

Land Acquisition and Resettlement Framework

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Georgia: Climate Smart Irrigation Sector Development Program

Modernization of Kvemo Samgori Left Canal Irrigation Scheme

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for the Asian Development Bank.

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ABBREVIATIONS

ADB	Asian Development Bank
AHHs	Affected Households
APs	Affected Persons
DMS	Detailed Measurement Survey
DP	Displaced Person
DED	Detailed Engineering Design
GoG	Government of Georgia
GA	Georgian Amelioration Company
GRC	Grievance Redress Committee
GRG	Grievance Redress Group
IA	Implementing Agency
PIC	project implementation consultant
PIU	Project Implementation Unit
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
MEPA	Ministry of Environmental Protection and Agriculture
NAPR	National Agency of Public Register
NGO	Non-Government Organization
ROW	Right of Way
SES	Socio-Economic Survey
SSMR	Semi-annual safeguards monitoring reports
SPS	Safeguards Policy Statement
TRTA	Transactions Technical Assistance

GLOSSARY

Affected Households	A household consists of one or more people who live in the same dwelling and share meals or living accommodation and may consist of a single or more families. The affected households (AHHs) in this document are applied to the owners and users of lands and other assets that will experience full or partial, permanent, or temporary physical or economic displacement due to the project; compensations and as relevant assistance allowances are calculated for him/her representing the household. All members of an AHHs are referred as APs.
Affected Persons	In this document, the affected persons (APs) are the members of the AHs. Also referred as displaced persons (DPs) in ADB SPS (2009).
Cut-off-Date	The date after that anyone who will influx to the area, and/or build/alter structures, will not be eligible for compensation. The cut-off date shall be announced after the detailed measurement survey conducted based on the final detail engineering design (DED) to be prepared in the project implementation. The validity of the cut-off-date in ADB projects typically is 3 years.
Detailed Measurement Survey	With the aid of the approved final (DED), this activity involves the finalization and/or validation of the results of the inventory of losses (IOL), the severity of impact, and final list of AHHs during the final LARP preparation. The final resettlement cost will be calculated following the completion of the DMS.
Economic Displacement	Loss of land, assets, access to assets, income sources, or means of livelihoods because of (i) involuntary acquisition of land or other economic assets and livelihoods/income sources, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.
Entitlements	Range of measures comprising compensations at replacement cost principle, income rehabilitation assistance, transfer assistance, income substitution, and relocation costs which are due to AHs to compensate and mitigate the impacts, restore, and improve their social and economic living standards. It depends on the type of losses and the degree of impacts and specified in the entitlement matrix.
Inventory of Losses (IOL)	The process of all fixed assets (i.e., lands used for residence, commerce, agriculture, including ponds; dwelling units; stalls and shops; secondary structures, such as fences, tombs, wells; trees with commercial value; etc.) and sources of income and livelihood inside the project right-of-way (ROW), to identified and measured, their owners identified, their exact location pinpointed, and their replacement costs calculated. Additionally, the severity of impact to the affected assets and the severity of impact on the livelihood and productive assets of AHs will be determined.
Physical Displacement	Physical relocation, loss of residential land, or loss of shelter because of (i) involuntary acquisition of land and/or other properties, or (ii) involuntary restrictions on land use or access to legally designated parks and protected areas.
Rehabilitation assistance	Additional support provided to AHs losing productive assets, incomes, employment, or sources of living, to supplement payment of compensation for acquired assets to restore the living standards and quality of life of APs to at least the pre-project level.
Replacement cost	Value enough to replace the affected assets and cover other relevant uncured/or incurring costs such as transaction and registration costs for the replaced lands as compensation, and without deducting depreciation for such assets as well as cost of salvage materials, any taxes and transportation costs.
Severely Affected	This refers to affected households who will permanently lose 10% or more of their total productive land and/or assets, and/or will be physically relocated.
Vulnerable households	Households under the poverty line, female-headed households, the elderly headed household, households headed by physically disabled persons, landless or non-titleholder affected households. These households are at risk of being disproportionately affected by the project due to their vulnerable status.

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EXECUTIVE SUMMARY

1. **Introduction.** This Land Acquisition and Resettlement Framework (LARF) is prepared for the proposed Climate Smart Irrigation Sector Development Program (CSISDP) that Asian Development Bank (ADB) considers to finance in Georgia. The program will support policy reforms and develop institutional capacity in water resources management and delivery of climate-smart irrigation services. The CSISDP will modernize the irrigation system in the Kvemo Samgori left main canal (KSL) irrigation scheme, introduce innovative and climate resilient agricultural production and irrigation technologies to increase agricultural productivity, improve degraded land and increase water security. The outcome will be sustainable, productive, and resilient agriculture system in eastern Georgia strengthened. The CSISDP's outputs are: (i) Output 1: Institutional, governance, management, and financial management enhanced. Policy reforms are required to create an enabling environment for outputs 2 and 3; (ii) Output 2: Irrigation schemes modernized; and (iii) Output 3: Innovative agriculture production systems demonstrated. Outputs 1 and 3 have no physical works to cause land acquisition and resettlement (LAR) impacts. Output 2 that will support modernization of the dilapidated, under-utilized Kvemo Samgori left canal irrigation scheme in Kakheti region in eastern Georgia, is expected to have LAR impact.
2. The executing agencies are the Ministry of Finance for the policy component (Output 1) and the Ministry of Environment Protection and Agriculture (MEPA) for investment component (Outputs 2 and 3). MEPA is the implementing agency for both the policy component and the investment component. The existing project implementation unit (PIU) under the MEPA is the implementing agency for outputs 2 and 3.
3. **Project modernization works and phases.** The modernization of the irrigation scheme is planned in two phases. Phase 1 areas are net command areas based on the detailed concept design for each area. Phase 2 areas are gross areas based on GA estimates. Table 1 lists the areas to be modernized in each phase.
4. Modernization of the main canal will include changes to meet the needs of the area modernization design concept. The main canal will be also modernized in two phases in two phases. The first section of 8.4 km (Ch 313+42 to Ch 397+00) is required to serve Areas 3 (G-38) and 4 (G-39) in Phase 1 of modernization. The second section of 9.2 km (Ch 397+00 to Ch 488+66.7) will serve Areas 5 (G-41) and 6 (G-42) in Phase 2 of modernization.
5. The key construction works that have relevance to resettlement impacts are as follows: (i) the Main Canal is an existing open concrete canal and the works will be repairing this open canal along the existing alignment (site photographs are in Appendix 1); (ii) in distributary network areas (Areas 1 to 6) it is planned to lay pipes underground approximately on 1-1.5 m depth mainly in the alignment of the existing secondary and tertiary channels:¹ The diameters of the pipelines for the buried main pipelines will be in the order of outer diameter from 100-600 mm (in most parts of the network the GA has existing access roads), and within the distributary network for secondary and tertiary canals will be in the order of outer diameter from 80 to 200 mm (Figure 2 in main text of this LARF shows the distributary networks pipes in example of Area 1). Mainly digging the trench and laying pipes underground which will affect temporary the lands and the permanent servitudes are expected in the pipelines' right-of-way.
6. **Right of way (ROW) and access roads.** The ROW is 4 meters width (2 meters each side from centerline) for the main canal alienated permanently based on Article 19, Order #19 of Minister of Urbanization and Construction of Georgia (30 June 2003).

¹ The approach to modernization of the selected areas is based on (i) modernization through a network of closed pipes rather than rehabilitation/reconstruction of existing infrastructure and facilities, and (ii) providing an improved level of service by allowing farmers to connect directly to the piped network.

7. Regarding the buried pipelines in the distribution areas (secondary and tertiary canals), there are no regulations about the ROW. In consultation with the PIU and TRTA engineers (details in Annex 2), the pipelines ROW for LAR impact assessment, within the distribution areas, are defined 4 and 2 meters width corridor for the main pipeline up to 500-700 mm outer diameter and for the secondary and tertiary canals for pipelines up to 110 to 315 mm outer diameter respectively,² and where will be also established permanent servitude for operation and maintenance of the system.

8. Access roads exist inside the distribution areas and the main canal, as per original design and construction since the Soviet Union time. Some parts were partially privatized in canal's ROW which shall be identified by LARP(s).

9. **Anticipated land acquisition and resettlement impact.** Based on the preliminary assessment, modernization works in the Main Canal will cause permanent land impact (permanent land acquisition) within the ROW (4 meters width corridor) and temporary land impact during physical works affecting mainly grape trees and crops, and minimum structures.³ In distribution areas (secondary and tertiary channels in Areas 1-6), the land in ROW will be encumbered with permanent servitude, and temporary land impact during physical works will be similar, affecting mainly grape trees and crops, and minimum structures if any. The structures that can be affected are mainly poles used to support the grape trees. The need to establish servitude for schemes operations and maintenance, locations and areas to be identified based on DED for each subproject, which will result in restriction land use.⁴

10. No physical displacement and no major impacts are expected on residential or commercial lands and buildings or businesses (or minimal if any, to be defined based on detail design and LARP(s) for respective sections (Areas). The Project is assessed as Category B for Involuntary Resettlement Safeguards, as the project does not involve physical displacement and and/or acquiring permanently 10% or more of the APs lands or productive assets. The project is Category C for Indigenous People Safeguards following ADB Safeguards Policy Statement (SPS 2009). No Indigenous People or any such ethnic minority group as defined by SPS live in the project area.⁵

11. Land Acquisition and Resettlement Plans (LARPs) have been prepared for modernization works in the Main Canal (final based on detailed design) and the Area 1 (draft based on conceptual design). Based on this LARP, LARP(s) shall be prepared and

² While, as stated in para 5 above, the diameters of the pipelines for the project's modernization works in Area 1 for the main pipelines is planned to be 100-600 mm outer and for the distribution area secondary and tertiary canals 80 to 200 mm outer diameter.

³ Based on impact assessment and prepared LARP for the Area 1, there will be 105,618.45 sqm private land temporary impact and imposed by permanent servitude, affected 16,805 (all fruit trees, mainly vine grape trees), 12,691 sqm crop area, and 4800 pieces poles and 71,952 meters wires supporting the grape trees, with total 1,095 AHHs. As per the LARP prepared for the main canal (Section 1 related to the Area 1), there will be 1,010.6 sqm private land impact and imposed by permanent servitude, affected 197 vine grape trees, and 20 poles and wires (300 m) supporting the grape trees, and 12 AHHs (4 landowners and 12 co-owners).

⁴ The servitude area (as needed) shall be finalized based on DED: 2m from each side is usually taken for the mainline channels but for the network usually 1m from each side (2m width corridor) is accepted as sufficient.

⁵ On involuntary resettlement, the project impact is deemed significant if 200 or more persons experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive (income generating) assets. ADB Operations Manual: Safeguard Policy Statement (F1): OM Section F1/OP Issued on 1 October 2013. A proposed project is classified as category B if it includes involuntary resettlement impacts that are not deemed significant. A resettlement plan, including assessment of social impacts, is required. Project is assessed as Category C for Indigenous People Safeguards following ADB Safeguards Policy Statement (SPS 2009). No indigenous people or any ethnic minority groups live in the project area and ADB SPS requirements on indigenous people safeguards are not triggered, and no actions will be required. ADB Operations Manual: Safeguard Policy Statement (F1): OM Section F1/OP Issued on 1 October 2013.

implemented for all sections, and any works with LAR impacts that will be planned based on the final DED and implemented under the CSISDP (Outline of LARPs in Appendix 3).

12. Safeguards requirements and policy and regulation framework. Principles and requirements of ADB SPS and laws of Georgia provided in this LARF shall be followed in implementation the subprojects. Accordingly, PIU shall prepare and endorse subprojects' LARPs, and implemented them upon approval of ADB. The laws and by-laws of Georgia regulating the LAR process (Constitution, Civil Code and Land Code) provide key principles of (i) state eminent domain to take lands for public needs; (ii) avoiding, minimizing impact, and mitigating unavoidable LAR impact, (iii) compensating property and income losses at full market value and before physical or economic displacement, (iv) expropriation only by decision of the court that entered into legal force and (v) after payment of due compensations.

13. Key objectives of the Involuntary Resettlement (IR) Safeguards Requirements of SPS 2009 are also to avoid IR wherever possible; to avoid and minimize IR by exploring project and design alternatives, and wherever avoidance is not possible, mitigate adverse impact; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced vulnerable groups. The SPS 2009 requirement on IR safeguard is triggered in case of physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.

14. Overall laws of Georgia and requirements of SPS 2009 on IR safeguards match except of a few following gaps. Under the laws of Georgia, the affected households (AHHs) with formal and/or legalizable land and property rights are entitled for full compensation of all losses, but the same is not provided for land of AHHs without formal/legalizable rights. However, SPS 2009 requires the AHs without formal/legalizable rights to land and assets they possess, shall be compensated at full replacement cost at least for loss of all non-land assets. Lack of legal/legalizable rights to lands and assets do not ban the AHs from receiving compensations at least for all losses other than land and when relevant additional assistance allowances. AHHs without legal/legalizable rights to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for losses of all non-land assets and incomes. Further, additional assistance allowances shall be provided to vulnerable and severely AHHs, and relocation assistance to physically displaced AHHs. These gaps have been reconciled in previous ADB-assisted projects in Georgia and those reconciliation measures will be applied under this CSISDP program too as provided in this LARF's main text (Table 2), comparison of policy and law gaps and reconciliation measures). All AHHs will be eligible for compensations and assistance depending on types of losses and legal status of the lands and assets they have been using. Compensations for all types of losses provided hereto shall paid at full replacement cost, to be identified by an independent valuation entity in the LARPs.

15. AHHs' eligibility for compensations and assistance will be limited by a **cut-off date**. The PIU shall define and announce the cut-off date in the subproject area (e.g. Areas 1-6 distributary networks or other way deified sections based on detail design) after the Detail Measurement Survey (DMS), inventory of project affected assets, and final census of AHs, that will be conducted in preparation of the LARP based on the project final DED. Entitlement Matrix (Table 3 in main text of this LARF) has provisions for compensations and additional assistance allowances for eligible AHHs. The Entitlement Matrix shall be reviewed to reflect any new impacts and nuances if detected during the DMS, census, socio-economic surveys and inventory project affected assets to be undertaken in preparing the final implementation-ready LARP, following the principles of ADB SPS and provisions of this LARF.

