Office of the Special Project Facilitator's

Lessons Learned

Batumi Bypass Road Project in Georgia

ADB

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Notes:

In this publication, “\$” refers to United States dollars and “GEL” refers to Georgian Lari.

On the cover: Aerial view of the Bridge #11 of the project located at settlement Makhvilauri (photo by Roads Department).

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Acknowledgments

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Abbreviations

ADB	-	Asian Development Bank
AH	-	affected household
AM	-	Accountability Mechanism
AP	-	affected people
CRP	-	Compliance Review Panel
CWRD	-	Central and West Asia Department
EIA	-	environmental impact assessment
GAC	-	General Administrative Code of Georgia
GRC	-	Grievance Redress Committee
GRCN	-	Grievance Redress Commission
GRM	-	grievance redress mechanism
IA	-	implementing agency
LARP	-	land acquisition and resettlement plan
MRDI	-	Ministry of Regional Development and Infrastructure
NGO	-	nongovernment organization
OSPF	-	Office of the Special Project Facilitator
RD	-	Roads Department
SPS	-	Safeguard Policy Statement
TA	-	technical assistance

Bridge pile framework preparation (photo by Roads Department).

I. Introduction

The Asian Development Bank (ADB) envisions a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty in the region. It assists its members and partners by providing loans, technical assistance (TA), grants, and equity investments to promote social and economic development.

ADB maximizes the development impact of its assistance by facilitating policy dialogues, providing advisory services, and mobilizing financial resources through cofinancing operations that tap official, commercial, and export credit sources.

Accountability Mechanism

To ensure the proper and timely implementation of its projects, ADB has set up the Accountability Mechanism (AM), a forum where people adversely affected by ADB-assisted projects can seek solutions to their problems and report alleged noncompliance with ADB's operational policies and procedures. It consists of two separate but complementary functions: problem-solving and compliance review.

The Office of the Special Project Facilitator (OSPF) is responsible for the problem-solving function of ADB's AM. It aims to actively respond to the concerns of people affected by ADB-assisted projects through fair, transparent, and consensus-based problem solving. The problem-solving function is outcome driven. It focuses on finding ways to address the problems of the affected people (AP). OSPF works closely and collaboratively with the concerned operations departments and government

counterparts for eligible complaints to find satisfactory solutions that are mutually acceptable to all concerned parties.

The compliance review function is done by the Compliance Review Panel (CRP). It is a fact-finding body of the ADB Board of Directors. People who are directly, materially, and adversely affected by an ADB-assisted project during formulation, processing, or implementation can file a request for compliance review with the independent CRP, which investigates compliance with ADB's operational policies and procedures.

Project-affected people can choose whether they want to go to the problem-solving or the compliance review function.

Complaints are filed with the complaint receiving officer who informs and gives copies of the complaints to the OSPF and CRP heads. The complainants are given 21 days within which to decide which function they prefer to handle their complaints. The complaint is then forwarded to the preferred function.

To ensure the proper and timely implementation of its projects, ADB has set up the Accountability Mechanism, a forum where people adversely affected by ADB-assisted projects can seek solutions to their problems and report alleged noncompliance with ADB's operational policies and procedures.

Complaints and grievances go through a grievance redress mechanism that is a combination of institutions, instruments, methods, and processes by which resolution of a grievance is sought and provided.

Safeguard Policy Statement

The Safeguard Policy Statement (SPS) describes common objectives of ADB's safeguards, lays out policy principles, and outlines the delivery process for ADB's safeguard policy. It builds upon the safeguard policies on the environment, involuntary resettlement, and indigenous peoples, and brings them into one single policy that enhances consistency and coherence, and more comprehensively addresses environmental and social impacts and risks.

