Office of the Special Project Facilitator's

Lessons Learned

Sustainable Urban Transport Investment
Program, Tranche 3 in Georgia

ADB

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Lessons Learned

**Sustainable Urban Transport Investment
Program, Tranche 3 in Georgia**

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6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 8632 4444; Fax +63 2 8636 2444
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Notes:

In this publication, “\$” refers to United States dollars.

On the cover: Housing in Tbilisi, Georgia. Tbilisi is the capital and largest city in Georgia (photo by Eric Sales).

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Abbreviations

ADB	-	Asian Development Bank
AP	-	affected people
CWRD	-	Central and West Asia Department
ERU	-	Environmental and Resettlement Unit
GRC	-	Grievance Redress Committee
GRM	-	grievance redress mechanism
IA	-	implementing agency
IFI	-	international financial institution
LARP	-	land acquisition and resettlement plan
m ²	-	square meter
MDF	-	Municipal Development Fund
MRDI	-	Ministry of Regional Development and Infrastructure
NGO	-	nongovernment organization
OCRP	-	Office of the Compliance Review Panel
OSPF	-	Office of the Special Project Facilitator
SPS	-	Safeguard Policy Statement

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, 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.

Facade of the two-story building of the complainants
(photo by OSPF).

ADB remains firmly committed to the principle of being accountable for complying with its operational policies and procedures, and solving problems of project-affected people.

Accountability Mechanism

Development effectiveness requires high standards of accountability, transparency, openness, and public participation. As an international development agency dedicated to eliminating poverty in Asia and the Pacific, ADB constantly strives to enhance these aspects in its operations. It thus established the Accountability Mechanism that provides a forum where people adversely affected by ADB-assisted projects can voice and seek solutions to their problems and report what may be noncompliance with ADB's operational policies and procedures.

The Accountability Mechanism is designed to:¹

- increase ADB's development effectiveness and project quality;
- be responsive to the concerns of project-affected people and fair to all stakeholders;
- reflect the highest professional and technical standards in its staffing and operations;
- be as independent and transparent as possible; and
- be cost-effective, efficient, and complementary to the other supervision, audit, quality control, and evaluation systems at ADB.

The Accountability Mechanism consists of two separate but complementary functions: problem-solving and compliance review.

The problem-solving function, under the Office of the Special Project Facilitator

(OSPF), focuses on finding satisfactory solutions to problems caused by ADB-assisted projects. The compliance review function, under the Office of the Compliance Review Panel (OCRP), focuses on whether projects comply with ADB's operational policies and procedures that affect or may affect local people directly, materially, and adversely. Both offices ensure that the mechanism is known and understood within and outside ADB through different avenues including outreach activities.

ADB remains firmly committed to the principle of being accountable for complying with its operational policies and procedures, and solving problems of project-affected people. Therefore, it intends to ensure that the Accountability Mechanism remains adequate and effective in keeping with current international best practices.

Safeguard Policy Statement

The 2009 Safeguard Policy Statement (SPS) of ADB is the set of operational policies that seeks to prevent adverse impact of projects to the environment and society. The policy framework consists of guidelines on the environment, involuntary resettlement, and indigenous peoples.

The safeguard requirements are put into place to ensure that throughout the project cycle, the following are done: (i) identification and assessment of possible project impacts, (ii) development and implementation of action plans to minimize and mitigate the negative impacts of a project and to compensate the affected people (AP) in case negative

¹ ADB. 2012. *Accountability Mechanism Policy*. Manila.

impacts cannot be avoided, and (iii) conduct of meaningful consultations with AP so that they are informed on the impacts from project preparation through implementation.