16. Socio-economic information. LARP shall include a chapter on socio-economic profile of AHHs. During the project implementation and LARP preparation, census of all AHHs (100% as possible) shall be conducted and vulnerable AHHs identified, and socio-economic study (SES) with the sample survey of 20% of AHHs, shall be conducted to collect baseline data. Based on these census and surveys, the LARP shall include a chapter describing the key AHHs' socio-economic characteristics, family members' educational levels, major sources of income, employment and vulnerability. More details on the required socio-economic information data collection and analysis to include in the LARP, are given in the indicative Outline of LARP in Annex 3 to this LARF.

17. Institutional Arrangement and Responsibility. The existing Project Implementation Unit (PIU) in MEPA will be the PIU for the project that has one Safeguards Specialist covering both environment and social/resettlement safeguards tasks. The PIU will employ national resettlement safeguards specialist (60 person-months over the project duration) to be financed by the project to supervise social and resettlement tasks of the project. The PIU will be overall responsible endorsing and implementing the LARP as approved by ADB, and monitoring and reporting to ADB on project's LAR compliance.

18. The PIU will be overall responsible for all LAR tasks and compliance, including (i) preparing and endorsing the LARP based on the DED, and implement it after ADB's approval; (ii) ensure internal monitoring and reporting to ADB on project's compliance with IR safeguard requirements; (iii) incorporate safeguard covenants in contractual obligations and monitor the Contractor's performance to ensure its contractual obligations on LAR safeguards, such as (a) follow the ROW during the construction works and monitoring its safeguard performance, (b) assign staff as focal person for grievances, (b) consultation with AHHs and communities on schedule of physical works that can affect the farmers activities; and (c) provide updates in its monthly progress reports to PIU on any social issues, grievances and any unanticipated LAR impacts; (iv) allocate timely budget for LARPs costs, and (iv) coordinate with other national departments and agencies to ensure smooth preparation and implementation of LARPs (roles of other stakeholders are discussed in Institutional Arrangement section of this LARF).

19. A team of international and national project implementation consultants (PIC) will be financed from the ADB project loan to support the PIU to manage the project and implement project activities in relation to Output 2 and 3 including on social and resettlement safeguards tasks. The PIC will assist the PIU to (i) review and endorse any design changes at Area 1 proposed by the contractor and ensure update of the prepared draft LARP accordingly, and (ii) finalize the detailed design for Areas 2-4, prepare detail design for Areas 5-6 and LARPs according to proposed contract packaging, (iii) provide overall assistance to PIU on LARPs preparation, implementation, monitoring and reporting to ADB, (iv) conduct LAR training as per ADB SPS' requirements for staff of PIU, GA, contractors and authorities to ensure efficient LARP implementation (TOR in Annex 4).⁶ The PIC will provide overall assistance to PIU on the LARPs preparation, implementation, and preparation of safeguard monitoring reports and LARP compliance implementation reports for submission to and approval of ADB.

⁶ Other stakeholders include: (i) district government to support the LARP implementation, liaison with project Affected Households (AHHs), communities and other state agencies at district level, (ii) Ministry of Finance to allocate budget for LARP based on the request of the PIU, (iv) National Agency of Public Registry under the Ministry of Justice to register any changes in land and property titles of AHHs (after the impact), and also transfer the land title through purchase agreement from landowners to the state and MEPA will have right to use it for the project needs, (v) Ministry of Economy and Sustainable Development issues a decree confirming the expropriation needs, if required, and assigning the MEPA PIU as the expropriator authorized to initiate expropriation, (vi) Court, in case of expropriation, and (vii) Interested NGOs may participate in monitoring, public consultations, implementing LARP and resolving grievances (detail discussed in Section on Institutional Arrangement hereto).

20. ADB will guide the PIU in preparing LARP, approve the final LARP and review its implementation. This will include a review of the internal monitoring reports, project review missions to the project sites to ascertain the status of the LARP implementation and LAR safeguards performance of the PIU and Contractor(s). ADB will issue clearance for commencement of the construction works upon compliance completion of the LARP implementation. If LAR safeguards related non-compliances cases will be identified, ADB will guide the PIU in taking corrective actions according to the final LARP and safeguard covenants envisaged in the CSISDP financing agreement and documents and SPS 2009.

21. **Capacity building.** This will be the first ADB-assisted project to be implemented by PIU/MEPA and GA implementing and executing agencies. The PIU's social/resettlement safeguard specialist (mentioned above) and the PIC's safeguard specialist shall conduct capacity building training for staff of PIU and relevant authorities to raise awareness about the social/resettlement safeguards requirements including of ADB's SPS 2009 and ensure efficient preparation and implementation of the LARPs and overall the project's safeguard compliance.

22. **Project-level Grievance Redress Mechanism (GRM).** PIU will set up a project-level GRM following the ADB's SPS 2009 and laws of Georgia to resolve grievances and issues raised by the project AHHs and/or other affected persons related to the project's IR, social and environmental impacts, and consultations and information disclosure process. PIU shall ensure the well-functioning of the GRM during the project duration and evaluation, raise awareness of AHHs/APs and public the project area about the GRM, and resolve grievances in efficient and mutual consensus manner. PIU shall involve relevant agencies and independent experts as needed by each case. The PIU's social safeguard specialist will serve as the GRM focal person.

23. A two-tiers GRM is proposed for the project:

- (i) 1st Tier local level: Grievance Redress Group (GRG) – members including the PIU Safeguard Specialist for the project, Contractor's safeguard specialists (social and environmental safeguard specialist, OHS specialists), representative of the Georgian Amelioration (GA), relevant municipality, (v) at least one member from the village of the person who submitted the grievance (not family members), and experts as needed by case. This GRG shall put efforts to resolve the complaints at local level and consultation with the complaining parties within 10 days (e.g. for uncomplicated issues), or maximum 30 days according to Administrative Code;
- (ii) 2nd Tier at PIU MEPA's central level: Grievance Redress Commission (GRC) members including the PIU's Head and social/environmental safeguard specialist and engineers, PIC, and representatives of GA, relevant agencies, NGO/civil society and community based organizations, and invited experts as individual cases can require. This GRC shall resolve the grievances/issues that cannot be resolved at the 1st Tier or the complainant is not satisfied with the decision. The GRC shall resolve the grievances within 30 days in consultative manner with the person who made the complaint.

24. If the project-level GRM cannot resolve the grievance or the complaining party is not satisfied with the decision, it shall be resolved as per law and court order of Georgia, which will be outside of this project's GRM scope. The project GRM does not impede access to the country's judicial or administrative remedies. The aggrieved persons reserve their rights to appeal to the Court of Georgia at any stage of grievance resolution. Also, if not satisfied with the resolution of the issue by project-level GRM, the complaining party can send complaint to ADB's Accountability Mechanism, after making good faith efforts to resolve the grievance by the project-level GRM, which is described more in the main text of this LARF.

25. Consultation, Participation and Disclosure. ADB's SPS 2009 requires that AHHs must be meaningfully consulted and given opportunities to participate in resettlement planning, compensation options and LARP implementation. Public consultations and disclosure should be carried out also following national laws. PIU assisted by the social safeguard specialists of the TRTA team, conducted consultations with AHHs in project preparation phase (details included in the LARPs being prepared for the Main Canal and Area 1). PIU will ensure conducting information disclosure and meaningful consultation in preparing the LARP(s) for other project components under preparation, and throughout the project implementation. Consultation approaches shall meet the needs of women and vulnerable groups. Information disclosure shall include information about: (i) the project scope and irrigation modernization work, timeline of physical works, involuntary resettlement compensations and mitigation measures, summary of the LARF, LARP(s), Entitlement Matrix, project-level GRM and contact information of the responsible persons from the PIU. ADB and MEPA PIU will disclose the approved safeguard documents (LARF, LARP, social monitoring reports, and other as relevant) in their websites in English and local language respectively. PIU will ensure that the summary of key provisions of LARP(s), Entitlement Matrix, GRM and ADB's Accountability Mechanism, in Georgian language will be disseminated to AHHs.

26. Monitoring and Reporting. ADB SPS 2009 requires the borrower/client to monitor and assess IR outcomes and impact on the standards of living of the AHHs. The monitoring will assist to assess the progress of implementation of the LARP, grievances resolution, identify any unanticipated IR impact and take corrective actions on-time to avoid delays in the project implementation and unmitigated impact. According to the scope of anticipated LAR impact at the project preparation stage, the PIU shall ensure regular internal monitoring during the project implementation and submitting the semi-annual monitoring reports to ADB for review and clearance.⁷ To confirm process of LARP implementation and addressing any social and resettlement issues, the PIU will submit to ADB for review and approval (i) semi-annual social safeguards monitoring reports during the CSISDP implementation, (ii) one LARP implementation compliance report upon the LARP implementation, and disbursement of compensation payments (and payment of allowances to eligible AHHs), which will be one of the conditions for allowing construction works to commence in the areas/components with LAR impacts; ADB will review the monitoring reports and when approved, will issue a notice to proceed with the construction works, (ii) one land restoration completion report at the end of construction to confirm if land is restored and AHHs wherever relevant are able to resume their livelihood/agricultural activities. At the end of the project, a LARP completion and evaluation report should be prepared summarizing the experience in the entire CSISDP.

27. Resettlement budgeting. The total estimated budget for each LARP(s) shall be prepared based on LAR impact assessments, including costs for compensations of all losses and assistance allowances to AHHs, administrative costs and contingency. The PIU shall cover all LARP(s) budget and ensure timely allocation of budget for LARP(s) and payment of all compensations and assistance to AHHs prior to the start of civil works. The source and flow of funding for all IR related activities and costs shall be specified in the LARP(s).

⁷ Monitoring indicators include (i) payment of compensations and assistance according to the Entitlement Matrix, (ii) information disclosure and meaningful consultations and participation, (iii) grievance redress, (iv) budget and compensation payment timeframe, and (v) other provisions of the final LARP.

I. INTRODUCTION

A. Project Description

1. This draft Land Acquisition and Resettlement Framework (LARF) is prepared for the proposed Climate Smart Irrigation Sector Development Program (CSISDP) to be financed by the Asian Development Bank (ADB) in Georgia. The CSISDP will support policy reforms and develop institutional capacity in water resources management and delivery of climate-smart irrigation services. The project will modernize the irrigation system in the Kvemo Samgori left main canal (KSL) irrigation scheme, introduce innovative and climate resilient agricultural production and irrigation technologies to increase agricultural productivity, improve degraded land and increase water security. The efficacy of agricultural water use will be improved productivity through (i) strengthening the policy and institutional framework for sustainable water resources management and irrigation, (ii) modernizing KSL irrigation infrastructure to improve water conveyance, control and measurement, and (iii) demonstrating sustainable climate-smart on-farm technologies for dissemination across irrigation schemes in Georgia. The project will develop the capacity of the Ministry of Environmental Protection and Agriculture (MEPA) and Georgian Amelioration (GA) to implement policy reforms and better manage water resources and irrigation infrastructure and service delivery. Executive Agencies (EAs) are the Ministry of Finance for Output 1 and the MEPA for Output 2 and 3 described below. The existing project implementation unit (PIU) under the MEPA is the implementing agency for outputs 2 and 3.
2. ADB and the government selected the sector development program modality to meet parallel needs for policy reforms and project investments complement - each other to catalyze improvements in Georgia's irrigation subsector through supporting investments in the modernization of the KSL scheme and the establishment of demonstrations of innovative agricultural production and irrigation technologies, including establishing pilot windbreaks.

1. Impact, Outcome and Outputs

3. The project is aligned with the following impact: food security in Georgia improved (Irrigation Strategy). The outcome will be sustainable, productive, and resilient agriculture system in eastern Georgia strengthened. The project will have three outputs.

4. **Output 1: Institutional, Governance, Management, and Financial Management Enhanced.** The output will support MEPA to strengthen its water resources management and irrigation policies, institutional capacity, and financial management. It will improve the irrigation subsector and increase its contribution to the economy and development objectives of Georgia. The policy actions under the policy-based loan focus on (i) enhanced legal and institutional framework to achieve irrigation policy outcomes and ensure a sustainable management of water resources; (ii) pricing and contracting change to ensure improved efficiency of water use and financial sustainability of irrigation systems in face of current and expected impact of climate change on water resources; and (iii) enhancing governance and management controls to increase the Georgian Amelioration accountability, transparency, and efficiency of its service delivery. The policy reforms will create an enabling environment for Outputs 2 and 3. Output 1 has no physical works to cause land acquisition and resettlement LAR impacts. The Policy Matrix include involuntary resettlement safeguard measures.

5. **Output 2: Irrigation Schemes Modernized.** Output 2 will support the modernization of the dilapidated, under-utilized Kvemo Samgori left canal irrigation scheme in Kakheti region in eastern Georgia. Modernization of the scheme includes repairs to main, secondary and tertiary canals, and on-farm irrigation networks. Modernization of the scheme includes repairs

to the main canal and installation of a pressurized pipe on-farm irrigation networks.⁸ Figure 1 shows the areas to be modernized according to the distributaries serving each area and the reaches of main canal to be modernized. Phase 1 areas are net command areas based on the detailed concept design for each area. Phase 2 areas are gross areas based on GA estimates. Table 1 lists the areas to be modernized in each phase.

6. Modernization of the main canal will include changes to meet the needs of the area modernization design concept. The main canal will be also modernized in two phases in two phases. The first section of 8.4 km (Ch 313+42 to Ch 397+00) is required to serve Areas 3 (G-38) and 4 (G-39) in Phase 1 of modernization. The second section of 9.2 km (Ch 397+00 to Ch 488+66.7) will serve Areas 5 (G-41) and 6 (G-42) in Phase 2 of modernization.

7. **Output 3: Innovative Agriculture Production Systems Demonstrated.** Output 3 will support farmers to modernize and improve their irrigation and agricultural production technologies. The output will:

- (iii) Demonstrate innovative irrigation and agricultural production technologies. The potential benefit of introducing such technologies will be assessed in terms of both improved water productivity and incremental financial and economic returns, for instance from diversification to high value crops. For farm irrigation, demonstration of gravity feed and solar powered systems, where practical, for water distribution.
- (iv) Provide capacity development for farmers and scheme stakeholders through training in technology implementation that will facilitate adoption of successful technologies.
- (v) Identify constraints and means of addressing them such as access to finance, market information, adoption of new technologies, smart farming technologies, and mobile technologies and applications to aid decision making by farmers and other value chain actors.
- (vi) Establish pilot windbreaks to address soil erosion and to enhance crop protection. Demonstrations will be established on areas modernized in the Kvemo Samgori scheme.⁹

⁸ The detailed design of Kvemo Samgori modernization activities is accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President.

