

**MINISTRY OF INFRASTRUCTURE
OF GEORGIA**

ROADS DEPARTMENT OF GEORGIA



**E-60 HIGHWAY SECTION
FROM NATAKHTARI TO RUSTAVI (TBILISI BYPASS)**

DRAFT LAND ACQUISITION AND RESETTLEMENT PLAN

May 2026

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List of Abbreviations

| | |
|-------|---|
| ADB | – Asian Development Bank |
| AH | – Affected Household |
| AP | – Affected Person |
| 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 | – Multitranchise Financing Facility |
| MoESD | – Ministry of Economy and Sustainable Development |
| MOF | – Ministry of Finance |
| MPR | – Monthly Progress Report |
| MOI | – Ministry of 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 |
| 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.

Municipality

Out of Georgia's 69 municipalities, 64 are rural (self-governing communities) and 5 are urban (self-governing cities); however, there is no legal distinction between them. A municipality is a legal entity under public law and has elected representative and executive bodies, a registered population, as well as its own property, budget, and revenues. For management optimization purposes, a municipality is divided into administrative units. 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 impacted by the project or 10% or more of 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.

Disadvantaged or Vulnerable Households

Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/ or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend. 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 regardless of dependent status; (ii) disabled households with members who have disabilities; (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 2025 which was applied for this LARP.

Executive Summary

1. This Draft Land Acquisition and Resettlement Plan (LARP) has been prepared for **Lot 4** of the road section under the *Feasibility Study and Detailed Design for the E-60 Highway Section from Natakhtari to Rustavi Bypass (Tbilisi Bypass)* in Georgia. The LARP updates the initial plan prepared in September 2022 and has been revised based on updated design information, field surveys, and safeguard requirements. The updated LARP is being prepared by Colliers Georgia - Valuation and Advisory LLC for the Roads Department of Georgia.
2. The Project forms part of the strategic Tbilisi Bypass corridor and is intended to improve regional and urban connectivity by providing a faster north–south transit route while also upgrading access on the east–west corridor. Lot 4 is one of the most technically complex sections of the Project, linking major transport corridors and improving access to key strategic locations, including Tbilisi International Airport, Lilo industrial and commercial zones, customs facilities, and the Lotchini interchange.
3. The total length of the Lot 4 main alignment is approximately 10.978 km, extending from the connection with Lot 3 to the connection with Lot 5. The section consists of a dual carriageway motorway-standard road with a design speed of **120 km/h**, associated interchanges, service roads, and supporting infrastructure. Three principal interchanges are included: Airport Junction, Lotchini Interchange, and Customs Interchange. Some sections are widened to 3+3 lanes to reduce congestion and improve traffic flow.
4. The alignment partially utilizes the footprint of an abandoned railway corridor constructed in 2012, thereby reducing the need for additional land acquisition in certain sections. However, the Project requires acquisition of land, establishment of servitudes, relocation of utilities, and mitigation of impacts on private property, structures, crops, trees, and businesses. Existing utilities potentially affected include electricity lines, gas pipelines, water supply systems, communication lines, and irrigation infrastructure owned by multiple public and private entities. Any additional impacts resulting from utility relocation will be assessed and compensated under this LARP.
5. This LARP has been prepared in compliance with the safeguard requirements of Asian Development Bank Safeguard Policy Statement (SPS), 2009, and the applicable legislation of Georgia. It establishes the policy framework, eligibility criteria, cut-off date provisions, census and socio-economic survey requirements, inventory of losses, valuation methodology, compensation entitlements, livelihood restoration measures, consultation procedures, grievance redress mechanism, implementation arrangements, budget, and monitoring requirements. The objective is to ensure that affected persons are compensated at replacement cost and that livelihoods and living standards are restored or improved.
6. Public consultations were undertaken during preparation of both the initial and updated LARP. Consultations were held in Gardabani on **21 May 2021**, in Didi Lilo Public School No. 127 on **14 June 2022**, and again for the updated LARP on **25 December 2025**. The consultations were attended by more than 48 persons. These meetings provided information on the Project, likely impacts, compensation principles, eligibility criteria, grievance procedures, and implementation arrangements. In addition, individual consultations were conducted during the census and Detailed Measurement Survey (DMS), including explanation of the cut-off date and entitlement provisions.

Consultations will continue throughout implementation. Additional consultations on this draft will be conducted in May 2026, after which this draft will be finalized, re-disclosed based on the outcomes of those consultations, and implemented.

7. Implementation of land acquisition and resettlement activities will be subject to strict conditionalities. Notice to proceed for civil works contracts shall be conditional upon completion of relevant LARP implementation, and submission of external LARP completion reports acceptable to ADB. No civil works shall commence in sections where compensation and resettlement obligations remain outstanding. An LRP will be further developed to provide additional support to severely affected and vulnerable APs, while documenting alternative land availability for households affected by the loss of agricultural land, developing a socio-economic baseline for monitoring livelihood restoration, supporting restoration of agricultural practices and restoration of incomes of displaced businesses and employees, as applicable.

8. In terms of tenure the affected land plots are distributed in accordance with the following legal categories:

I category: Project affected private land plots, registered

II category: Land registered in NAPR as state owned but under the actual possession of private users¹

III category: State owned land not used by private users

IV category: Municipal

V Category: Land plots owned by JSC “Georgian Railway”

9. Summary of project impacts is given in Table 1. Below:

| N | Impacts | Quantity | m2/lm | No. of AHs | No. of APs | Remarks |
|---|---|------------|---------------|------------|------------|---------|
| A. Affected Land by Ownership status | | | | | | |
| 1 | Private, registered land | 290 | 487453 | 241 | 819 | |
| 2 | Land registered in NAPR as state owned but under the actual possession of private users | 63 | 56632 | 57 | 194 | |
| 3 | State owned land not used by private users | 53 | 162869 | 0 | 0 | |
| 4 | Municipal | 26 | 57511 | 0 | 0 | |
| 5 | Land plots owned by JSC “Georgian Railway” | 96 | 151423 | 0 | 0 | |
| Sub Total (without double counting) | | 528 | 915888 | 269 | 915 | |
| B. Land by type of use | | | | | | |
| 7 | Agricultural | 284 | 579866 | 166 | 664 | |
| 8 | Non-Agricultural | 240 | 329233 | 109 | 371 | |

¹ These land plots are currently registered as state-owned; however, their ownership status may change during LARP implementation, as they are under the actual possession of private users.

Accordingly, if such land plots are registered as private property, they have been valued based on their respective land use category, and land acquisition and compensation will be carried out in accordance with the Entitlement Matrix (EM).

If the land plots remain state-owned and continue to be used by private possessors, no cash compensation will be provided for the land itself. However, compensation will be provided at full replacement cost for all affected assets, including structures, trees, crops, and other eligible items, in line with the provisions of the EM.

| | | | | | | |
|---------------------------------|---|------------|----------------|------------|------------|--|
| 9 | Residential | 4 | 6789 | 4 | 14 | |
| | Sub Total (without double counting) | 528 | 915,888 | 269 | 915 | |
| C. Agricultural Patterns | | | | | | |
| 10 | Annual crops | 7 | 1637 | 3 | 10 | |
| 11 | Affected Trees | 55 | 2057 | 43 | 146 | |
| | Sub Total (without double counting) | 55 | | 43 | 146 | |
| D. Affected Structures | | | | | | |
| 12 | Residential houses | 4 | 314.44 | 4 | 14 | |
| 13 | Commercial/Administrative Buildings | 37 | 21450.3 | 18 | 61 | |
| 14 | Auxiliary buildings | 55 | 3043.32 | 17 | 58 | |
| 15 | Gates and fences | 159 | 8027.05 | 65 | 221 | |
| 16 | Compensation for equipment relocation, improvement of yard and technical conditions, etc. | 149 | - | 104 | 354 | |
| | Sub Total (without double counting) | 404 | | 126 | 428 | |
| E. Business and Income | | | | | | |
| 17 | Business loss | 28 | - | 21 | 71 | |
| 18 | Employment loss | | - | | | |
| | Sub Total (without double counting) | 28 | | 21 | 71 | |
| F. Affected Households | | | | | | |
| 19 | Severely affected Households | - | - | 202 | 687 | |
| 20 | Vulnerable Households | - | - | 8 | 27 | |
| 21 | Relocated businesses | 28 | - | 21 | 71 | |
| 22 | Relocated households | 4 | - | 4 | 14 | |
| | Sub Total (without double counting) | | | 203 | 290 | |
| 23 | Total AHs and APs (without double counting) | | | 269 | 915 | |

Note: The figures presented are calculated without double counting. Where a single Affected Household or Affected Person is subject to multiple impacts, they are counted only once in the sub-total and total number of affected units.

10. Overall, the Project is expected to deliver substantial transport and economic benefits by improving mobility around Tbilisi, reducing congestion, strengthening international corridor connectivity, and supporting regional development. The LARP provides the framework to ensure that these benefits are achieved while managing land acquisition and resettlement impacts in a fair, transparent, and policy-compliant manner.

11. The losses of APs will be compensated at full replacement cost. Classification of the APs is available as follows:

12. Individuals, who enjoys the legal right on the land that is recognized in accordance with the national legislation;

13. Individuals that have no legal or formal right on the land.

14. Overall, a total of 269 AHs comprising 915 APs will be impacted by the Project. In addition to individual households, the Project will affect six entities-very large businesses, which are not included in the number of AHs and are therefore classified separately as Affected Parties. These include five major private companies: Rompetrol, SOCAR, Wissol, Tegeta, and Greenway and one state-owned enterprise, JSC Georgian Railway.

15. In terms of land ownership, 241 AHs will lose privately registered land plots, while 57 AHs will lose land plots currently registered as state-owned but under the actual possession of private users. Some households are affected by multiple land plots, including both registered land and land under ongoing registration processes.

16. With respect to land use, impacts are primarily on agricultural land (166 AHs) and non-agricultural land (109 AHs), with a smaller number of residential land plots (4 AHs) also affected. In addition, 3 AHs will lose annual crops, while 43 AHs will be affected by the loss of trees located on their land plots. The Project will also impact 126 AHs through loss of structures, including residential, commercial, and auxiliary buildings, as well as fences and other improvements. A total of 21 AHs will experience business losses, and the same number of businesses will require relocation. In addition, 4 households will be physically displaced and require relocation. Furthermore, 202 AHs are classified as severely affected, while 8 AHs are identified as vulnerable and will be eligible for additional assistance. The severely affected, HHs under the Physical and economical displacement and vulnerable HHs will receive additional allowances in amount of 6-month assistance unit rate.²

17. The ADB Safeguard Policy Statement (SPS), 2009 on land acquisition and resettlement has been applied to the Project to assist the Affected Persons (APs) and/or households for the loss of land and assets, income, and livelihood resources. Expropriation of land through eminent domain will not be applied unless acquisition through negotiated settlement fails. Compensation eligibility is limited by the cut-off date established for this Project, being the commencement date of the Census, i.e., February 6, 2026. The valuation of land and assets is based on a valuation report prepared by an independent licensed valuator in April 2026. The Census remains subject to correction where adequately justified. APs entitled to compensation and/or rehabilitation assistance under the Project include: (i) all persons losing land, irrespective of title; (ii) tenants and sharecroppers, irrespective of formal registration; (iii) owners of buildings, crops, plants, or other objects attached to the land; and (iv) persons losing businesses, income, or salaries. LARP preparation and implementation costs, including cost of compensation are considered in the project budget. Roads Department is responsible for finding the project related funding.

This LARP contains the information about the budget, including:

- Unit compensation rates for all affected items and allowances by indicating methodologies.
- A cost table for all compensation expenses including contingencies.
- RAP implementation costs.

18. The Total budget of Resettlement Action Plan covers: subtotal including compensation values, resettlement allowances, registration fees, implementation expenses and in addition to that -

² Calculation approach of subsistence unit rates is presented in the Annex 5.

contingencies, which are taken as 20% of the subtotal cost. Estimated total resettlement Budget is equal to 219,603,242.04 **Gel**.

1. GENERAL INFORMATION

19. This Land Acquisition and Resettlement Plan (LARP) is prepared for Lot 4 of the road section under the framework of the Feasibility Study and Detailed Design for the E-60 Highway Section from Natakhtari to Rustavi Bypass (Tbilisi Bypass).

20. The initial LARP was prepared in September 2022 for the Roads Department of the Ministry of Infrastructure of Georgia (RDMOI). This updated LARP is being prepared by Colliers Georgia - Valuation and Advisory LLC based on the detailed engineering design and updated impact assessment. The revised document focuses on the final project scope, confirmed right-of-way (ROW) requirements, associated facilities, and updated land acquisition and resettlement impacts. Project maps have also been updated using detailed engineering design (DED) level drawings for improved clarity and accuracy.

21. The LARP is developed to meet the safeguard policy requirements of ADB SPS 2009 and comply with the active legislation of Georgia. The LARP sets out project goals and project implementation schedule, census and socio-economic survey, inventory of project affected asset, cut-off date and eligibility criteria for project affected persons (APs), legal framework and institutional involvement, sets valuation methodology and approach to determine unit rates per each type of loss to be cash compensated, establishes compensation entitlements, participation and consultation procedures, and grievance redress mechanism which will be employed to compensate and restore the livelihoods and living standards of APs.

22. Lot 4 is one of the most complex sections of the entire Project. As part of the Tbilisi Bypass, it provides a high-capacity corridor for north–south traffic movements, while also upgrading the urban access route serving the east–west corridor.

23. The new alignment has to merge and improve the access to many strategic points along its route: the international airport, the industrial area and many commercial activities, the custom office for freight traffic and the existing cloverleaf interchange of Lochini.

24. The existing road network consists of:

1. East – West corridor: the so-called Kakheti Highway connects the eastern part of the country with Tbilisi. The road section is very wide (3+3 lanes plus secondary parallel roads) for the urban section, from the town to the airport junction. After the airport junction it becomes encumbered with private commercial activities right on the edge of the pavement, with several junctions for secondary roads and pedestrian crossings.
2. North – South corridor: This section forms part of the international E60 corridor, providing strategic connectivity toward the Black Sea region and Russia. Heavy and transit traffic is diverted away from the urban area and routed through the Tbilisi Bypass to reduce congestion and improve traffic efficiency.

25. The intersection between these two corridors is the Lochini Interchange: a cloverleaf junction with good geometry, and margin for upgrades.

26. The overall Project includes the development of the Tbilisi Bypass corridor to improve strategic connectivity and divert transit traffic from the urban road network. This LARP specifically covers Lot

4, which comprises a main alignment of approximately 10.978 km, extending from the connection with Lot 3 along the former railway corridor to the interface with Lot 5.

27. The section includes three principal interchanges connecting the highway to the existing road network: Airport Junction, Lochini Interchange, and Customs Interchange. In addition, secondary and local roads are incorporated to restore connectivity where existing access routes are affected or severed by the new infrastructure.

Figure 1. Situation Map



28. Source: Final Report, the path of the E60 in Georgia in yellow and the link with Russia (Larsi border) in green. The blue dashed rectangle portrays the project area.

29. Approaching Tbilisi, the E60 corridor is routed south of the urban area through the Tbilisi Bypass, which functions as a ring-road connection diverting transit traffic away from the city center and linking the corridor with other strategic national and international routes.

30. This project concerns the upgrade of both above referenced roads:

- E60 (highlighted in yellow) around Tbilisi – approx. 56 km
- Natakhtari to Jinvali (highlighted in green) – approx. 26 km

31. The map shows the Annual Average Daily Traffic in some sections of the roads included in this project. Apart from a short section in the area of Mtskheta, currently the entire length of the project is a single carriageway, single lane road.

32. According to the exercise methodology, the best option has been defined as a 77.35 km long motorway, double carriageway, 4 lanes, combining the following two alternatives:

- NJ1 – red (length 28,30 km)
- TB4 – pink (length 49,05 km)

33. In order to reduce congestion on the East – West direction, the cross section of the highway is upgraded to 3+3 lanes between the new connection with the airport and the Lotchini interchange. On the interchange the ramps connecting the Kakheti Highway with the Tbilisi Bypass have double lane.

34. The Lot 4 consists of a double carriageway alignment, like the remaining part of the Tbilisi Bypass. Design speed is 120 km/h, horizontal radiuses are consistent with the design speed along the entire length of the main alignment.

35. Cross section has two 3.75m traffic lanes per direction, an internal 1.0 m shoulder, and external 2.5 m paved shoulder and a 3 m central reserve for barriers and lighting. The external edge of the embankment is 1.3 m wide, in order to support standard H2 guard-rails.

36. The alignment reuses a section of an abandoned railway partially built in 2012, whose footprint is remarkably well preserved, in spite of the lack of care and maintenance. From km 0 to km 2.7 the new alignment overlaps the abandoned railway. The existing excavation needs a moderate widening, since the carriageway of the highway is wider than the railway. Previous structures for utilities and crossings need to be demolished and rebuilt.

37. Along this segment is located the first interchange, connecting the new Tbilisi Bypass with the settlements of the Lilo District. In this area there are three important attraction nodes for traffic: the international airport, the Lilo Market, the industrial area of Lilo District.

38. The Lilo Market is a very popular market, usually causing heavy congestion for traffic coming both from the West (Tbilisi) and from the East (Kakheti). The area selected for the new interchange has been chosen to minimize the impact on private plots along the existing road. The image below displays the area of the connection between the new interchange and the existing road. Past the interchange the alignment crosses a stream with a bridge that approaches the Lochini interchange and crosses the valley of the Lochini river and reaches the Lochini interchange. The end of Lot 4 is at the interchange allowing access to local roads and to the main highway.

Figure 2. Tbilisi Bypass Road, Lot 4 Road section

39. This figure below presents the proposed alignment and road layout of the Tbilisi Bypass Road, Lot 4 section, extending from the Lilo area toward the Lochini/Customs Interchange and connecting onward to the Rustavi/Kakheti corridor. The red lines indicate the full footprint of the planned road infrastructure, including:

- **Main carriageway / motorway alignment** (primary through route);
- **Interchange loops and directional ramps** providing grade-separated access;
- **Slip roads / connector roads** linking the motorway with existing local and regional roads;
- **Collector-distributor lanes / parallel access roads** where shown;
- **Tie-in sections** connecting the new alignment to existing roads;
- **Local road realignments or service roads** required due to the project;
- **Roundabout/intersection channelization geometry** within interchange areas.

40. The figure therefore shows not only ramps, but the complete planned transport layout for this section, including all new road links and associated junction arrangements.

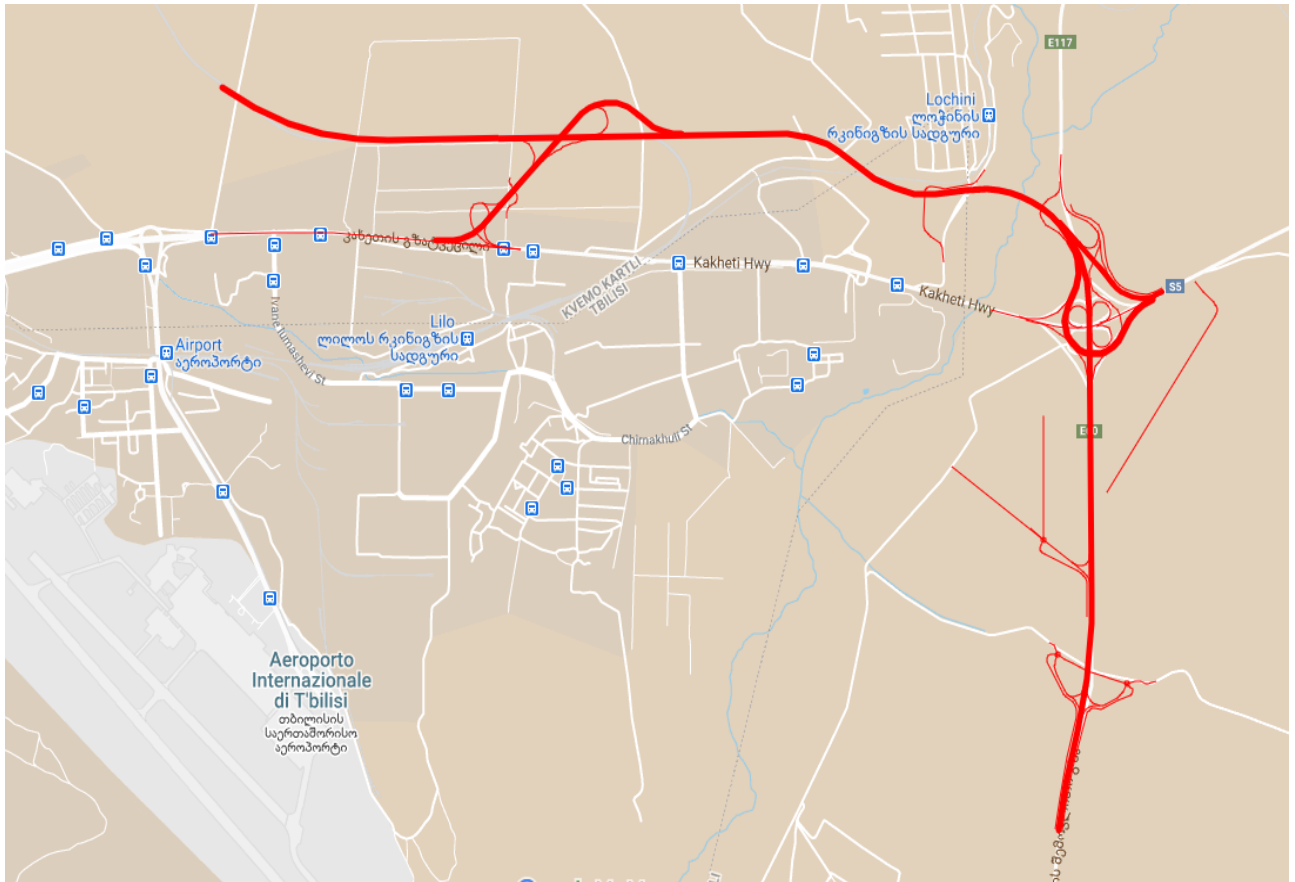


Figure 3. General Layout Map of the Tbilisi Bypass Road – Lot 4 (Lilo–Lochini Section)

41. This map illustrates the proposed Lot 4 section of the Tbilisi Bypass Road project, located in the eastern part of Tbilisi between the Lilo area, Tbilisi International Airport surroundings, Lochini, and the connection toward Rustavi/Kakheti Highway. The layout is superimposed on an aerial/satellite base map to show the relationship between the proposed road corridor and existing settlements, industrial zones, airport facilities, and surrounding land uses.

42. The red lines represent the complete planned road infrastructure associated with this section, including:

- **Main dual carriageway / motorway alignment** forming the bypass route;
- **Interchanges and grade-separated junctions** at Lilo, Lochini, Airport, and Customs access points;
- **Directional ramps, loop ramps, and slip roads** enabling traffic movements between connecting roads;
- **Connector roads and tie-in links** joining the new bypass to the existing Kakheti Highway, Rustavi Road, and local road network;
- **Parallel service roads / local access roads** where required to maintain local connectivity;
- **Auxiliary road sections and junction geometry** within interchange areas.

43. The map also identifies key structures such as Bridge Nos. 1–8, indicating locations where bridges are required to cross roads, waterways, or other obstacles.

44. Overall, the figure provides a comprehensive overview of the proposed road corridor, access arrangements, and engineering structures for the Lot 4 section of the Tbilisi Bypass Road project.

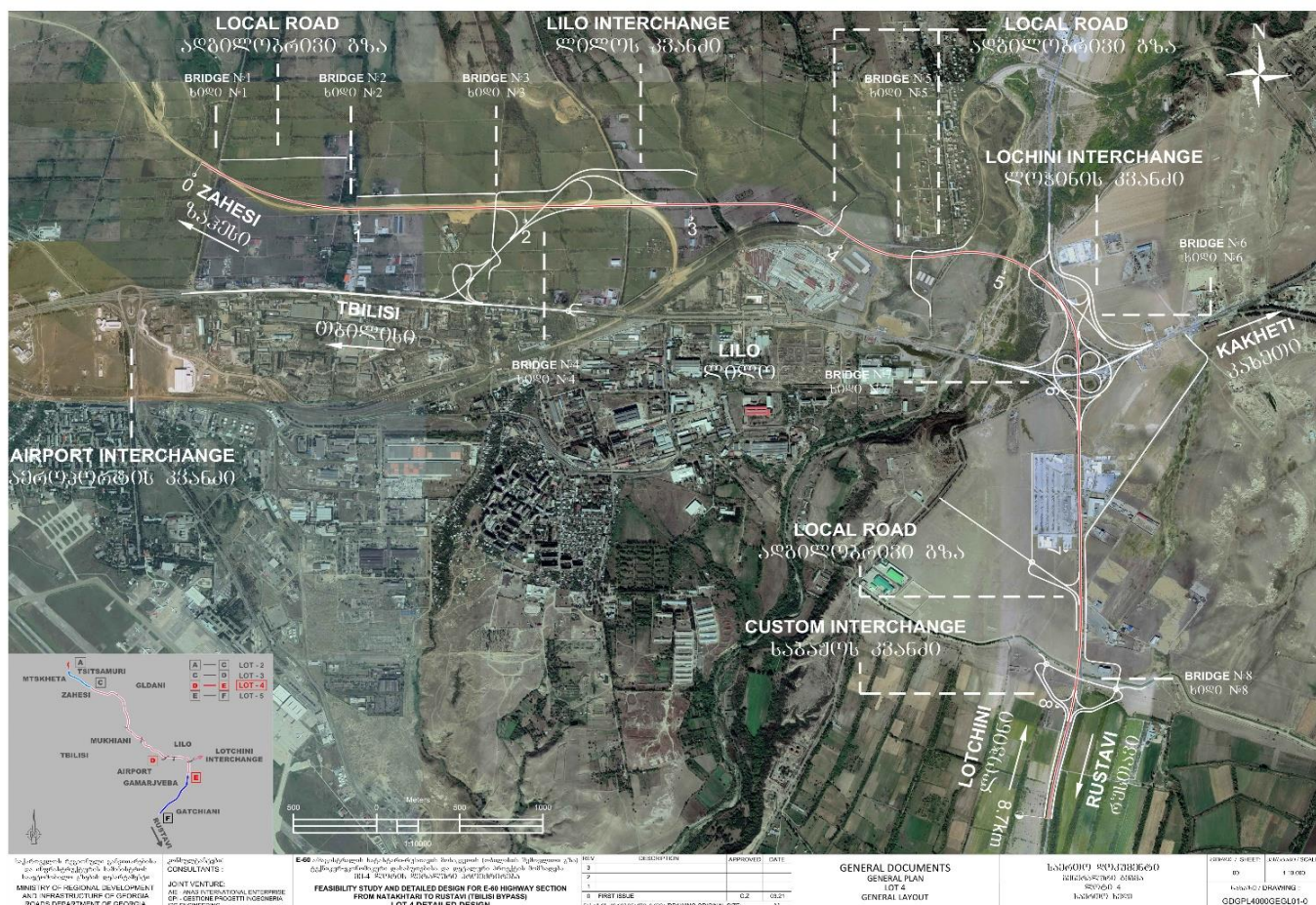


Figure 4.

