail: dbaidurashvili@mdf.org.ge phone: 5.95.900902

ANNEX 1: Complaints and Grievance Submission Form

| | |
|---|---|
| Achara # | |
| Name, Last name | |
| Contact Information Please indicate the preferable means of communication (Mail, Telephone, E-mail) | <input type="checkbox"/> Mail: Please indicate the postal address: _____ _____ _____ _____ 93. Telephone: _____ 94. E-mail: _____ |
| The language desirable for the communication | <input type="checkbox"/> Georgian <input type="checkbox"/> English <input type="checkbox"/> Russian |
| Describe the grievance/claim: What is the complaint about? What is the claim? | |
| | |
| Date of Negotiation: | Resolution of Negotiation: |
| | |
| What is the basis of your claim? | |
| Signature: _____ Date: _____ | |

ANNEX D: PROTOCOL OF PUBLIC CONSULTATION

PROTOCOL OF PUBLIC CONSULTATION

1. On September 22, 2014, a public discussion of the Resettlement Action Plan developed within the scope of project „Secondary Road for Section 3 of Tbilisi-Rustavi Road“ was held in Tbilisi, in the assembly hall of the Municipal Development Fund of Georgia.

2. The following representatives attended the consultation meeting:

1. David Tabidze – MDF, Head of Environmental and Resettlement Unit;
2. David Arsenishvili – MDF, Resettlement Specialist of Environmental and Resettlement Unit;
4. David Kakhishvili - Consulting Company “Dohwa”;
5. Irakli kavidadze – Resettlement Specialist of Consulting Company “Dohwa”;
6. Avto Okropiridze - Ltd “Atos”

3. **The first part of the presentation** was hosted by Mr. D. Tabidze – **Head of Environmental and Resettlement Unit of MDF**, who informed the public about the Project, institutions implementing and financing the project as well as about Work Timeline of the project.

4. **The second part of the presentation** was hosted by “Dochva” Resettlement Consultant – Irakli Kavidadze and representative of Audit Company “Atos”- Avto Okromchedlishvili. Mr. Chelidze presented the ADB’s Land Acquisition and Resettlement Policy and principles, in particular: land for construction of the new road will be acquired under the active laws in Georgia. However, additional requirements of the ADB will be met to ensure that all affected persons are compensated at the replacement costs and/or receive adequate allowances according to severity of impacts and vulnerability status. Experts also talked about compensation entitlements and documents for ownership rights, in particular: Land acquisition and resettlement tasks under the project will be implemented according to a compensation and entitlement matrix following the approved land acquisition and resettlement framework in compliance with active Georgian laws and ADB’s policy on involuntary resettlement. Experts also talked about Complaints and Grievance Redress Mechanism. A grievance mechanism will be available to allow an AP appealing any disagreeable decision, practice or activity arising from land or other assets compensation.

5. **The presentation was followed by a Q&A session.** The questions and comments of different participating parties were replied by the relevant experts of the project: The questions and answers are given in Table # 1.



Question-and-Answer session

| No. | Question/Comment | Author | Expert comment |
|-----|---|------------------|---|
| 1. | When the construction of secondary road will start? | Local Population | <p>The construction of road will start in summer of 2012.</p> <p>The process of Resettlement and compensation will start in Spring of 2012.</p> |
| 2. | What is the land compensation price? | Local Population | <p>At present the research/evaluation process of identification of market rate for land compensation is underway taking into account investors and government's interests. Evaluation methodology implies identification of market price on the basis of real negotiations related to the existing legal documents confirming ownership rights and acquisition of land plots. Final price will be identified when the representative of Municipal Development Fund will come to each affected landowner to sign the contract.</p> |
| 3. | In case when only part of the | Local population | The viability of the residual land |

| | | | |
|----|--|------------------|---|
| | whole land parcel is affected, is the residual land parcel subject for compensation? | | <p>parcel will be estimated by the independent auditor. In case of residual land parcel is considered unviable, the owner will be asked to make a choice: to get cash compensation for the residual land or to keep the land under the ownership.</p> <p>The auditing company will inform the Municipal Development Fund (MDF) of Georgia about this kind of cases and if it is confirmed that the residual land parcel is unviable, the Government will acquire this residual land parcel.</p> <p>Compensation for land is restricted and is possible only in that case when there is a land available in reserve.</p> |
| 4 | Will the secondary road have as asphalt pavement? | | As per the present project, the secondary road will have a ground surface. |
| 5 | <p>If the secondary road has a ground surface, the state of the land owners will deteriorate. At present, Tbilisi-Rustavi minibus runs adjacent to our plots and their drivers stop their vehicles for us right at the entrances of our plots. As per the project, this road is going to be an express one in the future, the minibuses will be unable to stop along it. In addition, if the secondary road is going to be a ground one, the minibus drivers will refuse to divert from the central road to take us to our plots. Therefore, the plot owners will have to walk several hundreds of metres or even a kilometre to their plots. So, this fact must be considered and asphaltting of the secondary road is to be planned.</p> | | We will inform the management about your wish and will try to obtain additional funds to comply it. |
| 6. | If AP would not like to sell the land plot what will happen in this case? | Local population | There is Eminent Domain Law in place, according to this law, based on court decision, the landowner will receive fair compensation and land will become property of State in |

