

**MINISTRY OF INFRASTRUCTURE
OF GEORGIA**

ROADS DEPARTMENT OF GEORGIA



BATUMI-SARPI ROAD PROJECT

LAND ACQUISITION AND RESETTLEMENT PLAN

July 2025

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List of Abbreviations

ADB	– Asian Development Bank
AH	– Affected Household
AP	– Affected Person
AR	– Adjara Republic
CBO	– Community Based Organization
CSC	– Construction Supervision Consultant
DMS	– Detailed Measurement Survey
EMA	– External Monitoring Agency
GoG	– Government of Georgia
GRC	– Grievance Redress Committee
GRM	Grievance Redress Mechanism
IA	– Implementing Agency
IP	– Indigenous Peoples
km	– Kilometer
LAR	– Land Acquisition and Resettlement
LARC	– Land Acquisition and Resettlement Commission
LARF	– Land Acquisition and Resettlement Framework
LARP	– Land Acquisition and Resettlement Plan
M&E	– Monitoring and Evaluation
MFF	– Multitranches Financing Facility
MoESD	– Ministry of Economy and Sustainable Development
MOF	– Ministry of Finance
MPR	– Monthly Progress Report
MRDI	– Ministry of Regional Development and Infrastructure
NAPR	– National Agency of Public Registry
NGO	– Non-Governmental Organization
OHL	– Overhead Transmission Line
PFR	– Periodic Financing Request
PPR	– Project Progress Report
PPTA	– Project Preparatory Technical Assistance
PRRC	– Property Rights Recognition Commission
RD	– Roads Department
RDMI	– Roads Department of the Ministry of Infrastructure of Georgia
RDRD	– Resettlement Division of Road Department
RoW	– Right of Way
RU	– Resettlement Unit
SES	– Socioeconomic Survey
SPS	– Safeguard Policy Statement 2009
TRRC	– Transport Reform and Rehabilitation Centre

NOTE

In this report, “\$” refers to US dollars.

Glossary

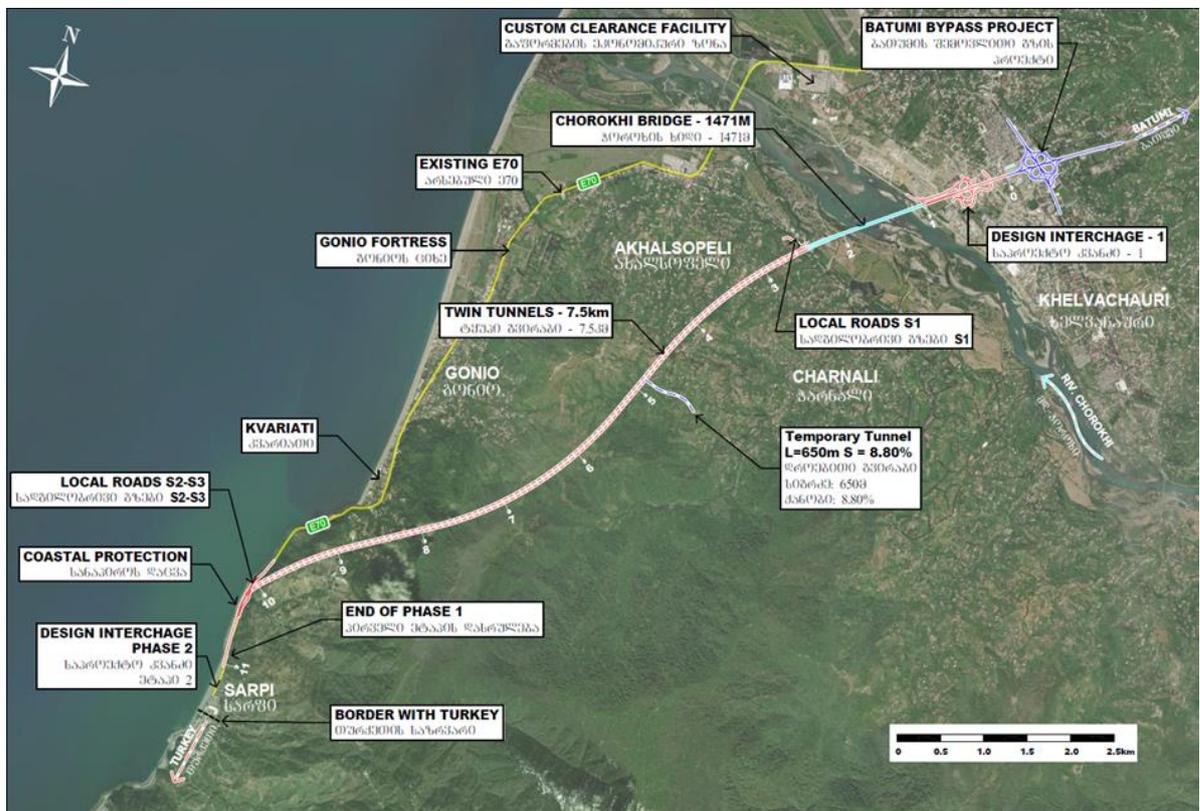
Affected Household (AH)	All members of a household residing under one roof and operating as a single economic unit are adversely affected by the Project. It may consist of a single nuclear family or an extended family group.
Affected People (AP)	Individuals affected by Project-related impacts.
Eligibility	Means any person(s) who at the Cut-off-date was located within the area affected by the project, its subcomponents, or other subproject parts thereof, and are affected by the project. Eligibility is irrespective of (a) formal legal rights to land, (b) customary claim to land or asset or (c) no recognizable legal right or claim to the land APs are occupying.
Entitlement	Means the range of measures comprising monetary or kind compensation, relocation cost, rehabilitation assistance, transfer assistance, income substitution, and relocation which are due to APs, depending on the type, degree, and nature of their losses, to restore their social and economic base.
Servitude	A Servitude is the right held by the Government of Georgia and granted by landowners to access and use occasionally, at one time, and indefinitely the future, the strips of land necessary to install, operate, maintain, and repair overhead and underground transmission lines. This right implies that the Government can access this land occasionally, and therefore may have implication on the use of land (land use restrictions) by the landowners. For example, it will not be possible to build a structure on a piece of land included in a servitude for the overhead line or an underground cable, because it may be necessary to access this overhead line or underground cable for maintenance purposes.
Land Acquisition	Means the process whereby a person is compelled by the Government through the Executing Agency of the Project to alienate all or part of the land s/he owns or possesses in favour of the State due to the implementation of the Project or any of its components in return for consideration.
Replacement Cost	Means the method of valuing assets to replace the loss is based on the following elements: : (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any , s. Where national law does not meet this standard the replacement cost will be supplemented, as necessary. Replacement cost is based on current market value (the valuation of land and assets will be updated if the resettlement procedures (notification of compensation offer) are delayed for more than 12 months). In the absence of functioning markets, a compensation structure is required that enables affected people to restore their livelihoods to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access. For loss that cannot easily be valued or compensated for in monetary terms (e.g., access to public services, customers, and supplies; or to fishing, grazing, or forest areas), attempts are made to establish access to equivalent and culturally acceptable resources and earning opportunities.
Rehabilitation	Means the measures required to (i) restore access to public facilities, infrastructure, and services; (ii) cultural property and common property resources; (iii) mitigate loss of access to cultural sites, public services, water resources, grazing, or forest resources including establishment of access to equivalent and culturally acceptable resources and income-earning opportunities; and, (iv) restore the economic and social base of APs affected by the loss of assets, incomes, and employment. All such people will be entitled to rehabilitation assistance measures for restoring incomes

	and living standards. Such measures must be determined in consultation with APs, including any APs whose rights might not be formally recognized.
Involuntary Resettlement	Means full or partial, permanent, or temporary physical displacement (relocation, loss of residential land/ or shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to parks and protected areas. The definition applies to impacts experienced, regardless of whether it involves actual relocation.
Land Acquisition and Resettlement Plan	Means the time-bound action plan prepared to compensate and/or mitigate the impacts of resettlement.
Relocation	Means the physical shifting of APs from his/her pre-project place or residence, place for work or business premises.
Sakrebulo	This is the representative body of local self-government. The middle level of local government consists of 67 municipalities and six cities in Georgia: Tbilisi, Kutaisi, Rustavi, Poti, Batumi, and Sukhumi. The representative branch of municipality level is the municipality level Local Councils (Municipality Sakrebulo), and the executive branch is the Representative of the Mayor of the municipality in the administrative unit. The self-government level consists of settlements (self-governed cities) or groups of settlements (municipalities). Settlements could be villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The representative and executive branches of self- government are represented accordingly by Local Council (Sakrebulo) and the Representative of the Mayor of the municipality in the administrative unit. The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.
Severely Affected Household	Include those AHs (i) losing 10% or more of their land or other income generating assets, (ii) physically displaced HH and (iii) households losing commercial/business establishments.
Informal Settlers	Non-legalizable AHs losing the affected land plot/asset used without title/right registration, for living and/or provision of source of income for the AH.
Vulnerable Households	Particularly disadvantaged Households who might suffer disproportionately or face the risk of being marginalized from the effects of land acquisition and resettlement. These are (i) female-headed households with and/or without dependents; (ii) disabled household heads; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure; (vi) Ethnic minorities; and (vii) refugees or internally displaced people.
Monthly subsistence allowance	Substance for average consumer x2.25, based on information provided by www.geostat.ge annually, last update was available in December 2024 which was applied for this LARP.

1. GENERAL INFORMATION

1. The Contract for the Preparation of Feasibility Study, Detailed Engineering Design, Environmental Impact Assessment (EIA), implementation-ready Land Acquisition and Resettlement Plan (LARP), and Bidding Documents for construction of Batumi Bypass-Sarpi (Border of Turkey) Selection of International E-70 Road was awarded to the JV SPEA/IRD in October 2017 financed by ADB TA-9814 and is aimed to provide design and tender documents for the construction of the road from Batumi to Georgian/Turkish border in Sarpi, as a part of the larger network connecting the Georgian hubs of Batumi, Anaklia Port, Tbilisi with CARECA countries eastward, northward, Turkey southward and EU westward.
2. The Draft Feasibility Study was submitted in September 2018 and the review process ended in September 2019 with the submission of the Final Report of Activity 1 Feasibility Study and proposed four alignment alternatives. The detailed design was finalized for the selected design alternative in February 2024, this LARP is prepared based on the final detailed design.
3. The existing road is 14.5 km long and passes through the villages of Agvia, Gonio and Kvriati, providing access to the Emerald Site of Chorokhi Estuary and to some of the most appreciated beaches of Georgian Black Sea shore with the relevant touristic services. The new road will relief the existing one from heavy and cross-through traffic, providing the due condition for developing the economic potential of the area. Similarly, the chosen alignment avoids any impact to the pristine beauty of the neighbouring Charnali River valley.
4. The chosen alignment connects the Batumi Bay-pass (interchange) with Sarpi (Border service area) on a total length of 11 km, out of which 10.2 km completely build new, while the most southern 0.8 km overlap the existing E70.
5. For the implementation of the Project, Government of Georgia seeking ADB's loan financing in amount of 360 mln USD.

Figure 1. Situation Map



6. The main components of the new road under the Project are:
- the composite steel concrete bridge crossing Chorokhi River (1.45 km long)
 - the single tube bi-directional tunnel (7.6 km long), with portals in Agvia and St. Andrews
 - the rearrangement of the road at St. Andrew tunnel portal
1.2 km road from Batumi by-pass interchange to the northern edge of the bridge and from its southern end to Agvia tunnel portal
 - St. Andrew interchange
 - Pre border service area on the right bank of Chorokhi River
7. The detailed design is complemented by JV SPEA/IRD. In the design it is considered that, while the most Southern and northern 1.2 km will remain unchanged, the bridge and the tunnel will be doubled in a second phase (one more tunnel and bridge will be constructed for second phase) planned for year 2038, contingent to actual traffic growth, so to have two parallel carriageway each one hosting two monodirectional lines. While ADB financed project scope will cover the construction of the road (and associated components) designed for Phase 1 only, this current LARP is developed considering the land acquisition and resettlement boundaries of final design for both phase 1 and phase 2.
8. The road carriageway is 11 m wide, with two 3.75m wide lanes and 1.75 m shoulders on both sides and 0.50 m central reserve, with min horizontal radius of 350 m and maximum vertical gradient 3.0%, suitable for a design speed of 80 km/h (TEM).
9. The layout of the bridge consists of 25, 63 and 42.5m long spans,. The Steel deck leans on 24 piers, 10-12m high on average.
10. The tunnel is 155 m² wide with overburden varying from 15m to greater than 200m, with an escapeway below the pavement, emergency exits every 500 m, 3 ventilation shafts and a about 650m long and 40m² wide, lateral adit tunnel.
11. The projects impact will extend to various existing facilities such as internet lines, gas pipelines, and electrical transmission lines. The relocation of these utilities is integrated into the LARP buffer, with most being situated alongside the road to minimize additional impact on land plots. However, only the "Charnali 35" transmission line will have an additional impact on private property at interchange area and relevant impact assessment and compensation amounts are included in the LARP.
12. In line with the Ordinance No. 366 of the Government of Georgia dated December 24, 2013, "On the Rules for the Protection of Linear Structures of Electric Networks and Establishing their Protection Zones" and with the consent of the owner of the utility, the design of the reallocation of the powerlines was elaborated to the project. According to the above-mentioned regulation, real estate in the protection zone of the electric network was subjected to acquisition or servitude. Namely, the subject of impact of servitude is following area in the protected zone for 35kw. transmission lines: land plot and air space along the overhead power line, bounded by vertical planes that are separated from the unbent side wires on both sides of the line by the distance of 15 meters. In the areas of perennials, the width of corridors for overhead transmission lines is determined up to 4 meters tall - distance between side wires plus three meters on both sides. above mentioned corridors are not required in orchards (green plantings) up to 4 meters height. The described corridor of impact and land use restrictions (servitude) were assessed in this LARP according to Georgian Regulations, namely based on the ordinance N366.
13. The scope of project impact extends to the areas situated above the tunnel. In accordance with the Government of Georgia's Resolution No. 257, Chapter XI, Article 38, Paragraph 5¹: "In the case of construction of a tunnel (including a hydroelectric power plant's derivation tunnel) or other underground structure (except for open construction) at a depth of no less than 25 meters from the ground surface or the base of a building/structure (if such exists), a permit is issued without the need

¹ https://www.gov.ge/files/525_72139_587152_257.pdf

for proof of ownership/use of the land plot(s). Therefore, when the depth of an underground structure is less than 25 meters, ownership or usage rights of the corresponding land parcel(s) are required". This approach is applicable for this LARP and taken into account during the inventory and census. In instances where only agricultural land parcels are affected, servitude agreements will be employed, in such cases there is no restriction/impact on assets (trees, fences, crops) either existing or future. However, in cases involving land parcels with existing buildings (both residential and non-residential), land acquisition procedures will be implemented and appropriate compensation will be provided. .

1.1 LAR-Related Project Processing Conditionalities

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

1. Loan Signing: conditional on approval of this implementation ready LARP by ADB, and the Government of Georgia and its disclosure.

2. Notice for proceed to contract conditional on:

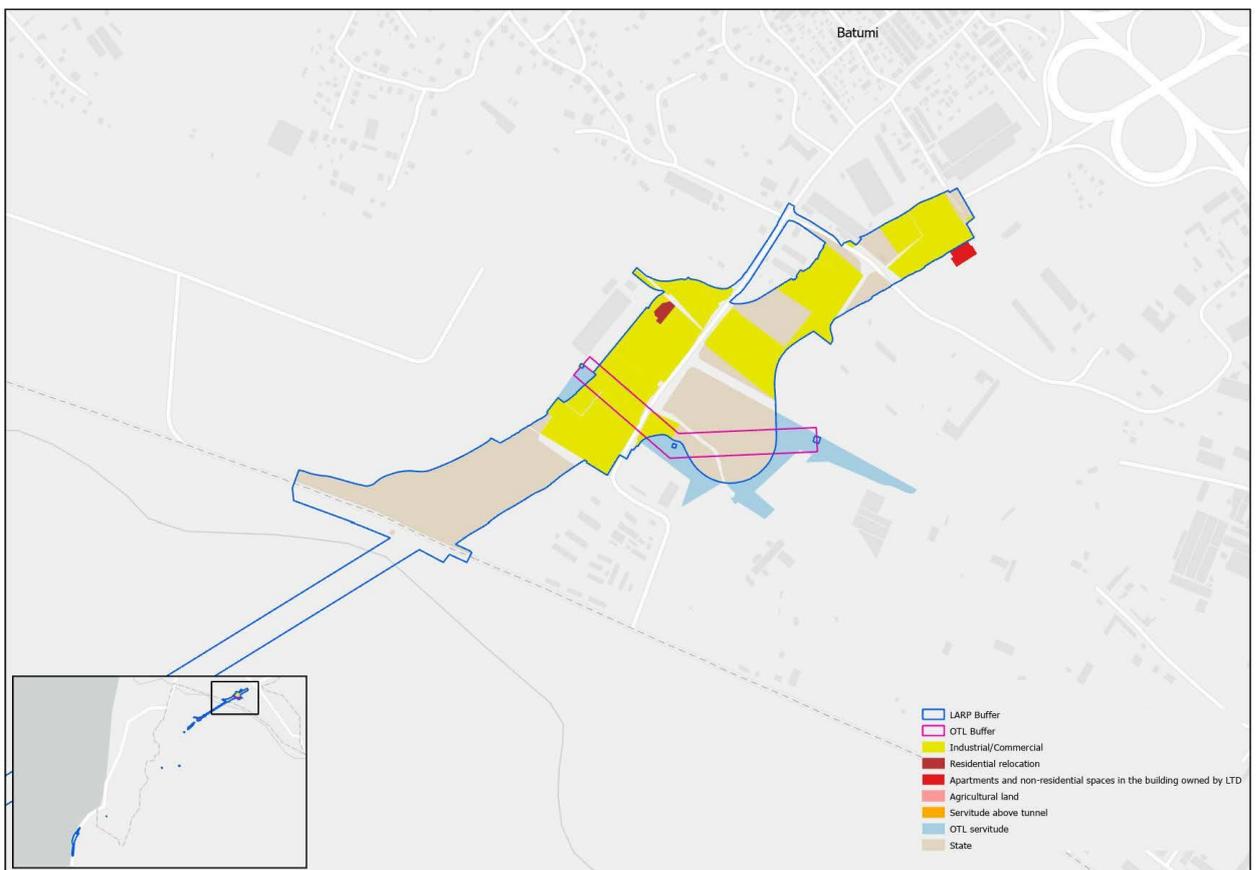
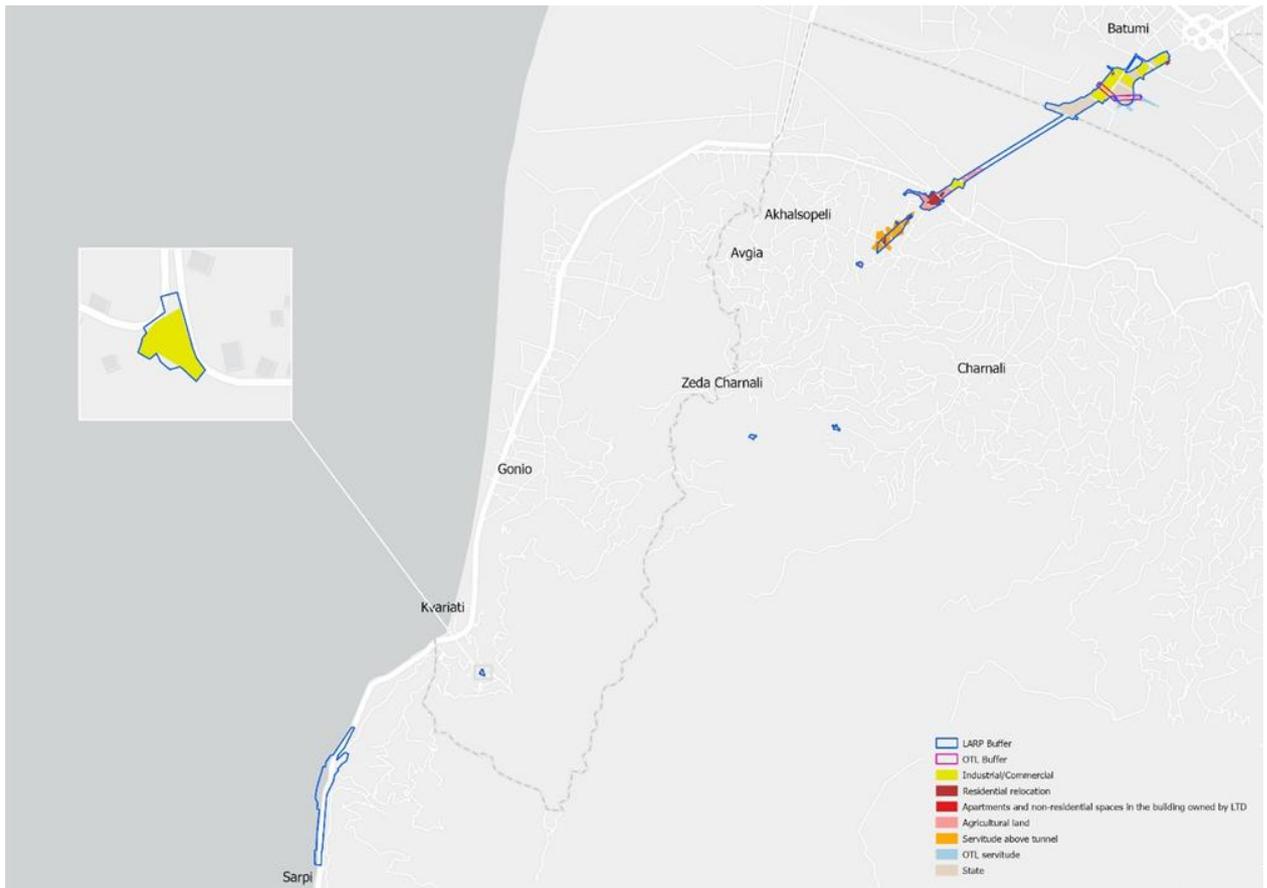
1. The full and sectional implementation (whichever applicable) of the final LARP with the full satisfaction of RD and ADB;
2. The execution of due-diligence for disposal areas, construction camps and access roads, or design changes (if any) and if necessary, the preparation and implementation of the LARP Addendum acceptable for RD and ADB, and
3. The preparation of an independent compliance report (CRs) by external monitor approved by ADB.

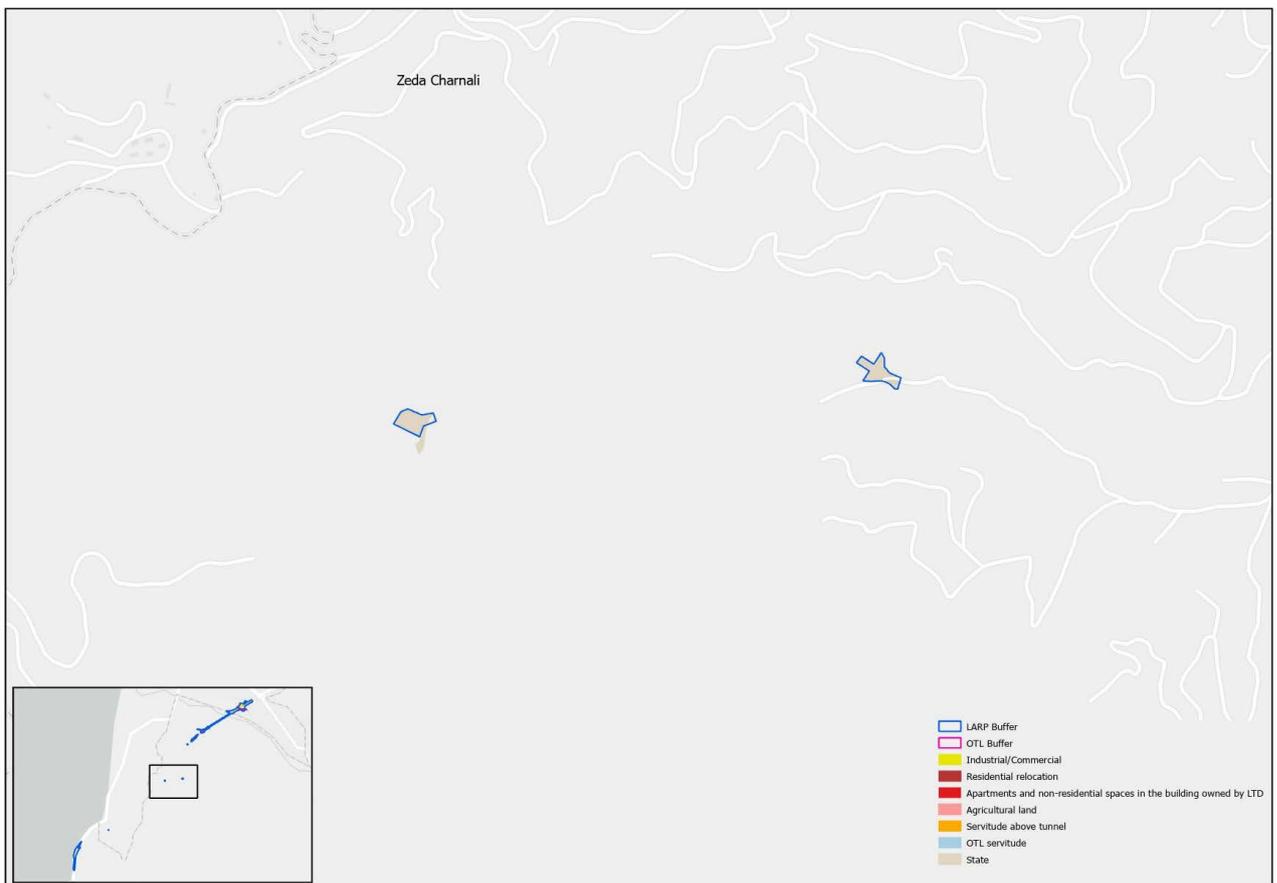
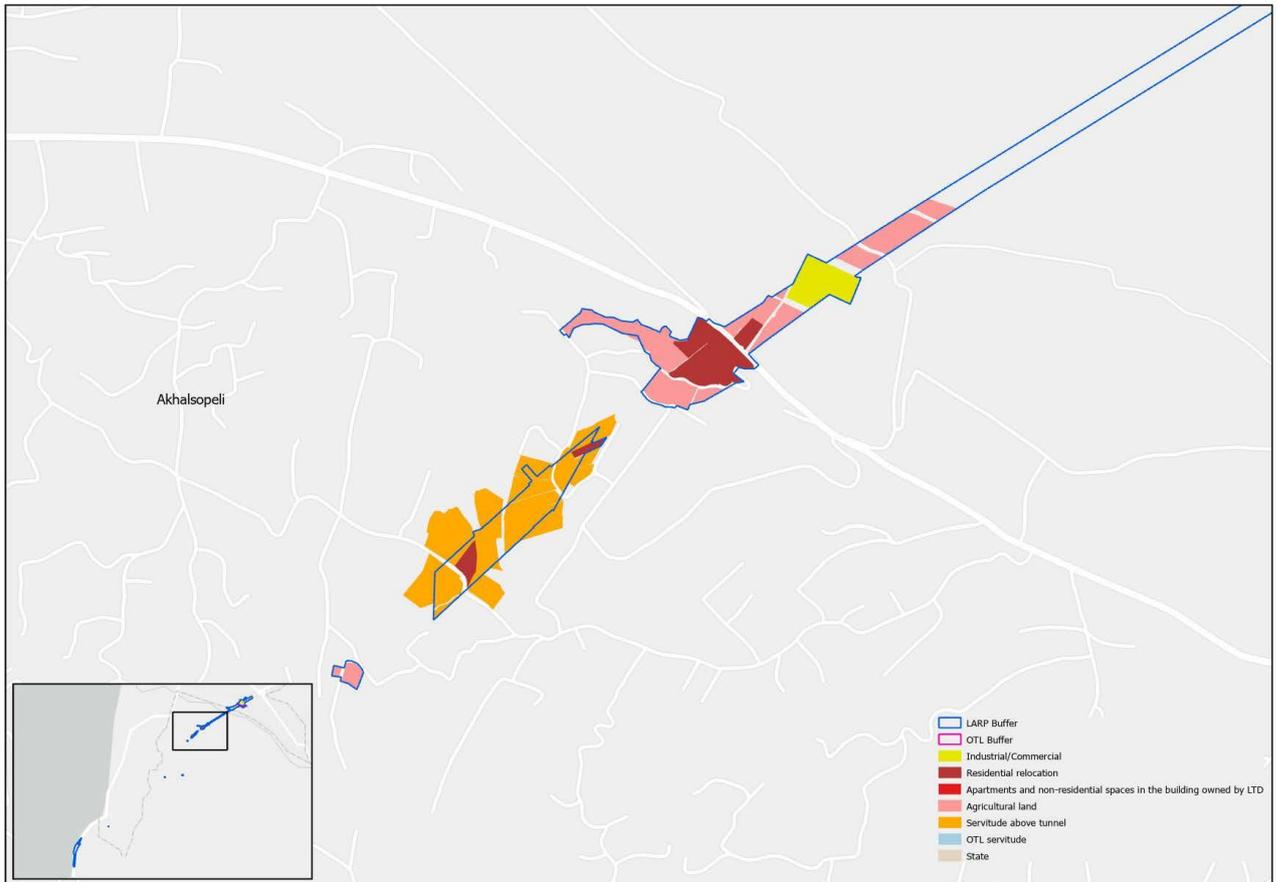
15. Information about LAR impacts per sections and sectional implementation approach is described in Table 1 and situation maps are attached as Annex 13.

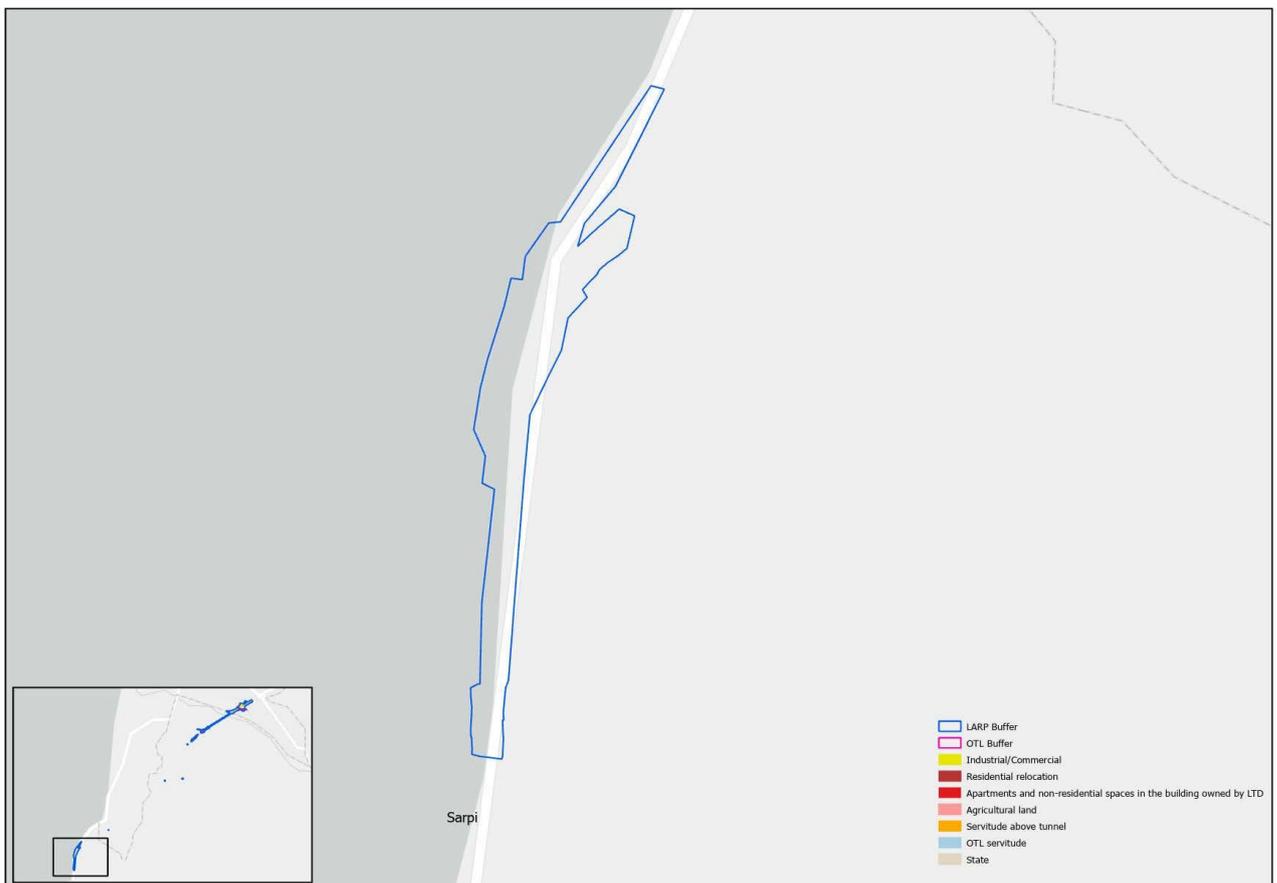
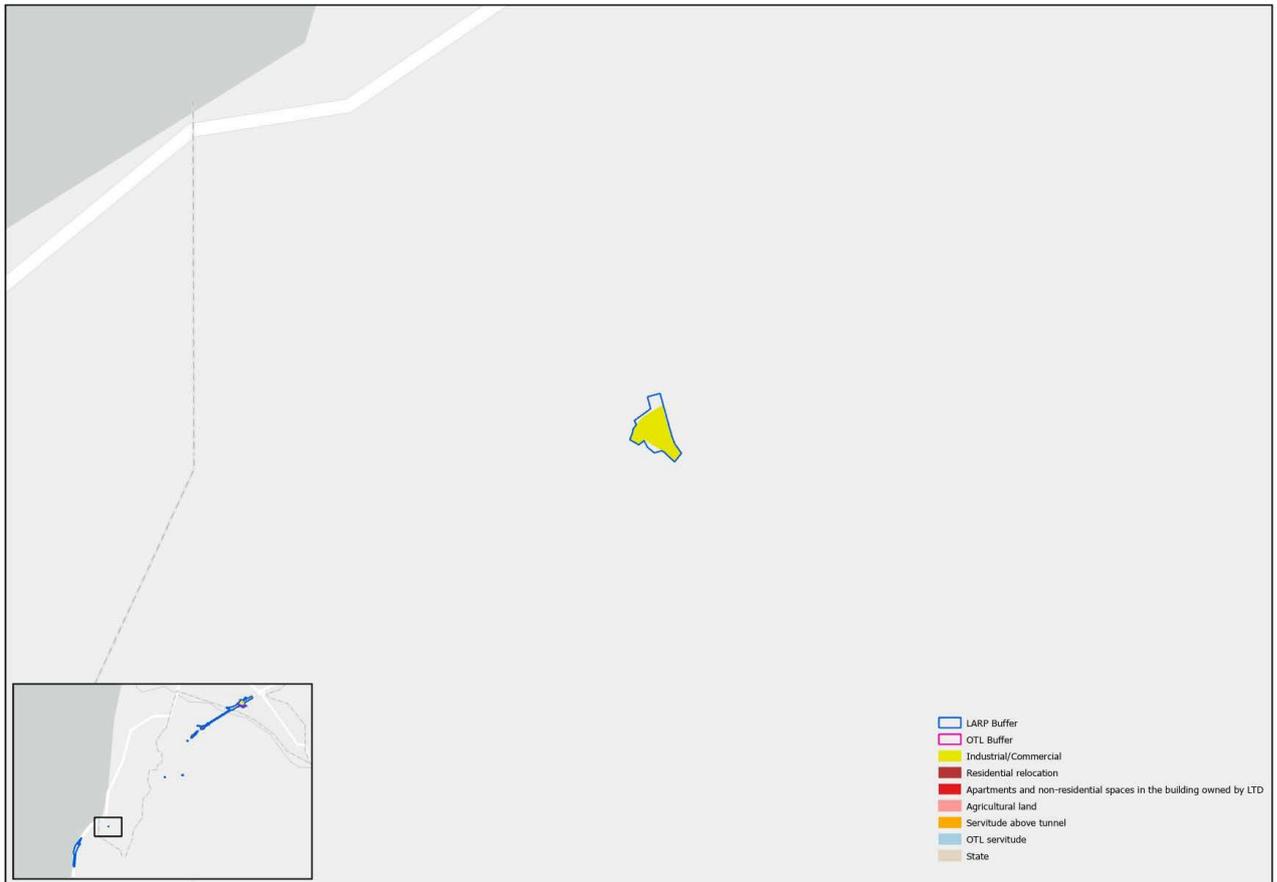
Table 1 Sectional LARP implementation approach

N	Section	Length	Action	Estimated Timeline
1	km1.000 - km2.200	1.200 km	This section (bridge over the Chorokhi river) has no resettlement impact, therefore will be handover for construction without CR	Immediately after the civil works contract signing.
2	km 8.700 – km 11.000	2.200km	This section (endpoint on the Black Sea side) has no resettlement impact, therefore will be handover for construction without CR	Immediately after the civil works contract signing.
3	km 0.000 -km1.000	1.000 km	This section (interchange) is under the resettlement impact, therefore will be handover for construction after the preparation of the CR and approval.	3 months after the civil works contract signing.
4	km2.000 -km8.700	6.700 km	This section (above tunnel and tunnel portal) is under the resettlement impact, therefore will be handover for construction after the preparation of the CR and approval.	6 months after the civil works contract signing

Figure 2 Impact per Project components







2. Census and Impact Assessment

16. The baseline information on Project impacts was gathered and the AHs/APs were identified/quantified during intensive survey and inventorying activities in the field which started on March 15, 2025, and ended on April 30, 2025.² The start of the Census and Detailed Measurement Survey (DMS) (15 March 2025) was established as a compensation eligibility Cut-off-date for the Project and disclosed during the public consultations.

17. Following a preliminary identification of the impacts based on a survey of existing cadastral maps, the LARP preparation team initiated a DMS in the field. In the course of the implementation of the DMS each affected plot and asset was measured anew. The data obtained through the preliminary cadastral survey was updated and corrected based on the DMS measurements.

18. All affected assets were valued by an accredited valuator, in parallel with the DMS activities. Land was valued using a comparative market approach for each type of land and market value and location of other lands. Buildings were valued at full replacement cost (without deduction of depreciation and salvaged materials) based on the cost and transport of materials, labor and construction taxes and fees following SPS requirements.

2.1 Impacts Assessment

19. Based on DMS Project will adversely impact 22.05 hectares of land along the project road (6.7 ha agricultural and 15.35 ha non-agricultural) of 136 land plots; of these, 117 are privately owned or used by 63 affected households (AHs) (332 APs). The Project permanently affects 14 residential and 69 non-residential structures, resulting in the physical relocation of 14 affected households and permanent impact on 21 businesses (21 AHs/16 APs) and 199 employment (177 AHs/874 APs). The Project will severely impact 62 AHs (314 APs) and 6 vulnerable AHs (23 APs).

Table 2. Impact summary per Impact type

N	Impacts	Quantity	m ² / Im	No. of AHs	No. of APs	Remarks
A. Affected Land by Ownership status						
1	Private	117	163,561	63	332	
2	State	13	10,528	0	0	
3	Municipal	6	46,458	0	0	
	Sub Total (without double counting)	136	220,547	63	332	
B. Land by type of use						
4	Agricultural	67	52175	41	178	6 AHs from section B have more than one type of land.
5	Non-Agricultural	60	153528	19	112	
6	Residential	9	14844	9	42	
	Sub Total (without double counting)	136	220,547	63	332	All AHs in section B are included in section A.
C. Agricultural Patterns						
7	Annual crops		70	1	5	1 AH has has both trees and crops
8	Affected Trees	3,594		36	183	
	Sub Total (without double counting)	3,594	70	36	183	All AHs in section C are included in section A.
D. Affected Structures						
9	Residential houses	9	1,951	9	47	All AHs in section A

² Original data collection was conducted in 2023, and it was updated in 2025.

N	Impacts	Quantity	m ² / lm	No. of AHs	No. of APs	Remarks
10	Apartments and non-residential spaces in the building owned by LTD	10	909	10	40	
11	Commercial/Administrative Buildings	27	11,310	12	73	All AHs in section A
12	Auxiliary buildings	37	1634.67	18	104	All AHs in section A
13	Gates and fences	291	3,955	39	202	All AHs in section A
14	Compensation for equipment relocation, improvement of yard and technical conditions	45		30	173	All but 2 AHs are included in section A
	Sub Total (without double counting)	374		63	323	All but 12 AHs are included in section A
E. Business and Income						
15	Business loss	21		16	107	All AHs are included in section A
16	Employment loss	199		177	874	
	Sub Total (without double counting)	220		193	981	16 AHs are included in section A
F. Affected Households						
17	Severely affected Households			62	314	
18	Vulnerable Households			6	23	3 AHs is included in F.17
19	Relocated businesses			16	107	All AHs is included in F.17
20	Relocated households			14	60	All AHs is included in F.17
	Sub Total (without double counting)			64	320	All households are included in Section A, D or E
21	Total AHs and APs (without double counting)			252	1253	

2.2 Impact on Land

20. The project will permanently affect both agricultural and non-agricultural lands. A total of 135 plots of land will be affected. Of these, 115 plots are private and 14 are owned by state while 6 are municipal-owned.

21. As noted above, land plots located above the tunnel (except those used as household plots) will be subject of servitude in accordance with the Government of Georgia Resolution No. 257, Chapter XI, Article 38. Additionally, plots that fall under the impact zone of the power transmission line will be subject to a servitude agreement. 3 privately-owned land plots affected by the transmission line will be subject to both acquisition and servitude: a portion of each plot will be acquired, while the remainder will be placed under servitude (see table 3). Two state land also fall under both impact categories.

Table 3 Servitude and associated land use restriction

Project component	Referenced regulation	Servitude requirements	Permanent land acquisition requirements	Land use restriction
Tunnel construction (155 sq.m wide)	Government of Georgia Resolution No. 257, Chapter XI, Article 38	Servitude on 18309sq.m land. When the depth of an underground structure is less than 25 meters, ownership or usage rights of the corresponding land parcel(s) are required	Residential land/structures	In instances where only agricultural land parcels are affected, servitude agreements will be employed. Under these agreements, existing assets (e.g., trees, fences, crops) remain in place and may continue to be used; however, new building construction within the servitude area will be restricted. However, in cases involving land parcels with existing buildings (both residential and non-residential), land acquisition is required. There are no vacant residential lands (i.e., residential land parcels without existing buildings, but intended for future residential construction.) under the impact.
TL of 35 KV (0.839km)	Ordinance No. 366 of the Government of Georgia	Protection zone for 35kw transmission line is 15 meters from side wires on each side. Under the protection zone 1620 sq.m land will be subject of servitude.	168 sq.m land will be subject of acquisition for TL towers.	Restricted in protected zone: a) any type of construction, installation, reconstruction, or explosive work. b) planting of trees, building of fences, animal shelters, food, and fertilizer warehouses, etc.

22. Detailed information about land impact by type of the land and ownership is presented in Table 4.

Table 4. Impact on land

Land type by use	Registered		Land under actual possession		Total	
	m ²	No of plots	m ²	No of plots	m ²	No of plots
Acquisition Agricultural	23,605	27	21,942	22	45,547	49
Acquisition Non-Agricultural	95,930	35	2,155	10	98,085	45
Sub Total	119,535	62	24,097	32	143,632	94
Servitude Agricultural	12,901	15	5,408	8	18,309	23
Servitude Non-Agricultural	1,620	3	0	0	1,620	3
Sub Total	14,521	18	5,408	8	19,929	26
State Owned Land	10,528	13	0	0	10,528	13
Servitude on State Land	0	0	0	0	0	0
Municipal	46,458	6	0	0	46,458	6
Sub Total	56,986	19	0	0	56,986	19
Total	191,042	99	29,505	40	220,547	136³

³ 3 Non-Agricultural land plots are under both acquisition and servitude , therefore they were included only once in total number to avoid double counting.

2.3 Impact on Crops

23. The Project will affect 70 m² of cropped land owned/used by 1AH, land plot will be fully acquired. This total planted area is subdivided by crop presented in Table 5.

Table 5. Impact on crops

Type of crops	Area (m ²)	N of land plots	Number of AHs
Potato	30	1*	1
Pkhali	15		
Bean	15		
Herbs	10		
Total	70	1 (without double counting)	1 (without double counting)

Note: Annual crops are present on only one parcel.

2.4 Impact on Trees

24. The inventory identified 3,594 trees—3,139 fruit-bearing and 455 decorative—affected by permanent land acquisition under private ownership, while no trees will be impacted by servitude. There will not be tree planting restriction on land plots due to servitude of TL as no orchard type land plots with 4m height are affected and in case of tunnel the servitude will not restrict tree planting in the area.

25. There are no identified not-fruit bearing timber trees within the project-affected area used by local residents as firewood. In case of such impacts during the project implementation/construction, these trees will be cut by the Contractor prior to the commencement of construction and handed over to the respective landowners or users for use as firewood or material.⁴ The Table 6 below shows type and age of affected trees.

Table 6 Impact on trees due to the impact of land acquisition

No	Tree Type	Sapling	Young tree	Mature Tree	Total Quantity	Number of AHs
1	Lemon	6	3	21	30	6
2	Apple	0	4	17	21	10
3	Laurel	0	0	7	7	5
4	Walnut	506	113	50	669	23
5	Mandarin	0	0	759	759	14
6	Hovenia	0	1	3	4	3
7	Fig	0	4	24	28	14
8	Persimmon	0	15	98	113	15
9	Hawthorn	0	0	0	0	0
10	Medlar	0	2	23	25	13
11	Kiwi	0	11	20	31	6
13	Plum	50	1	36	87	7
14	Cherry Plum	1	4	20	25	13
15	Pear	4	8	45	57	10
19	Hazelnut	30	2	617	649	20
20	Peach	0	1	4	5	5
27	Feijoa	0	15	20	35	8
29	Vine	0	13	41	54	10

⁴ Prior to the commencement of works the Contractor at the time of site handover will be instructed regarding these arrangements, which has to be explained to residents at pre-construction PC and monitored by CSC throughout the construction process.

No	Tree Type	Sapling	Young tree	Mature Tree	Total Quantity	Number of AHs
40	Tea	0	0	219	219	5
41	Dogwood	3	2	18	23	8
44	Umbrella Elm	0	1	5	6	6
45	Climbing Rose	0	0	0	0	0
46	Raspberry	0	0	184	184	2
52	Quince	0	1	4	5	4
56	Red Cherry Plum	0	1	2	3	3
57	Pomegranate	0	0	4	4	2
58	Blueberry	0	0	2	2	1
59	Sweet Cherry	0	4	13	17	9
60	Mulberry	1	2	8	11	7
61	Orange	0	0	65	65	7
63	Cornelian Cherry	1	0	1	2	2
69	Currant	0	10	0	10	2
70	Strawberry Tree	0	0	1	1	1
71	Blackberry	0	0	1	1	1
72	Cherry	0	1	0	1	1
75	Chestnut	0	1	5	6	3
78	Decorative plants	0	0	0	455	11
Total					3594	36 (without double counting)

2.5 Impact on Structures

26. The project will affect 27 commercial buildings, 9 residential houses, one building comprising a total of 10 units—both residential apartments (5) and non-residential spaces (5). The number of residential relocation AHs is 14 and number of business relocation is 21. Detailed information about the impact on the buildings is presented in the Table 7 below.