45. The project will affect various existing utility and public service facilities, including internet lines, gas networks, water pipelines, amelioration channels, and electrical transmission lines. These impacts are expected to require permanent relocation and/or reconstruction of the affected infrastructure rather than only temporary construction-phase disruption. Where such facilities are affected, the Project will provide replacement, relocation, reinstatement, or restoration of the infrastructure in coordination with the relevant utility providers and responsible agencies, so that continuity of service to the wider public and users is maintained to the extent feasible. Compensation, where applicable, will be determined in accordance with contractual arrangements with utility owners, and the applicable project safeguard requirements. These facilities are under the ownership of following companies: BP, Delta Comm, Energo Pro Georgia, FO Optic, GWP, Henkel, Georgian Amelioration, Magticom, Neogas, Revenue Service, Silknet, Socar petroleum, Tbilisi Energy, Telasi. Notwithstanding the scale of utility relocation required under Lot 4, the engineering design has been optimized to avoid any additional impacts arising from utility servitudes. The servitude impact buffer is fully aligned with, and confined within, the permanent acquisition corridor (ROW), and does not extend beyond the footprint of land already subject to permanent acquisition. Consequently, utility relocation does not result in any incremental impacts on private land, and the number of land parcels affected by servitudes is zero. However, during the

construction, if relocation of any utility facilities will result in additional impacts on private property, the relevant impact assessment and corresponding compensation entitlements will be done and the results will be incorporated into the LARP Addendum, which will be prepared in such cases.

1.1. LAR-Related Project Processing Conditionalities

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

1. Loan Signing: conditional on draft LARP ready for disclosure.

2. Notice for proceed with civil works:

47. The full and sectional implementation (whichever applicable) of the final LARP with the full satisfaction of RD and ADB;

48. 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

49. The preparation of an external LARP completion report (CRs) by external monitor approved by ADB.

1.2. Minimizing Land Acquisition and Resettlement

50. Due consideration has been given during the design of the road alignment, access arrangements, and intersections layout to minimize adverse impacts related to land acquisition and involuntary resettlement. The design was reviewed with the objective of avoiding or reducing impacts on private land plots, existing structures, businesses, and access arrangements to the extent technically feasible. Specific attention was given to the section between the Airport Interchange and Lochini Interchange, before reaching the Lilo Market area, where the design was adjusted to minimize impacts on non-agricultural land plots.

51. The following specific measures were applied during the route and design optimization process:

(i) In the section between the Airport Interchange and Lochini Interchange, prior to reaching the Lilo Market area, the design was reviewed and adjusted in two locations where minor impacts on non-agricultural land plots were identified. In the first location, related to the rehabilitation of the existing road – km 00+400 – km 00+480, impacts were identified on four non-agricultural land plots. In the second location, related to the construction of the new highway section from km 0+00 – km 0+080, impacts were identified on two non-agricultural land plots.

(ii) To minimize land acquisition impacts in these locations, the road buffer was reduced by approximately 1 meter where technically feasible. This adjustment allowed the Project to reduce the scale of impacts on adjacent non-agricultural land plots while maintaining the required engineering and road safety standards.

(iii) The design of access roads and intersections was reviewed to avoid unnecessary resettlement impacts and to maintain access to remaining private land plots and existing land uses to the extent feasible

. (v) The adopted minimization measures are particularly relevant for the section before the Lilo Market area, where the Project sought to avoid or reduce impacts on non-agricultural land plots and maintain access conditions, while ensuring that the final road design remains technically feasible and safe.

2. CENSUS AND IMPACT ASSESSMENT

52. The census and 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 February 6, 2026, and was ended on March 31, 2026. ³ The start of the Census and Detailed Measurement Survey (DMS) (5 February 2026) was established as a compensation eligibility Cut-off-date for the Project and disclosed during the public consultations. During this consultation, participants were informed about the upcoming census start date, the Grievance Redress Mechanism and the cut-off date establishment principle.

53. The census and DMS activities formally commenced on 6 February 2026, and this date has been established as the official cut-off date for eligibility under the LARP.

54. In addition to the initial public consultation, information regarding the cut-off date was further disclosed directly to Affected Persons (APs) during the census and inventory process, through individual consultations at household level. This ensured that all identified APs were informed about the cut-off date and its implications. The disclosure process combined public consultation and individual-level communication to ensure adequate awareness among affected persons.

55. 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.

56. 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

57. Overall, a total of 269 AHs comprising 915 APs will be impacted by the Project. In addition to individual households, the Project will affect six entities -large businesses, which are not included in the number of AHs and are therefore classified separately as Affected Parties. These include five major private companies: Rompetrol, SOCAR, Wissol, Tegeta, and Greenway and one state-owned enterprise, JSC Georgian Railway.

58. In terms of land ownership, 241 AHs will lose privately registered land plots, while 57 AHs will lose land plots currently registered as state-owned but under the actual possession of private users. Some households are affected by multiple land plots, including both registered land and land under ongoing registration processes.

59. With respect to land use, impacts are primarily on agricultural land (166 AHs) and non-agricultural land (109 AHs), with a smaller number of residential land plots (4 AHs) also affected. In addition, 3 AHs will lose annual crops, while 43 AHs will be affected by the loss of trees located on their land plots. The Project will also impact 126 AHs through loss of structures, including residential, commercial, and auxiliary buildings, as well as fences and other improvements. A total of 21 AHs will experience business losses, and the same number of businesses will require relocation. In addition, 4 households will be

³ Original data collection was conducted in 2022, and it was updated in 2026.

physically displaced and require relocation. Furthermore, 202 AHs are classified as severely affected, while 8 AHs are identified as vulnerable and will be eligible for additional assistance.).

Table 2. Impact summary per Impact type

| N | Impacts | Quantity | m ² / lm | No. of AHs | No. of APs | Remarks |
|---|---|------------|---------------------|------------|------------|---------|
| A. Affected Land by Ownership status | | | | | | |
| 1 | Private, registered land | 290 | 487453 | 241 | 819 | |
| 2 | Land registered in NAPR as state owned but under the actual possession of private users | 63 | 56632 | 57 | 194 | |
| 3 | State owned land not used by private users | 53 | 162869 | 0 | 0 | |
| 4 | Municipal | 26 | 57511 | 0 | 0 | |
| 5 | Land plots owned by JSC "Georgian Railway" | 96 | 151423 | 0 | 0 | |
| | Sub Total (without double counting) | 528 | 915888 | 269 | 915 | |
| B. Land by type of use | | | | | | |
| 7 | Agricultural | 284 | 579866 | 166 | 664 | |
| 8 | Non-Agricultural | 240 | 329233 | 109 | 371 | |
| 9 | Residential | 4 | 6789 | 4 | 14 | |
| | Sub Total (without double counting) | 528 | 915,888 | 269 | 915 | |
| C. Agricultural Patterns | | | | | | |
| 10 | Annual crops | 7 | 1637 | 3 | 10 | |
| 11 | Affected Trees | 55 | 2057 | 43 | 146 | |
| | Sub Total (without double counting) | 55 | | 43 | 146 | |
| D. Affected Structures | | | | | | |
| 12 | Residential houses | 4 | 314.44 | 4 | 14 | |
| 13 | Commercial/Administrative Buildings | 37 | 21450.3 | 18 | 61 | |
| 14 | Auxiliary buildings | 55 | 3043.32 | 17 | 58 | |
| 15 | Gates and fences | 159 | 8027.05 | 65 | 221 | |
| 16 | Compensation for equipment relocation, improvement of yard and technical conditions, etc. | 149 | - | 104 | 354 | |
| | Sub Total (without double counting) | 404 | | 126 | 428 | |
| E. Business and Income | | | | | | |
| 17 | Business loss | 28 | - | 21 | 71 | |
| 18 | Employment loss | | - | | | |
| | Sub Total (without double counting) | 28 | | 21 | 71 | |
| F. Affected Households | | | | | | |
| 19 | Severely affected Households | - | - | 202 | 687 | |
| 20 | Vulnerable Households | - | - | 8 | 27 | |
| 21 | Relocated businesses | 28 | - | 21 | 71 | |
| 22 | Relocated households | 4 | - | 4 | 14 | |
| | Sub Total (without double counting) | | | 203 | 290 | |
| 23 | Total AHs and APs (without double counting) | | | 269 | 915 | |

2.2 Impact on Land

60. The Project will result in permanent impacts on both agricultural and non-agricultural land. In total, 528 land plots will be affected.

61. Of these, 386 plots are privately registered, while 63 plots are not registered but are under the actual possession of affected households (AHs). In addition, 53 plots are state-owned land, 26 plots are owned by the Municipality, and 96 plots belong to JSC “Georgian Railway”. The number of land plots that fall under the impact zone of the power transmission lines or other utilities and is subject to a servitude agreement is 0.

62. Detailed information about land impact by type of the land and ownership is presented in table 3.

Table 3. Impact on land

| Land type by use | Registered | | | Land under actual possession | | | Total | | |
|--|---------------------|-------------------------|-------------|------------------------------|-------------------------|-------------|---------------------|-------------------------|-------------|
| | m2 under the impact | Total size of land plot | No of plots | m2 under the impact | Total size of land plot | No of plots | m2 under the impact | Total size of land plot | No of plots |
| Acquisition Agricultural | 308638 | 561302 | 178 | 23316 | 31796 | 24 | 331954 | 593098 | 202 |
| Acquisition Non-Agricultural | 178815 | 1094157 | 112 | 33316 | 36825 | 39 | 212131 | 1130982 | 151 |
| Agricultural Land owned by JSC “Georgian Railway” | 105672 | 144996 | 53 | 0 | 0 | 0 | 105672 | 144996 | 53 |
| Non -Agricultural Land owned by JSC “Georgian Railway” | 45751 | 100448 | 43 | 0 | 0 | 0 | 45751 | 100448 | 43 |
| Sub Total | 638876 | 1900903 | 386 | 56632 | 68621 | 63 | 695508 | 1969524 | 449 |
| Servitude Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Servitude Non-Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total | | | | | | | | | |
| State Owned Land | 162869 | 599375 | 53 | - | - | - | 162869 | 599375 | 53 |
| Servitude on State Land | 0 | 0 | | - | - | - | 0 | 0 | 0 |
| Municipal | 57511 | 433353 | 26 | - | -- | | 57511 | 433353 | 26 |
| Sub Total | 220380 | 1032728 | 79 | 0 | 0 | 0 | 220380 | 1032728 | 79 |
| Total | 859256 | 2933631 | 465 | 56632 | 68621 | 63 | 915888 | 3002252 | 528 |

2.3 Impact on Crops

63. The Project will affect 1637 m² of cropped land owned/used by 3 AH (With Double Counting). The total planted area is subdivided by crop presented in table 4.

Table 4. Impact on crops

| N | Type of agricultural crop | Number of Plots | Area | Number of AHs. |
|-------|---------------------------|--------------------------|------|--------------------------|
| 1 | Beetroot | 1 | 67 | 1 |
| 2 | Coriander (Cilantro) | 1 | 66 | 1 |
| 3 | Parsley | 1 | 67 | 1 |
| 4 | Garlic | 1 | 67 | 1 |
| 5 | Leek | 1 | 70 | 1 |
| 6 | Hay | 2 | 1300 | 2 |
| Total | | 7 | 1637 | 7 |
| | | 3 (With Double Counting) | | 3 (With Double Counting) |

Note: One household cultivates beetroot, coriander (cilantro), parsley, garlic, and leek within a single land plot.

2.4 Impact on Trees

64. The inventory identified trees-fruit-bearing and decorative-affected by permanent land acquisition under private ownership, while no trees will be impacted by servitude. There will not be tree planting restrictions on land plots due to servitude of TL or other utility relocation. Fruit trees are located on 55 land plots and are used by 43 households.

65. There are no identified non-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 5 below shows type and age of affected trees.

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.

Table 5. Impact on trees due to the impact of land acquisition

| # | Plant | Number of items by category (*) | | | | | | Total |
|--------------|--------------------------------|---------------------------------|----|-----|----|---|---|-------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | |
| 1 | Cherry (Sweet Cherry) | 4 | 40 | 17 | - | - | - | 61 |
| 2 | Sour Cherry | - | 6 | 10 | - | - | - | 16 |
| 3 | Apple | 2 | 20 | 22 | - | - | - | 44 |
| 4 | Quince | 2 | 9 | 13 | - | - | - | 24 |
| 5 | Pear | 1 | 7 | 3 | - | - | - | 11 |
| 6 | Plum | - | 23 | 25 | - | - | - | 48 |
| 7 | Mulberry | 3 | 3 | 16 | - | - | - | 22 |
| 8 | Hazelnut | - | 25 | 28 | - | - | - | 53 |
| 9 | Cherry Plum | 3 | 7 | 8 | - | - | - | 18 |
| 10 | Apricot | - | 10 | 2 | 3 | - | - | 15 |
| 11 | Cornelian Cherry (Dogwood) | - | 3 | 6 | - | - | - | 9 |
| 12 | Fig | - | 1 | 10 | 1 | - | - | 12 |
| 13 | Almond | 1 | 5 | 57 | 70 | - | - | 133 |
| 14 | Sour Plum (Tkemali) | - | 4 | 141 | 4 | - | - | 149 |
| 15 | Wild Cherry (Cherami) | - | 1 | 8 | 6 | - | - | 15 |
| 16 | Persimmon | - | 3 | 3 | - | - | - | 6 |
| 17 | Peach | 1 | 4 | 10 | - | - | - | 15 |
| 18 | Pomegranate | - | 3 | 12 | - | - | - | 15 |
| 19 | Bay Laurel | 1 | 1 | 1 | - | - | - | 3 |
| 21 | Walnut | 19 | 39 | 8 | 6 | - | - | 72 |
| 23 | Gooseberry | - | 2 | - | - | - | - | 2 |
| 25 | Medlar | - | 2 | - | - | - | - | 2 |
| 26 | Hawthorn | - | - | 1 | - | - | - | 1 |
| 22 | Grape (Rkatsiteli, Aladasturi) | - | 4 | 394 | 11 | - | - | 409 |
| 24 | Strawberry Tree | - | 1 | 1 | - | - | - | 2 |
| 26 | Blueberry | - | 1 | - | - | - | - | 1 |
| 27 | Raspberry | - | 25 | - | - | - | - | 25 |
| 20 | Grape (Arbor-trained) | - | 3 | 190 | - | - | - | 193 |
| 28 | Nectarine | 2 | - | - | - | - | - | 2 |
| 29 | Feijoa | - | 2 | - | - | - | - | 2 |
| 30 | Currant | 1 | 14 | 8 | - | - | - | 23 |
| 31 | Chestnut | - | - | 1 | - | - | - | 1 |
| 32 | Bilberry | - | - | 2 | - | - | - | 2 |
| 33 | Barberry | - | 1 | - | - | - | - | 1 |
| 42 | Decorative trees | 650 | | | | | | 650 |
| Total | | 2,057 | | | | | | |

66. Below is explained the Productivity Category of Trees (%) presented in the table above:

- 1 – Seedling
- 2 – Young (low-yield, not yet fully productive)
- 3 – Fully productive
- 4 – Declining productivity (75% of full yield)
- 5 – Declining productivity (50% of full yield)
- 6 – Declining productivity (25% of full yield)

2.5 Impact on Structures

67. The Project will affect a range of structures, including residential houses and commercial buildings, as well as auxiliary structures, fences, and various site improvements and technical facilities. A total of 126 AHs, comprising 428 APs (without double counting), will be impacted by structure-related losses. Among these, 4 households will be physically displaced due to the loss of residential houses, while 21 businesses will require relocation due to impacts on commercial structures and operations. All affected structures will be compensated at full replacement cost in accordance with the Entitlement Matrix. Detailed information about the impact on the buildings is presented in the Table 6 below.

Table 6. Impact on Structures

| Type of Structure | No of Structures | Number of land plots | m ² / Im | Number of HHs | APs |
|--|------------------|----------------------|---------------------|--------------------------------------|--------------------------------------|
| Residential houses | 4 | 4 | 314.44 | 4 | 14 |
| Commercial Buildings | 37 | 25 | 21450.3 | 18 | 61 |
| Auxiliary buildings | 55 | 29 | 3043.32 | 17 | 58 |
| Gates and fences | 159 | 88 | 8027.05 | 65 | 221 |
| Yard improvement, electricity supply, sewerage system, water supply, surveillance system, fire safety, technical conditions, transportation of oversized cargo of various dimensions, and other related works. | 149 | 149 | - | 104 | 354 |
| Total | 404 | - | - | 126 (without double counting) | 428 (without double counting) |

2.6 Income Loss: Business and Employment

68. Project has impact on areas used for commercial purposes. The small and medium 28 businesses owned by 21 HHs listed below in the Table 7, are subject to economic displacement as a result of the project impact and will be entitled to compensation and assistance in accordance with the Entitlement Matrix.

69. In addition, the Project affects 5 large private companies (affected Parties), including Rompetrol, SOCAR, Wissol, Tegeta, and Greenway. However, the impacts on these entities are limited and do not result in economic displacement or disruption to business operations. The Project affects only minor portions of the land plots on which these businesses are located. Accordingly, these entities will not be eligible for compensation related to business loss or other allowances. Compensation will be limited to the acquisition of the affected land at full replacement cost, in line with the provisions of the Entitlement Matrix.

70. Detailed information about affected businesses under the economical displacement is provided in Table 7 below.

Table 7. Business Impact

| No. | Plot No. | ID Number | Registration Type | Cadastral Code | Type of Structure | Type of Business |
|-----|----------|-------------|-------------------|------------------|--------------------------------------|-------------------|
| 1 | 097 | 60001051421 | Registered | 01.81.08.420.003 | Storage Facility | Medium (standard) |
| 2 | 103 | 406524275 | Registered | 81.08.16.271 | Storage Facility | Medium (standard) |
| 3 | 104 | 406322475 | Registered | 81.08.16.810 | Storage Facility | Medium (standard) |
| 4 | 106 | 12001052089 | Registered | 81.08.16.934 | Storage Facility | Medium (standard) |
| 5 | 123 | 01027008024 | Registered | 01.81.08.500.018 | Commercial Building | Medium (standard) |
| 6 | 127 | 01012010604 | Registered | 81.08.16.402 | Commercial Building (Aluminum works) | Medium (standard) |
| 7 | 144 | 208208688 | Registered | 81.08.00.003 | Fuel Station | Impacted |
| 8 | 285 | 43001003574 | Registered | 81.08.12.092 | Storage Facility | Medium (standard) |
| 9 | 301 | 20901075242 | Registered | 01.81.08.415.002 | Storage Facility | Medium (standard) |
| 10 | 310 | 20001017678 | Registered | 81.08.12.364 | Storage Facility | Medium (standard) |
| 11 | 311 | 20001017678 | Registered | 81.08.12.365 | Storage Facility | Medium (standard) |
| 12 | 335 | 205128253 | Registered | 81.08.11.401 | Vacant Building | Medium (standard) |
| 13 | 337 | 426528714 | Registered | 81.08.11.551 | Vacant Building | Medium (standard) |
| 14 | 377 | 201950273 | Registered | 81.10.27.467 | Industrial Facility | Medium (standard) |
| 15 | 398 | 01027005959 | Registered | 81.10.27.347 | Scrap Yard | Medium (standard) |
| 16 | 400 | 01017039101 | Registered | 81.10.39.147 | Restaurant | Medium (standard) |
| 17 | 401 | 01017039101 | Registered | 81.10.39.148 | Fuel Station | Medium (standard) |
| 18 | 402 | 01017039101 | Registered | 81.10.27.841 | Garage Boxes | Medium (standard) |

| | | | | | | |
|----|-------|-------------|--------------|--------------|------------------|-------------------|
| 19 | 403 | 12001027309 | Registered | 81.10.27.910 | Workshop | Small (standard) |
| 20 | 404 | 24001042095 | Registered | 81.10.27.909 | Workshop | Small (standard) |
| 21 | 406 | 24001042095 | Registered | 81.10.27.822 | Workshop | Small (standard) |
| 22 | 407 | 12001076993 | Unregistered | - | Drive-in | Small (standard) |
| 23 | 408 | 24001042095 | Unregistered | - | Part of Workshop | Small (standard) |
| 24 | 435 | 12001012719 | Registered | 81.10.39.927 | Laundry | Small (standard) |
| 25 | 435-1 | - | Unregistered | - | Shop / Laundry | Small (standard) |
| 26 | 442 | 12001091743 | Registered | 81.10.39.003 | Drive-in / Shop | Small (standard) |
| 27 | 442-1 | - | Unregistered | - | - | Small (standard) |
| 28 | 483 | 404948713 | Registered | 81.07.04.572 | Warehouse | Medium (standard) |

71. At the time of LARP preparation, the affected businesses were unable to provide financial documentation confirming their taxable profits from the affected business over the past three years. However, should such documentation be submitted during LARP implementation, compensation will be provided in accordance with the Entitlement Matrix. In the absence of verifiable income documentation, businesses will receive a one-time allowance equivalent to a 12-month subsistence unit rate, as defined in the EM.

72. At the time of LARP preparation, **business operators who own and/or lease storage premises** were unable to provide supporting documentation confirming ownership or tenancy arrangements, as well as verifiable records of taxable income. However, should such documentation be submitted during LARP implementation, compensation will be also provided in accordance with the provisions of the Entitlement Matrix.

73. At the time of LARP preparation, the affected businesses were unable to provide supporting documentation confirming **salary payments (including bank transfer records) and/or the number and status of employees.**

74. In the absence of such documentation, compensation for affected employees will be determined based on the subsistence unit rate, in accordance with the Entitlement Matrix. However, should verifiable documentation (including confirmation of the number of employees and salary records) be provided during LARP implementation, compensation will be recalculated accordingly, based on the actual income levels, in line with the provisions of the EM.

75. All above-mentioned compensation and allowances, subject to submission and verification of the required supporting documentation, will be financed from the LARP budget, including the contingency allocation.

2.7 Impact on Severely Affected, Physically and Economically displaced and Vulnerable Household

76. Among the 8 identified vulnerable households, 7 are also categorized as severely affected. One of these households, HH 251, is both physically displaced due to loss of residential house and severely affected. The remaining 6 severely affected vulnerable households are not physically displaced. One vulnerable household is not categorized as severely affected but remains eligible for vulnerability assistance under the Entitlement Matrix. All vulnerable households, including those that are also severely affected and/or physically displaced, will receive all applicable compensation, allowances, and assistance measures in accordance with the Entitlement Matrix. The total number of vulnerable

| Vulnerability Category | Number of Households | Number Of APs | Main source of income |
|---|----------------------|----------------------|-----------------------|
| Poor households as defined by the official poverty line | 1 | 4 | Government Assistance |
| Elderly households with no means of support | 2 | 4 | Pension |
| Female-headed households regardless of dependent status | 2 | 5 | Government Assistance |
| Disabled households with members who have disabilities; | 2 | 8 | Pension |
| Refugees or internally displaced people. | 1 | 2 | Government Assistance |
| Total | 8 | 23 | |
| Type of allowances | | Number Of AHs | Number Of APs |

households is 8 HHs, without double counting, the results are presented on the tables below:

Table 8 Impact on vulnerable households

| Impact status of vulnerable households | Number of vulnerable HHs | AP/HH codes | Remarks |
|--|---|-----------------------------------|---|
| Vulnerable households that are physically displaced | 1 | 251 | HH affected by loss of residential house. This household is also categorized as severely affected and will receive all applicable compensation, allowances, and assistance measures under the Entitlement Matrix, including vulnerability assistance, severe impact assistance, and relocation-related assistance, as applicable. |
| Vulnerable households that are severely affected | 7 | 021, 189, 249, 251, 295, 316, 493 | These HHs are eligible for severe impact assistance, together with vulnerability assistance and any other applicable compensation, allowances, and mitigation measures under the Entitlement Matrix. This category includes HH 251, which is also physically displaced. |
| Vulnerable households not categorized as severely, economically or physically affected | 1 | 281 | HH eligible for vulnerability assistance under the Entitlement Matrix, but no severe impact or physical displacement is recorded in the current data. |
| Total vulnerable households | 8 HHs, (without double counting) | | The total reflects the number of vulnerable households. Since HH 251 falls under both physical displacement and severe impact categories, the above categories should not be added together. |

2.8 Impact on Severely Affected, Physically and Economically displaced and Vulnerable Household

77. A total of 202 Affected Households (AHs), comprising 687 Affected Persons (APs) (without double counting), are eligible for severity-related allowances under the Project. Among these, 170 AHs (578 APs) are classified as severely affected due to the loss of more than 10% of their affected land. In addition, 4 AHs (14 APs) will be subject to physical relocation, and 28 AHs (95 APs) will experience impacts on 10% or more of their income-generating assets.

Table 9. Impact on Severely Affected households

| Description | Number of Units | Number of HHs |
|--|--------------------------------------|--------------------------------------|
| Severely affected Households, of which: | | |
| (i) Losing more than 10% of affected land | 170 | 578 |
| (ii) Loss of 10%-29% of affected land plots | 52 | 177 |
| (iii) Loss of 30%-59% of affected land plots | 28 | 95 |
| (iv) Loss of 60%-99% of affected land plots | 5 | 17 |
| (v) Loss of 100% of affected land plots | 85 | 289 |
| (vi) HHs Under the physical relocation | 4 | 14 |
| (vii) HHs under the impact on 10% or more of income generating assets (Economically displaced) | 28 | 95 |
| Total | 202 (without double counting) | 687 (without double counting) |

Table 10. Physically and Economically Displaced HHs

| Description | Number of Units | Number of HHs |
|--|-----------------|---------------|
| Residential House | 4 | 4 |
| Households losing commercial/business establishments - (permanent business relocation) | 28 | 21 |

2.9 Indigenous People

78. 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.

2.10 Public Facilities and Infrastructures (Permanent and Temporary Impact during Construction and Natural resources)

79. No impacts on public facilities and infrastructure (both permanent and temporary during construction) or natural resources have been identified at this stage of LARP preparation.

80. However, should any such impacts be identified during LARP implementation, they will be assessed and addressed in accordance with the provisions of the Entitlement Matrix , and appropriate compensation and mitigation measures will be applied.

81. These aspects will be closely monitored during construction and LARP implementation, and any unforeseen impacts will be promptly identified, documented, and addressed through the Project's monitoring and reporting mechanisms.

3. SOCIOECONOMIC INFORMATION

3.1 Regional Socioeconomic Profile of the Project Area (Lot 4 and 5)

82. The Project area covers parts of Tbilisi Municipality (Samgori / Lilo District) and Gardabani Municipality in Kvemo Kartli region. The area represents a transitional peri-urban corridor with strong economic linkages to Tbilisi and Rustavi, influenced by its proximity to major transport corridors and logistics hubs. According to official data from the National Statistics Office of Georgia (latest available data for 2023–2024), the broader Project area is characterized by a population of approximately 1.2 million in Tbilisi Municipality, around 435,000 in Kvemo Kartli region, and approximately 85,000 in Gardabani Municipality.

1.1.1. Local Economy and Poverty

83. The local economy is diversified and includes agriculture (crop production, livestock, and small orchards), trade and logistics activities (including Lilo Market and warehouse operations), industrial employment linked to the Rustavi industrial zone, as well as public sector and informal employment.

84. Labor market indicators show that the national unemployment rate stands at approximately 14.2% (Geostat, 2023), with Kvemo Kartli region demonstrating relatively lower levels of formal employment and a higher dependence on agriculture and low-productivity jobs. A significant share of employment in the Project area is informal or self-employed, particularly in rural and peri-urban areas.

85. The share of population below the national relative poverty line is approximately 17.5% (Geostat, 2023), with higher vulnerability levels observed in Kvemo Kartli compared to Tbilisi. A proportion of households are registered in the Targeted Social Assistance (TSA) program, with eligibility thresholds defined at 100,001 score and extreme poverty threshold at 57,001 score. Vulnerable groups include low-income rural households, female-headed households, and elderly populations.