| | | | |
|-----|--|------------------|---|
| | | | accordance with expropriation rules defined in Eminent Domain Law. AP may request allocation of similar land plot instead of getting cash compensation (if it is possible). |
| 7. | How the long-term trees/plants will be compensated? | Local population | Compensation value of long-term trees/plants will be defined according to the cash compensation at market rate on the basis of type, age and productive value of the trees. |
| 8. | Does the project envisage bringing the water or gas pipes to the land plots? Formally, no water or gas was supplied to the plots, but almost all plot owners were connected to the central water- and gas-supply system. | | The project does not envisage the construction of such an infrastructure, but in this case too, we will bring this question to the attention of the MDF management. |
| 9. | We are interested if any kind of compensation/allowances for vulnerable people is envisaged by the project. | Local population | If AHs receive Governments subsidies, or have status of the family, which is “under the poverty line”, or headed by the single-mother, etc, and there are official information/documents related to the above-mentioned status, all these persons will receive additional allowances. |
| 10. | How many people will be employed during the road construction process? | Local population | During the construction period in tender documents the employment of local population will be taken into account (it concerns both qualified and non-qualified employees). But first of all priority will be given to the vulnerable people which also will be reflected in tender documents. |

თბილისი-რუსთავის მეორადი გზის მშენებლობის პროექტი

Tbilisi- Rustavi Recondary Road Construction Project

საჯარო კონსულტაციები/Public Consultations

საჯარო კონსულტაციების დამსწრეთა სია/ List of participants of the public consultation meetings

4- სექტემბერი/September, 2014

| № | სახელი, გვარი/Name | რაიონი,სოფელი/ Region, village | ტელ/მობ: Tel/Mob: | ხელმოწერა/ Signature |
|-----|---------------------|-----------------------------------|------------------------------|-------------------------|
| 1. | ნუგზელი ნახაძე | ფონიჭალა | 577-72-38-93 594-38-87-60 | |
| 2. | ზვიად ქახევიძე | ფონიჭალა | 555-73-90-18 599-10-13-04 | |
| 3. | აბრამი ჯიქია | ვანიჭალა | 595900091 | |
| 4. | კობი ვილიძე | რუსთა | 599605046 | |
| 5. | "ქსე, 'ინვესტიკა' " | ხუბარა | 591110521 591260260 | |
| 6. | ვაჟა მარჯანი | ფონიჭალა | 597121412 | |
| 7. | გიორგი მარჯანი | ხუბარა | 599-57-51-53 | |
| 8. | ქეთევან მარჯანი | ხუბარა | 594-29-2000 | |
| 9. | ქეთევან მარჯანი | ხუბარა | 571-55-65-61 | |
| 10. | ნუგზელი ნახაძე | ფონიჭალა | 555-40-40-94 | |
| 11. | ხიმინი ქახევიძე | ფონიჭალა | 555-91-39-79 | |
| 12. | თეოდორე მარჯანი | ფონიჭალა | 5-907 179930 | |

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| 13 | Լուկա Արևիկ | զմեռի քաղաք | 579733907 | Արևիկ |
| 14 | Ժոն Բարսեղյան | զմեռի քաղաք | 599-468154 | Բարսեղ |
| 15 | Համբարձումյան | Վանաձոր-Կապույտ Ձոր | 595117725 | Հ. Համբարձումյան |
| 16 | Արմեն Բաբայան | զմեռի քաղաք | 571121122 | |
| 17 | Համբարձումյան | զմեռի քաղաք | 5689590 98 | Հ. Հ. |
| 18 | Զարգարյան | Հոյնի քաղաք 2-17-59900 | 59597 8899 | Զ. Հ. |
| 19 | Կարեն Բաբայան | զմեռի քաղաք | 597989417 | Կ. Հ. |
| 20 | Գրիգոր Բաբայան | զմեռի քաղաք | 593334063 | Գրիգոր |
| 21 | Կարեն Բաբայան | զմեռի քաղաք | 599220045 | Կ. Հ. |
| 22 | Զեյնեդինյան | զմեռի քաղաք | 599-555-943 | Զ. Հ. |
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