⁹ The detailed design of demonstration activities is accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President.

Figure 1: Kvemo Samgori Areas to be Modernized

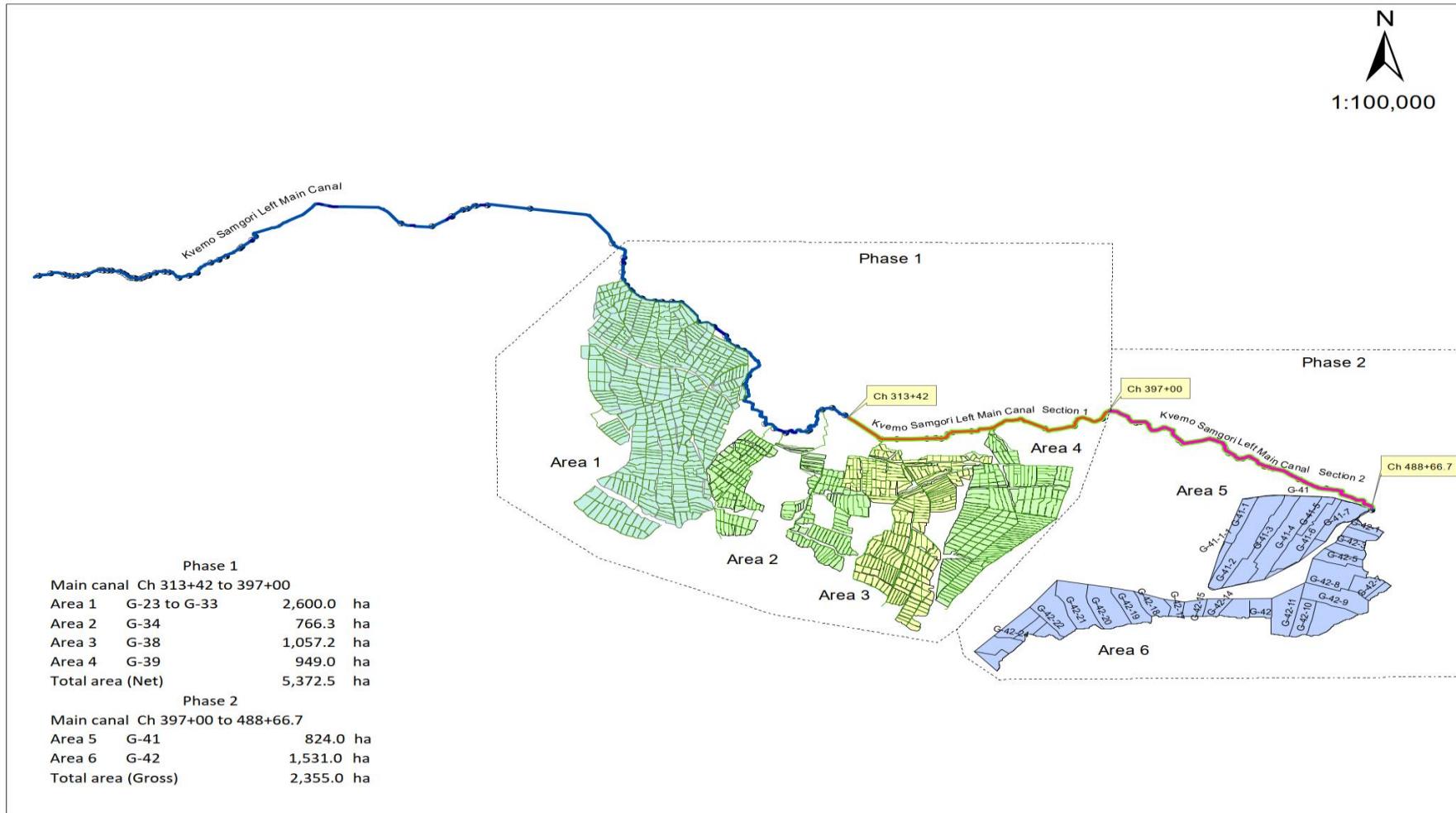


Table 1: Kvemo Samgori Phasing and Areas to be Modernized

Phase/Area	Gross Area (ha)	Net Area (ha)
Phase 1		
Area 1 (G-23 to G-33)	3,141	2,600
Area 2 (G-34)	1,074	766
Area 3 (G-38)	1,252	1,057
Area 4 (G-39)	1,047	949
	6,514	5,373
Phase 2		
Area 5 (G-41)	824	680
Area 6 (G-42)	1,531	1,263
	2,355	1,943
Total Phases 1 and 2	8,869	7,316

Note: Gross areas are based on GA estimates except for Area 3 for which the GA estimate was lower than the net area identified by the concept design for that area. The gross area for Area 3 is based on the TRTA consultants' estimate. Net areas for Areas 5 and 6 are based on the ratio of net area to gross area for Phase 1 areas since concept designs have been completed only for Areas 1 to 4 prior to implementation.

Figures may not sum due to rounding.

Source: Georgian Amelioration and TRTA-6648 GEO consultants.

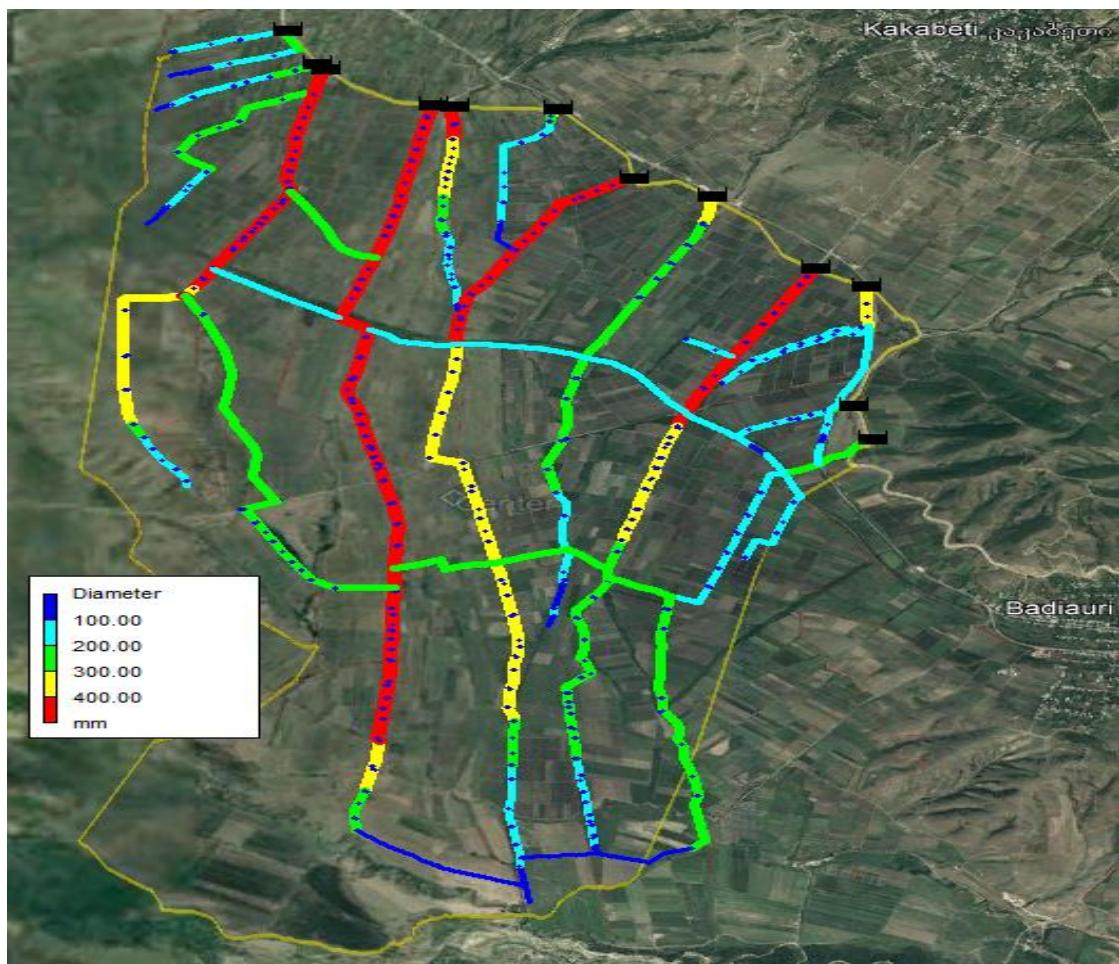
B. Modernization phases and planned works

28. The modernization of the irrigation scheme is planned in two phases. Phase 1 areas are net command areas based on the detailed concept design for each area. Phase 2 areas are gross areas based on GA estimates. Table 1 lists the areas to be modernized in each phase. Phase 1 includes modernization of irrigation distribution networks defined as Areas 1-4, and Phase 2 includes modernization works in Areas 5 and 6 (Figure 1, main text). At this stage, there is design available for the part of the Main Canal associated with the Area 1 (G-23 to G-33), and conceptual design for the Area 1 distribution network. The Project Implementation consultant (PIC) will prepare the detailed engineering design (DED) for the Areas 1 to 6.

29. The key construction works that cause LAR impacts are: (i) repairing the Main Canal that is an existing open concrete canal and the works will carried out along the existing alignment (site photos in Appendix 1); (ii) in distributary network areas (Areas 1 to 6), it is planned burying pipes approximately on 1-1.5 m depth mainly in the alignment of the existing secondary and tertiary channels:¹⁰ The diameters of the pipelines for the main pipelines will be 100-600 mm outer and for the distribution area secondary and tertiary canals 80 to 200 mm outer diameter (Figure 2 in main text of this LARF shows the distributary networks pipes in example of Area 1). Mainly digging the trench and laying pipes underground which will affect temporary the lands.

¹⁰ The approach to modernization of the selected areas is based on (i) modernization through a network of closed pipes rather than rehabilitation/reconstruction of existing infrastructure and facilities, and (ii) providing an improved level of service by allowing farmers to connect directly to the piped network.

Figure 2. Area 1 Distributary Network and Pipe Diameters



8. The following construction works will include installation of buried pipes, trenching, laying pipes underground along the existing channels, backfilling and reinstatement, including:

- (i) Excavation of ground III category in trench with an excavator (bucket 0.25 m³);
- (ii) Manual digging of grounds in trench; arranging sand bedding around pipe;
- (iii) Backfilling of ground with bulldozer, transportation at 20 meters distance;
- (iv) Loading remaining ground and disposals at 20 km distance;
- (v) Installation of polyethylene pipes;
- (vi) Installation of electric and manual cast iron valves;
- (vii) Arrangement of prefabricated reinforced concrete wells (with vase and roofing slabs, retaining rings and insulation of external surface) H=1.5 m, D= 2.0 m
- (viii) Installation of flow meters.

9. Below are details on design technology, approaches, and three key design elements:

- (i) The canal system will be controlled by SCADA, which will provide real-time measurement of water flows into the piped system and will enable the system to automatically supply the appropriate volume of water.¹¹

¹¹The SCADA system will not be maintained and operated by GA as a top-down system. The system will self-regulate based on the lowest level of the farm outputs depending on the defined level of service, water demand and the limitation of water availability. This will convert the system from a scheduled system to an "on-demand" system. A key benefit will be the reduction of operation and maintenance cost in comparison to a scheduled system,

- (ii) The main pipe network will be distributed so that all farms will have reasonable access. The sizing of the pipe network will ensure sufficient capacity (minimum 0.5l/sec/ha) to meet peak crop demand.
- (iii) There will be local hydrants where individual farmers can connect directly to the pipe system and receive a sufficient minimum flow (3-5 l/sec) to enable farmers to choose their irrigation system i.e., surface, drip or sprinkler. The sizing of the hydrants is critical to ensure that farmers can obtain water within a reasonable time frame each day but that the system will not be completely unrestrained as this would require a much bigger pipe network supply.

10. Under modernization works, a variety development packages are considered:

- (i) network infrastructure:
 - (a) reinstate existing canals, structures, etc. as originally designed,
 - (b) install closed underground pipelines and hydrants,
 - (c) install closed underground pipelines and hydrants and water storage facilities to improve irrigation efficiency;
- (ii) supervisory control and data analysis:
 - (a) flow measurement on main and secondary canals,
 - (b) manual or smart water meters at individual farm outlets,
 - (c) automated gates,
 - (d) remote sensing, climate data collection;
- (iii) solar power for pumping and operation of gates/valves;
- (iv) storage of water from floods, climate events, and excess canal water. This will also affect drainage systems, and may require increased investment and re-engineering of spill ways, culverts and canals, and designing systems to deal with larger peak flows and flood events;
- (v) farm water storage options support as dams, ponds and tanks; and other measures, e.g., hail protection.

11. **Right of way (ROW) and access roads.** The ROW is 4 meters width (2 meters each side from centerline) for the main canal alienated permanently based on Article 19, Order #19 of Minister of Urbanization and Construction of Georgia (30 June 2003).

12. Regarding the buried pipelines in the distribution areas (secondary and tertiary canals), there are no regulations about the ROW. In consultation with the PIU and TRTA engineers (details in Annex 2), the pipelines ROW for LAR impact assessment, within the distribution areas, are defined 4 and 2 meters width corridor for the main pipeline (500-700 mm outer diameter) and for the secondary and tertiary canals (110 to 315 mm outer diameter) respectively¹², and where will be also established permanent servitude for operation and maintenance of the system.

13. Access roads exist inside the distribution areas and the main canal, as per original design and construction since the Soviet time. Some parts may be partially privatized in canal's ROW which shall be identified by LARP(s).

especially considering the high degree of land fragmentation within the area. It will also guarantee a more equitable distribution of the available irrigation water to allow greater participation of farmers in irrigation delivery.

¹² Compared to the planned works in Area 1 for installation of the pipelines with outer diameters will be 100-600 mm for the main canal and for the distribution area secondary and tertiary canals 80 to 200 mm outer diameter.