86. Household livelihoods are typically diversified, combining farming, wage labor, and informal income-generating activities. The Project area is economically strategic due to its proximity to Tbilisi International Airport, access to major transport corridors (E60 / Kakheti Highway), and its role as a logistics and trade hub. Tbilisi’s economy is dominated by services, trade, transport, and the public sector, while Kvemo Kartli and Gardabani rely more heavily on agriculture, industrial employment, and logistics activities.

Table 11. Distribution of Population

| Indicator | Tbilisi Municipality | Kvemo Kartli Region | Gardabani Municipality | Source |
|-------------------------------|----------------------------|-----------------------------|---------------------------|---------------------|
| Population (2023) | ~1.2 million | ~435,000 | ~85,000 | Geostat (2023) |
| Unemployment Rate (2023) | Lower than national avg. | Higher than Tbilisi | Similar to regional trend | Geostat (2023) |
| National Unemployment | - | 14.2% | - | Geostat (2023) |
| Poverty Rate (relative) | Lower | Higher than Tbilisi | Moderate–high | Geostat (2023) |
| Population below poverty line | - | - | - | ~17.5% national |
| TSA Coverage | Moderate | Higher concentration | Present | MoLHSA / Geostat |
| Main Economic Sectors | Services, trade, transport | Agriculture, industry | Agriculture, logistics | Geostat (2023–2024) |
| Employment Type | Formal dominant | Informal/self-employed high | Mixed | Geostat |

87. The Project area demonstrates a diversified economic structure. Tbilisi is dominated by services, trade, transport, and public sector employment, while Kvemo Kartli and Gardabani rely more on agriculture, industrial employment (Rustavi), and logistics/trade activities.

88. Employment patterns indicate a high share of self-employment and informal work, particularly in rural and peri-urban areas. Households typically rely on multiple income sources, including farming, wage labor, and small businesses. This diversification is a key coping mechanism but also indicates vulnerability to disruption of any single income source.

89. Poverty levels, estimated at approximately 17.5% nationally (Geostat, 2023), are relatively higher in Kvemo Kartli. Households registered in the Targeted Social Assistance (TSA) program (threshold 100,001; extreme poverty 57,001) are present in the Project area, indicating pockets of vulnerability.

1.1.2. Land Use and Tenure

90. Land use in the Project area is mixed and includes agricultural land (annual crops, orchards, and pasture), residential plots in both formal and informal settlements, commercial and industrial areas (particularly along the Lilo–Rustavi corridor), and state-owned land associated with infrastructure and utility corridors.

91. Land tenure is characterized by a combination of registered private ownership and unregistered but used by under the private possession land. Already finalized systematic and ongoing sporadic land registration processes led by NAPR are gradually formalizing land ownership; however, some proportion of land, particularly in peri-urban areas such as Lilo and the outskirts of Gardabani, remains unregistered or registration is ongoing. Informal occupation, including the use of state-owned land and structures, as well as both formal and informal lease arrangements, is also observed.

92. Livelihoods are closely linked to land use, with many households relying on multiple income sources, including agriculture, wage labor, and small business activities.

1.1.3. Sociocultural Structure and Land Legacy Issues

93. The population in the Project area is socially and ethnically diverse, particularly in Gardabani Municipality, where ethnic Azerbaijani communities reside alongside Georgian populations. The social structure is characterized by strong family and community networks and a continued reliance on land-based livelihoods, although increasing pressures from Tbilisi are influencing settlement patterns and economic activities.

94. Land legacy issues in the area include historical use of land without formal registration, informal land transactions, inheritance-based ownership practices, and in some cases overlaps with parcel boundaries. In addition, the use of state-owned land for residential or economic purposes is observed in some locations.

95. These factors contribute to tenure insecurity for certain households and necessitate careful, case-by-case verification during LARP implementation. They also underline the importance of inclusive consultation processes and an accessible and effective grievance redress mechanism to address potential disputes and ensure fair treatment of all affected persons.

3.2 Gender and Vulnerability

96. Women in the Project area participate in agriculture, small trade, and household-based economic activities. Consultations have been conducted with both men and women; however, continued targeted engagement with women will be ensured during LARP implementation to capture their specific needs and priorities.

3.3 Population and Demography

97. According to data from the National Statistics Office of Georgia (Geostat), the population of the Project area is characterized by a high concentration in Tbilisi and moderate population density in Kvemo Kartli region. As of 2023, Tbilisi Municipality has approximately 1.2 million residents, Kvemo Kartli region approximately 435,000 residents, and Gardabani Municipality approximately 85,000 residents.

98. Kvemo Kartli region is ethnically diverse, with a significant share of ethnic Azerbaijani population alongside Georgian communities. Population trends indicate ongoing urban expansion from Tbilisi toward peri-urban areas such as Lilo and Gardabani.

Table 12. Population Dynamics (2014–2024)

| Year | Georgia (thousand) | Tbilisi (thousand) | Kvemo Kartli (thousand) |
|------|--------------------|--------------------|-------------------------|
| 2014 | 3,716.9 | 1,118.0 | 423.9 |
| 2015 | 3,721.9 | 1,130.0 | 426.5 |
| 2016 | 3,728.6 | 1,140.0 | 429.0 |
| 2017 | 3,726.4 | 1,150.2 | 431.2 |
| 2018 | 3,729.6 | 1,158.0 | 433.0 |
| 2019 | 3,723.5 | 1,166.1 | 434.5 |
| 2020 | 3,716.9 | 1,176.0 | 435.0 |
| 2021 | 3,728.6 | 1,186.4 | 435.5 |
| 2022 | 3,688.6 | 1,195.3 | 435.7 |
| 2023 | 3,736.4 | 1,205.4 | 435.9 |
| 2024 | 3,694.6 | 1,210.0 | 436.0 |

Source: Geostat

Table 13. Birth Rate (2013–2023)

| Year | Georgia | Kvemo Kartli | Tbilisi |
|------|---------|--------------|---------|
| 2013 | 49,657 | 5,200 | 15,400 |
| 2014 | 60,635 | 5,400 | 17,200 |
| 2015 | 59,249 | 5,350 | 16,800 |
| 2016 | 56,569 | 5,200 | 16,200 |
| 2017 | 53,293 | 5,050 | 15,900 |
| 2018 | 51,138 | 4,900 | 15,400 |
| 2019 | 48,296 | 4,700 | 14,900 |
| 2020 | 46,520 | 4,500 | 14,300 |
| 2021 | 45,946 | 4,400 | 14,000 |
| 2022 | 42,319 | 4,200 | 13,500 |
| 2023 | 40,214 | 4,000 | 13,000 |

Source: Geostat

Table 14. Death Rate (2013–2023)

| Year | Georgia | Kvemo Kartli | Tbilisi |
|------|---------|--------------|---------|
| 2013 | 48,564 | 4,800 | 12,900 |
| 2014 | 49,087 | 4,850 | 13,100 |
| 2015 | 49,121 | 4,900 | 13,300 |
| 2016 | 50,771 | 5,000 | 13,800 |
| 2017 | 47,822 | 4,850 | 13,200 |
| 2018 | 46,524 | 4,700 | 12,900 |
| 2019 | 46,659 | 4,650 | 12,800 |
| 2020 | 50,537 | 5,200 | 14,500 |
| 2021 | 59,906 | 5,800 | 17,200 |
| 2022 | 49,118 | 5,000 | 13,900 |
| 2023 | 42,756 | 4,600 | 12,800 |

Source: Geostat

3.4 Health Care

99. Healthcare services in the Project area are available in both Tbilisi and Gardabani municipalities and include primary healthcare centers, outpatient clinics, and emergency medical services. Tbilisi, as the capital city, provides access to a wide network of multi-profile hospitals and specialized medical facilities, serving both urban and surrounding rural populations.

100. According to data from the National Statistics Office of Georgia (2023–2024), access to healthcare services is significantly higher in Tbilisi compared to regional municipalities. The number of physicians per 10,000 population in Georgia is approximately 55–60, with a higher concentration in Tbilisi and lower availability in rural regions such as Kvemo Kartli.

101. In Gardabani Municipality, healthcare is primarily delivered through outpatient clinics and primary healthcare centers. More complex medical cases are referred to hospitals in Tbilisi and Rustavi. Emergency medical services are available across the Project area with nationwide coverage; however, response time and service quality may vary, particularly in peri-urban and rural settlements.

102. These disparities in healthcare access are relevant for vulnerable households, especially those with elderly members, persons with disabilities, or chronic health conditions, and are considered in LARP implementation and support measures.

3.5 Education and Infrastructure

103. The Project area demonstrates relatively high levels of infrastructure development, particularly in Tbilisi, while Gardabani Municipality has moderate but improving access.

104. According to Geostat data (2023–2024), school enrollment rates in Georgia exceed 95% for general education, indicating broad access to primary and secondary education. Tbilisi hosts a large number of public and private schools, vocational institutions, and higher education facilities, while

Gardabani Municipality provides general education schools and kindergartens serving local communities.

105. Mobile communication coverage is extensive, with approximately 95–98% of the population having access to mobile networks. Internet access is widely available in Tbilisi and increasingly accessible in Gardabani; however, rural areas may experience lower speed and reliability.

106. Electricity supply coverage is close to 100% nationwide, and natural gas supply is available in most settlements, particularly in urban and peri-urban areas. Water supply infrastructure is present, although service continuity and quality may vary between municipalities.

107. Transport infrastructure is well developed along the main corridors, including the E60 and Kakheti Highway. Public transport services connect settlements in the Project area with Tbilisi and Rustavi, supporting access to employment, education, and healthcare services.

Table 15. Comparative Access to Services (Urban vs Peri-Urban)

| Indicator | Tbilisi (Urban) | Gardabani / Peri-Urban |
|----------------------------------|--|--|
| Access to hospitals | High (multi-profile, specialized facilities) | Limited (referral to Tbilisi/Rustavi) |
| Physicians per 10,000 population | Higher than national average | Lower than national average |
| School access | Widely available | Available, but with more limited resources |
| Internet access | High quality and speed | Moderate and variable quality |
| Mobile coverage | ~98% | ~95–98% |
| Electricity access | ~100% | ~100% |
| Gas supply | High coverage | Moderate to high coverage |
| Transport connectivity | Well-developed | Moderate |

Source: National Statistics Office of Georgia (2023–2024), sectoral data

3.6 Gender-Disaggregated Access to Services

108. Access to social services in the Project area shows certain gender-related differences, particularly in relation to employment, mobility, and use of public services.

109. According to available data from the National Statistics Office of Georgia (2023–2024), both women and men have access to basic services such as healthcare, education, and infrastructure; however, differences are observed in terms of accessibility, usage patterns, and economic participation.

110. Women in the Project area are more likely to be engaged in informal or home-based economic activities, particularly in agriculture and small-scale trade.

111. In terms of healthcare, women generally have regular interaction with primary healthcare services, including maternal and family health services; however, access to specialized healthcare may be constrained by mobility limitations, household responsibilities, and financial dependency. Elderly

women and women with chronic health conditions may face additional barriers in accessing timely medical services, particularly in peri-urban and rural areas.

112. Education access is generally equal for boys and girls at primary and secondary levels, with high enrollment rates nationally. However, differences may emerge in vocational and employment pathways, where women are less represented in technical and higher-income sectors.

113. Access to infrastructure services, including water, energy, and transport, is generally similar for men and women; however, women are often more affected by service disruptions, as they typically bear greater responsibility for household management, including water collection (where relevant), childcare, and domestic activities.

Table 16. Gender-Disaggregated Access to Services

| Indicator | Men | Women | Key Observations |
|--------------------------------|--------------------------|-----------------------------------|--|
| Employment | Higher formal employment | Higher informal work | Women economically more vulnerable |
| Income control | Higher | Moderate | Women often financially dependent |
| Healthcare access | Direct access | Access may depend on HH decisions | Mobility constraints for women |
| Education | Equal access | Equal access | Differences in career outcomes |
| Participation in consultations | Higher | Moderate | Social factors influence participation |
| Access to transport | Higher mobility | More limited mobility | Affects access to services |
| Impact of service disruption | Moderate | Higher | Due to household roles |

3.7 Results of Socio-Economic Survey

114. It should be noted that all affected households were covered by the census, which was carried out in parallel with the inventory process. During the census, the total number of households under impact was identified, and information regarding their disadvantaged/vulnerable status was obtained.

115. According to the pre-designed questionnaire, a survey of the local population was conducted in order to study the socio-economic condition of the population in the territory of Tbilisi Municipality (Samgori / Lilo District) and Gardabani Municipality in Kvemo Kartli region.

116. A total of 113 families were interviewed during the survey period. It should be noted that information on disadvantaged and vulnerable APs was fully collected during the Census. The SES covered 42% of all affected households: 113 HHs out of 269 HHs.

117. This 42% of interviewed households includes 1 household subject to physical displacement, 50% of HHs under the economical displacement and 50 households losing 100% of their land.

118. The reasons of non-response are provided in table 17 below:

Table 17. Reasons of non-response

| | | |
|--------------------------------------|-----|-------|
| Total Number of HHs | 269 | % |
| Interviewed | 113 | 42% |
| Rejected to answer SES questionnaire | 47 | 17.5% |
| Unable to contact the HH | 109 | 40.5% |

Note: In order to minimize the non-response rate, the following approach was applied during the survey: each respondent was visited by the interviewer at their officially registered residential address at least three times over the course of the survey period.

119. However, a portion of the respondents were not present in Georgia and/or were not residing at their officially registered addresses. In addition, local authorities did not have information on their alternative locations. Given these constraints and considering the limited timeframe for preparation of the draft LARP, a total of 113 households were successfully interviewed at this stage. Despite the above limitations, the achieved sample size is considered sufficient to provide a representative and reliable overview of the socio-economic conditions of the affected households. Additional efforts to reach non-responding households will be undertaken.

Table 18. Information Regarding the HHs Interviewed for Census and SES

| | Number of AHs interviewed | Average number of family members household | Number of Assessed HHs members/persons | Number of Men | Number of women |
|--------|---------------------------|--|--|---------------|-----------------|
| Census | 269 | 3,4 | 915 | 476 | 439 |
| SES | 113 | 3.4 | 452 | 235 | 217 |

120. Information regarding the surveyed population is given in Table 18.

Table 19. Information on the population

| Number of surveyed families | Average number of surveyed families, family members | Number of surveyed persons |
|-----------------------------|---|----------------------------|
| 133 | 3.4 | 452 |

3.8 Age Structure and Population Distribution

121. The age and gender composition of the affected population indicates a relatively balanced demographic structure with a concentration in economically active age groups.

122. Based on Table 19, the largest share of the population falls within the 41–60 age group (30%), followed by the 21–40 age group (28%) and the 61–80 age group (19%). The 1–20 age group accounts for approximately 22%, while the elderly population above 80 years represents a relatively small share (approximately 2%).

123. This distribution suggests that the majority of affected persons are within working age categories (21–60 years), indicating a strong dependence on income-generating activities such as agriculture, wage labor, and small business operations. At the same time, the presence of both younger (1–20 years) and older (61+ years) population groups highlights the need to consider dependency ratios and household vulnerability.

124. The gender distribution is broadly balanced, with women representing 48% and men 52% of the total affected population. Minor variations across age groups are observed; for example, males slightly dominate in the 21–60 age categories, while females have a relatively higher share in older age groups, which is consistent with general demographic trends.

Table 20. Population Distribution According to Age and Gender

| Range | Women | % | Men | % | Total | % |
|--------------|------------|-------------|------------|-------------|------------|-------------|
| 1 - 20 | 40 | 22% | 43 | 22% | 83 | 22% |
| 21 - 40 | 49 | 26% | 57 | 29% | 106 | 28% |
| 41 - 60 | 53 | 29% | 60 | 30% | 113 | 30% |
| 61 - 80 | 39 | 21% | 35 | 18% | 74 | 19% |
| 81 - 100 | 4 | 2% | 3 | 2% | 7 | 2% |
| 100+ | - | 0% | - | 0% | - | 0% |
| Total | 185 | 100% | 198 | 100% | 383 | 100% |

3.9 Marital status

125. As for marital status, the majority of the affected population is married (55%), followed by single individuals (19%). Widowed persons account for 6%, while divorced individuals represent a relatively small share (2%). A proportion of respondents (19%) fall under other or not specified categories.

126. The gender distribution indicates that both women and men are similarly represented across marital status categories, although a higher proportion of widowed individuals are women, which reflects general demographic trends and has implications for vulnerability assessment.

Table 21. Marital Status of Affected Population

| Marital Status | Women | % | Men | % | Total | % |
|-----------------------|------------|-------------|------------|-------------|------------|-------------|
| Married | 97 | 53% | 106 | 56% | 203 | 55% |
| Single | 29 | 16% | 40 | 21% | 69 | 19% |
| Divorced | 2 | 1% | 4 | 2% | 6 | 2% |
| Widowed | 20 | 11% | 4 | 2% | 24 | 6% |
| Other / Not specified | 34 | 19% | 36 | 19% | 70 | 19% |
| Total | 182 | 100% | 190 | 100% | 372 | 100% |

3.10 Education

127. The education profile of the affected population indicates that the majority of respondents have completed secondary or higher education, with 51% holding higher education degrees and 17% having completed secondary education. A smaller proportion has incomplete secondary or vocational education, while very few respondents fall into the categories of elementary or no formal education.

128. The gender distribution across education levels is relatively balanced, with no significant disparities between women and men. The relatively high level of education suggests that affected households may have diversified livelihood opportunities, although dependence on local economic activities remains significant.

Table 22. Education Level of the Surveyed Population

| Education Level | Women | % | Men | % | Total | % |
|-----------------------------|------------|-------------|------------|-------------|------------|-------------|
| Without education | 1 | 1% | 1 | 1% | 2 | 1% |
| Preschool | 8 | 4% | 9 | 5% | 17 | 5% |
| Elementary | - | 0% | 1 | 1% | 1 | 0% |
| Incomplete secondary | 19 | 10% | 20 | 10% | 39 | 10% |
| Secondary | 29 | 16% | 33 | 17% | 62 | 17% |
| Vocational | 11 | 6% | 8 | 4% | 19 | 5% |
| Incomplete higher education | 15 | 8% | 19 | 10% | 34 | 9% |
| Higher education | 94 | 52% | 98 | 51% | 192 | 51% |
| Other | 4 | 2% | 3 | 2% | 7 | 2% |
| Total | 181 | 100% | 192 | 100% | 373 | 100% |

3.11 Employment

129. The employment profile of the affected population indicates that the largest share of respondents is employed (45%), followed by unemployed individuals seeking employment (11%) and pensioners (14%). Students and pupils account for 10% of the population, while 6% are unemployed and not actively seeking employment.

130. A portion of respondents (13%) falls under the category of not applicable (below 18 years), indicating the presence of dependent household members. The gender distribution shows that men have a higher representation among employed individuals, while women are slightly more represented among economically inactive groups.

131. This distribution reflects a mixed livelihood structure, with a significant share of economically active population alongside vulnerable groups such as unemployed individuals and pensioners, which is relevant for assessing Project impacts and designing livelihood restoration measures.

Table 23. Information on Employment Status of the Surveyed Population

| Employment Status | Women | % | Men | % | Total | % |
|--------------------------------------|------------|-------------|------------|-------------|------------|-------------|
| Employed | 62 | 35% | 100 | 53% | 162 | 45% |
| Pensioner | 34 | 19% | 16 | 9% | 50 | 14% |
| Student / Pupil | 18 | 10% | 18 | 10% | 36 | 10% |
| Unemployed and not looking for a job | 17 | 10% | 5 | 3% | 22 | 6% |
| Unemployed and looking for a job | 19 | 11% | 22 | 12% | 41 | 11% |
| Army servant | 1 | 1% | - | 0% | 1 | 0% |
| Incapable | - | 0% | - | 0% | - | 0% |
| Other | 1 | 1% | 2 | 1% | 3 | 1% |
| Not applicable (below 18) | 24 | 14% | 25 | 13% | 49 | 13% |
| Total | 176 | 100% | 188 | 100% | 364 | 100% |

3.12 Employment Structure by Type of Economic Activity

132. The distribution of the affected population by type of economic activity indicates a diversified employment structure, with a predominance of private sector employment and self-employment.

133. The largest share of respondents is employed in the private sector (27%), followed by self-employed and entrepreneurs (24%), and public sector employees (18%). A smaller proportion of respondents are classified as employers (5%), while employment in agriculture-related categories is minimal. Approximately 22% of respondents fall under the category of not applicable, which mainly includes individuals below working age.

134. The gender distribution reveals notable differences across employment categories. Women are more represented in public sector employment (66%), suggesting relatively higher participation in formal and stable jobs. In contrast, men dominate in private sector employment (60%), self-employment (74%), and employer categories (83%), indicating greater involvement in income-generating and entrepreneurial activities.

135. Self-employment represents a significant share of livelihoods, particularly among men, reflecting the importance of informal and small-scale economic activities in the Project area. This pattern is consistent with broader regional trends, where households rely on diversified income sources, including independent economic activities.

Table 24. Distribution of Affected Population by Type of Economic Activity

| Type of Economic Activity | Women | % | Men | % | Total | % |
|--|-----------|-------------|------------|-------------|------------|-------------|
| Public sector employee | 27 | 29% | 14 | 11% | 41 | 18% |
| Private sector employee | 24 | 26% | 36 | 28% | 60 | 27% |
| Self-employed / Entrepreneur | 14 | 15% | 40 | 31% | 54 | 24% |
| Employer | 2 | 2% | 10 | 8% | 12 | 5% |
| Employed in private agricultural household | - | 0% | 2 | 2% | 2 | 1% |
| Employed in other agricultural sector | - | 0% | - | 0% | - | 0% |
| Other | 3 | 3% | 1 | 1% | 4 | 2% |
| Not applicable (below working age) | 24 | 26% | 25 | 20% | 49 | 22% |
| Total | 94 | 100% | 128 | 100% | 222 | 100% |

3.13 Income

136. The structure of household income among the affected population indicates that the main source of income is salary or wage-based employment (127 respondents), followed by age pension (52 respondents). A smaller number of respondents receive other types of pensions (14 respondents) and social assistance (8 respondents).

137. A limited number of households reported receiving income from monetary remittances from abroad (3 respondents) and rental income (2 respondents). At the same time, a relatively large number of respondents (131) reported having no income, indicating the presence of low-income households within the project area.

138. The available data on income levels suggests that households rely on a limited number of income sources, with a strong dependence on wage employment and pensions. The average monthly income varies significantly across income types, with higher levels observed for remittances from abroad (1,550 GEL) and rental income (1,835 GEL), while lower income levels are associated with pensions (452 GEL) and social assistance (132 GEL).

Table 25. The ratio of the Respondent's monthly income

| Income Type | N of APs | Average per month (GEL) |
|---------------------------------|----------|-------------------------|
| Salary / Wage | 127 | 1,475 |
| Age Pension | 52 | 452 |
| Scholarship / Stipend | - | - |
| Another Pension | 14 | 107 |
| Social Assistance | 8 | 132 |
| Monetary Remittance from Abroad | 3 | 1 550 |
| Rental Income | 2 | 1835 |
| No Income | 131 | 447 |
| Other | 29 | 135 |

3.14 Vulnerability and Disadvantage

139. Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully

140. in the mainstream consultation process and as such may require specific measures and/ or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend. 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 regardless of dependent status; (ii) disabled households with members who have disabilities; (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.

Table 26. Disadvantaged and vulnerable Households

| Type of vulnerability | Number of HHs | Number of HH Members |
|---|---------------|----------------------|
| Poor households as defined by the official poverty line | 1 | 4 |
| disabled households with members who have disabilities | 2 | 4 |
| Female-headed households with and/or without dependents | 2 | 5 |
| Elderly households with no means of support | 2 | 8 |
| refugees or internally displaced people. | 1 | 2 |
| Total | 8 | 23 |

3.15 Attitude Towards the Project

141. When asked about potential positive impacts of the Project, the most frequently mentioned advantages were employment opportunities (97 respondents), overall improvement in access to services and other parts of the city (103 respondents), and improvement of the overall appearance of the area (97 respondents).

142. Business opportunities (95 respondents) and increase in real estate value (93 respondents) were also commonly mentioned. In addition, 92 respondents highlighted the potential influx of new residents as a positive impact. Only a small number of respondents (7) indicated that there would be no advantages associated with the Project.

Table 27. Positive Impacts from the Proposed Project According to HHs' Opinion

| Advantages / Positive Impacts | N of AHs who agree | N of AHs who disagree |
|--|--------------------|-----------------------|
| Employment opportunities | 97 | 7 |
| Business opportunities | 95 | 8 |
| Increase in real estate value | 93 | 10 |
| Overall appearance of the area | 97 | 6 |
| Influx of new residents | 92 | 11 |
| Easier access to services, other parts of the city | 103 | 1 |
| No advantages | 0 | 104 |
| Other (specify) | - | - |

143. The findings indicate a generally positive perception of the Project, with the majority of respondents expecting improvements in employment, accessibility, and economic opportunities.

144. With regard to potential negative impacts, most respondents indicated limited concerns. The most frequently mentioned negative impacts include relocation (18 respondents), environmental effects (11 respondents), and income reduction (11 respondents).

145. A small number of respondents mentioned concerns related to traffic congestion, road safety, and access to infrastructure (1 respondent each). Notably, a significant number of respondents (82) indicated that they do not expect any negative impacts from the Project.

Table 28. Disadvantages from the Proposed Project According to HHs' Opinion

| Disadvantages from the Project | N of AHs who agree | N of AHs who disagree |
|--|--------------------|-----------------------|
| Relocation | 18 | 85 |
| Income reduction | 11 | 92 |
| Traffic congestion | 1 | 103 |
| Traffic safety deterioration, accidents risk increase | 1 | 103 |
| Increase in real estate costs | 7 | 96 |
| Environmental effects | 11 | 92 |
| Loss of social interaction with relatives, neighbours, friends | 0 | 104 |
| Loss of access to community infrastructure | 1 | 103 |
| No disadvantages | 82 | 22 |
| Other (specify) | - | - |

3.16 Project Awareness

146. Most respondents (56%, 58 respondents) do not believe there are groups in their community who might face difficulty participating in consultations. However, 28% (29 respondents) were unsure, and 16% (17 respondents) acknowledged that certain groups may face barriers. Among those, the elderly, refugees, and persons with disabilities were identified as potentially vulnerable to participation constraints.

147. The most in-demand information relates to land acquisition and compensation (47%, 49 mentions), followed by information on construction activities and impacts (35%, 36 mentions), and relocation arrangements (12%, 12 mentions). Interest in employment opportunities was also expressed (18%, 19 mentions), though to a lesser extent.

148. The clear majority of respondents prefer community meetings as the main communication channel (51%, 53 mentions), indicating a strong preference for in-person engagement. Other preferred channels include web-page and social media (34%, 35 mentions) and meetings with local representatives (15%, 16 mentions).

3.17 Community Engagement

149. When asked where they turn for help with community-related issues, most respondents indicated local Municipality representatives (57%, 59 mentions). Others reported turning to government offices (28%, 29 mentions), while a notable proportion (29%, 30 respondents) stated that they do not seek help

at all. This indicates that while local authorities are the primary point of contact, a significant share of the population remains disengaged from formal support mechanisms.

150. With regard to complaint resolution, 51% of respondents (53 individuals) believe that issues will be resolved fairly, while 49% (51 respondents) indicated that they do not know, suggesting a degree of uncertainty regarding institutional effectiveness.