Throughout the years and because of experience with different projects, the SPS has been enhanced to strengthen its framework. The current safeguards aim to respond to the changing requirements of clients while ensuring the long-term sustainability of the systems. The best practices of other multilateral financial institutions are incorporated or are being incorporated in the frameworks to ensure that other social dimensions (e.g., gender issues and labor standards) are taken into consideration, that there is better harmony of the policies among different financial institutions, and that the scope of the policies are clearer and better monitored to ensure accountability.²

Grievance Redress Mechanism

A grievance redress mechanism (GRM) is a combination of institutions, instruments, methods, and processes by which resolution of a grievance is sought and provided.³ It is intended to provide a predictable, transparent, and credible process to all parties, resulting in outcomes that are fair, effective, and lasting.⁴ This facilitates resolution of AP's concerns and grievances about the borrower's and/or client's social and environmental performance at the 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 (footnote 2).

Methodology of the Study

ADB used the case study methodology in analyzing the project GRMs in this OSPF *Lessons Learned* series. Using a combination of primary and secondary research as well as qualitative and quantitative data analyses, the study involved review of existing project-related documents such as the 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. Qualitative analysis was undertaken through focused group discussions and in-depth interviews of the 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.

A grievance redress mechanism is a combination of institutions, instruments, methods, and processes by which resolution of a grievance is sought and provided.

² ADB. 2009. *Safeguard Policy Statement*. Manila.

³ Center for European Policy Analysis. 2009. *A Review of the Southern Transport Development Project*. Colombo.

⁴ International Finance Corporation. 2008. *Advisory Note: A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*. Washington, DC.

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

Since 2007, ADB has been working with the Government of Georgia for the country's development and is recognized as one of its largest multilateral partners. ADB's key development priorities in Georgia are to expand trade, create more jobs, and combat poverty by developing economic corridors, improving public services, and supporting foreign direct investment. Priority sectors include transport, water supply and other infrastructure and services, public sector management, finance, and multisector, followed by energy.⁵

As of end 2019, five projects are being implemented by the Municipal Development Fund (MDF), amounting to 17% of the portfolio of the Ministry of Regional Development and Infrastructure (MRDI). Out of the five projects being implemented by the MDF, two are category A, three are category C for involuntary resettlement, four are category B, and one is category C for environmental impact.

OSPF provided assistance to the complainants in identifying apartments of their choice for relocation (photo by OSPF).

⁵ ADB. 2020. *Asian Development Bank Member Fact Sheet: Georgia*. Manila.

III. The Project: Sustainable Urban Transport Investment Program, Tranche 3

Portion of the Rustavi–Tbilisi highway near the two-story apartment of the complainants (photo by OSPF).

GEORGIA SUSTAINABLE URBAN TRANSPORT INVESTMENT PROGRAM – TRANCHE 3

0 2 4
Kilometers

- National Capital
 - Administrative Center
 - National Road
 - Other Road
 - Railway
 - River
 - Autonomous Republic Boundary
 - International Boundary
- Boundaries are not necessarily authoritative.

This map was produced by the cartography unit of the Asian Development Bank. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of the Asian Development Bank, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information.

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Description

With the vision of making its cities an engine of economic growth and job creation, the central government of Georgia placed great emphasis on city cluster development and delivery of quality infrastructure and urban services essential in improving quality of life, attracting investment, and increasing productivity and competitiveness. The Government of Georgia requested support from ADB to undertake the Georgia Sustainable Urban Transport Program with MDF as the executing agency. The program includes investments in roads, public transport network, and nonmotorized transport facilities. The program is financed by a \$300 million multitranche financing facility scheduled in three tranches, each including some urban roads construction or rehabilitation projects.⁶

The modernization of the Rustavi–Tbilisi highway, under Tranche 3 of the investment program (project), is a priority project for the Government of Georgia (Map). The project was approved in November 2013 and envisages upgrading to international standards the existing 17.1 kilometers (km), two-lane road between Tbilisi and Rustavi, with four lanes and a general design speed of 120 km/hour. Around 168 affected households and legal entities (145 households, 21 legal entities, and two unknown owners) will likely experience various losses and/or impacts from the implementation of the project. Most of the households will lose ownership and/

or access to residential lands and most of the legal entities will lose ownership and/or access to commercial lands. The estimated number of AP is 905.⁷