Table 7. Impact on Structures

Type of Structure	No of Structures	m ² / Im	Number of HHs	APs
Residential houses	9	1,950.97	9	47
Apartments and non-residential spaces in the building owned by LTD	10	909.00	10	40
Commercial/Administrative Buildings	27	11,309.55	12	73
Auxiliary buildings	37	1,634.67	18	104
Gates and fences	291	3,954.74	39	202
Compensation for equipment relocation and form immovable items such as improvement of yard and obtain of technical conditions	45	-	30	173
Total	419	19758.93	63 (without double counting)	323 (without double counting)

2.6 Income Loss: Business and Employment

27. Project has impact on area mostly used for industrial and commercial purposes, located in Batumi, near Opizrebi street, area is used for industrial purposes by several companies. Detailed information about affected businesses is provided in Table 8 below.

28. All of the 21 affected businesses will be compensated for permanent loss of income. All of them are losing more than 10% of the land, 11 will lose 100%. 2 businesses are tenants, and 3 AHs will lose income from lease agreements. Majority of the businesses along the corridor are concrete plants or other heavy-industry operations such as metal production or stone crashing plant, there is also one guest house and one green house. Green house is owned by municipality, and it is not a commercial operation. At the time of impact assessment, no information about employees involved in the greenhouse maintenance was provided by the municipality.

29. The project will impact 199 employment positions held by 177 AHs. Most families (160 AHs) each will lose a single position—but the impact clusters in a few cases: 13 AHs lose two positions each, three AHs lose three positions each, and one AH loses four positions. In total 177 AHs will lose income from employment, all of them are officially registered. Information about employees and their registration status was provided by all business owners, except of Green House. However, the information about employees, including their screening for vulnerability, will be verified and updated during the LARP implementation. The business owners will be given a specific timeline -till the end of the year, 2025- to submit full and complete information about their employees (including their wages in Q1 2025) prior signing of compensation agreements with the businesses. RD will request the Batumi municipality to provide information about the employees involved in the affected greenhouse maintenance (including their type of employment: temporary, permanent, seasonal). For the compensation of greenhouse employees (if any), RD shall consult and seek formal commitment of the municipality that those employees will be provided with alternative jobs immediately after relocation without any transition period, otherwise compensation for permanent⁵ employment loss (whichever applicable) will be calculated and provided to these employees as per EM provisions. External monitor to confirm the applied option (along with supporting documentation) at the time of CR preparation. All newly identified employees during the implementation will be also entitled to benefit from the measures developed under project LRP.”

30. Compensation calculation is made based on the average taxable profit of the affected business over the past three years (this approach was presented and discussed with the business owners during the consultations).

31. Companies located within the project area provided financial data for the last three years. The provided information was analyzed by the evaluators and calculated the average pre-tax profit based on data from all three years. Based on the information this method of calculating compensation provides the fairest result, as it reduces the influence of external factors present in specific years on the compensation amount. In the case where the entity was not operating in the early years, the average of the years when it was active has been taken accordingly. During the consultations, the proposed approach was presented to owners; no objections were recorded.

32. In case of guest house, there is no proof of income and compensation was calculated baes on minimum subsistence for 12 months.

33. The existing lease agreements of businesses renting non-agricultural lands remain valid through the end of the 2025; therefore, the tenant will continue normal business operations until (and including) December 2025. Accordingly, renters have sufficient time (5-month window from LARP

⁵ Based on field surveys and documents obtained from the affected businesses, it is impossible to determine with certainty how much exact time is needed for time each business for relocation. Also, it is currently unknown which affected business entities intend to continue operations at a new location and which do not/will not, as this depends on many factors. In addition, focus-group respondents also stated that relocating a business to a new site will take roughly six months to one year. Therefore, the category “temporary loss of employment”—and the corresponding mitigation measures for temporary income loss—no longer has practical meaning. All employees affected by the project should be treated as experiencing permanent employment loss and, accordingly, should receive compensation equal to six months of salary.

approval and notification of compensation offer till payment of compensation and relocation) to identify and secure alternative premises for relocation. Meantime, physical relocation/business shifting allowance will be provided as per EM

Table 8 Business Impact

13	405	6	Production of concrete products	70%	Non-Agricultural	No			Small	Profit Tax
21	401	5	the purchase, processing and sale of inert materials and the production of sand and gravel	65%	Non-Agricultural	4			Small	Profit Tax
22/1	404	5	production of concrete products for construction purposes.		Non-Agricultural	No	Yes	LLC has also leased Concrete plant	Small	Profit Tax
24	417	5	production of building blocks (cinderblocks),	100%	Non-Agricultural	No			Small	Profit Tax
26	406	3	Non-operating (has 1 lease agreement)	27%	Non-Agricultural	1			Small	Profit Tax
26/1	407	2	Manufacture of concrete fences		Non-Agricultural	1	Yes	Concrete Fence equipment	Small	Profit Tax
28	414	7	Production of concrete products	100%	Non-Agricultural	No			Small	Profit Tax
30	405	-	Purchasing inert materials, processing and sale of produced sand and gravel	96%	Non-Agricultural	No			Small	Profit Tax
31	186	6	Purchasing inert materials, processing and sale of produced sand and gravel	61%	Non-Agricultural	No			Small	Profit Tax
32	412	11	Production of glue-cement	100%	Non-Agricultural	No			Small	Profit Tax
34	134	4	Utilization of sorted materials	100%	Non-Agricultural	5			Small	Profit Tax
39	177	9	Main activity is the processing of gravel and sand quarries	81%	Non-Agricultural	No			Small	Profit Tax
41	171	18	production of concrete products	60%	Non-Agricultural	No			Small	Profit Tax
44	408	5	Individual, (rent of the land)	100%	Non-Agricultural	1			Small	Income Tax
45	401	-	Purchasing inert materials, processing and sale of produced sand and gravel	100%	Non-Agricultural	1			Small	Profit Tax
46	401	-	Provides services to LLC with vehicles and heavy equipment	100%	Non-Agricultural	No			Small	Profit Tax
53	410	6	processing inert materials and sale of the produced sand and gravel	100%	Non-Agricultural	No			Small	Profit Tax
54	410	-	Production of concrete products	18%	Non-Agricultural	No			Small	Profit Tax
56	411	9	Production of concrete products	8%	Non-Agricultural	No			Small	Profit Tax
108	-	-	Greenhouse	39%	Non-Agricultural	No			Small	Not available
147	055	6	Hotel Gigi	100%	Agricultural	No			Small	None
	16 AHs⁶ (without double counting)	107								

⁶ One business equals to 1 AH, if several businesses have same owners it is still calculated as 1AH, same principal applies to employees. .

Table 9 Impact on employment

Act numbers	Business HH ID	Number of employees	AHs affected by impact on employment	APs affected by impact on employment	Average wage for 3 months	Compensation of Salary
13	405	2	2	8	4,080	4,080
21	401	7	7	33	49,944	49,944
22/1	404	9	9	50	130,098	130,098
24	417	8	8	37	18,000	18,000
26	406	-	-	-	-	-
26/1	407	-	-	-	-	-
28	414	23	23	102	187,806	187,806
30	405	3	3	14	14,784	14,784
31	186	10	10	48	55,674	55,674
32	412	7	7	33	39,402	39,402
34	134	5	5	23	45,534	45,534
39	177	5	5	5	92,106	92,106
41	171	33	33	146	384,066	384,066
44	408	-	-	-	-	-
45	401	14	14	65	117,804	117,804
46	401	9	9	44	98,730	98,730
53	410	36	36	180	288,882	288,882
54	410	21	21	105	213,000	213,000
56	411	7	7	36	16,614	16,614
108	-	Not available	Not available	-	-	-
147	055	-	-	-	-	-
	16 AHs (without double counting)	199	177 (without double counting)	874 (without double counting)		1,756,524

2.7 Impact on Severely Affected and Vulnerable Households

34. In total, 62 AHs ((314 APs) will be severely affected by the project Severely affected are AHs that are (i) losing more than 10% of affected land or other income generating asset, (ii) physically displaced HH and (iii) households losing commercial/business establishments. In case of 32 AHs the project will fully acquire their affected land plots, 14 AHs will be physically relocated from their residence while business activities of 20 AHs will be permanently relocated. Based on SES and census, 6 vulnerable households are under the impact of the project. All are below poverty line and one is also disabled head of household. Information about severely affected and vulnerable households is presented in the

35.

36.

37. Table 10. During implementation, vulnerability status will be verified for those AHs, who have not been covered by SES and census (including employees).

Table 10 Impact on vulnerable households

Type of allowances	Number Of AHs	Number Of APs
Severely affected Households, of which:	62	314
(i) Losing more than 10% of affected land	55	289
<input type="checkbox"/> Loss of 10%-29% of affected landplots	6	20
<input type="checkbox"/> Loss of 30%-59% of affected landplots	12	54
<input type="checkbox"/> Loss of 60%-99% of affected landplots	9	61
<input type="checkbox"/> Loss of 100% of affected landplots	28	154
(ii) Households losing commercial/business establishments (permanent business relocation)	16	107
(iii) Relocated households (residential relocation)	14	60
Vulnerable Households	6	23
Total	64 (without double counting)	320 (without double counting)

Table 11 Impacts on vulnerable AHs

HH ID	Type of vulnerability	Type of impact	Main source of income
2001	Below poverty line and head of household with disability	Relocation_ apartment in building owned by ltd.	State allowance
2002	Below poverty line	Relocation_ apartment in building owned by ltd.	Employment and state allowance
2007	Below poverty line	Relocation_ apartment in building owned by ltd.	Employment, pension and state allowance
2008	Below poverty line	Relocation_ apartment in building owned by ltd.	Employment, pension and state allowance
385	Below poverty line and head of household with disability	Loss of Employment	Employment and state allowance
386	Below poverty line	Loss of Employment	Employment and state allowance

2.8 Indigenous People

38. An assessment of impact on Indigenous peoples was undertaken in accordance with ADB's Safeguard Requirements 3 of SPS 2009. The Project will not affect people classifiable as Indigenous persons (IP) under SPS 2009; therefore, the Project will not trigger ADB's policy on IP.

2.9 Natural resources

39. The project area includes issued licenses for the purpose of extraction of underground fresh water. The extraction of underground fresh water is carried out by the affected business entities for their business operation purposes. According to the first paragraph of Article 8 of the Law of Georgia "On Minerals", "it is prohibited to give the lands of the mineral fund by ownership, lease or in any other form without agreement with the National Agency of Mineral Resources - legal entity of public

law included in the system of the Ministry of Economy and Sustainable Development of Georgia. In cases of licensed objects - also without agreement with the license holder".

40. Detailed information about issued licenses has not been provided by license holders. Tentative information on issued licenses is summarized in below Table 12. RD will officially request updated information about active licenses from National Agency of Mineral Resources prior the start of LARP implementation.. Upon confirmation of the information, the relevant amounts will be included in compensation for respective AHs (business, land owner or leaseholder or any 3rd party which shall be included in the list of AHs). Compensation amount will be allocated from contingency amount of the LARP budget.

41. According to the first paragraph of Article 39 of the Law of Georgia "On Environmental Protection", "Development of mineral deposit areas is allowed if developer shall pay the mineral owner the fee for that type of mineral as compensation (in accordance with the "Fees for the use of natural resources").

42. Project area crosses the contour of the Chorokhi sand-gravel deposit. the cross-sectional area the existing (182,595 square meters) sand-gravel stock is 547,785 m³. According to Article 5, Paragraph 1, Sub-paragraph "a" of the Law of Georgia on "Natural Resource Management", the fee for extracting 1 m³ of sand-gravel is 0.2 GEL. Therefore, the compensation amount for impact on Chorokhi sand-gravel deposit site has been estimated as 109,557 GEL – this information will be updated based on new information from National agency of mineral recourses during the implementation.

Table 12 Tentitive information about issued licenses

#	License #	Destination	To obtain	Release Date	Duration	Expiration date
1	101009	entrepreneurial (technical)	53 m ³ / day	06.04. 2011	25	06.04.2036
2	000191 Lit. 1000690 transfers	entrepreneurial (drink)	15 m ³ / day	24.07. 20 12	15	24.07. 2027
3	000427	entrepreneurial (other)	18000 m ³ /w stock	17.06. 2021	5	17.06. 2026
4	000438	entrepreneurial (other)	40,000 m ³ / year	20.08. 2021	5	20.08. 2026
5	000520	entrepreneurial (other)	5000 m ³ / year	12.04. 2023	5	12.04. 2028
6	000534	entrepreneurial (other)	4700 m ³ / year	02.06. 2023	5	02.06. 2028
7	-	entrepreneurial (other)	4700 m ³ / year	-	-	-

43.

3. SOCIOECONOMIC INFORMATION

3.1 Results of Socio-Economic Survey

45. In order to study the socio-economic condition of the population in the project area, a survey of the project affected families was conducted with pre-prepared questionnaire.

46. A total of 127 AHs, representing 54.37% of the 252 AHs, were covered by the census survey. Of these 127 AHs, 83 also participated in the SES. The relatively low overall household coverage rate is primarily due to the lack of available contact information for employees, which limited their inclusion in the census.

47. Nevertheless, the census achieved high coverage across other key impact categories, including 93.75% of affected business activities and 83.05% of AHs with asset impacts. Following clarification of the census and SES participation, the analysis in this report focuses on the 83 AHs covered by the SES, providing deeper insight into household characteristics and vulnerability status. In cases where SES/census data is not available 5 AP is calculated per household. Detailed information by impact categories is available in the Table 13 below.

Table 13 Information about surveys

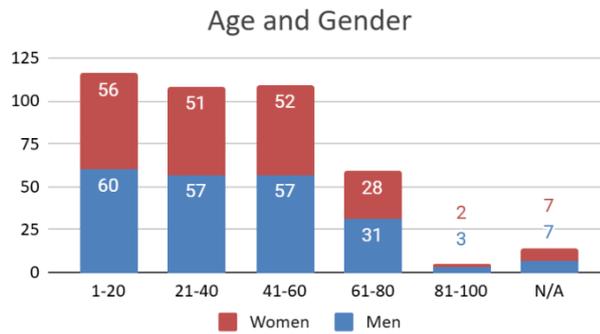
Type of impact	Total number of		Census		SES		Declined	% of AHs covered by Census
	AHs	APS	AHs	APs	AHs	APS		
Impact on business activities	16	107	13	92	10	70	2	93.75%
Impact on assets (land, buildings, apartments, trees, etc.) *	59	272	49	216	36	163	-	83.05%
Impact on employment	177	874	65	314	37	178	8	41.24%
Total	252	1253	127	622	83	411	10	54.37%
*Numbers are without double counting; therefore, 14 AHs (100 APs) that are losing both business and assets are not included in "Impact on assets"								

48. Information about the households surveyed is given in Table 14.

Table 14 Information about population

	Number of AHs interviewed	Average number of family members household	Number of interviewed HHs members	Number of Men	Number of women
Census	127	5	622	329	293
SES	83	5	411	215	196

Figure 3 Population distribution by age and sex.



Marital Status

49. More than half of the people surveyed are married (52%), showing that family households are the most common. Single individuals make up 14% of the group, while divorced and widowed people represent just a small share—1% and 4%, respectively.

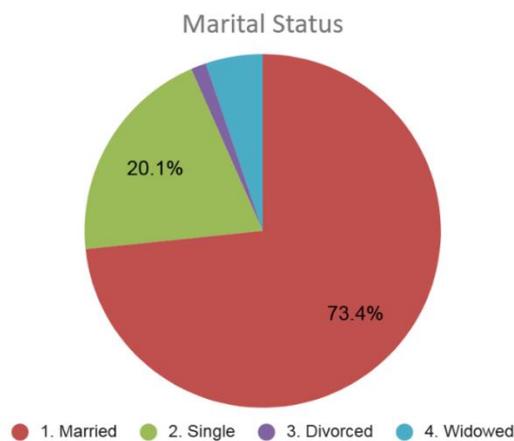
50. Interestingly, nearly a quarter of respondents (23%) are under 18, which explains why they're listed as having no marital status. Another 6% either didn't share this information or it wasn't available.

51. Looking at gender, men slightly outnumber women among both married and single respondents. On the other hand, more women than men are found in the widowed and divorced categories. The number of young people is balanced between boys and girls, which points to a steady age mix in the communities surveyed. See table and figure below for detailed information.

Table 15 Marital Status

Marital Status	Men	Women	Total	%
1. Married	109	103	212	52%
2. Single	34	24	58	14%
3. Divorced	1	3	4	1%
4. Widowed	6	9	15	4%
None	51	45	96	23%
N/A	14	12	26	6%
Total	215	196	411	100%

Figure 4 Marital Status



Education

52. The majority of respondents have completed secondary education (41.36%), indicating a strong foundational education level within the surveyed group. A significant portion has attained higher education (19.71%), while vocational education is reported by 33 individuals (8.03%).

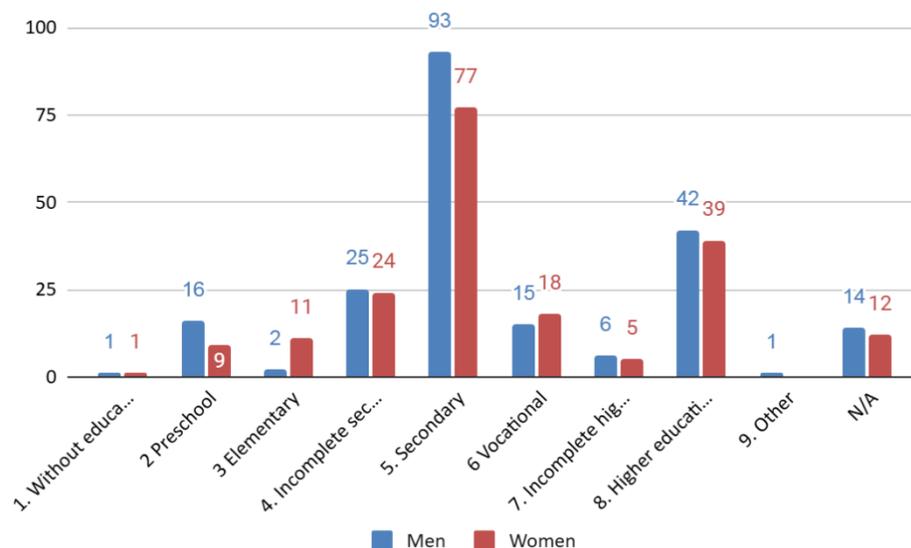
53. Both men and women exhibit similar patterns in educational attainment, with only minor differences. Men slightly outnumber women in the “Secondary” and “Preschool” categories, whereas women are more represented in “Elementary” and “Vocational” levels. Higher education levels show balanced gender representation, suggesting equitable access to advanced education among adults surveyed.

54. Detailed information about education rates is presented in the table below.

Table 16. Education rate of the surveyed population

Education level	Men	Women	Total	%
1. Without education	1	1	2	0.49%
2 Preschool	16	9	25	6.08%
3 Elementary	2	11	13	3.16%
4. Incomplete secondary	25	24	49	11.92%
5. Secondary	93	77	170	41.36%
6 Vocational	15	18	33	8.03%
7. Incomplete higher education	6	5	11	2.68%
8. Higher education	42	39	81	19.71%
9. Other	1		1	0.24%
N/A	14	12	26	6.33%
Total	215	196	411	100%

Figure 5. Education rate of the surveyed population.



Employment

55. A total of 123 respondents are employed, accounting for 29% of the population surveyed. Employment is significantly higher among men (90) than women (33). Pensioners make up 10% of

respondents and Students and pupils represent 13% of the total, evenly distributed across genders. 9 respondents reported multiple statuses (e.g., employed and pensioner). Employment status was not reported by 36 people (8%).

56. Unemployment is high—20% of respondents (84 individuals) are not seeking work. This group is predominantly female (63 women). An additional 13 individuals (3%) are unemployed but actively looking for a job.

57. Most employed individuals (100 out of 123) have permanent jobs. A smaller number report seasonal (8), temporary (3), or occasional work (5). In 7 cases, the type of employment was not specified.

58. Among employed individuals, the majority (90 people) work in the private sector, mostly men (69). 20 are self-employed or entrepreneurs, and 16 are civil servants, the latter more often women (11 vs. 5 men). Agricultural work is rare, reported by only 4 men.

Table 17 Status of employment

Employment status/	Men	Women	Total
1. Employed	83	31	114
2. Pensioner	15	27	42
3. Student, pupil	29	24	53
4. Unemployed and not looking for a job	21	63	84
5. Unemployed and looking for a job	10	3	13
6. Army Servant	0	0	0
7. Incapable	1	0	1
8. Other	1	0	1
98. Not applicable	30	28	58
More than one answer (employed pensioner)	7	2	9
N/A	18	18	36
Total	215	196	411

Income and Expenses

59. Most respondents reported a monthly household income between 1,500 and 3,500 GEL (37 respondents), followed by those earning 500–1,500 GEL (24 respondents). A smaller number earn either 3,500–5,000 GEL (8) or over 5,000 GEL (5). Very few households (1) reported incomes below 500 GEL. Income data was not available for 8 respondents.

60. Monthly expenses follow the same pattern as income. The majority of households (37) spend 1,500–2,500 GEL per month. 24 spend between 500–1,500 GEL, while 8 spend 2,500–3,500 GEL. Only 5 households report monthly spending above 3,500 GEL, and 1 report less than 500 GEL in expenses. For 8 respondents, this information was not available.

State Assistance and Vulnerability

61. Old age pension is the most commonly received form of state support, reported by 33 affected households (AHs), with an average monthly amount of 482 GEL. Other forms of assistance include the invalidity pension (6 AHs, 290 GEL) and the poverty family benefit (3 AHs, 363 GEL).

62. No households reported receiving orphan child assistance, refugee pension, or single mother assistance. Additionally, 7 AHs specified receiving other types of support, with an average monthly value of 213 GEL.

Table 18 Social Assistance

Type of Assistance	N of AHs	Average per month (GEL)
Old age pension	33	482
Invalidity pension	6	290
Orphan child assistance	0	0
Refugee pension	0	0
Poverty family benefit	3	363
Single mother assistance	0	0
Other /identify	7	213

63. Six affected households (AHs) reported a form of vulnerability during Census/SES. Six AHs are classified as poor based on the official poverty line, and 2 of them also reported having a disabled household head. No households were identified under other vulnerability categories, such as elderly without support, refugees, female-headed households, or ethnic minorities. During implementation, vulnerability status will be verified for those AHs, who have not been covered by SES and census (including employees).

Table 19 Vulnerability

Vulnerability	N of AHs
Poor households as defined by the official poverty line;	6
Elderly households with no means of support;	0
Refugees or internally displaced people;	0
Disabled household heads;	2
Female- headed households with and/or without dependents	0
Households without security of tenure;	0
Cultural or ethnic minorities;	0
Total (without double counting)	6

Land/residence holdings and usage

64. Type of affected property: Roughly 60 % of cases involve bare land, one-third (33 %) are land plots with buildings, and about 8 % are apartments.

65. Current land use: Close to three-quarters (76 %) of plots are cultivated, 21 % serve residential purposes, and only 3 % are used as pasture; no plots were reported as barren.

66. Disposition of crop yield: Households split into two main groups—about 37 % sell all of their produce, while 33 % keep it entirely for household consumption. Another 22 % sell most of their yield, and 7 % report an even 50/50 split;

67. Housing tenure: Roughly 77 % of respondents fully own their houses, and 23 % occupy housing informally.

Loans

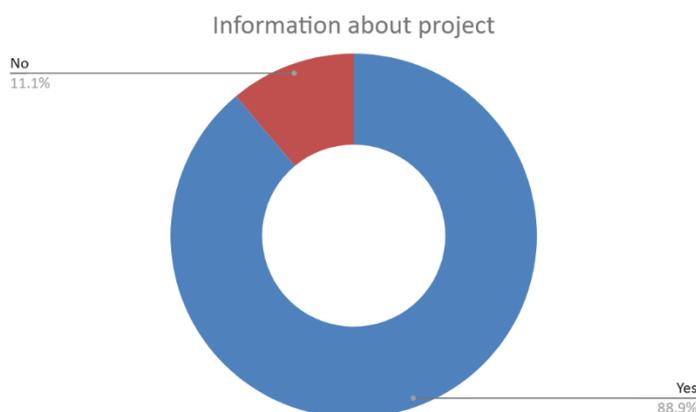
68. Almost half of the surveyed households—about 48 % have at least one loan, while 33% report no borrowing and 10% did not answer. For those who do borrow, it's almost always from a bank; hardly anyone mentioned micro-credit outfits, private lenders, or other sources.

69. The typical (median) outstanding loan size is about 16 000 GEL. A few very large loans push the average far higher, so the median better reflects most households' debt load.

Attitude Towards the Project

70. The majority of respondents (72 out of 83) reported that they have heard about the project, indicating relatively strong outreach or visibility. However, awareness of the grievance procedure is much lower. 31 individuals said they are familiar with it, while the majority (47 respondents) are not. However, it shall be noted that 2 additional rounds of public consultations were conducted after this survey where the grievance redress mechanism was presented.

Figure 6 information about project



71. When asked about potential positive impacts of the project, the most frequently mentioned advantages were:

- Employment opportunities – mentioned by 32 respondents
- Easier access to services and other parts of the city – 18 mentions
- Overall improvement in the appearance of the area – 15 mentions

72. Smaller numbers mentioned business opportunities (4), while none reported an increase in real estate value. Only 2 individuals stated that there were no advantages, while 21 respondents specified “other” benefits.

73. Among the “Other” responses, the most common were:

- Don't know or don't have enough information
- Overall positive attitude
- Good for the county, international road

Table 20 Positive impacts from the proposed Project:

Advantages / positive impacts from the proposed Project:	N of AHs
Employment opportunities	32
Business opportunities	4
Increase in real estate value	0
Overall appearance of the area	15
Influx of new residents	0
Easier access to services, other parts of the city	18
No advantages	2
Other: (specify)	21

74. The most frequently mentioned concern was relocation, raised by 16 respondents. Other notable concerns include:

- Traffic congestion – 7 mentions
- Environmental effects – 5 mentions
- Loss of social interaction with relatives, neighbours, friends – 5 mentions
- Income reduction – 4 mentions

75. No respondents selected: Traffic safety deterioration, accident risk increase, Increase in real estate costs, loss of access to community infrastructure.

76. 6 individuals stated that the project has no disadvantages for them while 26 respondents specified “other” disadvantages.

77. Among the “Other” responses, the most common were:

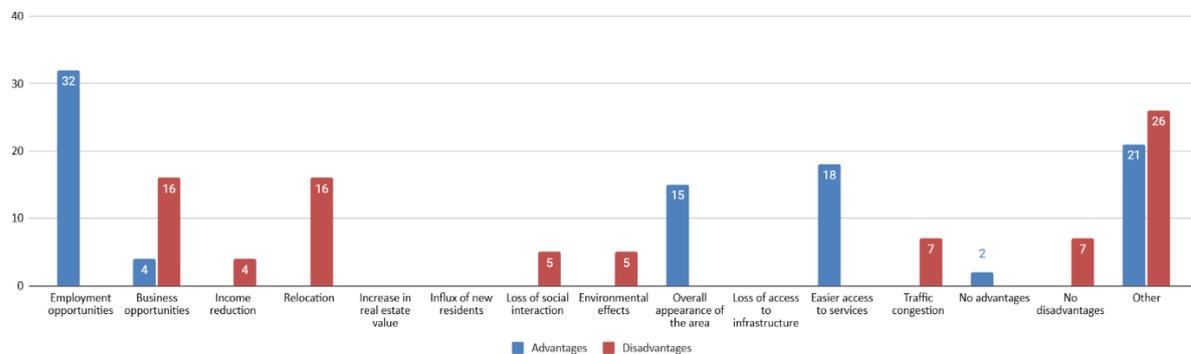
- Impact on business and employment
- Noise, vibration and dust
- Issues with residual land or residences near buffer

78. To summarize perceived advantages and disadvantages of the project:

- Employment is the most valued benefit (36%),
- Relocation and income reduction are the top concerns (each 18%),
- A significant portion of participants (~1 in 4) expressed views categorized as “Other” in both advantages and disadvantages.

79. The chart reflects a balance in perception, with both positive and negative expectations expressed—though employment and relocation emerge as the top areas of interest and concern, respectively.

Figure 7 Advantages and Disadvantages



Project awareness

80. When asked who they perceive to be most affected by the project, respondents most commonly identified people with businesses on affected land (30 mentions), followed by those likely to lose employment (22) or their home/apartment (22). Fewer respondents highlighted residents who will lose land (10) or those who may be relocated (7). Vulnerable groups such as women, elderly, or minorities were only mentioned once, suggesting they are not widely seen as primary affected groups.

81. Most respondents (37) do not believe there are groups in their community who might face difficulty participating in consultations. However, 32 respondents were unsure, and 5 acknowledged barriers. Among those, the elderly (3 mentions) and people with disabilities (1) were identified. One response was categorized as “Other.”

82. The most in-demand information relates to construction activities and impacts (31 mentions), followed by land acquisition and compensation (26), and relocation arrangements (19). Interest in employment opportunities was also present (13 mentions), though to a lesser extent.

83. The clear majority of respondents prefer community meetings (48 mentions), indicating a strong demand for in-person engagement. Mobile messages (16) and local representatives (8) followed, showing that some respondents favor direct and accessible formats. Interestingly, no one selected written notices/flyers or social media.

Community engagement

84. When asked where they turn for help with community-related issues, most respondents said they go to local Municipality (42 mentions). Others reported turning to government offices (1) or did not seek help at all (36 respondents). This shows that while local representatives are the main point of contact, a large group still avoids seeking help altogether.

85. When it comes to resolving complaints, only 11 people said issues are usually solved fairly. No one said “no,” and 9 said “sometimes.” A majority — 28 people — said “don’t know”.

86. The most trusted way to raise concerns is through local representatives (37 mentions). A smaller number prefer in-person (face-to-face) communication (10). No one selected phone, social media, or written letters, showing a strong preference for direct, personal communication.

87. Only 2 respondents believe there are people in their community who feel unsafe or unable to make complaints. Most said no (16), but 34 said “don’t know”.

88. When someone from a vulnerable group needs help, they are most likely to go to local representatives (32 mentions), or to family or friends (10). No one selected government office, religious leader, or said that they usually do not seek help.

4. Legal Background

4.1 General

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

4.2 Legal Framework

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

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

- (i) On the Civil Procedural Code of Georgia (reg. # 060.000.000.05.001.000.301; 14.11.1997; last amendment 15.12.2023).
- (ii) On the Procedures for Expropriation of Property for Necessary Public Needs (reg. # 020.060.040.05.001.000.670; 23.07.1999; last amendment 13.06.2023).
- (iii) On the General Administrative Code of Georgia (reg. # 020.000.000.05.001.000.616; 25.06.1999; last amendment 14.06.2023).
- (iv) On the Administrative Procedural Code of Georgia (reg. #030.000.000.05.001.000.672; 23.07.1999; last amendment 15.12.2023).
- (v) On the Constitution of Georgia (reg. # 010.010.000.01.001.000.116; 24.08.1995; last amendment 29.06.2020).
- (vi) On the Civil Code of Georgia (reg. # 040.000.000.05.001.000.223; 26.06.1997; last amendment 15.12.2023).
- (vii) On the Ownership Rights to Agricultural Land (reg. # 370030000.04.001.017924; 25.06.2019; last amendment 25.06.2019).
- (viii) On the recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or legal entities (reg. # 370.060.000.05.001.003.003; 11.07.2007; last amendment 30.06.2023).
- (ix) On the state property 2010 (reg. # 040.110.030.05.01.004.174; 21.07.2010; last amendment 30.11.2023).
- (x) On the Public Register (reg. # 040.150.000.05.001.003.390; 19.12.2008; last amendment 15.12.2023).
- (xi) The Law on Systematic and Sporadic Law Rules of Rights to Plots and Cadastral Data (reg. # 040150000.05.001.018150; 03.06.2019; last amendment 17.12.2023).
- (xii) On the Rules for Expropriation of Ownership for Necessary Public Need (reg. # 020.060.040.05.001.000.288; 11.11.1997; last amendment 15.07.2023).
- (xiii) On the Tax Code of Georgia (reg. # 200000000.05.001.016012; 17.09.2010; last amendment 15.12.2023).
- (xiv) On the Entrepreneurship (reg. # 240000000.05.001.020373; 02.08.2021; last amendment 30.11.2023)

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

- (i) Obtaining the right of way through the payment of due compensation as per the provisions envisaged for the Project, or if this approach fails, through a court decision for expropriation, prior to commencement of civil works.

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

(iii) The legal grounds for the procedure of expropriation and involuntary/mandatory servitude differs from each other, however both require litigations at the court. The expropriation procedure is regulated by the Law of Georgia on the “Procedure for the Expropriation of Property for the purposes of Public Domain”, while legal grounds for mandatory servitude lays on the civil code, provision 180 – “If a plot of land lacks a connection to public roads, electricity, oil, gas and water supply lines that are necessary for its proper use, the owner may require that a neighbour tolerate the use of his/her plot to create the necessary connection. The neighbours on whose plots of land the right of way of necessity or transmission line passes shall be given monetary compensation which, by agreement of the parties, may be made as a lump-sum payment.”

4.2.2 ADB’s Policy on Involuntary Resettlement

92. Three important elements of ADB’s involuntary resettlement policy are: (i) compensation to replace lost assets, livelihood, and income; (ii) assistance for rehabilitation to achieve at least the same level of wellbeing with the project as people would have had without it. Resettlement planning is an integral part of project design for any ADB operation requiring involuntary resettlement, to be dealt with from the earliest stages of the project cycle, considering the following basic principles:

(i) Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.

(ii) Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, 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, Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons’ concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.

(iii) Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based, where possible, or compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.

(iv) Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.

(v) Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.

(vi) Develop procedures in a transparent, consistent, and equitable manner to ensure that people will maintain the same or better income and livelihood status.

(vii) Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.

(viii) Prepare a resettlement plan elaborating on displaced persons’ entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.

(ix) Disclose a land acquisition and resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s)

understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.

(x) Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.

(xi) Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.

(xii) Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

4.3 Comparison of ADB SPS 2009 with Georgian Laws and Legislation

93. Overall, the legislation of Georgia adequately reflects the major provisions of the ADB Safeguards Policy Statement 2009; with some notable differences already reconciled in practice at ADB financed projects. The most significant of these differences is that Georgian legislation/regulations place emphasis on the definition of formal property rights and on how the acquisition of properties for public purposes is to be implemented and compensated, while ADB policy emphasizes both the compensation of rightfully owned affected assets and the general rehabilitation of the livelihood of Affected People (AP) and Households (AH). Because of this, ADB policy complements the Georgian legislation/regulations with additional requirements related to (i) the economic rehabilitation of all AP/AH (including those who do not have legal/formal rights to the assets acquired by a project); (ii) the provision of indemnities for loss of business and income, and (iii) the provision of special allowances covering AP/AH expenses during the resettlement process or covering the special needs of severely affected or vulnerable AP/AHs. In addition, the legislation of Georgia does not require the preparation of a LARP based on extensive public consultations. The differences between Georgia law/regulations and ADB SPS 2009 and are outlined in Table 21.

94. To reconcile the gaps between Georgia laws/regulations and ADB Policy (ADB's SPS 2009), RDMRDI has adopted this policy for the Project, ensuring compensation at full replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for AHs those will be relocated, suffer business losses, or will be severely affected.

Table 21 Comparison of Georgian Laws on LAR and ADB Involuntary Resettlement Policy

Georgia Laws and Regulations	ADB Involuntary Resettlement Policy
Land compensation only for titled landowners. In practice legalizable landowners are also compensated after they register their ownership with the National Agency of Public Registry (N APR).	Lack of title should not be a bar to compensation and/or rehabilitation. Non-titled landowners receive compensation for non-land assets and rehabilitation assistance.
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 landowners and sharecrop/lease tenants whether registered or not.
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.
Loss of income is considered for compensation but no provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable APs, or resettlement expenses.	ADB policy requires rehabilitation for income/ livelihood, severe losses, and for expenses incurred by the APs during the relocation process.
There is provision for consultation with APs but there is no specific plan for public consultation under the Georgian laws.	Public consultation and participation are an integral part of ADB's policy which is a continuous process at conception, preparation, implementation and finally at the post implementation period.

4.3.1 Resettlement Policy Commitments for the Project

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

- (i) Land acquisition, and other involuntary resettlement impacts will be avoided or minimized exploring all viable alternative project designs.
- (ii) Where unavoidable, a time-bound LARP will be prepared.
- (iii) Land will be acquired through a contract agreement to the extent possible. The expropriation process will be sought only as the last resort when all possibilities of negotiation fail.
- (iv) Vulnerable and severely APs will be provided special assistance.
- (v) Non-titled APs (e.g., informal dwellers or squatters, APs without registration details) will receive a livelihood allowance in lieu of land compensation and will be fully compensated for losses other than land.
- (vi) Legalizable APs (APs possessing ownership documents but with title formalization pending, as well as APs who are not registered but have residential land or agricultural plots adjacent to the residential land) will be fully compensated for land losses according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025).
- (vii) The land users who are not registered but formally use⁷ agricultural/non-agricultural land will be provided with compensation at full replacement cost, according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025.). The payments will be executed without registration in NAPR.
- (viii) The LARP will be disclosed to the APs in the local language which is Georgian.
- (ix)
- (x) Compensation will be provided at least at the rates detailed in this LARP based on valuation conducted by accredited valuator although some modification in excess will be possible during the discussions preceding the signing of the contract.
- (xi) Complaints will be reviewed using the existing grievance redress mechanisms.
- (xii) Appropriate participation of affected people must be promoted in planning, implementation, and monitoring of land acquisition and resettlement plans.
- (xiii) In preparing a land acquisition and resettlement plan, consultations must be held with the affected people and their communities based on sufficient information made available to them in advance. When consultations are held, explanations must be given in a form, manner, and language that are understandable to the affected people.

4.4 Land Acquisition Process

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

97. Following the acquisition and compensation matrix (ACM), LARC, assisted by the LAR team at the local level, will offer each of the APs the compensation rates defined in this LARP. Upon successful settlement, Land Acquisition Agreements will be signed with legalized/titled owners of

⁷ Shall be verified and confirmed by local authorities.

acquired land parcels and an Agreement of Entitlement with the non-titled APs. Any APs' grievances will be resolved through the Project's approved grievance redress mechanism.

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

99. The existing Laws provide that compensation for lost assets, including land, structures, trees, and standing crops, should be based on the current market price without depreciation. Overall, the above laws/regulations provide that the principle of replacement cost compensating at market value is reasonable and legally acceptable. The laws also identify the types of damages eligible for compensation and indicate that compensation is to be given both for loss of physical assets and for the loss of income. Finally, these laws place strong emphasis on consultation and notification to ensure that the APs participate in the process. Income loss due to loss of harvest and business closure will be compensated to cover net loss. The above-listed laws and regulations give the possibility of applying the following mechanisms for legal application of the property rights:

1. Obtaining the right on way without expropriation through the payment of due compensation (based on a contract of agreement or a court decision) prior to commencement of the activities.
2. Expropriation which gives the possibility of obtaining permanent right to land and/or other real estate property on the basis of Eminent Domain Law or a court decision through the payment of due compensation.
3. The legal grounds for the procedure of expropriation and involuntary/mandatory servitude differ from each other, however both require litigations at the court. The expropriation procedure is regulated by the Law of Georgia on the "Procedure for the Expropriation of Property for the purposes of Public Domain," ([Consolidated versions \(02/08/2021 - 28/12/2021\)](#)) while legal grounds for mandatory servitude lays on the civil code, provision 180 –

100. "If a plot of land lacks a connection to public roads, electricity, oil, gas, and water supply lines that are necessary for its proper use, the owner may require that a neighbour tolerate the use of his/her plot to create the necessary connection. The neighbours on whose plots of land the right of way of necessity or transmission line passes shall be given monetary compensation which, by agreement of the parties, may be made as a lump-sum payment."

101. RD will negotiate and sign servitude agreement with the landowners following the legislation, in particular the Civil Code (26 June 1997, as amended in 2022) that envisages covering the costs of land owners if their land/crops and properties will be damaged or a land use restricted due to any works for systems operations and maintenance in future only if efforts to negotiate are mutually acceptable.

102. Land will be acquired, first on the basis of negotiated settlement with individual affected entities. Should the contract negotiation not yield to an agreement, the expropriation process under the eminent domain will start. Under the existing Law in Georgia, the President will issue an order for expropriation based on the request from relevant state agencies. Relevant regional courts will assess the presidential order and determine the case of public needs and grant the expropriation entity rights to obtain land. Based at the request of AP, the court can also appoint a third party to assess the market value of lost assets and determine the compensation payable to relevant landowners according to the value of assets thus found.

4.5 Expropriation

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

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

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

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

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

107. No land acquisition will take place until the compensation/rehabilitation amounts envisaged in the approved LARP are deposited in an escrow account in a treasury (project account/or the EA’s account). The deposited funds will be paid to AP upon the court decision on expropriation or in case the AP decides to drop the case and signs the agreement with the RD.

4.6 Legalization

The RD will provide technical assistance to APs qualifying as legitimate possessors (Legal APs) of project affected land parcels as needed considering the requirements of GOG acts N 607 2025. These APs will be assisted free of charge in the process of legalization of private ownership rights to Project-affected assets, followed by the registration of ownership title. After that, the AP will alienate the Project-affected land parcel to the RD for road project purposes in return for fair compensation calculated according to the unit rate determined in the approved LARPs. The entire legalization process for one plot may last between one week and six months”.

4.7 Compensation Eligibility and Entitlements

4.7.1 Eligibility

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

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

109. Compensation eligibility will be limited by a cut-off date to be set for the day of the beginning of the AP Census and DMS.

110. For the impacts under this LARP, the cut-off date is the start date of DMS which was started March 15,2025.

111. APs who settle in the affected areas after the cut-off date will not be eligible for compensation. They, however, will be given sufficient 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.

4.7.2 Definition of Entitlements

112. **Agricultural land impacts:** Registered owner/legal owner with valid registration will receive compensation at full replacement cost based on current market value. In case of loss of 10% or more of the affected plots, the affected individuals (owners, tenants, and crop sharers) will receive additional assistance for severe impact, which in case of agricultural income equals to an additional crop compensation for 1 year's yield of affected land or an allowance equal to 3 months subsistence unit rate, whichever is higher; for other incomes: an allowance covering 3-month period subsistence unit rate. If the remaining part of the land becomes unusable due to lack of access roads or inability to use it for agricultural or other purposes, this land plot should also be purchased if the owner wishes so.

113. Land under actual possession refers to land plots that are not registered with the National Agency of Public Registry (NAPR) and are possessed by private users without formal ownership titles. This category also includes land officially owned by the State, the Autonomous Republic of Adjara, and/or the municipalities of Batumi and Khelvachauri. Will receive compensation at full replacement cost based on current market value (the same as officially registered land), according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025),

114. **Non-agricultural land (Residential/commercial land):** Registered Owner/Legal: (Owner with full registration) will be compensated at full replacement cost. If the remaining land is no longer usable for its original purpose (e.g., agricultural activities) it is classified as residual and treated as fully affected for the purposes of compensation.

115. Land under actual possession refers to land plots that are not registered with the National Agency of Public Registry (NAPR) and are possessed by private users without formal ownership titles. This category also includes land officially owned by the State, the Autonomous Republic of Adjara, and/or the municipalities of Batumi and Khelvachauri. These will not be registered in NAPR. However, the APs will be provided with compensation at full replacement cost, based on current market value (the same as officially registered land), according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025)

116. **Permanent Restriction on land use (Servitude)** in case of relocation of transmission lines: AHS- own legal land and land possessed by private users without formal ownership titles, agricultural tenants and sharecroppers, Will receive One-time compensation to offset the decreased value of all types of affected land plots due to land use restrictions imposed by servitude establishment. Compensation for land due to imposition of servitude shall be based on difference of the market value of the land at present (before the project) and after the project impact (land use restrictions imposed by servitude), based on valuation of the independent certified valuation specialist for the affected land value. AHs (landowners) whose land plots under actual impact of this project will be encumbered with 10% or over servitude impact, will be entitled for additional one-time monetary assistance allowance for severely AHs. All other assets and improvements (crops, trees, structures etc.) on affected land will be compensated as defined in EM taking into consideration impacts of the construction phase and impacts related to the imposition of easement. Annual crop harvests will be compensated - before land is restored to its original state as applicable. In case of delay in construction for several harvest season (more than one crop season) - then payments should be made for additional crops losses.

117. **Houses, buildings, and structures** will be compensated in at full replacement cost free of deductions for depreciation, and transaction costs irrespective of the registration status of the

affected land. In case of partial impacts and unwillingness of the owner to relocate, compensation will cover only the affected portion of a building and its full rehabilitation to previous use. Full compensation will be paid if partial impacts imperil the viability of the whole building. Construction materials remaining after the demolition of the structures will be deemed as ownership of the AH.

118. Flats located in building owned by private Ltd. and used by unformal settlers: All AHs regardless of their ownership status will receive compensation at current market value of flat in the same area take into account the size and condition of flat.

119. **Flats located in building owned by private Ltd. and used by unformal settlers-** All HHs regardless of legal status will receive Cash compensation at current market value of flat in the nearby residential area taking into account the size and condition of flat.

120. **Legal or illegal renter of properties:** Where supporting documentation is available, the calculation of the compensation should be based on the average monthly rent for the past 12 months, multiplied by 12 to reflect the annual amount. In the absence of such documentation, a unit rate based on a 3-month period, together with relocation assistance, shall be applied

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

122. **Trees:** Compensation at market price of income from tree based on the cost of seedling, expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity. Decorative trees will be compensated based on their market value corresponding to the age and type of the affected tree.

123. Affected not-fruit bearing timber trees (if any) will be cut by the Contractor prior to the commencement of construction and handed over to the respective landowners or users for use as firewood or material. **Businesses:** If business is lost permanently compensation based on the average taxable profit of the affected business over the past three years . or in the absence of income proof, One time allowance equal to 12-month period subsistence unit rate. In case of temporary impact compensation based on net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, an allowance equal to the number of months of business stoppage based on the monthly subsistence unit rate.

124. **Licenses for natural resources-**Loss of licenses for extract/use of natural resources will be compensated at full replacement cost, based on relevant Georgian regulations.

125. **Agricultural Tenant with formal agreement:** Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease. In case of tenancy no crop compensation will be given to the landowner and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy.

126. **Renters of non-agricultural land** : The renters of non-agricultural land plots shall be provided with compensation equal to the monthly rent cost they have paid in advance for the rented land plot exceeding the timeline of the actual relocation defined in the land acquisition and compensation agreement. Relocation allowance as per EM

127. **Loss of wages/employment:** if employee loses their wages due to the project interventions, they will be compensated with equivalent to actual wage (average of last three months) for 6 months or in case of absence of tax declaration , indemnity for lost wages equal to one-time 3-month period subsistence unit rate. For all the above, acceptable documents need to be presented, i.e.. salary payment document, accountant/financial report.

128. **Severe Impacts-** AHs (i) losing 10% or more of their land impacted by the project, (ii) physically displaced HH and (iii) households losing commercial/business establishments. Will be compensated: i) Physical relocation: an allowance covering 3-month period subsistence unit rate. (ii) Agricultural income: additional crop compensation for 1 year's yield of affected land or an allowance equal to 3 months subsistence unit rate, whichever is higher. (iii) Other income: an allowance covering 3-month period subsistence unit rate.

129. **Relocation/Shifting Allowance:** An allowance covering transport and livelihood expenses for the transitional period (250 GEL as vehicle hire charge + 3-month period subsistence unit rate). For Businesses the costs for dismantling, installation, and relocation will be calculated individually for each item and will be included in the compensation packages..

130. **Vulnerable people:** Particularly disadvantaged Households who might suffer disproportionately. These are: female-headed households with and/or without dependents, disabled household heads, poor households as defined by the official poverty line, elderly households with no means of support, households without security of tenure, refugees or internally displaced people. Will revive an allowance equal to 3-month period subsistence unit rate and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition- this may include logistics, relocation planning, assistance with replacement housing search, as appropriate

131. **Livelihood Restoration.** A Livelihood Restoration Plan (LRP) will be developed for the project targeting severely affected HHs, vulnerable AHs and affected employees.