The SPS aims to promote sustainability of project outcomes by (i) protecting the environment and people from the adverse impacts of projects on the environment and APs, where possible; (ii) minimizing, mitigating, and/or compensating for adverse project impacts on the environment and AP when avoidance is not possible; and (iii) helping borrowers and/or clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

Grievance Redress Mechanism

Complaints and grievances go through a grievance redress mechanism (GRM) that is a combination of institutions, instruments, methods, and processes by which resolution of a grievance is sought and provided.¹ It is intended to provide a predictable, transparent, and credible process to all parties, resulting in outcomes that are fair, effective, and lasting.² This facilitates resolution of AP's concerns and grievances about the borrower's and/or client's social and environmental performance at project

level. The GRM should be scaled to the risks and impacts of the project and should address AP's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all segments of the AP.³

Methodology of the Study

ADB utilized the case study methodology in examining the project GRMs in this OSPF *Lessons Learned* series. This methodology entailed a combination of primary and secondary research as well as qualitative and quantitative data analyses. The process involved review of project-related documents, complaint database of implementing agencies (IAs), ADB's project complaint tracking system, land acquisition and resettlement plans (LARPs), environment management plans, national legislation, country systems, and complaints submitted to OSPF, as well as qualitative analyses resulting from focus group discussions, in-depth interviews, and site visits of ADB project team, consultants, and relevant stakeholders.

The objectives of the case study are:

- to understand how complaints of people affected by the project design and implementation are handled using the project GRM;
- to identify if such mechanisms are effective and efficient to address complaints, and what the drivers or barriers to efficiency are; and
- to draw good practices and identify lessons learned to guide ADB staff, government partners, and contractors on GRM in ADB-assisted projects.

¹ Center for European Policy Analysis. 2009. *A Review of the Southern Transport Development Project*. Colombo.

² International Finance Corporation. 2008. *Advisory Note: A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*. Washington, DC.

³ ADB. 2009. *Safeguard Policy Statement*. Manila.

II. Overview of ADB Portfolio with Selected Implementing Agencies in Georgia

ADB has partnered with the Government of Georgia since 2007 and is one of the country's largest multilateral development partners. ADB's key development priorities in Georgia include fostering inclusive and sustainable economic growth, accelerating poverty reduction, and enhancing regional connectivity. Priority sectors include transport, water supply and other infrastructure and services, public sector management, finance, and multisector, followed by energy.⁴

As of end 2019, five projects are being implemented by the Roads Department (RD) amounting to 51% of the portfolio of the Ministry of Regional Development and Infrastructure (MRDI). Out of the five projects implemented by the department, four projects are category A for both involuntary resettlement and environmental impact, and one project is category B for safeguards.

Tunnel #5 of the project located at settlement Makhvilauri (photo by Valerie Lisack).

⁴ ADB. ADB Projects in Georgia. <https://www.adb.org/countries/georgia/projects-results>.

III. The Project: Batumi Bypass Road Project

Bridge #7 under the project located at settlement Saliubauri (photo by Roads Department).

Description

The \$228 million Batumi Bypass Road Project is ADB's first cofinanced project with the Asian Infrastructure Investment Bank in Georgia and includes a new two-lane bypass road of 14.3 kilometers (km), a Black Sea resort and port city, as well as 200 km of international highways and secondary roads that are performance-based maintenance contracts (Map, p.6). This project, which was approved on 28 March 2017, is helping Georgia build a new bypass road skirting the port city of Batumi in order to reduce traffic congestion in this area and to improve transport movements along a key east–west highway near the city. It is set to be closed in December 2023.

It is envisioned that once the project is completed, there will be:

- improved regional connectivity in Georgia so that it can play the role of regional transport and logistics hub;
- improved efficiency of road transport along the east–west highway;
- a new bypass road skirting Batumi;
- routine and periodic maintenance carried out using performance-based maintenance contracts;
- detailed design, environmental impact assessment (EIA), detailed LARP, and bidding documents for Batumi Bypass–Sarpi road endorsed; and
- a new Poti Bridge and approach roads, and a new Bakurtsikhe–Tsnori road constructed.

