

# Social Monitoring Report

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Semestral Report  
For the period July–December 2019  
Project Number: 42414-043  
April 2020

## GEO: Sustainable Urban Transport Investment Program – Tranche 3

Prepared by Municipal Development Fund of Georgia for the Asian Development Bank.

## **NOTE**

In this report, "\$" refers to United States dollars.

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# Biannual Social Monitoring Report

Reporting period: 07/2019 – 12/2019

GEORGIA: MFF - SUSTAINABLE URBAN TRANSPORT  
INVESTMENT PROGRAM Tranche 3 (SUTIP T3)

(Financed by the Asian Development Bank)

Prepared by: Municipal Development Fund  
Tbilisi, Georgia

February 2020

## **1. Background**

1. On 19 December 2013 - Sustainable Urban Transport Investment Program Tranche 3 Loan and Project agreements were signed between Georgia and Asian Development Bank. Under Tranche 3 ADB has agreed to lend to the Borrower from ADB's ordinary capital resources an amount of seventy-three million Dollars (\$73 million).
2. The project will provide efficient, reliable and affordable urban transport infrastructure and services, thereby increasing economic growth potential and competitiveness of urban communities, improving livelihoods of over 1.5 million people (approx. 35% of Georgian population). The project will also: (I) improve urban, environment and communities' access to economic opportunities and to public and social services; (II) promote efficient and sustainable urban transportation; and (III) generate income and employment opportunities.
3. Sustainable Urban Transport Investment Program – Tranche 3 (SUTIP T3) includes (a) Construction of an approximately 6.8 kilometers 4-lane urban road link between the cities of Rustavi and Tbilisi, including a 2 kilometers urban boulevard and recreational areas; (b) Construction of an approximately 1.2 kilometers coastal protection structure in the city of Anaklia; and (c) Project implementation support through financial audit and independent safeguards monitoring.

## **2. Resettlement planning and implementation**

4. Section 2 (km 4+000 to km 10+800) is a new urban link road. The widening of the existing highway in this section would have caused significant impacts, thus a new road was preferred. The 6.8 km long Section 2 passes through housing and industrial areas, and as a result generated significant displacement impacts, including demolition of a two-storey building with 40 apartments.
5. The draft LARP for Section 2 was developed by Design Consultant (Dohwa Engineering) in April 2014. The main issue related to LARP was that the road section might have required demolition of a building with 40 apartments and possibly the repair of other 9 buildings with a very large number of apartments. To assess the final land acquisition and resettlement impacts it was decided to carry out a study of structural integrity of the buildings.
6. In order to speed up and facilitate finalization of LARP for Section 2 it was agreed to split the existing draft LARP into two LARPs covering respectively the Section 2 Part A (the road section without impacts on two-storey building, where LARP can be quickly finalized) and Section 2 Part B (including the section of the road with building impacts, where the impacts shall be reassessed following finalization of the structural study of buildings).
7. The final LARP for Section 2 Part A was approved by ADB on 30 October 2014 and implementation completed except of one property. Contracts are being signed with

affected persons and are registered in public registry as it is required by Georgian legislation. Affected people are getting compensation paid to their bank accounts within a reasonable time. As of the end of June 2018 the agreements were concluded and 243 privately owned properties were acquired out of total 244. The only remaining property is GMP (see table in para 9).

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

9. The outcomes of the study on structural integrity of the buildings were reflected in the LARPs and the results of the study have confirmed the LAR impacts identified during the initial LAR assessment. Based on reassessed LAR impacts the LARP for Section 2 Part B was finalized, approved and disclosed in October 2015. Following LARP approval MDF commenced and completed its implementation. As of June 30, 2018, the agreements were concluded and all 151 privately owned properties and all 41 apartments were acquired.

<b>Section</b>	<b>Total</b>	<b>Purchased</b>	<b>Remaining</b>	<b>Note</b>
LARP 2a	244	243	1	At this stage, the case of GMP is not actual anymore, as it is located on section of Tbilisi-Rustavi road, which was removed by the Georgian Government and construction will not take place there.
LARP 2b	192	192	0	-

### **3. Status of Construction Works and Revision of the Project Scope**

10. The second section of the road of 6.8 km length is divided into three construction phases: first phase 4+00 km – 5+100 km; 8+600 km - 10+800 km. The second phase: 5+100km-6+900km, and the third phase 6+900km - 8+600 km.

11. As of to date the main construction works at 3.6 km of the new road have been finalized with the financial support from the Asian Development Bank (ADB). However, construction works for the 3.2 km section of the road are not being carried out, notwithstanding the large-scale consultations held by MDF with the local population, aimed at addressing number of issues associated with the project. There were made additional arrangements for the road impact decrease and number of mitigation measures for the local communities were scheduled. The above-referred proved to be unacceptable to the dwellers of local apartment buildings. Therefore, the named mitigation measures were not taken and works not resumed - respectively. Since taking of above referenced mitigation measures and proceeding with construction works had failed, as per the Decree #494 dated March 15th, 2019, Ministry of Finance of Georgia was assigned to address to ADB to remove the 2nd and 3rd phases of Sustainable Urban Transport Investment Program from Tbilisi-Rustavi Highway 2nd Section Modernization Project. The information on removal of the referenced phases has been acknowledged pursuant to the Decree #1044 dated May 10th, 2019 by the Government of Georgia, i.e. the referenced part of the project is not to be completed with funding from ADB. On this section Remedial Action Plan (RAP) was prepared, that accepted by ADB, MDF and CRP.