Organizational Structure of the Municipal Development Fund

MDF is a legal entity of public law under the supervision of MRDI. The charter of MDF as an independent body was approved on 30 October 2015. It is accountable to the Government of Georgia, the Supervisory Board, and the MRDI. MDF is being managed by an executive director and, within the competences, by the Supervisory Board. The executive director is appointed and dismissed by the Prime Minister of Georgia.⁸ The Supervisory Board, which is subject to change, is currently chaired by the Prime Minister and includes the minister of finance; minister of economy and sustainable development; minister of education, science, culture and sport; minister of environment and agriculture; and other ministers, deputy ministers, and representatives of Parliament. This structure allows autonomy and credibility in the decision-making of MDF (Figure 1).

⁶ ADB. 2010. *Sustainable Urban Transport and Investment Program: Involuntary Resettlement Assessment and Measures*. Manila.

⁷ ADB. 2016. *Summary Review and Assessment Report of the Special Project Facilitator*. Manila.

⁸ Resolution of the Government of Georgia #558 approving the Charter of the MDF. <https://bit.ly/2Dum3Nh>.

Figure 1: Organizational Structure of the Municipal Development Fund

ADB = Asian Development Bank, CFO = Chief Finance Officer, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, GOG = Government of Georgia, MDF = Municipal Development Fund, WB = World Bank.

Source: Municipal Development Fund.

MDF has gone through several phases of reorganization, driven by the changes in leadership as well as by the experience acquired by the organization. Under the present organizational structure, there are certain departments which are under direct supervision of the executive director, and there are some departments under the supervision of the deputy chief finance officer. In addition, there are program managers supervising specific international

financial institution (IFI) programs. The Planning and Assessment Department, which includes the Environmental and Resettlement Unit (ERU), is under the direct supervision of the executive director. This allows for direct line of communication, better flow of information, and more efficient decision making on safeguards issues. Further, all ADB programs are under the supervision of one program manager.

Project Grievance Redress Mechanism

The Environmental and Social Safeguards Unit of MDF is the frontline office dealing with grievances. The MDF social safeguards team evolved from two consultants dealing with resettlement- and environment-related activities to a 13-people ERU dealing with social, environment safeguards, gender, and labor issues, and includes a communications specialist. Established in 2015, ERU expanded over the next couple of years as a result of MDF leadership's commitment to social safeguards issues and to efficient handling of complaints.

Prior to 2016, MDF's GRM was functioning based on the provisions of the LARP. In 2016, based on the recommendation from OSPF, MDF developed written procedures for handling grievances. These were approved through an order by the executive director of MDF on 19 May 2017. At the same time, MDF established multiple channels for receiving complaints. Information for such channels was made available on every project site and through informational booklets distributed to AP. Further, since 2019, MDF has been using modern technologies such as drones to assess project-related impacts. This makes the process of assessment and management of complaints easier.

Although MDF has established a two-level GRM structure, the AP from the Rustavi-Tbilisi highway approached the central Grievance Redress Committee (GRC) more because it is closer to town and was more accessible. Level 1 of the structure deals with grievances at the local level. Issues resolved here are those which can be done by the contractor, do not require additional sums, or which relate to provision of information, etc.

Level 2 deals with grievances not resolved at Level 1 as well as with grievances directly addressed to MDF's GRC. All complaints which require amendment in the LARP or issues related to budget increases go through Level 2 GRM.

The process at Level 2 is as follows:

- The complaint may be lodged by the AP in writing and filed at the reception of MDF or sent by post. It must be written in Georgian language.
- Upon filing the complaint, the AP is given a proof of submission. The complaint is registered and directed to the executive director of MDF who, within 5 days, shall direct the complaint to ERU. The complaint shall be registered in the electronic log of complaints.
- Within 3 days after registration, the complainant shall be given the details of the contact person who will handle the complaint.
- Within 15 days of the registration, the ERU shall (i) determine if any document or information is lacking and require the complainant to provide such, (ii) obtain information from other units of MDF and/or project partners, (iii) determine when the hearing on this complaint will take place and notify the complainant of such date, and (iv) update the status of the complaint in the log.
- Hearing sessions of the GRC shall take place at least once a month. Every complaint must go through the hearing within 2 months of its registration. Agenda of the hearing and brief description of the complaint shall be sent to each member of the committee no later than 3 days before the hearing schedule.