The project is categorized A for environment and involuntary resettlement. An EIA report was prepared in 2009, covering a larger-scale Adjara bypass, and updated in 2011 as part of the detailed design. The EIA was again updated in 2016 to incorporate environmental impacts, comply with new legislation, conduct new public consultations, consider environmental management costs and climate change risks, and document an assessment of the cumulative impacts. Based on the detailed inventory prepared during the LARP preparation in 2016, 963 privately owned land parcels were identified to be affected due to mostly small-scale land acquisition. Total private land to be acquired is 46 hectares. There are 741 affected households (AHs) comprising 4,051 APs. Of these, 369 AHs have been or will be physically displaced and 562 AHs, comprising 3,024 APs, have been or will be severely affected (either physically displaced and/or lose 10% or more of income-producing assets). The MRDI is the executing agency and the RD, assisted by the Eurasian Transport Corridor Investment Center of MRDI, is the IA.⁵

The \$228 million Batumi Bypass Road Project is ADB's first cofinanced project with the Asian Infrastructure Investment Bank in Georgia.

⁵ ADB. 2019. *Final Report of the Special Project Facilitator*. Manila.

Organizational Structure of the Roads Department

Legally, the RD is a department of the MRDI. Its head is the first deputy minister of the MRDI.⁶ The RD is accountable to the ministry; thus, the minister may annul acts and actions of the department if he considered them unlawful or unjustified.⁷

The RD has a three-tier structure: chairperson, deputy chairpersons, and several division heads, each under the supervision of a deputy chairperson. Environment and social safeguards is a separate division consisting of three units: resettlement, environment, and public registry; and has 27 staff and consultants. Below is a graphical description of the organization of the RD.

Figure: Organizational Structure of the Roads Department

Roads Department of Georgia

IFI = international funding institution.

Source: Georgia Roads Department.

⁶ Georgia Roads Department. <http://www.georoad.ge/?lang=geo&act=pages&func=menu&pid=1384436923>.

⁷ Decree #1/n of the MRDI dated 13 January 2017 approving the Charter of the RD. <http://www.georoad.ge/uploads/files/debuleba2017.pdf>.

The grievance redress is a two-stage, three-step system.

Project Grievance Redress Mechanism

For this project, the RD's grievance redress system is documented in the LARP. The process is written in the GRM Guidance Notes Draft dated March 2017 prepared by ADB TA consultants. It is not formalized in an official internal document of the department.

The grievance redress is a two-stage, three-step system. Stage 1 contains two steps: first, information is exchanged, and negotiations are held with complainants. This is more of a preventive function. If negotiations do not result in a resolution, it can be lodged with the Grievance Redress Committee (GRC), as a second step. This is a project-specific instrument which is functional only during project implementation. It deals with issues which can be resolved by the contractor, do not require additional sums, or which relate to providing information.

Stage 2 is the Grievance Redress Commission (GRCN), a permanent functional informal structure to ensure grievance record, review, and resolution. It deals with grievances not resolved at Stage 1 as well as with grievances directly addressed to GRCN.

Pursuant to the LARP, Stage 1 GRC is composed of representatives from the RD, local municipality, APs (particularly women APs), and appropriate local nongovernment organizations (NGOs). In practice, however, local NGOs rarely (if ever) participate in the grievance procedure. At one time, the local mayor was engaged in the resolution of a complaint and this was noted to have had a positive impact leading to efficient communication and resolution of the

dispute. However, this does not seem to be the general practice and in majority of cases, it was noted that representatives of the local municipality try to abstain from any involvement in the GRC.⁸

What is written in the Draft Guidance Notes is incomplete and does not seem to be followed in practice. For example, the Draft Guidance Notes indicates that a grievance log should be available at both the GRC and GRCN level. However, in practice, there was no log being maintained by the RD until the Central and West Asia Department (CWRD) TA consultant developed and helped the RD adopt a comprehensive grievance log at the end of 2018. Further, the Draft Guidance Notes states that "not later than 2 weeks from receiving the claim, the GRCN will conduct a formal hearing" and that "On the date of hearing, the aggrieved AP will appear before the GRCN at the IA office for consideration of grievance." However, discussions with the department and with the complainants showed that APs are usually not present at the hearings. Instead, they are invited to the hearing only if there is a need for specific clarification. The hearings are conducted upon accumulation of several complaints for consideration. However, in case of emergency, a hearing may be conducted for even one specific complaint. In addition, the time lines noted in the Draft Guidance Notes seem to be flexible and not enforced in practice. In summary, the Draft Guidance Notes look more like a draft document that needs to be revised based on the department's needs, specificity, and best practices, which then needs to be formalized to make it applicable and enforceable in practice.