II. ANTICIPATED LAND ACQUISITION AND RESETTLEMENT IMPACT

A. Preliminary Impact Assessment

14. Existing irrigation networks. The project will provide modernization of the existing irrigation schemes, canal and distributary areas and within their existing alignment and Right-of Way (ROW), and GA has access roads in many of the channels. Based on the preliminary assessment, the modernization works in the Main Canal will cause permanent (land acquisition) and temporary land impact during construction works affecting mainly grape trees and crops, and minimum structures if any. In distribution areas (secondary and tertiary channels in Areas 1-6), the land within the ROW will be imposed with permanent servitude, and temporary land impact during physical works will be similar, affecting mainly grape trees and crops, and minimum structures. The land impacted are expected to be mainly agricultural land used for cultivation of grape trees and other fruit trees and annual crops. The affected structures are expected to be small fences, gates and the poles used to support the grape trees. No residential or commercial lands and buildings or businesses are expected to be affected by the project (or minimal if any to be confirmed by preparation of DED and LARP(s) for Areas 2 to 6). For example, based on impact assessment and prepared LARP for the Area 1, there will be 105,618.45 sqm private land temporary impact and imposed by permanent servitude, affected 16,805 (all fruit trees, mainly vine grape trees), 12,691 sqm crop area, and 4800 pieces poles and 71,952 meters wires supporting the grape trees, with total 1,095 AHHs. As per the LARP prepared for the main canal (Section 1 related to the Area 1), there will be 1,010.6 sqm private land impact and imposed by permanent servitude, affected 197 vine grape trees, and 20 poles and wires (300 m) supporting the grape trees, and 12 AHHs (4 landowners and 12 co-owners).

15. Servitude establishment within distribution areas. There will be a need to establish permanent servitude distribution areas (secondary and tertiary channels) for access to schemes and maintenance during operation¹³. The locations and land areas for servitude to be identified based on DED for each subproject. Servitude will result in restriction of land use. Lands where servitude will be needed within the pipelines' ROW will not be acquired by the project. However, servitude will impose land use restrictions including prohibition of placing buildings or other structures, and planting trees on top of the pipeline's alignment within 4 m width corridor (2m from each side from central line) for the mainline channels and 2 meters corridor width for the network (1m from each side from central line). Lands can be used for growing annual crops and perennial crops which do not grow higher than 4 m with deep root system. Also, no structures/tall trees (above 4m) will be allowed over the impacted area (pipe ROW). Since servitude will cause land use restrictions, it will limit the potential best use of the affected land plots. As a result, the pre-project market value of the land parcels may be diminished after the project impact compared to the pre-project value, and the land owners shall be compensated for the restrictions imposed by servitude and diminished value of lands. The PIU shall negotiate and sign servitude agreement with the land owners following the legislation, in particular the Code of Registration of Rights for Real Estate (28/12/2055; Updated 19/12/2008). Only if efforts to negotiate the mutually acceptable agreement fail, PIU may request the Court of Georgia to decide on servitude.

16. The project is assessed as Category B for Involuntary Resettlement Safeguards, since the project does not involve physical displacement and and/or impacting 10% or more of the APs land or productive asset exceeding 200 APs. The project is assessed as Category C for Indigenous People Safeguards following ADB Safeguards Policy Statement (SPS 2009). No

¹³ The servitude area shall be finalized based on DED for each section/LARP(s). 2m from each side is taken for the mainline channels but for the network it is 1m from each side (2m width corridor) .

Indigenous People or any such ethnic minority group as defined by SPS live in the project area.¹⁴

III. POLICY AND LEGAL FRAMEWORK

17. The principles of ADB SPS and laws and regulations of Georgia, described below, will constitute the provisions of this LARF and LARP (or LARPs) to be prepared, endorsed and implemented by the EA PIU. The LARP shall specify the LAR impacts and specific compensations and entitlement to AHHs.

A. Laws and Regulations of Georgia

18. There are number of laws and regulations in Georgia which regulate the LAR process, and summary of key relevant laws are:

- (i) **Constitution of Georgia** (24 August 1995, as amended in 2020). It guarantees private ownership, privatization, freedom of economic activities and legal protection of all forms of ownership, and bases for eminent domain and expropriation of lands and properties for public needs only after full compensation. It provides information disclosure and public access to information.
- (ii) **Civil Code of Georgia** (26 June 1997, as amended in 2022. Among the other norms, (i) defines the legal status of all participants of civil and economic relations, (ii) contractual obligations, (iii) principles of compensation of losses of assets, income and income opportunity due to LAR to legal/legalizable owners/users, and (iv) provisions about the servitude rights establishment.
- (iii) **Law of Georgia on the Rules for Expropriation of Ownership for Necessary Public Needs** (23 July 1999, as amended in 2020. It specifies (i) bases and rules about expropriation of land and properties for emergency and public needs and full and fair compensations of losses of owners/users, as well as rules on enforcing expropriation, (iii) type of activities (projects) of public needs and eligible for acquisition and expropriation such as electricity transmission and distribution lines, water and irrigation systems, roads, and so on.
- (iv) **Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned by Physical Persons or Legal Entities** (11 June 2007 as amended in 2021). It provides terms and conditions for recognizing property rights of lawfully possessed (used), as and informally used lands, and in the process of recognition of such property rights.
- (v) **Law of Georgia on Ownership Rights to Agricultural Land** (22 March 1996, as amended in 2019). It regulates ownership rights, rights for agricultural lands, and conditions for LAR.
- (vi) **Law of Georgia on State Property (2010 as amended in 2021)**. The law regulates the relations related to management, disposal and use of state property of Georgia

¹⁴ The project impact is deemed significant if 200 or more persons experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive (income generating) assets. ADB Operations Manual: Safeguard Policy Statement (F1): OM Section F1/OP Issued on 1 October 2013. A proposed project is classified as category B if it includes involuntary resettlement impacts that are not deemed significant. A resettlement plan, including assessment of social impacts, is required. Project is assessed as Category C for Indigenous People Safeguards following ADB Safeguards Policy Statement (SPS 2009). No indigenous people or any ethnic minority groups live in the project area and ADB SPS requirements on indigenous people safeguards are not triggered, and no actions will be required. ADB Operations Manual: Safeguard Policy Statement (F1): OM Section F1/OP Issued on 1 October 2013.

- (vii) **Law on Public Register** (19 December 2008, as amended in 2021). It determines the organizational and legal basis for maintaining a public registry, and the rights and duties of the National Agency of Public Registry, a body operating under the Ministry of Justice of Georgia and responsible for maintaining the public registry.
- (viii) **Labour Code of Georgia**, (25 May 2006, as amended in 2021) The code regulates the labor and contractual relations of the employers and employees, emphasizing on protecting employees' rights. The employees would be entitled for indemnity allowances for premature termination of their employment contracts. The employees indemnity allowances would vary depending on years of services.
- (ix) **Decree of the Minister of Urbanization and Construction of Georgia #19**, 30/06/2003, On Construction Norms of the Amelioration System Right of Way. It sets out the procedures for the protection of irrigation lines including the parameters (area, distances, width, clearances) of the protective zones, access roads, protection zones/RoWs.
- (x) **Regulation of the Prime Minister of Georgia #409**, 31/12/2013 on the Technical Norms of the Operation of the Amelioration Canal. It sets the norms of canal operation activities and rule for management of the canal by Georgian Amelioration.
- (xi) **Regulation of the Prime Minister of Georgia #440**, 31/12/2013 On Water Protection Norms of the Operation of the Amelioration Canal. It sets water protection norms of canals and how these zones should be protected.

19. **Key principles of laws:** In summary, legislation of Georgia provides key principles of (i) state eminent domain right allowing LAR for public needs; (ii) avoiding, minimizing and compensating unavoidable LAR impacts, loss of assets and incomes at full value and before physical or economic displacement.

20. If PIU cannot reach agreement with owners of land and no other solution can be found land may need to be expropriated for the project only by the order of the Minister of Economy and Sustainable Development of Georgia, confirming the acquiring the land for public needs by the expropriating entity is required before the MEPA PIU can apply to court for land expropriation. Further, expropriation is allowed only based on the decision of the court entered the legal force and after payment of due compensation to AHHs. The court decision should also include a detailed inventory of the assets to be expropriated and compensation amount to be paid to AHs for their land and other types of losses. Under no circumstances should the PIU take the land and initiate physical and/or economic displacement until: (i) the proper judicial process as defined by the law is initiated, (ii) a court order has been obtained and properly communicated to AHHs, and (iii) compensation (and assistance allowances if affected households is eligible) are paid, and/or deposited in an escrow account as relevant from case to case. However, these principles are envisaged for AHHs with legal and legalizable land and property rights (compensations legalizable properties can be compensated after their state registration and legalization) but not for AHHs without legal/legalizable land and property rights.

21. Civil Code allows negotiating servitude establishment on private lands when required.¹⁵ If the AHHs and the PIU cannot come to an agreement about the LAR process, servitude, and/or compensation rates, expropriation by court can be initiated following the laws of

¹⁵ The project may cause servitude impact on some of the affected private lands (area to be identified) within the ROW of irrigation schemes for operations and maintenance needs. The MEPA shall negotiate and sign servitude agreements with land owners during the LAPP preparation and pay them compensations of decreased land value due to servitude, before starting any site works.

Georgia and procedures set out in the Civil Code Article N180 (26.06.1997 as amended by 2022).

22. Registration of land and property rights are required by law for compensating the loss of lands and assets/incomes to AHHs who do not have formal registered lands and property rights but whose claims for such rights can be recognized and legalizable. The LARP shall identify any legalizable AHHs and define the process, roles and tasks of the PIU to assist for free the AHHs with legalization process, in order to become eligible for land compensations. PIU shall cover the legalization costs, and the LARPs shall include budget for relevant costs.

B. Involuntary Resettlement Safeguards Requirements of ADB SPS (2009)

23. **Objectives.** To avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

24. **Scope and triggers.** The involuntary resettlement safeguard requirements cover physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.

25. **Key policy principles.** Resettlement planning is an integral part of the project design for all ADB projects associated with LAR and shall be started in the early stage of the project cycle, considering the key policy principles or involuntary resettlement, as follows:

- (i) Screen the project impact at an early stage to determine past, present, and future involuntary resettlement impact and risks. Determine the scope of resettlement planning through a survey and/or census of affected households, including a gender-related resettlement impact.
- (ii) Carry out meaningful consultations with affected households, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and resolve the DPs' concerns. Support the social and cultural institutions of affected households and their host population. Where involuntary resettlement impact and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
- (iii) Improve, or at least restore, the livelihoods of all affected households through (a) land-based resettlement strategies when affected livelihoods are land-based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (b) prompt replacement of assets with access to assets of equal or higher value, (c) prompt compensation at full replacement cost for assets that cannot be restored, and (d) additional revenues and services through benefit-sharing schemes where possible.
- (iv) Provide physically and economically affected households with needed assistance, including the following: (a) if there is relocation, secured tenure to

- relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (b) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (c) civic infrastructure and community services, as required.
- (v) Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with the relevant income sources and legal and affordable access to adequate housing.
 - (vi) Develop procedures in a transparent, consistent, and equitable manner if the land acquisition is through a negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
 - (vii) Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
 - (viii) Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
 - (ix) Disclose a draft LARP, including documentation of the consultation process on time, before project appraisal, in an accessible place and a form and language(s) understandable to affected households and other stakeholders. Disclose the final LARP and its updates to affected households and other stakeholders.
 - (x) Conceive and execute involuntary resettlement as part of a development project/program. Include the full costs of resettlement in the presentation of the project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
 - (xi) Pay compensation and resettlement entitlements before physical or economic displacement. Implement LARP under close supervision throughout project implementation.
 - (xii) Monitor and assess resettlement outcomes, their impacts on the standards of living of affected households, and whether the LARP has achieved its objectives considering the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.
26. ADB's SPS provides three categories of AHs with variable compensation entitlements:
- (i) AHHs with legal titles: AHHs with formal legal rights to land/land use right lost in its entirety or in part.
 - (ii) AHHs with legalizable rights: AHHs without formal legal rights to land in its entirety or part but who have claims to such lands that are recognized or recognizable by national law.
 - (iii) AHHs without legal titles: AHHs who have neither formal legal rights nor recognized/recognizable claims to lands which they lost in its entirety or part.
27. For AHHs in categories (i) and (ii) above, compensation should be paid for loss of a land use right and compensation at full replacement cost for structures, land improvements and relocation assistance. For AHHs in category (iii) (informal settlers), the borrower/client shall compensate all assets other than land (i.e., buildings, trees, crops, businesses) at full replacement cost. The risk of opportunistic encroachment on land designated for acquisition

by the project is managed through a cut-off date to be established at the final date of the AHHs census and DMS of affected assets.

28. Compensation for loss of land may be in the form of replacement land (if feasible and preferred by the AHHs) or in cash at replacement cost that is based on the fair market value of the affected asset and includes also any other cost such as: (i) transaction costs; (ii) interest accrued if payment delayed; (iii) transitional and restoration costs; and (iv) other applicable payments, if any. Compensations for all other assets is to be provided in cash at replacement cost without deductions for amortization, salvaged materials, and transaction costs.

C. Comparison and Reconciliation of Gaps

29. Overall, the requirements of laws of Georgia and of ADB's SPS on involuntary resettlement safeguards match except of a few gaps. The key gap is that under the legislation of Georgia the AHHs with formal and/or legalizable rights are entitled for full compensation for loss of lands, assets and income, but not the AHs without such legal rights. While ADB's SPS requires that the AHHs without formal rights/legalizable rights to land and assets they possess, shall be compensated fully at replacement cost at least for loss of all non-land assets. SPS also requires provisioning of assistance allowances to vulnerable and severely AHs, and relocation assistance to physically displaced AHHs. The gaps between the requirements of ADB's SPS and national laws have been reconciled in previous ADB-assisted projects in Georgia and those reconciliation measures will be applied under this CSISDP program too as provided in this LARF in Table 2. Compensations for all types of losses envisaged in this LARF implies to be paid at full replacement cost principle, and amount to be identified by an independent valuation entity and specified in the LARP.