132. Take into account the local context, the LRP will include skill-based training programs for employees and households severely affected by the project. The proposed training areas will cover the field of agricultural and tourism development as well as hospitality, which is mostly popular activity in the area. The above proposed measures are indicative. The specific areas and measures for livelihood improvement will be finalized into standalone implementation-ready livelihood restoration plan based on individual consultations with APs and other stakeholders and need assessment surveys at the early stage of LARP implementation and prior the site handover to the contractor.

133. Tasks under the Project will be implemented according to a compensation eligibility and entitlements framework in line with both Georgia laws and regulation and ADB Policy (SPS 2009). A summary entitlements matrix is included in Table 22 below.

Table 22. Entitlement and compensation matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, permanent loss of access, and/or not restorable damage of land (For example collapse)	AP losing land regardless of impact severity	Registered Owner/Legal: Owner with valid registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unusable for cultivation, the project will acquire it if the owner so desire.
		Land under actual possession refers to land plots that are not registered with the National Agency of Public Registry (NAPR) and are possessed by private users without formal ownership titles. This category includes land officially owned by the State, the Autonomous Republic of Adjara, and/or the municipalities of Batumi and Khelvachauri.	These lands will be not registered in NAPR. However, the APs will be provided with cash compensation at full replacement cost based on current market value (the same as officially registered land), according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025).
		Agricultural Tenant with formal agreement	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease. In case of tenancy no crop compensation will be given to the landowner and implementing agency, in consultation with local government, will provide assistance to

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			the tenant with the search of replacement lease/tenancy
Non- Agricultural Land	AP losing their commercial/ residential or other non-agricultural type of land ⁸ , including renters	Registered Owner/Legal: (Owner with full registration)	Cash compensation at full replacement cost. If the remaining land is no longer usable for its original purpose (e.g., agricultural activities) it is classified as residual and treated as fully affected for the purposes of compensation.
		Land under actual possession refers to land plots that are not registered with the National Agency of Public Registry (NAPR) and are possessed by private users without formal ownership titles. This category also includes land officially owned by the State, the Autonomous Republic of Adjara, and/or the municipalities of Batumi and Khelvachauri.	These will not be registered in NAPR. However, the APs will be provided with cash compensation at full replacement cost, based on current market value (the same as officially registered land), according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025)..
		Renters of non-agricultural land	The renters of non-agricultural land plots shall be provided with compensation equal to the monthly rent cost they have paid in advance for the rented land plot exceeding the timeline of the actual relocation defined in the land acquisition and compensation agreement. Relocation allowance as per EM
Permanent Restriction on land use: (i) Servitude above the constructed tunnel- impact on existing structures and restriction of new construction ⁹ (ii) Servitude for relocation of transmission lines of 35KV- any type of construction, installation, reconstruction, or explosive work. b) planting of trees above 4m height, building of fences, animal shelters, food, and fertilizer warehouses, etc.	Servitude imposed on lands for relocation, operation and maintenance of TLs and above the tunnel	AHs- own legal land and land possessed by private users without formal ownership titles.	One-time cash compensation to offset the decreased value of all types of affected land plots due to land use restrictions imposed by servitude establishment. <ul style="list-style-type: none"> Cash compensation for land due to imposition of servitude shall be based on difference of the market value of the land at present (before the project) and after the project impact (land use restrictions imposed by servitude), based on valuation of the independent certified valuation specialist for the affected land value. AHs (landowners) whose land plots under actual impact of this project will be encumbered with 10% or over servitude impact, will be entitled for additional one-time cash assistance

⁸ As per impact assessment only commercial and residential lands are affected by the project.

⁹ In instances where only agricultural land parcels are affected, servitude has no restriction/impact on assets such as trees, fences, crops. See details on servitude requirements in table 3.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			<p>allowance for severely AHs.</p> <ul style="list-style-type: none"> All other assets and improvements (crops, trees, structures etc.) on affected land will be compensated as per provisions defined in this EM taking into consideration impacts of the construction phase and impacts related to the imposition of easement. Annual crop harvests will be compensated - before land is restored to its original state as applicable. In case of delay in construction for several harvest season (more than one crop season) - then payments should be made for additional crops losses.
Buildings and Structures			
Residential and non- residential structures/assets		All AHs regardless of their I ownership status	Cash compensation for building/structures losses at full replacement costs free of depreciation and transaction costs.
Flats located in the building owned by private Ltd.	All HHs informal settlers using the flats	All AHs regardless of their ownership status	Cash compensation at current market value of flat in the nearby residential area taking into account the size and condition of the flat.
Legal or illegal renter of properties.	All HHs regardless of legal status	All AHs regardless of their legal status	Where supporting documentation is available, the calculation should be based on the average monthly rent for the past 12 months, multiplied by 12 to reflect the annual amount. In the absence of such documentation, a unit rate based on a 3-month period, together with physical relocation/Business shifting assistance, shall be applied.
Loss of Community Infrastructure/Common Property Resources			
Loss of common property and/or resources	Community/Public Assets	local Community	Reconstruction of the lost structure or reestablishment of pasture lands in consultation with community and restoration of their functions
Loss of Income and Livelihood			
Crops	Standing crops affected or affected agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal Settlers)	Crop compensation in cash at market rate by default at to gross crop value of expected harvest.
Trees	Trees affected	All APs regardless of legal status (including legalizable and Informal Settlers)	<ul style="list-style-type: none"> Cash compensation at market rate on the basis of type, age, and productive

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			<p>value of the trees. (Based on the cost of seedling, expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).</p> <ul style="list-style-type: none"> Decorative trees will be compensated based on their market value corresponding to the age and type of the affected tree. Affected not-fruit bearing timber trees (if any) will be cut by the Contractor prior to the commencement of construction and handed over to the respective landowners or users for use as firewood or material.
Business/ Employment	Business/ employment loss (formal and informal)	All APs regardless of legal status (including legalizable and Informal settlers)	<p>Business Owner: (i) Permanent impact: cash indemnity of the compensation based on the average taxable profit of the affected business over the past three years or in the absence of income proof, One time allowance equal to 12-month period subsistence unit rate. (ii) Temporary impact: cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, an allowance equal to the number of months of business stoppage based on the monthly subsistence unit rate.</p> <p>Permanent worker/employees: Equivalent to actual wage (average of last three months) for 6 months or in case of absence of tax declaration, indemnity for lost wages equal to one-time 6-month period subsistence unit rate. For all the above, acceptable documents need to be presented, i.e.. salary payment document, accountant/financial report.</p>
Restriction in using of natural resources	Loss of licenses for extract/use of natural resources	Licensed owners	Cash compensation at full replacement cost based of relevant Georgian regulations.
Allowances			
Severe Impacts	AHs (i) losing 10% or more of the land or other income generating asset , (ii) physically displaced HH and (iii) households losing commercial/business establishments.	All severely affected AHs including informal settlers	<p>(i) <u>Physical relocation</u>: an allowance covering 3-month period subsistence unit rate. (ii) <u>Agricultural income</u>: additional crop compensation for 1 year's yield of affected land or an allowance equal to 3 months subsistence unit rate, whichever is higher. (iii) <u>Other income</u>: an allowance covering 3-month period subsistence unit rate.</p>

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Livelihood restoration (non-cash measures)	All severely affected HHs, vulnerable AHs and affected employees	All AHs including informal settlers	<p>A Livelihood Restoration Plan (LRP) will be developed for the project. Indicative LR measures include:</p> <ul style="list-style-type: none"> • For Residential Relocateses including unformal flat users: <ul style="list-style-type: none"> -Legal/administrative support - Transportation support - Guidance on housing markets - Vocational training <ul style="list-style-type: none"> a. For Employees: <ul style="list-style-type: none"> - Retraining & upskilling programs - Jobs market information - Provide information and trainings in tourism development and hospitality b. For Agricultural Land owners/users: <ul style="list-style-type: none"> -Provide knowledge and skills on the enterprise management -Legal/administrative support (land, assets registration/legalization) c. For Businesses: <ul style="list-style-type: none"> - Providing necessary information and guidance on permit reapplication and utility reconnection processes to ensure timely restoration of essential services for affected households and businesses. -Provide information and trainings in tourism development and hospitality d. For vulnerable groups: <ul style="list-style-type: none"> - Transportation support (especially for persons with disabilities) - Vocational training -Provide information how to refer to government/NGO services for vulnerable groups - Tailored grievance support <p>Additional livelihood restoration and improvement measures will be added to the finalized LRP based on the individual consultations with APs and other stakeholders and need assessment surveys at the early stage of LARP implementation.</p>
Physical Relocation/business Shifting	Transport/ transition costs	All AHs to be relocated/Shifted	<p>An allowance covering transport and livelihood expenses for the transitional period (250 GEL as vehicle hire charge + 3-month period subsistence unit rate).</p> <p>For Businesses the costs for dismantling, installation, and relocation will be calculated individually for each item and will be included in the compensation packages.</p>

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Vulnerability		<ul style="list-style-type: none"> — Particularly disadvantaged Households who might suffer disproportionately. These are: — female-headed households with and/or without dependents. — disabled household heads. — poor households as defined by the official poverty line. — elderly households with no means of support. — refugees or internally displaced people. 	3-month period subsistence unit rate and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate relocation or transition- this may include logistics, relocation planning, assistance with replacement housing search, as appropriate or other livelihood assistance measures to be defined by LRP.
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW. Impacts on livelihoods not otherwise assessed	All APs	Due compensation/ restoration measures to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009.
Temporary Impact on land plot during construction	All APs regardless of legal/registration status	All APs regardless of legal/registration status	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-established by the project at the pre-impact productive conditions.
Impacts related to spoil disposal areas and construction camps.	Temporary impacts	APs using affected pasture lands or other areas related to contractor's operation.	Any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements between the Contractor and the landowners. Should such temporary impacts also affect persons/third parties using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation.
	Permanent and/or involuntary impacts		Any permanent and/or effectively involuntary impact on land caused by the use of land for disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.

4.7.3 Assistance for severely affected and Vulnerable AH

134. Vulnerable households are households who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. Below poverty line, women headed households, households with members with disabilities or lonely pensioner is considered as vulnerable. The vulnerable household requires special assistance for resettlement.

135. Vulnerable AHs are entitled to an allowance equivalent to a 3-month period subsistence unit rate and employment priority in project-related jobs. AHs are considered as vulnerable in case they are (i) female-headed households with and/or without dependents; (ii) disabled household heads; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure; (vi) ethnic minorities; and (vii) refugees or internally displaced people. An official subsistence unit rate, are taken from the Government of Georgia Statistics Department data¹⁰. Severely affected AH will receive an allowance equivalent to 1 additional crop compensation for 1 year's yield of affected land for agricultural income - or, for other incomes: an allowance covering 3-month period subsistence unit rate.

4.7.4 Compensation Approaches Elaborated for This LARP

Compensation Approach for Employee Wages

136. The compensation amount was calculated based on wages accrued over the last three months. Since the cut-off date was set as March 15, 2025, business owners were asked to provide wage data for January, February, and March 2025.

137. Based on the submitted information (i.e., the average salary over the three-month period), employees were granted compensation equivalent to six months of wages.

138. Using data from the last three months was considered the most appropriate approach for the following reasons:

- These records reflect the most accurate and up-to-date information on current employees.
- They better represent the present operational status of the business.
- They avoid the inclusion of outdated or irrelevant information, such as salaries of former employees no longer with the company.

Annual Profit Calculation Approach for Business (Based on Each Company's Annual Profit)

139. Businesses located within the buffer zone provided profit data (pre-tax) for the past three years. The compensation amount was calculated using the arithmetic average of the company's annual profit over that period.

140. Example:

141. If the company's profits were GEL 10 in 2022, GEL 9 in 2023, and GEL 11 in 2024, the compensation amount was calculated as: $(10 + 9 + 11) / 3 = \text{GEL } 10$

142. Companies located within the project area provided financial data for the last three years. The provided information was analyzed by the evaluators and calculated the average pre-tax profit based on data from all three years. Based on the information this method of calculating compensation

¹⁰ Geostat tracks subsistence minimum for working age male and subsistence wage for an average consumer. This figure is subject of update once in year (starting from December 2024). Based on latest available data, the subsistence unit rate has been consistently calculated at the 2.25 times the amount of a subsistence minimum for an average consumer. Given this, the updated allowance unit rate per month using updated Geostat data as of December 2024, is $230.5 * 2.25 = 518.62$ GEL.

provides the fairest result, as it reduces the influence of external factors present in specific years on the compensation amount. In the case where the entity was not operating in the early years, the average of the years when it was active has been taken accordingly. During the consultations, the proposed approach was presented to owners; no objections were recorded.

143. Using three years of data was deemed appropriate because relying on a single year's profit would not provide a reliable basis for compensation. External factors may significantly influence business performance in any given year. A three-year average offers a more objective and balanced assessment, reducing the influence of such short-term fluctuations.

Residual Land Acquisition Approach

144. Most land plots located in the project's buffer zone are divided, with only a portion falling under direct project impact. In accordance with the initial instruction from the Roads Department, only the affected portions of land within the buffer zone were inspected, documented, and appraised.

145. However, exceptions were made on case by case basis based on various factors such as access road, size, shape or where the majority (e.g., more than 90%) of the land plot was impacted. In such cases, the entire land plot was acquired without subdivision. In case of affected residential houses, residual land was included in acquisition buffer.

146. This decision was based on the following considerations:

- **Unusability of the Remaining Portion:** The residual land was too small to be practically used for agricultural or other economic activities.
- **Inefficient Configuration:** In many cases, the shape of the remaining portion was irregular, rendering it unusable or unsuitable for rational use.

Compensation Calculation Approach for Lease

147. Lease compensation was provided to individuals receiving rental payments as of the cut-off date. The compensation amount was based on the total rental income received during the year 2024 multiplied for 12 months.

148. Rental increases in 2025 were not included in the calculation to avoid the risk of artificially inflated rental rates by landlords in the lead-up to the cut-off date. It was observed in similar projects that once landlords become aware of upcoming compensation or relocation assistance, they may intentionally raise rents to secure higher payouts, leading to artificially high market rates that do not reflect genuine economic conditions. To ensure fairness and accuracy, rental rates were instead based on verified market data from before 2025.

4.7.5 Valuation Methods

Valuation of Compensation Rates for Land Plots and Structures.

149. Valuation of compensation rates of different affected assets varies. Methodology used for determination of the compensation amount payable for damage to landowners summarized below, while the detailed methodology is provided in Annex 4. The compensation is calculated based on current replacement cost principles and does **not** apply depreciation, in line with ADB's replacement cost principals.

150. Method N1 Cost Replacement approach – which contains full expenses of constructing (creating) analogous property, includes:

- Direct costs:
- Cost of material.
- Construction expenses:
- Workers' wages.

- Construction profit and overhead costs.
- Transportation costs.
- And other expenses necessary for construction activities.
 - Indirect costs:
 - Professional service costs:
 - Architect/designer service costs.
 - Legal service costs.
 - Other expenses.
- Permit costs:
- Insurance costs.
- Other expenses.

Cost (replacement) approach in its turn includes 3 methods:

- 1) Method of square (cubic) meters.
- 2) Element (cost estimation) method.
- 3) Resource method.

151. In the given case, cost replacement - element (cost estimation) method has been used for calculation of the value of the project affected structures, including supplementary structures as fences, gates, wells, etc. .

152. We draw up cost estimation for construction (arrangement) of the structures in replace to the structures, located on the project affected private land parcels. No deduction of depreciation cost was applied for estimation of structures' replacement cost The type and amount of the construction material used for the construction of the particular buildings and structures are given in this cost estimation. As for the cost of the construction materials, they are taken according to the Construction Resource Prices, published by the Construction Assessors Union on a quarterly basis. The prices given in the mentioned publication were checked through the survey of market prices when the conformity of the main construction material was checked. In the result it was proved that the prices given in the Construction Resource Prices corresponded to the existing market prices.

153. **Method N.2 Sales Comparison Approach** – direct comparison of the appraisal object with other object, the market price of which is known (it is sold, or similar action istaken). Following actions are taken while using this approach:

- a. Obtaining market data, analyses, and classification, which gives the possibility todetermine analogous property.
- b. Determination of the comparable elements, used for comparison of the object of theestimated property with analogues.
- c. Determination of the type and the degree of differences between selectedcomparable elements.
- d. Adjustment of prices of the defined comparable elements of analogues.
- e. Adjustment of all analogue prices in relation to the estimated property according tothe defined comparable elements.
- f. Determination of the market price of the estimated property according to the adjusted prices of analogues.

154. Amendments are introduced according to comparable elements with following order:

- a. Transfer of property rights.
- b. Financial conditions.
- c. Selling conditions.
- d. Further expenses related to the sale.
- e. Market sale dynamics (sale date).
- f. Location.
- g. Physical characteristics.
- h. Economic characteristics.
- i. Usage.
- j. Absence of movable property.

155. In the given case a sales comparison approach has been used for calculation of the market prices of land plots.

156. Market prices of land parcels and other immovable property are calculated according to the official exchange rate of GEL stated by the National Bank of Georgia for the given period of time (April, 29,2025).

157. The comparable transaction analysis approach was used to determine the value of the land plot for the subject property presented in the report. This approach is based on a comparison of the object being valued with the price of sold similar land plot. This is the most popular and accepted method of land valuation. The valuer can also analyse the bids for sale and other market information, but the main focus should be on the actual sales data of similar plots that are feasible under typical market conditions.

158. The fundamental principle of this method is the substitution principle, which states that in the market, the investor (buyer) will not pay more than what a comparable piece of real estate with the same benefit is worth. Benefit means a set of characteristics of an object that determine its purpose, capabilities, and methods of use (conditions), also the amount and terms of income received. The result of using this method is the conversion of the price of an object to be valued into a market value through the transformation of the prices of comparable objects sold or offered.

159. Using this method, the valuer goes through the following steps:

1. collection, classification, and analysis of market data, allowing for the identification of similar lands that are relevant and comparable to the land to be valued.
2. determines the instruments by which the land to be valued is compared with analogues.
3. determines the nature and degree of difference between the established (selected) comparison elements with comparable and measurable plots with one another.
4. The prices of all established comparison elements in similar plots are adjusted according to the nature and quality of the differences between all the analogues with respect to the object being compared.
5. The prices of all similar plots are adjusted for the land plot to be evaluated according to the established comparison elements.
6. Determines the market value of the land to be valued by substantiating the adjusted prices of similar assets.

Important Note 1 Regarding to the Study on the Relationship Between Auction held in the Area of Valuation and Market Value:

160. The valuation of land plots located within the buffer zone was carried out based on market value, in full compliance with international valuation standards. The market approach was used for the valuation, which is considered the most reliable and widely accepted method. This methodology involved an in-depth study and analysis of the market for comparable properties.

161. The valuation process included a detailed analysis of both the current market listings and actual transactions that took place from 2024 up to the date of valuation (April 2025).

162. It is particularly important to note that transactions conducted through public auctions in the study area were not considered in the valuation process. Auction-based transactions, in most cases, do not reflect the actual market value; therefore, their use in determining market value would not be appropriate.

163. One notable case in the study area involved a land plot sold through auction at a recorded transaction price of nearly USD 380 per square meter. This figure significantly deviates from the market value and is likely influenced by various specific or hidden factors. It is important to emphasize that no other transaction at such a value has ever been recorded in the study market. As such, considering this case or linking it in any way to the subject property would not be methodologically justified.

Important Note 2 Regarding the replacement cost for Flats located in building owned by private Ltd. and used by informal settlers:

164. The property is an industrial facility owned by Ltd. It comprises a single-story, high-ceiling production building and an adjoining three-story administrative building.

165. The administrative building is informally occupied by ten families who do not hold legal ownership rights. However, during the site inspection, only five families were found to be residing on the premises in furnished residential units. The other five families were primarily using their respective spaces for storage purposes.

166. The property was assessed using two approaches:

1. **Industrial Facility Owned by Ltd** – The production building was evaluated based on the replacement cost method.
2. **Administrative Building (Informally Occupied Areas)** – The area was categorized as follows:
 - For the five families residing on-site, the occupied spaces were assessed as residential apartments in their current condition.
 - The remaining units used for storage were assessed as auxiliary/storage areas.

167. The market approach was applied to the valuation of both components. This means that the compensation for the residential units and storage areas was determined based on the current market value of comparable properties of similar size and condition in the surrounding area (Khelvachauri). No depreciation deductions were applied in the estimation.

Valuation for Servitude impact on Land

168. Land plots under the project impact will be compensated in two different ways:

1. Part is subject to acquisition (fully transferred to the state)
2. Part is subject to easement (remains with the owner, but with certain restrictions)

169. Easement implies that the owner retains the right to ownership of the land, but certain uses of the land are limited for the benefit of another person (in this case, the state) and the construction of any kind of structures is prohibited. Only planting and caring for perennial and annual plants, as well as placing inert materials and using them for parking are possible on the land plot.

170. The procedure for payment/compensation for land plots burdened with easement rights is determined as follows:

171. Compensation for a vacant land plot is paid based on the cost of deterioration of the land plot. Compensation is a valuation and compensation for the damage that occurs as a result of the deterioration of the value of the land plot due to the restrictions imposed by the easement. The restrictions include the use of the land plot only for parking, agricultural arable purposes and storage of inert materials.

172. Perennial and annual plants on plots of land subject to easement rights are not subject to compensation, as these plants remain the property of the owner and he/she can use them in the future as well.

173. If a capital building is located on the land plot and this plot is subject to easement rights, these capital buildings are taken into account in the compensation payment at full replacement cost. At the same time, non-capital buildings (fences, light-frame structures constructed of tin sheet, etc.) structures on vacant land are not subject to compensation, because the owners can continue to use these lightweight structures during and after project implementation.

174. Land plots used for residential purposes that fall under the impact of servitude (located above tunnel) will be fully acquired. In case of impact on agricultural land plots compensation will be calculated based on deterioration of the impacted land value.

175. The servitude (easement) value for land parcels affected by the project was calculated using two methods:

- **For assets located above tunnel_ In instances where agricultural land parcels are affected, servitude agreements will be employed. Under these agreements, existing assets (e.g., trees, fences, crops) remain in place and may continue to be used; however, new building construction within the servitude area will be restricted.**

176. The servitude (easement) compensation value shall be determined as the difference between the value of a land plot with development potential and the value of agricultural arable land.

- **For assets under the impact of TL_ Restricted in protected zone: a) any type of construction, installation, reconstruction, or explosive work. b) planting of trees, building of fences, animal shelters, food, and fertilizer warehouses, etc.**

177. The servitude (easement) compensation value shall be calculated as the difference between the value of land designated for construction and the value determined by the income-capitalization method.

Calculation methods of Compensation Costs for Perennials

Valuation methodology for fruit-bearing trees

178. The compensation value of perennial plants is calculated based on the time required for similar species to reach the equivalent age or, in the case of fully productive plants, to reach full fruit-bearing maturity. The valuation of annual crops is determined using agricultural yield data for the specific variety (based on relevant sources) and its compensation value, corresponding to the yield of a single harvest year. The methodology for valuing perennial crops using the discounted income method is as follows:

179. The methodology is based on calculating the present value of future income streams that will be received from perennial crops over their life cycle.

180. The valuation process involves several stages:

1. The first stage involves identifying the crops and determining their current age. This is done through on-site inspection, using the expert knowledge of an agronomist and taking into account information provided by the owner.
2. In the next stage, each plant is classified into three categories:
 - Seedling - before fruiting (estimated by the price of the seedling)
 - Medium-sized tree - after fruiting but before full fruiting (bears small fruits)
 - Large-sized tree - during full fruiting (bears maximum fruiting)
3. Based on the information provided by the agronomist, the following was determined:
 - Selling price of 1 kg of product by plant type
 - Total life span of the plant (in years)
 - Age at fruiting
 - Age at full fruiting
4. After this, the expected yield of the plant at different stages is determined based on the agronomist's expert knowledge:
 - Seedling (before fruiting)
 - After fruiting (in the case of a medium-sized tree)
 - During the Full fruiting period (in the case of a large tree)
5. The expected annual income is calculated for the remaining life span. The annual income obtained is discounted at the appropriate discount rate to calculate the present value of the future income.

Discount rate

181. The valuer estimated cost of capital with CAPM formula:

182. Cost of Equity = Risk-Free Rate of Return + Beta * (Market Rate of Return – Risk-Free Rate of Return) +Country Risk Premium + Size Premium

183. The valuer considered the normalized risk-free rate of return to be 2.7% according to Kroll calculations. The debt- to-equity ratio was estimated based on the practice on Georgian market.

184. In calculating the cost of debt, the valuer used data from the National Bank of Georgia (interest rate on Loans Secured by real estate, % - granted during the month to legal entities in foreign currency, average of six months) (data of February 2025).

Valuation methodology for decorative trees

185. Decorative trees will be compensated based on their market value corresponding to the age and type of the affected tree.

Valuation methodology for timber trees

186. There are no income-generating timber trees within the project-affected area. Accordingly, non-fruit-bearing trees that may be used by local residents as firewood were not included in the inventory and valuation. Affected not-fruit bearing timber trees (if any)will be cut by the Contractor prior to the commencement of construction and handed over to the respective landowners or users for use as firewood or material.

Calculation of compensation amount for annual crops

187. To determine the compensation of agricultural crops on the project-affected land plots, the method of determining the lost income was used, which is calculated using the yield data of a specific agricultural crop and its market value, in relation to the harvest of one year, for the area of the agricultural land under the influence. Compensation values for annual crops were determined based on the data of the crop yield and market value, based on the comparison of the survey results of specialists, owners, and inspection results.

4.7.6 Main Principles of Valuation Approach Developed by the Valuation Company Colliers Georgia for this LARP¹¹

VALUATION METHODOLOGY

188. For the purposes of this valuation, Colliers Georgia has been guided by the 2009 Asian Development Bank Safeguards Policy.

189. For the purposes of this valuation, a market approach and a cost approach have been used, which entail the following:

190. Market Approach - IVS 103 Valuation Approaches

191. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

192. The market approach should be applied and afforded significant weight under the following circumstances:

- (a) the subject asset has recently been sold in a transaction appropriate for consideration under the basis of value,
- (b) the subject asset or substantially similar assets are actively publicly traded, and/or
- (c) there are frequent and/or recent observable transactions in substantially similar assets.

193. Although the above circumstances would indicate that the market approach should be applied and afforded significant weight, when the above criteria are not met, the following are additional

¹¹ This is the summary of methodology applied by the valuator in the Valuation report. Valuation report is delivered as separate document, as part of the LARP document. Because of the size (1124 pages) it can't be attached as an annex.

circumstances where the market approach may be applied and afforded significant weight. When using the market approach under the following circumstances, a valuer should consider whether any other approaches can be applied and weighted to corroborate the value indication from the market approach:

- a. Transactions involving the subject asset or substantially similar assets are not recent enough considering the levels of volatility and activity in the market.
- b. The asset or substantially similar assets are publicly traded, but not actively.
- c. Information on market transactions is available, but the comparable assets have significant differences to the subject asset, potentially requiring subjective adjustments.
- d. Information on recent transactions is not reliable (i.e., hearsay, missing information, synergistic purchaser,
- e. not arm's-length, distressed sale, etc.).
- f. The critical element affecting the value of the asset is the price it would achieve in the market rather than the cost of reproduction or its income-producing ability.

194. The heterogeneous nature of many assets means that it is often not possible to find market evidence of transactions involving identical or similar assets. Even in circumstances where the market approach is not used, the use of market-based inputs should be maximized in the application of other approaches (e.g., market-based valuation metrics such as effective yields and rates of return).

195. When comparable market information does not relate to the exact or substantially the same asset, the valuer must perform a comparative analysis of qualitative and quantitative similarities and differences between the comparable assets and the subject asset. It will often be necessary to make adjustments based on this comparative analysis. Those adjustments must be reasonable, and valuers must document the reasons for the adjustments and how they were quantified.

196. The market approach often uses market multiples derived from a set of comparables, each with different multiples. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors.

197. The cost approach provides an indication of *value* using the economic principle that a buyer will pay no more for an *asset* than the *cost* to obtain an *asset* of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of *value* by calculating the current replacement or reproduction cost of an *asset* and making deductions for physical deterioration and all other relevant forms of obsolescence.

198. The cost approach *should* be applied and afforded *significant weight* under the following circumstances:

- (a) *participants* would be able to recreate an *asset* with substantially the same utility as the subject *asset*, without regulatory or legal restrictions, and the *asset* could be recreated quickly enough that a *participant* would not be willing to pay a *significant* premium for the ability to use the subject *asset* immediately,
- (b) the *asset* is not directly income-generating and the unique nature of the *asset* makes using an income approach or market approach unfeasible, and/or
- (c) the *basis of value* being used is fundamentally based on replacement cost, such as replacement value.

199. Although the circumstances in para 60.2 would indicate that the cost approach *should* be applied and afforded *significant weight*, the following are additional circumstances where the cost approach *may* be applied and afforded *significant weight*. When using the cost approach under the following circumstances, a *valuer should* consider whether any other approaches can be applied and *weighted* to corroborate the value indication from the cost approach:

- (a) *participants* might consider recreating an *asset* of similar utility, but there are potential legal or regulatory hurdles or *significant* time involved in recreating the *asset*,
- (b) when the cost approach is being used as a reasonableness check to other approaches (for example, using the cost approach to confirm whether a business valued as a going-concern might be more valuable on a liquidation basis), and/or

- (c) the *asset* was recently created, such that there is a high degree of reliability in the assumptions used in the cost approach.

200. The *value* of a partially completed *asset* will generally reflect the *costs* incurred to date in the creation of the *asset* (and whether those *costs* contributed to *value*) and the expectations of *participants* regarding the *value* of the property when complete, but consider the *costs* and time required to complete the *asset* and appropriate adjustments for profit and risk.

Cost Approach Methods

201. Broadly, there are three cost approach methods:

- a. replacement cost method: a method that indicates value by calculating the cost of a similar asset offering equivalent utility,
- b. reproduction cost method: a method under the cost that indicates value by calculating the cost to recreating a replica of an asset, and
- c. *summation* method: a method that calculates the value of an asset by the addition of the separate values of its component parts.

Replacement Cost Method

202. Generally, replacement cost is the *cost* that is relevant to determining the *price* that a *participant* would pay as it is based on replicating the utility of the *asset*, not the exact physical properties of the *asset*.

203. Usually replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost.

204. The key steps in the replacement cost method are:

- a. calculate all of the costs that would be incurred by a typical participant seeking to create or obtain an asset
- b. providing equivalent utility,
- c. determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset, and
- d. deduct total depreciation from the total costs to arrive at a value for the subject asset.

205. The replacement cost is generally that of a modern equivalent *asset*, which is one that provides similar function and equivalent utility to the *asset* being valued, but which is of a current design and constructed or made using current cost-effective materials and techniques. No deduction of depreciation cost was applied for estimation of structures' replacement cost.

Reproduction Cost Method

206. Reproduction cost is appropriate in circumstances such as the following:

- a. the cost of a modern equivalent *asset* is greater than the *cost* of recreating a replica of the subject asset, or
- b. the utility offered by the subject asset could only be provided by a replica rather than a modern equivalent.

207. The key steps in the reproduction cost method are:

- a. calculate all of the *costs* that would be incurred by a typical *participant* seeking to create an exact replica of the subject *asset*,
- (a) determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset, and
- (b) deduct total depreciation from the total *costs* to arrive at a *value* for the subject *asset*.

Summation Method

208. The summation method, also referred to as the underlying *asset* method, is typically used for investment companies or other types of *assets* or entities for which *value* is primarily a factor of the *values* of their holdings.

209. The key steps in the summation method are:

- a. value each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods, and
- b. add the value of the component assets together to reach the value of the subject asset.
- c. The cost approach *should* capture all of the *costs* that would be incurred by a typical *participant*.

210. The cost elements may differ depending on the type of the asset and should include the direct and indirect costs that would be required to replace/ recreate the asset as of the valuation date.

211. Further details about the Cost Approach can be found in the 2025 edition of International Valuation Standards -

212. For the purposes of this valuation, Colliers Georgia was guided by the Asian Development Bank's 2009 Social Safeguards Policy. According to these guidelines, valuation should be based on full replacement cost, excluding depreciation and developer's profit.

Exchange rate

213. The US dollar exchange rate is based on official data set by the National Bank of Georgia. On the date of the valuation (April 29, 2025), the exchange rate was 2.7496.

214. **Income approach** - IVS 103 Valuation Approaches and methods

215. The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

216. The income approach should be applied and afforded significant weight under the following circumstances:

- a. the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
- b. reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables.

217. Although the above circumstances would indicate that the income approach should be applied and afforded significant weight, the following are additional circumstances where the income approach may be applied and afforded significant weight. When using the income approach under the following circumstances, a valuer should consider whether any other approaches can be applied and weighted to corroborate the value indication from the income approach:

- a. the income-producing ability of the subject asset is only one of several factors affecting value from a participant perspective,
- b. there is significant uncertainty regarding the amount and timing of future income-related to the subject asset,
- c. there is a lack of access to information related to the subject asset (for example, a minority owner may have access to historical financial statements but not forecasts/budgets), and/or
- d. the subject asset has not yet begun generating income but is projected to do so.

218. A fundamental basis for the income approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment.

219. Generally, investors can only expect to be compensated for systematic risk (also known as "market risk" or "undiversifiable risk").

Income Approach Methods

220. Although there are many ways to implement the income approach, methods under the income approach are effectively based on discounting future amounts of cash flow to present value. They are variations of the Discounted Cash Flow (DCF) method.

221. Further details about the Income Approach can be found in the 2025 edition of International Valuation Standards

- IVS 103 Valuation Approaches.

Measurement drawings

222. The necessary drawings were prepared in compliance with the requirements of Georgian legislation, including the requirements set forth in Resolution No. 388 of the Government of Georgia of August 8, 2016.

Cost estimation

223. The cost estimation is prepared on the basis of the Resolutions of the Prime Minister of Georgia No. 52 and No. 55 of January 14, 2014, the norms of 1984 and the prices of construction resources for the first quarter of 2025 published by the Union of Construction Valuers. The methodological note published in 2015 on the calculation of cost estimates for construction and repair works is also taken into account.

224. The exact cost estimation is based on a detailed project, which indicates the volumes of materials and accurate calculations. Within the framework of the current project, the mentioned documentation was not available to Colliers, therefore, in the absence of design documentation, the cost estimate is based on measurement drawings and a detailed description of the object. The objects are valued based on a visual inspection with presence of owner, and in the case of hidden structures and communications, engineering assumptions are used.

Assumption about structural parts

225. Since a full assessment of the structural elements of a building cannot be made only by visual inspection, the following analysis method is used:

- Analysis of cost estimates and structural characteristics of objects of a similar typology;
- Consideration of structural parameters required for 9-point seismic stability;
- Compliance with insulation and fire safety regulations;
- Ensuring compliance with road and transport regulations and the requirements of the Municipal Code.

226. With this methodology, taking into account engineering and geological surveys, topographic measurements and design practice, the approximate volumes and specifications of hidden works are estimated.

Engineering and technical part

227. The cost estimation fully reflects all necessary costs related to the construction permit. When determining the costs of installing engineering systems (electricity, water supply, sewage, heating-ventilation, air conditioning), the following are taken into account:

- Cross-sections and capacities of electrical cables;
- Diameters and characteristics of plumbing communications;
- Other hidden engineering elements, which are identified based on engineering solutions used in similar types of buildings.

Architectural part

228. The valuation of architectural elements is carried out by direct visual inspection and based on measurement drawings, which allows for the accurate determination of the volume of construction and repair works.

229. The cost estimate also includes the electricity connection tariff, construction permit fee and design costs.

Industrial equipment

230. In addition, the cost estimate includes the costs of installation and dismantling of industrial equipment and factories (which also includes the cost of arranging foundations during assembly), the costs of transporting materials, connecting transformers, as well as the transportation and installation of containers and other additional technical and logistical costs.

Dismantling and installation of equipment

Dismantling and transportation

231. During the dismantling process, accurate data on the weight of the equipment is used, which is determined by visual assessment. Equipment subject to dismantling is classified into two main categories:

- a. Oversized equipment
 - Silos and other large-volume equipment
- b. Non-oversized equipment
 - Containers
 - Non-oversized tanks
 - Inert material storage and processing equipment

232. The valuation process used existing inert material crushing and sorting equipment projects (in accordance with SNIP). The installation of inert material crushing and sorting equipment is carried out in strict compliance with the norms established by law, unlike the existing placement.

233. The transportation distance (25 km) and logistics costs, which are used in the cost estimate for the transportation of all similar equipment, must be taken into account.

Installation specification

234. The installation process takes into account:

- Information provided by the client about the performance
- Number and volume of silos
- Parameters of receiving devices
- Number and configuration of production lines

235. The installation is carried out in full compliance with safety and construction norms, taking into account fire regulations.

Infrastructure arrangement

- As part of the compensation and restoration measures under the project, affected infrastructure—particularly those related to operational and utility functions—will be replaced with equivalent or improved structures to ensure continued functionality and safety for the affected parties. The replacement approach considers technical adequacy, rapid installation, and compliance with safety standards. The following arrangements are proposed: Operator rooms - with sandwich panels
- Transformer substation - with metal construction, in compliance with safety norms
- Ready-made modules (e.g. transformer) - purchased as a set and installed as a single block

Assumption about the depth of well

236. Due to the impossibility of confirming the well depth data provided by the owners of the facilities, the parameters recorded by most of the owners were used in the valuation methodology. In particular, a standard average depth indicator of 12 meters was established for the area under consideration, which was used as a baseline parameter.

237. For all wells on the researched land plot, the cost estimate was carried out based on the above-mentioned standardized parameter (12 m).

Principles of Fee Formation

238. The cost estimation documentation reflects the estimated cost of construction under market conditions and does not represent a guaranteed indicator of the final amount to be paid. Settlement between the parties is made based on the costs actually incurred, confirmed by the submission of relevant documentation.

Barbed wire fence

239. The cost of a barbed wire fence (barbed wire) is determined based on market analogues, without using a normative calculation.

Fees and charges

- Construction permit fee is calculated in accordance with K1¹²
- Design cost (fee) is calculated in accordance with K2¹³

Additional costs

- Cost of temporary building and structure arrangement: 1.5% of the cost estimate
- Cost of construction increase in winter: 0.2% of the cost estimate

Subscription costs

240. For electricity supply, the following is provided:

- Subscription fee
- Purchase of the right to connect to the supplier according to the load:
 - c. In the case of capacity up to 500-1000 kilowatts - in accordance with the resolution of the Electricity Regulatory Commission. Please see the links on the website: (<https://gnerc.org/ge/tariffs/tariff-el-energy/miertebis-safasuri>), (<https://gnerc.org/files/methodology/miertebis%20safasuri%20eleqtro.pdf>)

Additional coefficients and costs

241. The following costs are included in the cost estimation:

- **Overhead costs** – 10% of the total cost of the work
- **Internal plumbing works** – 12% of the total cost of the work
- **Overhead costs for electrical installation works** – 75% of the salary costs for the installation of electrical supply.
- **Overhead costs for low-voltage systems** – 72% of the salary costs for the installation of low-voltage systems.
- **Overhead costs for the heating-ventilation system** – 65% of the estimated salary costs for the installation of heating-ventilation equipment
- **Overhead costs for the installation of equipment/equipment** – 68% of the estimated salary costs for the installation of equipment
- **Estimated profit** – 8% of the total cost of the work
- **Contingent costs** – 3% of the total cost of the work
- **Transportation costs** – 3% of the cost of the transported material only

¹² K1 – Coefficient of land development. The K1 coefficient determines the maximum proportion of a given plot of land on which buildings and structures may be constructed. The development coefficient represents the maximum ratio between the area enclosed by the outer boundary of the ground floor and the total area of the plot.

¹³ K2 – Coefficient for the development intensity of the property. The K2 coefficient determines the total authorized area of the ground floor and above-ground floors of buildings and structures in a given zone on a given plot of land. K2 is the maximum ratio between the total area of ground and above-ground floors of buildings and structures and the total area of the land plot.

- **Additional cost tax** – 18% of the total cost of the work

242. The foundations of the material flow receiving elements (silos, receiving nodes of concrete plants, screening plant of the crushing complex) are made in accordance with the current construction standards. Reinforced concrete foundations are used for all of the above-mentioned structural elements, the calculation and design of which was carried out taking into account dynamic loads.

243. The slopes of technological ramps are designed in full compliance with regulatory requirements.

244. Assumption about underground elements- It is worth noting that elements of a type that are not visible to the eye and cannot be measured, such as underground pipes (iron and plastic pipes), the foundations of an old factory located below the inert material, could not be accurately identified on site. Accordingly, the valuer did not take these elements into account in the valuation process.

Cost Estimation approach for loss of licenses for water extract and sand gravel

245. Within the project area, permits have been issued for extracting underground fresh-water reserves. The affected businesses draw on these reserves to support their operations. Article 8(1) of the Georgian Law “On Minerals” stipulates that any transfer of mineral-fund land—whether by sale, lease, or other arrangement—requires the consent of the National Agency of Mineral Resources (an LEPL under the Ministry of Economy and Sustainable Development of Georgia). For licensed sites, the license holder’s approval is also mandatory.

246. Article 39(1) of the Georgian Law “On Environmental Protection” allows mineral-deposit development only when the developer pays the mineral owner a fee for that resource, calculated according to the “Fees for the Use of Natural Resources.”

247. Permit holders have not yet provided detailed information on the licenses, thus the estimation was made based on preliminary information on licenses and applicable regulations mentioned above. RD will formally request updated information on active licenses from the National Agency of Mineral Resources prior the start of LARP implementation. Once the data is confirmed, the corresponding compensation amounts will be added for each relevant AH—whether a business operator, landowner, leaseholder, or other third party to be included in the AH list. These funds will be drawn from the budget’s contingency.

4.8 Livelihood Restoration Strategy and Indicative Measure

4.8.1 Key Goals and Principles Guiding Livelihood Restoration Planning and Implementation

248. This Chapter presents the livelihood restoration strategy and indicative measures which the Project is proposing to mitigate the full range of livelihood impacts that AHs/APs will experience. The purpose of LRP is to ensure that AHs/APs will have at least the same or better standard of living after the Project than before.

249. International best practice stipulates that livelihood should be considered to encompass the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, trade, bartering, manufacturing and various types of business and entrepreneurial activities. A livelihood is sustainable when it enables people to provide for their basic needs and enhance their well-being and that of future generations without undermining the natural environment or resource base.

250. In this context, the Project acknowledges the responsibility and commitment not just to pay compensation for losses resulting from project impacts, but also to assist AHs (and severely affected

and vulnerable households in particular) to restore their livelihoods and improve their standard of living. The livelihood restoration programme is being designed to meet these responsibilities and commitments in compliance with both best international standards and Georgian best practices. Extensive efforts will be made to ensure that all AHs/APs are well informed of the livelihood restoration mitigation measures open to them and are given adequate opportunities to participate.

251. The Project's sustainable approach to livelihood restoration is based on the following international best practices, goals and principles:

- While international resettlement experience over many decades shows that restoring livelihoods/standards of living to pre-existing levels within reasonable time scales is difficult and seldom achieved, the Project's goal is nevertheless to ensure that AHs/APs are at least as well off as they were before project implementation and that there will be an improvement of AHs/AP's current living conditions.
- While "do-no-harm" is a key project principle, an important project objective is also to improve the livelihoods of AHs/APs.
- Livelihoods of AHs are commonly based on multi-faceted strategies and endeavours and therefore a combination of approaches will be required to support restoration of incomes and the re-establishment of community support networks.
- Active participation of intended beneficiaries in planning and decision-making concerning livelihood restoration options will be encouraged and facilitated to ensure that the proposed mitigation measures take account of AH/AP circumstances and priorities and have their support.
- Vulnerable households are by definition less able to adapt to changes and therefore will receive targeted support throughout the planning and implementation of specific tailored livelihood restoration measures.
- Transition allowances are important and necessary and will be planned and defined to ensure clear eligibility and end points.
- Capacity building will be incorporated into livelihood restoration activities to develop AHs/APs skills.

4.8.2 Process for Determining Proposed Livelihood Impacts and Restoration Measures

252. The development of this Livelihood Restoration Strategy and the identification of indicative measures are grounded in comprehensive data collection and stakeholder engagement efforts carried out throughout the project planning phase. Socioeconomic surveys, detailed census and asset inventories, and a series of public consultations with stakeholders, including community members, local-self-governing bodies, as well as targeted focus group discussions (FGD) were conducted with affected HHs- physical relocatees, business owners, and employees to understand the potential livelihood impacts of land acquisition and displacement under the project. The SES and census surveys provided quantitative data on overall household socio-economic profile, household income sources, employment, vulnerabilities, and land and asset ownership. In parallel, qualitative insights were gathered through FGDs conducted between allowing participants to express concerns, coping strategies, and specific support needs in their own words.

253. The findings from these assessments informed the preparation of the livelihood impact matrix and were used to identify context-appropriate, realistic, and inclusive support measures. Particular attention was given to the needs of vulnerable groups, including women-headed households, persons with disabilities, the elderly, business owners and employees. The resulting LR strategy is intended to guide the design and implementation of responsive and sustainable livelihood restoration interventions in line with international best practices and the principles of equitable resettlement.

254. The SES and census identified several vulnerable groups (Below poverty line, head of household with disability, etc.) requiring targeted support.. These groups may experience specific challenges such as difficulties participating in decision-making processes, transportation issues during relocation, and limited access to grievance mechanisms. Consequently, the LR strategy includes tailored assistance measures, such as transportation aid, specialized vocational training, and focused grievance support, ensuring these vulnerable groups are effectively engaged and adequately supported throughout the project's implementation.

255. The Project will permanently halt the operations of quite high number of specific industrial type of businesses (6% of total AHs) and their employees (70% of total AHs), thus combination of transitional support and targeted support measures tailored to their needs and preferences shall be proposed to ensure either reestablishment of these businesses or providing opportunities to seek alternative livelihood sources.

256. Public consultations, SES and FGDs highlighted key concerns, including limited awareness of grievance procedures, a strong preference for face-to-face meetings, reliance on municipal representatives for addressing issues, and concerns about relocation, income loss, and social disruptions. These findings have directly informed the proposed Livelihood Restoration (LR) strategy, shaping enhanced communication efforts, transparent grievance processes, robust financial and logistical relocation support, and targeted employment assistance measures.

257. Below are presented some main highlights raised by APs during the FGDs, based on these findings the main livelihood impacts were identified along with coping strategies and support needs and preferences for each particular impact group developed.