12. Tbilisi-Rustavi new highway connected to the 3 km section of the road, being in Ponichala Settlement. Connection of the new road will be executed on two sections: road junction E: km 4+780 at separating section from Marneuli road – on Tbilisi side (Figure 1), and on the road km 8+100, being at Ponichala Settlement – on Rustavi side (Figure 2).

Figure 1

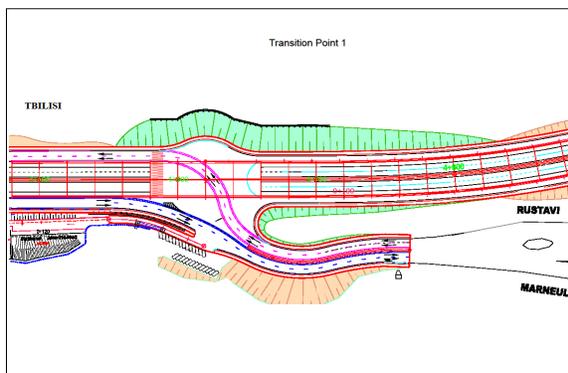
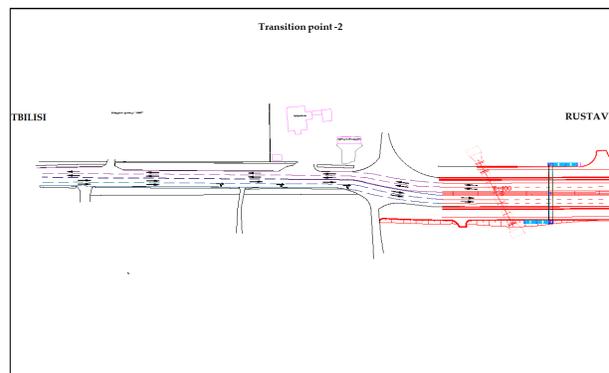


Figure 2



13. Referring to above-mentioned there was prepared Due Diligence report (approved in July 2019 by ADB) related to connection of the motor road, under which was assessed the existing condition of the whole construction site and construction camp and appropriate measures. The local population were notified of the changes. MDF representatives (Liaison Specialist) met and familiarize them with the Due Diligence Report and informed also of suspension of works at the 3.2 km section of the highway.

The local residents were informed in addition pertaining to location of Tbilisi-Rustavi highway connection. The information was provided directly to the Chairpersons of the Partnership and other representatives of the building. The meetings also were held with the vulnerable groups (visually impaired people) with involvement of local Municipalities and NGOs, such as the “Georgian Blinds Union” (GBU). The meetings were conducted on site at Ponichala Settlement and at the MDF Office.

14. The information with regard to the meetings was uploaded at MDF web-page, and since communication via phone is more convenient for vulnerable groups and local residents, Liaison Specialist personally contacted and notified them of the venue, date and subject of the Meeting. The Liaison Specialist prepared the Minutes of the Meetings with the photos (attached to the DDR).

#### **4. Grievance redress procedure**

15. Grievance redress procedure was specified in LARPs for Section 2 Part A and Part B to provide an effective and systematic mechanism in responding to queries, feedbacks and complaints from APs and stakeholders. Grievance Redress Committee was established following the requirements of the grievance redress mechanism to address LAR issues that may arise during implementation of works under Tbilisi-Rustavi Urban Road Link. Complaints have not been registered during the reporting period, except for Marneuli street related complaints.

#### **5. Marneuli street compensation related complaints**

16. Guidance for resolution of the complaint was provided by ADB to MDF and MRDI in letters dated 27 June 2019 and 6 September 2019, respectively, to ensure compliance with ADB’s Safeguards Policy Statement (SPS). Discussions in relation to the APs’ compensation are still ongoing between ADB, MDF and MRDI in relation to determine the best option to close the Marneuli case and a reply is expected from the side of MRDI by the first quarter 2020.

#### **6. Court Hearings**

17. During the reporting period, there were several court hearings regarding the Project – Construction of Tbilisi-Rustavi Urban Road:

- Nadim Khmaladze, representative of „Mshenebeli 29“LTD, has been requiring increase of compensation amount. The court hearing was postponed; date of the hearing has not been set yet. (Tbilisi-Rustavi Urban Link Project, Section 2B- road is not being built at this stage)
- „Autohaus 2011“LTD has been requiring increase of the compensation amount and reimbursement for loss. The court hearing was postponed, the date of the upcoming court hearing was determined as February 18, 2020. (Tbilisi-Rustavi Urban Link Project, Section 3- road construction completed)

- Gugusha Tsimintia has been requiring increase of the compensation amount. Court hearing will be held on February 25, 2020. (Tbilisi-Rustavi Urban Link Project, Section 2A- road construction completed)
- “Caucasmetal” LTD has been requiring increase of the compensation amount. Court hearing will be held on February 27, 2020 (Tbilisi-Rustavi Urban Link Project, Section 2A- road is not being built at this stage)

## **7. Conclusion and next steps**

Implementation of the DDR is planned for the next reporting period, with social monitoring of ongoing works. The Complaint Review mechanism is available to all interested parties. The MDF will respond appropriately to complaints, also ongoing court proceedings will be monitored. Following the recommendations of the Asian Development Bank, the Municipal Development Fund of Georgia together with the Ministry of Regional Development and Infrastructure will participate in the discussion of Marneuli Street Issues.