151. The most trusted way to raise concerns is through local representatives (34%, 35 respondents), followed by direct face-to-face communication with RD (26%, 27 respondents). A smaller proportion (17%, 18 respondents) prefer alternative channels such as phone, social media, or written communication, confirming a strong preference for personal interaction.

152. None of the respondents indicated that there are individuals in their community who feel unsafe or unable to raise complaints, suggesting a generally open environment for grievance expression.

153. When individuals from disadvantaged or vulnerable groups require assistance, they most commonly turn to family and friends (55%, 57 mentions) or local municipality representatives (45%, 47 mentions). No respondents identified religious leaders as a source of support.

4. LEGAL BACKGROUND

4.1 General

154. 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

155. 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 09.12.2025).
- (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 17.12.2025).
- (iv) On the Administrative Procedural Code of Georgia (reg. #030.000.000.05.001.000.672; 23.07.1999; last amendment 17.12.2025).
- (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 11.11.2025).
- (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 17.12.2025).
- (ix) On the state property 2010 (reg. # 040.110.030.05.01.004.174; 21.07.2010; last amendment 17.12.2025).
- (x) On the Public Register (reg. # 040.150.000.05.001.003.390; 19.12.2008; last amendment 17.12.2025).
- (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 17.12.2025).
- (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 15.07.2020).
- (xiii) On the Tax Code of Georgia (reg. # 200000000.05.001.016012; 17.09.2010; last amendment 17.12.2025).
- (xiv) On the Entrepreneurship (reg. # 240000000.05.001.020373; 02.08.2021; last amendment 26.11.2025)

156. 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

157. 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

158. 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 28.

159. To reconcile the gaps between Georgia laws/regulations and ADB Policy (ADB's SPS 2009), RDMOI 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 29: Comparison Matrix of Georgian Legislation on Land Acquisition and Resettlement and ADB Involuntary Resettlement Policy

| Georgia Law and Regulations | ADB SPS 2009 | Corrective Action |
|---|--|---|
| Land compensation only for titled landowners. | Lack of legal title does not bar affected persons from compensation or assistance. Non-titled affected persons are eligible for resettlement assistance and compensation for non-land assets, including structures and livelihoods. | In practice, legitimate possessors of land parcel eligible to legalization will be legalized, and owners of legalized land parcels will be compensated upon issuance of the necessary title documents. RD will support those without legal titles so they can be titled and compensated before displacement occurs as per project LARF and LARP provisions. |
| Compensation for temporary loss of residence for only formal owners. | All AHs, regardless of ownership or tenure status, are entitled to temporary relocation assistance where displacement occurs. | All AHs will be compensated for temporary relocation for the duration of the construction period affecting the structure they occupy. Each of AH will get the cash compensation, which is sufficient to rent acceptable residence ⁵ for living of equal or better quality and in a comparable location. The AHs will be provided with assistance by the project to find suitable rental properties for temporary relocation if requested by the AHs. The monthly rent cost for the compensation must be calculated by an independent and qualified evaluator during preparation of the LARP. |
| Only registered houses/buildings are compensated for damages/demolition caused by project-related land acquisition. | All affected houses/buildings, regardless of legal status, are compensated for damages/demolition caused by project-related land acquisition. | Where required, affected properties will be registered in the name of their actual users with project support, including legal and registration assistance. Accordingly, the compensation will be paid to all AHs. In case of damages during construction period, the construction contractor will be responsible for compensation and RD LAR team will supervise the processes. This refers to all AHs regardless of their legal ownership/registration status (including legalizable and Informal Settlers). |
| Compensation for crop and trees losses provided only to registered landowners. | Compensation for crop and tree losses will be paid to landowners, sharecroppers, lessees, and other land users, including informal users and squatters, irrespective of their registration status. | In practice, nearly all croplands in Georgia are registered either in the Public Registry or in village records. In case of leased land plots, the compensation will be paid to renters and other users for their actual losses and be given assistance to access some other land to continue activities. |
| Compensation for loss of assets is based on market value. | Compensation for loss of assets will be based on full replacement cost, defined as the market value of the asset without deduction for depreciation, and will include transaction costs such as taxes and registration fees. It will also cover any additional resettlement-related costs, including the cost of preparing land for cultivation. | Compensation will be paid based on replacement cost as per ADB SPS (2009) 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. No cost of depreciation or taken salvageable materials will be deducted from the valued cost of project affected structures and other fixed assets. Owners are allowed to retain salvaged materials. RD will have in place clear legal procedures to assist APs and cover all costs related to title recognition and transaction registration fees, if any. |

⁵ Acceptable residence means a comfortable space, which does not require repair work and other additional interventions, provides the residents with the necessary furniture and appliances, household utilities.

| Georgia Law and Regulations | ADB SPS 2009 | Corrective Action |
|--|--|---|
| Decisions regarding LAR are discussed only between the landowners and the Land Acquisition Authorities. | The LARF and LARPs including information on criteria for valuation of affected assets, entitlements, and compensation/financial assistance are to be publicly disclosed and consulted on during the planning process. | The preparation of the LARF and LARPs will be done through engagement with relevant stakeholders and the LARF and LARPs will be publicly disclosed and consulted on. However, no personal information of the AP or amounts each individual/household will receive will be disclosed publicly. |
| Complaints are reviewed in compliance with the formal procedures established by the Administrative Code of Georgia. There is no informal grievance redress mechanism through community participation at the local level. | Complaints and grievances can also be addressed through a project-level grievance redress mechanism, which, where appropriate, may provide for community participation through Grievance Redress Committee (GRC), local governments, and NGOs and/or local-level community-based organizations (CBOs). | The RD resettlement team will have in place a mechanism to receive, register and process grievances from APs. Representatives of municipalities, local authorities and villages will be involved in the process from early stages. This will ensure solution of disputes and claims (if it is possible) at community level, however, if solution could not be found, the case will be processed in accordance to local legislation. |
| 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, with particular attention to vulnerable affected persons. | RD will have in place clear legal procedures to allow for additional assistance for severely affected and vulnerable households in accordance to the LARP, and for relocation compensation for all households qualified as vulnerable and/or severely affected. |
| No specific plan for public consultation is provided under the Georgian laws. | Public consultation and participation is the integral part of ADB's policy which is a continuous process at conception, preparation, implementation, and the post-implementation period. | The public consultation process will be accomplished in accordance to ADB requirements and guidelines prior to and during LARP implementation. |
| Recognition and compensation for business (officially registered) losses resulting from project-related land acquisition based on official tax declaration. | All kind of running business (officially registered or not, vendors, etc.) will be compensated for the loss of income or livelihood sources at full replacement cost. The borrower/client will also provide assistance, such as, credit facilities, training, and employment opportunities so that they can improve, or at least restore their income- earning capacity, production levels, and standards of living to pre-displacement levels. | RD will ensure that all businesses will be recognized and compensated in accordance to LARF and LARP before displacement occurs. |

4.3.1 Resettlement Policy Commitments to the Project

160. 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. Compensation for assets, trees, and crop losses will be provided after confirmation of land use by the local municipality.
- (vi) The LARP will be disclosed to the APs in the local language which is Georgian.
- (vii) 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.
- (viii) Complaints will be reviewed using the existing grievance redress mechanisms.
- (ix) Appropriate participation of affected people must be promoted in planning, implementation, and monitoring of land acquisition and resettlement plans.
- (x) 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

161. 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.

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

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

163. 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.

164. 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 property rights:

165. 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.

166. 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.

167. 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 is based on the Civil Code, provision 180 –

168. "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."

169. 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.

170. 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 Minister of Economy and Sustainable Development of Georgia 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

171. 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.

172. 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.

173. 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, as applicable, will be deposited by the RD into a dedicated notary escrow account established in accordance with Georgian legal procedures. The account will be opened and administered through the authorized notary mechanism for cases where direct payment to the AP cannot be completed due to unresolved ownership issues, refusal to receive payment, absentee ownership, or other legally justified circumstances.
- (iv) Deposited funds may include compensation for land, structures, crops, trees, businesses, and applicable allowances or rehabilitation assistance, as determined under the entitlement matrix. The AP will be able to access the deposited amounts upon fulfillment of the legal conditions required for withdrawal, such as confirmation of ownership rights, submission of required documentation, or completion of the relevant legal process. Further details will be imp
- (v)

174. 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.

175. 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 Compensation Eligibility and Entitlements

4.6.1 Eligibility

176. 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.

177. 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.

178. For the impacts under this LARP, the cut-off date is the start date of DMS which was started February 6,2026.

179. 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. Construction materials remaining after the demolition of the structures will be deemed as ownership of the AH.

4.6.2 Definition of Entitlements

180. **Agricultural land impacts:** Registered owner will receive compensation at full replacement cost based on current market value and valuation by accredited valuator. In case of loss of 10% or more of the affected plots or 10% or more of income generating assets, 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 6 months subsistence unit rate, whichever is higher; for other incomes: an allowance covering 6-month period subsistence unit rate.

181. 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. APs will not be provided with cash compensation for land unless ownership is formally registered. However, they will be compensated at full replacement cost, based on current market value and valuation by an accredited valuator, for any affected assets/structures located on the land (e.g., farming huts, fences, etc.), perennials, annual crops, trees, and other eligible items in accordance with the Entitlement Matrix. In addition, a one-time cash allowance equal to the subsistence minimum for a period of 6-months shall be provided.

182. If the land is subsequently registered as private property, the registration fee will be covered by RD, and compensation for the land will be paid to the registered owner upon completion of registration for the land will be paid to the registered owner upon completion of registration.

183. Note: it should be noted that in the context of this Project (Lot 4 and 5), land-for-land compensation is not applied due to practical and contextual constraints. The Project is a linear road infrastructure project, where land acquisition affects numerous privately used or owned land plots along the alignment, often in partial and fragmented portions. In the affected municipalities, as is generally the practice in the Georgian context, land-for-land compensation is not considered feasible, since state-owned land resources available for allocation are limited. In addition, there is not readily available public or alternative land that would be equivalent in terms of location, size, legal status, access, productive potential, and market value, and that could be allocated to affected persons as replacement land. Provision of alternative land could also result in additional impacts on other land users or communities.

184. Therefore, compensation for affected land is provided in cash at full replacement cost, based on independent valuation, and in accordance with the Entitlement Matrix. This approach ensures that affected persons receive sufficient compensation to replace the affected asset in the local market, together with

applicable allowances and assistance where eligible. Where livelihood impacts are identified, additional livelihood restoration measures will be considered through the LRP process.

185.

186. **Non-agricultural land (Residential/commercial land):** Registered Owner/Legal: (Owner with full registration) will be compensated at full replacement cost.

187. 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 will not receive compensation for land, unless ownership is formally registered.

188. However, they will be compensated at full replacement cost, based on current market value and valuation by an accredited valuator, for any affected assets/structures located on the land (e.g., farming huts, fences, etc.), perennials, annual crops, trees, and other eligible items in accordance with the Entitlement Matrix. APs losing a land plot under the actual possession, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances in cash equal to a minimum subsistence unit rate for 12 month period. This only applies to physically displaced APs who do not have other residence.

189. If the land is subsequently registered as private property, the registration fee will be covered by RD, and compensation for the land will be paid to the registered owner upon completion of registration.

190. **Permanent Restriction on land use (Servitude):** AHs- own legal land, 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. Cash compensation for land due to imposition of servitude shall be based on difference of the market value of the entire land parcel 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% of entire Land or over servitude impact, will be entitled for additional one-time cash assistance 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.

191. Land under actual possession (non-titled land occupants) 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 will not receive compensation for land defined for impact of servitude, but will receive compensation for any affected assets above the land, perennials, crops, etc. at full replacement cost based on current market value and valuation by accredited valuator.

192. **Houses, buildings, and structures** will be compensated in full replacement cost free of deductions for depreciation and salvaged materials, 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. Full replacement cost will be provided for buildings used for various purposes, such as residential and commercial, regardless of the existence of official construction permits issued by the relevant authorities.

193. **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 of rental allowance.

194. In the absence of such documentation, a unit rate based on a 12-month period, together with physical relocation/ Business shifting assistance, shall be applied as indicated below.

195. **Crops:** Crop compensation in cash at market rate by default at gross crop value of expected harvest. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements.

196. **Trees:** 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).

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

198. 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.

199. **Businesses:** Business Owner:

(i) Permanent impact: cash indemnity of the compensation equal to 12 months of net income loss 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.

(iii) Compensation for Business Impacts – Owners of Storage Premises:

200. Business owners whose operations include the use of storage premises as part of their commercial activities shall be eligible for compensation. Such eligible business owners will receive compensation calculated on the basis of the average market rental rate per square meter, as determined by an independent licensed valuator, multiplied by the affected leased storage area, and multiplied by a period of 12 months, which is considered sufficient for the construction or securing of new storage premises, while also covering the transitional period required for relocation and restoration of normal business operations.

201. Compensation for Business Impacts – Tenants of Storage Premises:

202. Business operators leasing storage premises and using such facilities as part of their commercial activities shall also be eligible for compensation. Compensation will be calculated on the basis of the average market rental rate per square meter, as determined by an independent licensed valuator, multiplied by the affected leased storage area, and multiplied by a period of 6 months, which is considered sufficient as a transitional period for identifying and securing new storage premises before resuming normal business operations.

203. **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.

204. **Agricultural Tenant with written agreement and/or without written agreement:** Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease (Where supporting documentation is available). Agricultural tenants without formal agreement will be compensated with one-time allowance in cash equal to a subsistence unit rate for 6-month period, after the informal tenancy will be confirmed by representative of local government.

205. **Renters of non-agricultural land:** The renters with written agreement (Where supporting documentation is available) of non-agricultural land plots shall be provided with compensation equal to

the monthly rent for the rented land plot for the remaining term of the lease agreement, up to a maximum period of four years. For renters without written agreement a one-time cash allowance equal to the subsistence minimum for a period of 6-months shall be provided.

206. Relocation/shifting allowance as per EM below.

207. **Loss of wages/employment:** if employees lose their wages (temporary/permanent;

208. Permanent worker/employees:

209. Equivalent to actual wage (average of payments calculated based on the last 6-month period), verified through bank transfer documentation (records) for 12 months and/or in cases where documents confirming salary transfers are not available, indemnity for lost wages equal to one-time 12-month period subsistence unit rate. For all the above, acceptable documents need to be presented, i.e. salary payment document, accountant/financial report.

210. Temporary impact on employment:

211. Equivalent to actual wage (average of payments calculated based on the last 6-month period), verified through bank transfer documentation (records) for 6 months and/or in cases where documents confirming salary transfers are not available, indemnity for lost wages equal to one-time 6-month period subsistence unit rate.

212. For all the above, acceptable documents need to be presented, i.e. salary payment document, accountant/financial report.

213. **Severe Impacts-** AHs (i) losing 10% or more of their land impacted by the project or 10% or more of income generating assets, (ii) physically displaced HH and (iii) households losing commercial/business establishments (to be relocated) and/or losing more than 10% of business income (formal or informal). Will be compensated: i) Physical relocation: an allowance covering 6-month period subsistence unit rate. (ii) Agricultural income: additional crop compensation for 1 year's yield of affected land or an allowance equal to 6 months subsistence unit rate, whichever is higher. (iii) Other income: an allowance covering 6-month period subsistence unit rate.

214. **Relocation/Shifting Allowance:** An allowance covering transport and livelihood expenses for the transitional period (350 GEL as vehicle hire charge + 6-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.

215. **Vulnerable people:** Vulnerable and/or disadvantaged Households who might suffer disproportionately – (i) female-headed households regardless of dependent status; (ii) disabled households with members who have disabilities; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure (non-titled land users/occupants); (vi) Ethnic minorities; and (vii) refugees or internally displaced people, will receive an allowance equal to 6-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

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

217. Indicative LR measures may include:

- Vocational training

- Provide knowledge and skills on enterprise management and agricultural development.

218. Provide information and training in the sectors typical of this region. Additional livelihood restoration and improvement measures will be added to the finalized LRP based on the individual/focus group consultations with APs and other stakeholders (For example: business owners, severe impacted and/or physically displeased and vulnerable HHs) and need assessment surveys at the early stage of RAP implementation.

219. Take into account the local context, the LRP will include skill-based training programs for employees and households severely affected by the project and vulnerable HHs. 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. Preparation of the detailed LRP is expected to commence immediately after LARP approval and completion of updated consultations, with needs assessment and stakeholder engagement undertaken during the first 1–3 months of RAP implementation. Finalization and approval of the LRP is anticipated within 3–6 months, followed by phased implementation of livelihood restoration measures over 6–24 months, depending on the type of assistance provided and the progress of civil works. Monitoring and follow-up support will continue throughout implementation to assess effectiveness and introduce corrective measures where required.

220. 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 below.

Table 30. 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. |
| | | 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, and/or the relevant municipalities. | These land plots are not registered with NAPR as privately owned. APs will not be provided with cash compensation for land unless ownership is formally registered. However, they will be compensated at full replacement cost, based on current market value and valuation by an accredited valuator, for any affected assets/structures located on the land (e.g., farming huts, fences, etc.), perennials, annual crops, trees, and other eligible items in accordance with the Entitlement Matrix. In addition, a one-time cash allowance equal to the subsistence minimum for a period of 6-months shall be provided where the land is actively cultivated. If the land is subsequently registered as private property, the registration fee will be covered by RD, and compensation for the land will be paid to the registered owner upon completion of registration. |
| | | Agricultural Tenant with written agreement and/or without written agreement | Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease (Where supporting documentation is available). Agricultural tenants without formal agreement will be compensated with one-time allowance in cash equal to a subsistence unit rate for 6-month period, after the informal tenancy will be confirmed by representative of local government. |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|--|---|---|--|
| Non- Agricultural Land | AP losing their commercial/ residential or other non-agricultural type of land, including renters | Registered Owner/Legal: (Owner with full registration) | Cash compensation at full replacement cost. |
| | | 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, and/or the relevant municipalities. | <p>APs losing a land plot under the actual possession, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances in cash equal to a minimum subsistence unit rate for 12-month period. This only applies to physically displaced APs who do not have other residence.</p> <p>These land plots are not registered with NAPR, as privately owned. APs will not be provided with cash compensation for land unless ownership is formally registered. However, they will be compensated at full replacement cost, based on current market value and valuation by an accredited valuator, for any affected assets/structures located on the land (e.g., farming huts, fences, etc.), perennials, annual crops, trees, and other eligible items in accordance with the Entitlement Matrix.</p> <p>If the land is subsequently registered as private property, the registration fee will be covered by RD, and compensation for the land will be paid to the registered owner upon completion of registration.</p> |
| | | Renters of non-agricultural land (inclusive of rental of business premises and/or business operation) | <p>The renters with written agreement (Where supporting documentation is available) of non-agricultural land plots shall be provided with compensation equal to the monthly rent for the rented land plot for the remaining term of the lease agreement, up to a maximum period of four years.</p> <p>For renters without written agreement a one-time cash allowance equal to the subsistence minimum for a period of 6-months shall be provided.</p> <p>Relocation/shifting allowance as per EM below</p> |
| <p>Permanent Restriction on land use:</p> <p>(i) Servitude above the underground utilities, such as cables and pipes - impact on existing structures and restriction of new construction.</p> <p>(ii) Servitude for relocation of transmission lines of 0.4-10 KV - any type of construction, installation, reconstruction, or explosive work.</p> <p>(iii) planting of trees above 4m height,</p> | Servitude imposed on lands for relocation, operation and maintenance of TLs | AHs- own legal land and land possessed by private users without formal ownership titles. | <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> <p>Cash compensation for land due to imposition of servitude shall be based on difference of the market value of the entire land parcel 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.</p> <p>AHs (landowners) whose land plots under actual impact of this project will be encumbered with 10% of entire land or over servitude impact, will be entitled for additional one-time cash assistance allowance for severely AHs.</p> <p>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</p> |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|--|---|---|---|
| building of fences, animal shelters, food, and fertilizer warehouses, etc. | | | 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. Land under actual possession (non-titled land occupants) 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 will not receive compensation for land defined for impact of servitude, but will receive compensation for any affected assets above the land, perennials, crops, etc. at full replacement cost based on current market value and valuation by accredited valuator. |
| Buildings and Structures | | | |
| Residential and non- residential structures/assets | | All AHs regardless of their ownership status | Cash compensation for building/structures losses at full replacement cost free of depreciation and salvaged materials and transaction costs. 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. Full replacement cost will be provided for buildings used for various purposes, such as residential and commercial, regardless of the existence of official construction permits issued by the relevant authorities. |
| Legal or illegal renter of properties. | All AHs 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 of rental allowance. In the absence of such documentation, a unit rate based for a 12-month period, together with physical relocation/ Business shifting assistance, shall be applied as indicated below. |
| 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 re-establishment of pasture lands/other common pool resources in consultation with community and restoration of asset 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 land users and Informal Settlers) | Crop compensation in cash at market rate by default at gross crop value of expected harvest. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements |
| Trees | Trees affected | All APs regardless of legal status (including land users and Informal Settlers) | 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). |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|-------------------------|--|---|---|
| | | | <p>Decorative trees will be compensated based on their market value corresponding to the age and type of the affected tree.</p> <p>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.</p> |
| Business/ Employment | Business/ employment loss (formal and informal) | All APs regardless of legal status (including land/asset users and Informal settlers) | <p>Business Owner:</p> <p>(i) Permanent impact: cash indemnity of the compensation equal to 12 months of net income loss 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.</p> <p>(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>(iii) Compensation for Business Impacts –</p> <p>Owners of Storage Premises:</p> <p>Business owners whose operations include the use of storage premises as part of their commercial activities shall be eligible for compensation. Such eligible business owners will receive compensation calculated on the basis of the average market rental rate per square meter, as determined by an independent licensed valuator, multiplied by the affected leased storage area, and multiplied by a period of 12 months, which is considered sufficient for the construction or securing of new storage premises, while also covering the transitional period required for relocation and restoration of normal business operations.</p> <p>Compensation for Business Impacts – Tenants of Storage Premises:</p> <p>Business operators leasing storage premises and using such facilities as part of their commercial activities shall also be eligible for compensation. Compensation will be calculated on the basis of the average market rental rate per square meter, as determined by an independent licensed valuator, multiplied by the affected leased storage area, and multiplied by a period of six months, which is considered sufficient as a transitional period for identifying and securing new storage premises before resuming normal business operations.</p> <p>Permanent worker/employees: Equivalent to actual wage (average of payments calculated based on the last 6-month period), verified through bank transfer documentation (records) for 12 months and/or in cases where documents confirming salary transfers are not available, indemnity for lost wages equal to one-time 12-month period subsistence unit rate. For all the above, acceptable documents need to be presented, i.e. salary payment document, accountant/financial report.</p> |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|--|---|--|
| | | | Temporary impact on employment: Equivalent to actual wage (average of payments calculated based on the last 6-month period), verified through bank transfer documentation (records) for 6 months and/or in cases where documents confirming salary transfers are not available, 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 on relevant Georgian regulations. |
| Assistance, Allowances, and Additional Livelihood Restoration Activities | | | |
| Severe Impacts | AHs (i) losing 10% or more of their land impacted by the project or 10% or more of income generating assets (ii) physically displaced HH and (iii) households losing commercial/business establishments (to be relocated) and/or losing more than 10% of business income (formal or informal). | All severely affected AHs including informal settlers | (i) Physical relocation: an allowance covering 6-month period subsistence unit rate. (ii) Agricultural income: additional crop compensation for 1 year's yield of affected land or an allowance equal to 6 months subsistence unit rate, whichever is higher. (iii) Other income: an allowance covering 6-month period subsistence unit rate. |
| Livelihood restoration (non-cash measures) | All affected HHs, severely affected and vulnerable AHs and affected employees | All AHs including informal settlers (non-titled land users/occupants) | A Livelihood Restoration Plan (LRP) will be developed for the project. A Livelihood Restoration Plan will be developed for the project. Indicative LR measures may include: - Vocational training - Provide knowledge and skills on enterprise management Provide information and training in the business sectors typical of this region. Additional livelihood restoration and improvement measures will be added to the finalized LRP based on the individual/focus group consultations with APs and other stakeholders (For example: business owners, severe impacted and/or physically displaced and vulnerable HHs) and need assessment surveys at the early stage of RAP implementation. |
| Physical Relocation/business Shifting | Transport/transition costs | All AHs to be relocated/Shifted | An allowance covering transport and related logistical expenses for the transitional period (350 GEL as vehicle hire charge + 6-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. |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|---|---|---|
| Vulnerability allowance | | Disadvantaged/vulnerable Households are those who might suffer disproportionately. (i) female-headed households regardless of dependent status; (ii) disabled households with members who have disabilities; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure (non-titled land users/occupants); (vi) Ethnic minorities; and (vii) refugees or internally displaced people. | 6-month period subsistence unit rate and employment priority in project-related jobs where feasible. Logistical assistance as applicable. |
| Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed | Impacts during construction on 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 provisions defined in this LARP and on the requirements of SPS 2009. |
| Temporary Impact on land plot during construction | All APs regardless of legal status | All APs regardless of legal status | Temporary land impacts will be compensated based on the productive value of the plot, namely: where temporary impacts affect income-generating land, compensation shall be provided for losses incurred by the owner due to the temporary inability to use the land, including loss of crops, production, or related income during the period of disruption. 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, and after their use will be re-established by the project at the pre-impact productive conditions. Should such temporary impacts also affect persons/third parties using pasture lands other than the owners, livelihood assistance for temporary 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 the implementation period. |

4.6.3 Assistance for severely affected and Vulnerable AH

221. 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.

222. Vulnerable AHs are entitled to an allowance equivalent to a 6-month period subsistence unit rate and employment priority in project-related jobs. AHs are considered vulnerable in case they are: (i) female-headed households regardless of dependent status; (ii) disabled households with members who have disabilities; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure-squatters; (vi) Ethnic minorities; and (vii) refugees or internally displaced people. An official subsistence unit rate, are taken from the Government of Georgia Statistics Department data⁶.

223. 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 an allowance equal to 6 months subsistence unit rate, whichever is higher. For other incomes: an allowance covering 6-month period subsistence unit rate:

(i) Physical relocation: an allowance covering 6-month period subsistence unit rate.

(ii) Agricultural income: additional crop compensation for 1 year's yield of affected land or an allowance equal to 6 months subsistence unit rate, whichever is higher.

(iii) Other income: an allowance covering 6-month period subsistence unit rate.

4.6.4 Compensation Approaches Elaborated for This LARP

Compensation Approach for Employee Wages

224. The compensation amount was calculated based on wages accrued over the last three months. Since the cut-off date was set as February 6, 2026 and the valuation report was concluded in April 2026, business owners were asked to provide wage data for November, December 2025 and January 2026.

225. 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.

226. 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)*

⁶ 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 2025). 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 2025, is $250,9 \times 2.25 = 564.52$ GEL. and 3387.15 GEL for 6 month.

227. 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.

228. Example: If the company's profits were GEL 10 in 2023, GEL 9 in 2024, and GEL 11 in 2025 the compensation amount was calculated as: $(10 + 9 + 11) / 3 = \text{GEL } 10$

229. Companies located within the project area should provide financial data for the last three years. The information provided 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.

230. 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.

Compensation Calculation Approach for Lease

231. Lease compensation was provided to individuals receiving rental payments as of the cut-off date. The compensation amount was based on the average monthly rent for the past 12 months, multiplied by 12 to reflect the annual amount.

5. Valuation Methods

5.1 Valuation of Compensation Rates for Land Plots and Structures.

232. 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 as separate document. The compensation is calculated based on current replacement cost principles and does not apply depreciation, in line with ADB's replacement cost principles. There is sufficient summary information presented in the LARP and this chapter regarding the valuation approaches applied for the Project to enable disclosure and safeguard review. The document summarizes the key valuation methodologies used for different categories of affected assets in accordance with replacement cost principles and applicable legislation.