(i) Residential Relocates

- Households worried over potential income loss linked to relocation
- Participants suggested that support should extend beyond cash compensation and include supporting to access to replacement land, legal advice, and transportation assistance
- Some residents proposed receiving guidance on housing markets and construction processes, as well as professional or vocational training for affected family members

Participants recommended:

- Financial assistance to cover relocation costs
- Legal and administrative support, particularly for land registration (if any need)
- Relocation logistics and transportation help, in particular for the family with disabled member living in flat (maybe special car for transportation is needed)
- Ensuring essential services in resettlement areas (e.g., water, electricity, schools, medical facilities) and or access to these services

(ii) Vulnerable Households

- One household has a member who uses a dialysis machine, requiring medical support during relocation
- Two individuals with disabilities were identified as needing special attention in the planning and relocation process

(iii) Employees

- Job loss could lead to reduced household income, particularly for families with multiple members employed in the same business (During SES and census surveys several such households were identified)
- Older workers and those with specialized skills fear difficulty in securing new employment
- Informal or unregistered employees (e.g., those from vulnerable settlements like "Otsneba City") may be excluded from formal compensation
- Strategies mentioned include retraining or seeking temporary jobs, though many were uncertain about viable alternatives

Participants shared ideas for support measures to help mitigate potential employment impacts:

- Financial compensation for lost wages
- Temporary transportation solutions if businesses relocate
- Upskilling and training programs tailored to new business needs
- Job placement assistance
- Clear and timely communication about project timelines and impacts

Employees identified vulnerable community members who may have difficulty engaging in project-related decision-making or complaint processes:

- Residents of "Otsneba City" (a settlement for socially vulnerable families)
- Unregistered or informal workers
- Women headed HHs, elderly, persons with disabilities, and HHs under the poverty line

(iv) Businesses

Participants discussed the anticipated direct impacts of the road construction:

- Temporary business disruption due to relocation
- Loss of land or business space
- Potential damage to fixed and fragile equipment
- Difficulty dismantling and reinstalling equipment at a new site
- Uncertainty regarding timelines for relocation and resumption of full operations

Participants highlighted the following indirect Impacts:

- Noise, dust, and vibrations caused by construction
- Changes in customer behavior due to traffic congestion/ or change of location
- Delays in the delivery of goods
- Limited accessibility during construction
- Loss of visibility and marketing exposure
- Delays in acquiring permits for electricity, water extraction, and environmental clearance
- Financial strain from relocation-related costs

4.8.3 Livelihood Impacts, and Proposed Restoration Measures

258. Participants highlighted the anticipated effects on their household income and employment status due to the project as follows:

- Several businesses expect to reduce staff, working hours, or close temporarily
- The transitional period to reach full productivity may exceed one year
- Concerns over employee retention—some feared workers may leave permanently or emigrate during the transition period
- Some businesses plan to reestablish on remaining land, but others cited lack of space or inaccessibility
- Some HHs expressed preferences for in-kind compensation (e.g., replacement land) instead of cash, citing fear of market inflation and shortage of available properties
- Some considered exploring alternative income-generating activities, such as small-scale agriculture or retail

259. Participants proposed several forms of support to reduce the negative impact of relocation and business disruption such as:

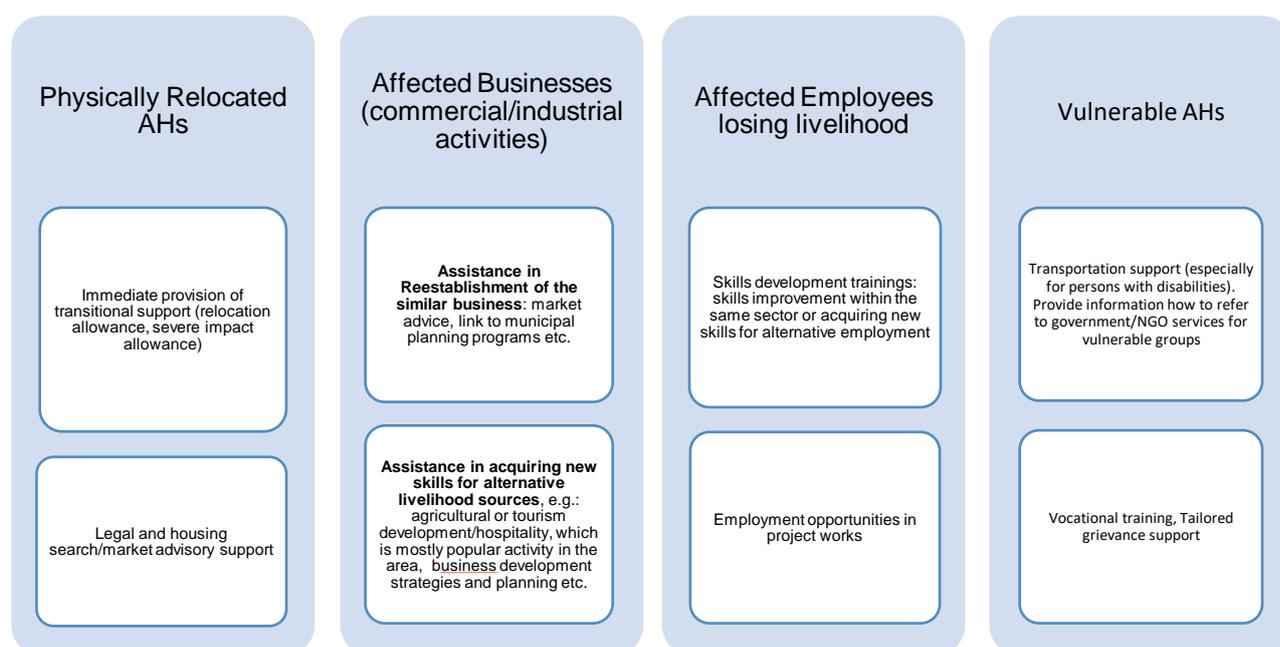
- Financial compensation that includes VAT
- Assistance with obtaining permits and reconnection to utilities
- In some cases, allocation of replacement land suitable for business operations or support to fine such land
- Temporary access roads and improved signage during transition
- Business development training and advisory support
- Extended transitional periods to allow for gradual recovery

260. Some employers emphasized the need to consider vulnerable staff members (e.g., workers under the poverty line) who may not be covered under formal compensation schemes (their opinion)

Table 23 Matrix of Livelihood Impacts, Support Needs and Preferences

Affected Group	Livelihood Impacts	Coping Strategies Identified	Support Needs and Preferences
Residential Relocateses including unformal flat users	- Potential connections loss due to relocation	- Seek replacement housing - Explore new jobs	-Legal/administrative support (land, assets registration/legalization) - Transportation support (especially for persons with disabilities) - Guidance on housing markets - Vocational training
Employees	- Job loss and reduced income - Difficulty securing re-employment	- Seek temporary employment - Retraining/upskilling	- Retraining & upskilling programs - Jobs market information - Provide information and trainings in tourism development and hospitality - Timely communication on project timelines
Agricultural Land owners/users	reduce/ absence of agricultural land and income from these lands	-seek or need to strengthen capacity and skills of population who is involved in agricultural activities locally (or want to be involved)	-Provide knowledge and skills on the enterprise management, market extension, included market principle, creation market value chain, market demand, how to build a connection to the private sector and loan institutions, buyer mapping; Value-adding for products, product development, costing products, improving production capacity, increase knowledge on proper branding, packaging, and labeling; This training will improve farmers' skills and knowledge in areas such as planting techniques, irrigation, pesticides, crop rotation, and crop storage after harvest. These skills enable farmers to improve yields, protect their crops against weather-related shocks (Heavy rain and snow in mountain area), and smooth their incomes year-round -Legal/administrative support (land, assets registration/legalization) -Timely communication on project timelines
Businesses	- Relocation disruptions - Potential equipment damage - Loss of visibility & clients	- Reduce staff or hours - Explore alternate income sources	- Providing necessary information and guidance on permit reapplication and utility reconnection processes to ensure timely restoration of essential services for affected households and businesses. -Provide information and trainings in tourism development and hospitality -Timely communication on project timelines
Vulnerable Groups: Women headed HHs, elderly, persons with disabilities, and HHs under the poverty line including the unformal workers from "Otsneba City"	-difficulty engaging in project-related decision-making or complaint processes -Difficulty with transportation during the physical relocation process	- Seek temporary employment - training/upskilling	- Transportation support (especially for persons with disabilities) - Vocational training -Provide information how to refer to government/NGO services for vulnerable groups - Tailored grievance support

Figure 8 Indicative LRP measures proposed



256. Some detailed actions are outlined below in connection to the proposed LRP indicative measures:

Category	Proposed Measures
Housing Relocation Support	<ul style="list-style-type: none"> - Legal aid for property registration/legalization - Housing market advisory
Income Restoration	<ul style="list-style-type: none"> - Retraining & vocational programs - Support in information search how to access new income sources (agriculture, retail, etc.)
Business Recovery	<ul style="list-style-type: none"> - Providing necessary information regarding to the permit reconnection - Engagement with business owners for additional needs mapping (if any) and employees
Support for Vulnerable Groups	<ul style="list-style-type: none"> - Prioritized access to programs - Provide information how to refer to government/NGO services - Tailored grievance support - Targeted FGDs and interviews with vulnerable groups - Meetings with female-headed households and medically dependent households
Institutional Linkages	<ul style="list-style-type: none"> - Provide information regarding vocational training centers - Consultations with municipality, local NGOs

4.8.4 Finalization of Livelihood Restoration Plan

261. The indicative livelihood restoration measures outlined in this LARP will be finalized into separate income and livelihood restoration plan (LRP) (including budget and institutional resources) based on additional stakeholder consultations and needs assessment surveys, in particular: –

- Targeted FGDs and interviews with vulnerable groups
- Meetings with female-headed households and medically dependent households
- Engagement with business owners and employees for additional needs mapping (if any)
- Consultations with municipality and local NGOs (being identified as part of SEP development)

262. Final data on the employees needs to be updated during LARP implementation but not later than during finalization of Livelihood Restoration Plan (LRP). All newly identified employees during the implementation will be also entitled to benefit from the measures developed under project LRP.

263. The identification of potential partners for LRP implementation will be continued and finalized before starting LRP implementation. The tentative budget will be also developed for LRP implementation purposes

Table 24 Identification of Potential Partners

Area	Potential Partners
Agriculture-related support	FAO Georgia; Ministry of Agriculture, Government of Autonomous Republic of Ajara.
Vocational training	Will be defined/outsourced
Business recovery & mentoring	Enterprise Georgia; others will be defined
Support to vulnerable persons	Will be defined

264. Finalized livelihood restoration plan shall be submitted to and cleared by ADB prior to handover of the site. The finalized implementation ready LRP (including budget and institutional resources) shall be submitted to and cleared by ADB prior to handover of the site.

5. Institutional Arrangements

5.1 Introduction

265. The Road Department of the Ministry of Regional Development and Infrastructure of Georgia (RDMI) will be the Executing Agency (EA) having the lead responsibility for road construction, as well as the implementation of this LARP. RDMI, with the assistance of consultants, was developed and will implement the to the LARP for each project based on the policy and procedures set out by the ADB. In addition to the RDMRD, a number of other government departments and private agents will play an instrumental role in the design, construction, and operation of the project. Pursuant to the active legislation, the Ministry of Environmental Protection and Agriculture is responsible for environmental issues. The Ministry of Justice is responsible for legal matters regarding land ownership, and National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the registration of land ownership and its transfer through purchase agreement from landowners to the Road Department. The local government at Self-Government Body and village level will also be involved.

266. The Implementing Agency will be the Road Department of the Ministry of Infrastructure of Georgia (RDMI) and the Ministry of Infrastructure of Georgia (MRDI) will be the Executing Agency (EA) that has the lead responsibility for road construction. The RD has overall responsibility which includes preparation, implementation and financing of all LAR tasks and cross-agency coordination. RD will exercise its functions through its existing resettlement division (RDRD) which will be responsible for the general management of the planning and implementation of all LAR tasks. RD, a number of other government departments and private agents will play an instrumental role in the design, construction, and operation of the Project.

267. The Ministry of Environmental Protection and Agriculture of Georgia is responsible for environmental issues, pursuant to active legislation. The Ministry of Justice is responsible for legal matters regarding land ownership, and the National Agency of Public Registry (NAPR) within the Ministry of Justice is in charge of the registration of land ownership and its transfer through purchase agreement from landowners to the Road Department. The local governments at the of the Municipality and village levels will also be involved.

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

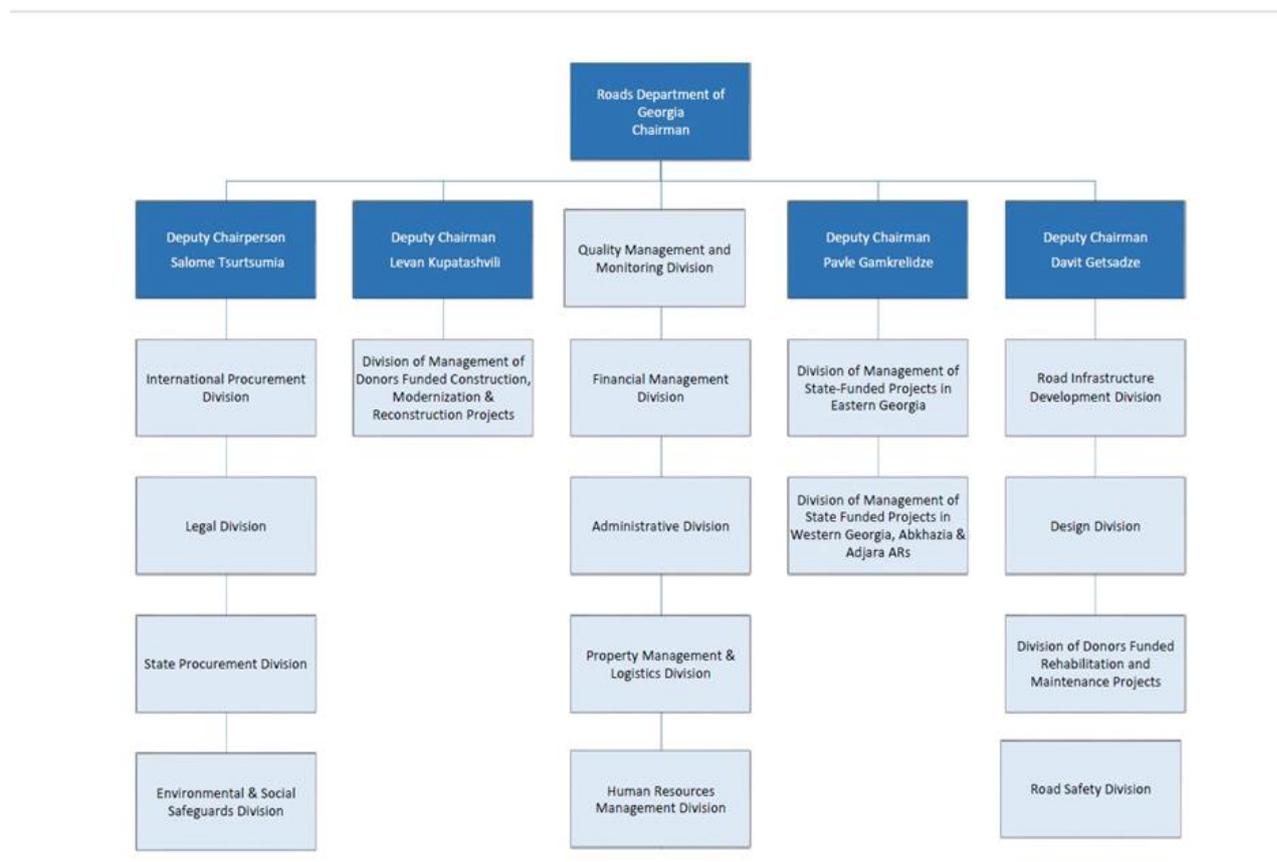
5.2 Land Acquisition and Resettlement Organizations

5.2.1 *RD of Georgia*

269. RD has the overall responsibility of design, land acquisition and resettlement, construction, construction monitoring and supervision of the Project. This also includes financing and executing land acquisition and resettlement tasks and cross-agency coordination. RD will exercise its functions through its existing Resettlement Unit (RU), which is a under ESID (Environmental and Social Issues Division).and LAR Commission.

270. A Resettlement Unit (RU), which is subdivision of the Environmental and Social Issues Division (ESID) under the RDMI, which is led by the Head of the division and staffed by other personnel with specific experience and skills in LAR, is responsible for LAR activities related to the project. RU is responsible for all technical work needed to accomplish all LAR preparation and implementation tasks, and coordination within the RD, as well as the central and local governments. The Structure of RD is presented below in Figure 9 Structure of RD:

Figure 9 Structure of RD



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

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

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

5.2.2 ETCIC

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

5.3 Land Registration Organizations

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

5.3.1 NAPR – National Agency of Public Registry of the Ministry of Justice

276. The National Agency of Public Registry (NAPR) under the Ministry of Justice is in charge of registration of immovable property.

277. The Ministry of Justice, through Public Service Halls and Justice Houses in Municipalities, and in some cases NAPR branches, receives applications related to the registration of property rights in the areas accessible to the population, on the municipal, and in most cases, at the settlement level.

278. In the case of involuntary resettlement, the National Agency of the Public Registry of the Ministry of Justice - NAPR, on the basis of the agreement signed by the RD with the owners, registers in the public registry the right of ownership of the state to the real estate located within the Right of Way and issues the Abstract from the Public Registry.

279. The registration of rights on land plots by NAPR is carried out both systematically and sporadically in accordance with the law of Georgia on Improvement of Cadastral Data and the Procedure for Systematic and Sporadic Registration of Rights to Plots of Land (issued on 03.06.2019). For the purposes of the aforementioned law, the areas of systematic registration are defined and the deadline for its implementation was established. Geographical areas were defined for the purpose of systematic registration (including all 59 municipalities, except for self-governing cities and municipalities in the occupied territory). The systematic registration of rights began on January 1, 2022, and will be completed by December 31, 2025. Systematic registration implies conducting measurement works by NAPR in relevant areas, searching for documentation (requesting documents from the national archive, tax authorities, municipalities, and all other related administrative bodies), involving interested persons, public publications/consultations of the implemented works, conducting complete registration proceedings and registration of ownership rights.

280. As for the sporadic registration, it is carried out on the basis of the application submitted by the interested person (mostly owner or the official representative) and the cadastral survey drawing. The interested person is entitled to submit the registration documentation to NAPR, however, even in case of non-submission of the said documents, the agency investigates all the factual circumstances and investigates the documentation related to the registration based on the fully implemented administrative proceedings. In order to speed up the process of legalization, RD will support APs in this process, including provision of needed drawing and collecting required documents, provide all necessary legal information to APs.

281. The recognition of ownership to arbitrarily occupied land plots began in 2007 with adopting the law "On the recognition of ownership rights to land plots owned (in use) by of natural persons and legal entities of private law" (issued on 11/07/2007;) The recognition took place in accordance with the procedures established by the law of Georgia and the authorized body for the recognition was dedicated commissions (PRRC) at the municipal level. As of today, under the while systematic

registration is ongoing in the country until December 31, 2025. NAPR provides recognition of ownership rights to arbitrarily occupied lands located in the geographic area of systematic registration.

5.4 Other Organizations and Agencies

5.4.1 Civil works contractor

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

5.4.2 Consultants and auditors

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

284. **Construction Supervision Consultant (CSC):** will have international and local social safeguards specialists to oversee all resettlement related issues that may arise during the construction works, monitor overall social safeguards compliance of the project as per LARP and SPS 2009 and support RD in safeguards reporting.

5.4.3 Court of Georgia

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

286. Furthermore, in cases where complaints and grievances regarding LARP implementation and compensation are not solved at the various levels as prescribed in the agreed Grievance Redress Mechanism, the APs will have the right to appeal the case to the court at any stage of grievance review and redress, as well as at stages of project preparation and implementation. The supreme court of Georgia is the highest court, and its decisions are final.

5.4.4 Ministry of Finance

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

5.4.5 Ministry of Justice

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

registration of land ownership and its transfer through acquisition agreement from landowners to the Road Department.

5.4.6 Ministry of Economy and Sustainable Development

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

5.4.7 Sakrebulo

290. According to the Georgian law, a municipality is a settlement or a group of settlements with defined borders and self-government. There are two types of municipalities—self-governing cities and self-governing communities. The current municipalities mainly were established between 2006 and 2019. Most of the municipalities recapitulate the boundaries and names of earlier subdivisions, known as rayon (district). There is one self-governing city- Batumi under the project impact and one municipality Khelvachauri, the villages under the project impact are following: Akhalsofeli, Charnali, Tkhilnari, Kvariati and Sarpi.

Sakrebulo is the representative branch of self-government at municipal and village level. The village/municipal level Sakrebulo has now less involvement in the process of legalization of legalizable land plots. This is the representative body of local self-government. The middle level of local government consists of 67 municipalities and six cities in Georgia: Tbilisi, Kutaisi, Rustavi, Poti, Batumi, and Sukhumi. The representative branch of municipality level is the municipality level Local Councils (Municipality Sakrebulo), and the executive branch is the Representative of the Mayor of the municipality in the administrative unit. The self-government level consists of settlements (self-governed cities) or groups of settlements (municipalities). Settlements could be villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The representative and executive branches of self-government are represented accordingly by Local Council (Sakrebulo) and the Representative of the Mayor of the municipality in the administrative unit. The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.

5.4.8 ADB

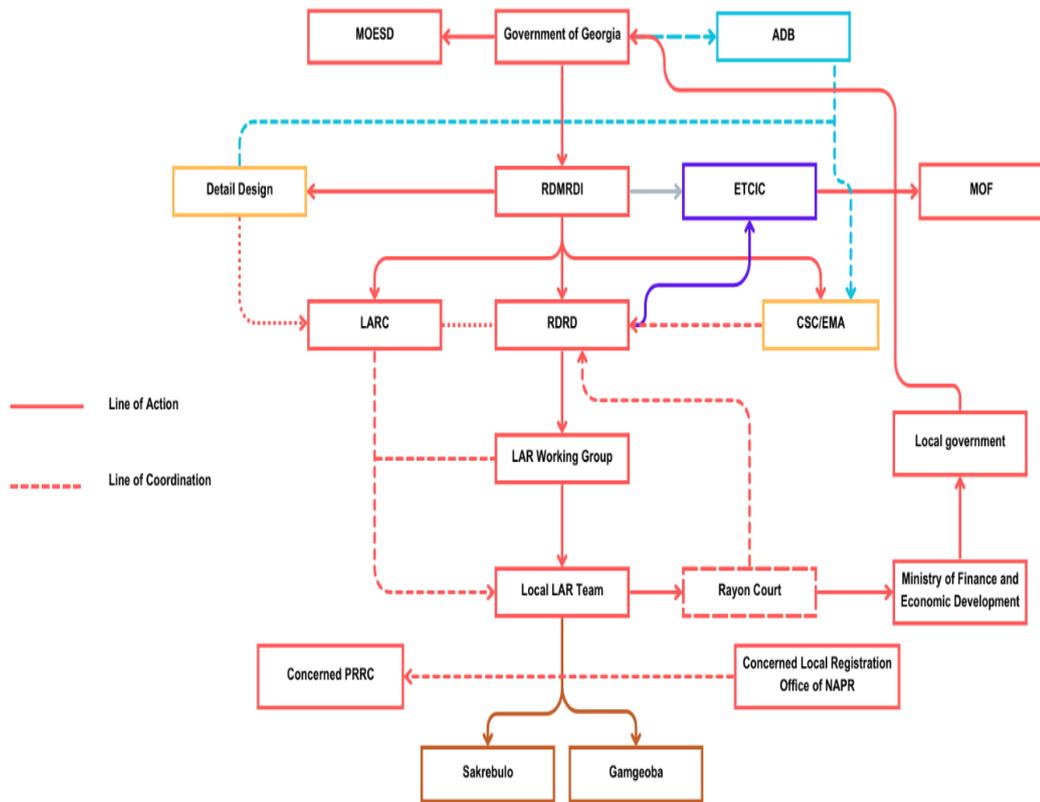
291. Besides supervising the Project periodically, ADB will review the LARP and it updates (if any) and External and Internal Monitors' compliance reports and provide clearance for the award of contracts and the signing and initiation of civil works.

5.4.9 Monitoring agency

292. As soon as the LARP implementation will start, (expected in July 2025) RD will engage an independent external monitoring consultant (EMC) for external monitoring and post evaluation of the LARP implementation, including Livelihood Restoration Plan. External monitoring covers all aspects of LARP implementation, starting from legalization and finishing with payment of all compensation and rehabilitation allowances before starting civil works. External monitoring will be executed by the hired a individual consultant. The external monitoring TOR is attached in the Annex 10.

293. An organization chart showing all the concerned institutions to be involved in the LAR activities is depicted in the following Figure 10. Project Implementation Organogram Figure 10:

Figure 10. Project Implementation Organogram



6. Public Consultations, Participation & Documents Disclosure

294. APs have been consulted and informed in an ongoing, continuous process involving collective AP meetings, discussions with individual APs and the provision of printed materials, during both the preparation of the draft and updated LARP and will be continued throughout the implementation.

6.1 Objectives of Public Consultations

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

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

6.2 Public Consultation during LARP Preparation and Implementation

296. At this stage of LARP preparation 4 public consultations and 3 focus group discussions were held with project affected communities. Minutes of meetings are presented in Annex 3.

Table xx. Summary of community engagements to date

Date	Venue	Participants (women / men)
02 Feb 2023	Sarpi Municipal Building	44 (14 women / 30 men)
28 Jul 2023	Khelvachauri Culture Centre	49 (10 women / 39 men)
12 Mar 2025	Khelvachauri Culture Centre	44 (women / 41 men)
14 May 2025	Khelvachauri Culture Centre	74 (10 women / 64 men)

297. Main concerns, issues and suggestions/queries raised during the consultations:

- **Displacement & livelihoods** – Concerns about relocating homes and businesses, how unregistered plots will be treated, and whether very small residual parcels will still be usable.
- **Valuation & compensation** – Requests for transparent unit land prices, clarification on VAT, clarification of tree / crop value calculations, and questions about the feasibility of land-for-land swaps.
- **Industrial-zone businesses** – Need for sufficient time to dismantle heavy equipment and a strong preference for replacement land close to existing operations.
- **Relocation timelines** – Home-owners and factory managers want a firm, published grace period between receipt of compensation and the deadline for vacating.

- **Informal tenure** – Anxiety among users of unregistered land; officials have pledged equal cash compensation once factual, continuous use is proven.

298. Three focus group discussions (FGD) held with the following target groups: residential relocated HHs, affected businesses and employees. Summary information on raised issues are provided below.

1. FGD with Physically Relocated Households, summary: Total number of attendees: 20, men: 14, women:6.

- Relocation is not only a housing issue but also a disruption to livelihoods, community life, and access to essential services
- Concerns about timing, affordability, and worries about potential loss of informal income-generating activities
- Preference for relocation to nearby areas with existing infrastructure
- Need for improved communication and clarity regarding compensation and relocation procedures

2. FGD with Project-Affected Employees, summary: Total number of attendees: 23, men: 21, women: 2.

- Deep reliance on current employers and job locations
- Strong emotional and economic concerns about relocation
- Need for clear, timely, and multi-channel information
- Demand for financial and employment-related support measures

3. FGD with Representatives of Local Businesses, summary: Total number of attendees: 16, men: 15, women: 1.

- Operational uncertainty and risk due to relocation
- High financial burden of reestablishment
- Difficulty retaining staff and equipment
- Importance of timely and clear communication
- Strong preference for in-kind support (e.g., land, permit facilitation)

6.3 Project Information Booklet

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

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

- a brief description of the project, implementation schedule,
- Project impacts, entitlements, and rights of APs,
- institutions responsible for resettlement and timeframe (schedule),
- information dissemination to and consultations with APs and stakeholders,
- Grievance Redress Mechanism, and
- requirements for monitoring and evaluation, including independent monitoring.

6.4 Preparation and Implementation of Stakeholder Engagement Plan (SEP)

301. The purpose of stakeholder engagement is to enable stakeholders to engage with the decision-making process, express their views and influence mitigation and technical solutions, and overall supporting the project to achieve effective and inclusive engagement with project stakeholders. The

SEP will be prepared and updated to reflect the consultation process undertaken as the Project progresses, with the final version being available prior the commencement of works on site.

302. Stakeholder engagement provides the basis for project-affected persons (those affected by resettlement and other stakeholders) to participate in the Project through awareness and sharing their feedback. It enables the incorporation of all relevant views of APs and other stakeholders into decision-making and Project implementation. The aim of the stakeholder engagement is to build a trusting relationship with the host communities and other interested stakeholders based on a transparent and timely supply of information and open dialogue.

303. A national and international stakeholder engagement consultants are being engaged by ADB to support the project team and RD in undertaking stakeholder engagement activities. This will focus on achieving significant achievements in stakeholder collaboration, ensuring that the project aligns with the needs and expectations of the community, and ultimately contributing to the successful implementation of the RD's initiatives. The outcomes of the SEP will also inform the preparation of Livelihood Restoration Plan for the project. A dedicated project manager from environmental and social division will be appointed to act as a community liaison officer (CLO) at regional level and will be responsible for implementation of SEP and GRM management. SEP for the project to be finalized prior to the start of construction works.

The overall objectives of this SEP are the following:

- To promote improved Project environmental and social performance through effective and ongoing engagement with project stakeholders
- To outline a systematic approach to stakeholder engagement that will help the RD build and maintain a constructive relationship with stakeholders, in particular directly affected communities.
- To promote and provide a means for accessible, transparent and open engagement with affected communities throughout the project lifecycle on issues that could potentially affect them.
- To ensure that meaningful information on the project design and on its environmental and social impacts is disclosed to the project's stakeholders.
- To ensure that grievances from affected communities and other stakeholders are responded to and managed appropriately.
- To ensure that all stakeholders are given the systemic opportunity to participate in consultation events, e.g. through virtual attendance.

The key milestones of this SEP include:

- Conducting a thorough project stakeholder analysis and Identifying, mapping and assessing stakeholders and how they may be affected by or interested in the project.
- Facilitating workshops and meetings to gather input and feedback from project stakeholders. This will involve reviewing project documents, conducting interviews, and organizing focus group discussions (FGDs) and community need assessment surveys.
- Ensuring that vulnerable and disadvantaged groups or who may face systemic barriers to stakeholder engagement are identified and that reasonable measures are implemented to include them in on-going consultations.
- Preparation of stakeholder engagement strategy Action plan which will outline: engagement and information disclosure methods, the format, frequency, and approach (e.g., public meetings, focus groups) across project phase, as well as institutional, budget resources needed and monitoring requirements.

This SEP applies to all activities performed as part of the Project preparation and implementation.

The SEP will also include a recommendation to enhance/improve the established grievance mechanism throughout project implementation so that stakeholders and the public can raise any concerns, provide feedback and comments about the project, civil works contractor's operations and how those complaints/comments will be handled.

6.5 Public Disclosure

304. Upon approval by RD and ADB, a Copy of the final LARP in English will be disclosed on ADB website, while a copy of the final LARP in Georgian will be disclosed on the RD website and at RD offices. The LARP in Georgian will also be disclosed to the APs at the relevant municipality offices. The RD safeguards specialists will be available to the Project communities and APs to answer their questions, if any, and clarify any issue related to the LARP.

305. The Project Information Booklet in English is included in Annex 3 to this LARP and the booklet in Georgian will be included in the LARP in the Georgian language. The information booklet in Georgian was also distributed at consultations.

7. Grievance Redress Mechanism

307. The LARP includes in its scope the establishment of a responsive, readily accessible, and culturally appropriate grievance redress mechanism (GRM) capable of receiving and facilitating the resolution of affected persons' concerns and grievances related to the project. An established grievance redress mechanism allows an AP to appeal any decision, practice or activity arising from land or other assets compensation that they disagree with. The scope of the GRM is to address issues related to involuntary resettlement, social and environmental performance, and information disclosure. The established GRM is available to all people whether or not affected by physical or economic displacement.

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

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

- (i) To reach mutually agreed solutions satisfactory to both the Project, and the APs, and to resolve any grievances locally, in consultation with the aggrieved party.
- (ii) To facilitate the smooth implementation of the LARP, particularly to cut down on lengthy litigation processes and prevent delays in Project implementation.
- (iii) To facilitate the development process at the local level, while maintaining transparency as well as to establish accountability to the affected people.

310. APs, at each stage of project development – preconstruction and construction, were and will be fully informed of their rights and of the procedures for addressing complaints whether orally or in writing during the consultations and surveys and will be informed again when the compensation is disbursed. Care will be taken to prevent grievances rather than relying solely on the redress process. This can be achieved through careful LAR design and implementation, by ensuring full participation and consultation with the APs, and by establishing extensive communication and coordination between the affected communities, the EA, and local governments in general. Complaints and grievances will be addressed through the process described in Table 8-3.

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

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

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

NGOs to allow the voices of the affected communities to be heard and ensure a participatory decision-making process.

314. Following the LARP approval, GRCEs will be established at the municipality level for the Project with an office order from the Road Department (RD).

315. Once the civil works and supervision companies are mobilized, they will establish their grievance redress mechanism as an integrated part of existing one within RD. Their dedicated social and environmental specialists will receive and respond to all grievances in line with the established principles, participate in the GRCE and GRCN functioning, and also ensure proper recording, redress and monitoring of all grievances received at this level. A report on grievance receipt, record and redress will be submitted to the RD as part of the monthly and semi-annual safeguards reporting.

7.1 Grievance Redress Commission (GRCN) at RDID

316. The Grievance Redress Commission will be established at the RD level as a permanent GRM structure by order No. 224.

7.2 Grievance Resolution Process

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

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

319. Once a standing grievance has been logged, the corresponding local GRCE will be engaged to define a solution to solve the grievance. At this **stage 1** the grievance is reviewed in and the Grievance Redress Committee members make and sign the minutes on the matter. If at Stage 1 the PAP's complaint is not resolved the PAP is informed about grievance resolution procedures of Stage 2. A PAP has the right to use the procedures of Stage 2 without applying to Stage 1 procedures. Timeframe for resolving the stage 1 grievance is 7 days. The GRC shall convene as per necessity (but at least once a month) and shall include eight members. Special provisions will be made for any complaints of a confidential nature. The GRC is an eight-member committee comprising of the following:

- 1) Roads Department of Georgia (RD) representative as a committee secretary;
- 2) Regional/municipal representative.
- 3) Village attorney (Representative of Mayor at village level) as a Committee member;
- 4) Elected one or two Representative of an Affected Persons (AP) of which at least one is woman as a Committee member;
- 5) Local specialist of social and environmental safeguards from the Supervision Consultant – as a Committee member;
- 6) Local specialist of social and environmental safeguards from the Construction Company – as a Committee member.

To ensure GRC's effective functioning, there is no necessarily to have all 6 members on board, at least 3 members: such as representative of local municipality, PAPs representative and construction company representative are sufficient number persons to resolve the grievance on local level.

320. The RD's Environmental and Social Issues Division manager will act as secretary of the GRC (creation, coordination, and documentation).

321. The GRC will receive the complainant and discuss with them a solution to their grievance. If the grievance is satisfactorily resolved, the AP will sign the agreement. In cases where the project has agreed to put in place additional measures, these will be also specified. the grievance remains unresolved, the PAP will be explained the Stage 2 escalation process.

322. If the complainants are not satisfied with the GRCE decisions, they can always use the Stage 2 procedures of the grievance resolution process. In such case, the Contact Person helps the AP lodge an official complaint (the complainant should be informed of his/her rights and obligations, rules, and procedures of lodging a complaint, format of complaint, terms of complaint submission, etc.). RD Social and Environmental Issues Division Manager will review the written complaints of PAPs, which were not satisfied at Stage 1 and send them internally to the appropriate departments (legal, technical, contracts etc.) for redress. The RD internal timeframe for referral is 10 days. The complainant shall be informed of the decision within a maximum of 30 days, in accordance with the response time stipulated in the Administrative Code of Georgia.

RD's Grievance Redress Commission (GRCN) (Stage 3)

323. If the grievance continues to be unresolved at Stage 2 by the appropriate department, it will be presented to RD's Grievance Redress Commission. The RD's Commission has regular meetings (At least once in a month) and during the meetings will review and decide upon the grievance in compliance with the Administrative Code of Georgia. The complainant shall be informed in writing of RD's decision. If RD's decision fails to satisfy the aggrieved affected persons, they can pursue further action by submitting their case to the appropriate court of law. The composition of Grievance Redress Commission is as follows:

- 1) Head of Roads Department of Georgia (Head RD's Grievance Redress Commission);
- 2) Deputy Head of Roads Department of Georgia Deputy Head of Permissions Department (member);
- 3) Deputy Head of Roads Department of Georgia Deputy Head of Permissions Department (member);
- 4) Deputy Head of Roads Department of Georgia Deputy Head of Permissions Department (member);
- 5) Deputy Head of Roads Department of Georgia Deputy Head of Permissions Department (member)
- 6) Head of Legal Division (member);
- 7) Deputy Head of Legal Division (member);
- 8) Head of Resettlement Unit (member);
- 9) Head of Roads Maintenance Division (member);
- 10) Head of Highway Projects Construction Division (member);
- 11) Head of Internal Roads Construction Division (member);
- 12) Head of Environmental and Social Issues Division (member)
- 13) Deputy Head of Social and Environmental Issues Division (member)
- 14) Head of Technical Supervision and International Projects Planning Division (member);
- 15) Resettlement and social issues consultant (invited member);
- 16) Head of Environmental Unit (member).

324. Upon necessarily the representatives (Team leader, social and environmental specialists, engineers, etc) of the civil works contractor and Engineer can be invited to participate in the grievance review and presenting the requested information/records needed for grievance review and resolution.

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

Table 25. Grievance Resolution Process

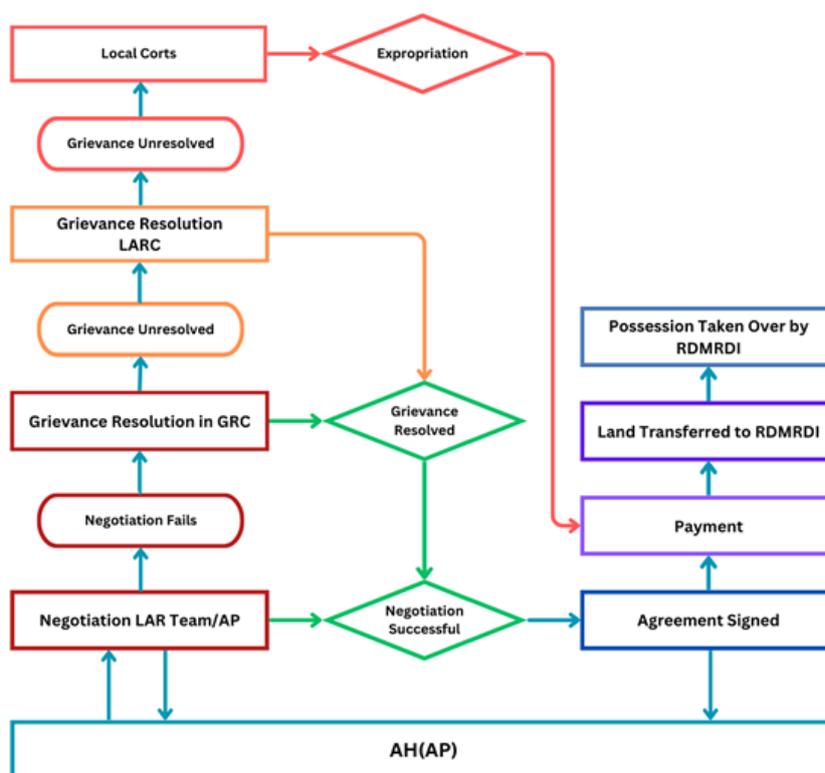
Steps	Process
Step 1	The complaint is reviewed by the focal point at the village level, which takes all necessary measures to resolve the dispute
Step 2	<ul style="list-style-type: none"> • If the grievance is not solved at the previous level, the municipality level LAR representative will assist the aggrieved APs to formally lodge the grievances with

Steps	Process
	<p>the respective GRCE at the municipality level. The aggrieved APs will lodge a complaint if there is failure of negotiation at the village level and produce documents supporting his/her claim.</p> <ul style="list-style-type: none"> • The GRCE member secretary will review the complaint and prepare a Case File for a GRCE hearing and resolution. A formal hearing will be held with the GRCE at a date fixed by the GRCE member secretary in consultation with the conveyor and the aggrieved APs. • On the date of the hearing, the aggrieved AP will appear before the GRCE at the village office and produce evidence in support of his/her claim. The member secretary will note down the statements of the complainant and document all procedures. • The decisions will be issued by the conveyor and signed by other members of the GRCE. The case record will be communicated to the complainant by the LAR Team at the village level. <p>The grievance redress at this stage shall be completed within 4 weeks.</p>
Step 3	<p>If the aggrieved AP is unsatisfied with the GRCE decision at the municipality level, the next option will be to lodge grievances with the Grievance Redress Commission (GRCN) at the Resettlement Division of the RD at the national level within two weeks after receiving the decision from GRCE. The complainant must produce documents supporting his/her claim. The GRCN will review the GRCE hearing records and convey its decisions to the aggrieved APs within four weeks after receiving the complaint.</p>
Step 4	<p>If the RD decision fails to satisfy the aggrieved APs, they can pursue further action by submitting their case to the appropriate court of law (local courts) without reprisal.</p> <p>The aggrieved AP can take legal action over the amount of compensation or any other issues, e.g., occupation of their land by the contractor without their consent, damage or loss of their property, restrictions on the use of land/assets, environmental concerns such as dust caused by the contractor's machinery, etc.</p>
Step 5	<p>Should the GRM process be exhausted without satisfactory resolution, an AP may bring a grievance to operations/management level in ADB (Georgia Resident Mission) for consideration.</p> <p>Project-affected people can also submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-financed projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures.</p>

7.3 GRC Records and Documentation

326. RD of RD headquarters will keep a record of all complaints received for its use as well as for any review by ADB during regular supervisions. The following flowchart describes a grievance redress process for land and other assets acquisition, either acquired by an agreement or resolved through the courts. Organization Chart is provided in Figure 11.

Figure 11. Grievance Organization Chart



327. The point of contact regarding grievance management, land acquisition activities and SEP implementation is the Social and Environmental Issues Division’s Dedicated Manager. Contact information is provided in Table 26 Contact information.

Table 26 Contact information

Description	Contact details
Organization:	Roads Department of Georgia (RD)
To:	Social and Environmental Issues Division Manager
Address:	12 Kazbegi ave. Tbilisi 0160, Georgia
E-mail:	dimitri.lomidze@georoad.ge
Website:	www.georoad.ge
Telephone:	579 000 382

Relevant contact information:

- RD website: www.georoad.ge;
- RD email: info@georoad.ge;
- RD Facebook page: საქართველოს საავტომობილო გზების დეპარტამენტი;
- RD hotline: 0322313076;
- RD number for contact and info: 0322370508;

ADB Accountability Mechanism

328. Project-affected people can also submit complaints to ADB’s Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely

affected by ADB-financed projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. The Accountability Mechanism comprises two separate, but related, functions, namely: (i) problem solving function, led by ADB's special project facilitator who reports directly to the ADB President, to assist project-affected people in finding solutions to their problems; and (ii) a compliance review panel, led by a three-member panel that reports to the Board of Directors. The Compliance Review Panel investigates alleged violations of ADB's operational policies and procedures, as defined by the Board of Directors, including safeguard policies, that have resulted or are likely to result in direct adverse and material harm to project affected people and recommends how to ensure project compliance with those policies and procedures. Complaints can be submitted to AM within two years after project completion or loan closure date.

8. Implementation Process

8.1 General

329. All activities related to LAR will be planned to ensure that compensation is paid prior to displacement and commencement of civil works construction. The most important acquisition activity, relating to the privatization process in Georgia, is the legalization of legalizable land parcels identified for acquisition. Titled owners and non-titled but legalizable owners of land parcels to be acquired have been identified in the survey.

330. The present document is the final LARP. RD will review this document including the compensation package and rates and forward it to ADB for approval. Tasks for the LARP are divided into (i) final preparation including LARP approval of various initial tasks including legalization of legalizable APs and signing of contracts with APs (ii) LARP implementation including processing and making payment of compensation and allowances and (iii) evaluation of implementation. Public consultation, internal monitoring and grievance redress will be undertaken intermittently throughout the duration of the Project. The LAR milestones include (i) approval of the LARP, (ii) budget allocation for LARP ¹⁴(iii) sectional implementation of the LARP (iv) signing of contract awards, (v) letter to proceed for civil works construction, (vi) approval of compliance reports for each section prepared by external monitor, and (vii) site(section) handover and start of physical civil works. A post-implementation evaluation will be carried out after completion of LARP implementation.

8.2 Detailed Design Stage

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

- (i) Establishment of LAR Institutions.
- (ii) Legalization of legalizable parcels
- (iii) Updating of LAR budgets
- (iv) Confirmation of updated impact data and of compensation amounts.
- (v) Approval of LARP by ADB and Government and subsequent disclosure.

8.3 LARP Approval and Initial Tasks

332. Upon completion of the LARP by the detailed design consultant, the RU reviews the document and submits the approved LARP to ADB for approval.

8.4 LARP Implementation Stage

333. It is planned to start the LARP implementation as soon as the LARP is approved by ADB. Payment of compensation and allowances under LARP will commence after a number of preparatory tasks have been completed. These tasks are:

- Signing of contracts with APs
- Disclosure and consultation
- Grievance resolution
- Requisition to ETCIC for payment of compensation and allowances

¹⁴ Budget was already allocated by MDF for this year.

- Transfer of compensation and allowance to APs' bank account and registration of land in NAPR on RDMRDI name
- Relocation of affected structures/ assets
- Compliance review and reporting
- Notice to proceed for Civil works construction
- Monitoring

334. Sectional implementation will be applied for LARP implementation. Civil works can commence only when this LARP is fully implemented portion-wise and ADB has accepted the compliance report prepared by an external monitoring agency (EMA) and submitted by RD for the subject section. This requirement will be stipulated in the civil works contract documents. The compliance report submitted by RD will be the basis of ADB issuing no objection for starting civil works. In respect of each discrete portion of the Batumi-Sarpi road, all land acquisition and resettlement activities, including all payments of required compensation and entitlements, and satisfaction of all requirements and actions set out in the relevant RP, should be completed and certified as such by the EMA before any construction commences on such portion and before any notice to proceed is issued for such portion under the relevant civil works contract. For the avoidance of doubt, the term “portion” as used in this paragraph means any portion of the Batumi Sarpi road, each of which section is covered by an RP, and construction may commence on such portion and a notice to proceed may be issued for such portion provided that all land acquisition and resettlement activities for such portion have been completed and certified.

335. Information about sectional implementation is described in Table 27 and situation maps are attached as Annex 13.

Table 27 Information about Sectional LARP implementation

N	Section	Length	Action	Estimate Timeline
1	km1.000 - km2.200	1.200 km	This section (bridge over the Chorokhi river) has no resettlement impact, therefore will be handover for construction without CR	Immediately after the civil works contract signing.
2	km 8.700 – km 11.000	2.200km	This section (endpoint on the Black Sea side) has no resettlement impact, therefore will be handover for construction without CR	Immediately after the civil works contract signing.
3	km 0.000 -km1.000	1.000 km	This section (interchange) is under the resettlement impact, therefore will be handover for construction after the preparation of the CR and approval.	3 months after the the civil works contract signing.
4	km2.000 -km8.700	6.700 km	This section (above tunnel and tunnel portal) is under the resettlement impact, therefore will be handover for construction after the preparation of the CR and approval.	6 months after the the civil works contract signing

8.5 LARP Post Implementation Evaluation

Post Implementation Evaluation entails two tasks:

336. Task 1: The first task will be the preparation of a Compliance Report (CR) at the end of the compensation process. The objective of the CR will be to vouch for the proper implementation of the LARP for all affected impacts and APs based on the impact assessment figures, compensation rates and procedures set up in the document. The portion-wise CRs will be prepared immediately after the conclusion of the compensation process by an external monitoring consultant which will be prepared by EMC after the completion of LAR procedures on any portion of this LARP and approved by ADB prior to handover of the site to the Contactor. The CR will entail the following activities:

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

337. Task 2: Task two will entail the preparation of an Evaluation Report assessing the degree to which the compensation program for the project managed to maintain the pre-project standards of living and incomes of the APs. The report will be prepared one year after the conclusion of the compensation program by an EMC and will be based on comparison of the data and living standards of the APs before and after the compensation program.

8.6 Implementation Schedule

N	Items	2025												2026											
		3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12		
1.	LARP preparation																								
2.	Public consultations/ongoing engagement's																								
3.	LARP review by ADB and RD																								
4.	LARP review and approval by ADB																								
5.	LARP disclosure on RD and ADB websites																								
6.	Preparation of Individual Contracts with APs																								
7.	Transfer of Compensation amounts																								
8.	Initiation of expropriation cases (if any)																								
9.	Section 3- km 0.000 - km1.000 (interchange)																								
10.	External Monitoring/CR																								
11.	Handover of section																								
12.	Section 4 - km2.000 - km8.700 (above tunnel and tunnel portal)																								
13.	External Monitoring/CR																								
14.	Handover of section																								
15.	Sectional Handover of Site" Section 1 (km1.000 - km2.200, bridge over Chorokhi river) and Section 2 (km 8.700 – km 11.000, endpoint on the Black Sea side). This section has no resettlement impact, therefore will be handover without CR.																								