⁸ Information learned from interviews with RD and with representatives of the construction supervisor in Batumi.

The only legislation related to grievance redress procedures is the General Administrative Code (GAC) of Georgia,⁹ which regulates administrative proceedings with public agencies. Most IAs take this regulation as setting out limits (minimum and general standards, which they can regulate in more detail by means of their own internal procedures). For example, the GAC stipulates what an application and/or claim to an administrative agency should include (name and address of the applicant, name of the administrative agency to which application is being lodged, request for relief, date, signature, and supporting documents, if any).¹⁰ The GAC also obliges the administrative agency to register the application on the same day and to provide the applicant with acknowledgment and details of registration upon request.¹¹ It states that if the administrative agency finds that the application should be redirected to another agency, it should notify the applicant of such redirection and the reason/s within 2 days.¹² The GAC further states that the administrative agency has the duty to inform the applicant of his/her rights and obligations, of the procedure for consideration of the application form and time frames of the proceedings, and of any flaws that may exist in the application. The applicant is given a minimum of 5 days to fix such flaws and/or provide additional documents.¹³ The general time frame for administrative proceedings is 1 month but may not exceed 3 months.¹⁴ Unless otherwise provided by the law, the decision should be issued within 5 days of oral hearing.¹⁵ Pursuant to the GAC, the decision of the administrative agency related to a grievance is an individual administrative

act and should comply with the requirements of the GAC.¹⁶

As previously mentioned, the RD did not maintain a database of complaints until the end of 2018. It was therefore impossible to extract comprehensive information on the number, type, and status of complaints prior to 2019. The log sheet, developed with the help of the ADB TA consultant, was thus, incomplete. The data provided for 2018 showed that nine complaints were received in 2018 and 20 complaints were received in 2019. In majority of the cases, the recipient of the complaint was MRDI, while on several occasions, complaints were lodged with other government bodies before they were redirected to MRDI.

Majority of the complaints were related to compensation rates and requests for inclusion in the LARP. A few were related to property registration documents and/or ownership status and damage to infrastructure and/or assets. There was one request for appraisal of plants and one complaint about drinking water and construction of a new fence. Out of nine complaints received in 2018, six remain open and three have been closed; whereas out of 20 complaints received in 2019, 12 remain open and eight have been closed. Out of all the closed complaints, three have been resolved satisfactorily by the RD, seven have been rejected for lack of substantiation, and one partially resolved. Pending complaints are related to compensation rate and requests for inclusion in the LARP.

Majority of the complaints were related to compensation rates and requests for inclusion in the land acquisition and resettlement plan.

⁹ Chapter 6: General provisions regulating administrative proceedings, Chapter 7: Administrative proceedings in a collegial administrative body, Chapter 8: Formal administrative proceedings, Chapter 9: Public administrative proceedings. These stipulate, among others, who can be a party to administrative proceedings, how an application can be made, obligation to register the application with the administrative agency, rights and obligations of participants, principles and rules of the process, and time frames for decision-making.

¹⁰ Article 78 of GAC.

¹¹ Article 79 of GAC.

¹² Article 80 of GAC.

¹³ Articles 85 and 83 of GAC.

¹⁴ Article 100 of GAC.

¹⁵ Article 113 of GAC.

¹⁶ Article 202 of GAC. Thus, the decision should comply with requirements of what it should contain, how it can be appealed, how mistakes can be rectified, who can enforce it, etc.

The complaints of APs at the RD are handled by the Environmental and Social Division. The division has three units: Resettlement Unit, which has 13 staff in Tbilisi and 5 people in Kutaisi (Western Georgia); Environmental Unit, composed of 4 staff; and Public Registry Unit, composed of 5 staff.