233. In addition, the LARP reflects all established unit rates and compensation prices applied under the Project. While the detailed valuation methodology is presented in a separate technical report, the LARP contains adequate summary information to verify compliance, transparency, and consistency of compensation entitlements.

234. 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.

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

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

236. 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.

237. 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 deprecation 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.

238. **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 to determine analogous property.
- b. Determination of the comparable elements, used for comparison of the object of the estimated property with analogues.
- c. Determination of the type and the degree of differences between selected comparable 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 to the defined comparable elements.
- f. Determination of the market price of the estimated property according to the adjusted prices of analogues.

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

240. Transfer of property rights.

241. Financial conditions.

242. Selling conditions.

243. Further expenses related to the sale.

244. Market sale dynamics (sale date).

245. Location.

246. Physical characteristics.

247. Economic characteristics.

248. Usage.

249. Absence of movable property.

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

251. 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 (March 10, 2026).

252. 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.

253. 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.

254. 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:

255. 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.

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

257. 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.

5.2 Valuation for Servitude impact on Land

258. 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)

259. 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.

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

261. 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.

262. 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.

263. 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.

264. 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.

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

266. 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.**

267. 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.

5.3 Calculation methods of Compensation Costs for Perennials

5.3.1 Valuation methodology for fruit-bearing trees

268. 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:

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

270. 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.

271. Discount rate

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

273. $\text{Cost of Equity} = \text{Risk-Free Rate of Return} + \text{Beta} * (\text{Market Rate of Return} - \text{Risk-Free Rate of Return}) + \text{Country Risk Premium} + \text{Size Premium}$

274. 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.

275. 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 March 2026).

5.3.2 Valuation methodology for decorative trees

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

5.3.3 Valuation methodology for timber trees

277. 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.

5.4 Calculation of compensation amount for annual crops

278. 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.

Main Principles of Valuation Approach Developed by the Valuation Company Colliers Georgia - Valuation and Advisory LLC for this LARP⁷

5.5 VALUATION METHODOLOGY

279. For the purposes of this valuation, Colliers Georgia - Valuation and Advisory LLC has been guided by the 2009 Asian Development Bank Safeguards Policy.

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

⁷ 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.

281. Market Approach - IVS 103 Valuation Approaches

282. 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.

283. 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.

284. 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 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:

285. Transactions involving the subject asset or substantially similar assets are not recent enough considering the levels of volatility and activity in the market.

286. The asset or substantially similar assets are publicly traded, but not actively.

287. Information on market transactions is available, but the comparable assets have significant differences to the subject asset, potentially requiring subjective adjustments.

288. Information on recent transactions is not reliable (i.e., hearsay, missing information, synergistic purchaser,

289. not arm's-length, distressed sale, etc.).

290. 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.

291. 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).

292. 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.

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

294. 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.

295. 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.

296. 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.

297. 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.

5.5.1 Cost Approach Methods

298. Broadly, there are three cost approach methods:

299. replacement cost method: a method that indicates value by calculating the cost of a similar asset offering equivalent utility,

300. reproduction cost method: a method under the cost that indicates value by calculating the cost to recreating a replica of an asset, and

301. summation method: a method that calculates the value of an asset by the addition of the separate values of its component parts.

5.5.2 Replacement Cost Method

302. 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.

303. 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.

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

305. calculate all of the costs that would be incurred by a typical participant seeking to create or obtain an asset

306. providing equivalent utility,

307. determine whether there is any depreciation related to physical, functional and external obsolescence associated with the subject asset, and

308. deduct total depreciation from the total costs to arrive at a value for the subject asset.

309. 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.

5.5.3 Reproduction Cost Method

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

311. the cost of a modern equivalent asset is greater than the cost of recreating a replica of the subject asset, or

312. the utility offered by the subject asset could only be provided by a replica rather than a modern equivalent.

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

314. 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.

5.5.4 Summation Method

315. 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.

316. The key steps in the summation method are:

317. value each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods, and

318. add the value of the component assets together to reach the value of the subject asset.

319. The cost approach should capture all of the costs that would be incurred by a typical participant.

320. 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.

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

322. For the purposes of this valuation, Colliers Georgia - Valuation and Advisory LLC 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.

5.6 Exchange rate

323. The US dollar exchange rate is based on official data set by the National Bank of Georgia. On the date of the valuation (March, 2026), the exchange rate was 2.72.

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

325. 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.

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

327. the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or

328. reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparable.

329. 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:

330. the income-producing ability of the subject asset is only one of several factors affecting value from a participant perspective,

331. there is significant uncertainty regarding the amount and timing of future income-related to the subject asset,

332. 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

333. the subject asset has not yet begun generating income but is projected to do so.

334. 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.

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

5.7 Income Approach Methods

336. 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.

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

- IVS 103 Valuation Approaches.

5.8 Measurement drawings

338. 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.

5.9 Cost estimation

339. 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 last 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.

340. 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 available to Colliers, therefore, the cost estimate is based on detailed project, design, measurement drawings and a detailed description of each 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.

5.10 Assumption about structural parts

341. 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.

342. 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.

5.11 Engineering and technical part

343. 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.

5.12 Architectural part

344. 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.

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

5.13 Industrial equipment

346. 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.

5.13.1 Dismantling and installation of equipment

5.13.2 Dismantling and transportation

347. 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:

348. Oversized equipment

- Silos and other large-volume equipment

349. Non-oversized equipment

- Containers
- Non-oversized tanks
- Inert material storage and processing equipment

350. 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.

351. 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.

5.14 Installation specification

352. 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

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

5.15 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

5.16 Principles of Fee Formation

354. 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.

5.17 Barbed wire fence

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

5.18 Fees and charges

- Construction permit fee is calculated in accordance with K1⁸
- Design cost (fee) is calculated in accordance with K2⁹

5.19 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

5.20 Subscription costs

356. For electricity supply, the following is provided:

- Subscription fee
- Purchase of the right to connect to the supplier according to the load:

357. 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>)

5.21 Additional coefficients and costs

358. 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

⁸ 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.

⁹ 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

359. 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.

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

361. 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.

5.22 Livelihood Restoration Strategy and Indicative Measure

5.22.1 Key Goals and Principles Guiding Livelihood Restoration Planning and Implementation

362. 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.

363. 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.

364. 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 program 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.

365. 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.

6. INSTITUTIONAL ARRANGEMENTS

6.1 Introduction

366. The Road Department of the Ministry of Infrastructure of Georgia (RDMOI) 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 RDMOI, 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.

367. The Implementing Agency will be the Road Department of the Ministry of Infrastructure of Georgia (RDMOI) and the Ministry of Infrastructure of Georgia (MOIRD) 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.

368. 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.

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

6.2 Land Acquisition and Resettlement Organizations

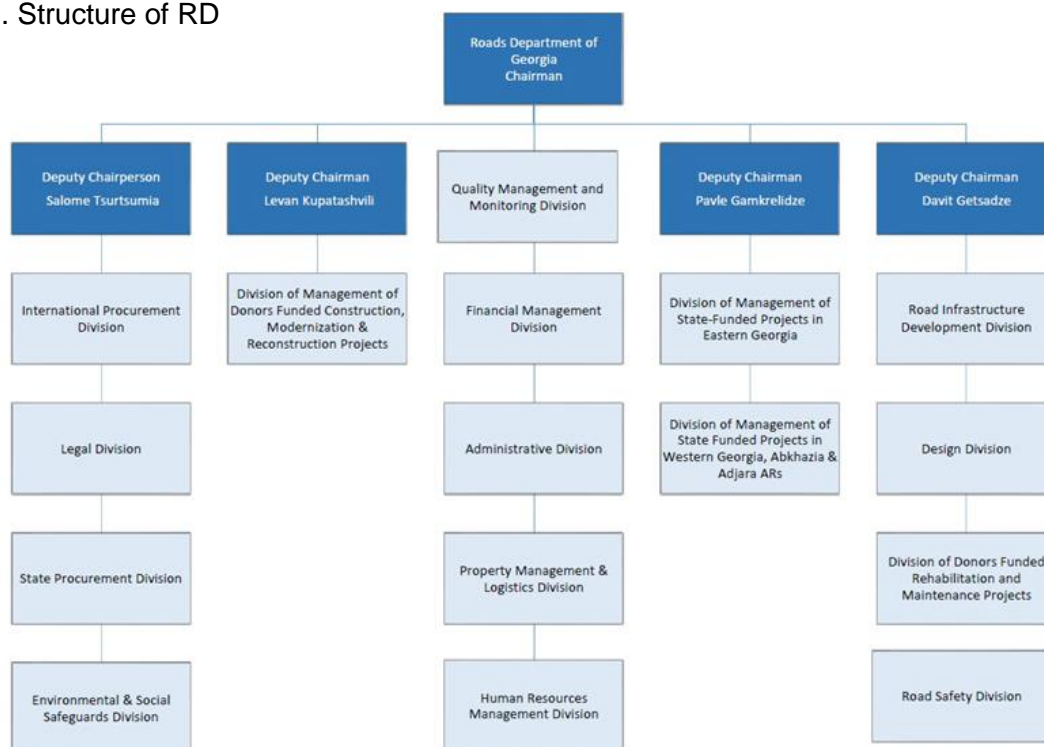
6.2.1 RD of Georgia

370. 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).

371. 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

372. Figure 5. Structure of RD:

Figure 5. Structure of RD



373. Dedicated LAR Team will be established to assist the RDMOI and provide assistance to APs in the process of RAP preparation and implementation. Based on the RAP compensation rates and prices, the offer of purchase of land parcels shall be undertaken. If an AP agrees on the acquisition, he/she will confirm such agreement in writing by signing the Sales/Purchase Agreement that will be registered with the Public Registry. This agreement will serve as the basis for compensation payment processing and release. If agreement is not reached between the AP and the RAP Team, the later will inform the LARC, which will take decision to start expropriation.

6.2.2 ETCIC

374. 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.

6.3 Land Registration Organizations

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

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

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

377. 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.

378. 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.

379. 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 was 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.

380. As for the sporadic registration process, which is ongoing until January 1, 2027, it is carried out based on 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 registration, RDMOI will support APs in this process, including provision of needed drawing, provide all necessary legal information to As.

381. 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.

6.4 Other Organizations and Agencies

6.4.1 Civil works contractor

382. 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.

383. The Contractor shall designate qualified staff, including a dedicated social/community liaison focal point, responsible for day-to-day coordination on land-related and community issues during construction. This designated staff member shall receive, record, and promptly communicate grievances or concerns related to land access, damage outside the approved ROW, temporary land use, reinstatement of land, or other construction-related impacts to the RD and the supervision consultant for timely resolution in accordance with the approved Grievance Redress Mechanism.

384. The Contractor shall, cooperate in site verification, implement corrective actions within its responsibility, and keep complainants informed of progress.

385. The RD shall closely monitor construction activities to ensure compliance with temporary mitigation measures and timely handling of grievances.

6.4.2 Consultants and auditors

386. **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.

387. **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.

6.4.3 Court of Georgia

388. 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.

389. 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.

6.4.4 Ministry of Finance

390. 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.

6.4.5 Ministry of Justice

391. 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.

6.4.6 Ministry of Economy and Sustainable Development

392. 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.

6.4.7 Municipality

393. Municipality is the representative branch of self-government at regional and village level. Out of Georgia's 69 municipalities, 64 are rural (self-governing communities) and 5 are urban (self-governing

cities); however, there is no legal distinction between them. A municipality is a legal entity under public law and has elected representative and executive bodies, a registered population, as well as its own property, budget, and revenues. For management optimization purposes, a municipality is divided into administrative units. The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.

6.4.8 ADB

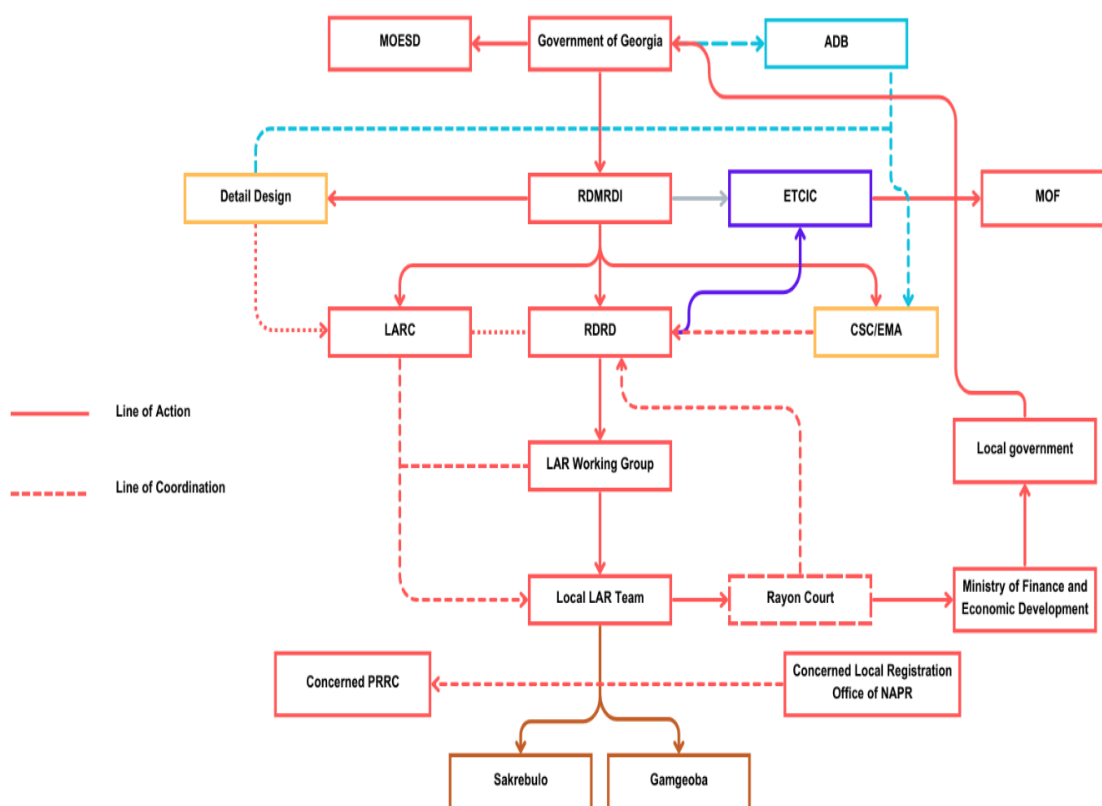
394. Besides supervising the Project periodically, ADB will review the LARP and its updates (if any), provide inputs and advice for its implementations, assess the External and Internal Monitors' compliance reports and provide clearance for the award of contracts and the signing and initiation of civil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

6.4.9 Monitoring agency

395. As soon as the LARP implementation will start, (expected in May 2026) 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 individual consultant. The external monitoring TOR is attached in the Annex 9.

396. An organization chart showing all the concerned institutions to be involved in the LAR activities is depicted in the following Figure 6. Project Implementation Organogram:

Figure 6. Project Implementation Organogram



7. PUBLIC CONSULTATIONS, PARTICIPATION & DOCUMENTS DISCLOSURE

397. 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. Additional consultations on this draft will be conducted in May 2026, after which this draft will be finalized, re-disclosed based on the outcomes of those consultations, and implemented.

7.1 Objectives of Public Consultations

398. 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 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.

7.2 Public Consultation during LARP Preparation and Implementation

399. At this stage of initial LARP preparation 3 public consultations were held with project affected communities. It should also be noted that during the census and DMS activities, individual consultations were conducted with affected persons regarding all stages of the LARP preparation process, including the principles for establishing the cut-off date, of valuation and eligibility criteria.

400. Consultations will continue throughout LARP implementation in the form of public meetings, individual consultations, and small group discussions. Further consultation activities will also be undertaken following completion of the draft LARP and its public disclosure, to ensure that affected persons are informed of their entitlements, implementation procedures, and available grievance redress mechanisms.

401. The cut-off date was disclosed to affected persons during the updated census and DMS, which commenced on February 6, 2026, and was further explained through individual consultations conducted

at the time of asset inventory and field verification. During these consultations, affected households were informed that persons occupying the project area after the cut-off date would not be eligible for compensation or assistance, in accordance with the LARP eligibility provisions. The cut-off date was also reconfirmed during subsequent public consultations and will be reflected in the final disclosed LARP.

402. The consultations listed in the table included broader land acquisition and resettlement discussions, not limited to general project information. Topics covered included: (i) likely land acquisition and resettlement impacts; (ii) compensation principles, valuation methodology, and payment preferences where raised by affected persons; (iii) concerns regarding impacts on land, structures, businesses, access, and livelihoods; (iv) grievance redress mechanism procedures; and (v) stakeholder inputs on project design, alignment, access arrangements, and implementation planning aimed at avoiding or minimizing impacts where feasible. Feedback received during consultations has been considered in the preparation and updating of the LARP.

403. Additional targeted consultations will be carried out with affected businesses, including SMEs, business operators, storage users, owners/leaseholders of business premises, and, where relevant, their employees. These consultations will include a separate focus group discussion to clarify business-related entitlements under the Entitlement Matrix, explain applicable compensation and assistance measures, and identify any further mitigation measures required during LARP implementation. A dedicated FGD guide was prepared (Please see Annex 12) to support this process and to inform the development of the Livelihood Restoration Plan. The discussion will cover business disruption, income loss, documentation gaps, employee-related issues, relocation or access-related constraints, coping strategies, and additional livelihood support needs. The outcomes of the consultations will be documented and incorporated into the LRP and relevant LARP implementation records.

404. During LARP implementation and pre-construction consultations, special attention will be given to settlements or locations where elderly households are prevalent, including Lochini and other areas (if any). The purpose of these consultations will be to verify whether elderly residents and other potentially vulnerable community members require additional support or tailored mitigation measures during construction. Such measures may include, as applicable, maintaining safe pedestrian access, providing clearly marked and accessible crossings, ensuring adequate signage and visibility, arranging safe access to houses, shops, public transport stops, health facilities and other essential services, and adapting temporary traffic management arrangements to the needs of elderly residents. Consultation findings will be communicated to the Engineer and Contractor and incorporated, where relevant, into the Traffic Management Plan, community health and safety measures, and construction-phase monitoring arrangements.

405. Minutes of meetings are presented in Annex 3.

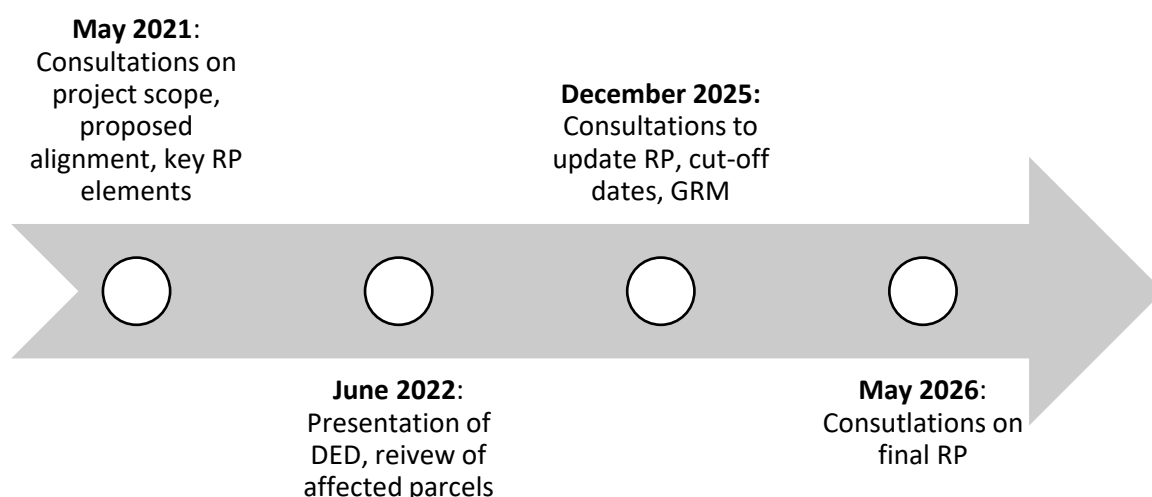


Table 31. Summary of community engagements to date

| Date | Venue | Participants (women / men) | Topics that were discussed, key issues/concerns raised during consultation, and inputs on project design | The Project's response or plan to address the concerns and inputs |
|--------------|---|----------------------------|---|--|
| 21 May 2021 | Administrative building of Gardabani Municipality | 23 (2 women / 21 men) | Presentation of the Project scope, proposed alignment, anticipated land acquisition and resettlement impacts, eligibility principles, compensation framework, grievance redress mechanism and implementation schedule. Participants raised questions regarding the extent of land acquisition, likely compensation rates, access to agricultural land, and timing of payments. Requests were also made to minimize impacts on private plots and local access roads. | Participants were informed that detailed surveys and valuation would be carried out during LARP preparation and that compensation would be paid at replacement cost prior to possession of land. The design team committed to further review alignment options and local access arrangements to minimize impacts where technically feasible. GRM contact channels were explained. |
| 14 June 2022 | Didi Lilo settlement, Public School No 127 | 17 (3 women / 14 men) | Detailed design and likely impacts in Didi Lilo area were presented. Discussions focused on affected land plots, structures, commercial activities, roadside access, traffic safety, utility relocation, and compensation procedures. Participants asked whether informal land users and renters would be eligible for assistance, and whether business disruption would be considered. Suggestions were made to maintain access to homes, market areas, and service roads during construction. | The Project explained the eligibility categories under the LARP, including assistance for non-titleholders where applicable under the Entitlement Matrix. It was confirmed that impacts on businesses and temporary disruptions would be assessed. The engineering team agreed to consider access continuity, traffic management, and utility coordination during detailed design and construction planning. |

| | | | | |
|------------------------|---|--------------------------|---|---|
| 25 December 2025 | Didi Lilo settlement, Public School No 127 | 48 (7 women / 41 men) | Consultation on the updated LARP, revised inventory of losses, updated valuation approach, cut-off date which will be the starting date of inventory and census, compensation entitlements, Indicative livelihood restoration measures, implementation schedule, and GRM procedures. Participants raised concerns regarding, impacts on businesses, discussion were also conducted regarding local road connections, and pedestrian safety. | It was clarified that updated valuations will be undertaken to reflect current replacement cost principles and that compensation would be paid prior to displacement or civil works commencement. RD committed to provide additional support to vulnerable households, maintain consultations during implementation, and further review access roads, and pedestrian safety measures. |
|------------------------|---|--------------------------|---|---|

7.3 Project Information Booklet

406. 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)

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

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

7.4 Preparation and Implementation of Stakeholder Engagement Plan (SEP)

408. 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. An 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.

409. 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.

410. 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.

411. 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.

412. 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.

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

414. 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.

7.5 Public Disclosure

415. 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.

416. 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.

8. GRIEVANCE REDRESS MECHANISM

418. 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.

419. 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.

420. 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.

421. 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 31.

422. 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 RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures was formed as an informal structure within the RD to record and ensure grievance review and resolution.

423. The RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures 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 Commission 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.

424. 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.

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

426. 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 RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures 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. GRM dedicated social and environmental specialists will be designated within both the Contractor and the Engineer to ensure clear accountability, coordination, and timely handling of grievances at all levels of project implementation. GRM log will be maintained by the Engineer to ensure consistent recording, tracking, and reporting across all parties. Grievance management will be enhanced through multiple intake channels (including verbal, written, phone calls, etc.), defined procedures and timelines, and regular monitoring with timely feedback to complainants. Information on the receipt of grievances and their handling shall be provided as an integral part of the monthly and quarterly reports submitted by the Engineer and the Contractor.

427. RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures The RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures was established at the RD level as a permanent GRM structure by order No. 224.

8.1 Grievance Resolution Process

428. A representative of the resettlement unit local CLO 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 CLO and his contact details are available in the offices of all mentioned stakeholders.

429. The CLO 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 CLO prepares the minutes of meetings and collects signatures. If the grievance is resolved at Stage 1, the CLO records the resolution of the grievance in his logbook and informs RD management in writing.

430. 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), CLO- 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.

431. 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.

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

433. 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. If the grievance remains unresolved, the PAP will be explained the Stage 2 escalation process.

434. 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 CLO 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.

8.2 RD's Standing Commission for the Review of Issues Arising in Relation to Social and Environmental Protection Procedures: (Stage 3)

435. If the grievance continues to be unresolved at Stage 2 by the appropriate department, it will be presented to RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures the Review of Issues Arising in Relation to Social and Environmental Protection Procedures. 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 RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures for the Review of Issues Arising in Relation to Social and Environmental Protection Procedures is as follows:

1. Chairman of the Roads Department of Georgia (Chairman RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures);
2. Deputy Chairperson of Roads Department of Georgia (member);
3. Deputy Chairperson of Roads Department of Georgia (member);
4. Deputy Chairperson of Roads Department of Georgia (member);
5. Deputy Chairperson of Roads Department of Georgia (member);
6. Head of the Department's State-Budget-Funded Road Projects Management Division (member);

7. Head of the Department's Donor-Funded Projects Management Division (member);
8. Deputy Head of the Department's Donor-Funded Projects Management Division (member);
9. Head of the Department's Environmental and Social Issues Division (member);
10. Deputy Head of the Department's Environmental and Social Issues Division (member);
11. Deputy Head of the Department's Environmental and Social Issues Division (member);
12. Head of the Resettlement Unit of the Department's Environmental and Social Issues Division (member);
13. Head of the Registration Unit of the Department's Environmental and Social Issues Division (member);
14. Head of the Department's Project Design Division (member);
15. Head of the Department's Financial Management Division (member);
16. Deputy Head of the Department's Legal Division (member);
17. Social Issues Consultant (Invited member)

436. 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 present the requested information/records needed for grievance review and resolution.