9. Guideline on Safeguards Due Diligence for Temporary Land Take by Construction Contractors

338. Infrastructure projects commonly require temporary use of land, structures, and other similar assets (that could be private, or state owned) for multiple purposes during the construction works such as temporary access, material storage, borrow pits, work sites, or other purposes.

339. The guideline on safeguards due diligence for temporary land take by construction contractors (hereinafter: Guideline) is prepared to address one of the actions required under the LARP for the project and provides specific activities and approaches to guide the civil works contractors on safeguards due diligence for temporary land take, as well as provides arrangements to monitor their implementation and effectiveness. The Guideline is developed in accordance with ADB's SPS requirements and the legal framework set for the project. Here are the main aspect of the Guideline and the detailed provisions on temporality land take are provided in **Annex 11**

1. Purpose of the Guideline
 - Provides a **framework** for managing temporary land use during construction (e.g., camps, storage, access roads).
 - Ensures **compliance with ADB's Safeguard Policy Statement (2009)**, the Project's LARP, Georgian law, and contractual obligations.
2. Key Provisions from ADB, LARP, Law & Contract
 - **ADB SPS (2009)**: Involuntary resettlement applies to both temporary and permanent economic/physical displacement.
 - **LARP**: Temporary use must be formalized through voluntary agreements. Compensation required for any losses (e.g., hay, crops).
 - **Civil Code of Georgia**: Governs leasing; must be voluntary, with fair compensation.
 - **Construction Contract**: Contractor responsible for securing land for temporary use beyond what is provided by the Employer.
3. Step-by-Step Process for Temporary Land Take
 1. **Identify land needs** for camps, batching/crushing plants, etc.
 2. **Safeguards screening / due diligence** by Environmental, Social, and Cultural teams.
 3. **Confirm voluntariness** of lease (landowner must know they can refuse).
 4. **Negotiate & determine price**, using market data or LARP rates.
 5. **Contract signing & payment** – only with approved templates, registered with NASP.
 6. **Documentation & dispute resolution** – all transactions/grievances must be recorded.
 7. **Pre-entry and exit surveys** to assess and restore land condition.
 8. **Damage reinstatement & compensation** – based on third-party evaluation.
4. Safeguards & Monitoring
 - Contractors must operate **within approved boundaries** (RoW or leased area).
 - **Training for site staff** to ensure compliance.
 - Contractor's Community Liaison Officer (CLO) is key in grievance handling and engagement.
 - **Engineer's safeguards team** monitors implementation through inspections and reviews.
5. Reporting & Enforcement
 - **Monthly reporting** of all temporary land use data to the Engineer.
 - **Engineer verifies** data and requires corrective actions for non-compliance.
 - Persistent issues may be escalated to the Roads Department or lead to **withholding of payments** (IPC retention).

10. Costs And Financing

340. All LARP preparation and implementation costs, including the cost of compensation and resettlement administration, and cost for livelihood restoration measures will be considered in the project budget. The Road Department is responsible for securing the project-related funding. For the APs which may not be identified before the LARP implementation, compensation amount will be deposited on project account. The money will stay in the account until the APs are identified. There is no time limit for the escrow account.

341. Compensation value for affected assets/items was provided by an independent evaluator based on entitlement matrix. Detailed valuation methodology is provided in chapter 4 (section 4.7.4 to 4.7.6) and valuation report is an integral part of this LARP.

342. The LARP contains information about the budget, including:

- (i) Unit compensation rates for all affected items and allowances by indicating methodologies.
- (ii) A cost table for all compensation expenses
- (iii) Contingency, including LARP implementation administrative costs.

10.1 Compensation for Land

343. Land plots have been divided into eight price categories as per valuation methodology. Detailed information about the compensation amount of affected land is provided below.

Table 28 Compensation for land

Price Categories	Purchase				Servitude				Total compensation (GEL)
	Cost of 1 m2 (GEL)	Number of plots	Area	Compensation (GEL)	Cost of 1 m2 (GEL)	Number of plots	Area m2	Compensation (GEL)	
I	445	48	99,115	50,196,906	370	3	1,620	631,800	50,828,706
II	242	10	8,606	2,086,838		0	0	0	2,086,838
III	199	24	20,639	4,124,079		1	214	29,746	4,153,825
IV	203	2	1,753	354,757	133	22	18,095	2,452,606	2,807,363
V	101	8	12,395	1,251,895		0	0	0	1,251,895
VI	90	0	0	0		0	0	0	0
VII	227	2	1,124	281,757		0	0	0	281,757
VIII	14	0	0	0		0	0	0	0
State		13	10,528	0		0	0		0
Municipal		6	46,458	0					0
Total		113	200,618	58,296,232		26	19,929	3,114,152	61,410,384

10.2 Compensation for Structures

344. The compensation cost of structures is determined by considering all costs necessary for construction of the same building at current market prices without deduction of depreciation cost as per “replacement cost” principle under SPS. The total compensation for affected buildings and structures amounts to 32,828,142 Gel.

345. 9 residential houses, one building comprising a total of 10 units—both residential apartments (5) and non-residential spaces (5) and 27 commercial buildings are impacted by the Project. Compensation rates for them presented in Table 29.

Table 29 Compensation for Structures*

Type of Structure	No of Structures	Area/size, m ² /lm	Average unit Cost of 1 m ² , GEL	Compensation (GEL)
Residential houses	9	1,950.97	1626.87	3,173,965.00
Apartments and non-residential spaces in the building owned by LTD	10	909.00	1468.23	1,334,623.00
Commercial/Administrative Buildings	27	11,309.55	2281.64	25,804,284.00
Auxiliary buildings	37	1,634.67	991.53	1,620,817.00
Gates and fences	291	3,970.74	226.56	895,967
Compensation for equipment relocation and associated improvement of yard and technical conditions	45	-	-	11,801,015
Total	419	19758.93		44,630,671.00

***Note:** Residential houses and auxiliary structures, along with fences and gates, have been jointly assessed in the cost estimate, and the compensation amount has also been determined as a single total. The same approach has been applied to commercial properties — fences, gates, and buildings have been evaluated together.

10.3 Compensation for Annual Crops and Vegetables

346. All affected persons will be paid compensation for their harvest at the full market rate. Table 30 shows the crop area affected and compensation to 1 AH for loss of 70 m² of cropped harvest.

Table 30 Compensation for Annual Crops

Type	Area (m ²)	Price per m ² (GEL)	Total compensation (GEL)
Potato	30	3	90
Bean	15	15	225
Herbs	10	100	100
Pkhali	15	2	30
Total	70		445

10.4 Compensation for Trees

347. The value of perennial plants was determined according to their type and age. The price of fruit trees was calculated by multiplying the market price of the annual harvest to that number of years that is needed for growing new tree planting up to the age of the existing fruit trees. For decorative trees compensation was calculated according to the age of the tree and its type as a demanded product for decorative purposes in the market. Detailed information about compensation amounts is provided in the table below.

Table 31 Compensation for Trees

Species	Age group	Sapling cost, GEL	Crop unit cost, GEL	Number of years to be compensated	Total annual productivity, kg	The amount of compensation considering the costs to be incurred	Quantity	Total Compensation (GEL)
Lemon	Sapling	15		0	0	15.00	6.00	90.00
	Young tree		2	66	25	144.00	3.00	432.00
	Mature Tree		2	62	50	97.00	21.00	2037.00
Apple	Sapling	10		0	0	10	0	0
	Young tree		2	57	80	552	4	2208
	Mature Tree		2	54	150	407	17	6919
Bay Laurel	Sapling	2		0	0	2	0	0
	Young tree		7	99	5	224	0	0
	Mature Tree		7	95	15	169	7	1183
Walnut	Sapling	20		0	0	20	506	10120
	Young tree		10	196	30	661	113	74693
	Mature Tree		10	185	60	176	42	7392
Tangerine	Sapling	15		0	0	15	0	0
	Young tree		1.5	67	50	290	0	0
	Mature Tree		1.5	65	100	241	749	180509
Hovenia	Sapling	10		0	0	10	0	0
	Young tree		30	297	2.3	232	1	232
	Mature Tree		30	293	4.5	155	3	465
Fig	Sapling	6		0	0	6	0	0
	Young tree		3	57	60	652	4	2608
	Mature Tree		3	54	120	489	24	11736
Persimmon	Sapling	10		0	0	10	0	0
	Young tree		0.7	97	150	333	15	4995
	Mature Tree		0.7	94	250	238	98	23324
Loquat	Sapling	10		0	0	10	0	0
	Young tree		2	57	50	362	2	724
	Mature Tree		2	54	100	272	23	6256
Kiwi	Sapling	15		0	0	15	0	0
	Young tree		3	36	15	240	11	2640
	Mature Tree		3	33	60	205	20	4100
Plum	Sapling	15		0	0	15	50	750
	Young tree		1.3	47	15	62	1	62
	Mature Tree		1.3	44	25	44	36	1584
Cherry Plum	Sapling	10		0	0	10	1	10
	Young tree		1.5	47	10	130	4	520
	Mature Tree		1.5	45	50	121	20	2420
Pear	Sapling	15		0	0	15	4	60
	Young tree		3	56	90	689	8	5512
	Mature Tree		3	52	150	435	45	19575

Species	Age group	Sapling cost, GEL	Crop unit cost, GEL	Number of years to be compensated	Total annual productivity, kg	The amount of compensation considering the costs to be incurred	Quantity	Total Compensation (GEL)
Hazelnut	Sapling	3		0	0	3	30	90
	Young tree		6	46	2	39	2	78
	Mature Tree		6	44	4	33	616	20328
Peach	Sapling	10		0	0	10	0	0
	Young tree		2	23	50	634	1	634
	Mature Tree		2	21	150	557	4	2228
Feijoa	Sapling	15		0	0	15	0	0
	Young tree		3	47	4	45	15	675
	Mature Tree		3	42	10	29	20	580
Grape Vine	Sapling	5		0	0	5	0	0
	Young tree		1.3	67	7	79	13	1027
	Mature Tree		1.3	65	35	73	41	2993
Tea	Sapling	15		0	0	15	0	0
	Young tree		45	97	0.5	232	0	0
	Mature Tree		45	95	3	217	219	47523
Cherry laurel	Sapling	10		0	0	10	3	30
	Young tree		2	97	50	548	2	1096
	Mature Tree		2	95	150	483	17	8211
Silverberry	Sapling	5		0	0	5	0	0
	Young tree		8	47	10	567	1	567
	Mature Tree		8	45	40	515	5	2575
Raspberry	Sapling	5		0	0	5	0	0
	Young tree		20	14	1.5	165	0	0
	Mature Tree		20	12	3.5	138	184	25392
Quince	Sapling	15		0	0	15	0	0
	Young tree		2	48	45	322	1	322
	Mature Tree		2	45	70	225	4	900
Red Cherry Plum	Sapling	10		0	0	10	0	0
	Young tree		1.5	90	20	43	1	43
	Mature Tree		1.5	85	70	31	2	62
Pomegranate	Sapling	10		0	0	10	0	0
	Young tree		2	48	20	365	0	0
	Mature Tree		2	45	100	322	4	1288
Blueberry	Sapling	15		0	0	15	0	0
	Young tree		20	48	3	290	0	0
	Mature Tree		20	45	7	225	2	450
Cherry	Sapling	10		0	0	10	0	0
	Young tree		4	57	35	454	4	1816
	Mature Tree		4	53	65	298	13	3874
Mulberry	Sapling	10		0	0	10	1	10
	Young tree		5	95	10	562	2	1124

Species	Age group	Sapling cost, GEL	Crop unit cost, GEL	Number of years to be compensated	Total annual productivity, kg	The amount of compensation considering the costs to be incurred	Quantity	Total Compensation (GEL)
	Mature Tree		5	90	150	515	8	4120
Orange	Sapling	20		0	0	20	0	0
	Young tree		2.5	67	40	468	0	0
	Mature Tree		2.5	65	100	402	65	26130
Cornelian Cherry	Sapling	10		0	0	10	1	10
	Young tree		2	110	20	57	0	0
	Mature Tree		2	105	70	41	1	41
Blackberry	Sapling	5		0	0	5	0	0
	Young tree		8	17	2	70	10	700
	Mature Tree		8	15	5	59	0	0
Strawberry Tree	Sapling	10		0	0	10	0	0
	Young tree		30	97	10	1,645	0	0
	Mature Tree		30	95	30	1,449	1	1449
Dewberry	Sapling	4		0	0	4	0	0
	Young tree		15	13	4.5	472	0	0
	Mature Tree		15	12	15	443	1	443
Sour Cherry	Sapling	10		0	0	10	0	0
	Young tree		3.5	46	30	481	1	481
	Mature Tree		3.5	43	100	401	0	0
Chestnut	Sapling	10		0	0	10	0	0
	Young tree		4	295	30	253	1	253
	Mature Tree		4	280	150	75	5	375
Decorative plants ¹⁵							455	87,055
Total							3,594	618,129

10.5 Income Loss

348. Based on the census survey 27 businesses will be under the impact. Compensation for equipment relocation, improvement of yard and technical conditions is included in compensation for structures in Table 27.

¹⁵ Species specific unit prices will be detailed in individual valuation sheets and will be shared with Aps during one-on-one consultations.

Table 32 Income Loss

Act numbers	HH ID	% of impact on the land	Lease agreements	Lease holder	Business structure/equipment on the leased land owned by the lease holder (tenant)	Average profit indicator for the last three years	Compensation from company profits	Lease compensation
13	405	70%	No			126,512	126,512	-
21	401	65%	4			-6,508	-	59,996
22/1	404		No	Yes	LLC has also leased Concrete plant	16,913	16,913	-
24	417	100%	No			-	-	-
26	406	27%	1			-	-	-
26/1	407		1	Yes	Concrete Fence equipment	-	-	-
28	414	100%	No			665,927	665,927	-
30	405	96%	No			143,907	143,907	-
31	186	61%	No			286,830	286,830	-
32	412	100%	No			262,300	262,300	-
34	134	100%	5			-	-	102,300
39	177	81%	No			19,845	19,845	-
41	171	60%	No			1,909,965	1,909,965	-
44	408	100%	1				-	12,000
45	401	100%	1			182,850	182,850	13,198
46	401	100%	No			29,524	29,524	-
53	410	100%	No			224,448	224,448	-
54	410	18%	No			1,215,523	1,215,523	-
56	411	8%	No			27,014	27,014	-
108	-	39%	No			Not profitable	-	
147	055	100%	No			-	6,224	
	16 AHs (without double counting)						5,117,782	187494

Table 33 Loss of employment

Act numbers	Business HH ID	Number of employees	Average wage for 3 months	Compensation of Salary
13	405	2	4,080	4,080
21	401	7	49,944	49,944
22/1	404	9	130,098	130,098
24	417	8	18,000	18,000
26	406	-	-	-
26/1	407	-	-	-
28	414	23	187,806	187,806
30	405	3	14,784	14,784
31	186	10	55,674	55,674
32	412	7	39,402	39,402
34	134	5	45,534	45,534
39	177	5	92,106	92,106

Act numbers	Business HH ID	Number of employees	Average wage for 3 months	Compensation of Salary
41	171	33	384,066	384,066
44	408	-	-	-
45	401	14	117,804	117,804
46	401	9	98,730	98,730
53	410	36	288,882	288,882
54	410	21	213,000	213,000
56	411	7	16,614	16,614
108	-	Not available	-	-
147	055	-	-	-
		199		1,756,524

349. Project area crosses the contour of the Chorokhi sand-gravel deposit. the cross-sectional area the existing (182,595 square meters) sand-gravel stock is 547,785 m³. According to Article 5, Paragraph 1, Sub-paragraph "a" of the Law of Georgia on "Natural Resource Management", the fee for extracting 1 m³ of sand-gravel is 0.2 GEL. Therefore, the compensation amount for impact on Chorokhi sand-gravel deposit site estimated as 109,557 GEL which will be updated based on new information from National agency of mineral resources.

350. Any additional compensation amount for licenses of natural resources will be allocated from contingency of LARP budget.

10.6 Resettlement Assistance

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

- I. Assistance for severely affected households: assistance for such households amounts to three months of the subsistence unit rate.
- II. Assistance for socially vulnerable families: assistance amounts to three months subsistence unit rate.
- III. Assistance for relocation/shifting assistance for such families amounts to three months subsistence unit rate, plus 250 GEL for transportation.

352. All AHs losing residential building were considered severely affected. Information about the detailed calculation of assistance is presented in the table below.

Table 34 Resettlement Assistance

Type of allowances	Quantity	Allowance, unit rate	Total
1. Severely affected Households, of which:	62	1556.08	96476.96
(i) Losing more than 10% of affected land	32	1556.08	49794.56
(ii) Households losing commercial/business establishments (permanent business relocation)	16	1556.08	24897.24
(iii) Relocated households (residential relocation)	14	1556.08	25285.085
2. Vulnerable Households (3-month period subsistence unit rate)	6	1556.08	9336.48
3. Relocation allowance (transport and livelihood expenses for the transitional period (250 GEL as vehicle hire charge + 3-month period subsistence unit rate), the cost for business shifting is included in compensation table of buildings and structures..	30	1806.07	54181.1
			159,996

10.7 Cost of Resettlement

353. The total LARP implementation cost for the LARP amounts to **136,789,177.69** Gel equal to 50,364,203.86 USD (as per exchange rate of July 10th, 2025). Displaced persons will be paid compensation for losses and applicable allowances, tax amount from compensation (where applicable) is calculated and included in compensation amount. The RD will ensure that the compensation funds for land acquisition and resettlement are allocated in time for implementation of this LARP. The LARP budget also includes 10% of contingencies, which will cover LARP implementation administrative cost, costs related to legalization support of APs, cost for livelihood restoration measures etc.. LARP budget can change during the implementation process, and additional budget will be requested from MOF by RD if deemed necessary.

Table 35 Resettlement Budget

Type	Unit affected	Unit cost	Total cost (Gel)
Land	220,547	Various	61,410,383.56
Structure	419	Various	44,630,671.00
Trees	3,594	Various	618,129.00
Crops	70	Various	445.00
Business compensation	21	Various	5,117,782.31
Lease compensation	19	Various	187,494.00
Natural resources (estimation)	-	-	109,577.00
Loss of employment	199	Various	1,756,524.00
Severe impact allowance	62	Subsistence minimum for 3 months	96,476.96
Relocation/Shifting allowance	30	Subsistence minimum for 3 months + Transportation cost (250 Gel)	54,182.10
Vulnerability allowance	6	Subsistence minimum for 3 months	9,336.48
Subtotal (compensation)			113,990,981.41
Contingency ¹⁶		20%	22,798,196.28
Total			136,789,177.69

¹⁶ Any additional compensation amount for licenses of natural resources will be allocated from contingency of LARP budget.

11. Monitoring And Evaluation

354. LAR tasks under the Project will be subjected to internal monitoring. An external monitoring Consultant will be assigned to conduct an External Monitoring for the project.

11.1 Internal Monitoring

355. Internal monitoring will be carried out routinely by RD both directly and through the services of a construction supervision consultant. The results will be communicated to ADB through the quarterly project implementation reports as well as Semi-annual Social Monitoring Reports (SSMR).

11.2 External Monitoring

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

357. Civil works can commence only when the updated LARP is fully implemented portion-wise and ADB has accepted the compliance report prepared by an external monitoring agency (EMA) and submitted by RD. This requirement will be stipulated in the civil works contract documents. The compliance report submitted by RD will be the basis of ADB issuing no objection for starting civil works. In respect of each discrete portion of the Batumi-Sarpi road, all land acquisition and resettlement activities, including all payments of required compensation and entitlements, and satisfaction of all requirements and actions set out in the relevant RP, should be completed and certified as such by the EMA before any construction commences on such portion and before any notice to proceed is issued for such portion under the relevant civil works contract.

358. RD must ensure that the approved LARP and any future updates are in accordance with the applicable Georgian laws and regulations, and ADB's SPS (2009), and: (i) the final LARPs and any future updates are disclosed to displaced persons in the local language and at readily accessible locations; (ii) the final implementation-ready LARP is submitted to ADB for review and clearance prior to LARP implementation; (iii) all land and rights of way required for the project are acquired and made available in a timely manner; (iv) a compliance report produced by an external monitor, certifying that all compensation and resettlement assistance has been provided to all displaced persons or deposited on escrow account, in full accordance with the requirements of SPS (2009), is accepted by ADB prior to handover of land to contractor(s) for commencement of civil works; (v) efficient grievance redress mechanism is maintained in place and operational to assist displaced persons resolve queries and complaints in a timely manner; (vi) adequate staff and resources are made available for supervising and monitoring the implementation of the LARP, and reports are submitted to ADB biannually and at the completion of the LARP implementation process; and If during implementation of the LARP, any additional resettlement impacts are identified, the LARP is updated and prior approval by ADB and the relevant government agencies is obtained before further implementation of the LARP.

359. **Phase 1 (implementation monitoring):** The External Monitor will closely monitor the implementation of the LARP. The LARP implementation monitoring will entail the following tasks: (a) review of LARP/information pamphlet disclosure; (b) review of actions taken by the RD to compensate the APs, with particular attention to the way this action fits the LARP stipulations; (c) review all compensation tallies; (d) verify whether the compensation is provided thoroughly to all APs and in the amounts defined in the LARP and AP contracts; (e) assess the satisfaction of the APs with the information campaign and with the compensation/rehabilitation package offered to them; (f) review the legalization process and assess its effectiveness; (g) review complaints & grievances; (h) carry out an AP satisfaction survey with at least 20% sample of the APs with ensured representativeness of severely affected and vulnerable HHs. The EMA will prepare the Compliance

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

- (i) Assessment of the way the compensation has been carried out in relation to LARP stipulations.
- (ii) Verification that all APs were compensated in the amounts stipulated in the LARP.
 - d. Reconciliation of any differences between figures in the LARP and figures in the compensation tallies in case of changes in impact figures and AP number due to changes in the project design or errors in the LARP. Review of complaint and grievance cases and of their solution.
- (iii) Assessment of the rehabilitation program for severely affected and vulnerable APs (all vulnerable APs to be included in sampling by EM).
- (iv) Assessment of the satisfaction of the APs.
- (v) Lesson learned to be applied to the next projects, and.
- (vi) General assessment of LARP implementation and recommendations to ADB regarding the provision of No Objection Letter to start the civil works.

360. Phase 2 (post-resettlement monitoring): The LARP implementation will be assessed after two years of the completion, including livelihood restoration plan. The following are the main indicators for the assessment to be carried out:

- (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 livelihood restoration measures and reestablishment of livelihood sources for affected businesses and employees.
- (vi) Effectiveness of property valuation for rehabilitation purposes.
- (vii) Effectiveness of Grievance procedures; and
- (viii) Level of satisfaction of APs in the post resettlement period.

361. The TOR for external monitoring is in Annex 10.

ANNEX 1 Synopsis of Selected Georgian Laws and Regulations on Lar

A. The Constitution of Georgia

The Constitution determines the essence of private ownership and defines the presumption of inviolability; however, it also regulates issues related to compensation and expropriation of land and real estate for public needs. The Constitution of Georgia ensures access to public information. Pursuant to Article 21 of the Constitution of Georgia “the right of ownership and inheritance is declared and secured”. No party can revoke the universal rights of ownership and inheritance. If there is a public need or urgency, Article 21.3 of the Constitution allows the expropriation of privately owned land/real estate; however, this can only be executed in accordance with a court decision or under the rules identified in the Organic Law 17 on the basis of appropriate and fair reimbursement.

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

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

B. Civil Code of Georgia

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

Ownership Rights

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

Right to Build

The owner is allowed to transfer a land plot to another person for temporary use (not exceeding 59 years) for a charge or free of charge. The transferee obtains the right to build a building/construction on or under the land plot, as well as the right to assign and transfer this right through inheritance or tenancy. The construction right may cover such parts of a land plot that are not necessary for the actual construction but allow for better use of the facility constructed on the basis of the construction permit. Termination of the construction right requires consent from the landowner. Based on Article 180 of this Code, if a land parcel lacks access to public roads that are necessary for its adequate use, the owner may claim servitude from a neighbor for the purpose of providing the necessary

¹⁷ In the hierarchy of the laws, the Organic Law stands between the Constitution and other laws, which highlights its significance.

access. The mentioned article may be used for road construction, though the determination of a necessary right of way can be a rather complicated procedure if the road construction involves the obligation to prove the existence of elements of such rights. In the event of a necessary right of way, the implementer of the road project shall have the right to undertake road construction notwithstanding the owner's will.

Right of Servitude

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

C. Law of Georgia on the Protection of Cultural Heritage

In addition to the Constitution of Georgia affirming the State's obligation to protect cultural heritage and requiring each citizen to care for, protect and preserve cultural heritage, the Law of Georgia on Protection of Cultural Heritage defines the legislative principles for the protection of existing cultural heritage in Georgia.

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

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

D. The Law of Georgia on Notary Actions

The stated law defines the types of notary actions and rules of their implementation. The law also defines which institutions and authorized persons other than the Notaries have the right to conduct Notary actions within the territory of Georgia and abroad. On the basis of Article 42 of the Law, local self-governments have the right to implement Notary actions related to inheritance, confirmation of the accuracy of a copy of an original document, proving the fact of a citizen's life, or proving the fact of a citizen's certain location. The rural population often applies to local self-governments to conduct certain notary actions, especially, when it is required to identify a person and a document, or the notary actions are required to replace the deceased head of the household with a new member. This

rule is often utilized in the registration of land parcels when one member of the household is registered in the place of a deceased member. The representatives of the Consulates of Georgia (consuls) and other key persons at the consulates are eligible to conduct notary actions on behalf of the Georgian state beyond the territory of the country. (Article 43). Citizens abroad may apply to the consulate of Georgia in the county of their location.

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

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

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

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

F. The Law of Georgia on Ownership of Agricultural Land

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

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

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

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

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

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

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

The law defines the rules, terms, and conditions for registration of rights to immovable property, and the rights and obligations of parties participating in registration procedures. The goal of this law is to declare and verify ownership rights for immovable property within the territory of Georgia through registration of these rights in the Public Register. The Law describes the rules set for the organization and functioning of the Public Register. Pursuant to the law of ownership right to real property, mortgage, right to build, usufruct, servitude, lease, sub-lease, rent, sub-rent, lending subject to registration (Article 13.2).

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

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

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

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

I. Procedural Civil Code of Georgia

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

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

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

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

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

Batumi-Sarpi Road Project

The Contract for the Preparation of Feasibility Study, Detailed Engineering Design, Environmental Impact Assessment (EIA), implementation-ready Land Acquisition and Resettlement Plan (LARP), and Bidding Documents for construction of Batumi Bypass-Sarpi (Border of Turkey) Selection of International E-70 Road was awarded to the JV SPEA/IRD in October 2017 financed by ADB TA-9814 and is aimed to provide design and tender documents for the construction of the road from Batumi to Georgian/Turkish border in Sarpi, as a part of the larger network connecting the Georgian hubs of Batumi, Anaklia Port, Tbilisi with CARECA countries eastward, northward, Turkey southward and EU westward.

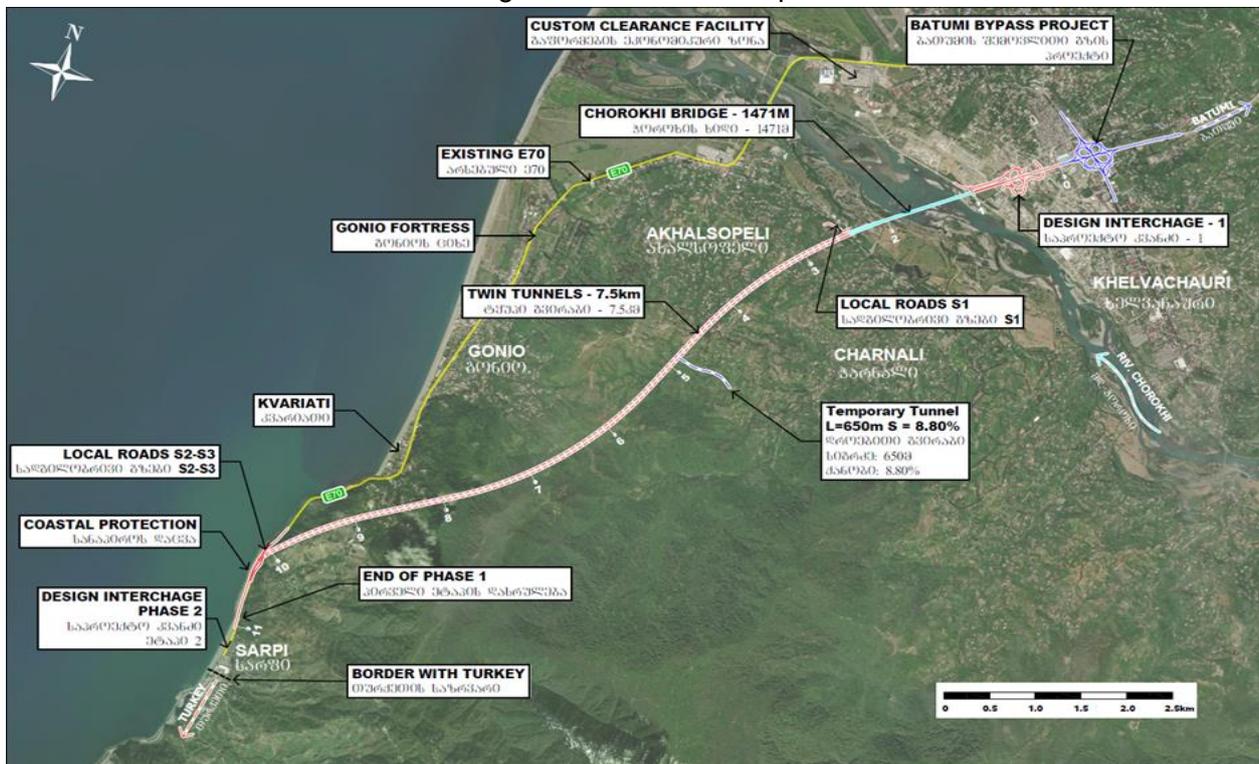
The Draft Feasibility Study was submitted in September 2018 and the review process ended in September 2019 with the submission of the Final Report of Activity 1 Feasibility Study and proposed four alignment alternatives. The detailed design was finalized for the selected design alternative in February 2024, this LARP is prepared based on the final detailed design.

The existing road is 14.5 km long and passes through the villages of Agvia, Gonio and Kvariati, providing access to the Emerald Site of Chorokhi Estuary and to some of the most appreciated beaches of Georgian Black Sea shore with the relevant touristic services. The new road will relief the existing one from heavy and cross-through traffic, providing the due condition for developing the economic potential of the area. Similarly, the chosen alignment avoids any impact to the pristine beauty of the neighbouring Charnali River valley.

The chosen alignment connects the Batumi Bay-pass (interchange) with Sarpi (Border service area) on a total length of 11 km, out of which 10.2 km completely build new, while the most southern 0.8 km overlap the existing E70.

For the implementation of the Project, Government of Georgia seeking ADB’s loan financing in amount of 360 mln USD.

Figure 12. Situation Map



The main components of the new road under the Project are:

- the composite steel concrete bridge crossing Chorokhi River (1.45 km long)

- the single tube bi-directional tunnel (7.6 km long), with portals in Agvia and St. Andrews
- the rearrangement of the road at St. Andrew tunnel portal
1.2 km road from Batumi by-pass interchange to the northern edge of the bridge and from its southern end to Agvia tunnel portal
- St. Andrew interchange
- Pre border service area on the right bank of Chorokhi River

The detailed design is complemented by JV SPEA/IRD. In the design it is considered that, while the most Southern and northern 1.2 km will remain unchanged, the bridge and the tunnel will be doubled in a second phase (one more tunnel and bridge will be constructed for second phase) planned for year 2038, contingent to actual traffic growth, so to have two parallel carriageway each one hosting two monodirectional lines. While ADB financed project scope will cover the construction of the road (and associated components) designed for Phase 1 only, this current LARP is developed considering the land acquisition and resettlement boundaries of final design for both phase 1 and phase 2.

The road carriageway is 11 m wide, with two 3.75m wide lanes and 1.75 m shoulders on both sides and 0.50 m central reserve, with min horizontal radius of 350 m and maximum vertical gradient 3.0%, suitable for a design speed of 80 km/h (TEM).

The layout of the bridge consists of 25, 63 and 42.5m long spans,. The Steel deck leans on 24 piers, 10-12m high on average.

The tunnel is 155 m² wide with overburden varying from 15m to greater than 200m, with an escapeway below the pavement, emergency exits every 500 m, 3 ventilation shafts and a about 650m long and 40m² wide, lateral adit tunnel.

The projects impact will extend to various existing facilities such as internet lines, gas pipelines, and electrical transmission lines. The relocation of these utilities is integrated into the LARP buffer, with most being situated alongside the road to minimize additional impact on land plots. However, only the "Charnali 35" transmission line will have an additional impact on private property at interchange area and relevant impact assessment and compensation amounts are included in the LARP.

Compensation Eligibility and Entitlements

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

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

Compensation eligibility will be limited by a cut-off date to be set for the day of the beginning of the AP Census and DMS.

For the impacts under this LARP, the cut-off date is the start date of DMS which was started March 15,2025.

APs who settle in the affected areas after the cut-off date will not be eligible for compensation. They, however, will be given sufficient 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.

Entitlement Matrix

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, permanent loss of access, and/or not restorable damage of land (For example collapse)	AP losing land regardless of impact severity	Registered Owner/Legal: Owner with valid registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unusable for cultivation, the project will acquire it if the owner so desire.
		Land under actual possession refers to land plots that are not registered with the National Agency of Public Registry (NAPR) and are possessed by private users without formal ownership titles. This category includes land officially owned by the State, the Autonomous Republic of Adjara, and/or the municipalities of Batumi and Khelvachauri.	These lands will be not registered in NAPR. However, the APs will be provided with cash compensation at full replacement cost based on current market value (the same as officially registered land), according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025).
		Agricultural Tenant with formal agreement	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease. In case of tenancy no crop compensation will be given to the landowner and implementing agency, in consultation with local government, will provide assistance to the tenant with the search of replacement lease/tenancy
Non- Agricultural Land	AP losing their commercial/ residential or other non-agricultural type of land ¹⁸ , including renters	Registered Owner/Legal: (Owner with full registration)	Cash compensation at full replacement cost. If the remaining land is no longer usable for its original purpose (e.g., agricultural activities) it is classified as residual and treated as fully affected for the purposes of compensation.
		Land under actual possession refers to land plots that are not registered with the National Agency of Public Registry (NAPR) and are possessed by private users without formal ownership titles. This category also includes land officially owned by the State, the Autonomous Republic of Adjara, and/or the municipalities of Batumi and Khelvachauri.	These will not be registered in NAPR. However, the APs will be provided with cash compensation at full replacement cost, based on current market value (the same as officially registered land), according to the relevant legal act (N 607 2025, issued by GoG on April 7, 2025)..
		Renters of non-agricultural land	The renters of non-agricultural land plots shall be provided with compensation equal to the monthly rent cost they have paid in advance for the rented land plot exceeding the timeline of the actual relocation defined in the land acquisition and compensation agreement.

¹⁸ As per impact assessment only commercial and residential lands are affected by the project.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
<p>Permanent Restriction on land use:</p> <p>(i) Servitude above the constructed tunnel- impact on existing structures and restriction of new construction¹⁹</p> <p>(ii) Servitude for relocation of transmission lines of 35KV- any type of construction, installation, reconstruction, or explosive work. b) planting of trees above 4m height, building of fences, animal shelters, food, and fertilizer warehouses, etc.</p>	<p>Servitude imposed on lands for relocation, operation and maintenance of TLs and above the tunnel</p>	<p>AHs- own legal land and land possessed by private users without formal ownership titles.</p>	<p>Relocation allowance as per EM</p> <p>One-time cash compensation to offset the decreased value of all types of affected land plots due to land use restrictions imposed by servitude establishment.</p> <ul style="list-style-type: none"> • Cash compensation for land due to imposition of servitude shall be based on difference of the market value of the land at present (before the project) and after the project impact (land use restrictions imposed by servitude), based on valuation of the independent certified valuation specialist for the affected land value. • AHs (landowners) whose land plots under actual impact of this project will be encumbered with 10% or over servitude impact, will be entitled for additional one-time cash assistance allowance for severely AHs. • All other assets and improvements (crops, trees, structures etc.) on affected land will be compensated as per provisions defined in this EM taking into consideration impacts of the construction phase and impacts related to the imposition of easement. Annual crop harvests will be compensated - before land is restored to its original state as applicable. In case of delay in construction for several harvest season (more than one crop season) - then payments should be made for additional crops losses.
Buildings and Structures			
<p>Residential and non- residential structures/assets</p>		<p>All AHs regardless of their ownership status</p>	<p>Cash compensation for building/structures losses at full replacement costs free of depreciation and transaction costs.</p>

¹⁹ In instances where only agricultural land parcels are affected, servitude has no restriction/impact on assets such as trees, fences, crops. See details on servitude requirements in table 3.

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
Flats located in the building owned by private Ltd.	All HHs informal settlers using the flats	All AHs regardless of their ownership status	Cash compensation at current market value of flat in the nearby residential area taking into account the size and condition of the flat.
Legal or illegal renter of properties.	All HHs regardless of legal status	All AHs regardless of their legal status	Where supporting documentation is available, the calculation should be based on the average monthly rent for the past 12 months, multiplied by 12 to reflect the annual amount. In the absence of such documentation, a unit rate based on a 3-month period, together with physical relocation/Business shifting assistance, shall be applied.
Loss of Community Infrastructure/Common Property Resources			
Loss of common property and/or resources	Community/Public Assets	local Community	Reconstruction of the lost structure or reestablishment of pasture lands in consultation with community and restoration of their functions
Loss of Income and Livelihood			
Crops	Standing crops affected or affected agricultural land, used permanently for crop cultivation.	All APs regardless of legal status (including legalizable and Informal Settlers)	Crop compensation in cash at market rate by default at to gross crop value of expected harvest.
Trees	Trees affected	All APs regardless of legal status (including legalizable and Informal Settlers)	<ul style="list-style-type: none"> • Cash compensation at market rate on the basis of type, age, and productive value of the trees. (Based on the cost of seedling, expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity). • Decorative trees will be compensated based on their market value corresponding to the age and type of the affected tree. • Affected not-fruit bearing timber trees (if any) will be cut by the Contractor prior to the commencement of construction and handed over to the respective landowners or users for use as firewood or material.
Business/ Employment	Business/ employment loss (formal and informal)	All APs regardless of legal status (including legalizable and Informal settlers)	Business Owner: (i) Permanent impact: cash indemnity of the compensation based on the average taxable profit of the affected business over the past three years or in the absence of income proof, One time allowance equal to 12-month period subsistence unit rate. (ii) Temporary impact: cash indemnity of net income for months of business stoppage. Assessment to be based on

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			tax declaration or, in its absence, an allowance equal to the number of months of business stoppage based on the monthly subsistence unit rate. Permanent worker/employees: Equivalent to actual wage (average of last three months) for 6 months or in case of absence of tax declaration, indemnity for lost wages equal to one-time 6-month period subsistence unit rate. For all the above, acceptable documents need to be presented, i.e.. salary payment document, accountant/financial report.
Restriction in using of natural resources	Loss of licenses for extract/use of natural resources	Licensed owners	Cash compensation at full replacement cost based of relevant Georgian regulations.
Allowances			
Severe Impacts	AHs (i) losing 10% or more of the land or other income generating asset , (ii) physically displaced HH and (iii) households losing commercial/business establishments.	All severely affected AHs including informal settlers	(i) <u>Physical relocation</u> : an allowance covering 3-month period subsistence unit rate. (ii) <u>Agricultural income</u> : additional crop compensation for 1 year's yield of affected land or an allowance equal to 3 months subsistence unit rate, whichever is higher. (iii) <u>Other income</u> : an allowance covering 3-month period subsistence unit rate.
Livelihood restoration (non-cash measures)	All severely affected HHs, vulnerable AHs and affected employees	All AHs including informal settlers	A Livelihood Restoration Plan (LRP) will be developed for the project. Indicative LR measures include: <ul style="list-style-type: none"> • For Residential Relocateses including unformal flat users: <ul style="list-style-type: none"> -Legal/administrative support - Transportation support - Guidance on housing markets - Vocational training e. For Employees: <ul style="list-style-type: none"> - Retraining & upskilling programs - Jobs market information - Provide information and trainings in tourism development and hospitality f. For Agricultural Land owners/users: <ul style="list-style-type: none"> -Provide knowledge and skills on the enterprise management -Legal/administrative support (land, assets registration/legalization) g. For Businesses: <ul style="list-style-type: none"> - Providing necessary information and guidance on permit reapplication and utility reconnection processes to ensure timely restoration of essential services for affected households and businesses. -Provide information and trainings in tourism development and hospitality

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			<p>h. For vulnerable groups:</p> <ul style="list-style-type: none"> - Transportation support (especially for persons with disabilities) - Vocational training - Provide information how to refer to government/NGO services for vulnerable groups - Tailored grievance support <p>Additional livelihood restoration and improvement measures will be added to the finalized LRP based on the individual consultations with APs and other stakeholders and need assessment surveys at the early stage of LARP implementation.</p>
Physical Relocation/business Shifting	Transport/ transition costs	All AHs to be relocated/Shifted	<p>An allowance covering transport and livelihood expenses for the transitional period (250 GEL as vehicle hire charge + 3-month period subsistence unit rate).</p> <p>For Businesses the costs for dismantling, installation, and relocation will be calculated individually for each item and will be included in the compensation packages.</p>
Vulnerability		<ul style="list-style-type: none"> — Particularly disadvantaged Households who might suffer disproportionately. These are: — female-headed households with and/or without dependents. — disabled household heads. — poor households as defined by the official poverty line. — elderly households with no means of support. — refugees or internally displaced people. 	<p>3-month period subsistence unit rate and employment priority in project-related jobs where feasible.</p> <p>Additional assistance in kind will be provided to facilitate relocation or transition- this may include logistics, relocation planning, assistance with replacement housing search, as appropriate or other livelihood assistance measures to be defined by LRP.</p>
Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed.	Impacts during construction to properties or assets out of the corridor of impact or RoW. Impacts on livelihoods not otherwise assessed	All APs	Due compensation/ restoration measures to be assessed and paid when the impacts are identified based on the above provisions and on the requirements of SPS 2009.
Temporary Impact on land plot during construction	All APs regardless of legal/registration status	All APs regardless of legal/registration status	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact and after their use will be re-

Type of Loss	Application	Definition of AH/APs	Compensation Entitlements
			established by the project at the pre-impact productive conditions.
Impacts related to spoil disposal areas and construction camps.	Temporary impacts	APs using affected pasture lands or other areas related to contractor's operation.	Any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements between the Contractor and the landowners. Should such temporary impacts also affect persons/third parties using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation.
	Permanent and/or involuntary impacts		Any permanent and/or effectively involuntary impact on land caused by the use of land for disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation.

Grievance Redress Mechanism

The LARP includes in its scope the establishment of a responsive, readily accessible, and culturally appropriate grievance redress mechanism (GRM) capable of receiving and facilitating the resolution of affected persons' concerns and grievances related to the project. An established grievance redress mechanism allows an AP to appeal any decision, practice or activity arising from land or other assets compensation that they disagree with. The scope of the GRM is to address issues related to involuntary resettlement, social and environmental performance, and information disclosure. The established GRM is available to all people whether or not affected by physical or economic displacement

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

Grievance Resolution Process

Steps	Process
Step 1	The complaint is reviewed by the focal point at the village level, which takes all necessary measures to resolve the dispute
Step 2	<ul style="list-style-type: none"> If the grievance is not solved at the previous level, the municipality level LAR representative will assist the aggrieved APs to formally lodge the grievances with the respective GRCE at the municipality level. The aggrieved APs will lodge a complaint if there is failure of negotiation at the village level and produce documents supporting his/her claim. The GRCE member secretary will review the complaint and prepare a Case File for a GRCE hearing and resolution. A formal hearing will be held with the GRCE at a date fixed by the GRCE member secretary in consultation with the conveyor and the aggrieved APs. On the date of the hearing, the aggrieved AP will appear before the GRCE at the village office and produce evidence in support of his/her claim. The member secretary will note down the statements of the complainant and document all procedures.

Steps	Process
	<ul style="list-style-type: none"> <li data-bbox="411 190 1433 280">• The decisions will be issued by the conveyor and signed by other members of the GRCE. The case record will be communicated to the complainant by the LAR Team at the village level. <p data-bbox="360 280 1062 309">The grievance redress at this stage shall be completed within 4 weeks.</p>
Step 3	<p data-bbox="360 315 1433 465">If the aggrieved AP is unsatisfied with the GRCE decision at the municipality level, the next option will be to lodge grievances with the Grievance Redress Commission (GRCN) at the Resettlement Division of the RD at the national level within two weeks after receiving the decision from GRCE. The complainant must produce documents supporting his/her claim. The GRCN will review the GRCE hearing records and convey its decisions to the aggrieved APs within four weeks after receiving the complaint.</p>
Step 4	<p data-bbox="360 472 1433 533">If the RD decision fails to satisfy the aggrieved APs, they can pursue further action by submitting their case to the appropriate court of law (local courts) without reprisal.</p> <p data-bbox="360 533 1433 622">The aggrieved AP can take legal action over the amount of compensation or any other issues, e.g., occupation of their land by the contractor without their consent, damage or loss of their property, restrictions on the use of land/assets, environmental concerns such as dust caused by the contractor's machinery, etc.</p>
Step 5	<p data-bbox="360 629 1433 689">Should the GRM process be exhausted without satisfactory resolution, an AP may bring a grievance to operations/management level in ADB (Georgia Resident Mission) for consideration.</p> <p data-bbox="360 689 1433 810">Project-affected people can also submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-financed projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures.</p>

ANNEX 3 Minutes of Consultations

Public Consultation No1

Date:	02.02.2023
Location:	Municipal Building of Sarpi
Purpose:	Consultations with project communities
Facilitator(s):	Davit Getsadze (Roads Department) and (Levan Maisuradze (IRD ENGINEERING S.r.l.)
Other participants:	Salome Tsurtsumia and Mikheil Ujmajuridze (Roads Department)
Attendees	Total 44 attendees – 14 women and 30 men.

Overview

The meeting was opened by Levan Maisuradze who introduced the facilitators and purpose of the meeting to attendees, described the project. Afterwards, Davit Getsadze explained to the attendees the decision-making process and importance of the inclusion of local community in this process. It was stated that decision about project version from suggested two versions will be made based on the position of the local community.

After the presentation attendees started asking questions about the project and raised their concerns. Below list briefly describes raised issues.

Summary of Issues Raised

(i) Concerns about impact on the local population

Concern: Residents expressed concerns about potential displacement and changes to their living conditions. They emphasized the need to protect the village and avoid affecting residential areas.

Response: It was clarified that the project is still in the planning stage, and the goal is to develop a solution that considers community interests.

(ii) Safety of the village

Concern: Attendees raised concerns about how construction might impact the village, particularly regarding noise, dust, and environmental effects.

Response: Attendees were assured that environmental impact assessments would be conducted and mitigation measures, such as noise barriers and restricted working hours, would be implemented to minimize disturbances.

(iii) Access to the school and public infrastructure

Concern: Residents asked whether schools and other community buildings would be affected.

Response: It was confirmed that the school would remain in its current location, and there were no plans for residential displacement.

(iv) Discussion about different alternatives

Concern: Attendees questioned whether an alternative route, such as one from Kvariati directly to the customs area, could be considered to reduce the impact on Sarpi.

Response: It was explained that this option was reviewed but was not selected due to the need for large-scale relocation.