In 2016, based on the recommendation from OSPF, the Municipal Development Fund developed written procedures for handling grievances.

Portion of the Rustavi–Tbilisi highway near the two-story apartment of the complainants (photo by OSPF).

- Composition of the committee shall be determined by the executive director of MDF. Upon request, respective IFI shall be notified of such composition.
- At the hearing, the responsible unit reports to the members of the committee about the complaint and answers their questions. The AP may be invited to the hearing as needed.
- The committee is authorized to make decisions if the hearing is attended by at least half of its members. Decisions shall be made by a simple majority vote of those present. The minutes of the meeting shall be signed by the members within 5 days of closing of the hearing. The minutes shall then be sent to the respective IFI upon request.
- The AP shall be notified of the decision of the committee within 3 days after the minutes of the hearing are signed. The notification shall include the time line of activities to be performed.
- The respective unit of MDF is responsible for monitoring the execution of the decision. At the committee's next meeting, the ERU shall report to the committee on the progress and status of execution of the decision made at a previous meeting.

From January 2014 until August 2019,⁹ 200 complaints were received. Majority were received from 2015 to 2017 then significantly dropping in the last 2 years, with five complaints in 2018 and two in 2019. Most were received at the central MDF level. This was because the projects were being implemented in Tbilisi, or in the outskirts of Tbilisi, and the AP had easy access to the MDF

staff. There were several complaints initially lodged with the Parliament, the Ministry of Infrastructure, and the Ministry of Economy, and then got redirected to MDF. Nine complaints were addressed to the contractor supervisors, of which three were resolved by the contractor as these were mainly related to access road and water flood issues. Six complaints were transferred to MDF by the contractor and resolved at the MDF GRC level.

Majority of the complaints were related to compensation (for land, houses, other structures, trees, etc.). Other causes included requests for verification of detailed measurement survey, utilization or transfer of the residuals to the AP, giving right of way, connection to main road, requests for vulnerability compensation, etc.

Overall, 133 complaints were resolved and 67 were rejected by MDF. The primary reason for the rejection was the lack of substantiation of the complaint, e.g., lack of evidence that taxes were being paid as this was a ground for business loss compensation.

On average, resolution of the complaints took 1 to 3 months. A few complaints required a longer time to be resolved, about 6 to 8 months.

Majority of the complaints were related to compensation (for land, houses, other structures, trees, etc.).

⁹ Until the time of preparation of this report (July-August 2019).

Figure 2: Diagram of the Grievance Redress Committee Process

¹ All time frames start to count from the date of the registration of the complaint in the database.

GRC = Grievance Redress Committee, M&E = monitoring and evaluation, MDF = Municipal Development Fund.
Source: Municipal Development Fund.

Project Grievance Redress Mechanism Actors

GRC composition is determined by the executive director of MDF. This depends on the subject matter of the complaint but generally, it includes the deputy executive directors of MDF; heads of various departments (planning and assessment, quality control, construction supervision, financial, and legal) of MDF; and ADB program manager.

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

Nongovernment organizations (NGOs) sometimes help APs prepare and submit complaints. However, they rarely engage in the dialogue with the IA, project implementation unit, and ADB project team. Even in the context of OSPF complaints, NGOs may be engaged at the initial stage but have later been disengaged at the request of the complainants. NGOs have not participated in the GRM design during project preparation.

Local government units are sometimes approached by the APs but have rarely been engaged in the GRM process.