437. 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 32. Grievance Resolution Process

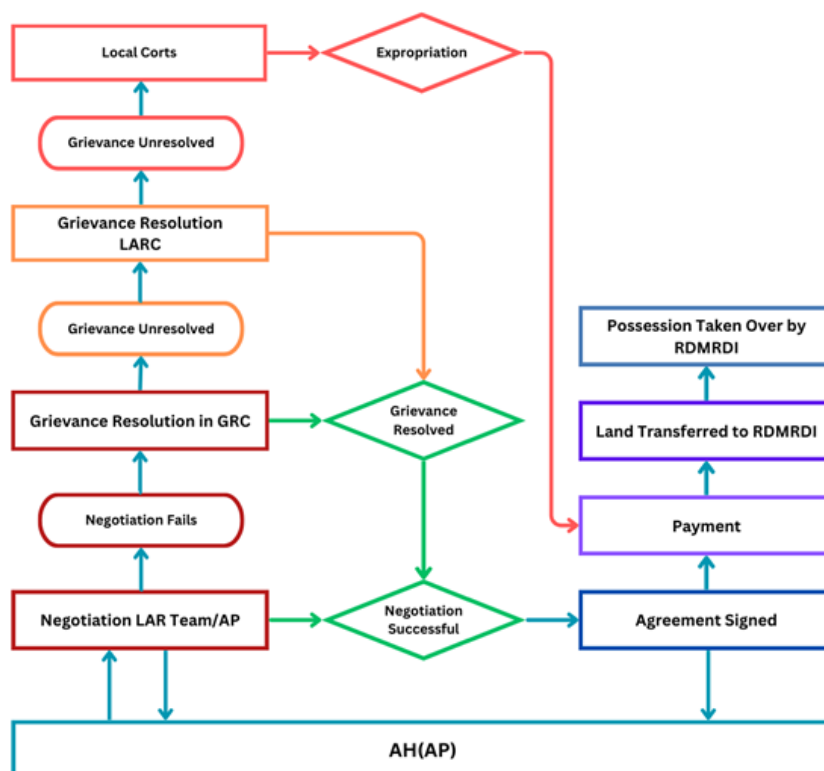
| Steps | Process |
|--------|---|
| Step 1 | The complaint is reviewed by the focal point at the village level, which takes all necessary measures to resolve the dispute |
| Step 2 | <p>If the grievance is not solved at the previous level, the municipality level LAR representative will assist the aggrieved 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.</p> <p>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.</p> <p>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> |
| Step 3 | <p>If any aggrieved AP is unsatisfied with the GRC decision, the next option will be to lodge grievances to the RDMOI at the national level. The RDMOI shall review the complaint in compliance with the procedures specified in the Administrative Code of Georgia. Response time according the Administrative Code of Georgia is 30 days, but internally, according the RDMOI's internal electronic correspondence system, the mandated time for response is 10 days). If the grievance continues to be unresolved, it will be presented to RDMOI's the next option will be to lodge grievances with the RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures The RDMOI'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 RDMOI's</p> |

| Steps | Process |
|--------|---|
| | decision. If RDMOI's decision fails to satisfy the aggrieved affected persons, they can pursue further action by submitting their case to the appropriate court of law |
| Step 4 | If the RD decision fails to satisfy the aggrieved APs, they can pursue further action by submitting their case to the appropriate court of law (local courts) without reprisal. The aggrieved AP can take legal action over the amount of compensation or any other issues, e.g., occupation of their land by the contractor without their consent, damage or loss of their property, restrictions on the use of land/assets, environmental concerns such as dust caused by the contractor's machinery, etc. |
| Step 5 | 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. 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. |

8.3 GRC Records and Documentation

438. RD 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 .

Figure 7. Grievance Organization Chart



439. 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 33. Contact information.

Table 33. Contact information

| Description | Contact details |
|---------------|--|
| Organization: | Roads Department of Georgia (RD) |
| To: | Social and Environmental Issues Division Manager Tamar Kharanauli |
| Address: | 12 Kazbegi ave. Tbilisi 0160, Georgia |
| E-mail: | Tamar.kharanauli@georoad.ge |
| Website: | www.georoad.ge |
| Telephone: | 599 22 17 55 |

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

440. 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.

9. IMPLEMENTATION PROCESS

9.1 General

441. All activities related to LAR will be planned to ensure that compensation is paid prior to displacement and commencement of civil works construction. No site handover to the Contractor shall take place until LARP implementation requirements for that section have been completed. No affected person shall be physically or economically displaced until compensation, allowances, and other applicable assistance have been paid in accordance with the approved LARP. Civil works shall not commence in any area where additional impacts remain unidentified, unresolved, or uncompensated until such impacts have been fully addressed in accordance with this LARP.

442. The present document is the draft 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 ¹⁰(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.

9.2 Detailed Design Stage

443. 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.

9.3 LARP Approval and Initial Tasks

444. Upon completion of the LARP by the detailed design consultant, the RU shall undertake an internal technical and safeguard review of the document, including verification of impact data, entitlement provisions, implementation arrangements, and consistency with applicable legal and ADB SPS requirements. The RU shall also coordinate internal clearance within RD, including confirmation of budget availability and allocation for compensation, allowances, administrative costs, and contingencies.

445. Following internal endorsement, the approved draft LARP shall be submitted to ADB for review and no-objection. After ADB approval, the LARP shall be disclosed in accordance with ADB Access to Information requirements and national procedures, including disclosure in the Georgian language at

¹⁰ Budget was already allocated by RD for this year.

accessible local locations and on relevant official websites. Consultations with affected persons shall continue following disclosure. LARP implementation, including compensation payment and assistance measures, shall then proceed prior to site handover and commencement of works in the relevant sections.

9.4 LARP Implementation Stage

446. 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
- Transfer of compensation and allowance to APs' bank account and registration of land in NAPR on RDMJI name
- Demolition and Relocation of affected structures/ assets
- Compliance review and reporting
- Notice to proceed for Civil works construction
- Monitoring and evaluation
-

9.5 LARP Completion and Post Implementation Reporting and Evaluation

Post Implementation Evaluation entails two tasks:

Task 1: The first task will be the preparation of a LARP Completion 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 (if relevant) will be prepared immediately after the conclusion of the compensation process by an external monitoring consultant (EMC) after the completion of LARP and approved by ADB prior to handover of the site to the Contactor. The CR entail Tasks including Task 2 are presented in the paragraph 11.2 below:

9.6 Implementation Schedule

Table 34. Implementation Schedule

| N | Items | 2026 | | | | | | | | | | | | 2027 | | | | | | | | | | | |
|-----|--|------|---|---|---|---|---|---|----|----|----|---|---|------|---|---|---|---|---|---|----|----|----|--|--|
| | | 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. | Demolition / relocation of physically displaced AHs (after full payment) | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | Handover of section | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. | Commencement of construction (section by section, if applicable) | | | | | | | | | | | | | | | | | | | | | | | | |
| 12. | Internal and External Monitoring/CR | | | | | | | | | | | | | | | | | | | | | | | | |

Notes for ADB Comment Response:

- Target completion for compensation: July 2026 (except cases under expropriation, to be addressed separately before access to affected plots).
- Relocation / demolition timing: Only after full payment of compensation, allowances, and written notice. Indicatively August–September 2026.
- Construction commencement: Section-by-section (if applicable) from September 2026, only in areas fully cleared and compliant with LARP requirements.
- No handover / no works rule: No site handover or civil works in sections with unresolved impacts or pending compensation.

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

448. 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.

449. 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 10**

450. 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.

451. 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, and 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.

452. Step-by-Step Process for Temporary Land Take

- **Identify land needs** for camps, batching/crushing plants, etc.
- **Safeguards screening / due diligence** by Environmental, Social, and Cultural teams.
- **Confirm voluntariness** of lease (landowner must know they can refuse).
- **Negotiate & determine price**, using market data or LARP rates established by an accredited assessor/valuer, in accordance with the principles and entitlements set out in the Entitlement Matrix of this LARP.
- **Contract signing & payment** of compensation or provision of assistance – only with approved templates by the Project, registered with NASP.
- **Documentation & dispute resolution** – all transactions and grievances must be recorded.
- **Pre-entry and exit surveys** to assess and restore land condition.
- **Damage reinstatement & compensation** – based on evaluation and unit rates established by an accredited assessor/valuer, in accordance with the principles and entitlements set out in the Entitlement Matrix of this LARP.

453. Safeguards & Monitoring

- Contractors must operate **within approved boundaries** (RoW or leased area).
- **Training for site staff** to ensure compliance and understanding of the Guideline, including the EM for compensation of land or assets affected during construction (as defined in this LARP), and the Project's grievance mechanism (see Chapter 7).
- Contractor's Community Liaison Officer (CLO) is key in grievance handling and engagement.
- **Engineer's safeguards team** monitors implementation through inspections and reviews.

454. Reporting & Enforcement

- **Monthly reporting** of all temporary land use data, status of compensation of land or assets affected during construction, and grievance receipt and resolution status/progress, if any, 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

455. 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.

456. 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.

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

Unit compensation rates for all affected items and allowances by indicating methodologies.

A cost table for all compensation expenses

Contingency, including LARP implementation administrative costs.

10.1 Compensation for Land

458. 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.

459. The value of land has been determined based on the following categories:

1. Agricultural land located in Lilo settlement
2. Non-agricultural land located in Lilo settlement
3. Agricultural land located along Kakheti Highway
4. Non-agricultural land located along Kakheti Highway
5. Agricultural land located in the Lochini junction area towards the alignment
6. Non-agricultural land located in the Lochini junction area towards the alignment
7. Agricultural land located along the road towards Rustavi
8. Non-agricultural land located along the road towards Rustavi
9. Agricultural land owned by JSC "Georgian Railway"
10. Non-agricultural land owned by JSC "Georgian Railway"

Table 35. 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 | 138-590.79 | 139 | 207,801 | 56,082,273 | - | - | - | - | 56,082,273 |
| II | 179.52-375.86 | 25 | 43031 | 11784996.05 | - | - | - | - | 11784996.05 |
| III | 1305.98 | 2 | 1500 | 1958970 | - | - | - | - | 1958970 |
| IV | 380.91-1451.09 | 61 | 24901 | 16867661.68 | - | - | - | - | 16867661.68 |
| V | 10.38-281.68 | 47 | 94181 | 11719263.82 | - | - | - | - | 11719263.82 |
| VI | 132.87-373.09 | 52 | 99391 | 14633095.15 | - | - | - | - | 14633095.15 |
| VII | 81.46-150.64 | 14 | 28472 | 2632297.03 | - | - | - | - | 2632297.03 |
| VIII | 85.53-159.51 | 13 | 44808 | 5997723.6 | - | - | - | - | 5997723.6 |
| IX | 0-269.55 | 43 | 45751 | 5012087.77 | - | - | - | - | 5012087.77 |
| X | 128.34-256.71 | 53 | 105672 | 22588612.71 | - | - | - | - | 22588612.71 |
| State | 0 | 53 | 162869 | 0 | - | - | - | - | 0 |
| Municipal | 0 | 26 | 57511 | | - | - | - | - | 0 |
| Total | | 528 | 915888 | 149276980.7 | | | | | 149276980.7 |

10.2 Compensation for Structures

460. The Project will result in impacts on a total of 404 structures, including residential, commercial, auxiliary, and other associated infrastructure elements. A total of 4 residential houses will be affected, with a total area of 314.44 m², and an average unit replacement cost of 1,011.81 GEL/m², resulting in a total compensation amount of 318,153 GEL. Commercial buildings represent the largest share of structural impacts, with 37 buildings affected across 25 land plots, covering a total area of 21,450.3 m². Based on an average unit cost of 951.34 GEL/m², the total compensation amounts to 20,406,527 GEL. In addition, 55 auxiliary buildings will be affected (total area: 3,043.32 m²), with an average unit cost of 995.31 GEL/m², resulting in a total compensation of 3,029,051 GEL. A total of 159 gates and fences will also be impacted, with a combined length/area of 8,027.05 lm/m². At an average unit cost of 134.46 GEL, the total compensation is estimated at 1,079,332.35 GEL. Furthermore, 149 cases relate to site improvements and technical infrastructure, including yard improvement works, electricity supply, sewerage and water supply systems, surveillance systems, fire safety measures, technical conditions, and transportation of oversized cargo. The total estimated compensation for these items amounts to 7,573,915.61 GEL. Overall, the total cost of compensation for affected structures and associated assets is estimated at 32,406,978.96 GEL.

Table 36. Compensation for Structures

| Type of Structure | No of Structures | Number of Land Plots | m ² / Im | Average unit Cost of 1 m ² , GEL | Cost |
|---|------------------|----------------------|---------------------|---|--------------------|
| Residential houses | 4 | 4 | 314.44 | 1011.81 | 318153 |
| Commercial Buildings | 37 | 25 | 21450.3 | 951.34 | 20406527 |
| Auxiliary buildings | 55 | 29 | 3043.32 | 995.31 | 3029051 |
| Gates and fences | 159 | 88 | 8027.05 | 134.46 | 1079332.35 |
| Yard/site improvement, electricity supply, sewerage and water supply infrastructure, surveillance systems, fire safety provisions, technical conditions, transportation of oversized cargo of various dimensions, and other associated works. | 149 | 149 | - | | 7573915.61 |
| Total | 404 | - | - | | 32406978.96 |

10.3 Compensation for Annual Crops and Vegetables

461. The Project will have limited impacts on agricultural crops, reflecting the predominantly urban character of the affected area. In total, **7 plots** with a combined area of **1,637 m²** are affected, involving **7 Affected Households (AHs)**. The impacted crops include beetroot, coriander (cilantro), parsley, garlic, leek, and hay. Compensation has been calculated based on applicable unit prices, resulting in individual crop values ranging from **156.11 GEL to 773.5 GEL**, depending on crop type and yield. Hay cultivation represents the largest share in terms of area (1,300 m² across 2 plots), with a total value of **273 GEL**. The overall compensation for crop losses amounts to approximately **2,340.46 GEL (with double counting)**. These figures confirm that the impact on crops is minimal and limited to a small number of households.

Table 37. Compensation for Annual Crops

| N | Type of agricultural crop | Number of Plots | Area | Unit Price | Total Price | Number of AHs. |
|--------------|---------------------------|---------------------------------|-------------|------------|----------------|---------------------------------|
| 1 | Beetroot | 1 | 67 | 2.55 | 170.85 | 1 |
| 2 | Coriander (Cilantro) | 1 | 66 | 4.5 | 297 | 1 |
| 3 | Parsley | 1 | 67 | 10 | 670 | 1 |
| 4 | Garlic | 1 | 67 | 2.33 | 156.11 | 1 |
| 5 | Leek | 1 | 70 | 11.05 | 773.5 | 1 |
| 6 | Hay | 2 | 1300 | 0.21 | 273 | 2 |
| Total | | 7 | 1637 | - | | 7 |
| | | 3 (With Double Counting) | | | 2340.46 | 3 (With Double Counting) |

10.4 Compensation for Trees

462. The Project will have impacts on perennial crops, affecting a total of 2,057 trees and plants, with a total compensation value of approximately 295,830.85 GEL. The affected species include a wide range of fruit and nut trees, such as cherry, apple, quince, pear, plum, mulberry, hazelnut, apricot, almond, walnut, grape varieties, and others, as well as decorative trees. The majority of affected crops fall within productive and semi-productive categories, which account for the largest share of compensation due to their income-generating capacity. Among these, walnut, grape (Rkatsiteli and arbor-trained), and sour plum (tkemali) represent the highest-value impacts, reflecting both their quantity and economic importance. In addition, 650 decorative trees are affected, with a total compensation value of 69,750 GEL. Compensation has been calculated based on the applicable valuation methodology for perennial crops, considering productivity category and replacement value. Overall, while the number of affected trees is notable, the impact remains limited in relation to the predominantly urban character of the Project area, and all affected assets will be compensated at full replacement cost in accordance with the Entitlement Matrix.

Table 38. Compensation for Trees

| # | Plant | Number of items by category | | | | | | Value of Perennial Crops by Category (GEL) | | | | | | Total Number | Total Sum |
|----|----------------------------|-----------------------------|----|-----|----|---|---|--|---------|----------|---------|---|---|--------------|-----------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 | | |
| 1 | Cherry (Sweet Cherry) | 4 | 40 | 17 | - | - | - | 99.0 | 5,785.0 | 7,029.5 | - | - | - | 61 | 12,913.5 |
| 2 | Sour Cherry | - | 6 | 10 | - | - | - | - | 741.0 | 4,800.0 | - | - | - | 16 | 5,541.0 |
| 3 | Apple | 2 | 20 | 22 | - | - | - | 32.0 | 2,010.0 | 9,438.0 | - | - | - | 44 | 11,480.0 |
| 4 | Quince | 2 | 9 | 13 | - | - | - | 46.0 | 862.0 | 4,381.0 | - | - | - | 24 | 5,289.0 |
| 5 | Pear | 1 | 7 | 3 | - | - | - | 27.0 | 881.0 | 1,425.0 | - | - | - | 11 | 2,333.0 |
| 6 | Plum | - | 23 | 25 | - | - | - | - | 1,642.9 | 3,718.8 | - | - | - | 48 | 5,361.6 |
| 7 | Mulberry | 3 | 3 | 16 | - | - | - | 41.0 | 313.5 | 4,208.0 | - | - | - | 22 | 4,562.5 |
| 8 | Hazelnut | - | 25 | 28 | - | - | - | - | 1,221.0 | 3,515.4 | - | - | - | 53 | 4,736.4 |
| 9 | Cherry Plum | 3 | 7 | 8 | - | - | - | 57.0 | 609.0 | 2,340.0 | - | - | - | 18 | 3,006.0 |
| 10 | Apricot | - | 10 | 2 | 3 | - | - | - | 2,166.0 | 1,498.0 | 1,722.0 | - | - | 15 | 5,386.0 |
| 11 | Cornelian Cherry (Dogwood) | - | 3 | 6 | - | - | - | - | 194.8 | 1,083.0 | - | - | - | 9 | 1,277.8 |
| 12 | Fig | - | 1 | 10 | 1 | - | - | - | 102.0 | 2,720.0 | 209.0 | - | - | 12 | 3,031.0 |
| 13 | Almond | 1 | 5 | 57 | 70 | - | - | 44.0 | 280.0 | 8,835.0 | 8,890.0 | - | - | 133 | 18,049.0 |
| 14 | Sour Plum (Tkemali) | - | 4 | 141 | 4 | - | - | - | 278.0 | 25,873.5 | 576.5 | - | - | 149 | 26,728.0 |
| 15 | Wild Cherry (Cherami) | - | 1 | 8 | 6 | - | - | - | 138.0 | 3,192.0 | 1,869.0 | - | - | 15 | 5,199.0 |
| 16 | Persimmon (Kaki, Karaliok) | - | 3 | 3 | - | - | - | - | 149.2 | 510.0 | - | - | - | 6 | 659.2 |
| 17 | Peach | 1 | 4 | 10 | - | - | - | 19.0 | 352.0 | 2,410.0 | - | - | - | 15 | 2,781.0 |
| 18 | Pomegranate | - | 3 | 12 | - | - | - | - | 476.0 | 5,028.0 | - | - | - | 15 | 5,504.0 |

| | | | | | | | | | | | | | | | |
|--------------|--------------------------------|-----|----|-----|----|---|---|-----------|----------|----------|----------|---|-------|-------------------|----------|
| 19 | Bay Laurel | 1 | 1 | 1 | - | - | | 5.0 | 18.6 | 54.1 | - | - | | 3 | 77.7 |
| 21 | Walnut | 19 | 39 | 8 | 6 | | | 537.0 | 14,889.0 | 20,792.0 | 11,814.0 | | | 72 | 48,032.0 |
| 22 | Gooseberry | - | 2 | - | - | - | - | - | 81.5 | - | - | - | - | 2 | 81.5 |
| 23 | Medlar | - | 2 | - | - | - | - | - | 132.5 | - | - | - | - | 2 | 132.5 |
| 24 | Hawthorn | - | - | 1 | - | - | - | - | - | 126.0 | - | - | - | 1 | 126.0 |
| 25 | Grape (Rkatsiteli, Aladasturi) | - | 4 | 394 | 11 | - | - | - | 122.8 | 27,974.0 | 636.7 | - | - | 409 | 28,733.5 |
| 26 | Strawberry Tree | - | 1 | 1 | - | - | | - | 50.5 | 126.0 | - | - | | 2 | 176.5 |
| 27 | Blueberry | - | 1 | - | - | - | - | - | 60.6 | - | - | - | - | 1 | 60.6 |
| 28 | Raspberry | - | 25 | - | - | - | - | - | 562.5 | - | - | - | - | 25 | 562.5 |
| 29 | Grape (Arbor-trained) | - | 3 | 190 | - | - | - | - | 143.1 | 20,140.0 | - | - | - | 193 | 20,283.1 |
| 30 | Nectarine | 2 | - | - | - | - | - | 38.0 | - | - | - | - | - | 2 | 38.0 |
| 31 | Feijoa | - | 2 | - | - | - | - | - | 426.0 | - | - | - | - | 2 | 426.0 |
| 32 | Currant | 1 | 14 | 8 | - | - | - | 19.0 | 1,169.0 | 1,288.0 | - | - | - | 23 | 2,476.0 |
| 33 | Chestnut | - | - | 1 | - | | | - | - | 643.5 | - | | | 1 | 643.5 |
| 34 | Bilberry | - | - | 2 | - | - | | - | - | 347.0 | - | - | | 2 | 347.0 |
| 35 | Barberry | | 1 | | | | | | 46.5 | | | | | 1 | 46.5 |
| 36 | Decorative trees | 650 | | | | | | 69,750.00 | | | | | | 650 | 69,750.0 |
| Total | | | | | | | | | | | | | 2,057 | 295,830.85 | |

10.5 Income Loss

463. At the time of LARP preparation, the affected businesses were unable to provide financial documentation confirming their taxable profits from the affected business over the past three years. However, should such documentation be submitted during LARP implementation, compensation will be provided in accordance with the Entitlement Matrix. In the absence of verifiable income documentation, businesses will receive a one-time allowance equivalent to a 12-month subsistence unit rate, as defined in the EM.

464. At the time of LARP preparation, **business operators who own and/or lease storage premises** were unable to provide supporting documentation confirming ownership or tenancy arrangements, as well as verifiable records of taxable income. However, should such documentation be submitted during LARP implementation, compensation will be also provided in accordance with the provisions of the Entitlement Matrix.

465. At the time of LARP preparation, the affected businesses were unable to provide supporting documentation confirming **salary payments (including bank transfer records) and/or the number and status of employees.**

466. In the absence of such documentation, compensation for affected employees will be determined based on the subsistence unit rate, in accordance with the Entitlement Matrix. However, should verifiable documentation (including confirmation of the number of employees and salary records) be provided during LARP implementation, compensation will be recalculated accordingly, based on the actual income levels, in line with the provisions of the EM.

467. All above-mentioned compensation and allowances, subject to submission and verification of the required supporting documentation, will be financed from the LARP budget, including the contingency allocation.

Table 40. Income Loss

| N | Plot No. | ID Number | Registration Type | Cadastral Code | Type of Structure | Type of Business | Amount (GEL) |
|----------|-----------------|------------------|--------------------------|-----------------------|--------------------------------------|-------------------------|---------------------|
| 1 | 097 | 60001051421 | Registered | 01.81.08.420.003 | Storage Facility | Medium (standard) | 6,774.3 |
| 2 | 103 | 406524275 | Registered | 81.08.16.271 | Storage Facility | Medium (standard) | 6,774.3 |
| 3 | 104 | 406322475 | Registered | 81.08.16.810 | Storage Facility | Medium (standard) | 6,774.3 |
| 4 | 106 | 12001052089 | Registered | 81.08.16.934 | Storage Facility | Medium (standard) | 6,774.3 |
| 5 | 123 | 01027008024 | Registered | 01.81.08.500.018 | Commercial Building | Medium (standard) | 6,774.3 |
| 6 | 127 | 01012010604 | Registered | 81.08.16.402 | Commercial Building (Aluminum works) | Medium (standard) | 6,774.3 |
| 7 | 144 | 208208688 | Registered | 81.08.00.003 | Fuel Station | Impacted | 6,774.3 |
| 8 | 285 | 43001003574 | Registered | 81.08.12.092 | Storage Facility | Medium (standard) | 6,774.3 |
| 9 | 301 | 20901075242 | Registered | 01.81.08.415.002 | Storage Facility | Medium (standard) | 6,774.3 |
| 10 | 310 | 20001017678 | Registered | 81.08.12.364 | Storage Facility | Medium (standard) | 6,774.3 |
| 11 | 311 | 20001017678 | Registered | 81.08.12.365 | Storage Facility | Medium (standard) | 6,774.3 |
| 12 | 335 | 205128253 | Registered | 81.08.11.401 | Vacant Building | Medium (standard) | 6,774.3 |
| 13 | 337 | 426528714 | Registered | 81.08.11.551 | Vacant Building | Medium (standard) | 6,774.3 |

| | | | | | | | |
|----|-------|-------------|--------------|--------------|---------------------|-------------------|---------|
| 14 | 377 | 201950273 | Registered | 81.10.27.467 | Industrial Facility | Medium (standard) | 6,774.3 |
| 15 | 398 | 01027005959 | Registered | 81.10.27.347 | Scrap Yard | Medium (standard) | 6,774.3 |
| 16 | 400 | 01017039101 | Registered | 81.10.39.147 | Restaurant | Medium (standard) | 6,774.3 |
| 17 | 401 | 01017039101 | Registered | 81.10.39.148 | Fuel Station | Medium (standard) | 6,774.3 |
| 18 | 402 | 01017039101 | Registered | 81.10.27.841 | Garage Boxes | Medium (standard) | 6,774.3 |
| 19 | 403 | 12001027309 | Registered | 81.10.27.910 | Workshop | Small (standard) | 6,774.3 |
| 20 | 404 | 24001042095 | Registered | 81.10.27.909 | Workshop | Small (standard) | 6,774.3 |
| 21 | 406 | 24001042095 | Registered | 81.10.27.822 | Workshop | Small (standard) | 6,774.3 |
| 22 | 407 | 12001076993 | Unregistered | - | Drive-in | Small (standard) | 6,774.3 |
| 23 | 408 | 24001042095 | Unregistered | - | Part of Workshop | Small (standard) | 6,774.3 |
| 24 | 435 | 12001012719 | Registered | 81.10.39.927 | Laundry | Small (standard) | 6,774.3 |
| 25 | 435-1 | - | Unregistered | - | Shop / Laundry | Small (standard) | 6,774.3 |
| 26 | 442 | 12001091743 | Registered | 81.10.39.003 | Drive-in / Shop | Small (standard) | 6,774.3 |
| 27 | 442-1 | - | Unregistered | - | - | Small (standard) | 6,774.3 |
| 28 | 483 | 404948713 | Registered | 81.07.04.572 | Warehouse | Medium (standard) | 6,774.3 |

10.6 Resettlement Assistance

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

- I. Assistance for severely affected households: (i) Physical relocation: an allowance covering 6-month period subsistence unit rate.

469. Agricultural income: additional crop compensation for 1 year's yield of affected land or an allowance equal to 6 months subsistence unit rate, whichever is higher.

470. Other income: an allowance covering 6-month period subsistence unit rate.

- II. Assistance for vulnerable families: assistance amounts to six months subsistence unit rate.
- III. Assistance for relocation/shifting assistance for such families amounts to six months subsistence unit rate, plus 350 GEL for transportation.

471. The Project provides various types of allowances to mitigate impacts on affected households in accordance with the provisions of the Entitlement Matrix (EM), with a total allocation of 830,890.3 GEL. The largest share is allocated to 170 severely affected households losing more than 10% of their affected land, each receiving an allowance of 3,387.15 GEL, amounting to a total of 575,815.5 GEL. In addition, 28 households experiencing permanent business displacement will receive the same allowance, totaling 94,840.2 GEL, while 4 households subject to physical relocation will receive 13,548.6 GEL. Furthermore, 8 vulnerable households will be provided with assistance equivalent to a six-month subsistence unit rate, totaling 27,097.2 GEL. A total of 32 households eligible for relocation support will receive an allowance of 3,737.15 GEL per household, covering transportation and transitional livelihood expenses (including 350 GEL for vehicle hire and a six-month subsistence unit rate), amounting to 119,588.8 GEL. The cost of business relocation is accounted for separately within the compensation for buildings and structures. Overall, these allowances are intended to support affected households in restoring their livelihoods and ensure compliance with applicable safeguard requirements.