The fact that the Public Registry Unit is in the same division as the resettlement and environmental units allows for efficient management of part of the complaints and/or queries, since a vast number of APs have questions and issues related to registration of their property. Having an expert team on public registry issues (most of whom have prior experience of working with public registry) allows for timely and efficient consultation and assistance provided to APs.

Project Grievance Redress Mechanism Actors

GRC composition is determined by the head of the RD. Generally, it involves the RD deputies and heads of various departments.

APs are the beneficiaries of the GRM system. After having lodged the complaints, they are contacted, informed, updated, negotiated with, etc., about the possible resolution.

NGOs sometimes help APs prepare and submit complaints. They rarely engage in the dialogue with the IA, project implementation unit, and ADB project staff.

Local government units are sometimes approached by APs but have rarely been engaged in the GRM process. There are times when local government units help organize the process, communicate with APs, or host meetings. These interventions are considered helpful by the construction supervision company representative who manages the complaint at the local level.

Environmental and Social Division is the frontline office dealing with grievances. It also maintains contacts with APs and consults with them about decisions on grievances.

The CWRD team has no formal role in the GRM. However, it plays an important function and has an impact on the overall grievance dynamics. Upon receipt of the complaint, CWRD is often consulted about possible merits of the claims cited in the complaint or the possible resolution and their compliance with the SPS. It also happens that the IA may need a letter or some written document/s as a justification (as the basis on which a resolution may be offered to the AP) for their internal compliance purposes. CWRD team is engaged in negotiations, consultations, and communications with the IA and APs, including in the field visits. Its credibility and negotiation leverage often help move things. Decisions are made by the IA. Interviews with APs have shown that they often have more trust in the representatives of ADB rather than in the representatives of local IAs. Part of this could be the capacity of CWRD team to communicate well, and their comprehensive knowledge of ADB policies. Another part could be the “inherent” lower trust toward administrative bodies and higher trust toward foreign institutions in the society.

Having an expert team on public registry issues (most of whom have prior experience of working with public registry) allows for timely and efficient consultation and assistance provided to affected people.

Land Acquisition and Expropriation

The regulatory framework relevant for this study is the one on land acquisition and expropriation and on the procedure for handling grievances in administrative institutions.

The right of expropriation adopted in July 1999 is envisioned in Article 19 of the Constitution of Georgia. Based on the constitution, detailed regulation of expropriation is provided in the Law of Georgia on the Procedure for the Expropriation of Property for Pressing Social Needs (the Law).¹⁷

The law provides that “expropriation for pressing social needs shall be carried out on the basis of an order of the Minister of Economy and Sustainable Development of Georgia, and a court decision that has been taken in favor of the state body, or local self-government body, and/or legal entity under public or private law, who may be granted the right of expropriation in accordance with this Law.”

The law also obliges the party interested in expropriation to carry out relevant measures in order to obtain the property through agreement with the owner. It states that before the start of negotiations on the purchase of the property, the expropriator shall, at his/her own expense, and with the assistance of an independent expert, evaluate the property and determine the estimated amount of compensation to be transferred

to the owner of the property, or other property in accordance with the market value of the property to be expropriated. The owner may, at his/her own expense, use the assistance of other independent experts. Then, the expropriator shall submit to the owner of the property a proposal on the purchase of the property, and the procedures for compensation.

The market value of other property proposed as compensation or the amount of compensation shall be full, fair, and paid in advance, and shall not be less than the amount determined by the expropriator based on evaluation. The transfer of other property as compensation for the property to be expropriated shall be done only with consent of the owner. The expropriator shall submit to the owner the evaluation in writing, on which the basis for determining the amount of compensation shall be indicated. The compensation shall be exempted from any taxes and fees.¹⁸ If no agreement is reached on the amount of compensation, each party may file an action with a court.¹⁹ The court is authorized to appoint an independent expert to evaluate the property. Based on the expert’s report and evidence, the court will make a final determination on the amount of compensation.

The regulatory framework relevant for this study is the one on land acquisition and expropriation and on the procedure for handling grievances in administrative institutions.

¹⁷ English version of the Law of Georgia on the Procedure for the Expropriation of Property for Pressing Social Needs can be found here <https://www.matsne.gov.ge/en/document/view/16480?publication=5>.