Table 2: Comparison of Georgian Legislation and Regulations and ADB Safeguards Policy Statement

Georgia Laws and Regulations	ADB SPS and Practice	Reconciliation Measures
Land compensation only for titled AHs. In practice legalizable land owners are also compensated after they register their ownership with the National Agency of Public Register.	Lack of title should not be a bar to non-land loss compensations and rehabilitation assistance. Non-titled land users shall receive compensation at replacement cost for all losses, any structures and assets they may have on the land. They are entitled for additional rehabilitation assistance if relevant (i.e. severely affected, vulnerable or in case of physical relocation).	AHHs with no legal/legalizable land/property rights will be compensated at least for all non-land assets/income losses. In addition, one-time cash assistance allowance to be paid to eligible AHHs (vulnerable, for severe affected, and those who will be physical relocation) before displacement occurs. PIU will assist AHHs to register/legalize their land and property rights to get compensations. The contractor will be responsible for compensating damages occurred due to contractor's performance (not LAR) and the PIU shall monitor and guide the processes.
Only registered houses/buildings are compensated for damages/demolition due to the project's LAR impacts	Compensation at replacement cost shall be paid to AHHs for affected houses/buildings, regardless of legal status	PIU will assist the AHHs to register/legalize their land and property rights to get compensations.
Compensation for structures, crops and trees provided only to AHHs who has registered/	Compensation at replacement cost shall be paid to all AHHs regardless of legal status (even unregistered landowners, shall	Compensations shall be paid to all AHHs even unregistered landowners, for all non-land losses at least;

Georgia Laws and Regulations	ADB SPS and Practice	Reconciliation Measures
legalizable land/property rights	be compensated for all non-land losses at least)	
EA is the only pre-litigation final authority to decide about complaints. Complaints are reviewed through procedures established by the Administrative Code of Georgia. There is no project-level grievance redress mechanism.	EA shall set up an efficient project level GRM to resolve complaints of AHs (or other affected persons/entities) in timely and consensus manner; EA shall form a grievance redress committee (GRC) with representatives of the EA, local governments, AHs/complainants, NGOs and/or local community-based organizations (CBOs). ADB also has Accountability Mechanism (AM) for reviewing the complaints not resolved at the project level GRM. EA shall inform AHs and public about the project GRM and ADB's AM.	EA shall set up a project-level GRM to receive, register and resolve grievances from AHs/persons/entities in timely and consensus manner. EA shall form a GRC with the representatives of the EA, local governments, AHs/complainants, nongovernment organizations and/or local CBOs. If solution could not be found at the project-level GRM or the complainant is not satisfied, the case shall be resolved according to the national judicial system; the AHs/complainant can also bring the case to attention of ADB's AM. EA shall inform AHs and public about the project GRM and ADB's AM.
LAR process and information are discussed only between the AHs and the agency acquiring land for the project. But according to Georgian Legislation everyone is able to request any agreement registered In the National Agency of the Public Registry.	Safeguard documents (LARF and LARPs, social monitoring reports) shall be publicly disclosed; EA shall conduct public consultation with AHs and interested stakeholders	ADB will disclose the LARF, LARP social monitoring reports on its website and encourages the EA to disclose them on its website too. Public consultation process will be conducted as per ADB SPS requirements throughout the project implementation (including meaningful consultations with affected persons, communities, and concerned nongovernment organizations with particular attention to vulnerable groups).
No provision for income/livelihood rehabilitation, allowances for vulnerable and severely AHs	Additional assistance allowances for vulnerable and severely AHs, and relocation and rehabilitation assistance to physically displaced AHs shall be paid.	PIU will pay additional assistance allowances for vulnerable and severely AHs, and relocation and rehabilitation assistance to physically displaced AHs, as per Entitlement Matrix in this LARF and the LARP.
No specific plan and requirements for public consultation	AHs must be meaningfully consulted and given opportunities to participate in project implementation, consulted in an appropriate and timely manner on LAR planning and compensation options, and LARP implementation.	Public consultation process will be conducted as per ADB SPS requirements and guidelines before and during LARP and project implementation.
Recognition and compensation for business (officially registered) losses resulting from LAR due to the project based on official tax declaration	All AHs, regardless of impact on formal and informal business, shall be compensated for loss of income during business disruption (if impact is temporary) and/or business loss if impact is permanent.	All AHs experiencing LAR impact on business (formal and informal) shall be compensated for loss of income during business disruption (if impact is temporary) and/or business loss if impact is permanent.

Georgia Laws and Regulations	ADB SPS and Practice	Reconciliation Measures
No specific plan LARP preparation and disclosure to AHs.	EA PIU shall prepare and implement LARP, and disclose it to AHs.	PIU shall prepare and implement LARP and disclose it to AHs.

LAR = land acquisition and resettlement, LARF = land acquisition and resettlement framework, LARP = land acquisition and resettlement plan, PIU = project implementation unit.

D. Resettlement and Compensation Policy of the Program

30. The project design preparation and LAR process, compensations and assistance to AHs to mitigate unavoidable LAR impacts shall be based on principles of ADB's SPS and laws of Georgia and the project shall:

- (i) Avoid and/or minimize the LAR impact as possible by engineering design options.
- (ii) Where impacts will be unavoidable, prepare and implement a LARP with provisions to compensate AHs and mitigate impacts to ensure the AHHs improve or at least regain their pre-project social and economic conditions.
- (iii) Conduct information disclosure and meaningful consultations with AHs continuously about the LAR planning and compensation options and assistance and ensure their participation in the project implementation and monitoring.
- (iv) Provide additional assistance to vulnerable and severely AHHs.
- (v) Assist the AHs with income restoration and rehabilitation activities, in case of severely impact, and physical displacement.
- (vi) Pay AHs with no legal and/or legalizable rights to land and assets (informal land and property users) full compensations at replacement cost at least for all non-land losses (e.g., buildings and structures, trees and crops, informal business and/or employment).
- (vii) Disclose the LARP to AHHs in their local language.
- (viii) Pay full compensations at replacement cost and rehabilitation assistance to AHs according to the final approved LARP before physically acquiring lands and commencement of construction works by the contractor in the impacted sites.
- (ix) Set up a project-level GRM that will be in place and accessible to AHHs and any other affected persons and public during the project implementation and evaluation.
- (x) Restored temporarily affected lands to its previous use and allow the AHHs to continue their cultivation after completion of civil works.
- (xi) Set up a cut-off date and inform publicly that people moving in the project area, and/or altering their assets will not be entitled to any compensation and assistance.
- (xii) Conduct regular monitoring and reporting of the social and resettlement safeguards performance and take corrective actions as needed.

1. Eligibility

31. All AHs are eligible for compensations and assistance depending on types of losses and legal status of the lands and assets they have been using. Lack of legal/legalizable rights to lands and assets do not ban the AHHs from receiving compensations at least for all losses other than land and when relevant additional assistance allowances. As per ADB SPS involuntary restatement requirements, AHHs without legal /legalizable rights to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for losses of all non-land assets and incomes.

32. AHs eligible for compensation and rehabilitation assistance under the CSISDP are:

- (i) AHHs who have certified and/or formal rights to use the occupied land;
- (ii) AHHs who do not have formal legal rights to land at the time of the DMS or census completions but have legitimate right to claim to such land or assets—provided that such claims are recognized under the laws of Georgia;
- (iii) AHHs who have no legal possession or not eligible to claim for recognizable legal right to the land they occupy.

2. Establishment of Cut-Off-Date

33. AHHs' eligibility for compensations and assistance will be limited by a cut-off date. PIU shall define and announce the cut-off date in the project area immediately¹⁶ after conducting the Detail Measurement Survey (DMS), inventory of project affected assets, and final census of AHHs, that will be conducted in preparation of the LARP based on the project final detail design, and announce the date through the APs and public consultations in communities, and/or other media means. The announcement of the cut-off date will inform the public and AHHs that anyone who will settle in the project affected areas and/or construct/alter any buildings or business after the cut-off date will not be eligible for compensation of the incurred costs and assistance allowances by the project. However, they shall be given the notice to vacate premises and dismantle affected structures. The dismantled materials will not be expropriated and the AHHs will not pay any fine or suffer any sanction. The AHHs that have been proven living or having livelihoods activities in the project impacted area but were not identified during the preparation of the final LARP, and/or newly identified AHHs due to changes in the project design will be entitled for compensation and if eligible, also for assistance allowances.

3. Payments of Compensation before Displacement

34. PIU will plan all LAR activities to ensure that all AHHs will receive full compensations and if eligible also allowances before acquiring/imposing servitude on their lands and commencement of the construction works. PIU will prepare and submit the LARP compliance implementation report to ADB for review and approval before issuing no-objection for commencement of construction works in LAR affected areas. Commencement of civil works at the subproject(s) with LAR impact will be conditional to the full implementation of the updated final approved LARP for the impacted lands as verified in a social safeguard monitoring report and LARP implementation compliance report, prepared by PIU and approved by ADB. Social safeguards monitoring and reporting will continue during the entire project implementation until the completion of the civil works including restoration of the temporarily used lands. In case of absentee and/or deceased AHHs, and/or other legitimate reasons the AHHs are not able to receive compensation (and assistance allowances for eligible AHHs), the pending compensation payment shall be deposited on the relevant bank's escrow accounts opened by the request of the PIU.

4. Compensation and Assistance Entitlements

35. Combination of compensations and assistance allowances to individual AHs will depend on their lost assets, the severity of impacts and individual social and economic conditions and vulnerability. Compensations will be paid based on the principle of replacement cost that besides the market value of the lost assets will include all costs the AHs incurred or shall incur (e.g., transactions registration fees for lands, buildings, business, and other assets, costs for land improvement if relevant, costs for relocation and transportation). Compensation approaches are described in sections below. Accordingly the Entitlement Matrix (Table 3) in

¹⁶ The date and process of cut-off date announcing shall be decided by PIU.

this LARF envisages provisions about compensations and additional assistance allowances for eligible AHHs. The Entitlement Matrix shall be reviewed to reflect any new impacts and nuances if detected during the DMS, census, socio-economic surveys and inventory project affected assets to be undertaken in preparing the final implementation-ready LARP, following the principles of ADB SPS and provisions of this LARF. Compensation and entitlements in the matrix are elaborated in following pages.

Table 3: Entitlement Matrix

Type of Loss	Application	Definition of AHHs/APs	Compensation Entitlements
Land			
Agricultural Land: Permanent land loss, access or damage.	AHH losing productive land regardless of impact severity	Registered Owner/Legal: Owner with full registration	Cash compensation at full replacement cost based on current market value. If the residual plot becomes unviable for cultivation, the project will acquire it if the owner so desire.
		Legalizable Owner: (APs with title formalization pending and APs who are not registered but legitimately use the land and have residential land or agricultural plots adjacent to the residential land)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost. Registration costs will be paid by the Project.
		Non-legal/Informal Settler: APs that are not legitimate land users or squatters	Non-legalizable APs losing agricultural land plot, which is the only land plot owned by AHH and provides main source of income for AHH, will be compensated with one-time allowances in cash equal to 6 months of subsistence wage for an average consumer ¹⁷
		Agricultural Tenant	Full Compensation of income of lost crops x the remaining years (up to 4 years) of lease. In case of tenancy no crop compensation will be given to the land owner.
Non-Agricultural Land	AP losing their commercial/residential land	Registered Owner/Legal: (Owner with full registration)	Cash compensation at full replacement cost.
		Legalizable Owner: (The owners legalizable according to active legislation)	The ownership rights of these APs will be recognized, the land registered in NAPR and the APs provided with cash compensation at full replacement cost. Registration costs will be paid by the Project.
		Non-legal/Informal Settler (Without registration/valid documents using land permanently.)	Non-legalizable APs losing land plot, which is the only land plot used for residence or providing main source of income for AHH, will be compensated with one-time self-relocation allowances in cash equal to 1 year of subsistence wage for an average consumer.
Temporary Impact on land plot	AHHs lose crops/livelihoods on productive land	During construction works	Temporary land impacts will be compensated based on the productive value of the plot during the period of impact until their use will be re-established at the pre-impact productive

¹⁷ Six-month subsistence wage for an average consumer: the amount will be checked and updated, if required, at the time of compensation, to reflect current rate.

Type of Loss	Application	Definition of AHHs/APs	Compensation Entitlements
			conditions.
Permanent servitude for irrigation systems operation and maintenance, causing land use restrictions	Land under servitude will not be acquired by the project and can be used by the AHHs, with certain land use restrictions described in LAR impact section of this LARP. This will diminish the value of lands and shall be compensated.		<p>Cash compensation to offset the decreased value of the land plot due to land use restrictions imposed by servitude establishment. For lands that will be under the servitude, the PIU shall negotiate and sign servitude agreements with the respective landowners. Compensation for land affected by servitude shall be based on difference of the market value of the land at present (before the project) and after the project impact (land use restrictions imposed by servitude) based on valuation of the independent certified valuation specialist for the affected land value.</p> <p>For lands that will be under the servitude, the PIU shall negotiate and sign servitude agreements with the respective landowners according to the Civil Code (envisages covering the costs of land owners if their land/crops and properties will be damaged due to any works for systems operations and maintenance in future).</p> <p>Restore lands to the previous condition at least with the saved top soil;</p> <p>AHHs landowners) whose land plots will be encumbered with 10% or over servitude impact, will be entitled for additional one-time cash assistance allowance for severely AHHs;</p>
Buildings and Structures			
Residential and non-residential structures/assets	Affected structures, including improvements, such as fences, gates, poles etc.	All AHs regardless of their legal ownership/registration status (including legalizable and Informal Settlers)	Cash compensation for building/structures losses at full replacement costs free of depreciation and transaction costs.
Loss Of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community/ Public Assets	Community/Government	Reconstruction of the lost resource/asset in consultation with community and restoration of their functions
Loss of Income and Livelihood			

Type of Loss	Application	Definition of AHHs/APs	Compensation Entitlements
Crops	Affected standing crops or agricultural land used for crops	All APs regardless of legal status (including legalizable and Informal Settlers)	Crop compensation in cash at market rate by default at to gross crop value of standing crops or loss crop due to loss of cropping season.
Trees	Trees on affected land including vine grapes	All APs regardless of legal status (including legalizable and Informal Settlers)	Cash compensation at market rate on the basis of type, age and productive value of the trees (expected yield of the tree, multiplied by the number of years required to grow a tree of equivalent productivity).
Business/ Employment	Business/ employment loss	All APs regardless of legal status (including legalizable and Informal Settlers)	<u>Owner:</u> (i) Permanent impact: cash indemnity of 1-year net income or in the absence of income proof, One time an average consumer subsistence allowance in cash up to 12 months; (ii) Temporary impact: cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration or, in its absence, an average consumer subsistence allowance for months of business stoppage; (iii) Permanent worker/employee: indemnity for lost wages equal to one-time six-month subsistence wage for an average consumer. Business income shall also cover all individual value-added activities beyond direct consumption/sale of agricultural produce (i.e. informal business activities at household level which are currently unaccounted for due to the lack of economic activity data for the affected populations). There will be a verification process during the LARP implementation to fully account for such activities.
Allowances			
Severe Impacts	>10% income loss	All severely affected AHs including informal settlers	Agricultural income: 1 additional crop compensation for 1 year's yield of affected land and/or, for other incomes: an allowance covering six-month subsistence wage for an average consumer
Relocation/ Shifting	Transport/ transition costs	All AHs to be relocated	An allowance covering transport and livelihood expenses for the transitional period (200 GEL as vehicle hire charge + six-month subsistence wage for an average consumer).
Vulnerable People Allowances		AHHs who might disproportionately suffer or face the risk of being marginalized from the LAR impacts, such as (i) female-headed	Six-month subsistence wage for an average consumer and employment priority in project-related jobs where feasible. Additional assistance in kind will be provided to facilitate

Type of Loss	Application	Definition of AHHs/APs	Compensation Entitlements
		households with and/or without dependents; (ii) disabled household heads; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure; (vi) cultural or ethnic minorities; and (vii) refugees or internally displaced people.	relocation or transition – this may include (logistics, relocation planning, assistance with replacement housing search, as appropriate).
Any unanticipated impact in project implementation	permanent and/or temporary	All APs	Compensation to be assessed and paid for identified impacts based on the above provisions and the requirements of SPS 2009.