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

The Central and West Asia Department (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 may be consulted about possible merits of the claims cited in the complaint or the possible resolution and their compliance with the 2009 SPS. It may also happen that the IA may need a letter, or some written document as a justification (as the basis on which resolution may be offered to the AP) for their internal compliance purposes. The CWRD team is engaged in negotiations, consultations, and communications with the IA and AP, including in the field visits. Its credibility and negotiation leverage often help move things. Decisions though are made by the IA. Interviews with APs have shown that they often have more trust in the ADB representatives than in the local IA representatives. Part of the reason for this trust could be the capacity of the CWRD team to communicate better with the AP. Another part could be the “inherent” lower trust toward local administrative bodies and higher trust toward foreign institutions.

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.

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).¹⁰

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 (the Minister), 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.¹¹ If no agreement is reached on the amount of compensation, each party may file an action with a court.¹² 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.

¹⁰ English version of the Law of Georgia on the Procedure for the Expropriation of Property for Pressing Social Needs (the Law) can be found here <https://www.matsne.gov.ge/en/document/view/16480?publication=5>.

¹¹ Article 6 of the Law on Expropriation.

¹² Article 8 of the Law on Expropriation.

IV. The Complaint

On 28 April 2016, OSPF received a complaint from 13 residents of a residential building on Rustavi highway, Tbilisi, to be demolished due to the project. The building was constructed during the Soviet times and was specifically designed to accommodate the needs of the visually impaired residents. The complainants, some of whom were visually impaired, claimed that the compensation offered to them was inadequate and insufficient to buy residential apartments in a location where community and amenities, as experienced in their current location, could be availed of. Among other things, the complainants claimed that, in addition to their private apartments, they should also be given compensation for communal spaces.

This is one of the communal spaces that the complainants claimed for additional compensation. Photo taken during the review and assessment mission of OSPF in 2016 (photo by OSPF).

The lack of timely and adequate information on the land acquisition and resettlement plan and grievance redress mechanism created different expectations among the APs on their compensation entitlement and negatively affected their trust in the IA.

OSPF contracted an independent evaluation company and, based on the OSPF verification, it appeared that the compensation offered per square meter (m²) was in line with the existing market values. However, given the special characteristics of the building and of some of its residents (that it was tailored for visually impaired people), OSPF found that compensating the residents for the communal spaces in the building was justified. However, the IA found it difficult to justify this, as it was not a common practice under Georgian law. The IA was also concerned that this would set an unwanted precedent for compensation of communal spaces in other cases. After a series of negotiations, the IA agreed to offer additional compensation to the complainants as “special vulnerability allowance,” which would be included in the LARP through a corrective action plan. Unfortunately, the offered amount of additional compensation was not acceptable to the APs, who decided to pursue their grievance in the local courts.

MDF representatives noted that information regarding the project, its implementation, and compensation matrix was provided to the APs during the preliminary project design both verbally and through booklets, and the same information is available on the MDF website as part of the LARP. However, during the fieldwork and stakeholder interviews, the APs and NGO expressed that there was inadequate consultation during the project preparation, including insufficient information on how compensation will be calculated, and on the GRM. The lack of timely and adequate information on the LARP and GRM created different expectations among the APs on their compensation entitlement and negatively affected their trust in the IA. It also forced them to seek updates from other (unofficial) sources, which in itself triggered misinformation.

OSPF conducted consultations with the complainants to understand better the issues raised on their complaint and determine whether and under what conditions a problem-solving process should proceed (photo by OSPF).

V. Lessons Learned

Despite the fact that no amicable and satisfactory resolution was reached, there were several valuable lessons which contributed to the improvement of the GRM. Some are outlined below.