¹⁸ Article 6 of the Law on Expropriation.

¹⁹ Article 8 of the Law on Expropriation.

IV. The Complaint

OSPF received a complaint on 2 October 2018. The complainant is a household whose land and assets were acquired as a result of the project. The complainant alleged that there was a GEL100,000 (equivalent to about \$40,000) difference between the market value and the compensation paid for his property by the RD. OSPF found the complaint eligible and conducted a review and assessment mission on 16–17 October 2018.

Close to the project road and Batumi–Akhaltsikhe road crossing at Interchange #4 (photo by Colliers International).

The government's position was that the amount of compensation paid to the complainant was fair based on accurate valuation, and that the complainant had accepted the payment for compensation. Thus, the claim was deemed unsubstantiated. The complainant, on the other hand, shared that it had signed the contract and accepted the compensation payment because the letter from the government indicated that if the offered price is not accepted, then expropriation procedures would be initiated. The complainant was worried that it would lose everything and thus, reluctantly agreed to the compensation offered. However, documentation presented as evidence showed that the complainant had continuously objected to the compensation amount and had even contracted the services of a different valuation entity that assessed the land value to be much higher than the project valuation. Despite these objections and complaints with the local GRM, the complainant's position had been dismissed every time.

OSPF found that there was indeed a possibility of undervaluation of the complainant's property and urged the RD to reopen the case. However, the RD was reluctant. In light of the situation, CWRD engaged an international entity (Colliers International) to serve as external valuation expert following International Valuation Standards (2017). An inspection and valuation of the disputed land was carried out on 5 March 2019, with the effective date of valuation as 1 November 2016 to be consistent with the project

valuation. The independent valuation, based on the market approach, considered location, size, and other characteristics of the property, and determined that the value of the property was about 20% higher than the original project valuation. It was on this valuation that the compensation eventually paid to the complainant was based.

Several rounds of discussions, facilitated by OSPF, were held between ADB and the government in May 2019. These finally resulted with the RD reconsidering its position and willingness to reopen the case and negotiate a settlement based on the difference between the amount originally paid to the complainant and the independent valuation. The negotiated contract was signed by the complainant on 27 June 2019, and full payment of the amount was confirmed on 29 June 2019. This concluded the OSPF case.

The independent valuation, based on the market approach, considered location, size, and other characteristics of the property, and determined that the value of the property was about 20% higher than the original project valuation.

Complainant's house along project road and Batumi-Akhalsikhe road crossing at Interchange #4 (photo by Colliers International).

V. Lessons Learned

Project area between Tunnel #4 and Bridge #10 village Kveda Sameba (photo by Valerie Lisack).

For projects with significant land acquisition such as roads and highways, a high-quality and credible valuation of properties should be ensured.

OSPF's experience in handling this case, including interactions with the APs, people in the community, and other stakeholders, brought certain realizations which could help manage future cases.

- The fundamental flaw in this case was the valuation of the complainant's property. Records show that valuation companies employed by the RD are often not credible and do not work based on international standards. Their valuations are poorly substantiated. This was the primary cause of the complaint. For projects with significant land acquisition such as roads and highways, a high-quality and credible valuation of properties should be ensured. Valuation services based on international standards will cost more than services by local companies, but are more credible and, as the case here shows, will prevent greater monetary and reputational harm to the project later on due to the complaints.
- The existing GRM had flaws. It was unable to deal with the complaint early enough, in a serious, neutral, unbiased, and transparent manner. This demonstrates the need to establish and strengthen project-level GRMs to be more functional and open to project APs so that they feel they are being heard, and which would alert executing agencies and, if necessary, ADB operations departments, at an early stage about the complaints and/or problems.
- In this case, the complainant considered that consultation and communications were not meaningful, respectful, adequate, and timely. Thus, consideration should be given to strengthening the capacity of IAs for efficient, meaningful, and respectful consultation and communications with project APs, as that is directly related to (i) the trust of the APs in the project, (ii) their willingness to cooperate, and (iii) the ability of the IA to efficiently resolve problems.
- In addition to all the above, the case demonstrated that violation of ADB policies may result in taking the matter to the level of the director general and the President of ADB. ADB is serious about social safeguards issues, and breach and dismissal of its policies could, apart from the impact on project implementation, be detrimental to the relationship between ADB and the Government of Georgia.