36. **Permanent loss of private lands (agricultural, residential, and commercial):** Cash compensation for affected land at replacement cost identified by an independent certified valuation specialist. If the remained part of the affected land that after the impact may be too small and not viable to use as per its purpose or difficult to access, PIU shall acquire the remained (residual land) with the consent of the landowner and compensate it at replacement cost.

37. **Non-agricultural land (Residential/commercial land).** Titled settlers will be compensated at full replacement cost free of depreciation. Legalizable settlers will be legalized, registered in NAPR and compensated as titled AHHs.

38. **Legalizable land parcels.** PIU shall assist the AHs in registration/legalization of their legalizable land rights, including preparing the cadaster drawings required for legalization of project affected land parcels the AHs have been using, and all costs shall be covered by PIU. Once legalization and registration of ownership title is accomplished at the NARP, land acquisition will be undertaken and the legalizable AHs will receive cash compensation at full replacement cost as envisaged for the AHs with legal titles in the LARF.

39. **Non-legalizable land parcels.** AHs who are not legitimate land users or have no legalizable legal rights or claims to the land they are occupying, shall be compensated at least for loss of all non-land assets and incomes.

40. **Loss of lease land:** Compensation shall be paid as follows:

- (a) Renewal of land lease on a replacement land of an equal productivity and accessible location at least for 3 years (or remained lease years if land is available and AHs wishes so); EA shall cover all transaction and registration costs for lease renewal;
- (b) If lease renewal is not possible, AHs shall be paid cash compensation equal to market value of an annual gross yield from the affected land multiplied by 3 years. In addition, if the lease fee is prepaid for future period and land cannot be used due to the project impact, cash compensation for the prepaid amounts of lease fees based on the payment proof documents/records.
- (iv) The PIU shall assist the AHs (cover fees and transaction costs) for renewal of land lease in other plot of equal value and designation of affected land parcel at least for 3 years (or the remained lease years if land is available and AHs wishes so); If such land plot is unavailable, the PIU shall pay one-time cash compensation equal to tax declared annual income from the affected land multiplied by 3 years. In addition, if confirmed by payment receipts that AHs prepaid ahead lease fees for future period (and he/she will not be able to use leased land due to project impact) prepaid amount of lease agreement will be compensated to AHs.
- (v) Informal leases/squatters: State-owned land used by AHs without legal document (registered lease agreement) and/or squatters shall receive cash compensation at least for all affected assets but land itself. Compensation for each type of affected asset (crops, perennials, structures, improvements, business and etc.) will be paid at replacement cost as for similar losses of AHs with legal/legalizable rights to affected assets, compensation unit rates defined in this LARF.

41. **Permanent land servitude:** One-time cash compensation to offset the decreased value of the all types of affected land plots due to land use restrictions imposed by servitude.

- Cash compensation for land affected by servitude shall be based on difference of the market value of the land at present (before the project) and after the project impact (land use restrictions imposed by servitude), based on valuation of the independent certified valuation specialist for the affected land value.

- AHHs landowners) whose 10% or more parts of land plots/productive assets will be encumbered with 10% or over servitude impact, will be entitled for additional one-time cash assistance allowance for severity of impact;
- Cash compensation for all affected assets on land (crops, trees, improvements etc.) as per EM provisions;
- PIU shall negotiate and sign servitude agreement with the land owners following the legislation, in particular the Civil Code (26 June 1997, as amended in 2022) that envisages covering the costs of land owners if their land/crops and properties will be damaged due to any works for systems operations and maintenance in future. Only if efforts to negotiate the mutually acceptable agreement fail, PIU may request the Court of Georgia to decide on servitude.

42. **Loss of crops:** Crop compensation in cash at market rate by default at gross crop value of standing crops or loss of crops due to loss of cropping seasons. Duration of construction works shall not exceed one cropping season for each AHs; if the impact will be more than one cropping season, the AHs will be paid compensation for loss crops for each impacted season in the same principle as above. In addition, PIU will ensure restoration of lands to the pre-project conditions upon completion of construction works before returning lands to AHs.

43. **Loss of trees:** Cash compensation will be calculated at current market value and according to type, age, and productive value of the tree, by an independent certified valuator.

- (i) **Fruit trees.** Income based on an annual yield capacity of a mature fruit bearing tree multiplied by the market price of the fruit (Kg/GEL) and multiplied to the number of years required to grow a new tree to the same productivity age. In addition, each fruit bearing tree will be compensated for purchase of saplings, transportation and planting labor.
- (ii) **Immature trees.** Cash compensation at the replacement cost, including the costs for saplings, planting and growing trees to the same age, to be defined by an independent valuation entity.
- (iii) **Timber trees.** Cash compensations based on the market value of dry wood volume defined by an independent valuation entity.
- (iv) **Decorative trees.** Cash compensation based on the market value identified by an independent valuation entity.

44. Additionally, all AHs regardless of legal land use rights status will have all the felled trees without any deduction from their compensations.

45. **All perennials standing on public/state land.** Safeguard and compensation for trees on municipality/state lands is being addressed in the IEE and EMP prepared for the CSISDP.

46. **Affected structures/buildings.** Cash compensation at replacement cost for the affected structure and its all improvements, free from deduction for depreciation, transaction costs, and state fees for new budling permits (as relevant), identified by an independent valuation entity. Compensation costs shall include market cost of the materials, transportation, labor and all construction costs to build a replacement structure with equal area, costs of all improvements (fences, electricity water and sewerages, etc.), designation and quality at least equal to those of the affected structure, costs related to the structures' transfer and registration, and any other applicable taxes/fees. In case of partial impacts, full cash assistance to restore the remaining structure will apply or to repair a partially affected structure fully at least to the pro-project impact level. If partial impact/demolition of a section of the building creates the structures' deterioration or safety risks, the entire structure/building shall be acquired and cash compensated including for the affixed assets.

47. AHs shall be entitled to keep the salvage materials after the demolition of the structures without deduction from compensations. All compensations shall be paid free of any deduction for any fees, costs of salvageable materials, depreciation and transaction costs. Further, they shall be paid cash allowance for transportation of salvage materials/movable assets.

48. **Loss of business:** AHs-business owners even those without legal/legalizable land rights shall be compensated as follows:

- (i) Permanent impact. Cash compensation equal to loss of income from the business for 12 months based on the average tax declared monthly income for the last 12 months and inflation rate for the period, as will be defined by an independent valuation entity; If tax declaration is not available, or flat income tax paid, they are entitled for one-time cash assistance allowance equal to six-month subsistence wage for an average consumer ($198 \text{ Gel} \times 6 \text{ months} = 1,188 \text{ GEL}$).¹⁸; If relevant, costs of transferring and reinstalling plant, machinery/equipment in new location; and income opportunity loss if relevant, and as will be defined by an independent valuation entity.
- (ii) Temporary impact. Cash compensation equal to loss of income from the business during the business interruption period based on the average tax declared monthly income for the past 12 months and considering the inflation rate, plus if relevant the opportunity loss, which will be defined by an independent valuation entity.
- (iii) If tax declaration is not available, or AHs paid flat income tax, are entitled for one-time cash assistance allowance equal to six-month subsistence wage for an average consumer ($198 \text{ Gel} \times 6 \text{ months} = 1,188 \text{ GEL}$ estimated and to be updated in preparation of each LARP).

49. **Loss of jobs.** All AHs losing jobs regardless of legal status shall be paid compensations as follows:

- (i) Formal workers: cash compensation of loss salary during interruption; or one-time cash allowance equal to subsistence wage for an average consumer for 6 months.
- (ii) Informal workers (if can proof being employed) will be compensated on the same principles above as for formal employees;

50. **Severe impact allowance.** AHHs losing 10% or more of agricultural lands or other income-generating assets permanently (or lands encumbered permanently with servitude and restricted land use for 10% or over impact scale), are entitled for one-time cash assistance allowance equal to six-month subsistence wage for an average consumer ($198 \text{ Gel} \times 6 \text{ months} = 1,188 \text{ GEL}$, to be updated in preparation of each LARP). In addition, will be given priority for employing family members in the project construction and operations jobs as per skills.

51. **Relocation allowance.** AHs subject to physical displacement (resettlement) will receive (i) one-time cash assistance allowance equal one-time cash assistance allowance equal to six-month subsistence wage for an average consumer ($198 \text{ Gel} \times 6 \text{ months} = 1,188 \text{ GEL}$) and (ii) transportation cost sufficient to cover transporting family members, movable assets/belongings, and the amount shall be specified and updated in the LARPs.

52. **Vulnerability allowance.** Vulnerable AHs will receive additional one-time cash allowance equal to six-month subsistence wage for an average consumer ($198 \text{ Gel} \times 6 \text{ months}$

¹⁸ 198 GEL is a subsistence wage for an average consumer as of December 2021. This rate shall be updated in preparation of each LARP.

= 1,188 GEL, to be updated in preparation of each LARP). In addition, will be given priority for employing family members in the project construction and operations jobs as per skills;

53. **Transportation allowance:** transportation cost sufficient to cover transporting family members, movable assets/belongings (200 GEL based on the estimated cost to be updated in the LARPs preparation).¹⁹

54. **Registration costs for unregistering lands and assets.** Registration costs, any costs and fees for notary services, fees for legalization, and registration at the NAPR, shall be covered by PIU.

55. **Exemption from Fees and Taxes:** AHs shall not be liable for any taxes (such as income Tax and VAT) associated for cash compensation paid due to IR covered in this LARP. Neither the AHs shall be liable to pay transaction costs and fees for notary services, fees for legalization, lands sub-division and registration at the NAPR, and fees for bank charges related to compensation payments, which shall be covered by the project and the PIU.

56. **Loss of Community Infrastructure and Common Resources.** Loss of shared agricultural lands (pastures, grazing areas): local communities losing access to shared pastures, hay fields, grazing areas shall be provided with replacement lands of equal sizes, productivity, and location acceptable to the affected community. Provision of such replacement land will be the responsibility of local government. However, the EA shall bear the responsibility to monitor the process and ensure that such replacement land is timely provided to project affected communities at the earlier stage of the project cycle to prevent deterioration of people's livelihoods within project influence area. If such replacement is not possible, Livelihood Restoration Plan shall be prepared and implemented in consultation with community members with gender and social inclusive approaches, to address the needs of affected community and preserve their livelihoods at least similar to pre-project level.

57. **Temporary impacts due to contractor's facilities.** Any temporary impact due to use of land outside of the ROW for camp or as a temporary disposal area by the Contractors, shall be agreed by the contractor and the landowners through written agreement, monitored and reflected in safeguards monitoring reports.

58. **Unforeseen impacts.** Any other unforeseen impacts that may occur during the project implementation, shall be assessed and compensated as per principles of this LARP and ADB's SPS, and laws of Republic of Georgia, whichever is more stringent.

59. In case of damages during works caused by construction contractor's activities, will be assessed and paid per procedures and rates to be specified in the LARPs.

¹⁹ Georgia: Livable Cities Investment Project for Balanced Development Arrangement of Municipal Park in Dighomi Floodplains in Tbilisi, <https://www.adb.org/sites/default/files/linked-documents/53118-001-rpab-03.pdf>

IV. SOCIO-ECONOMIC INFORMATION

60. During the project implementation and preparation of the LARPs, the census of all AHs (100%) and socio-economic study (SES) with the sample survey of 20% of AHs, shall be conducted and data collected and analyzed as baseline data in the LARP(s). The LARP shall include a chapter with description and analysis of the main socio-economic characteristics of the AHs, their family members' educational level, major sources of income, employment and vulnerability status as identified during these census and SES of AHs including:

- (i) Social and economic characteristics of affected households, including the AHs' demographic data on age, gender, and educational levels (gender disaggregated as relevant), and male or female-headed households.
- (ii) Information on vulnerable groups or persons, for whom additional assistance shall be provided in LARP besides the compensation of losses.
- (iii) Baseline information on AHs' livelihoods, income sources from both formal and informal jobs, AHs' monthly incomes and monthly expenditures levels.
- (iv) Information on land holdings.
- (v) Occupations of AHs' members, and their primary and secondary income sources.
- (vi) Standards of living of AHs including their housing conditions, access to water, electricity, education and health facilities) of the displaced population.

61. More details on socio-economic information data collection and analysis to include in the LARPs, are given in the LARP Outline in Annex 3 of this LARF.

V. INSTITUTIONAL ARRANGEMENTS

A. Implementing Agency

62. The Ministry of Finance is the executing agency for the Output 1 and MEPA will be the implementing agency for the CSISDP. MEPA will implement the project through its existing PIU in Tbilisi.²⁰ The PIU under the MEPA is the executing agency for output 2. The PIU is currently implementing the Irrigation and Land Market Development Project financed by the World Bank and the Dairy Modernization and Market Access Project financed by the International Fund for Agricultural Development (IFAD).²¹ The PIU is fully financed by MEPA utilizing funds provided through donor-financed projects. PIU professional staff are contracted to MEPA as consultants and MEPA finances all PIU operating costs (office space, office administration, vehicles and equipment operating costs, etc.). Staff and operating costs are financed on a shared basis for expenditures applicable to all projects and directly by individual financiers for expenditures specific to each financier's project. The PIU will implement CSISDP on the same basis. Figure 3 shows the organization structure of the PIU including the ongoing World Bank and IFAD projects and the proposed CSISDP.