- When OSPF intervened, the relationship between the residents and representatives of the IA was tensed. It revealed the need for MDF to expand and improve its communication capacity by hiring a dedicated communications specialist, and by building the capacity of its ERU staff to efficiently and effectively manage difficult conversations.
- While brochures on the project as well as information on the resettlement principles were provided to APs during public consultations, they did not receive copies of the entitlement matrix and there was insufficient information provided on how compensation will be calculated. This created uncertainty and misunderstandings and triggered distrust on the representatives of the IA. It became clear that meaningful consultations necessitate more efforts in making sure that the APs have reference materials and the opportunity to provide feedback. Meaningful consultation also means that the feedback needs to be taken into consideration, heard, and where appropriate, integrated into the project design.
- In 2016, the GRM did not have any standard procedures or prescribed time lines for handling complaints and the APs did not feel that their concerns were being considered. OSPF recommended drafting a new and improved structure for GRM with procedures, time lines, composition of the GRC, and clear roles and responsibilities of the GRM members.
- Based on minimum standards for apartments, the IA decided that for residents who have less than 35 m² of abode, the compensation will be calculated for 35 m². The compensation for larger apartments would be calculated based on their actual size. While this approach intended to allow those with very small apartments to find alternative housing, it has caused conflict and overexpectations among the residents. This was a good lesson on how good intentions may turn into a problem. Looking forward, the IAs may better consider the different aspects of the psychological framework of the APs, assess risks, and consider engaging the community in determining a fair compensation scheme.
- One of the challenges for some APs was their lack of capacity and resources to find a new place of residence, due to physical and financial constraints. In this case, OSPF assisted them in locating possible apartments and, when needed, organizing tours to visit some of the selected ones. In the future, the IA may think of ways to identify if the APs have special needs and offer assistance to address these special needs.

Meaningful consultation also means that the feedback needs to be taken into consideration, heard, and where appropriate, integrated into the project design.

It should be noted that on Rustavi highway section, several other complaints were lodged with OSPF, none of which were found eligible. It was partly because the neighboring residents also lodged a parallel complaint with OCRP, hence most of those claims and issues have been subsumed within OCRP consideration. Unfortunately, remedial actions proposed by OCRP were not acceptable to the national implementers and ADB closed financing of that section.

The building (a former dormitory) consists of discrete properties and is inhabited by 40 households in 42 apartment units (photo by OSPF).

Challenges and Enablers

These additional considerations came out as a result of OSPF's experience in handling complaints resulting from this project as well as from the interviews and fieldwork commissioned in the course of the case study. These are reflected here to outline the system enablers and strengths, to explain objective challenges of the GRM and areas that require improvement. These also formed the bases for the recommendations provided further below.

- Inadequate assessment of potential social and environmental impacts.
- Lack of meaningful consultations and insufficient opportunity to consider feedback from APs.
- Insufficient awareness of APs on GRM during the early stages of project preparation, as well as their lack of information on the differences between OSPF and OCRP. Hence, they made an uninformed decision on the choice of function.
- Management of issues depends on personalities and/or leadership. This has positively affected the development of the GRM. On the other hand, it could also present a challenge in terms of the sustainability of the approach and formation of an institutional rather than personal culture in handling grievances.

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

- sensitivity of the senior management and/or leadership of MDF to social and environment-related issues and their understanding and appreciation of these issues;
- the IAs' commitment, and ability to learn from their experiences;
- access to and direct coordination with the MDF executive director by ERU;
- close and timely collaboration, and trust between MDF and construction contractors;
- institutional memory, accumulated knowledge, and experience within MDF of key ERU staff;
- clearly written out GRM procedures and existing GRC help make the process more predictable and keep the grievance handling on track;
- GRM is known and available to all potential complainants and is readily accessible through various channels; and
- regular communication with APs, including feedback mechanism.

VI. Recommendations

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

Identify which local valuation companies have the ability to improve reliability and enhance their capacity by delivering trainings and ensuring they comply with international valuation standards.

- 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 reliability, and 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 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, the social team together with 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.
- 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 compliance review versus problem-solving 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 where additional legislative reforms could add value for instituting effective GRMs.

OSPF carried out meetings with complainants, other affected people and communities, ADB staff, government officials, and NGO representatives. In these meetings, OSPF explored views and perceptions on the issues and collected suggestions for potential solutions to the problems (photo by OSPF).

Office of the Special Project Facilitator's Lessons Learned

Sustainable Urban Transport Investment Program, Tranche 3 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 Tbilisi–Rustavi highway modernization project as part of a sustainable urban transport investment program 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.

ASIAN DEVELOPMENT BANK
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org