Challenges and Enablers

These additional considerations came as a result of OSPF's experience in handling the complaint as well as from the interviews and fieldwork commissioned in the course of the case study. These are reflected below in order to outline the system enablers and strengths, to explain the challenges to the GRM, and highlight areas that require improvement.

- Unreliable and inexpensive local land and property valuers versus limited availability of credible international land and property valuers that charge high service cost.
- Lack of approved document on grievance procedures. It is to be noted that the RD has expressed keen interest in developing and approving the appropriate document with the support of ADB.
- Insufficient knowledge on SPS and ADB operational policies of various stakeholders.
- Frequent staff rotation, hence lack of experienced staff to deal with social safeguards issues (except for one ADB project coordinator who has been working on-site for several years).
- Insufficient and/or incomplete assessment of potential social and environmental impacts at project design and/or planning stage.
- Lack of meaningful consultations.
- Poor communication with APs and lack of opportunity to express and consider their feedback. At times, representatives of supervision engineers with limited understanding of compensation and related entitlements directly communicate with APs in the field, which leaves things unclear and often leads to misunderstanding and gaps in information. At other times, the failure to listen and the defensiveness of the RD staff result in early and automatic dismissal of the complaints. This diminishes the trust of APs in the IA and more importantly, causes a negative effect on the project as the same issue or similar in nature may arise later as a bigger problem which will be more difficult to manage.
- Absence of emergency response or guidelines in the communication plan. When there is a mass demonstration or a road blockade, the lack of such provisions in the communication plan could result in confusing and inconsistent messages.
- The RD has the practice of having verbal agreements when it comes to offers and negotiations, making it difficult to prove who said what and how things are understood.

Lack of approved document on grievance procedures. It is to be noted that the RD has expressed keen interest in developing and approving appropriate document with the support of ADB.

APs admitted that they were consulted in advance and informed about the project, its impacts, and compensation scheme, and were offered an acceptable/favorable compensation for their property.

- People often do not have supporting documents for compensation, e.g., tax receipts for business losses to assess the livelihood impacts, like in the case of a car wash business, where a person does not have official receipts for his service. Without documentary evidence, this person was not able to prove loss of business and no compensation was thus given. APs do not know in advance that documents like these will need to be presented, resulting in rejection of what otherwise could have been a legitimate entitlement.
- From the perspective of NGOs consulted during the study, the main challenges with respect to project implementation are:
 - APs have limited knowledge on GRM and approach NGOs on what course of action to take.
 - APs do not have full information about resettlement plans that leads to their uncertainty, questions, and fears.
 - IAs sometimes provide inconsistent information. For example, the lack of coordination between various technical experts (e.g., supervision engineer vis-a-vis a resettlement or social development specialist) in the field affects the trust and credibility of IAs, leading to increased uncertainty and more questions from APs.
- The main challenges identified with respect to NGOs are:
 - NGO representatives are unclear on the differences and outcome achieved through OSPF and the Office of the Compliance Review Panel. Hence, when they advise APs as to which course to take, they are not able to provide full information to help them make informed and/or proper choices.
 - NGOs are focused on informing APs about their services instead of helping address any information gaps.
- In a discussion, some APs admitted that they were consulted in advance and informed about the project, its impacts, and compensation scheme, and were offered an acceptable and/or favorable compensation for their property. They shared that this enabled them to buy new property and have better living conditions.
- At the same time, there were APs who noted that they experienced the following challenges and/or issues related to the project:
 - lack of consultation at project preparation or LARP phase by project authorities;
 - incomplete or improper assessment of AP's property and/or situation and, consequently, non-inclusion in the LARP;
 - poor communication by project authorities and/or consultants during project design as well as during project implementation; lack of empathy sometimes even leading to arguments and miscommunication;
 - lack of knowledge about the GRM;
 - ineffective grievance system; and

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- lack of trust in the GRM (engaged assessors, etc.).