63. PIU is managed by a Project Director, who is supported by a team of subject matter specialists. PIU has currently one safeguards specialist for both environmental and social tasks. PIU will hire a national resettlement safeguards specialist for the project (60 person-months) for the project duration to be financed by the project.

64. The PIU is responsible for preparing and implementing LARP(s) based on DED, coordinating LAR tasks with government agencies, ADB and other stakeholders, and monitoring and reporting to ADB on project compliance with the LAR safeguard requirements. PIU shall ensure that all LARP(s) related tasks are implemented according to Georgian laws and ADB's SPS safeguards compliance (involuntary resettlement) including followings:

- (i) Implementation of the prepared implementation-ready LARP for the main canal (section 1 related to the Area 1);
- (ii) Updating the draft LARP for the Area 1 modernization works based on DED, and submit it for ADB review and approval; ensure timely allocation of budget for LARP and payment of all compensations and assistance to affected households;
- (iii) Updating the LARF if required, and preparation of LARP(s) for Kvemo Samgori, Areas 1-6 under Phase 1, and Phase 2 of project implementation;
- (iv) Ensuring that no physical or economic displacement takes place until the approved LARP is implemented, all compensation and assistance are paid to affected households;
- (v) Preparing and submitting a monitoring report on the implementation of the LARP for review and approval by ADB (prior to ADB's clearance for the commencement of the construction works on the impacted lands);
- (vi) Disclosing information and engaging in meaningful consultations with AHHs and communities about the project, and involuntary resettlement documents, principles, including the GRM and ADB's Accountability Mechanism under the project;
- (vii) Engaging the licensed valuer and state agencies to update the valuation of affected assets, incomes and livelihoods as required (e.g. if compensation payment is delayed over one year) and ensuring that the valuations are conducted and compensations are paid following the replacement cost principle of ADB's SPS ;
- (viii) Ensuring the project-level GRM is in place and coordinating with the relevant agencies to resolve grievances in a consultative and timely manner;

²⁰ All subsequent references to PIU mean the PIU within MEPA and under the authority of MEPA.

²¹ PIU has been implementing the World Bank project since 2015 (including the 2019 additional financing). It has been implementing the IFAD Dairy Modernisation and Market Access Project since 2018. It also implemented the Agriculture Modernization, Market Access and Resilience Project, which was completed in 2021.

- (ix) Including in the Contractor's contracts provisions on LAR safeguards measures with which the Contractor shall comply (e.g., reports on grievances and keeping the GRM Logbook, following ROWs during construction works, not interrupting irrigation to farmers' affected lands adjacent to non-impacted lands, informing affected households about the schedule of construction that can affect their farming activity);
- (x) Monitoring the Contractors' social safeguards performance including implementation of mitigation measures related to temporary land acquisition, ensuring that the Contractor complies with its contractual obligations on LAR safeguards;
- (xi) Conducting regular monitoring and preparing semi-annual social safeguard monitoring reports (SMRs), and the LARP implementation compliance report for ADB's approval;
- (xii) Ensuring that the GRM is operational to effectively handle environmental and social grievances and providing access to information to affected persons;
- (xiii) In case of unanticipated temporary and/or permanent involuntary resettlement impact, preparing and endorsing a LARP for the new impact according to national laws and ADB's SPS, implementing it and submitting the LARP implementation report to ADB for review and approval before commencing any physical works on the affected site; and
- (xiv) Any other tasks and correction action plans as may be required to ensure resettlements safeguard compliance according to ADB's SPS and national laws.

B. Project Implementation Consultants

30. A team of international and national project implementation consultants (PIC) will be financed from the ADB project loan to support the PIU to manage the project and implement project activities in relation to Output 2 and 3. The PIC team will include one international Resettlement Specialist and one national Resettlement Specialist over the project period. The PIC specialists will (i) review and endorse any design changes in Area 1 proposed by the Contractor and ensure the LARP is updated accordingly, (ii) finalize the detailed design for Areas 2-4, prepare detail design for Areas 5 and 6, and LARPs for these areas, and the main canal Section 2 according to the proposed contract packaging, (iii) assist the PIU in LARP preparation and updating, and (iv) conduct LAR training in accordance with ADB's SPS for staff of the PIU, GA, contractors and authorities to ensure efficient LARP implementation. The PIC will also assist the PIU in (i) updating and implementing the LARPs according to proposed contract packaging and any design changes, and (ii) LARP implementation and safeguard monitoring and reporting to ADB including preparation of the LARP implementation and compliance report, and the LAR tasks as per the Terms of Reference (TORs) in the Project Administration Manual (PAM).

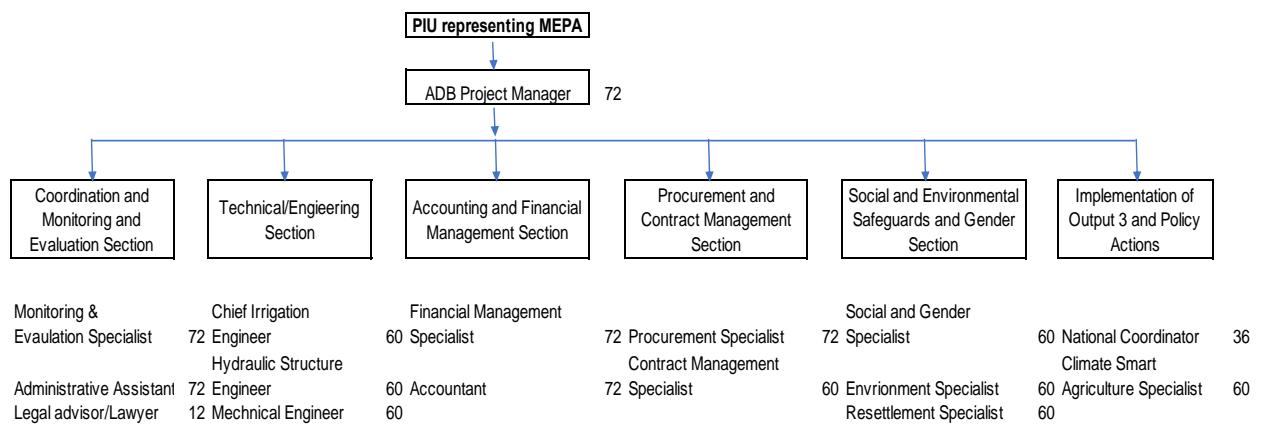
C. Civil Works Contractor

31. A Civil Works Contractor to be appointed by the PIU to undertake the construction will be responsible for mitigating impacts resulting from the construction activities. The construction activities shall be monitored closely by the PIU to ensure compliance to the temporary mitigating measures. The construction contractor is responsible for fulfilling the obligations set forth by the LARP, preventing damages on private property not covered by the LARP, and if such an event occurs, reimbursing the loss with its own funds. The Contractor shall also be obliged to provide compensation to the affected persons if the construction deadline is unreasonably delayed, the supervisor will ensure the compensation to be paid by the construction company. Contractor should register and report about grievances status in monthly progress reports submitted to PIU, the later will reflect this in the semiannual social safeguard monitoring reports that will be submitted to ADB.

32. **Capacity building.** The PIU is currently implementing the Irrigation and Land Market Development Project financed by the WB and the Dairy Modernization and Market Access

Project financed by the IFAD and has a social/resettlement safeguard specialist on board to cover those 2 projects however, this will be the first ADB-assisted project to be implemented by PIU/MEPA and GA implementing and executing agencies. The PIU's social/resettlement safeguard specialist and the PIC's safeguard specialist shall conduct capacity building training for staff of PIU and relevant authorities to raise awareness about the social/resettlement safeguards requirements including of ADB's SPS 2009 and ensure efficient preparation and implementation of the LARPs and overall, the project's safeguard compliance. ADB's safeguards staff will also provide regular training to raise PIU's awareness and skills on safeguards implementation and monitoring.

Figure 3: Project Implementation Unit



Note:

1. The implementation period is 6 years (72 months) from counting from ADB's approval date.
2. Number in the table indicates personal months required. PIU staff and their costs may be shared with the World Bank and/or European Investment Bank financed projects.
3. The number represents person months.

D. Local Government and Other Agencies

65. **Representative of Mayor in Local Community.** Community level Representative of Mayor in village is the executive branch of self-government headed by Mayor Representative. Mayor Representative has the primary role in the process of legalization and registration of land parcels. Mayor Representative confirms ownership of affected land plots, parameters of land plots and endorses the cadastral maps and related data prepared for case of legalization. Mayor Representative plays important role for legalization of non-rightful owners (owners in possession before the enactment of current law on privatization of land in Georgia without prior permission of the government). Mayor Representative has power to authorize details of the occupied land parcel and verify its usage pattern as the first-hand verification and authorization for further consideration in the Property Rights Registration Commission (PRRC) as a basic step for registration with the Public Registry. Neighbors of applicants for legalization have roles in the authorization process.

66. **A licensed independent valuation entity/specialist.** Valuation entity/specialist shall be involved by the PIU in estimating compensations at replacement cost of losses of AHs.

67. **Ministry of Finance.** The Ministry will allocate budget for LARP including for compensation and rehabilitation of AHs based on the request of the PIU.

33. **National Agency of Public Registry (NAPR).** NAPR is under the Ministry of Justice will register any changes in land and property titles of affected households (after the impact), and also transfer the land title through purchase agreement from landowners to the state and MEPA will have right to use it for the project needs.

68. **Ministry of Economy and Sustainable Development.** This Ministry issues a decree confirming the expropriation needs, if required, and assigning the PIU as the expropriator authorized to initiate expropriation.

69. **Courts.** In case of expropriation or disputes, courts will carry out a legal process and a hearing and decide whether the land can be expropriated and at what compensation price.

70. **NGOs/civil society organizations.** Interested NGOs in the area will participate in monitoring, public consultations and planning and implementing LAR tasks and resolving grievances as needed.

E. Asian Development Bank

71. ADB will guide the PIU in preparing LARP and will approve the final LARP and review its implementation, including (i) review of the monitoring reports, (ii) project review missions to the project sites to ascertain the status of the LARP implementation and involuntary resettlement safeguards performance of the PIU and Contractor, (iii) issue clearance for start of construction works upon compliance LARP implementation, (iv) in case of non-compliances will be identified, guide PIU in taking corrective actions following the final LARP and safeguard covenants of financing agreement and documents and SPS.

VI. GRIEVANCE REDRESS MECHANISM

A. Project-level Grievance Redress Mechanism

72. The PIU will set up a project-level grievance redress mechanism (GRM) following ADB's SPS and laws of Georgia to resolve grievances and issues raised by the project affected persons related to the project's social, resettlement and environmental impacts and consultations and information disclosure process. PIU has overall responsibility for (i) well-functioning of the GRM during the project duration and evaluation, inform about it the AHs in the project area, and resolve grievances in efficient and mutual consensus manner; and (ii) involve relevant agencies and independent experts as needed by cases. PIU's social safeguard specialist will serve as the GRM focal person. A two-tier GRM is proposed below. GRM will allow APs to comment and/or complain about the temporary or permanent loss of their land, assets, or sources of income, and/or about compensation. Grievance resolution dealing with land acquisition and compensation issues will be a two-tiers process.

73. **Tier 1 at local level:** PIU will form a Grievance Redress Group (GRG) at the local level in the municipality. GRM members include the (i) PIU Safeguard Specialist for the project, (ii) representatives from municipality authorities, (iii) Contractor's safeguard specialists (social and environmental safeguard specialist, OHS specialists), (iii) PIC, (iv) representatives from the GA, and (v) at least one member should be from the village of the person who submitted the grievance (assuming all are not family members), and/or NGO. Other experts such as valuers, accountants, attorneys, and so on shall be invited as case may require. This GRG shall put efforts to resolve the complaints at local level and consultation with the complaining parties. GRG shall conduct investigations and require documents from the stakeholders including the AP for any documents supporting the claim, as needed. At this stage, after the grievance is received and registered, GRG will consider the grievance to resolve it quickly within 10 days or maximum 30 days according to Administrative Code, in consultative manner with the person who made the complaint. Minutes of discussions and decisions shall be recorded and signed by GRG members. If the grievance is not resolved at this stage, it will proceed to Tier 2. Also, if the person who made the complaint does not agree to the decision and or actions of GRG in Tier 1, the complaint will go to Tier 2.

74. **Tier 2 at PIU level.** At Tier 2, a Grievance Redress Commission (GRC) will be set at PIU's central level, represented by (i) PIU's Manager, Safeguard Specialist, (ii) Resettlement Specialist contracted by PIC, (iii) engineers and representatives of GA, (iv) municipality, (v) NGO/civil society and community based organizations (as available). Other relevant agencies will be engaged as experts as individual cases can require. The GRC shall resolve the grievances within 30 days in consultative manner with the person who made the complaint.

75. The PIU shall (i) coordinate with respective agencies and formalize establishing the GRC with nominated representatives of respective agencies and stakeholders; and (ii) assign its project social safeguard specialist act also as a focal person for registering and handling the grievances, coordinating their resolution with the GRC, (iii) ensure that all grievances and their resolution status will be documented in the Grievance Logbook at the offices of the contractor, local/district authorities, monitored and reflected in the project's progress reports; (iv) ensure contractor(s) update grievances resolution status in monthly progress reports submitted to PIU, who will reflect this in the semiannual social safeguard monitoring reports that will be submitted to ADB.

76. If the project-level GRM will not be able to resolve the grievance or the complaining party is not satisfied with the decision, it shall be resolved as per law and court order of Georgia, which will be outside of the project GRM scope. The GRM should not impede access to the country's judicial or administrative remedies. The aggrieved persons reserve their rights to appeal to the Court of Georgia at any stage of grievance resolution. Also, if not satisfied

with the resolution of the issue by project-level GRM, the complaining party can send complaint to ADB's Accountability Mechanism discussed below, after making good faith efforts to resolve the grievance by the project-level GRM.