Table 41. Resettlement Assistance

| Type of allowances | Quantity | Allowance, unit rate | Total |
|---|----------|----------------------|-----------------|
| 1. Severely affected Households, of which: | | | |
| (i) Losing more than 10% of affected land | 170 | 3387.15 | 575815.5 |
| (ii) Households losing commercial/business establishments (permanent business relocation) | 28 | 3387.15 | 94840.2 |
| (iii) Relocated households (residential relocation) | 4 | 3387.15 | 13548.6 |
| 2. Vulnerable Households (6-month period subsistence unit rate) | 8 | 3387.15 | 27097.2 |
| 3. Relocation allowance (transport and livelihood expenses for the transitional period (350 GEL as vehicle hire charge + 6-month period subsistence unit rate), the cost for business shifting is included in compensation table of buildings and structures. | 32 | 3737.15 | 119588.8 |
| Total | | | 830890.3 |

10.7 Cost of Resettlement

472. The total LARP implementation cost for the LARP amounts to 219,603,242.04 Gel equal 81,612,621.54 USD (as per exchange rate 2.6908 of May 2, 2026). 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 20% of contingencies, which will cover LARP any necessary compensations and 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 42. Resettlement Budget

| Type | Unit affected | Unit cost | Total cost (Gel) |
|--------------------------------|----------------------|------------------|-------------------------|
| Land | 915888 | Various | 149,276,980.7 |
| Structure | 24808.1/8027.05 | Various | 32,406,978.96 |
| Trees | 2,057 | Various | 295,830.85 |
| Crops | 1637 | Various | 2,340.46 |
| Business compensation | 28 | Various | 189,680.4 |
| Lease compensation | N/A | Various | - |
| Cost Storage Premises | N/A | Various | - |
| Natural resources (estimation) | - | Various | - |
| Loss of employment | N/A | Various | |
| Severe impact allowance | 202 | 3387.15 | 684,204.3 |
| Relocation/Shifting allowance | 32 | 3737.15 | 119,588.8 |
| Vulnerability allowance | 8 | 3387.15 | 27,097.2 |
| Subtotal (compensation) | | | 183,002,701.7 |
| Contingency | | 20% | 36,600,540.34 |
| Total | | | 219,603,242.04 |

11. MONITORING AND EVALUATION

473. 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

474. 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

475. 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.

476. 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 Tbilisi Bypass 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.

477. 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.

478. **Phase 1 (LARP 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 be 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.
479. 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.

Phase 2 (post-resettlement monitoring and evaluation): The LARP, including livelihood restoration plan implementation will be assessed once, two years after of the completion of compensation payment. 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.

The TOR for external monitoring is in Annex 9.

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 11 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

¹¹ 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 legislation.

ANNEX 2. PUBLIC INFORMATION BOOKLET

Lot 4 is one of the most complex sections of the entire Project. As a part of the Tbilisi Bypass provides a fast corridor for the North-South direction, but it's also an upgrade of the urban access route on the East – West corridor.

The new alignment has to merge and improve the access to many strategic points along its route: the international airport, the industrial area and many commercial activities, the custom office for freight traffic and the existing cloverleaf interchange of Lotchini.

The existing road network consists of:

- East – West corridor: the so-called Kakheti Highway connects the eastern part of the country with Tbilisi. The road section is very wide (3+3 lanes plus secondary parallel roads) for the urban section, from the town to the airport junction. After the airport junction it becomes encumbered with private commercial activities right on the edge of the pavement, with several junctions for secondary roads and pedestrian crossings.
- North – South corridor: it's the international link called E60, towards the Black Sea and Russia. Heavy traffic cannot drive across the urban area and must engage the Tbilisi bypass.

The intersection between these two corridors is the Lotchini Interchange: a cloverleaf junction with good geometry, and margin for upgrades.

The total length of the main alignment is 10,978 km, from the connection with Lo t3 on the abandoned railway, to the connection with Lot 5. Three main interchanges connect the highway with the existing road network: the airport junction, the Lotchini interchange and the Custom interchange. Secondary roads reconnect local roads that are interrupted by the new infrastructure.

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 February 6,2026.

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. |
| | | 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, and/or the relevant municipalities. | These land plots are not registered with NAPR as privately owned. APs will not be provided with cash compensation for land unless ownership is formally registered. However, they will be compensated at full replacement cost, based on current market value and valuation by an accredited valuator, for any affected assets/structures located on the land (e.g., farming huts, fences, etc.), perennials, annual crops, trees, and other eligible items in accordance with the Entitlement Matrix. In addition, a one-time cash allowance equal to the subsistence minimum for a period of 6-months shall be provided where the land is actively cultivated. If the land is subsequently registered as private property, the registration fee will be covered by RD, and compensation for the land will be paid to the registered owner upon completion of registration. |
| | | Agricultural Tenant with written agreement and/or without written agreement agreement | Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease (Where supporting documentation is available). Agricultural tenants without formal agreement will be compensated with one-time allowance in cash equal to a subsistence unit rate for 6-month period, after the informal tenancy will be confirmed by representative of local government. |
| Non- Agricultural Land | AP losing their commercial/ residential or other non-agricultural type of land, including renters | Registered Owner/Legal: (Owner with full registration) | Cash compensation at full replacement cost. |
| | | 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, and/or the relevant municipalities. | APs losing a land plot under the actual possession, which is the only land plot used for residence or providing the main source of income for the AH, will be compensated with one-time allowances in cash equal to a minimum subsistence unit rate for 12-month period. This only applies to physically displaced APs who do not have other residence. These land plots are not registered with NAPR. as privately owned. APs will not be provided with cash compensation for land unless ownership is formally registered. However, they will be compensated at full replacement cost, based on current market value and valuation by an accredited valuator, for any affected assets/structures located on the land (e.g., farming huts, fences, etc.), perennials, annual crops, trees, and other eligible items in accordance with the Entitlement Matrix. If the land is subsequently registered as private property, the registration fee will be covered by RD, and compensation for the land will be paid to the registered owner upon completion of registration. |
| | | Renters of non-agricultural land (inclusive of rental of | The renters with written agreement (Where supporting documentation is available) of non- |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|--|---|---|
| | | business premises and/or business operation) | <p>agricultural land plots shall be provided with compensation equal to the monthly rent for the rented land plot for the remaining term of the lease agreement, up to a maximum period of four years.</p> <p>For renters without written agreement a one-time cash allowance equal to the subsistence minimum for a period of 6-months shall be provided.</p> <p>Relocation/shifting allowance as per EM below</p> |
| <p>Permanent Restriction on land use:</p> <p>(i) Servitude above the underground utilities, such as cables and pipes - impact on existing structures and restriction of new construction.</p> <p>(ii) Servitude for relocation of transmission lines of 0.4-10 KV - any type of construction, installation, reconstruction, or explosive work.</p> <p>(iii) 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</p> | <p>AHs- own legal land and land possessed by private users without formal ownership titles.</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> <p>Cash compensation for land due to imposition of servitude shall be based on difference of the market value of the entire land parcel 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.</p> <p>AHs (landowners) whose land plots under actual impact of this project will be encumbered with 10% of entire land or over servitude impact, will be entitled for additional one-time cash assistance allowance for severely AHs.</p> <p>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.</p> <p>Land under actual possession (non-titled land occupants) 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 will not receive compensation for land defined for impact of servitude, but will receive compensation for any affected assets above the land, perennials, crops, etc. at full replacement cost based on current market value and valuation by accredited valuator.</p> |
| 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 cost free of depreciation and salvaged materials and transaction costs. 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.</p> <p>Construction materials remaining after the demolition of the structures will be deemed as ownership of the AH.</p> |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|---|---|---|
| | | | Full replacement cost will be provided for buildings used for various purposes, such as residential and commercial, regardless of the existence of official construction permits issued by the relevant authorities. |
| Legal or illegal renter of properties. | All AHs 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 of rental allowance. In the absence of such documentation, a unit rate based for a 12-month period, together with physical relocation/ Business shifting assistance, shall be applied as indicated below. |
| 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 re-establishment of pasture lands/other common pool resources in consultation with community and restoration of asset 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 land users and Informal Settlers) | Crop compensation in cash at market rate by default at gross crop value of expected harvest. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements |
| Trees | Trees affected | All APs regardless of legal status (including land users and Informal Settlers) | 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 land/asset users and Informal settlers) | Business Owner: (i) Permanent impact: cash indemnity of the compensation equal to 12 months of net income loss 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. (iii) Compensation for Business Impacts – Owners of Storage Premises: Business owners whose operations include the use of storage premises as part of their commercial activities shall be eligible for compensation. Such eligible business owners will receive compensation calculated on the basis of the average market rental rate per square meter, as determined by an |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|---|---|--|
| | | | <p>independent licensed valuator, multiplied by the affected leased storage area, and multiplied by a period of 12 months, which is considered sufficient for the construction or securing of new storage premises, while also covering the transitional period required for relocation and restoration of normal business operations.</p> <p>Compensation for Business Impacts – Tenants of Storage Premises:</p> <p>Business operators leasing storage premises and using such facilities as part of their commercial activities shall also be eligible for compensation. Compensation will be calculated on the basis of the average market rental rate per square meter, as determined by an independent licensed valuator, multiplied by the affected leased storage area, and multiplied by a period of six months, which is considered sufficient as a transitional period for identifying and securing new storage premises before resuming normal business operations.</p> <p>Permanent worker/employees: Equivalent to actual wage (average of payments calculated based on the last 6-month period), verified through bank transfer documentation (records) for 12 months and/or in cases where documents confirming salary transfers are not available, indemnity for lost wages equal to one-time 12-month period subsistence unit rate. For all the above, acceptable documents need to be presented, i.e. salary payment document, accountant/financial report.</p> <p>Temporary impact on employment: Equivalent to actual wage (average of payments calculated based on the last 6-month period), verified through bank transfer documentation (records) for 6 months and/or in cases where documents confirming salary transfers are not available, 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 on relevant Georgian regulations. |
| Assistance, Allowances, and Additional Livelihood Restoration Activities | | | |
| Severe Impacts | AHs (i) losing 10% or more of their land impacted by the project or 10% or more of income generating assets (ii) physically displaced HH and (iii) households losing commercial/business establishments (to be relocated) and/or losing more than 10% | All severely affected AHs including informal settlers | <p>(i) Physical relocation: an allowance covering 6-month period subsistence unit rate.</p> <p>(ii) Agricultural income: additional crop compensation for 1 year's yield of affected land or an allowance equal to 6 months subsistence unit rate, whichever is higher.</p> <p>(iii) Other income: an allowance covering 6-month period subsistence unit rate.</p> |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|---|---|---|
| | of business income (formal or informal). | | |
| Livelihood restoration (non-cash measures) | All affected HHHs, severely affected and vulnerable AHs and affected employees | All AHs including informal settlers (non-titled land users/occupants) | <p>A Livelihood Restoration Plan (LRP) will be developed for the project. A Livelihood Restoration Plan will be developed for the project. Indicative LR measures may include:</p> <ul style="list-style-type: none"> - Vocational training - Provide knowledge and skills on enterprise management <p>Provide information and training in the business sectors typical of this region. Additional livelihood restoration and improvement measures will be added to the finalized LRP based on the individual/focus group consultations with APs and other stakeholders (For example: business owners, severe impacted and/or physically displaced and vulnerable HHHs) and need assessment surveys at the early stage of RAP implementation.</p> |
| Physical Relocation/business Shifting | Transport/ transition costs | All AHs to be relocated/Shifted | <p>An allowance covering transport and related logistical expenses for the transitional period (350 GEL as vehicle hire charge + 6-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 allowance | | Disadvantaged/vulnerable Households are those who might suffer disproportionately. (i) female-headed households regardless of dependent status; (ii) disabled households with members who have disabilities; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure (non-titled land users/occupants); (vi) Ethnic minorities; and (vii) refugees or internally displaced people. | <p>6-month period subsistence unit rate and employment priority in project-related jobs where feasible.</p> <p>Logistical assistance as applicable.</p> |
| Unforeseen impacts during construction, including temporary impacts and impacts on livelihoods not otherwise assessed | Impacts during construction on 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 provisions defined in this LARP and on the requirements of SPS 2009. |
| Temporary Impact on land plot during construction | All APs regardless of legal status | All APs regardless of legal status | Temporary land impacts will be compensated based on the productive value of the plot, namely: where temporary impacts affect income-generating land, compensation shall be provided for losses incurred by the owner due to the temporary inability to use the land, |

| Type of Loss | Application | Definition of AH/APs | Compensation Entitlements |
|---|--------------------------------------|--|--|
| | | | including loss of crops, production, or related income during the period of disruption. 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, and after their use will be re-established by the project at the pre-impact productive conditions. Should such temporary impacts also affect persons/third parties using pasture lands other than the owners, livelihood assistance for temporary 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 the implementation period. |

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. RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures 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 | 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. |

| Steps | Process |
|--------|---|
| | <p>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.</p> <p>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.</p> <p>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> <p>The grievance redress at this stage shall be completed within 4 weeks.</p> |
| Step 3 | <p>If any aggrieved AP is unsatisfied with the GRC decision, the next option will be to lodge grievances to the RDMOI at the national level. The RDMOI shall review the complaint in compliance with the procedures specified in the Administrative Code of Georgia. Response time according the Administrative Code of Georgia is 30 days, but internally, according the RDMOI's internal electronic correspondence system, the mandated time for response is 10 days). If the grievance continues to be unresolved, it will be presented to RDMOI's the next option will be to lodge grievances with the RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures. The RDMOI 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 RDMOI's decision. If RDMOI's decision fails to satisfy the aggrieved affected persons, they can pursue further action by submitting their case to the appropriate court of law</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> |

ANNEX 3. MINUTES OF CONSULTATIONS

Public Consultation conducted on May 21, 2021

**On
pending activities for preparation of
Environmental Impact Assessment (EIA)
And
Land Acquisition and Resettlement Plan (LARP)
For**

**Preparation of Feasibility Study and Detailed Design for E-60 Highway Section
from Natakhtari to Rustavi (Tbilisi Bypass)**

Lotchini-Rustavi Road Section – Lot 4

Location: Administrative building of Gardabani Municipality

Address: t. Gardabani, 73, D. Aghmashenebeli St.

Meeting Hall on the ground floor

Date: May 21, 2021

Time: 11 PM

Chairman of meeting – Beka Tchighladze

Secretary of meeting – Mariam Lekishvili

Speakers:

Beka Tchighladze, GPI

Maia Matabeli, Environmental specialist at Gamma Consulting

Lela Shatirishvili, Social Safeguards and Resettlement Consultant, SPMG LLC

Gia Sopadze, Environmental Safeguards Consultant at the Roads Department of Georgia

Attendees of the Meeting: See Below

The goal of the public meeting was to inform the local communities about the purpose of the upcoming project, including tentative timeline, temporary inconvenience expected from the civil works, and planned measures for mitigating the expected negative environmental and social impact. Meeting attendees had an opportunity to ask questions and express their opinion during the public discussion, so that their comments and suggestions could be considered during the project planning and implementation period.

Mr. Beka Tchighladze, Coordinator at GPI, opened the meeting and informed local residents about the importance and benefits of the project, such as economic benefits, increased safety for road users and the local population, reduced delivery time to markets, and increased potential for job opportunities during monitoring and operational phases. The main focus was to emphasize the analyses of alternatives in terms of technical, environmental, social impact, and selection of the most suitable alternative alignment and ROW.

The opening speech was followed by Ms. Maia Matabeli, Environmental Specialist at Gamma Consulting. The presenter discussed possible environmental impacts during mobilization, construction, and operation stages of the project; explained the needs, legal basis and procedure of environmental impact assessment – both the national and the ADB requirements. She covered the scope of planned baseline data gathering exercise, mentioned analysis and modelling scheduled for subsequent ranking of expected influence, spoke about the negative impact alleviation requirements via development of the source and recipient tailored impact avoidance, reduction, mitigation or compensation measures (whether appropriate). The presenter stressed importance of stakeholder involvement in the process and provided information on preliminary assessment of expected impacts.

Then the podium was given to Mrs. Lela Shatirishvili, Social Safeguards and Resettlement Consultant. Mrs. Shatirishvili discussed the objectives of the pending field surveys, such as census, SES, land demarcation, and inventory of project affected assets; then briefly described ADB SPS 2009 policy and principles to be applied in the process of LARP preparation and implementation in line with the active legislation of Georgia.

Describing the activities to be undertaken during LARP preparation, Mrs. Shatirishvili explained the importance of the cut-off date, rights and responsibilities of project affected persons, and objectives of project implementing agency, raised issues relating to foreseen types of impact to APs, and touched on the methods of compensation at full replacement value and at current market rates. Compensation rates will be ascertained by the independent licensed appraiser who will be deployed to prepare the Valuation Methodology and to determine compensation unit rates for project affected land, structures, annual and perennial crops, business stoppage, and the loss of wages and salaries. In addition, attendees were informed that LARP regulations would include consideration of onetime allowances for severely affected and vulnerable groups, as well as relocation subsidies, and technical assistance with the provision of cadaster survey maps to assist APs with processing title registration at the NAPR.

Mrs. Shatirishvili also informed attendees that during the entire project period, an effective and efficient Grievance Redress Mechanism would be established to deliver timely addressing of all grievances and complaints lodged in relation to environmental, social, and compensation issues.

Attendees' primary attention was drawn to the Grievance Redress Mechanism steps required in applying to the RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures during the entire timeline of the project. Concluding the presentation, the panel invited attendees to a question-answer session. Table A below describes the results of the Question-Answer Session. The official Public Meeting was then closed.

Table A. Questions raised by the attendees and the answers provided by the Public Meeting organizers

| N | Question raised | Answer provided by the Consultant |
|---|--|--|
| 1 | What will be the compensation amount for land? | As stated, unit rates for assets and/or land are yet to be calculated. A licensed appraiser from a valuation company will be deployed to carry out relevant data collection and analyses and to determine reasonable compensation unit rates for each type of land according to current sales prices reported in the field of real estate property market of the relevant area. |
| 2 | What is the schedule of the construction? | Civil works and construction activities will begin after the Construction Contractor has been chosen through International tender. At first land surveys and inventory acts have to be completed and all APs need to be compensated. |
| 3 | What if I do not want to sell my property? | All project affected houses will be identified during the DMS, residential house, all supplementary structures, fence and gate will be inventoried and evaluated at construction cost based on current market values without deducting depreciation or cost of salvaged materials. This guarantees that amount of compensation will prevail sales price of similar residential dwellings. However, your residential house may not be even affected. This will be after we together with the owners meet on site at the project affected land parcel. |
| 4 | When will the valuation and field works commence? | Social and Resettlement team plans commencement of field surveys in early June 2021. In any case, prior notice will be provided through local government authorities, and one more public consultation meeting will be organized to meet project affected persons and to schedule the dates for field operations to ensure that at least one adult family member is available to engage with the field surveys. |
| 5 | What will happen to the communication lines under the property? | The construction contractor will restore all communications along the ROW. |
| 6 | What if the remaining area of my land parcel is too small to be usable? | If the remaining area of the land parcel cannot be used for similar or other profitable purpose for AP, the compensation package will be calculated for the whole area of the land parcel. Certainly, the APs will have an opportunity to keep the remaining land parcel. Each and every project affected land parcel will be reviewed independently to find mutually acceptable solution. |
| 7 | What will happen to commercial structures and businesses along the road? | Apart from the value of construction cost of the facilities, business stoppage compensation is calculated by the profit. You will need to provide a documentation from revenue service proving your annual profit. Compensation package also includes salaries for employees, and allowance to cover cost of transportation office furniture and belongings. |

Public Consultation conducted on June 14, 2022

**MINUTES of Public Consultation
On
Land Acquisition and Resettlement Plan (LARP)
For
Lot 4
Preparation of Feasibility Study and Detailed Design for E-60 Highway Section
from Natakhtari to Rustavi (Tbilisi Bypass)**

Location: Didi Lilo settlement, Public School No 127

Meeting Hall on the second floor

Date: June 14, 2022

Time: 19 PM

Presenter: Lela Shatirishvili, Senior Social Safeguards and Resettlement Consultant

Attendees of the Meeting: See Below

The attendees were introduced to project and the objectives of the pending field surveys, such as census, SES, land demarcation, and inventory of project affected assets; then briefly described ADB SPS 2009 policy and principles to be applied in the process of LARP preparation and implementation in line with the active legislation of Georgia.

Describing the activities to be undertaken during LARP preparation, Mrs. Shatirishvili explained the importance of the cut-off date, rights and responsibilities of project affected persons, and objectives of project implementing agency, raised issues relating to foreseen types of impact to APs, and touched on the methods of compensation at full replacement value and at current market rates. Compensation rates will be ascertained by the independent licensed appraiser who will be deployed to prepare the Valuation Methodology and to determine compensation unit rates for project affected land, structures, annual and perennial crops, business stoppage, and the loss of wages and salaries. In addition, attendees were informed that LARP regulations would include consideration of onetime allowances for severely affected and vulnerable groups, as well as relocation subsidies, and technical assistance with the provision of cadaster survey maps to assist APs with processing title registration at the NAPR.

Mrs. Shatirishvili also informed attendees that during the entire project period, an effective and efficient Grievance Redress Mechanism would be established to deliver timely addressing of all grievances and complaints lodged in relation to environmental, social, and compensation issues.

Attendees' primary attention was drawn to the Grievance Redress Mechanism steps required in applying to the RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures during the entire timeline of the project. Concluding the presentation, the panel invited attendees to a question-answer session. Table A below describes the results of the Question-Answer Session. The official Public Meeting was then closed.

Table A. Questions raised by the attendees and the answers provided by the Public Meeting organizers

| # | Question raised | Answer provided by the Consultant |
|---|--|---|
| 1 | When are construction activities expected to commence? | Civil works and construction activities will begin after the Construction Contractor has been chosen through International tender. At first land surveys and inventory acts have to be completed and all APs need to be compensated. |
| 2 | What happens to piece of land outside of project ROW? Is it possible to receive compensation for the whole land parcel? | If the remaining area of the land parcel cannot be used for similar or other profitable purpose for AP, the compensation package will be calculated for the whole area of the land parcel. Certainly, the APs will have an opportunity to keep the remaining land parcel. Each and every project affected land parcel will be reviewed independently to find mutually acceptable solution. |
| 3 | What happens if we will refuse to sell my land? | Proposed amount of compensation will be based on current market prices in this area; therefore it is expected that the amount of compensation should be sufficient to allow you acquisition of another land parcel of similar designation. All efforts are made to ensure project affected people are cash compensated at full replacement value of current market price. This approach is established under International Valuation Standards to ensure the market price is as accurate as possible to prevent price underestimation as well as overestimation. Valuation Report prepared by the independent licensed valuator will serve this objective to determine compensation unit rates in compliance with fair market prices. |

List of Public Consultation Attendees (May 21, 2021) [available upon request]

List of Public Consultation Attendees (June 14, 2022) [available upon request]

Photo gallery

Public Consultation in Gardabani on May 21, 2021 [available upon request]

Public Consultation in Didi Lilo on June 14, 2022

Public Consultation for Updated LARP

Date: 25 December 2025

Location: Tbilisi, Lilo Settlement, Sport Complex

Start Time: 11:00

Participants from RD and Company Colliers Georgia - Valuation and Advisory LLC

Mikheil Ujmajuridze – Head of Environmental and Social Issues Division, Roads Department of Georgia

Khatia Shafaqidze – Deputy Head, Environmental and Social Issues Division, RD

Shota Batsikadze – Senior Specialist, Resettlement Unit, RD

Tamuna Kharanauli – Senior Specialist, Resettlement Unit, RD

Mariam Baiadze – Contracted Staff Member, Environmental and Social Issues Division, RD

Nino Shubashishvili – Contracted Staff Member, Environmental and Social Issues Division, RD

Levan Shalikiani – Director, Colliers Georgia – Valuation and Advisory LLC

Giorgi Vachadze – Representative, Colliers Georgia – Valuation and Advisory LLC

The meeting was opened by **Mikheil Ujmajuridze**, who introduced the facilitators and outlined the objectives of the consultation. He provided an overview of the Project and presented the key elements of the resettlement process, with particular emphasis on the update of the LARP as summarized below:

Project background and rationale for LARP update.

Participants were informed about the Project background and the need to update the Resettlement Action Plan, as the unit rates included in the LARP prepared in 2022-2023 are no longer valid. It was also explained that other parameters of the LARP may require revision based on updated field data and current conditions.

The purpose of the public consultation meeting was to inform local residents and Project Affected Persons about the upcoming commencement of the asset inventory and Detailed Measurement Survey within the framework of LARP for the E-60 International Highway Project (Natakhtari–Rustavi Direction – Tbilisi Bypass), Natakhtari (Tsitsamuri)–Rustavi Road Section, Lot 4 (Airport Interchange – Lochini Interchange).

The initial version of the Land Acquisition and Resettlement Plan was prepared during 2023–2024. The plan is currently being updated in accordance with the ADB Safeguard Policy Statement (SPS, 2009).

Participants were informed that the Detailed Measurement Survey and asset inventory would begin as part of the LARP update process. The compensation values for affected land plots and associated assets (including residential buildings, auxiliary structures, perennials– including decorative plants – and annual crops) will be determined by an independent valuation company, Colliers Georgia – Valuation and Advisory LLC. It should be noted that, during the meeting the affected persons were informed regarding the key stages of the LARP preparation process, including the principles for establishing the cut-off date, valuation methodology, eligibility criteria, and applicable entitlements.

This public consultation forms part of the ongoing stakeholder engagement process under the LARP. Consultations will continue throughout LARP implementation through public meetings, individual consultations, and small group discussions. Additional consultation activities will also be undertaken following completion of the draft LARP and its public disclosure to ensure that affected persons remain fully informed regarding their entitlements, implementation procedures, payment arrangements, and available grievance redress mechanisms.

Affected households were informed that persons occupying the project area after the cut-off date would not be eligible for compensation or assistance in accordance with the LARP eligibility provisions. The cut-off date will be reflected in the final disclosed LARP.

Resettlement activities will be financed from the State Budget of Georgia. The eligibility cut-off date for compensation will be established as the starting date of the Detailed Measurement Survey and inventory of affected assets for this Lot 4 section.

Participants were also informed that the asset inventory would be conducted in the presence of property owners and that the principles of valuation would follow the concept of compensation at full replacement cost.

Summary of Issues Raised

| Issue Raised by Affected Person | Response Provided by the Roads Department |
|--|--|
| Requested detailed information about the exact size of his land plot that will be affected by the project. | RD representatives explained that the exact affected area will be determined during the Detailed Measurement Survey. After completion of the inventory process, another consultation meeting will be organized where detailed information on affected land configuration, area, and compensation rates per square meter will be presented. |
| Asked about the estimated value of land plots affected by the project. | Participants were informed that the current meeting is of a general information nature. More detailed information on compensation values will be provided during the next consultation meeting after valuation results are available, considering land category (agricultural, non-agricultural, commercial, residential, etc.). |
| Asked whether the new project design coincides with the previously presented project. | RD representatives explained that the new design generally corresponds to the previous project alignment, although some minor adjustments have been introduced. |
| Asked whether relocation options would be offered as a form of compensation. | It was explained that decisions related to land relocation fall under the competence of the Ministry of Economy and Sustainable Development of Georgia. If a person applies to the ministry with such a request, the Roads Department may provide relevant information on land plots if required. |
| Asked whether the department could purchase | RD representatives explained that such cases are reviewed individually. The decision depends on whether the remaining land |

| | |
|---|---|
| the remaining part of his land plot if the project makes the remaining portion unusable. | plot can still be used according to its designated purpose. Factors considered include land configuration, size, and availability of access roads and infrastructure. A RDMOI's Standing Commission for the Review of Issues Arising in Relation to Resettlement and Environmental Protection Procedures established within the Roads Department reviews such cases individually. |
| Asked about the criteria used for valuation of land plots. | It was explained that land valuation will be conducted by a qualified independent valuation company based on market analysis, including comparable offers and transactions available in the market as of 2026. |
| Asked what happens if a landowner refuses to sell their land plot. | RD representatives explained that if negotiations fail, the department may initiate expropriation procedures in accordance with applicable legislation. |
| Asked whether it is currently allowed to improve his land plot, for example by constructing a building. | It was explained that after the official announcement of the cut-off date during this consultation meeting, any improvements made to the land plot will not be eligible for compensation. |

Photos from the Public consultation Meeting (25.12.2025): [available upon request]

List of Attendees: [available upon request]

ANNEX 4. QUESTIONNAIRE

Tbilisi Bypass 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 head of households with no means of support; | |
| 3. refugees or internally displaced people; | |
| 4. disabled household member; | |
| 5. female-headed households with and/or without dependents | |
| 6. households without security of tenure (non-titled land user/occupant); | |
| 7.. 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 à 5 3. Student, pupil à 5 4. Unemployed and not looking for a job à 5 5. Unemployed and looking for a job à 5 6. Army Servant à 7 7. Incapable à 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 /Several answers are possible/ 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. Perception/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

Is there any inputs to ensure the project’s grievance procedure more accessible to the affected communities?