(v) Impact on tourism and the local economy

Concern: Concerns were raised about how construction might disrupt tourism, particularly if work extends into the summer season.

Response: It was stated that the project would involve road widening and resurfacing rather than large-scale construction, and efforts would be made to complete work in the shortest possible timeframe.

(vi) Compensation for businesses and landowners

Concern: Questions were raised about potential economic losses for local businesses.

Response: Was emphasized that no final decisions had been made and that compensation measures would be determined once project details were finalized.

(vii) Traffic and road safety concerns

Concern: Some attendees suggested that freight traffic should be redirected away from the coastal area.

Response: It was noted that alternative traffic management solutions had been considered.

(viii) Environmental concerns

Concern: Residents worried about the project's effect on the beach and surrounding areas.

Response: It was confirmed that while the road would be widened by 22 meters, the beach area itself would remain accessible, and necessary protective measures would be implemented.

During the meeting, the local population expressed strong concerns about preserving their village and minimizing the impact on daily life, businesses, and tourism. Alternative routes and solutions were discussed, and residents were assured that their feedback would be taken into account in the final decision-making process.

Photos”



List of Attendees:

საერთაშორისო მნიშვნელობის E-70 ბათუმი (შემოვლითი) - სარფის (თურქეთის საზღვარი)
 საავტომობილო გზის პროექტი
 მოსახლეობასთან შეხვედრაზე დამსწრეთა სია 02.02.2023

N	გვარი, სახელი	მისამართი	ტელეფონის ნომერი	ხელმოწერა
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 მოსახლეობასთან შეხვედრაზე დამსწრეთა სია

02.02.2023

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Public Consultation No 2

Date:	28.07.2023
Location:	Culture Centre of Khelvachauri
Purpose:	Consultations with project communities
Facilitator(s):	Levan Maisuradze (IRD ENGINEERING S.r.l.) and Elene Mgaloblishvili (Gamma Consulting Ltd)
Other participants:	Salome Tsurtsunia and Mikheil Ujmajuridze (Roads Department)
Attendees	Total 49 attendees – 10 women and 39 men.

Overview

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

After the presentation attendees started asking questions about evaluation and safety measures. Below list briefly describes raised issues.

Summary of Issues Raised

(i) Safety of the village

Concern: Villagers expressed worries about construction vibrations, potential damage to nearby houses, and the impact of heavy machinery.

Response: It was confirmed that vibration monitoring and pre-construction surveys would be conducted to minimize risks.

(ii) Discussion about different alternatives

Concern: Residents asked if a tunnel or alternative route could be considered to avoid impacting the Sarpi area.

Response: It was explained that a tunnel was previously evaluated but deemed impractical due to the need for large-scale relocation. However, adjustments had already been made to reduce the road's impact on residential areas.

(iii) Compensation for businesses and landowners

Concern: Questions were raised about how businesses would be compensated, especially those generating rental income.

Response: It was clarified that compensation would be based on documented revenue from the past year, and cases of undeclared businesses also would be assessed.

(iv) Timeline for construction and land acquisition

Concern: Attendees asked when land acquisition and compensation payments would begin.

Response: It was noted that compensation would likely start in late 2024 or early 2025, while construction would not begin before 2025.

(v) Process for handling unclaimed or unusable land

Concern: Concerns were raised about small land plots left unusable after partial land acquisition.

Response: It was noted that such cases would be reviewed individually to determine possible solutions.

(vi) Legal and procedural questions

Concern: Residents asked about the formal evaluation process for properties and whether they would be informed about audits and assessments.

Response: It was confirmed that property owners would be contacted to provide documentation before evaluations.

(vii) Environmental concerns

Concern: There were questions about whether the project would narrow the beach or affect natural surroundings.

Response: It was clarified that the road would not encroach on the beach area.

During the meeting, the local population expressed their concerns about the project's impact and suggested adjustments to minimize disruption. Some attendees proposed alternative routes and requested more clarity on compensation policies. All suggestions were acknowledged and will be taken into consideration as the project progresses.

Photos:



List of Attendees:

საერთაშორისო მნიშვნელობის E-70 ბათუმი (მუშოვლითი) - სარფის (თურქეთის საზღვარი)
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საერთაშორისო მნიშვნელობის E-70 ბათუმი (შემოვლითი) - სარფის (თურქეთის საზღვარი)
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28.07.2023

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საერთაშორისო მნიშვნელობის E-70 ბათუმი (შემოვლითი) - სარფის (თურქეთის საზღვარი)
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28.07.2023

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Public Consultation No 3

Date:	12.03.2025
Location:	Culture Centre of Khelvachauri
Purpose:	Consultations with project communities
Facilitator(s):	Mikheil Ujmajuridze (RD), Giorgi Gvaramadze (RD), Dimitri Lomidze (RD), Giorgi Agniashvili (Colliers Georgia) and Levan Shalikiani (Colliers Georgia).
Observers:	Nato Javakhishvili (ADB)
Attendees	Total 44 attendees – 3 women and 41 men

Overview

The meeting was opened by Mikheil Ujmajuridze, who introduced the facilitators and purpose of the meeting to attendees, described the project and briefly introduced, entitlement matrix and grievance redress mechanism.

After the presentation attendees started asking questions about evaluation and safety measures. Below list briefly describes raised issues.

List of Questions:

1. Zaza Putkaradze (Akhalsopeli)

Question: There are many unregistered plots and plots under the registration process in the Public Registry. Will compensations be paid for unregistered lands?

Answer: Users of all assets located on unregistered land will receive appropriate compensation. Regarding land compensation, consultations are ongoing, and you will be informed of the outcomes at the start of the Resettlement Plan implementation.

2. (Batumi – Industrial Zone)

Question: Once a purchase agreement is signed, what timeframe will owners have to dismantle and relocate?

Answer: Owners will have approximately three months for dismantling and relocation after the compensation has been paid.

3. (Akhalsopeli)

Question: Once a purchase agreement is signed, what timeframe will owners have to dismantle their residential properties and relocate?

Answer: Owners will have approximately three months for dismantling and relocation following the compensation payment.

4. (Batumi – Industrial Zone)

Question: After signing the purchase agreement, what timeframe will owners have for dismantling larger enterprises and relocation?

Answer: Each case will be evaluated individually to prevent disruptions to business operations and to facilitate smooth project execution. Owners will therefore be granted a reasonable timeframe for dismantling and relocation once compensation payments have been issued.

5. (Batumi – Industrial Zone)

Question: Is it possible to receive alternative land plots instead of monetary compensation?

Answer: The project does not envisage for land replacement. All affected landowners will receive monetary compensation as detailed in the Resettlement Plan.

Photos



List of Attendees:

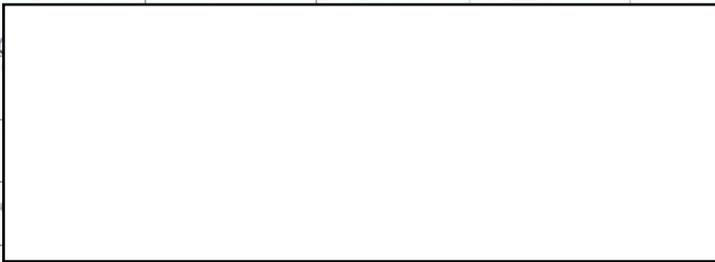
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Public Consultation No 4

Date:	14.05.2025
Location:	Culture Centre of Khelvachauri
Purpose:	Consultations with project communities
Facilitator(s):	Mikheil Ujmajuridze (RD), Giorgi Gvaramadze (RD), Dimitri Lomidze (RD), Mariam Begiashvili (Social Safeguards Consultant/ /Stakeholder engagement specialist), Elene Mgaloblishvili (Gamma Consulting) and Levan Shalikiani (Colliers Georgia), Giorgi Eluashvili (Colliers Georgia).
Observers:	From ADB -Sona Poghosyan, Armine Yedigaryan, Nato Javakhishvili, Ketii Dgebuadze, Ekaterine Skhiladze
Attendees	Total 74 attendees – 10 women and 64 men

Overview

The meeting was opened by Mikheil Ujmajuridze, who introduced the facilitators and purpose of the meeting to attendees, then Elene Mgaloblishvili described the project and briefly introduced, entitlement matrix and grievance redress mechanism. After Levan Shalikiani and Giorgi Eluashvili explained valuation methodology to attendees and presented unit prices per square meter of land.

After the presentation attendees started asking questions about evaluation and safety measures. Below list briefly describes raised issues.

List of Questions:

: What's the price per square meter of land in the village of Akhalsopeli?

Answer: Along the roadside in Akhalsopeli, land prices range from 177 GEL to 265 GEL per square meter, depending on the cadastral category.

Question: Years ago, when I was working in Turkey, they told me the road would be built with international funding and that we would receive a large payment. But what can I buy in Iari?

Answer: Compensation offers are not announced to everyone at once—they are confidential and will be discussed with each household individually. Please wait for your personal meeting; once you know your specific amount, we can go through the details and see whether it suits you.

Question: I didn't quite catch the prices for the industrial zone. Could you repeat them? And how were they set—does that include buildings?

Answer: In the industrial zone the land price was set between 376 GEL and 464 GEL per square meter. As mentioned earlier, the value depends on plot shape, size and location. This price is for land only, not for buildings. Building values will be shared during individual meetings.

: When the money is transferred, does our company have to pay VAT—on both buildings and land?

Answer :For buildings, VAT is already included, so you will receive the amount inclusive of 18 % VAT. The VAT status of the land component is still under review. Two options are being discussed: you may submit a letter to the Revenue Service, or VAT could be covered within the first-stage payment. A final decision will be given at your individual meeting.

: I understand a plot here sold for up to 400 US dollars.

Answer: Yes, there was such a case. A plot was indeed auctioned for about 350 USD. But auction prices are not regarded as market prices: auctions occur only when there is high demand and buyers are willing to pay above normal market value. Before or after that sale no similar transactions were recorded, so the price does not reflect typical market value. International valuation standards also state that auction prices do not equal fair market value.

: Those prices you quoted apply to the local market, right? But we're not selling voluntarily at local-market rates; we're being forced to give up our land.

Answer: When anyone buys or sells land, the basis is always market value—there is no other accepted standard. The same approach is used on every project, including Batumi. That principle will not change: land value is determined by market price.

Question: There is state-owned land nearby. Could we get replacement plots?

Answer: Land swaps are outside the Roads Department's mandate. Those lands belong to the Autonomous Republic of Adjara; you would need to apply to them. For other state land, responsibility lies with the Ministry of Economy and the National Agency of State Property. We cannot mediate. The resettlement plan for this project does not include land for land.

(Kvariati): You said the land price in Kvariati is two-hundred-and-something lari per square meter. I couldn't buy land there for that amount.

Answer: The same valuation method applies: recent offers and recorded transactions were analyzed. The land price is 227 GEL per square meter. Your building has been valued too, but exact figures are confidential. When individual meetings start you will receive both the land and the building values.

Question: What about compensation for trees?

Answer: As shown in the presentation, compensation covers annual crops, perennial crops and decorative plants—each category has its own valuation approach.

: We have to move, but next to our place there's another plot with fruit trees that we work on. We won't be able to use it any more; the land belongs to an Ltd.

Answer: Such situations are decided by the permanent commission at the Roads Department, which deals with lands outside the project corridor. If the commission issues a positive decision, an agreement will be reached with the Ltd, acknowledging that you are the actual user and that the company has no compensation claim. The process starts once you submit an application.

: Market value is clear, and auction prices aren't used. Land swaps aren't possible. If the state puts land to auction, the price could double. And today's market value might rise by July—what then?

Answer: If more than one year passes after the valuation, a re-valuation is required—that is the standard rule. Significant changes by July are highly unlikely.

: If I disagree, the law allows expropriation.

Answer: Yes. The first stage is an administrative expropriation process, after which you still have the right to challenge the compensation amount in court.

: Can you mediate? Suppose we pursue a land for land so we can keep operating and keep employees.

Answer: We understand your position, Mr Merab. We will consider it carefully and get back to you once resettlement procedures begin.

: The building belongs to a private company, but we live there. They photographed everything and decided it's non-residential.

Answer: Discussion is ongoing. Your units have been documented. Spaces with no sign of residence are valued as non-residential. This is state money and must be used as intended. If any errors are found, they will be corrected. Once direct communication with you starts, all details will be reviewed.

Question: If only a small part of our plot remains after acquisition, what happens?

Answer: Each case goes to the Department's commission and is assessed individually after you file an application.

Question: When will individual meetings start?

Answer: We expect them to begin in July 2025.

: Part of our land falls within the project area, leaving us without storage space; our main business is sand-and-gravel production.

Answer: Such matters must be reviewed by the commission. Please submit a letter.

: We've lived in that building for 30 years—ten families in total. We don't have better housing. How will this be resolved?

Answer: Where residence is proven, that is taken into account. We are awaiting information from various agencies, including the Government of Adjara. If residence is confirmed, the space will be valued as residential. Note that the landowner is Ltd so their position also matters. Once we have a legally sound, agreed approach, we will inform you.

Question: We've lived there since 1993—ten families. All the trees and crops were planted by us.

Answer: That is why we need to secure positions from both the owner and the authorities to ensure proper compensation. If it is decided that the trees are compensable, we will negotiate with the owner. First, the need for acquisition must be established.

Question: I run a private business that isn't registered—what will happen?

Answer: Every case will be reviewed individually during the personal meetings.

Question: What's the difference between registered and non-registered land in compensation?

Answer: None in value. The key is proof of use. The state has decided that if factual use is confirmed, the same compensation is paid for both registered and unregistered plots.

Question: Will trees above the tunnel die if soil dries out?

Answer: That issue will be examined by qualified specialists.

Photos



List of Attendees:

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ANNEX 4 Focus Group Discussions

Focus Group Discussion Summary and Analysis with Physically Relocated Households Date: April 25, 2025

Introduction

The focus group discussion began with greetings and an introduction of the moderator and assistants. Participants were informed of the session objectives, the discussion format (lasting 1.5–2 hours), and key principles such as confidentiality and open dialogue. The purpose was to hear directly from households facing physical relocation due to the Batumi Bypass–Sarpi Road construction, to better understand their living conditions, concerns, and support needed related to the resettlement process.

Participant Introductions

Participants introduced themselves and shared their type of residence (private house or apartment), the duration of residence, and household composition.

Current Living Conditions

Residents described their current environments in Akhalsopeli village and nearby apartment blocks:

- Most live in private homes near the road and river, with full access to gas, electricity, and water
- Some live-in apartments owned by private Ltd. without gas access, using water from on-site wells
- Residents maintain home-based activities such as poultry farming (e.g., chickens and ducks)
- Nearby infrastructure includes a school, kindergarten, and medical clinic, shops, any other needs can be satisfied in the city of Batumi
- Some private homes are newly built (within the last six years)

Impact on Living Conditions

Participants highlighted the complexity of relocation, stating that compensation is not only a financial matter but also one that affects years of personal investment and livelihood strategies:

- A homeowner who sells seedlings fears customers won't follow her to a new location
- Many stressed the importance of staying close to their current area to maintain access to schools, jobs, and family networks
- Akhalsopeli residents emphasized that replacement homes should offer at least equal or improved conditions

Main Outlines of the Impact on Living Conditions

Participants emphasized that relocation is not merely a matter of receiving financial compensation—it represents a complex disruption to their livelihoods, routines, and long-term investments in their homes. Several landowners and homeowners shared worries that moving could dismantle years of personal and economic effort. For instance, one woman who sells seedlings and plants from her yard expressed worry that her customers would not be able to locate her if she relocates, leading to a loss of income.

A deep-rooted connection to their current community was evident throughout the discussion. Many residents voiced a strong preference to remain close to their existing homes in order to maintain access to schools—especially for high-school-aged children—as well as workplaces, family members, and the broader social support network they rely on. There was unanimous agreement that post-relocation living conditions should at least match, and ideally improve upon, their current standard. Residents of Akhalsopeli, in particular, strongly stated that any new housing provided should reflect the time, financial investment, and physical effort they have already committed to their current properties.

Concerns about timing and uncertainty were repeatedly raised. While participants estimated that it could take six months to a year to plan, and construct a new home, they expressed anxiety that once acquisition occurs, insufficient time will be provided to complete the relocation. While some indicated they could vacate within two months, the majority noted that at least six months would be required—particularly in the case of private homeowners building anew.

Additional challenges were highlighted, including geographic constraints. A guesthouse owner from Kvartati noted that the steep terrain in the area could significantly increase transportation and construction costs, and questioned whether these would be covered under the compensation scheme. Broader questions emerged regarding the compensation process itself—such as the timing of contract signing, fund disbursement, and whether non-registered land plots would be eligible for compensation. Some apartment residents also pointed out that certain structures and trees on property owned by Ltd. had not yet been inventoried, creating further uncertainty.

Technical concerns were also raised: a few landowners inquired whether existing home designs could be reused for reconstruction. One resident, whose home will not be acquired, asked if construction-related vibrations might damage his property; project representatives assured participants that a monitoring system would be in place during construction. Another landowner living near the tunnel portal expressed concern that the remaining portion of his land, following partial acquisition, would be too small or poorly situated to serve residential purposes.

Key Concerns:

- Worries about the timeline for property acquisition and resettlement
- Most private homeowners estimated they would need at least six months (and possibly up to a year) to relocate and rebuild
- Specific concerns raised about steep terrain in new areas, construction costs, and unclear procedures related to contracts and compensation disbursement
- Apartment residents mentioned that some structures and trees located on land owned by Ltd. had not yet been inventoried/or they have not sufficient information

Technical and Legal Questions Raised

- Whether old house designs could be reused for reconstruction
- Potential for construction-related vibration to damage nearby non-acquired properties
- Concerns about leftover land after partial acquisition being unsuitable for residence
- Clarification sought on compensation for non-registered land plots

Project staff explained that a vibration monitoring system would be in place and that compensation procedures would follow legal and policy frameworks.

Livelihood Impacts and Coping Strategies

- Households worried over potential income loss linked to relocation
- Participants suggested that support should extend beyond cash compensation and include supporting to access to replacement land, legal advice, and transportation assistance

- Some residents proposed receiving guidance on housing markets and construction processes, as well as professional or vocational training for affected family members

Information About the Project

Primary sources of information up to this time:

- Public consultations
- Inventory and survey processes
- web-page

Feedback:

- Some residents said it had been a long time since they received project updates
- There was a lack of clarity about relocation timelines, compensation measures, and what support would be provided before and after the move

Support Needs and Assistance Suggestions

Participants recommended:

- Financial assistance to cover relocation costs
- Legal and administrative support, particularly for land registration (if any need)
- Relocation logistics and transportation help
- Ensuring essential services in resettlement areas (e.g., water, electricity, schools, medical facilities)
- Clear communication about the resettlement process and expectations

Vulnerable Households

- One household has a member who uses a dialysis machine, requiring medical support during relocation
- Two individuals with disabilities were identified as needing special attention in the planning and relocation process

Grievance Mechanism and Problem-Solving

- Most participants had limited experience with formal complaint mechanisms
- A few had experience resolving issues in court
- No clear local leaders or support networks were identified for problem-solving
- Informal dispute resolution methods were mentioned but not used by participants

Project representatives presented the grievance redress mechanism (GRM), explaining how complaints could be submitted and resolved as part of the formal process.

Preferred Communication Channels

Participants indicated a preference for:

- Phone and email communication
- In-person meetings, either one-on-one or in small groups
- Use of local community centers or public spaces for information sharing

Summary and Next Steps

- Relocation is not only a housing issue but also a disruption to livelihoods, community life, and access to essential services
- Concerns about timing, affordability, and worries about potential loss of informal income-generating activities
- Preference for relocation to nearby areas with existing infrastructure
- Need for improved communication and clarity regarding compensation and relocation procedures

The moderator concluded the session by thanking participants and explaining how their feedback would be used to shape relocation strategies.

Photos



Focus Group Discussion Summary and Analysis with Project-Affected Employees

Date: April 24, 2025

Introduction

The discussion began with greetings and an introduction of the moderator and support team. Participants were informed about the objectives of the focus group, its duration (1.5–2 hours), confidentiality terms, and ground rules to ensure open and respectful dialogue. The purpose of the session was to assess how the planned road construction (Batumi Bypass Interchange to Sarpi, 11 km total length) may affect the current employment status, working conditions, and livelihoods of employees in the project area.

Participant Introductions

Participants introduced themselves by sharing their name, company of employment, position, duration of employment at their current workplace, and approximate number of colleagues employed at their business.

Current Employment Conditions

Employees described their daily work routines and employment environments, touching on topics such as:

- Commute distance and transportation methods - most live close by; some walk or local bus/minibus)
- Local infrastructure availability
- Use of local labor -mostly Georgian employees
- Occasional reliance on foreign specialists for technical tasks - e.g., equipment installation
- On-site amenities - e.g., food provision by some companies
- Economic interconnectedness between local businesses

Key Concerns:

- Some households depend entirely on a single company for employment, with multiple family members working together and own the company/family hotel at the same time
- Loss of local employment may lead to higher transportation costs or limit job search options
- Current employment benefits (e.g., health insurance) may be lost during transition

Employment-Related Issues are described in details below:

Employees expressed a combination of uncertainty, concern, and strong emotional attachment to their current workplaces. Many shared anxieties about the possibility of permanent job loss if the project leads to company closures. This concern was particularly acute among older workers or those who have already changed professions multiple times. For example, one woman currently employed as an accountant explained that she fears her age and existing qualifications may not be sufficient to secure similar employment in the future. While a few workers felt their specialization might ease the transition, most stated that it would be difficult to find jobs offering comparable salaries, working conditions, or stability—especially after many years with the same employer.

The possibility of temporary business closures also raised concerns. Participants cited the risk of income loss during the downtime required for businesses to obtain new permits (e.g.,

environmental approvals), which could take up to 1 year. Additional concerns included the potential loss of employer-provided health insurance during this period. One participant noted that some employees might be retained temporarily to assist with dismantling or relocation activities; however, this would only be feasible if companies are able to secure suitable land and reestablish operations. In the absence of such opportunities, jobs could be lost altogether.

A recurring theme was the deep connection that employees feel toward their current work environments. Many participants indicated that switching companies or relocating to a different worksite would be challenging—both emotionally and practically. It was also noted that a number of coworkers are not officially registered due to their vulnerable social status, with many residing in “Otsneba City,” a settlement for socially vulnerable families. These workers may be at higher risk of exclusion from formal compensation and employment transition support.

Some employees acknowledged that retraining might be necessary if new equipment is introduced at relocated worksites. They also raised questions about compensation delivery—specifically, whether it would be provided directly by employers or through the Roads Department. This was clarified during the session.

Furthermore, participants highlighted the interconnected nature of the local economy. Businesses in the area often rely on one another—for example, by purchasing raw materials and exchanging by-products. If companies are forced to relocate far from their current locations, these economic linkages could be disrupted, hampering recovery and making reemployment even more difficult for the local workforce.

In summary, most employees strongly preferred that businesses remain operational within the same area, underscoring how deeply their livelihoods are tied to their current employers and local economic networks.

Impacts of Road Construction on Employment

Direct Impacts

- Fear of permanent job loss due to company closures
- Risk of temporary unemployment during permit acquisition (estimated at up to 1 year)
- Loss of income and social protections (e.g., insurance)
- Potential relocation of companies to distant areas, reducing employment opportunities for locals
- Need for retraining if companies introduce new equipment at the new site
- Questions raised about whether compensation would come from the employer or the Road Department

Indirect Impacts

- Potential breakdown of business-to-business relationships in the area
- Emotional and practical challenges of changing employer or workplace
- Disruption to supply chains and local employment networks

Employees strongly emphasized the importance of keeping businesses in the same area, citing deep economic and emotional ties to their employers and communities.

Livelihood Impacts

- Job loss could lead to reduced household income, particularly for families with multiple members employed in the same business

- Older workers and those with specialized skills fear difficulty in securing new employment
- Informal or unregistered employees (e.g., those from vulnerable settlements like "Otsneba City") may be excluded from formal compensation
- Strategies mentioned include retraining or seeking temporary jobs, though many were uncertain about viable alternatives

Information About the Project

Sources of Information:

- Public consultations
- Other Employers/colleagues/management
- News, web-page

Feedback:

- Information is not always timely
- Some participants felt there had been a long gap since the last updates
- Uncertainty about compensation procedures and mitigation support was evident

Support Needs and Assistance Suggestions

Participants shared ideas for support measures to help mitigate potential employment impacts:

- Financial compensation for lost wages
- Temporary transportation solutions if businesses relocate
- Upskilling and training programs tailored to new business needs
- Job placement assistance
- Clear and timely communication about project timelines and impacts

Grievance Mechanisms and Problem-Solving

Participants discussed how issues are normally raised in their communities:

- Most have little to no experience submitting formal complaints
- Some have handled issues through court
- No specific leaders or community groups were identified as go-to problem-solvers
- Informal solutions exist but are rarely used

After the discussion, moderators explained the official grievance redress mechanism for the project. Participants were informed that grievances are a normal and acceptable part of project implementation

Preferred Communication Channels

Participants shared preferences for receiving updates and submitting concerns:

- E-mail, phone, one-on-one meetings, and larger group meetings
- Some suggested that publishing information on a dedicated website and maintaining regular contact with a project representative (e.g., Project Manager Dimitri Lomidze) would be sufficient
- A web/email-only strategy could exclude older or low-digital-literacy workers; additional communication channels should be maintained

Vulnerable Groups

Employees identified vulnerable community members who may have difficulty engaging in project-related decision-making or complaint processes:

- Residents of "Otsneba City" (a settlement for socially vulnerable families)
- Unregistered or informal workers
- Women headed HHs, elderly, persons with disabilities, and HHs under the poverty line

Summary

- Deep reliance on current employers and job locations
- Strong emotional and economic concerns about relocation
- Need for clear, timely, and multi-channel information
- Demand for financial and employment-related support measures

The facilitator closed the meeting by thanking participants and explaining how their feedback will be used.

List of Attendees

Total number of attendees: 23

Men: 21

Women: 2

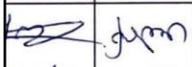
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Focus Group Discussion Summary and Analysis with Representatives of Local Businesses

Date: April 25, 2025

Introduction

The focus group discussion (FGD) session began with welcoming remarks, followed by the introduction of the moderator and assistants. Participants were informed of the objective of the discussion, the expected duration (1.5–2 hours), and the principles of confidentiality and voluntary participation. The purpose of the discussion was to assess how the planned road construction—linking the Batumi Bypass Interchange with Sarpi over a total of 11 km—has affected or may affect local businesses, in order to strengthen the project’s mitigation strategies and livelihood restoration measures.

Participant Introductions

Each participant introduced themselves, including:

- Full name
- Business name
- Position in the business
- Duration of business operation
- Duration of business operation in the current location
- Ownership or rental status of the premises
- Approximate number of permanent and seasonal employees

This helped in capturing the diversity of businesses represented and understanding their scale and vulnerability levels.

Current Business Conditions

Participants were asked to describe the current status and operations of their businesses, including:

- Accessibility to customers and suppliers
- Availability of materials and transportation
- Reliance on local labor
- Impact of existing road infrastructure on business visibility and delivery of goods

Key Observations:

- Several businesses have been operating for over 10 years.
- Family-run businesses were represented.
- Locations close to roads with proper utilities were perceived as highly favorable.
- Most participants reported operating at or near full capacity.

4. Business Impacts and Key Challenges Identified

Business owners described a broad range of complex challenges associated with both temporary and permanent disruptions caused by the project. Many emphasized that even short-term interruptions in operations could result in significant income losses—for both the businesses and their employees—particularly given the extended time anticipated for dismantling and relocating equipment. Several participants noted that their machinery is either fragile (because is rather old) or fixed in place, and may be damaged or rendered unusable during the relocation process.

While participants recognized the importance of being informed about compensation amounts, they stressed that clarity on the relocation timeline is equally critical for business continuity planning.

A major concern for many participants was the usability of the land that may remain after partial acquisition. Several business owners expressed fears that the remaining plots would be too small or completely inaccessible for future operations. Some noted that due to prolonged uncertainty surrounding the project, they had been unable to make long-term investments or improvements. One business reported purchasing land that it was never able to fully utilize, while another attempted to expand by acquiring state-owned land but was ultimately blocked due to the project.

Electricity and utility-related risks were also raised as serious concerns. One business representative explained that they currently benefit from a discounted electricity tariff due to owning their own transformer. Relocating this infrastructure, along with reconnecting to the power supply, would not only incur high costs but also involve lengthy and complex permitting procedures. Similar issues were noted with respect to relocating water extraction operations, which would require new licenses, and with securing environmental permits at new locations. Participants emphasized that unless the new land meets all regulatory requirements, businesses may not be able to resume operations at all. The full process of acquiring land, obtaining permits, and reinstalling equipment could take over one year.

Several businesses proposed the option of receiving replacement land instead of monetary compensation. However, they expressed concern that all affected businesses would be competing for a limited number of available plots in the area, potentially driving up land prices and creating a shortage of suitable locations. These challenges are particularly acute for businesses that require large operating spaces or those bound by long-term contractual obligations—such as state tenders—which require continuous operations. One business specifically mentioned being subject to a five-year continuity obligation, noting that any forced suspension of activities could place them in breach of contract.

Concerns also extended to the workforce. Employers expressed serious worries that if employees receive compensation in advance, equivalent to the salary for 6 months and face a prolonged period without work, they may choose to leave permanently or even emigrate, making it difficult to rehire them once operations resume.

Participants agreed that compensation should not be limited to land and structures. It should also include additional costs for relocation, also including in compensation package value-added tax (VAT).

Overall, business representatives conveyed a picture of high operational risk, substantial financial pressure, and considerable regulatory uncertainty. They highlighted long-term implications not only for their companies but also for the households and communities that depend on them.

Impacts of Road Construction on Businesses

Direct Impacts

Participants discussed the anticipated direct impacts of the road construction:

- Temporary business disruption due to relocation
- Loss of land or business space
- Potential damage to fixed and fragile equipment
- Difficulty dismantling and reinstalling equipment at a new site
- Uncertainty regarding timelines for relocation and resumption of full operations

Indirect Impacts

- Noise, dust, and vibrations caused by construction
- Changes in customer behavior due to traffic congestion
- Delays in the delivery of goods
- Limited accessibility during construction
- Loss of visibility and marketing exposure
- Delays in acquiring permits for electricity, water extraction, and environmental clearance
- Financial strain from relocation-related costs

Some businesses expressed that they had postponed expansion or investment plans for years due to prolonged uncertainty about the project alignment. In some cases, they purchased additional land that remained underutilized.

Livelihood Impacts and Coping Strategies

Participants were asked about the anticipated effects on their household income and employment status:

- Several businesses expect to reduce staff, working hours, or close temporarily
- The transitional period to reach full productivity may exceed one year
- Concerns over employee retention—some feared workers may leave permanently or emigrate during the transition period
- Some businesses plan to reestablish on remaining land, but others cited lack of space or inaccessibility
- Some HHs expressed preferences for in-kind compensation (e.g., replacement land) instead of cash, citing fear of market inflation and shortage of available properties
- Some considered exploring alternative income-generating activities, such as small-scale agriculture or retail

Information About the Project

Participants were asked about their sources and perception of information received:

- Main sources of information underlined such as: Public consultations, inventory activities, and informal community channels
- Some participants felt that information was unclear or prolonged
- Limited understanding of compensation eligibility and mitigation measures
- Desire for improved outreach and explanation of project phases and available support

Support Needs and Preferences

Participants proposed several forms of support to reduce the negative impact of relocation and business disruption:

- Financial compensation that includes VAT
- Assistance with obtaining permits and reconnection to utilities
- In some cases, allocation of replacement land suitable for business operations or support to find such land
- Temporary access roads and improved signage during transition
- Business development training and advisory support
- Extended transitional periods to allow for gradual recovery

Some employers emphasized the need to consider vulnerable staff members (e.g., workers under the poverty line) who may not be covered under formal compensation schemes (their opinion)

Grievance Mechanism and Community Problem-Solving

Participants shared their general experience with complaint handling mechanisms in their communities:

- Most had no direct experience with formal complaints
- A few had resolved issues through court procedures
- No established community figures or institutions were named as mediators
- Informal dispute resolution mechanisms were mentioned but not used by participants themselves (was acting in Post-Soviet time)
- Overall, participants preferred receiving information and addressing concerns through direct, one-on-one meetings with project manager

After the discussion, moderators presented and explained the formal grievance redress mechanism (GRM) developed for the project.

Vulnerable Groups

Participants were asked to identify groups that might face barriers in raising complaints or participating in consultations:

- Female headed HHs, elderly HHs, people with disabilities, minority groups, and HHs under the poverty line were named
- Challenges include lack of information, fear of retaliation, low literacy, and limited access to technology
- Recommendations included providing multiple communication channels such as website, calls with project manager and his/her presence at project site, support with complaint procedures

Summary

- Operational uncertainty and risk due to relocation
- High financial burden of reestablishment
- Difficulty retaining staff and equipment
- Importance of timely and clear communication
- Strong preference for in-kind support (e.g., land, permit facilitation)

The session concluded with a summary of the main points, an expression of appreciation to the participants, and clarification of next steps.

List of Attendees

Total number of attendees: 16

Men: 15

Women: 1

დასწრების ფურცელი					
მუხედრის მიზანი					
თარიღი	სახელი და გვარი	საკონტაქტო ინფორმაცია	ხელმოწერა	ქალი/კაცი	შენიშვნა
N					
1	[Redacted]				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Photos



ANNEX 5 Questionnaire

Batumi-Sarpi Highway project Socio-Economic Survey Questionnaire

A.1 Questionnaire № _____ (Fill out one questionnaire on the household)		A.2 Data _____			
A.3 Respondent's full name					
A.4 Respondent's ID					
A.5 Contact information					
A.6 Land plot(s) N*					

* Affected land plot(s) (according to resettlement plan)

A7. What kind of impact does the project have on your household?

1.	Impact on agricultural land	2.	Impact on non-agricultural land
3.	Impact on residential house/apartment	4.	Impact on business activity
5.	Impact on employment	6.	Other _____

B. Information about the household:

B.1 Full name of household head	
B.2 ID of household head	
B.3 Number of household members	
B.4 vulnerability	1. Yes; 2. No
1. poor household as defined by the official poverty line;	
2. elderly households with no means of support;	
3. refugees or internally displaced people;	
4. disabled household heads;	
5. female- headed households with and/or without dependents	
6. households without security of tenure;	
7. cultural or ethnic minorities;	
8. Other	

C. General Information on Household Members

N	C.1 Name of family members	C.2. Status 1. Head 2. Spouse 3. Son 4. Daughter 5. Father/ Mother 6. Sister / Brother 7. Daughter-in-law/ Son-in-law 8. Grand child 9. Other	C.3 Gender 1. Male 2. Female	C.4 Age	C.5 Marital status 1 Married 2. Single 3 Divorced 4. Widowed 99. Neither	C.6 Education 1. Without education 2 Preschool 3 Elementary 4. Incomplete secondary 5. Secondary 6 Vocational 7. Incomplete higher education 8. Higher education 9. Other
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

D. Family Income

D.1. EMPLOYMENT STATUS/INCOME SOURCE *(Please, insert data about all HH members)*

No	D.1.1. Name / Surname (Write the code from table 1.1)	D.1.2. Employment status/ source of income		D.1.3. Occupation		D.1.4. Type of work	D.1.5. The source of average monthly income for last 6 months		D.1.6 Average monthly income for last 6 months	
		1	2	1	2		1	2	1	2
		1. Employed 2. Pensioner → 5 3. Student, pupil → 5 4. Unemployed and not looking for a job → 5 5. Unemployed and looking for a job → 5 6. Army Servant → 7 7. Incapable → 5 8. Other 98. Not applicable till 18 years old		1. Civil servant 2. Employee in private sector 3. Self-employed, entrepreneur 4. Employer 5. Occupied in private agricultural HH 6. Occupation in other agricultural sector 99. Other 98. Not applicable		1. Permanent 2. Seasonal 3. Temporary 4. Time to time 98. Not applicable	1. Salary 2. Old age pension 3. Scholarship 4. Other pension 5. Social benefit 6. Remittance from abroad 7. Remittance from Georgia 8. Rental income 9. No income 99. Other			
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										

D.2. What kind of assistance did you or your family members receive from the state in 2025?

INTERVIEWER – ACCEPT ALL POSSIBLE ANSWERS GIVEN BY THE RESPONDENTS

Social assistance	1. Yes (indicate amount) 2. No
1. Old age pension	
2. Invalidity pension	
3. Orphan child assistance	
4. Refugee pension	
5. Poverty family benefit	
6. Single mother assistance	
8. Other / identify	

D.3 Approximately how much is your family's monthly income?

Very low	Low	Average	High	Very high
1. <500	2. 500-1500	3. 1500-3500	4. 3500-5000	5. 5000 or more

D.4 Approximately how much are your family's monthly expenses?

Very low	Low	Average	High	Very high
1. <500	2. 500-1500	3. 1500-2500	4. 2500-3500	5. 3500 or more

D.5 Does anyone in your family have a loan? 1-yes; 2-no; 99-without answer

If yes then continue:

if No or Without the answer go to **next**

question E

D.5.1 Source <i>/Several answers are possible/</i> 1. bank 2. credit organization 3. private person 99. other	D.5.2 The amount of money (GEL)	D.5.3 Have you pledged the land or building subject to acquisition against debt / loan. Applicable only for own property 1. Yes 2. No
Total		

E. AFFECTED LAND PLOTS AND STRUCTURES *(should be asked only if answer in A7 is 1, 2 or 3)*

E.1 Could you please tell me about land plots and structures owned/used by your household, including legal and illegal properties?

Type of property	1.Land						2.Building/structure					
	1.Own		2.Rented		3.Illegal		1.Own		2.Rented		3.Illegal	
	Quantity	Surface (m ²)	Quantity	Surface (m ²)	Quantity	Surface (m ²)	Quantity	Surface (m ²)	Quantity	Surface (m ²)	Quantity	Surface (m ²)
Just Agricultural Land							x	x	x	x	x	x
Just Non-agricultural Land							x	x	x	x	x	x
Land with buildings												
Residential Building	x	x	x	x	x	x						
Apartment	x	x	x	x	x	x						
Non-residential Building	x	x	x	x	x	x						
Other (specify)												

E.1 Use of affected land plot:

1. Cultivated
2. Pasture
3. Barren
4. Rented
5. Commercial
6. Industrial

E.2 How do you use yield form affected land? *(should be asked only if answer in E.1 is 1 or 2)*

1. Used for household _____
 2. Sold _____
- Note: in case of both please indicate percentage

E.3 How many rooms does your apartment consist of? (TO INTERVIEWER : to exclude only bathroom).

--	--

E.4 Is your residence:

1. Fully owned
2. Still being repaid / purchased through a mortgage or hypothecary loan
3. Leased
4. Used (rented without rental fee)
5. Illegal
99. Other_____

E.4 Current deficiencies of your residence	Yes	No
1. Insufficiency of space	1	2
2. Noise /neighbours	1	2
3. Other noise (traffic, industrial noise, business)	1	2
4. Insufficient lighting	1	2
5. Lack of heating	1	2
6. Leaking roof	1	2
7. Walls, floor, fundament humidity	1	2
8. Rotten window frames, and / or floor	1	2
9. Waste problem and industrial waste	1	2
10. Threat of crime in the area	1	2
99. Other (please specify)		

F. Attitude towards the project

F.1 Have you ever heard about this Project?

1. Yes (Describe) 2. No

F.2 Are you familiar with the available grievance procedure?

1. Yes (Describe) 2. No

F.3 Please indicate any of the following advantages / positive impacts from the proposed Project:

No	Advantages from the Project	1. Yes	2. No	Remarks
1	Employment opportunities			
2	Business opportunities			
3	Increase in real estate value			
4	Overall appearance of the area			
5	Influx of new residents			
6	Easier access to services, other parts of the city			
7	No advantages			
99	Other: (specify)			

F.4 Please indicate any of the following disadvantages / adverse effects from the Project within your area:

No	Disadvantages from the Project	1. Yes	2. No	Remarks
1	Relocation			
2	Income reduction			
3	Traffic congestion			
4	Traffic safety deterioration, accidents risk increase			
5	Increase in real estate costs			
6	Environmental effects			
7	Loss of social interaction with relatives, neighbours, friends			
8	Loss of access to community infrastructure			
9	No disadvantages			
99	Other: (specify)			

F.4.1 In your opinion, what mitigation measures could be implemented to decrease the negative impact of the project?

G. PROJECT AWARENESS AND INVOLVEMENT

G.1 Who do you think will be most affected by the project? (Select all that apply)

1. Residents who will lose land
2. People who may be relocated
3. People with businesses on affected land
4. People who will lose employment
5. People who will lose their home/apartment
6. Vulnerable groups (e.g., women, elderly, people with disabilities, ethnic minorities)
7. Other (please specify)

G.2 Are their groups in your community who might find it difficult to participate in meetings or consultations about the project?

1. Yes
2. No
3. Not sure

G.3 If yes, who? (Select all that apply)

1. Women
2. Elderly
3. Ethnic minorities
4. Informal land users
5. People with disabilities
6. Other (please specify)

G.4 What information about the project would you like to receive? (Select all that apply)

1. Land acquisition and compensation
2. Relocation arrangements
3. Construction activities and impacts
4. Employment and job opportunities
5. Other (please specify)

G.5 How would you prefer to receive information about the project? (Select your preferred option)

1. Community meeting
2. Local representatives
3. Written notice or flyer (Please specify preferred location_____)
4. SMS / Mobile messages
5. Social media
6. Other (please specify)

H RELOCATION, COMPENSATION AND LIVELIHOOD ISSUES *(should be asked only if answer in A7 is 1, 2 or 3)*

H.1 In case of acquisition of your own land plot, what kind of compensation do you prefer to receive?
(INDICATION: Answers can be multiple. INDICATION: In terms of illegal, enter 98)

1. To receive in cash the compensation for the land and at market value rate
Why? _____
2. Land for land , Why? _____
3. Do not know, haven't decided yet
98. No applicable (not the owner of that land)
99. Other (please describe) _____

In the absence of buildings/structures, proceed H

H.2 If affected residence/structure is located on the affected land plot, please state how will you prefer to use/spend the compensation?

(INDICATION: Answers can be multiple)

1. To rebuild that structure(s) on the remaining part of the same land plot, after acquisition.
2. To rebuild that structure(s) on the other land plot belonging to you.
3. To rebuild that structure(s) on another land plot, which you will buy
4. To purchase an apartment close to current location
5. To purchase an apartment somewhere else
6. Did not decide yet
99. Other (please describe) _____

I EMPLOYMENT AND LIVELIHOOD ISSUES *(should be asked only if answer in A7 is 5)*

I.1 If the project impacted your employment, can you restore your employment status within the next six months?

1. Yes
2. No /proceed to the next question

If yes, then what kind of work (please, describe)

I.2 What kind of support/assistance would you need to find new employment quickly? *(to Interviewer: indicate 3 main needs)*

1. _____
2. _____
3. _____

I.3 Would you need some re-training if it helps to find work quickly?

1. Yes

If yes, what kind of re-training you would propose?

2. No (if no, please give the reason)

J BUSINESS AND LIVELIHOOD ISSUES *(should be asked only if answer in A7 is 4)*

J.1. How many years have you been operating this business?

--	--

J.2. Do you or one of your household members work in that business?

1. Yes
2. No / proceed to question 4

J.3. Who works in that business? *(Should be asked only if answer in I.2 is 1)*
(to Interviewer : indicate name and surname, relation)

<i>N</i>	<i>Name and surname</i>	<i>Relation</i>	<i>Status (1.Official employment, 2. Unofficial employment.)</i>
1			
2			
3			
4			
5			

J.4. If project will impact your business, will you be satisfied with compensation/restoration measures?

1. Yes, completely
2. Yes, partially / proceed to question 6.5
3. No, not at all / proceed to question 6.5

J.5. IF you receive compensation, will you be:

- 1 Better off than before the Project
- 2 Same as before the Project
- 3 Worse than before the Project
- 4 I don't know

K. COMMUNITY ENGAGEMENT

K.1 In the past, if you or someone in your household had a problem related to community matters (e.g., land, water, project activities), who did you go to for help?

1. Family
2. Local representatives
3. Government office
4. Project representative
5. Other (please specify)
6. Did not seek help

K.2 Do you think complaints and problems raised by people in your community are usually solved fairly?

1. Yes
2. No
3. Sometimes
4. Don't know

K.3 What is the most common and trusted way for people in your community to share concerns or complaints? (Choose one)

1. In-person (face-to-face)
2. Local representatives
3. Phone or SMS
4. Social media (Facebook, WhatsApp, etc.)
5. Written letter
6. Other (please specify)

K.4 In your opinion, are there groups in your community who may feel unsafe or unable to make complaints (for example: women, youth, elderly, people with disabilities, minority groups)?

1. Yes
2. No
3. Don't know

K.5 If someone from a vulnerable group has a serious problem, who do they usually go to for help?

1. Family or friends
2. Local representatives
3. Government office
4. Religious leader
5. Other (please specify)
6. They usually do not seek help

ANNEX 6 Explanatory Note on Change of Basis for Calculation of Allowances

For LARPs developed before December 2020, the criteria for allowance calculation were the subsistence minimum for five members family multiplied on three-month period calculated by Geostat on a monthly basis. Since December 2020, the subsistence minimum for five member's family has not been calculated by Geostat anymore, However Geostat continues to track subsistence minimum for working age male and subsistence wage for an average consumer. Based on available data, the subsistence minimum for a family of five has been consistently calculated at 2.25 times the amount of a subsistence rate for an average consumer. Given this, the updated allowance unit rate per month using updated Geostat data as of April 2023, is $223.1 \times 2.25 = 501.97$ GEL per month; 1505.92 GEL for 3 months, 3011.85 GEL for 6 month, and 6023.7 for 12 months.

2020	1	2	3	4	5	6	7	8	9	10	11	12	Coefficient in relation to 5 family amounts
For working age male	197.0	199.0	206.1	199.6	189.6	186.6	183.5	182.3	184.0	187.7	189.5	192.5	1.99
For average consumer	174.4	176.2	182.6	176.8	167.9	165.3	162.6	161.5	162.9	166.3	167.9	170.5	2.25
For average household	330.4	333.8	345.7	334.8	318.0	313.0	307.9	305.8	308.6	314.9	317.9	...	
Type of Household													
For single member household	174.4	176.2	182.6	176.8	167.9	165.3	162.6	161.5	162.9	166.3	167.9	...	
For two-member household	279.1	282.0	292.1	282.8	268.7	264.4	260.1	258.3	260.7	266.0	268.6	...	
For three-member household	314.0	317.2	328.6	318.2	302.2	297.5	292.6	290.6	293.3	299.3	302.2	...	
For four-member household	348.9	352.5	365.1	353.6	335.8	330.5	325.1	322.9	325.9	332.5	335.7	...	
For five-member household	392.5	396.5	410.7	397.8	377.8	371.9	365.7	363.3	366.6	374.1	377.7	...	
For six and more member household	464.0	468.8	485.6	470.2	446.6	439.6	432.4	429.5	433.4	442.3	446.5	...	
2022													
For working age male	226.2	231.3	238.2	241.0	245.1	255.3	245.3	246.8	247.3	253.9	255.1	253.5	
For average consumer	200.4	204.9	211.0	213.5	217.0	226.1	217.3	218.6	219.1	224.9	226.0	224.5	
2023													
For working age male	256.9	256.4	256.0	251.8	253.7	254.5	249.8	253.5	250.9	252.1	252.3	249.7	
For average consumer	227.5	227.1	226.7	223.1	224.7	225.4	221.3	224.5	222.2	223.3	223.4	221.1	
2024													
For working age male	251.0	250.2	251.0	252.5	258.5	264.0	258.8	255.5	252.5	256.5	262.4	260.3	
For average consumer	222.3	221.6	222.3	223.6	229.0	233.8	229.2	226.3	223.6	227.2	232.4	230.5	

Ordinance No. 366 of the Government of Georgia

December 24, 2013

Tbilisi

On the rules for protecting linear electrical network structures and designating their protected zones

Article 1

The attached rules for protecting linear electrical network structures and their protected zones shall be approved according to Article 3(6) of the Law of Georgia "On Electricity and Natural Gas".