Over time, the following enablers and/or system strengths have been developed:

- openness of the RD staff to take guidance from CWRD team, to learn, and to improve the system;
- a comprehensive grievance log fully maintained as of 2019;
- deployment of staff who have worked before in public registry and knowledgeable in all the nuances and procedures for land registrations; and
- sensitivity of the senior management and/or leadership of the RD to social and environment-related issues and their full understanding of these issues.

Photo of the neighboring plot of the complainant close to the project road and Batumi–Akhaltsikhe road crossing at Interchange #4 (photo by Colliers International).

VI. Recommendations

Enhance leadership capacity of the implementing agencies and key safeguards staff on the issues of valuation so that they are able to easily understand principles and different methods of evaluation and identify any missing, inconsistent points or flaws.

The following recommendations have been developed based on the findings above and with the objective of helping improve the efficiency of the GRM in handling complaints.

- Make sure that tender documents clearly state the standards according to which evaluations are to be carried out. It will ensure that whoever wins the tender will only employ credible and reliable valuation companies.
- Provide measures for penalizing and/or fining the noncompliant valuers, as well as for the liability insurance coverage in case of improper evaluations.
- Identify which local valuation companies have the ability to improve and become reliable. Enhance their capacity by delivering trainings and ensuring they comply with international valuation standards.
- Enhance leadership capacity of the IAs and key safeguards staff on the issues of valuation so that they are able to easily understand principles and different methods of evaluation and identify any missing, inconsistent points or flaws. Colliers International can conduct a workshop to that effect.
- Ensure coordination, communication, and cooperation between social safeguards team and project design team at an early stage and throughout project design. This is key to minimizing the social and environmental impacts and thereby, mitigate complaints.
- Regular (biannual or annual) sharing of experiences (lessons learned) among the social teams across IAs will create synergies helping them learn from one another and from each other's mistakes.
- Enhance capacity of IAs and contractor supervisors on managing difficult conversations with aggrieved people and "soft skills," in general.
- Design and develop manuals on communications with APs and on emergency situation responses, including specific situational responses.
- Develop a pool of trainers and a standard mandatory training for all new staff across the IAs managing social and environment issues. This will ensure sustainability and institutionalize knowledge and, to certain extent, address the negative consequences of frequent staff turnover.
- Ensure that during public consultations, social team and the technical and/or design staff are in attendance to "translate" things appropriately and communicate with the community.
- Eliminate the practice of verbal negotiations and agreements. Ensure that all agreements and negotiations are documented.

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- Provide more flexible access for lodging complaints, e.g., via email, SMS, dedicated phone lines, etc.
 - At consultation stage, inform and educate APs on the supporting documents they will need to qualify for compensation. Develop and distribute a booklet or information packet which will clearly list those requirements.
 - Provide clear guidance to the APs and/or complainants on the differences and expected outcome and/or result of the Office of the Compliance Review Panel and OSPF functions. This may be done through flyers which show the functions and results of each office alongside each other to allow for a better comparison.
 - Conduct an in-depth analysis on national legislation and/or regulation to identify gaps where additional legislative reforms could add value for instituting effective GRMs.

Houses of affected people along project road and Batumi-Akhalsikhe Road crossing at Interchange #4 (photo by Valerie Lisack).

Office of the Special Project Facilitator's Lessons Learned

Batumi Bypass Road Project in Georgia

The Office of the Special Project Facilitator (OSPF) is responsible for the problem-solving function of the Accountability Mechanism of the Asian Development Bank (ADB). It aims to actively respond to the concerns of people affected by ADB-assisted projects through fair, transparent, and consensus-based problem-solving. This publication focuses on the \$228 million Batumi Bypass Road Project in Georgia. It is one of OSPF's *Lessons Learned* series of case studies on its complaint management experience—from project preparation, design, and processing to implementation and monitoring. The series aims to support ADB operations departments, government and private sector partners, and other stakeholders by documenting grievance redress management experiences and identifying important lessons and good practices on problem-solving that are useful for future projects.

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ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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