F.3 Please indicate any of the following advantages / positive impacts from the proposed Project:

| No | Advantages (expectation of benefits) 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 (concern about) 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 to your household and to the community/in your neighborhood, and is there any inputs for the overall project plan?

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. Direct engagement with the Project's relevant personnel
4. Written notice or flyer (Please specify preferred location _____)
5. SMS / Mobile messages
6. Social media
7. Other (please specify)

H RELOCATION, COMPENSATION AND LIVELIHOOD ISSUES *(should be asked only if answer in A7 is 1, 2 or 3)*

To identify the AP's perception (expectation and concern) around the LAR process: to identify if any reluctance toward the LAR, explore the AP concern around the LAR impacts to their livelihood or if any concern around relocation, also expectation on the compensation

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. SOCIAL DYNAMICS

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 5. 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 December 2025, is $250,9 \times 2.25 = 564.52$ GEL per month; 1693.57. GEL for 3 months, 3387.15 GEL for 6 month, and 6774.3 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 | |
| 2025 | | | | | | | | | | | | | |
| For working age male | 261,8 | 263,5 | 271,3 | 268,3 | 279,7 | 291,5 | 293,1 | 283,0 | 282,8 | 282,5 | 288,4 | 283,3 | |
| For average consumer | 231,9 | 233,4 | 240,3 | 237,6 | 247,7 | 258,2 | 259,6 | 250,6 | 250,5 | 250,3 | 255,4 | 250,9 | |

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 combustive-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.

ANNEX 7. RESOLUTION N257

**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 8. 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 :

ANNEX 9. TOR FOR EXTERNAL MONITORING

TERMS OF REFERENCE

Contract

Project Tbilisi Bypass 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 Tbilisi Bypass Road Project.
2. Ministry of Infrastructure (MOI) is the executing agency (EA) of the Project on behalf of the Government of Georgia and the Roads Department of the MOI (RDMOI) 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 the Tbilisi Bypass | Final LARP is under the preparation and it is expected to be approved and disclosed in May 2026 | will be implemented, it is expected to start land acquisition in June 2026 and finalize in March 2027 | Sectional LARP implementation may be planned. |

B. Objectives

3. 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.
4. 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 Tbilisi Bypass 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 Tbilisi Bypass 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.

5. 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.

6. 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)

7. 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 20% random sample of the APs, including assessment of whether resettlement objectives have been met (sampling procedure to be described). The survey shall cover different categories of affected households (AHs), with particular focus on severely physically and economically affected, and vulnerable groups, to assess their level of satisfaction with compensation, assistance, consultation, and grievance resolution processes;

- (vi) assess the grievance log, identify if any outstanding complaints, and status of grievance resolution
- (vii) 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);
- (viii) review the legalization process and assess its effectiveness;
- (ix) assess of the rehabilitation program for severely affected and vulnerable APs;
- (x) provide a description of lessons learned and recommendations for improvements; and
- (xi) 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

8. 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 with representative of AHs and relevant key stakeholders involved in the LAR process and GRM).

9. 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.

10. 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:

11. 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.

12. 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 with ensured representativeness of severely affected and vulnerable HHs. (at least 20%) 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 and the findings shall be incorporated in the monitoring and evaluation report.

13. 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.

14. Conduct a post-LARP evaluation (Phase 2 post-resettlement monitoring and 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.

15. 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.

16. The Phase 2 - (post-resettlement monitoring and evaluation): The LARP, including livelihood restoration plan implementation will be assessed once, two years after of the completion of compensation payment.

(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, RDMOI 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 RDMOI and carry out the works in close collaboration with the RDMOI'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 RDMOI and ADB the following deliverables:

Construction of Tbilisi 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 RDMOI in 4 (four) weeks upon receiving the request from RDMOI and after review submitted to ADB for comments and approval, to be disclosed on RDMOI and ADB website
- LARP Compliance Report II presented to RDMOI in 4 (four) weeks upon receiving the request from RDMOI, and after review submitted to ADB for comments and approval, to be disclosed on RDMOI and ADB website; and
- LRP Post evaluation report presented to RDMOI in 4 (four) weeks upon receiving the request from RDMI, and after review submitted to ADB for comments and approval, to be disclosed on RDMOI 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 | Start Date | N/A |
| | End Date | N/A |
| TOTAL | 12 months (intermittent) | |

NOTE: Actual schedule to be confirmed with User Unit.

ANNEX 10. 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 requirements¹² "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 requirement¹³ 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.

¹² Safeguard Policy Statement (SPS), Safeguard requirement 2; Involuntary Resettlement, Appendix 2, Para 5, and Para 6.

¹³ 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.¹⁴

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:

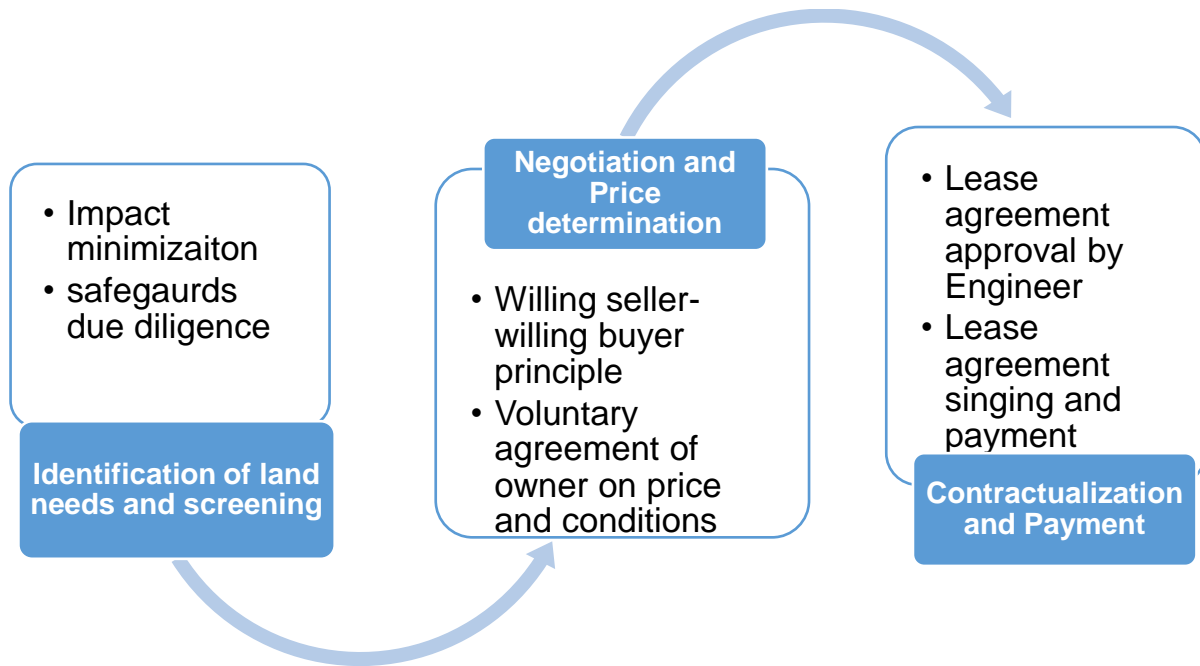
- a) **Clear Understanding:** This guideline for temporary land take provides a clear understanding of the terms and conditions of leasing. It outlines the rights and responsibilities of the Contractor to ensure that there is a mutual understanding and agreement on the use of the land as per leasing 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 .

¹⁴ Civil Code of Georgia, Special Part, Chapter 2. <https://www.matsne.gov.ge/en/document/view/31702?publication=125>

Figure 1. 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 shall be undertaken with reference to the Entitlement Matrix (EM) defined in this LARP (see Section 4.6). The process 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, notify the Project for any outstanding complaints, resolution process, and shall make these available upon request. In case of any disputes after the signing of agreement and payment, the owner can refer to Grievance Redress

Mechanism defined in the LARP (see Section 7) 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 damages (if any) and determination of compensation amounts, the Contractor shall engage an independent third party (e.g., Levan Samkharauli National Forensics Bureau). Compensation for verified damages shall be paid by the Contractor based on the findings of the independent assessment and in accordance with the Entitlement Matrix defined in this LARP (see Section 4.6), where applicable. In cases where the AP does not agree with the conclusions of the expertise bureau, the AP may submit a grievance through the Project Grievance Redress Mechanism and/or seek reassessment in accordance with applicable legal procedures. 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

h) 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.

i) Institutional arrangements

The following Roles and Responsibilities will be followed by the Contractor for this Guidance:

Table 1. 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 consultations with landowners.

j) 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 information provided 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 11: TARGETED CONSULTATION GUIDE FOR DISADVANTAGED AND VULNERABLE HOUSEHOLDS

1. Purpose of the Consultation

Targeted consultations will be conducted with all identified vulnerable households during the next stage of LARP implementation. The purpose of these consultations is to:

Confirm that vulnerable households understand their entitlements under the Entitlement Matrix;

Verify whether each vulnerable household has specific needs or constraints that may affect access to compensation, allowances, grievance redress, relocation support, livelihood restoration, or construction-phase mitigation measures;

Identify whether any additional support is required to ensure that vulnerable households can fully benefit from LARP mitigation measures;

Ensure that the implementation of mitigation measures for vulnerable households is specifically verified through LARP monitoring arrangements.

2. Target Groups

The consultations will cover all vulnerable households identified in the LARP, including the following categories:

| Target group | Purpose of consultation |
|---|--|
| Poor households as defined by the official poverty line | To verify access to vulnerability assistance, compensation, information, and any additional support needs |
| Households with members with disabilities | To identify any access, mobility, communication, documentation, or assistance-related needs |
| Female-headed households with and/or without dependents | To verify whether additional information, support, or tailored consultation is required |
| Elderly households with no means of support | To verify access to assistance, safe mobility, construction-phase access, and support needs |
| Refugee or internally displaced households | To verify documentation, access to entitlements, and any additional vulnerability-related needs |
| Vulnerable households that are also severely affected and/or physically displaced | To verify receipt of all applicable entitlements under the Entitlement Matrix, including vulnerability assistance, severe impact assistance, relocation-related assistance, and other relevant mitigation measures |

3. Consultation Methodology

The consultations will be conducted through household-level meetings and, where appropriate, small group discussions. Given the sensitive nature of vulnerability-related information, individual household consultations will be prioritized where confidentiality is required or where households may not feel comfortable discussing their situation in a group setting.

The methodology will include:

- Household-level targeted consultations with each identified vulnerable household;
- Small group discussions only where appropriate and acceptable to participants;
- Use of simple and clear language to explain entitlements, allowances, grievance redress channels, and next steps;
- Confirmation that no personal or sensitive information will be disclosed publicly;
- Documentation of key findings in internal LARP implementation and monitoring records;
- Referral of any specific needs or grievances to the relevant LARP implementation team, Engineer, Contractor, or GRM focal point, as applicable.

4. Introduction Script for the Consultation

Good morning/afternoon, I am..... Thank you for meeting with RD's social team.

This consultation is being conducted as part of the Tbilisi Bypass LARP implementation process. The purpose of the meeting is to discuss the assistance and mitigation measures available to vulnerable households under the Project, confirm whether the information provided to you is clear, and understand whether any additional support may be required.

Your participation is voluntary. The information you provide will be used only for LARP implementation and monitoring purposes. No personal or sensitive information will be included in publicly disclosed documents. The discussion is not an assessment of your personal situation beyond the needs relevant to the Project; it is intended to make sure that the Project's mitigation measures are properly implemented and accessible to you.

There are no right or wrong answers. We kindly ask you to share your views, concerns (if any), and suggestions honestly.

5. Household Background Information

1. Please briefly describe your household composition.
2. How many household members live in the household?
3. Are there any household members who may need additional support in receiving information, accessing compensation, attending meetings, using the grievance mechanism, or moving safely during construction?
4. What are the main sources of household income or livelihood?
5. Has the Project affected or is it expected to affect your land, house, structures, crops, trees, access, income, or daily activities?

6. Understanding of Project Impacts and Entitlements

1. Have you been informed about how your household is affected by the Project?
2. Was the information provided to you clear and understandable?
3. Do you know what compensation, allowances, or assistance your household is eligible to receive under the Entitlement Matrix?
4. Have you been informed about vulnerability assistance?
5. If your household is also severely affected and/or physically displaced, have you been informed about the additional assistance applicable to your case?
6. Do you need any further explanation regarding compensation, allowances, documentation, payment procedures, or implementation timelines?

7. Verification of LARP Mitigation Measures

The following issues should be checked for each vulnerable household:

| Verification issue | Questions to be asked |
|--|--|
| Vulnerability assistance | Has the household been informed about vulnerability assistance? Has it been paid or scheduled for payment? |
| Severe impact assistance, if applicable | If the household is severely affected, has the household been informed about severe impact assistance? |
| Relocation-related assistance, if applicable | If the household is physically displaced, has relocation-related assistance been explained and planned? |
| Compensation payment | Has compensation been paid or is payment pending? Are there any obstacles to receiving payment? |
| Documentation | Are there any problems with documents, bank accounts, registration, inheritance, power of attorney, or other administrative issues? |
| Access to information | Does the household receive information in a clear, timely, and accessible way? |
| Access to GRM | Does the household know how to submit a complaint or request clarification? |
| Construction-phase impacts | Are there any concerns related to access, traffic safety, pedestrian safety, temporary restrictions, dust, noise, or access to services? |
| Additional needs | Does the household require any additional support to fully access LARP mitigation measures? |

8. Access to Compensation and Assistance

1. Have you already been informed of any compensation or assistance under the LARP?
2. If yes, was the amount and purpose of payment clear to you?
3. Do you have any difficulty accessing a bank account, signing documents, understanding payment procedures, or communicating with the Project team?
4. Do you require any support with documentation, transport, legal clarification, or communication with relevant institutions?

9. Livelihood and Living Conditions

1. Has the Project affected your household income, agricultural activity, employment, access to land, access to services, or daily expenses?
2. Do you expect any temporary or longer-term difficulties during LARP implementation or construction?
3. What kind of support would help your household maintain or restore its livelihood?
4. Are there any specific needs related to elderly household members, persons with disabilities, dependents, or other household members requiring support?
5. Do you think the LARP mitigation measures are sufficient for your household? If not, what additional support would be useful?

10. Construction-Phase Needs and Safety

1. Do you expect any difficulties during construction, such as reduced access to your house, land, road, public transport, shops, school, health facility, or other services?
2. Are there any pedestrian safety concerns, especially for elderly persons, persons with disabilities, children, or other household members?
3. Would your household need any tailored traffic management or pedestrian safety measures?
4. Are there any specific locations where safe crossing, signage, lighting, temporary access, or advance information would be important?
5. How should the Project team inform you about upcoming construction activities, traffic changes, or temporary access restrictions?

11. Grievance Redress Mechanism

1. Are you aware of the existing Project Grievance Redress Mechanism (GRM)?
2. Have you been informed about the designated GRM focal point/contact person for the Project?
3. Do you have the contact details of the GRM focal point/contact person, including phone number and/or other available communication channels?
4. Do you know how to submit a complaint, question, or request related to the Project?
5. Do you know who to contact if compensation, access, construction impacts, or other issues arise?
6. Would you feel comfortable using the grievance mechanism?
7. Are there any barriers that may prevent you from submitting a complaint, such as lack of information, mobility constraints, language, documentation, or lack of trust?
8. What would make the grievance mechanism easier and safer for vulnerable households to use?

Facilitators note: If the household is not aware of the GRM or does not have the contact details of the GRM focal point/contact person, the facilitator should provide this information during the consultation and record that the information was shared.

12. Preferred Communication Methods

1. How do you prefer to receive Project-related information?
2. Do you prefer individual meetings, phone calls, written notices, SMS, local municipality communication, or other channels?
3. Do you need information to be provided in a simpler format or explained verbally?
4. Is there a household member or trusted representative who should also receive information, with your consent?
5. How much advance notice would you need before consultations, payment procedures, site visits, or construction activities?

13. Additional Support Needs

1. Is there any additional assistance your household may need?
2. Do you need support with transport, documentation, legal clarification, communication, or access to institutions?
3. Are there any specific concerns that the Project team should consider for your household?
4. Do you have any recommendations on how the Project can better support vulnerable households?

14. Closing Questions

1. Is there anything else you would like to add?
2. Do you have any questions for the Project team?
3. What are the most important issues that should be followed up after this consultation?

Thank you for your time and participation. The issues discussed will be reviewed by the Project team and reflected, as relevant, in LARP implementation, monitoring arrangements, and follow-up actions.

ANNEX 12: TARGETED CONSULTATION GUIDE FOR AFFECTED BUSINESSES / SMES

1. Purpose of the Consultation

Targeted consultations will be conducted with affected businesses, including SMEs, business operators, owners and/or users of storage premises, and, where relevant, employees of affected businesses. The purpose of these consultations is to:

- Clarify the specific entitlements available to affected businesses under the Entitlement Matrix;
- Explain the documentation requirements for compensation related to business income loss, storage premises, ownership or lease arrangements, salary payments, and employees;
- Verify whether any additional business-related mitigation measures are required during LARP implementation and construction;
- Identify livelihood restoration needs and practical support measures for inclusion in the LRP;
- Confirm whether affected businesses are aware of the existing Project Grievance Redress Mechanism, the GRM focal point/contact person, and available channels for submitting complaints or requests.

2. Target Groups

| Target group | Purpose of consultation |
|---|--|
| Affected SMEs and business operators | To clarify business-related entitlements, documentation requirements, expected impacts, and mitigation measures |
| Business operators without verifiable income documentation | To explain available compensation options under the Entitlement Matrix, including the alternative one-time allowance where taxable income cannot be verified |
| Business operators owning and/or leasing storage premises | To verify ownership, lease, use arrangements, access needs, and potential impacts on storage operations |
| Business operators unable to provide ownership or tenancy documentation | To identify documentation gaps and clarify possible follow-up requirements during LARP implementation |
| Businesses unable to provide salary/payment records or employee lists | To verify employee-related impacts, available information, and possible follow-up documentation |
| Employees of affected businesses, where relevant | To verify potential employment impacts, awareness of entitlements, and possible livelihood restoration needs |
| Businesses requiring construction-phase mitigation | To identify needs related to access, signage, visibility, traffic management, delivery routes, customer access, and temporary disruption |

3. Consultation Methodology

The consultations will be conducted through separate focus group discussions with affected businesses and, where necessary, individual follow-up meetings. Considering that financial information, tax records, lease arrangements, and employee details may be sensitive, confidential issues will be discussed individually rather than in a group setting.

The methodology will include:

- Separate FGD with affected businesses/SMEs;
- Individual meetings conducted by Colliers Georgia - Valuation and Advisory LLC with businesses with documentation gaps or confidential financial/employment-related information;
- Clear explanation of entitlements under the Entitlement Matrix;
- Verification of documentation availability and identification of missing documents;
- Needs assessment for LRP development, including business restoration, access, visibility, customer flow, employee-related issues;
- Verification of awareness of the GRM, GRM focal point/contact person, and complaint submission channels.

4. Introduction Script for the Consultation

Good morning/afternoon my name is..... Thank you for participating in this consultation and share your opinions with RD social team.

This meeting is part of the LARP implementation and Livelihood Restoration Plan preparation process. The purpose is to discuss the potential impacts of the Project on your business activity, clarify the entitlements available to affected businesses under the Entitlement Matrix, and identify any additional mitigation or livelihood restoration measures that may be required.

The discussion will also help the Project team understand whether businesses have the necessary documentation to confirm income, tenancy or ownership arrangements, salary payments, and employee-related information. Where such documents are not currently available, the Project team will explain how the Entitlement Matrix applies and what follow-up may be possible during LARP implementation.

Your participation is voluntary. Any confidential financial, tax, lease, ownership, salary, or employee-related information will not be discussed publicly and will be handled through individual follow-up meetings, as needed. No personal or commercially sensitive information will be included in publicly disclosed documents.

There are no right or wrong answers. We kindly ask you to share your views, concerns, and suggestions honestly.

5. Business Background Information

1. Please briefly describe your business activity.
2. What is the legal/status category of the business: self-employed, individual entrepreneur, small business, medium business, informal operator, or other?
3. How long has the business been operating?
4. How long has the business been operating in this location?
5. Is the business location owned, leased, used under informal arrangement, or used under another arrangement?

6. Does the business use any storage premises, yard, auxiliary space, parking/loading area, or other supporting facility?
7. How many people are engaged in the business, including owner/operator, permanent employees, temporary employees, seasonal workers, and family workers?
8. Are salary payments made through bank transfer, cash payment, service contract, verbal arrangement, or another form?

6. Understanding of Project Impacts

1. Have you been informed that your business is affected by the Project?
2. What type of impact is expected on your business?
3. Will the Project affect land, structures, storage premises, access, customer parking, signage, visibility, delivery routes, or business operations?
4. Do you expect temporary or permanent disruption to business activity?
5. Do you expect reduced customer access, reduced visibility, change in traffic flow, difficulty with deliveries, or increased operating costs?
6. Do you expect any impact on employees, working hours, temporary closure, or reduced income?
7. What are the most important risks for your business during LARP implementation and construction?

7. Clarification of Business Entitlements

1. Have you been informed about the business-related entitlements provided under the Entitlement Matrix?
2. Do you understand what type of compensation or assistance may apply to your business?
3. Have you been informed that, where verifiable financial documentation confirming taxable profits is submitted during LARP implementation, compensation will be provided in accordance with the Entitlement Matrix?
4. Have you been informed that, in the absence of verifiable income documentation, eligible businesses will receive a one-time allowance equivalent to a 12-month subsistence unit rate, as defined in the Entitlement Matrix?
5. Have you been informed what documents may be required to confirm business income, lease/ownership arrangements, storage premises, salary payments, and employee status?
6. Do you need further explanation regarding eligibility, documentation, payment procedures, timelines, or applicable allowances?

8. Documentation Verification

| Documentation issue | Questions to be asked |
|---------------------------------|---|
| Business income documentation | Do you have tax declarations, accounting records, bank statements, invoices, or other documents confirming business income or taxable profit? |
| Three-year profit documentation | Are you able to provide documentation confirming taxable profits from the affected business over the past three years? |
| Absence of income documentation | If such documentation is not available, what is the reason? Do you need clarification on the alternative assistance under the Entitlement Matrix? |

| | |
|---|--|
| Ownership or tenancy of business premises | Do you have ownership documents, lease agreement, written permission, or any other record confirming use of the premises? |
| Storage premises | Do you own, lease, or use any storage premises affected by the Project? What documentation is available? |
| Salary payments | Do you have bank transfer records, payroll documents, employment contracts, or other proof of salary payments? |
| Employee status | Can you confirm the number and status of employees, including permanent, temporary, seasonal, informal, or family workers? |
| Documentation gaps | Are there any difficulties in obtaining or submitting documents? What support or clarification is needed? |

Facilitator note: Financial, tax, lease, salary, and employee-related documents should not be reviewed or discussed in detail in a group setting. Where necessary, individual follow-up meetings should be arranged with the LARP Development consultant Colliers Georgia - Valuation and Advisory LLC.

9. Business Operation and Livelihood Impacts

1. How does the current location support your business activity?
2. How important are road access, visibility, customer flow, deliveries, and parking/loading areas for your business?
3. How may construction affect your daily operations?
4. Would temporary access restrictions affect sales, supplies, customers, or employees?
5. Would changes in road traffic or pedestrian movement affect the business?
6. Would you need temporary access arrangements, signage, alternative loading/unloading space, or advance notice of construction activities?
7. In case of temporary or permanent disruption, how much time would be needed to restore business operations?
8. What coping measures would your business likely use?
9. Would you need support to re-establish the business in the same area or nearby location?
10. Are there alternative income-generating activities or business adaptation measures that may be relevant for you?

10. Employee-Related Questions

1. How many people currently work in the business?
2. Are they permanent, temporary, seasonal, informal, family workers, or other?
3. Are salary payments documented through bank transfer or other records?
4. Could the Project impact employee working hours, income, employment status, or job continuity?
5. Would any employees require information about entitlements, grievance channels, or livelihood restoration support?
6. If the business is temporarily closed or relocated, do you expect to retain the same employees?

11. Construction-Phase Mitigation Measures

1. What construction-related risks are most relevant for your business?
2. Would you require advance notice before construction activities start near your business?

3. Would temporary access arrangements be needed for customers, suppliers, employees, or deliveries?
4. Would temporary signage or advertising boards be needed to maintain business visibility?
5. Are there specific locations where access, traffic management, crossings, parking, loading/unloading, or safety measures are needed?
6. Are there any safety concerns for customers, employees, pedestrians, or delivery vehicles?
7. How should the Contractor and Engineer communicate temporary access restrictions or traffic changes to your business?
8. What mitigation measures should be included in the Traffic Management Plan and construction monitoring arrangements?

12. Needs Assessment for LRP Development

1. What type of support would help your business restore or maintain operations?
2. Would compensation entitlements offered, temporary access solutions, training, advisory support, be useful?
3. Would you need support with documentation, registration, lease clarification, tax/accounting records, or communication with relevant institutions?

13. Information Disclosure and Communication

1. How did you receive information about the Project?
2. Was the information clear, timely, and understandable?
3. Have you received information about possible compensation, allowances, and mitigation measures?
4. How would you prefer to receive future information: individual meetings, phone calls, SMS, written notice, municipality, Project staff, Contractor, or other channels?
5. How much advance notice would you need before construction starts near your business?
6. Who should be the main contact person for receiving Project information on behalf of the business?

14. Grievance Redress Mechanism

1. Are you aware of the existing Project Grievance Redress Mechanism?
2. Have you been informed about the designated GRM focal point/contact person for the Project?
3. Do you have the contact details of the GRM focal point/contact person, including phone number and/or other available communication channels?
4. Do you know how to submit a complaint, question, or request related to the Project?
5. Do you know who to contact if compensation, access, documentation, construction impacts, or employee-related issues arise?
6. Would you feel comfortable using the grievance mechanism?
7. Are there any barriers that may prevent you from submitting a complaint, such as lack of information, documentation issues, lack of trust, time constraints, language, or uncertainty about procedures?
8. What would make the grievance mechanism easier and more accessible for affected businesses and employees?

Facilitators note: If the participant is not aware of the GRM or does not have the contact details of the GRM focal point/contact person, the facilitator should provide this information during the consultation and record that the information was shared.

15. Closing Questions

1. What are the main issues that should be followed up after this consultation?

2. What mitigation measures would be most useful for your business?
3. What information or support do you still need from the Project team?
4. Is there anything else you would like to add?

Thank you for your time and participation. The issues discussed will be reviewed by the Project team and reflected, as relevant, in LARP implementation, LRP development, monitoring arrangements, and construction-phase mitigation measures.