Article 2

The ordinance shall take effect immediately after its publication.

Prime Minister Irakli Gharibashvili

Annex

Rules for protecting linear electrical network structures and their protected zones.

Article 1. Purpose and scope of regulation of the rule

1. This rule establishes the rules for protecting linear electrical network structures, their protected zones, corridors in forested areas and woodlands, the parameters of the roads leading to protected zones, the restrictions in place, and conditions for conducting works within protected zones.
2. The purpose of this rule is to promote the smooth operation of electrical networks, ensure their safe operation, observe sanitary norms, and prevent accidents.
3. This rule is applied during the design, construction, and operation of electrical networks, as well as when performing work near power transmission lines.

Article 2. Definition of terms

1. For the purposes of this rule, the terms used in it have the following meanings:
 - (a) **Overhead power transmission line** - equipment located in the open air, the purpose of which is to transmit electrical energy (power) via wires attached to towers or engineering structures with insulators and rebars.
 - (b) **Cable power transmission line** – an insulated wire(s) intended for the transmission/distribution of electricity (power), consisting of one or more parallel branches and the appropriate connection accessories (couplings, clamps, and other fittings).
 - (c) **Substation** – a set of electrical equipment (transformers, other electrical power converters, distribution devices, synchronous condensers, static condensers, control devices, and other auxiliary means), the purpose of which is to change voltage from one level to another by means of transformers or other electricity converters and to distribute electricity (power).
 - (d) **Power distribution station** - a set of devices, the purpose of which is to receive and distribute electricity (power) at one voltage, without conversion or transformation, and which is not part of the substation.
 - (e) **The owner of the electrical network** – a natural and/or legal entity that operates the electrical network under the rights granted by law.

- (f) **The owner of power transmission line** - a natural and/or legal entity that operates an overhead and/or cable power transmission line under the rights granted by law.
 - (g) **Electrical network** - combination of substations, switchgear, and interconnectors, the purpose of which is the transmission and distribution of electricity.
 - (h) **Land user** – a person who uses or owns the land plot and other immovable property located in the protected zone of the linear electric network structures.
2. The construction terms used in this rule have the meaning defined by Resolution No. 57, dated March 24, 2009, of the Government of Georgia, "On the Procedure for Issuing a Construction Permit and Permit Conditions."

Article 3. Protected zones of linear electrical network structures and corridors

1. The following are the protected zones for linear electrical network structures:

a) In the case of overhead power lines:

a.a) land plot and air space along the overhead power line, bounded by vertical planes that are separated from the unbent side wires on both sides of the line by the following distance:

a.a.a) 330, 400, 500 kW - 30 meters.

a.a.b) 150, 220 kW - 25 meters.

a.a.c) 110 kW - 20 meters.

a.a.d) 35 kW - 15 meters.

a.a.e.) 1 - 20 kW - 10 meters.

a.a.f) up to 1 kW - 2 meters.

a.b) water surface and air space along water body passageways (rivers, irrigation channels, lakes, etc.), which are separated from the unbent side wires on both sides of the line by the following distance:

a.b.a) for navigable waters- 100 meters.

a.b.b) for non-navigable waters - in accordance with the protected zone established for the overhead power transmission line passing on land.

b) for cable power transmission lines:

b.a) A plot of land along an underground cable power transmission line bounded by vertical planes separated from the side cables on both sides of the line by the following distance:

b.a.a) above 1 kW - 1 meter on both sides.

b.a.b) up to 1 kW - 1 meter on both sides; if the cable power transmission line passes through settlements under the sidewalks, then 0.6 meters on the side of the building and 1 meter on the side of the street carriageway.

b.b) water space along the underwater cable power transmission line from the surface of the water to the bottom, bounded by vertical planes separated from the cables on both sides of the power transmission line by 100 meters.

c) for substations and distribution stations:

c.a) from dead walls and fences along the perimeter - 2 meters.

c.b) in the case of an open wall along the perimeter - 4 meters.

c.c) section of the main access road - not less than 3 meters wide.

2. In the areas of forestlands, forest and parkland zones, gardens, and green plantations, the width of corridors for overhead and cable power transmission lines is determined as follows:

a) For overhead power lines:

a.a) In forests and plantations up to 4 meters tall - distance between side wires plus three meters on both sides. Corridors are not required in orchards (green plantings) up to 4 meters height.

a.b) In forests and plantations higher than 4 meters:

a.b.a) for all 330-500 kV voltages, as well as radial 220 kV and less overhead power transmission lines, which are the only source of power supply to consumers, with the distance between the side wires added to the

height of the main forestland on both sides; If the height of individual trees or groups of trees standing outside the corridor is higher than the height of the forestland and poses a risk of collapsing on overhead power wires, they should be cut;

a.b.b) for all other overhead power lines of 220 kV or less voltage, whose switch-off does not result in interruption of energy supply to customers, in accordance with sub-paragraph "a.c" of the second paragraph of this article; If the power transmission line wires passing through the slopes and ravines are located 8 meters above the top of the forestland, the corridor is constructed on one side, two meters horizontally from the wire on the edge of the power transmission line on the downslope, and on the other side, in accordance with subparagraph "a.c." of the second paragraph of this article;

a.c) in nature reserves, in the landscaped area of settlements, in parks, in windbreaks along highways and railways - the horizontal distance from the bent wire of the overhead power line to the tree crown, which should be no less than:

a.c.a) 330, 400, 500 kV. - 5 meters.

a.c.b) 150, 220 kV - 4 meters.

a.c.c) 35, 110 kV. - 3 meters.

a.c.d) up to 20 kV - 2 meters.

b) for underground cable power transmission lines - along the power transmission line with a width of no more than 2 meters on both sides.

1. The corridor for power lines in parks, gardens, forestlands, and protected areas is done by the owner of the electrical network in agreement with the land user and in compliance with established law.
2. Poles marking the cable power line protected zone are erected along the underground cable line route that goes outside the boundaries of settlements, and additional signboards will be placed in high-risk sections, indicating the parameters of the cable power transmission line's protected zone and data about the owner of the linear electrical network structure (name, address, phone numbers).
3. At the intersections of highways and overhead power lines with a voltage higher than 1 kV, where the movement of vehicles/machinery is expected whose total height from the road surface with and/or without cargo exceeds 4.5 meters, signal signs indicating the permissible height of the moving vehicle should be placed on both sides of the power line. Signal signs are arranged by the authorized body at the request of the owner of the power transmission line.
4. Agricultural and other operations on property located in the protected zone of the power transmission line are permitted under the terms of this rule and legislation.
5. The owner of the electrical network is entitled to register the aboveground, underground, and underwater linear electrical network structures and indicate their parameters, including referring to the protected zones established by this law, at his own expense with the legal entity of public law of the Ministry of Justice of Georgia—the National Agency of Public Registry.

Article 4. Work performance conditions in protected zones of linear structures of electrical networks (overhead and cable power transmission lines)

1. It is prohibited to take any action that can lead to disruption of the normal operation of the linear electrical network structure, namely:

- a) reconstruction and/or construction of buildings, structures, bridges, collectors, tunnels, highways, and railways in the power transmission line protected zone without taking protective measures of the power line or its relocation beforehand. Relocation of the power line is carried out at the expense of the interested party in accordance with the technical conditions established by the owner of the power transmission line.
- b) movement of machinery and equipment beneath the power transmission line, the total height of which with and/or without cargo exceeds 4.5 meters from the road surface.
- c) arrangement of patrol stations and fuel and lubricant storage facilities in the protected zone of the power transmission line.
- d) throwing objects on wires and towers, attaching, or tying them, climbing on poles, as well as throwing snow and/or other objects from roofs onto wires.
- e) closing or blocking access roads to linear facilities of electrical networks if there is no alternative access (the access road must be at least 3 meters wide).

- f) arrangement of playgrounds, markets, public transport stops, field camps, all types of machinery, and livestock houses, as well as holding any event involving the gathering of a large number of people in the power line protected zone if they do not perform permitted work.
- g) the presence of strangers in the territory of the linear electric network structure or in the storage rooms; opening the doors and manholes of the buildings and structures by them; creating network connections and switching.
- h) carrying out work with striking mechanisms in the protected zone of the cable power transmission line, dropping loads weighing more than 5 tons, spilling and/or dumping hot and corrosion-active substances, and combustible-lubricating materials.
- i) installation of a sprinkler irrigation system, as well as spray irrigation, in the protected zone of the overhead power line.
- j) arrangement of any kind of dumpsite within or near the protected zone of the linear electrical network structures.
- k) storage of stubble, straw, and hay bales; piles of peat and wood in the protected zone of the electrical network's linear structures; lighting bonfires for whatever purpose.
- l) launching of kites and sports models of aircraft (including unmanned ones) in the protected zone of the linear structures of the electrical network and in its vicinity.

2. The following activities are prohibited in the protected zone of the linear electrical network structure and in corridors without the written consent of the power line owner:

- a) any type of construction, installation, reconstruction, or explosive work.
 - b) geological surveys and geological investigation work.
 - c) planting of trees, building of fences, animal shelters, food, and fertilizer warehouses, etc.
 - d) arrangement of parking areas and crossings for motor vehicles and other machinery; movement of the oversized loads under overhead power lines.
 - e) arrangement of ports for floating crafts; deepening and excavating the bed; loading and unloading floating crafts; dropping anchor; moving with a dropped anchor; catching fish and aquatic plants.
 - f) earthworks at a depth of more than 0.3 meters in the protected zone of underground cable power transmission lines and at a depth of more than 0.45 meters in agricultural land, as well as ground leveling with machinery.
6. To carry out the works stated in the second paragraph of this article, the owner of the electric network must notify the applicant in writing of his/her consent or reasoned rejection within one week of the submission of the application by the interested person.
7. The refusal of the owner of the electrical network to carry out the works provided for in the second paragraph of this article can be appealed in accordance with the law.
8. A person who carries out any type of blasting, construction, installation, and/or reconstruction work in the power transmission line protected zone, as well as other work that may cause damage to the power transmission line, is required to agree with the owner of the said network on the rules and conditions for safe work practice, as well as the work commencement date, in order to protect the power network:

In the case of an electrical network with a voltage higher than 1 kV - 12 days before the work commencement date.

In the case of an electrical network with a voltage of up to 1 kV - at least 3 days before the work commencement date

- 1. The person who received written permission to perform work in the protected zone of the linear electric network structure is required to carry out the work in accordance with the technical conditions and rules agreed upon with the owner of the electric network and to ensure the safety of the electric network. If the earthworks are performed in the protected zone of the cable power transmission line, the presence of a representative of the electric network owner is required for the sake of safety.
- 2. If it is necessary to carry out the emergency-restoration works of underground or above-ground engineering communications in the protected zone of the linear structure of the electric network, the people owning these communications have the right to commence work without a prior agreement, but the representative of the owner of the power transmission line must be called to the site and the relevant work must be carried out in the presence of the representative. The owner of the linear structure is obliged to have his representative attend to the mentioned works.
- 3. A person who, during earthworks, discovers a cable power transmission line which is not included in the technical documentation of earthworks construction, is obliged to stop the relevant works, ensure

the integrity of the power transmission line and inform the relevant local self-government body about it, which, in turn, immediately informs the owner of the cable power transmission line. (If the owner is identified). Appropriate decisions are made together with the owner of the power transmission line.

4. If construction, reconstruction and/or earthworks are carried out in the power transmission line protection zone in violation of these rules, the owner of the linear structure of electric networks has the right to demand the suspension of the performed works and notify the relevant body of the local self-government and the relevant territorial body of the Ministry of Internal Affairs of Georgia, as well as the relevant body issuing the construction permit.
5. Rules for the operation of power lines at the intersections of power lines, highways, railways, communication lines, pipelines, navigation facilities, airports and harbors shall be agreed between the owner of the power lines and the relevant people. Emergency-restoration and rehabilitation-preventive works of power transmission lines can be performed at any time.
6. The design documentation of the buildings-structures under construction, through which the power transmission lines pass through the construction site, must include power transmission line protection and/or relocation measures under the technical conditions issued by the owner of the power transmission lines.
7. In order to ensure the service and the safety of power lines in the power line protected zone, the owner of the electrical network has the right to:
 - a) arrange access roads, bridges, and other structures.
 - b) carry out earthworks (dig trenches, holes, pits).
 - c) carry out works of cutting trees and branches with their further removal in order to protect the corridor.

d) in the protected zone of highways, railways and other communication facilities, the performance of works under the sub-paragraphs "a" and "b" of paragraph 12 of this article is allowed in agreement with the owners of highways, railways, and other communication facilities.

e) During the performance of the works under the subparagraphs "a" and "c" of this paragraph, special cutting and/or earthworks are allowed, as well as on the slopes of up to 30 degrees in the territory of the State Forest Fund (except for those categories of protected areas and zones where the use of forests is prohibited by law). Regarding the abovementioned, the activity executor is obliged to submit the materials of tree felling registration in writing, the X and Y coordinates of the area necessary for the implementation of cutting and/or earthworks and an electronic version of Shp-files to the entity under the Ministry of Environment and Natural Resources Protection of Georgia and to the relevant authorized body within the territory of the Autonomous Republic of Ajara 15 days before the commencement of cutting. After 15 days from the submission of the mentioned materials, the activity executor is authorized to carry out special cuttings and/or earthworks and the authorized body under this paragraph makes a decision regarding the removal of wild plants or their parts from the natural environment stipulated by the Law of Georgia on the "Red List" and "Red Book" of Georgia within 15 working days after the submission of the relevant information. In the case provided for by this subparagraph, a written contract for the use of forest for a special purpose is not concluded.

f) The execution of the works under subparagraphs "a" and "c" of this paragraph with special cuts and/or earthworks is also allowed on the slopes of 30 to 35 degrees located in the territory of the State Forest Fund (except for those categories of protected areas and zones where forest use is prohibited by law). The abovementioned includes the removal of wild plants or their parts from the natural environment stipulated by the Law of Georgia on the "Red List" and "Red Book" of Georgia. The following documentation shall be submitted to the relevant entity under the Ministry of Environment and Natural Resources Protection of Georgia and to the relevant authorized body within the territory of the Autonomous Republic of Ajara at least 20 days before the commencement of cuttings and/or earthworks: preliminary special survey materials, the materials of tree felling registration, the X and Y coordinates of the area necessary for the implementation of cutting and/or earthworks and an electronic version of Shp-files. After 20 days from the submission of the mentioned materials, the activity executor is authorized to carry out special cuttings and/or earthworks and the authorized body under this paragraph makes a decision regarding the removal of wild plants or their parts from the natural environment stipulated by the Law of Georgia on "Red List" and "Red Book" of Georgia within 20 working days after the submission of the relevant information. In the case provided for by this subparagraph, a written contract for the use of forest for a special purpose is not concluded.

f1) During the execution of the works under the subparagraphs "a" and "c" of this paragraph, cutting of trees and branches and/or earthworks, except for the cases provided for in subparagraphs "e" and "f" of this paragraph, is also allowed in the territory within the administrative boundaries of the municipality (if this territory is a municipality or state property or this territory has no owner). Regarding the abovementioned, the activity executor is obliged to submit the materials of tree felling registration in writing, the X and Y coordinates of the area necessary for the implementation of cutting and/or earthworks and an electronic version of Shp-files, the number of trees to be cut with the indication of species and diameter and/or the number and species of trees to be looped to the relevant municipality (in the case of the territory within the administrative boundaries of the municipality, if this territory is the property of the municipality) or a legal entity under public law - the National State Property Agency (in the case of the territory within the administrative boundaries of the municipality, if this territory is state property or this territory has no owner) 15 days before the commencement of cutting.

After 15 days from the submission of the abovementioned materials, the activity executor is obliged to implement tree and branch cutting and/or earth works while the Ministry of Environment and Natural Resources Protection of Georgia makes a decision regarding the removal of wild plants or their parts from the natural environment provided for by the Law of Georgia on the "Red List" and the "Red Book" in the territory provided for by this subparagraph, within 15 working days after the submission of relevant information;

f2) In case it is planned to cut trees and branches in the territory located within the administrative boundaries of the municipality, which is a state property or this territory has no owner, the activity executor shall also submit the data under the subparagraph "f1" of this paragraph in the form of information to the entity under the Ministry of Environment and Natural Resources Protection of Georgia and to the relevant authorized body within the territory of the Autonomous Republic of Ajara.

f3) In the case provided by subparagraph "f1" of this paragraph, the transfer of cut trees is carried out to the relevant municipality (in case of the territory within the administrative boundaries of the municipality, if this territory is the property of the municipality) in accordance with the legislation of Georgia or to the relevant entity under the Ministry of Environment and Natural Resources Protection of Georgia (in case of the existing territory within the administrative boundaries of the municipality, if this territory is a state property or has no owner) in accordance with the paragraph 5-61 of Article 12 of the Ordinance N242 of the Government of Georgia on the Approval of the Rules for Forest Use dated August 20, 2010.

g) In the cases provided by subparagraphs "e" and "f" of this paragraph, the owner of the electrical network is obliged to submit the documents stipulated by the legislation to the relevant entity within 2 months from the commencement of the action. The transfer of timber cut as a result of special felling is carried out in accordance with the procedure established by paragraph 5-61 of Article 12 of the Ordinance N242 of the Government of Georgia on the Approval of the Rules for Forest Use dated August 20, 2010.

g1) In accordance with subparagraphs "e" and "f" of this clause, special cuttings are carried out without determination/allocation and use of tree felling area. The person implementing special cuttings is responsible for the correctness of tree felling registration materials and conducted cuttings.

h) In exceptional cases, during the implementation of emergency-restoration works on the power transmission line, when it is urgent to perform works provided for in subparagraph "a" and/or "c" of paragraph 12 of this article, cutting of trees and branches/special cutting and/or earthworks in the territory within the administrative boundaries of the municipality (if this area is the property of the municipality or the state or this area has no owner) and in the territory of the State Forest Fund (except for those categories of protected areas and zones where forest use is prohibited by law) is allowed without prior notice. In the territory located within the administrative boundaries of the municipality, which is state property or this territory has no owner, felled trees and timber cut as a result of special felling shall be transferred to the relevant entity under the Ministry of Environment and Natural Resources Protection of Georgia, while within the territory of the Autonomous Republic of Ajara –to the relevant authorized body in accordance with the rules established by paragraph 5-61 of Article 12 of the Ordinance N242 of the Government of Georgia on the Approval of the Rules for Forest Use dated August 20, 2010. In other cases, the transfer

of cut trees and branches to the relevant municipality (in the case of the territory within the administrative boundaries of the municipality, if this territory is the property of the municipality) shall be carried out in accordance with the legislation of Georgia.

13. The owner of the power transmission line ensures the construction of emergency-restoration and rehabilitation-preventive works of the power transmission line. The engineering-technical personnel have the right to move without restriction within the protected zone of the power transmission line on the access roads and corridors in order to implement emergency-restoration and rehabilitation-preventive works of the power transmission line.

14. After the rehabilitation and prevention works, the owner of the power transmission line is obliged to restore the land and road surface at his own expense to compensate for the damage caused by these works. 3 days before the execution of the relevant work, the conditions of the execution of the work must be notified to the land user, the relevant body of the local self-government and the relevant territorial body of the Ministry of Internal Affairs of Georgia.

15. During the liquidation works of accidents, when necessary land and/or road surface is damaged, it is mandatory to further inform the authorities and persons mentioned in paragraph 14 of this article and compensate for the damage caused.

16. If it is necessary to remove the road surface and excavate the ground during the emergency-restoration works of the power transmission line, relevant territorial bodies of the Ministry of Internal Affairs of Georgia, local self-government bodies and representatives of road owners are called before the commencement of works. The work area is limited by traffic and pedestrian warning signs. Road surface restoration works are performed by the owner of the power transmission line.

17. The land user is obliged not to interfere with the uninterrupted access of service personnel and equipment to the linear structures of the electrical network.

18. The relevant state and local self-government bodies, within their competence, are obliged to assist the owner of the electrical network in ensuring compliance with the requirements of this rule.

19. The owner of the power transmission line shall carry out works according to the established rule on power transmission line protection with the owners of the buildings-structures located along the route of the power transmission line.

Ordinance №207 of the Government of Georgia dated March 4, 2014 - website, 05.03.2014.

Ordinance №437 of the Government of Georgia dated July 7, 2014 - website, 07.07.2014.

Ordinance №323 of the Government of Georgia dated July 11, 2016 - website, 14.07.2016.

Ordinance №190 of the Government of Georgia dated April 12, 2017 - website, 13.04.2017.

Resolution N257 of the Government of Georgia

May 31, 2019

Tbilisi

On the Procedure for Issuing Construction Permits and Permit Conditions for Facilities of Special Importance (Including Radiation or Nuclear Facilities)

Resolution N270 of the Government of Georgia dated June 7, 2019 - Website, 11.06.2019.

Chapter XI

Procedure for Issuing Construction Permits

Article 38. Documents Required to Obtain a Construction Permit

1. To obtain a construction permit, a client shall submit an application to the Agency, which must meet the requirements provided for in Article 78 of the General Administrative Code of Georgia and also, the information about land plot registration.

2. The application shall be accompanied by:

- a) Information on the land plot and/or building-structure (linear structure).
- b) Information on approval of the conditions for use of a land plot for construction, referring to the requisites of the act.
- c) If available, the details of the administrative-legal act regarding the approval of the architectural project, construction, and/or technological scheme.
- d) Proof of payment for the permit fee.
- e) Address and cadastral code of the facility's location.
- f) Functional purpose of the building/structure and its intended use.
- g) Details of the designer of the building/structure: name or legal name, contact information (phone number and email address), registration data from the register of entrepreneurs and non-entrepreneurial (non-commercial) legal entities, as well as the identity document number and personal number.
- h) In the case of constructing a temporary building/structure - the requested period of use.
- i) Documentation provided by this resolution.

2¹. During the construction of international or domestic highways and engineering structures, if the state is listed as the owner of the land plot(s) in the public register extract, the Ministry or state sub-departmental institution that owns or applies for the construction permit is not required to submit a document confirming land plot use or ownership to the Agency.

3. If there is a need to approve the facade portion of the architectural project, the Agency is authorized, upon a reasoned request from the applicant for a building permit, to issue a construction permit without the approved facade project. The Agency will specify the conditions and deadlines for the submission of the facade project in the permit conditions; however, the facade projects must be submitted before the commencement of the building's construction.

4. If the construction of facilities involves a large volume of construction documents to process and extensive work to be completed within tight deadlines, and if the necessary circumstances for design are specified during the design process, including buildings and structures of special state importance or social purpose, or their complexes, for which it is not feasible to submit a fully completed construction document project meeting the legal requirements at the final stage, then, upon a properly substantiated petition from the permit seeker and by decision of the Agency, a construction permit may be issued for the land plot(s) without the submission of proof of ownership or use and the construction document project to certain agencies. In such cases, the deadline for submitting these documents shall be specified in the permit conditions. The permit holder may

commence construction on the land plot(s) upon submission of proof of ownership or use and the relevant design documentation.

5. If constructing a tunnel (including a diversion tunnel for a hydroelectric plant) or another underground structure (excluding open construction) at a depth of at least 25 meters from the ground surface or building foundation, the permit may be issued without requiring proof of ownership or use of the land plot(s).

6. If constructing a linear structure and/or necessary infrastructure facilities such as a power plant and/or substation, and if it is designated as a state-important facility by the relevant state policy-making body in the relevant field, a provisional construction permit may be issued upon application by the permit seeker. The permit conditions specify the deadline for submitting documents proving ownership or use of the land plot(s), provided that the coordinates of the territory (land plot/plots) intended for construction are submitted to the Agency in the UTM coordinate system and electronic file format (*.shp). The permit holder may commence construction on the land plot(s) upon submission of proof of ownership or use."

6.1. During the construction of international or domestic highways and engineering structures, if the state is not listed as the owner of the land plot(s) in the public register extract, and if the permit conditions specify a deadline for submitting documents confirming ownership or use of the land plot(s), the Ministry or state sub-departmental institution that owns or applies for the construction permit may commence construction works on the land plot(s) upon submitting an agreement signed with the owners of the land plot(s) to the Agency, regarding consent for implementing construction works on the land plot(s).

7. The client must submit to the Agency a minimum of three and a maximum of six hard copies of the construction implementation documents, along with one additional digital copy.

ANNEX 9 Sample of Leasing Agreement (Temporary Lease of Land During Construction)

Land Leasing Agreement

Leaser: _____ (Tel: _____, ID number: _____).

Lessee: _____

Clause 1. Subject of the Agreement

1.1 This agreement is concluded within the scope of Construction of _____ (Hereinafter – the “Project”)

1.2 The Leaser agrees to lease his legally owned land to the Lessee for building a camp site or to carry out any activity (access road, dumping of top soil or other materials etc.) permitted by the legislation of Georgia. Following Georgian laws, regulations and relevant provisions, the parties enter into the following agreement after mutual agreement and sign this contract on the basis of equality and voluntariness.

1.3 Requisites of Rented Property

Cadastral Code:

Address:

Area:

Owner:

Purpose: Agricultural Residential or Commercial

Type of Property:

1.4 The Leaser agrees to lease his land plot (cadastral code: _____) located in village _____ to the Lessee for building a construction camp site or to carry out any activity permitted by the legislation of Georgia.

Clause 2: Lease Payment

2.1 : Rent Fee

2.1.1 The price of contract: The cost of 1m2 land lease is _____ GEL per year, which includes taxes established by law i.e., total monthly payment is XXX GEL including taxes and _____ GEL excluding taxes. From the total amount of issued money, the Lessee deducts only the amount established by the income tax law, which will be transferred to the state budget and other part of remaining amount to the leaser. That lease amount, as defined in this agreement, also includes the value of the trees and other plants on the above-mentioned plot and another surface objects as well, including the fence, which will be necessary to remove during the exploitation period. The leaser undertakes to pay all other taxes provided by law from the amount received.

2.1.2 The Lessee shall pay a total rental fee within 15 working days after the contract is signed. The payment shall be made through bank transfer to the designated bank account of the Leaser or in cash. If the rental fee is paid in cash, the Leaser shall sign an acceptance act and the Lessee shall keep one copy of the acceptance act.

2.1.3 During Agreement lease payment can only be changed by mutual written agreement of the Parties.

Clause 3. Representations and warranties of the Parties

3.1 The Lessor represents to the Lessee that as of the dated of the agreement:

3.1.1 The Rented Property is in his lawful ownership.

3.1.2 The Leaser has no arrears for the utility charges such as electricity, gas, water, telephone, cable TV, etc.

3.1.3 The Leasehold property has no material defects or defects in rights which implies the following:

- a. The Property is not encumbered with sequestration and is free from the line.
- b. There are no pending cases in the court or arbitrage which relates to the Property.
- c. The Property is not subject to claims by third parties and besides that the Leaser gives warranty that will ensure settlement of such disputes with his own strength and financial resources, otherwise the Leaser will have an obligation to fully compensate to the Lessee the financial damage caused from such conduct.
- d. The property corresponds to the quality agreed between the Parties and is suitable for the purposes of this Agreement.
- e. Leaser has the full and unrestricted right to enter into the Agreement.

3.2 The Parties represent and warrant that the Agreement constitutes their final Agreement and supersedes all Agreements, negotiations and covenant regarding its subject matter undertaken prior to execution of the Agreement.

3.3 By signing this Agreement Parties declare and give warranty that during the Agreement period the Lease fee will not change any reason and by the initiative of any Party.

Clause 4: Obligations of the Leaser

4.1 The Leaser has the right to:

4.1.1 Check and inspect the property.

4.1.2 Request from the Lessee to pay lease payment according to terms set in this agreement.

4.2 The Leaser is obliged to:

4.2.1 Hand over the property to the Lessee timely for using with the purpose stipulated in the Agreement.

4.2.2 Inform the Lessee about any defects of the Property.

4.2.3 Ensure the unhindered usage of the Property by Lessee.

4.2.4 Assist the Lessee:

4.2.5 to obtain every document that Lessee might need while using the Property.

4.2.6 to change the purpose of the property from agricultural to non-agricultural upon request of the Lessee. The Leaser is not entitled to claim any additional payments from the Lessee and/or request increase of Lease fee.

4.2.7 to applying for all permissions for using the land and obtain the permissions. Costs for obtaining the permissions shall be borne by the Lessee.

4.2.8 Do not sell and make any other agreement that shall complicate or make impossible for the Lessee to use rented property.

4.2.9 Ensure payment of property tax on hired out Property and/or other tax liabilities except income tax which is paid by Lessee and/or other financial liabilities at his own expenses.

4.2.10 In case of alienation of the Property or transferring the property rights to third party the rights and obligations under this agreement should be transferred to the buyer or recipient of the property rights.

4.3 Upon conclusion of this contract, the Lessee is entitled to carry out any legal activities related to his construction on the leased land, and the Leaser shall not interfere in any reasons.

4.4 Upon conclusion of the contract, the Leaser shall assist the Lessee in applying for all permissions for using the land and obtain the permissions. Costs for obtaining the permissions shall be borne by the Lessee.

4.5 The lessee has the right to revoke the status of the leased land if necessary.

Clause 5: Obligations of the Lessee

5.1 The Lessee has right to:

5.1.1 Remove topsoil and cut trees (excluding the walnut trees on the boundary of the plot) and use the property at his own will including but not limited to construction of camp, office, concrete batching plant, recreation facilities, sewage treatment facilities, etc. and/or any other work required for implementation of the Project.

5.1.2 Change the purpose of the usage of the Property without Leaser's consent and/or any kind of activities not forbidden by the Georgian legislation and the Lessee may with to carry in the scope of the Project.

5.1.3 Put any fence, banner, and/or advertisement on the leased property without prior consent of the Leaser.

5.1.4 If leased property has any legal or physical defects due to circumstances which was known for the Leaser at the moment of signing of the Agreement and he did not inform the Lessee about the defect during signing of the agreement or if the Leaser delays remedy of such defect after written notice from the Lessee, the Lessee has the right to claim damages from the Leaser and not pay lease payment before the defect is remedied.

5.1.5 If the Leaser delays the remedy of the defect identified in paragraph 6.1.4 of the Agreement the Lessee has the right to remedy the defect at his own costs and claim the expenses from the Leaser.

5.2 The Lessee is obliged to:

5.2.1 Use the Rented Property according to this Agreement and take any actions to keep the normal condition of the Leased Property.

5.2.2 Upon request of the Leaser provide any document or information about Rented Property.

5.2.3 Fulfill the obligations duly and timely.

5.2.4 Take care of the Rented Property. Furthermore, the Lessee is not responsible for the normal wear of the Property.

5.2.5 The Lessee shall set up fence the land plot. the Lessee shall decide the type of fencing and the method of setting up the fence. Upon termination of the contract, the fence will stay in the ownership of the Leaser if he desires so. When the contract expires and the Lessee shall remove the portable houses and reinstate the land plot in the original condition as required by

Recultivation Plan of the Project. The contract is terminated on the date when the Lessee returns the land plot to the Leaser.

5.2.6 If the Leaser requires to leave concrete floor on the land plot, the Lessee shall return the land plot to the Leaser without removing the concrete floor and without covering topsoil and the contract expires whereupon.

5.3 The Lessee shall bear the costs for improving conditions of the access road to the land plot and for water, electricity and gas supply for construction and daily life utilization. The Leaser is obliged to assist the Lessee in obtaining permissions for electricity and gas supply from authorities of Georgia. Costs for obtaining the permissions shall be borne by the Lessee.

Clause 6: Term of Agreement

6.1 This Agreement will commence when it is signed and continue for 3 years, and thereafter automatically renew for consecutive periods of 2 year, unless terminated in accordance with its terms.

6.2 The Parties have right to termination the Agreement based on mutual written agreement.

6.3 The Lessee has right to unilaterally terminate the Contract automatic renewal by giving 30 days prior notice to the Leaser.

6.4 The Leaser may terminate the agreement unilaterally if the Lessee breaches this agreement and the lessee does not terminate the breach within 30 days after receiving a written notice sent by the lessor requesting correction of the breach.

6.5 After expiration the Parties have right to extend the term of the Agreement based on mutual written agreement.

6.6 The Parties shall be responsible for performing their contractual obligations under this Agreement and respective laws of Georgia.

Clause 7: Force Majeure

None of the Parties shall be responsible for impeded performance of contractual obligations under this Agreement caused by irresistible circumstances that directly affect performance of contractual obligations of the Parties and is out of control of the Parties (Force-Majeure).

Clause 8: Special Conditions of the Agreement

8.1 The Leaser confirms that he has legal right to transfer the property to the Lessee for temporary usage. In case the Lessee will have any legal problems for using the rented property due to legal problems caused by the Leaser, the Leaser is obliged to compensate the loss incurred by the Lessee.

8.2 In case ownership of the Rented Property is transferred to the third party by any form (sell, gift, auction, court decision, etc.) it must not damage the interest of the Lessee (the agreement must not be terminated, restricted, changed, etc.) and the rights and obligations under this Agreement should be transferred to the new owner. Otherwise, the Lessee is entitled to impose financial sanction in the amount of XXXX GEL and at the time request from the Leaser compensation for any expenses spent on the rented property including but not limited to temporary buildings and structures and/or any improvement made by the Lessee.

8.3 After the Leaser accepts his land plot, no other requests shall be imposed then.

8.4 Upon the return of the land, the parties draw up an acceptance deed

Clause 9: Disputes and resolution

9.1 The Agreement subject to Georgian legislation and is interpreted according to respective law of Georgia. The issues not specified by this Agreement subject to respective laws of Georgia.

9.2 Any disputes occur between the parties during the implementation of the Agreement or in connection with this Agreement shall be resolved firstly through friendly negotiation. If no agreement can be reached disputes between the Parties shall be settled by Tbilisi city court in accordance with the Georgian legislation.

Clause 10: Other Conditions

10.1 The annex to the contract forms the integral part of this contract, and it has the same legal effect.

10.2 The Agreement is made in English, Georgian and Chinese languages in three originals. Each Party shall retain one copy and one copy will be kept in Public Registry. In case of any discrepancies among the different languages, the Georgian version shall prevail.

10.3 No amendments or additions to this Agreement shall be binding unless made in writing and signed by both Parties.

10.4 If at any time during the existence of the contract one of its provisions, , is determined to be or to have become invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of the contract shall not in any way be affected or impaired.

10.5 The failure or neglect by a party to enforce any of rights under this agreement will not be deemed to be a waiver of that party's rights. A waiver is only effective if it is in writing and signed by the party granting it.

Enclosed:

1. Copy of the Leaser's ID card
2. One copy of the cadastral document from the Leaser
3. Bank account information of the Leaser

Representative of the Leaser:

Representative of the Lessee:

Date :

Date :

TERMS OF REFERENCE

Contract			
Project	Batumi-Sarpi Road Project		
Expertise	Resettlement External Monitoring Consultant		
Source	National	Category	Independent

A. Background

1. Georgia is expecting to receive financing from the Asian Development Bank (ADB) towards the cost of the Batumi -Sarpi Road Project.
2. The project will (i) construct a road connecting the Batumi Bay-pass (interchange) with Sarpi (Border service area) on a total length of 11 km, out of which 10.2 km completely build new, while the most southern 0.8 km overlap the existing E70.
3. Ministry of Infrastructure (MI) is the executing agency (EA) of the Project on behalf of the Government of Georgia and the Roads Department of the MI (RDMI) is the implementing agency (IA).

Table 1. Summary Safeguards/LAR Status for Project Components

No.	Project Components	LAR/Social Safeguards Document Status	LARP Implementation Status	Remarks
1	Construction of a road connecting the Batumi Bay-pass (interchange) with Sarpi (Border service area) on a total length of 11 km	Final LARP is under the preparation and it is expected to be approved and disclosed in June 2025	will be implemented, it is expected to start land acquisition in July 2025 and finalize in March 2026	Sectional LARP implementation is planned (xx sections)

B. Objectives

4. ADB policy requires that external monitoring be carried out in parallel with the implementation of the Land Acquisition and Resettlement Plan (LARP) and LRP (Livelihood Restoration Plan) and its internal monitoring. The main goal of external monitoring is to assess relevance, efficiency, effectiveness and impact of the LAR/LRP processes and to suggest any corrective measures, if necessary. The External Monitor (EM) will monitor and verify LARP/LRP implementation to determine whether resettlement and livelihood improvement goals have been achieved, livelihood and living standards have been restored and provide recommendation for improvement, if needed. The EM scope of work will also include analysis of site conditions, compensation disbursement, and grievance redress procedures.
5. Civil works can commence only when the LARP and LRP are fully implemented portion-wise and ADB has accepted the compliance report prepared by an external monitoring agency (EMA) and submitted by RD. This requirement will be stipulated in the civil works contract documents. The compliance report submitted by RD will be the basis of ADB issuing no objection for starting civil works. In respect of each discrete portion of the Batumi-Sarpi road, all land acquisition and resettlement activities, including all payments of required compensation and entitlements, and satisfaction of all requirements and actions set out in the relevant RP, should be completed and certified as such by the EMA before any construction commences on such portion and before any notice to proceed is issued for such portion under the relevant civil works contract. For the avoidance of doubt, the term “portion” as used in this paragraph means any portion of the Batumi-Sarpi road, each of which section is covered by an RP, and construction may commence on such portion and a notice to proceed may be issued for such portion provided that all land acquisition and resettlement activities for such portion have been completed and certified.
6. The EM is expected to submit LARP/LRP Compliance Reports for each section, the latter to indicate whether the compensation program has been carried out based on the provisions of the

LARP/LRP, Georgian laws and ADB policy, and with confirmation of Affected Persons (AP) satisfaction. The ADB accepted and approved LARP/LRP Compliance Report for any agreed section of the road is a precondition to the commencement of civil works in the section to which it pertains.

7. The objectives of the EM will be the following:

- verify that resettlement has been implemented in accordance with the approved final LARP, including any corrective action plans (CAPs) and addendums thereto;
- ensure that APs have been able to at least restore their livelihoods and living standards;
- review the project impacts on vulnerable groups and assess the effectiveness of the mitigation measures adopted; and
- assess the effectiveness of public consultations and communications with APs and the management of the grievance redress process.
- assess the effectiveness of livelihood restoration measures developed for the project
- verify that livelihood restoration measures have been implemented in accordance with the approved final LRP, including any corrective action plans (CAPs)

8. The EM will monitor and review the resettlement efforts by the RDMI. The major tasks of the EM are the following:

- (i) review all compensation tallies and verify that compensation has been provided to all APs in the amounts defined in the LARPs and in the AP contracts;
- (ii) review and evaluate the adequacy of compensation given to the APs as well as livelihood opportunities and incomes and quality of life of APs;
- (iii) evaluate the adequacy and effectiveness of the consultative process with APs, particularly those vulnerable, including the adequacy and effectiveness of grievance procedures and legal redress available to the APs, and dissemination of information about these;
- (iv) review the information disclosure of LARP and information pamphlets, verify that the process was conducted as stipulated in the LARP, and assess the satisfaction of the APs with the information campaign;
- (v) conduct an AP satisfactory survey at field level with a 30% random sample of the APs, including assessment of whether resettlement objectives have been met (sampling procedure to be described);
- (vi) conduct a survey of 30% random sample of APs who registered grievances, and evaluate functioning of the grievance redress process in accordance with the provisions of the LARP (sampling procedure to be described);
- (vii) review the legalization process and assess its effectiveness;
- (viii) assess of the rehabilitation program for severely affected and vulnerable APs;
- (ix) provide a description of lessons learned and recommendations for improvements; and
- (x) in conclusion, provide an overall assessment of LARP implementation and recommendations to ADB regarding the provision of a no objection letter to commence civil works.

C. External Monitoring Methodology and Procedure

9. The following research methodologies and procedures are suggested for monitoring and evaluation of LARP preparation, implementation and post-implementation activities:

- (i) desk review (secondary data analysis); and
- (ii) field surveys (face to face interviews).

10. The monitoring and evaluation of LARP progress against the targeted performance indicators will be based on data from secondary and primary sources. EM will undertake field visits to conduct interviews with representative samples of the APs.

11. The **LARP implementation review and preparation of LARP Compliance Report** will provide assurance to ADB that activities are implemented in accordance with the approved LARP. An evaluation shall be made as to what extent the LARP was able to accomplish its objectives. This evaluation shall be used as basis for issuing the Notice-To-Proceed to Construction Contractor(s). To accomplish this evaluation, the EM shall undertake the following tasks:

12. **Verification of compliance with LARP.** This includes review of reports prepared by the RDMI. The EM shall review and verify in the field the results of the reports prepared by the RDMI. The review shall involve a random field verification of payment/compensation records. Field verification will be done through interviews with APs. The EM shall also review the compliance of compensation process with procedures/methodologies/mechanisms stated in the approved LARP. The EM shall check if the valuation, consultations, disclosure, payments, and related processes have conducted in accordance with the approved LARP.

13. **Assessment of the impact of the LARP.** This will be carried out through direct surveys with the APs. Prior Starting the field work, the EM shall prepare the research methodology, sample of questionnaire and conduct a survey of a representative sample of APs (at least 30%) to determine changes that have occurred in the lives of the APs as a result of the resettlement process. Focus group discussions, conversational open-ended interviews and other unstructured data gathering methods may also be used for AP groups to supplement the findings from the survey

14. **Assess APs satisfaction** on the valuation of assets and entitlements, timing of payments, etc. Through post-LARP survey, the EM shall ascertain the degree of satisfaction of APs on the valuation of assets, as well as the scope and timing of assistance provided under the LARP.

15. **Conduct a post-LARP evaluation** to determine if the objectives of the LARP have been attained and to assess resettlement efficiency, drawing lessons for future resettlement planning. Should the outcome of the study show that the objectives of the LARP have not been attained; the EM will recommend appropriate supplemental assistance for the APs.

16. **Conduct a post-LRP evaluation** to determine whether the objectives of the Livelihood Restoration Plan (LRP) have been achieved, namely, effectiveness of livelihood restoration measures for residential relocatees and reestablishment of livelihood sources for affected businesses and employees and to assess the effectiveness and efficiency of the implemented measures, drawing lessons for future livelihood restoration planning. Should the outcome of the evaluation indicate that the objectives have not been met the External Monitor will recommend appropriate supplemental assistance and corrective actions for the affected persons.

(The following data shall serve as the basis for developing the post-LARP evaluation:

- (i) communications with APs and reaction from APs on entitlements, compensation options, alternatives and relocation timetables, etc.;
- (ii) changes in housing conditions and income levels;
- (iii) rehabilitation of informal settlers and APs under the LRP
- (iv) grievance procedures;
- (v) disbursement of compensation; and
- (vi) level of satisfaction of APs in the post-resettlement period.

17. **Prepare the LARP compliance report.** That shall demonstrate as to what extent the LARP was able to accomplish its objectives, as well as demonstrate any deviations/changes/corrective actions held during the LARP implementation against the approved LARP. The LARP Compliance Report will be used as precondition to allow for commencement of the construction works. As part of the LARP Compliance Report, the EM will also assess the status of project affected vulnerable groups, such as households with income below subsistence minimum, households headed by single women, large households with 5 or more children below 18 years, and households with disabled member. Prior to submission of the LARP Compliance Report, the EM shall ensure that informal and formal meetings are held with the men and women APs, RDMI and other key officials and seek feedback on the contents/analysis presented the report. Highlights of these consultations will also be attached as an annex to the LARP Compliance Report, including households (HHs) below the poverty line and single women headed HHs.

18. Prior the start of work, EMC shall provide an Inception Report, including the methodology of external monitoring work to demonstrate the monitoring framework (survey methods to be used, determination of sampling for surveys, etc.) and overall monitoring approaches. Details of applied methodology will also be reflected in the LARP Compliance Report.

19. **Prepare the LRP post-evaluation report** Conduct a Post-LRP Evaluation and prepare a comprehensive evaluation report assessing the extent to which the objectives of the Livelihood Restoration Plan (LRP) have been achieved. The report shall evaluate the effectiveness, sustainability, and relevance of the restoration measures implemented, including both cash and non-cash assistance. It will analyze whether the affected persons (APs) have been able to restore or improve their pre-project livelihood levels and living standards. The evaluation shall include a detailed assessment of vulnerable groups such as households below the subsistence minimum, female-headed households, large families

with five or more children under 18, and households with disabled members. The report will also include qualitative and quantitative feedback from both male and female APs, gathered through follow-up surveys, interviews, and focus group discussions. Findings will be used to identify good practices, challenges, and lessons learned to inform future livelihood restoration programs. If the evaluation identifies any gaps or unmet objectives, the External Monitor (EM) will recommend additional or corrective livelihood support measures for the affected households.

20. Prior to conducting the Post-LRP Evaluation, the External Monitoring Consultant shall submit an Inception Report outlining the proposed methodology for the evaluation. This will include the monitoring and evaluation framework, data collection tools (e.g., follow-up household surveys, key informant interviews, FGDs), sampling strategy, and indicators used to assess the outcomes. The methodology must ensure disaggregated data collection by gender, vulnerability, and type of livelihood assistance received. The same methodology will be referenced in the final evaluation report.

D. Implementation Arrangements

21. The EM shall report directly to RDMI and carry out the works in close collaboration with the RDMI's Resettlement Specialist and other appropriate representatives of RDMI. The EM assignment is on an intermittent basis following the pace of the progress of LARP/LRP verification, finalization and implementation for the Project.

22. Based on the impact assessment carried out during LARP and LRP preparation and impact categories defined by SPS 2009 the Project is classified as category A for involuntary resettlement, and as category C for Indigenous Peoples (IP).

E. Reporting Requirements

23. The EM is expected to prepare and submit to the RDMI and ADB the following deliverables:

Construction of Batumi-Sarpi Bypass Road

- **An Inception Report and Detailed Work Plan** including draft formats (as appropriate for various outputs, such as questionnaires, guides, etc.) and draft outlines for LARP Compliance Report(s) within 2 weeks upon signing of the contract;
- **LARP Compliance Report I** presented to RDMI in 4 (four) weeks upon receiving the request from RDMI and after review submitted to ADB for comments and approval, to be disclosed on RDMI and ADB website
- **LARP Compliance Report II** presented to RDMI in 4 (four) weeks upon receiving the request from RDMI, and after review submitted to ADB for comments and approval, to be disclosed on RDMI and ADB website; and
- **LRP Post evaluation report** presented to RDMI in 4 (four) weeks upon receiving the request from RDMI, and after review submitted to ADB for comments and approval, to be disclosed on RDMI and ADB website; and
- **Final Report** upon completion of the assignment.

24. The EM shall submit the deliverables in Georgian and English languages in electronic and hard copies along with the cover letter.

Places of Assignment:	Days Estimated Dates	(dd/mm/yyyy)
Georgia, Tbilisi, Batumi, Sarpi	Start Date	N/A
	End Date	N/A
TOTAL	12 months (intermittent)	

NOTE: Actual schedule to be confirmed with User Unit.

ANNEX 11 Provisions Related to Temporary Land Take Under the Project.

Provisions of Safeguard Policy statement (SPS 2009)

As per ADB SPS's Involuntary Resettlement (IR) Safeguard requirements²⁰ "The involuntary resettlement requirements apply to full or partial, permanent or temporary physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. Resettlement is considered involuntary when displaced individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases where (i) lands are acquired through expropriation based on eminent domain; and (ii) lands are acquired through negotiated settlements if expropriation process would have resulted upon the failure of negotiation.

If potential adverse economic, social, or environmental impacts from project activities other than land acquisition (including involuntary restrictions on land use, or on access to legally designated parks and protected areas) are identified, such as loss of access to assets or resources or restrictions on land use, they will be avoided, or at least minimized, mitigated, or compensated for, through the environmental assessment process. If these impacts are found to be significantly adverse at any stage of the project, the borrower/client will be required to develop and implement a management plan to restore the livelihood of affected persons to at least pre-project level or better."

The SPS IR requirements do not establish detailed procedures for the negotiated land taken for temporary use by contractors. Meanwhile, SPS's IR Safeguard requirement²¹ define that negotiated settlement should be based on meaningful consultation with affected persons (including those without legal title to assets) and offer an adequate and fair price for land and/or other assets; and any negotiations with displaced persons should openly to address the risks of asymmetry of information and bargaining power of the parties involved.

Provisions of Land acquisition and Resettlement plan

According to this LARP's entitlement matrix "any temporary impact caused by the use of land for camp or as a temporary disposal area, the land use will be regulated through an agreements between the Contractor and the land owners/users"--"should such temporary impacts also affect persons using pasture lands other than the owners, adequate livelihood assistance for loss of hay and grazing grounds will also be assessed and provided during implementation". "Permanent impact on land " caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road" is however to be "adequately compensated as per the provisions set up in the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation."

Construction contract requirements

General Conditions of Contract stipulate the following on temporary facilities:

Clause 4.13 - the Employer shall provide effective access to and possession of the Site including special and/or temporary rights-of-way which are necessary for the Works. The Contractor shall obtain, at his risk and cost, any additional rights of way or facilities outside the Site which he may require for the purposes of the Works.

²⁰ Safeguard Policy Statement (SPS), Safeguard requirement 2; Involuntary Resettlement, Appendix 2, Para 5, and Para 6.

²¹ Safeguard Policy Statement (SPS), Safeguard requirement 2; Involuntary Resettlement, Appendix 2, para 25.

Clause 6.6 - Except as otherwise stated in the Specification, the Contractor shall provide and maintain all necessary accommodation and welfare facilities for the Contractor's Personnel. The Contractor shall also provide facilities for the Employer's Personnel as stated in the Specification.

Provisions of Georgian Legislation

Relationship between Lessor and Lessee is regulated by Civil Code of Georgia.²²

According to the Civil Code of Georgia, Provision 581:

- a) Under a lease contract the lessor shall transfer the specified property to the temporary use of the lessee and allow the lessee to obtain the fruit of the property during the lease period if it is obtained through proper management of the leased property. The lessee shall pay the lessor the stipulated lease payment. The lease payment may be both in money and in kind. The parties may also agree on other means of determination of the lease payment.
- b) The rules governing a rental contract shall apply to a lease contract, unless otherwise provided under Articles 581-606.

Procedural requirements for temporary land take by the Contractors

Purpose of the Guideline

This Guideline for temporary land take establishes procedures for the Contractors to follow when leasing land plots for construction purposes. This arrangement allows the contractor to have a dedicated space for their construction operations, including storage of materials, equipment, and machinery, as well as administrative offices.

The Guideline for Temporary Land Take establishes clear terms, ensures legal protection, facilitates operational planning, enables financial management, ensures compliance, manages risks, and supports effective communication with stakeholders. The details are discussed below:

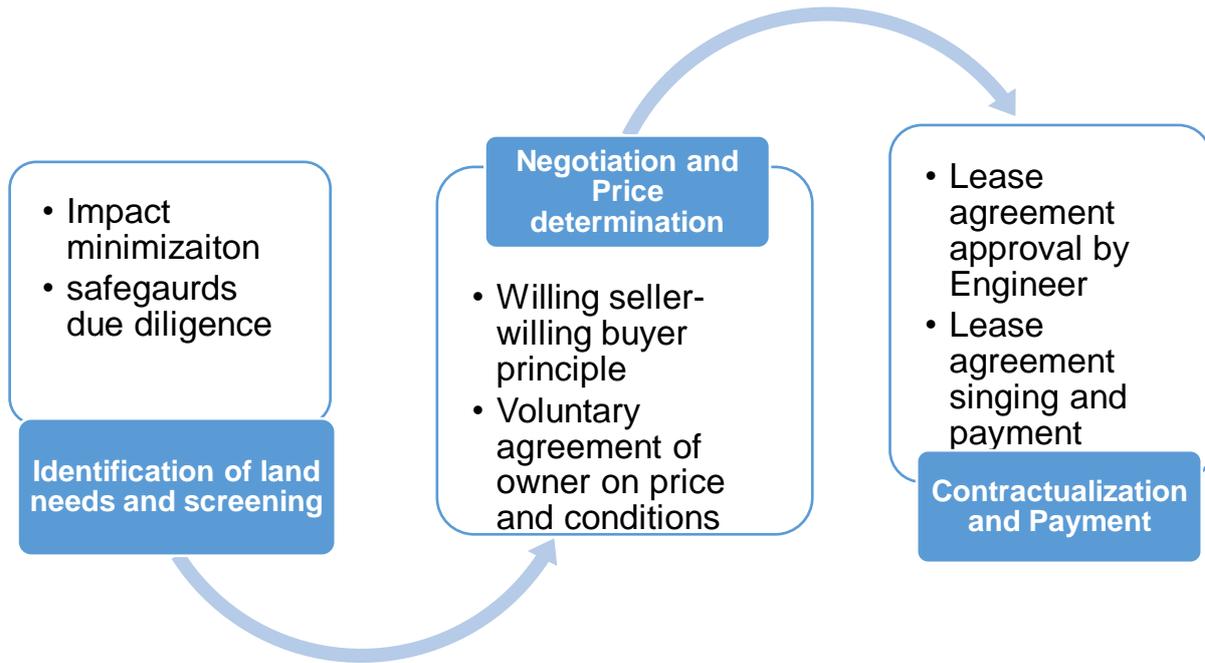
- a) **Clear Understanding:** This guideline for temporary land take provides a clear understanding of the terms and conditions of leasing. It outlines the rights and responsibilities of the Contractor to ensure that there is a mutual understanding and agreement on the use of the land as per leasing agreement.
- b) **Operational Planning:** Guidelines allow the contractor to plan and organize their operations effectively to avoid any unanticipated impacts, damages, and grievances.
- c) **Compliance and Permitting:** Guidelines ensure that the contractor complies with all legal and regulatory requirements related to land use and leasing. It helps identify any permits or licenses necessary for operating the temporary facilities on the leased land and ensures that the contractor adheres to local zoning and land use regulations.
- d) **Stakeholder Communication:** These guidelines serve as a communication tool between the contractor and other stakeholders involved in the development project. It provides a comprehensive overview of the leasing arrangements and shall be shared with project managers, investors, legal advisors, and other relevant parties for guidance.

Management process

The temporary land leasing process by the contractor shall follow several steps as presented below in Figure 13.

²² Civil Code of Georgia, Special Part, Chapter 2. <https://www.matsne.gov.ge/en/document/view/31702?publication=125>

Figure 13 Land leasing process flow.



a) Identification of land needs

The contractor shall be responsible for identifying additional land required for temporary facilities, such as accommodation camps, batching and crushing plants, SDAs, access roads, maintenance workshops, etc.

In keeping with the Project objective of minimizing environmental and social impact, the Contractor shall wherever possible utilize existing infrastructure and previously developed land for provision of temporary facilities.

Contractor will provide the coordinates, an aerial map, and GIS Shape File of all additional land required for establishment of temporary facilities listed above. All facilities will have detailed survey coordinates taken at the outer edge perimeter ensuring the whole site is recorded and the exact area of land used can be calculated, including access and bypass roads.

b) Safeguards screening and due diligence

Prior to concluding leasing agreement, the Contractor will conduct a due diligence to identify all existing environmental or social issues and constraints in the area(s), such as protected land, archaeological resources, cultural heritage issues, or social issues.

The due diligence will be conducted by the Environmental Manager, Social Specialist/CLO and Cultural Heritage Officer and engineer. The survey under due diligence will consider engineering feasibility, access, current land use, environmental and heritage constraints and will be subject to the Engineer’s approval. The contractor will inform the Engineer of the proposed locations 14 calendar days prior to planned use of the land/assets/properties. The Engineer together with the contractor will (i) conduct verification including but not limited to checking of cultural heritage records and mapping and SSEMPs, (ii) take photos/videos to document pre-works condition of the sites and surroundings; and (iii) discuss documentation requirements and if needed, update the SSEMPs, cultural heritage records/GIS mapping, and other relevant documentation. The contractor will ensure to submit the requested documentation to the Engineer prior to proceeding to negotiation.

In terms of social issues due diligence should confirm that a the land lease is voluntary, particularly, (a) agreement is concluded with the owner’s informed consent and (b) the owner is aware that it is possible to refuse to sell and would not be subject to compulsory acquisition.

c) Negotiation and Price Determination

After receiving the Engineer's approval, the Contractor shall make a written record of all assets and income generating items and prepare an offer which shall include compensation for temporary occupation of land at current market rate/conditions.

Price determination process for temporary land lease involves the following steps:

- (i) The independent evaluator will make inventory of the subject land and associated assets (crops, perennials if any) located on it in the presence of the land plot's owner and the contractor's CLO.
- (ii) Based on the inventory, the relevant act will be prepared which will be signed by the owner of the subject land plot.
- (iii) The rental price of the land plot will be determined based on the market rate determined by independent evaluator. During negotiation of leasing amount, the Contractor can use different sources of market rate such as Public Registry and/or web pages where announcements are posted. As for the trees, crops, and other assets the Contractor will engage Independent Evaluator for their inventory. Where possible in case the leasing area affects the crops, perennials which are already assessed in the LARP the Contractor will refer to rates of Land Acquisition and Resettlement Plan for determination of compensation package.
- (iv) A determined amount (with breakdown for land and other improvements) is offered to the landowner for further negotiations.
- (v) The payment mechanism (lump sum for the whole period of lease or monthly rate) is determined during negotiations and reflected in the lease agreement. The conditions of possible extension of the lease agreement are also subject to agreement between the parties, however the contractor shall inform the owner about extension well in advance to ensure no gaps in payment process.

During negotiations with the landowner/user, the Contractor will follow the willing seller/willing buyer principle. This refers also to the unregistered land plots, where the land users are entitled for compensation (LARP eligibility matrix).

Leasing agreement will be concluded only based on mutual agreement of the Parties. If contract conditions cannot be negotiated between the Parties, the Contractor will proceed to search for alternative territory.

Where the land plot is registered as a state or municipality property, the Contractor is obliged to conclude the agreement with National Agency of State Property or Municipality for a specific period considering the construction schedule. In this case, the price is determined by the National Agency of State Property.

In the event the leased property is registered and/or owner is changed the obligations under the leasing agreement are transferred to the new owner.

d) Contractualization and Payment

Following up the Contractor's improper format of leasing agreement, the Engineer instructed the Contractor to revise the Contract and bring it in accordance with the requirements of Georgian legislation and Project requirements. The revised Contract addressing Engineers comments to be approved by the Engineer. During concluding the leasing agreements, the Contractor will only use the approved template which is enclosed to this report as Annex 8. The signed leasing agreement is subject to registration in NASP.

e) Recording and Disputes

The Contractor shall document all transactions and agreements with landowners/ land users and capture any grievances associated with the land leasing process and shall make it available upon request. In case of any disputes after the signing of agreement and payment, the owner can refer to Grievance Redress Mechanism and/or follow legal steps as per Civil Code of Georgia.

f) Pre-entry and exit surveys.

The current state of the land and facilities, including photographic evidence of use before and after, will be recorded by the Contractor in order to compare conditions after the works. This will include the state of third-party infrastructure located adjacent to the proposed land/facilities, which could reasonably be expected to be impacted from the proposed land/facility use. The purpose of the pre-entry survey is to conduct an inventory of land and all other immovable assets, including drainage systems and irrigation after signing of lease agreement and before start of land use. The contractor will document clearly any agreements for temporary measures to be installed (e.g., during disruption to drainage/irrigation, temporary fencing, etc.) and for reinstatement made with the landowner user.

After work is complete in the area and the Contractor is ready to demobilize, the Contractor shall reinstate the land in accordance with the approved Re-cultivation Plan under SEMP. Following reinstatement, an exit survey shall be undertaken by the Contractor for all land areas, witnessed by the landowner/user. The Contractor shall be responsible for closing out any actions on a timely basis arising from the exit survey to ensure a smooth hand-back to the land. Based on the pre-exit survey, a land hand-over agreement will be concluded between the Parties.

In the post-construction environmental audit report (PCEAR), the Engineer will provide information about exit survey if the disturbed areas have been restored or reinstated. If the construction contractor has an agreement with a private landowner, and the owner prefers to retain the structures, then this agreement should be specified in the PCEAR to justify why the land is not restored to pre-works conditions.

g) Reinstatement of damage

The Contractor shall be liable for the payment of compensation claims and reinstatement of damage attributable to the Contractor's activities. For assessment of the damage (if any) and determination compensation amount the Contractor will invite third party (expertise Bureau). The Contractor will compensate for damages based on conclusion of expertise Bureau. In case AP does not agree with conclusion of expertise Bureau the Contractor will transfer compensation amount to escrow account. AP can appeal to the Court if s/he has further claimed or complaints. The contractor will coordinate with the Engineer and complete the photo-documentation that may be requested to complete the post-construction environmental audit report.

362.

Impact Avoidance and Mitigation

The Contractor will verify that all activities are undertaken within the RoW and temporarily occupied areas through the use of site demarcations for all areas, especially Sensitive Areas. The Engineer will monitor this process through regular site inspections.

The Contractor's CLO will regularly conduct trainings for the Contractor's site personnel to raise their awareness on the requirements regarding the project and on the need to stay strictly within site boundaries and within the working areas, and of using only approved access and service roads.

Institutional arrangements

The following Roles and Responsibilities will be followed by the Contractor for this Guidance:

Table 36. Duties and Responsibilities of the Contractor's staff

Staff member	Duty
The Project Manager	<ul style="list-style-type: none"> • Has the ultimate responsibility for the success of this guideline. • Ensuring that sufficient resources are available to implement this guideline throughout the life of the project.
Construction Manager	<ul style="list-style-type: none"> • Providing support to the E&S Managers in executing the project's LMIP • Identifying additional land requirements and communicating them to the E&S Managers allowing for the timeframes specified in this plan. • Participate in or assign personnel to contractor internal preliminary Due Diligence screening of additional land
Environmental Management Specialist	<ul style="list-style-type: none"> • Advise Project Management on land leasing issues. • Participate in Due Diligence screening of additional land. • Reporting of non-compliances against to Project Manager
Cultural Heritage Specialist	<ul style="list-style-type: none"> • Advise Project Management on land leasing issues. • Participate in Due Diligence screening of land. • Reporting of non-compliances against to Project Manager
Community Liaison Officer	<ul style="list-style-type: none"> • Maintain community complaint/grievance and track grievance resolution process. • Refer land-related complaints to Management for review and solution. • Assist the Management in investigating, implementation of and close out of corrective actions related to land related complaints. • Provide coaching and deliver land use training to the workforce. • Participate in due diligence screening. • Consultation with landowners/users. • Participate in inventory of the assets/trees/crops located at the territory of the land plots.
Lawyer	<ul style="list-style-type: none"> • Advise Project Management on land leasing issues. • Participate in Due Diligence screening of land plots. • Drafting leasing agreement.

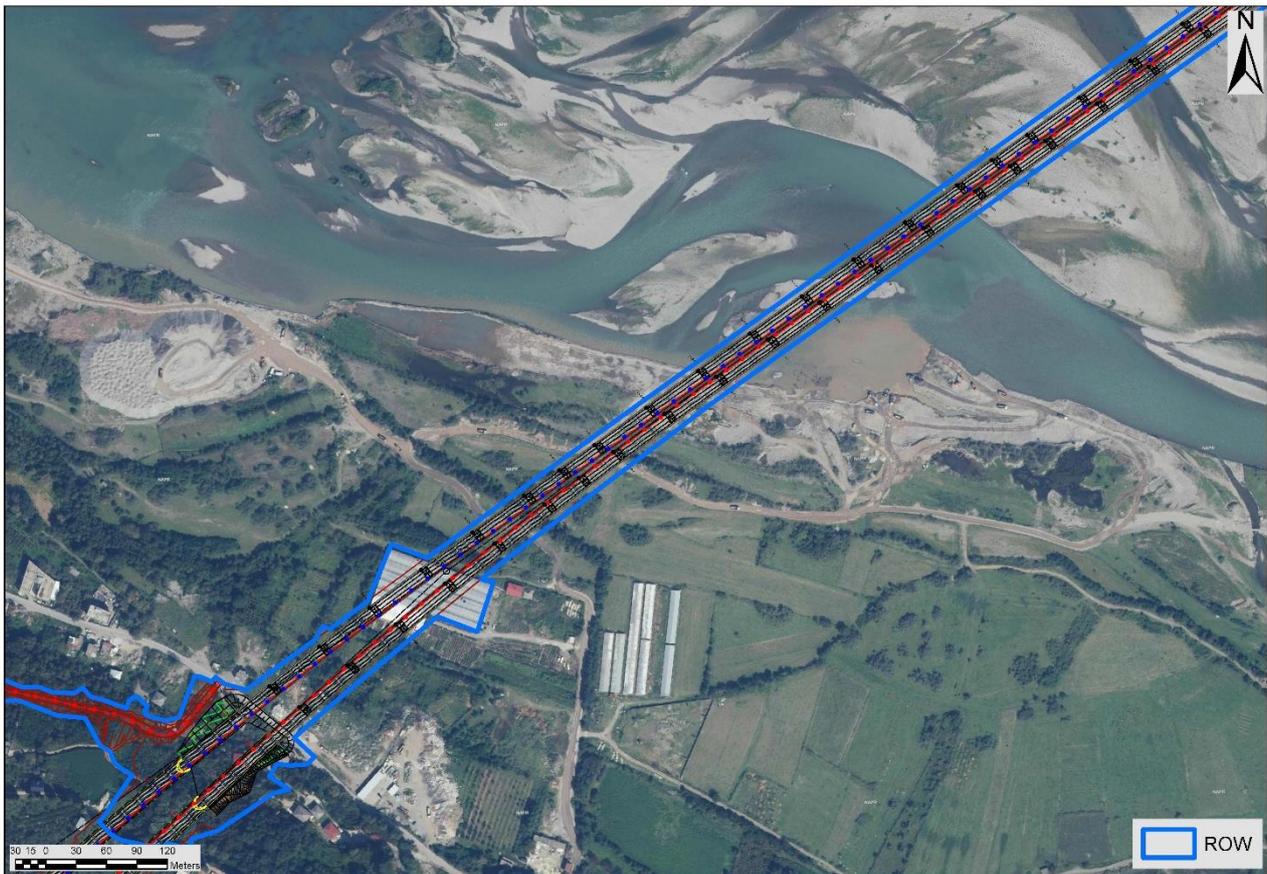
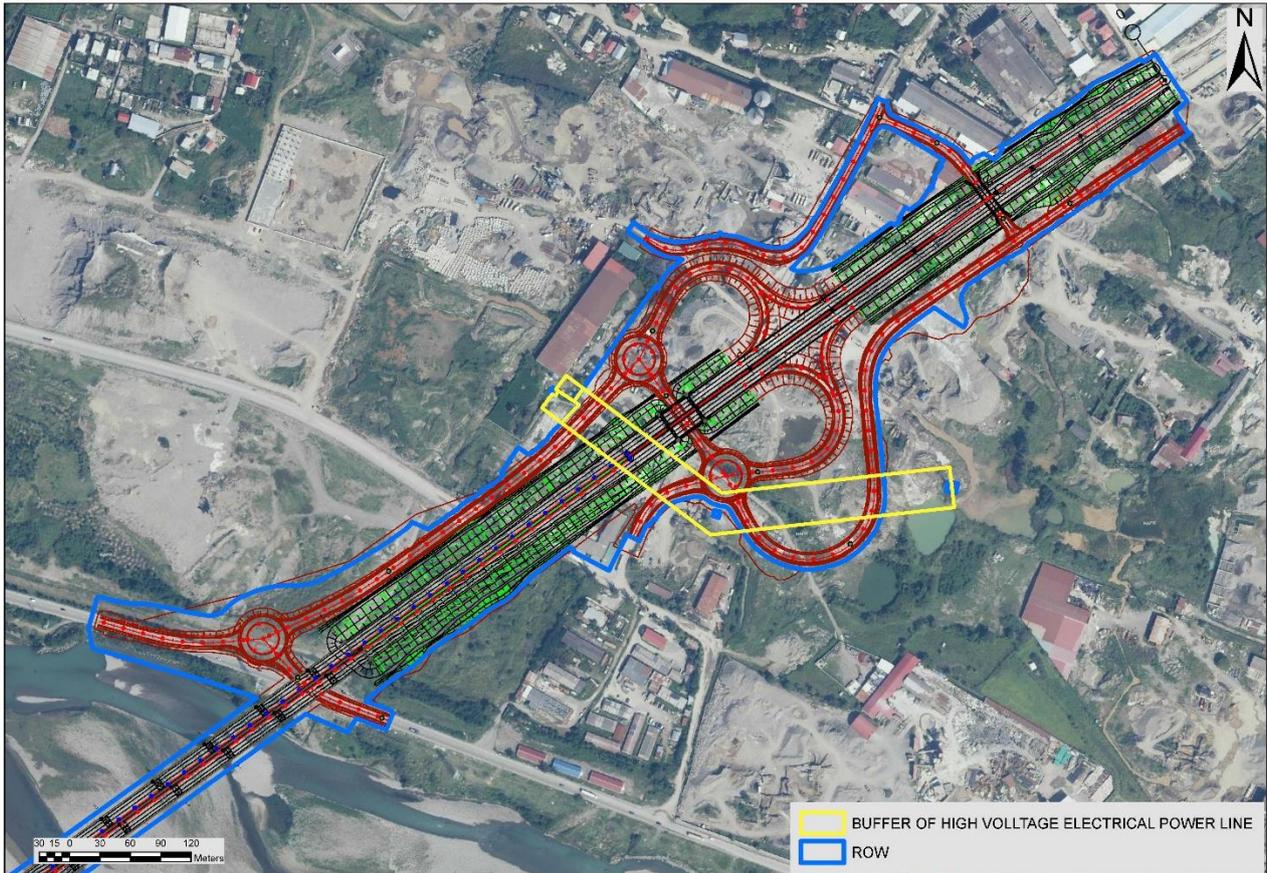
The Engineer's safeguards team (Social, Environmental and Cultural Heritage Specialists) will closely monitor and verify the Contractor's compliance through regular site inspections, desk review of provided data and regular consultations with landowners.

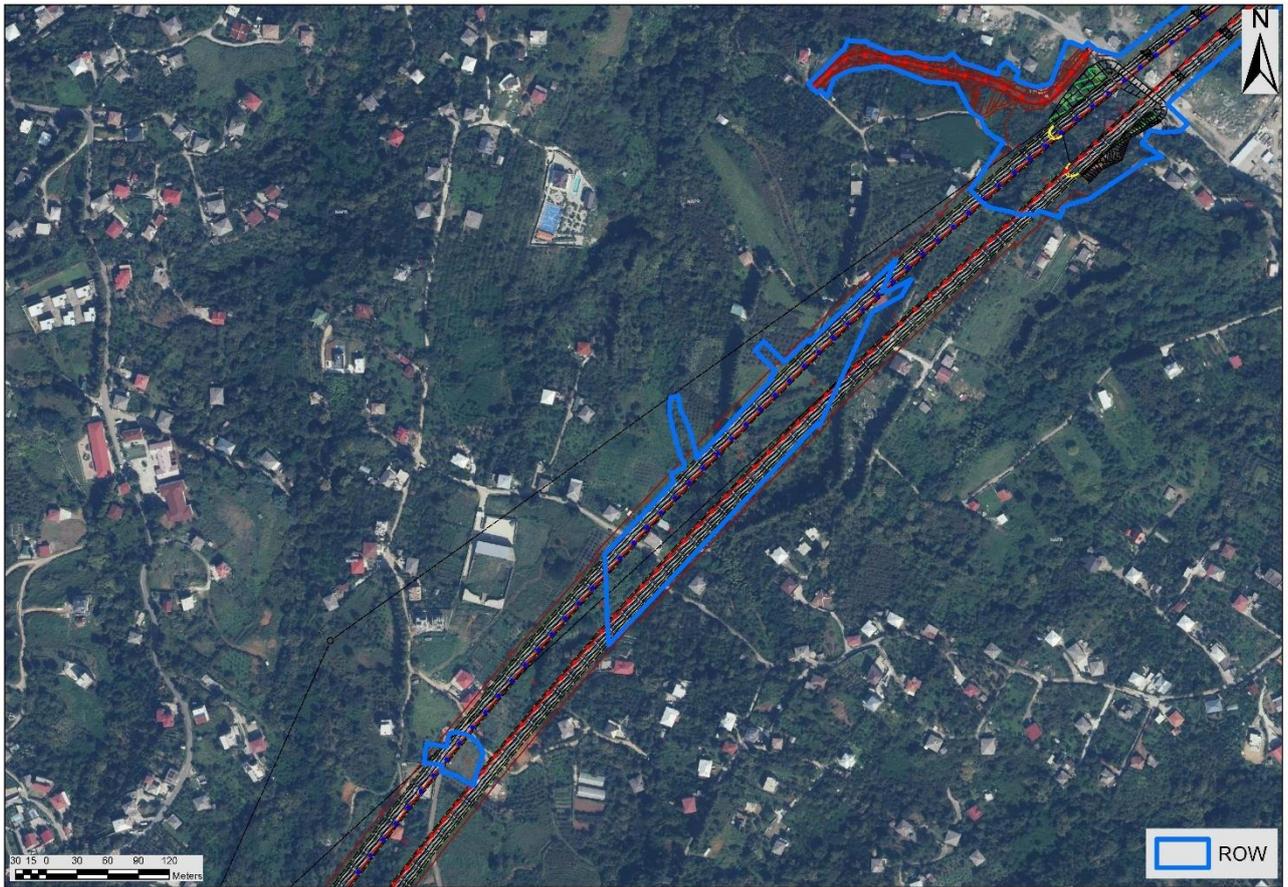
Monitoring and Reporting

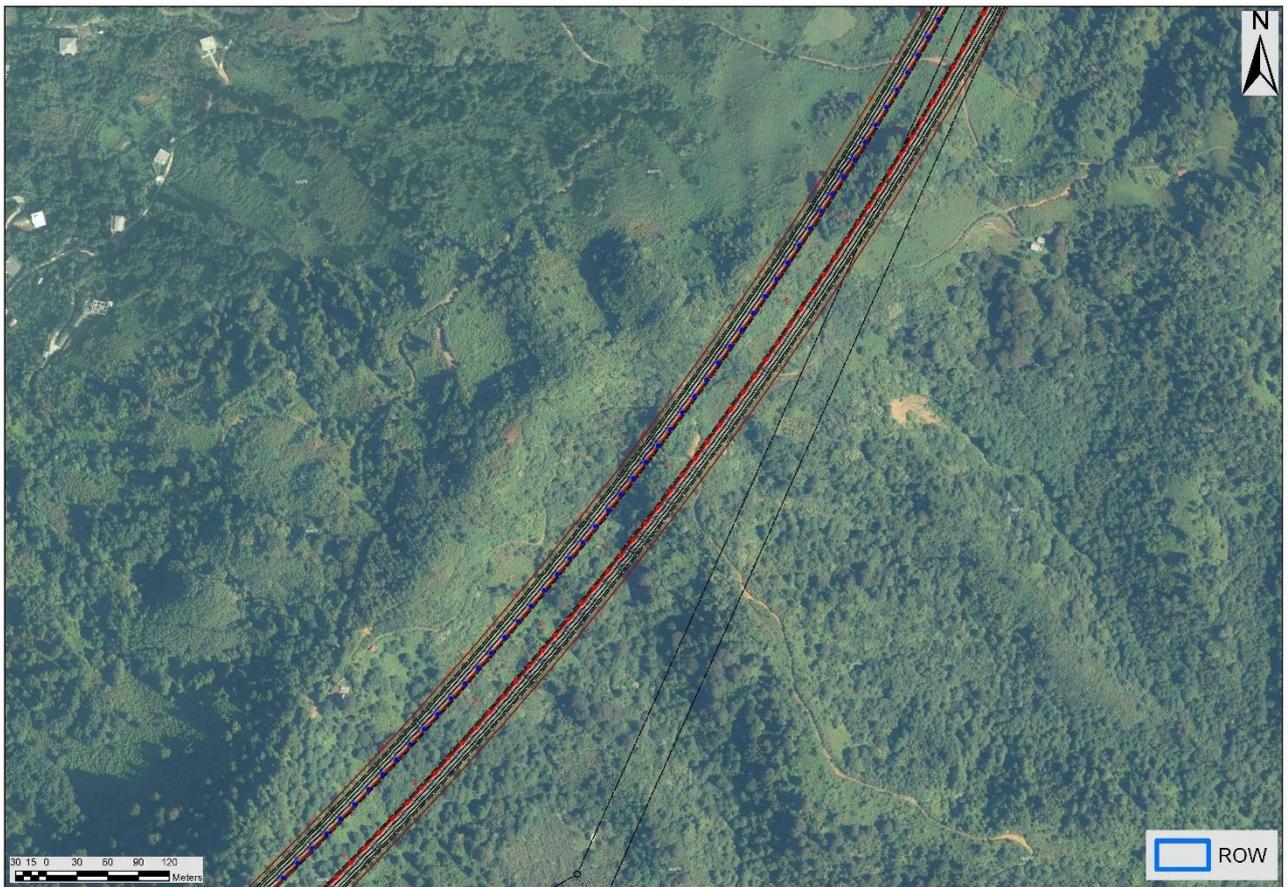
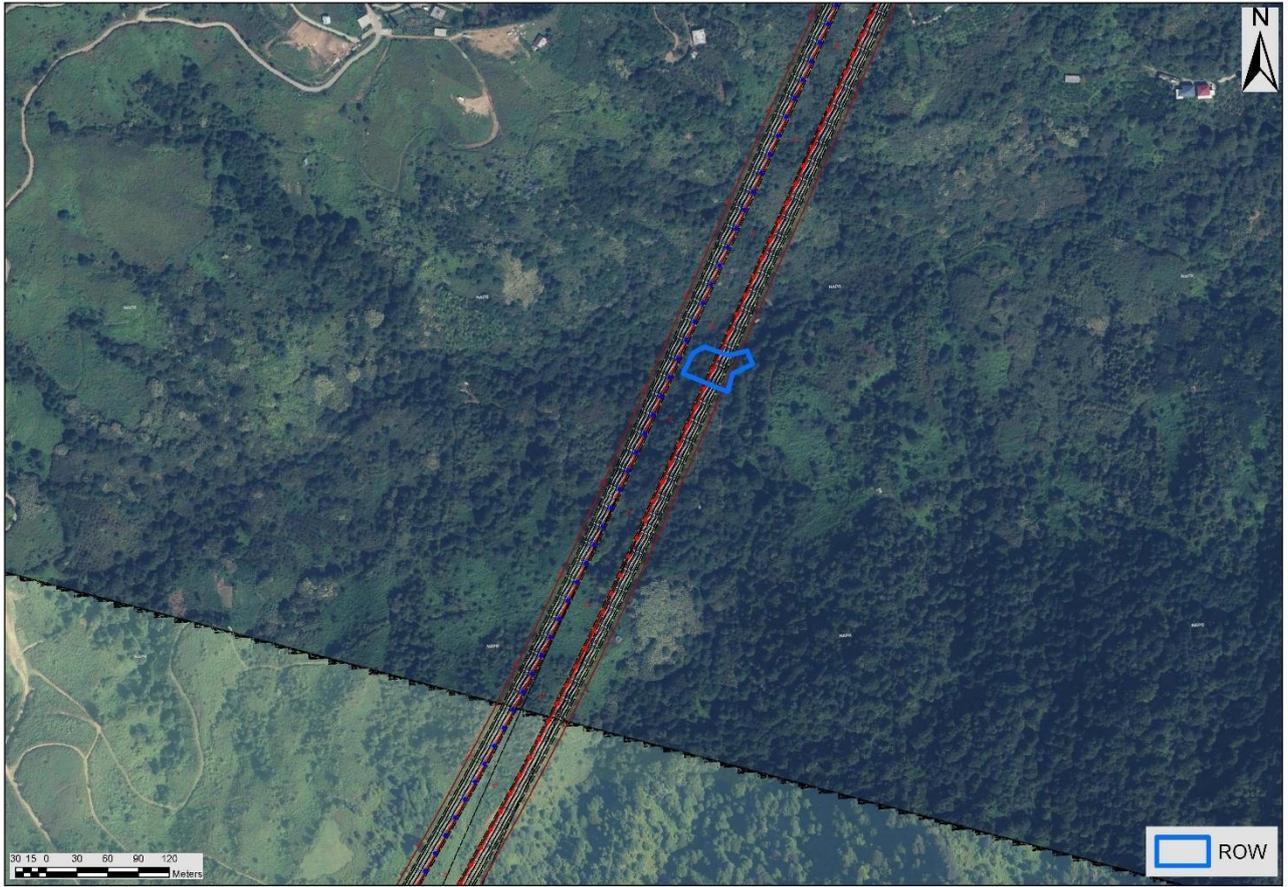
The Contractor is responsible to maintain the data on before and after surveys, agreements and grievances related to temporary land take for the construction purposes. The data will be reported to the Engineer on a monthly basis.

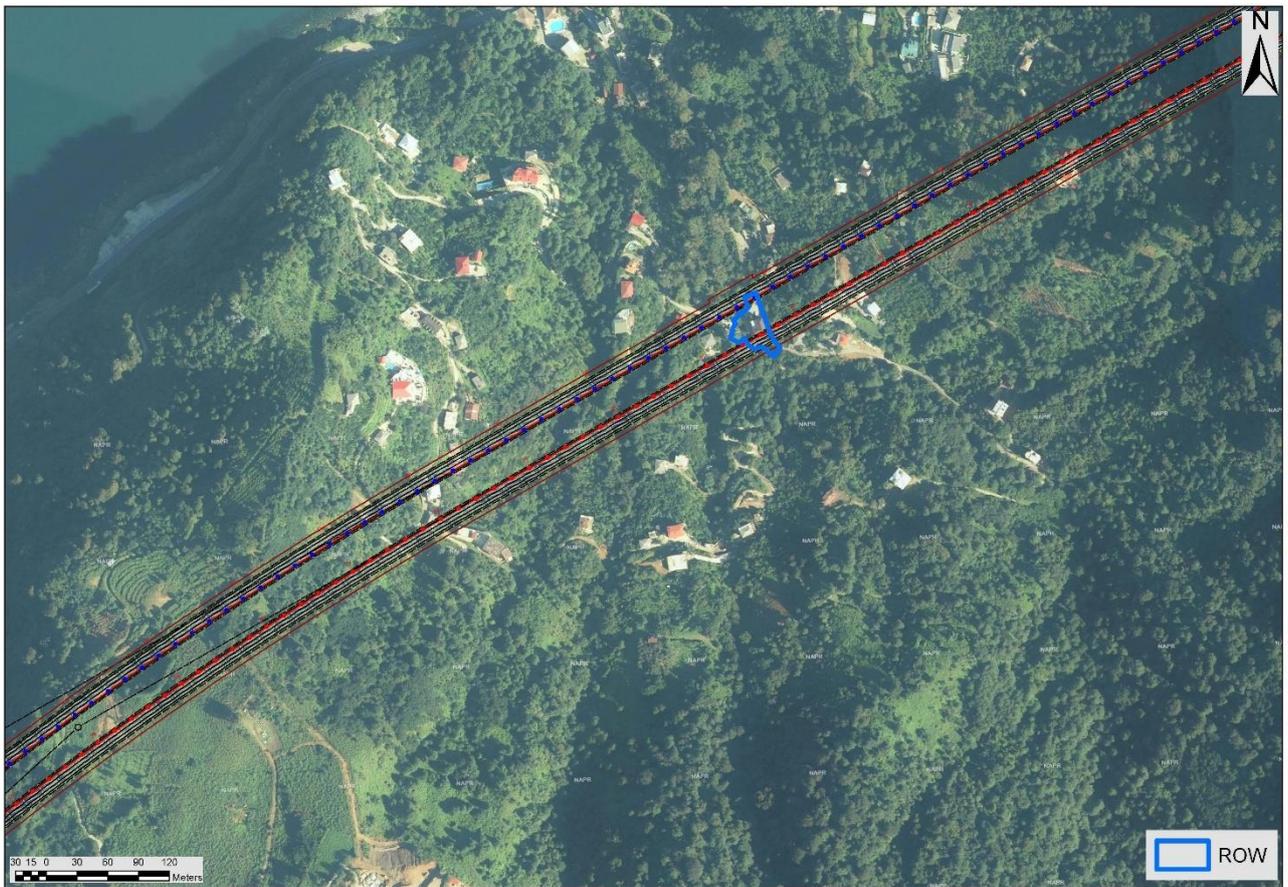
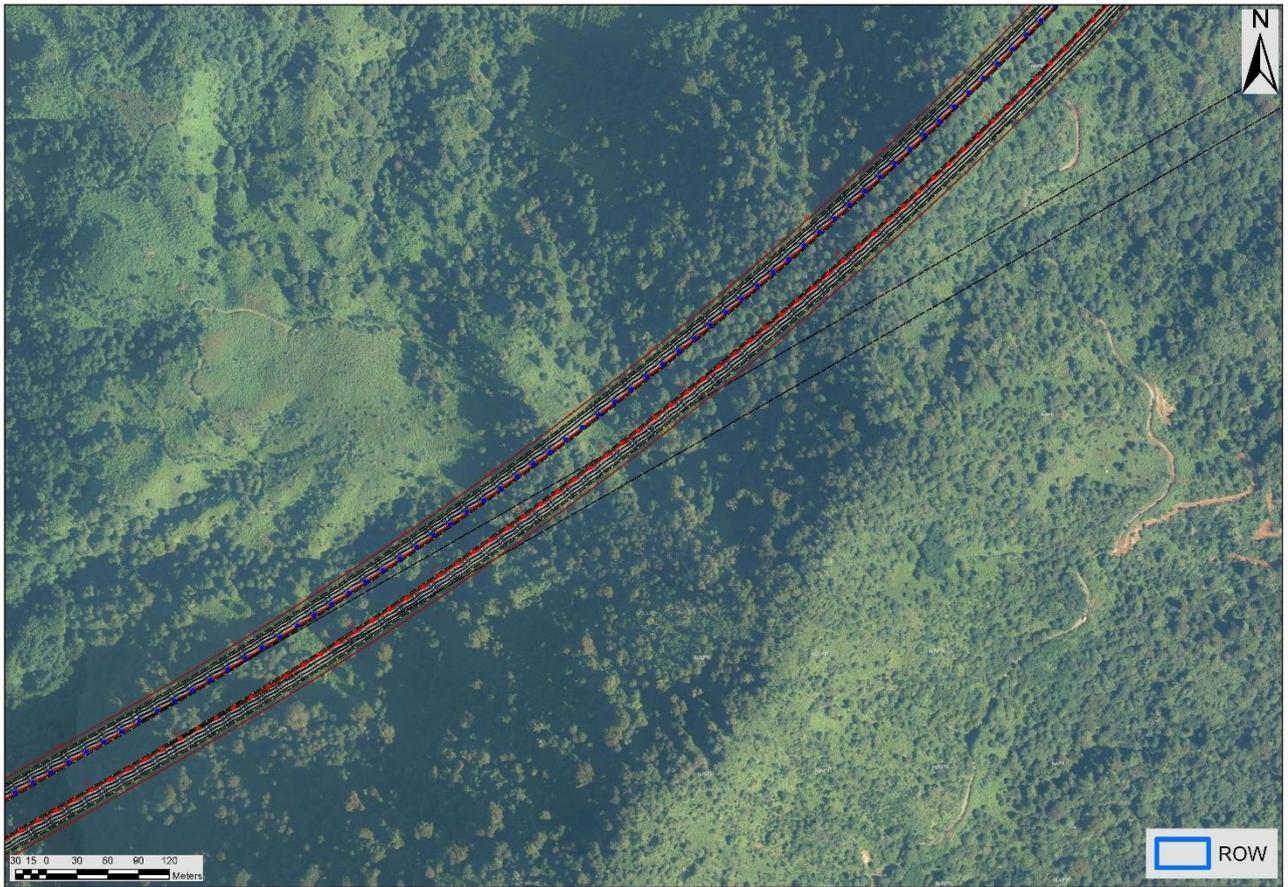
The Engineer will verify the provided information through regular field visits, desk review of the data and consultation meetings with the landowners. Any observed non-compliances will be reported to the Contractor for remedial actions. Implementation of remedial actions will be tracked at the regular weekly meetings between the Engineer and the Contractor. High risk and long-pending issues will be brought to the attention of the Road Department. In case the Contractor continues neglecting the Engineer's instructions related to rectifying reported non-compliances the Engineer may consider retention of IPC.

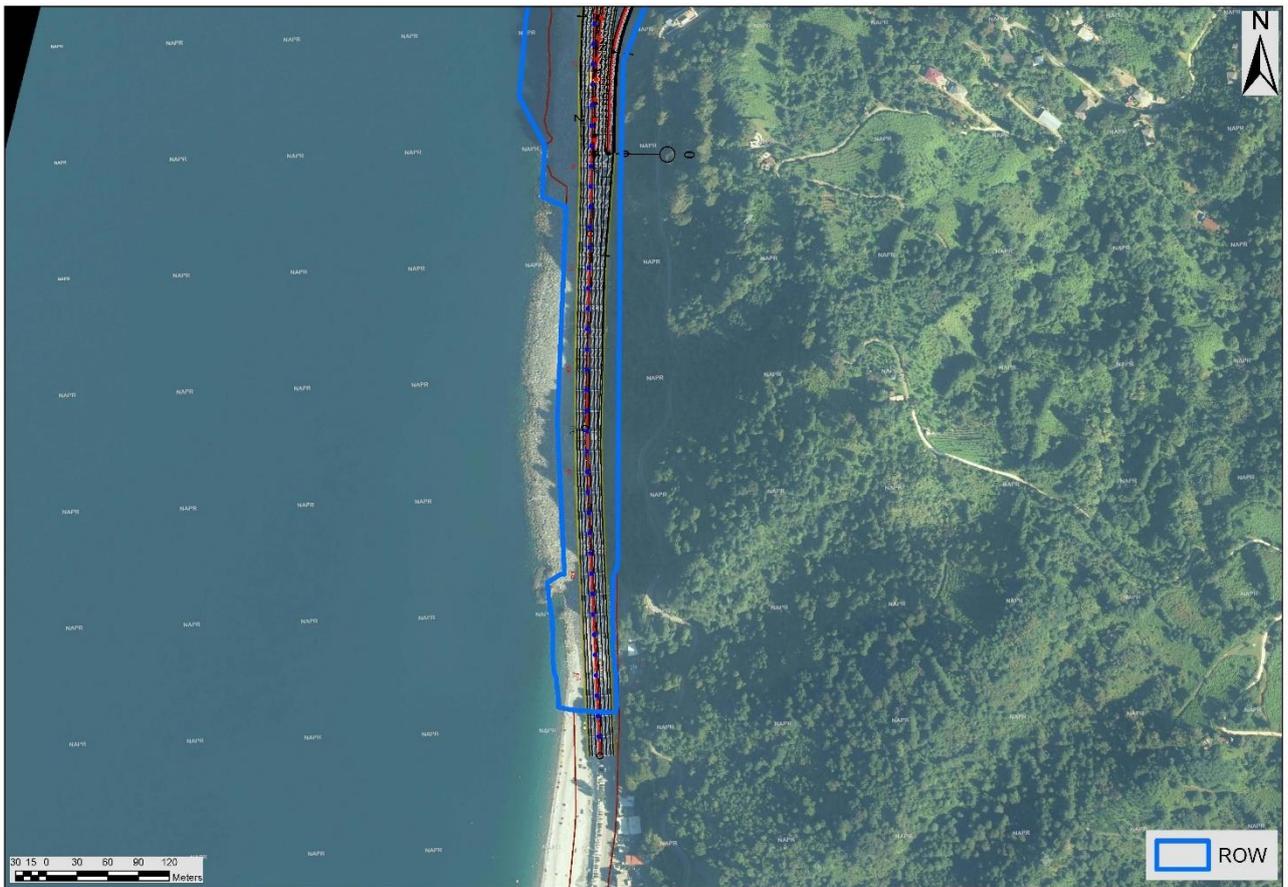
ANNEX 12 Situation Maps











ANNEX 13 Maps For Sectional Approach

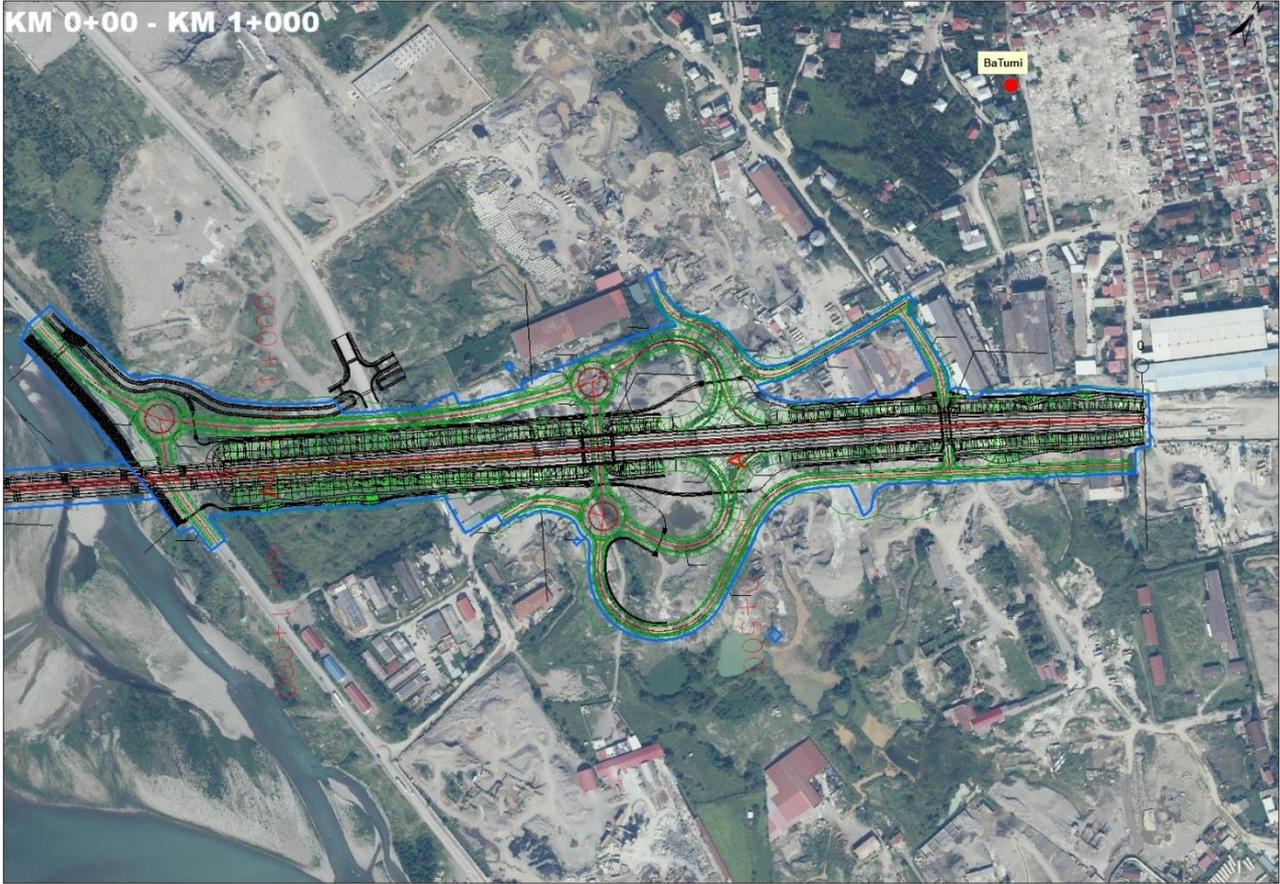
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