77. Accessibility and awareness of the AHs and persons about the GRM is important for its effective functioning. During the project implementation, the PIU shall inform the project AHs and communities about the project GRM and contact information of responsible persons (Staff of PIU, contractor, local governments, and ADB Georgia Resident Mission's Safeguard Officer) for the project GRM (through public consultations, individual meetings, information leaflets, local media, and approaches to facilitate participation of women and vulnerable groups). This will ensure that people are aware about the project-level GRM and have contact information of responsible staff if they have inquiries or grievances. Consultation and information about the GRM shall be in language of AHs/APs.

B. ADB's Accountability Mechanism

78. AHs and people in the project areas shall also be informed about the ADB's Accountability Mechanism, and that they should at first put good faith efforts for resolving the complaints on the project level-GRM and the project implementing agencies in the country. Two or more affected households (can be from the same family) can submit their complaint to the ADB's Accountability Mechanism (AM). The AM is a last resort mechanism. The project-affected households shall first address the issue with the project-level GRM, and then they shall make good faith efforts to address the issue with the relevant ADB operations department. Certain complaints will not be eligible, such as those relating to:

- (i) actions not related to something ADB did or not do in formulating, processing, or implementing an ADB-assisted project;
- (ii) an ADB-assisted project for which two or more years have passed since the loan or grant closing date;
- (iii) matters those complainants have not made good faith efforts to address with the operations department concerned; and
- (iv) decisions made by ADB, the borrower/executing agency, or the private sector client on the procurement of goods and services, including consulting services; and allegations of fraud or corruption in ADB-assisted projects (these will be managed by other facilities).

79. The complaint may be submitted by mail, fax, email, or in-person to:

Complaint Receiving Officer (CRO), Accountability Mechanism

Asian Development Bank Headquarter, 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines (+632) 632-4444 loc. 70309 (+632) 636 2086 amcro@adb.org

80. Alternatively, complaints may be submitted through the ADB Resident Mission in Tbilisi,²² which will forward the complaint to the CRO.

²² Address: 1 Galaktion Tabidze St, Tbilisi, Georgia

VII. CONSULTATION, PARTICIPATION AND DISCLOSURE

A. Public Consultations

81. ADB's SPS requires that AHs must be meaningfully consulted and given opportunities to participate in resettlement planning and implementation. They should be consulted in an appropriate and timely manner on resettlement and compensation options and implementation of the LARP. Public consultations and disclosure should be carried out according to national laws and regulations. Stakeholders consultations under Technical Assistance (TA)-6648 GEO have been conducted with the PIU, local municipalities, and the social safeguard specialists of the TA team, and AHHs (details are provided in LARPs for Area 1 and Main Canal).

82. The PIU will ensure conducting information disclosure and meaningful consultation in preparation of LARP(s) in other selected areas, in LARP(s) updates, and throughout the project implementation with approaches to meet the needs and ensure participation of women and vulnerable groups. Stakeholders' consultations shall be meaningful and continuously during the project implementation including the preparation of the detail design, construction works, implementation and monitoring the LARP(s). Additional consultations with individual AHs and communities shall be conducted based on needs on any specific issues. The outcomes, minutes of meetings, lists of participants, key issues and decision for taking actions shall be documented and shared with stakeholders.

83. Information disclosure measures shall provide updates to AHs/APs and communities about the project scope and implementation timelines through the public consultations, dissemination of the information brochures on project and LARP(s), including the project-level GRM in local language. The LARP(s) shall have in annex such information brochure which shall be updated in the course of the project and LARP(s) implementation.

B. Disclosure

84. Information disclosure will include consultation about: (i) scope of the CSISDP and irrigation modernization works, timeline of physical works, involuntary resettlement compensation and mitigation measures, summary of the LARF, LARP and the Entitlement Matrix, project-level GRM and contact information of the responsible persons from the executing and implementing agencies.

85. The PIU and ADB will disclose the approved safeguard documents (LARF, LARPs, SMRs, and others as relevant) in their website in English and local language respectively. The PIU will ensure that the summary of key principles of this LARF, subprojects LARP(s), including Entitlement Matrix, GRM and ADB's Accountability Mechanism, in Georgian language will be disseminated to AHs/APs and available at the local communities administration offices.

VIII. RESETTLEMENT BUDGETING

86. The PIU will be responsible to cover the LARPs budget and ensure timely allocation of funds LARPs implementation and payment of all compensations and assistance allowances to AHs prior to the start of civil works. The budget, source and flow of funding for all IR related activities and costs shall be specified in the LARP(s).

IX. MONITORING AND REPORTING

A. Overview

87. ADB's SPS requires the borrower/client to monitor and assess resettlement outcomes and impact on the standards of living of the AHs. The monitoring will assist to assess the progress of implementation of the LARP, grievances resolution, identify any unanticipated involuntary resettlement impact and take corrective actions on-time to avoid delays in the project implementation and any potential unmitigated adverse impact. PIU shall ensure regular monitoring during the project implementation and submitting the semi-annual monitoring reports to ADB for review and clearance. Monitoring requirements shall be based on the scope of the involuntary resettlement impact of the CSISDP. According to the scope of anticipated LAR impact at the project preparation stage, PIU shall conduct an internal monitoring.

B. Internal Monitoring and Reporting

88. PIU will conduct regular internal monitoring and provide semi-annual social safeguard monitoring reports (SSMRs) to ADB for approval for the entire duration of the project to monitor and report on any emerging LAR issues and complaints during the project implementation. The approved monitoring reports will be posted on ADB's website. To confirm completion of specific milestones in LARP implementation, the PIU will submit to ADB for approval (i) SSMRs during the CSISDP implementation, (ii) one LARP implementation compliance report upon the LARP implementation, and disbursement of compensation payments as well as payment of allowances to eligible affected households, which will be one of the conditions for allowing construction works to commence in the areas/components with LAR impacts, (ii) one land restoration completion report at the end of construction to confirm if land is restored and AHs wherever relevant are able to resume their livelihood/agricultural activities. At the end of the project, a LARP completion and evaluation report should be prepared summarizing the experience in the entire CSISDP.

89. Information for monitoring will be collected directly from the field through AHs' about the progress of LARP implementation including complaints or inquiries of affected households and other affected persons, if any. PIC will assist the PIU in monitoring and reporting the LARP implementation, and implement corrective actions as needed. Indicators to be used for monitoring include (i) payment of compensations and assistance according to the Entitlement Matrix, (ii) information disclosure and meaningful consultations and participation, (iii) grievance redress, (iv) budget and timeframe, and (v) other provisions of the final LARP. The monitoring reports shall reflect the progress in compensation payments and implementation of the LARP up-to-date, as well as any problems encountered and suggestions for corrective actions. ADB will review the monitoring reports and when approved, will issue a notice to proceed with the construction works. PIU will inform promptly ADB about (i) any unanticipated impacts arise during the project implementation or operation (information shall include a detailed description of the event and proposed corrective action plan); and (ii) any incurred or potential breach related to LARP compliance implementation by any of the parties engaged in the project implementation, with the proposal of measures and actions to address the breach.

Appendix 1: Status of Kvemo Samgori Left Main Canal

(Photographic examples)





Appendix 2. Outline of the Resettlement Plan

This outline is part of the Safeguard Requirements 2. A resettlement plan is required for all projects with involuntary resettlement impacts. Its level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown.

A. Executive Summary

This section provides a concise statement of project scope, key survey findings, entitlements and recommended actions. **B. Project Description** This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

B. Scope of Land Acquisition and Resettlement

This section:

- (i) discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities;
- (ii) describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project;
- (iii) summarizes the key effects in terms of assets acquired and displaced persons; and
- (iv) provides details of any common property resources that will be acquired.

C. Socioeconomic Information and Profile

This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including:

- (i) define, identify, and enumerate the people and communities to be affected;
- (ii) describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account;
- (iii) discuss the project's impacts on the poor, indigenous and/or ethnic minorities, and other vulnerable groups; and
- (iv) identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

D. Information Disclosure, Consultation, and Participation

This section:

- (i) identifies project stakeholders, especially primary stakeholders;
- (ii) describes the consultation and participation mechanisms to be used during the different stages of the project cycle;
- (iii) describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders;
- (iv) summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan;

- (v) confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and
- (vi) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during project implementation.

E. Grievance Redress Mechanisms

This section describes mechanisms to receive and facilitate the resolution of affected persons' concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

F. Legal Framework

This section:

- (i) describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed.
- (ii) describes the legal and policy commitments from the executing agency for all types of displaced persons;
- (iii) outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided.
- (iv) describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

G. Entitlements, Assistance and Benefits

This section:

- (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- (ii) specifies all assistance to vulnerable groups, including women, and other special groups; and.
- (iii) outlines opportunities for affected persons to derive appropriate development benefits from the project.

H. Relocation of Housing and Settlements

This section:

- (i) describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);
- (ii) describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- (iii) provides timetables for site preparation and transfer;
- (iv) describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- (v) outlines measures to assist displaced persons with their transfer and establishment at new sites;
- (vi) describes plans to provide civic infrastructure; and (vii) explains how integration with host populations will be carried out.

I. Income Restoration and Rehabilitation

This section:

- (i) identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);
- (iii) outlines measures to provide social safety net through social insurance and/or project special funds; (iv) describes special measures to support vulnerable groups; (v) explains gender considerations; and
- (iv) describes training programs.

J. Resettlement Budget and Financing Plan

This section:

- (i) provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation.
- (ii) describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items).
- (iii) includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs.
- (iv) includes information about the source of funding for the resettlement plan budget.

K. Institutional Arrangements

This section:

- (i) describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
- (ii) includes institutional capacity building program, including technical assistance, if required;
- (iii) describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and
- (iv) describes how women's groups will be involved in resettlement planning and management,

L. Implementation Schedule

This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

M. Monitoring and Reporting

This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures.

Appendix 3. Methodology for LAR impact assessments

Methodology for the LAR impact assessments and APs surveys²³

A. Background

1. Asian Development Bank (ADB) considers to finance the proposed Climate Smart Irrigation Sector Development Program (CSISDP) in Georgia. The Program will support policy reforms and develop institutional capacity in water resources management and delivery of climate-smart irrigation services, and will modernize the irrigation system in the Kvemo Samgori left main canal (KSL) irrigation scheme. The project preparation and modernization of the irrigation schemes (under output 2 of the CSISDP) is planned in two phases, and detail design will be conducted by the project implementation consultants. Phase 1 includes modernization of irrigation networks in Areas 1-4, and Phase 2 includes modernization of irrigation networks in Areas 5 and 6 (Figure 1). There is concept design for the Area 1 distribution network at the feasibility level. For Area 2, the concept design preparation is in progress. There is also detail design available for the main canal associated with Area 1. The Ministry of Environmental Protection and Agriculture of Georgia (MEPA) and project implementation unit are the executing and implementing agencies for the project.
2. The project is assessed as Category B for Involuntary Resettlement (IR) Safeguard following ADB Safeguard Policy Statement (SPS 2009).²⁴ Modernization works will cause land acquisition and resettlement impact (LAR), namely temporary impact on lands along the existing channels alignments, in approximately 510 hectares (ha) of lands of state and private lands (areas of private and state lands to be confirmed). All the impacted plots are agricultural. The most part of the affected agricultural plots (about 60%) is used for cultivation of perennials-grape trees and other fruit trees and about 40% for cultivation of annual crops. There may also be need for establishing servitude right for the Georgia Amelioration (GA) (for schemes operations and maintenance) on some private lands to be confirmed and defined by the GA based on the final detailed design. LAR impact to residential or commercial buildings or businesses are not expected affected. The only structures that could be affected and are subject for compensation are fences, gates and the poles used to support the grape trees. Due to this expected LAR impact, it is required by ADB SPS (2009) to prepare a resettlement plan (RP) and compensate the loss of crops, trees and other livelihoods and/or assets of affected land owners and land users, according to findings of the LAR surveys and impact assessment to be conducted.
3. The LAR surveys and impact assessment will include activities such as site visits and impact examination on the site, detailed measurement surveys (DMS), and land ownership and land-use rights verification, inventory of losses and valuation (for replacement cost compensations to be paid prior to land acquisition and site access) of assets/livelihoods affected land owners/land users and other affected persons who may experience any economic and/ or physical displacement, census of affected persons, and socio-economic surveys of affected persons including through face-to-face interviews and statistical data, and public consultations with affected persons. For the subject project, these LAR impact assessment activities will be conducted as per the Terms of Reference (TOR) and Methodology (Appendix 2) by a local surveying company (Eco-Spectri Ltd, hereinafter referred as "Sub-

²³ This methodology for land acquisition and resettlement impact surveys and assessment was used for preparation of LARP for the distribution Area 1 of Kvemo Samgori left main canal (4 June 2022), and is proposed hereto as guidelines for further LARP assessments.

²⁴ A proposed project is classified as category B if it includes involuntary resettlement impacts that are not deemed significant. A resettlement plan, including assessment of social impacts, is required. ADB Operations Manual: Safeguard Policy Statement (F1): OM Section F1/OP Issued on 1 October 2013. Project is assessed as Category C for Indigenous People Safeguards following ADB Safeguards Policy Statement (SPS 2009). No indigenous people or any ethnic minority groups live in the project area and ADB SPS requirements on indigenous people safeguards are not triggered, and no actions will be required.

contractor") to be engaged and guided by TRTA resettlement safeguard specialists. The executing agency has ownership for LAR impact assessment and preparation of RP, and ADB TRTA assist the executing agency in carrying out these activities and prepare the RP as per ADB SPS (2009) requirements. The RP is to be implemented and compliance implementation to be reported to ADB and the RP compliance report to be approved by ADB, prior to land acquisition and site access.

B. Approach for LAR surveys and impact assessment in preliminary defined ROW of pipelines

4. The LAR impact assessment is commonly conducted within the area of the project's and construction works' ROW (commonly area acquired permanently, and/or temporary for construction works and needs). This approach is prepared for the planned modernization works in distribution network in Area 1. According to the Order #19 of Minister of Urbanization and Construction of Georgia (dated 30 June 2003), the ROW for the main pipes (100-600 mm outer diameter) will be 4 meters (per 2 meters each side from the pipeline centerline), but for the secondary and tertiary channels (underground pipes of 80-100 mm diameter) this shall be defined in each project case (i.e. no regulation exist). The engineering design is not yet detailed and final at this stage of the project preparation to provide exact locations for laying underground the pipes and define the exact ROW and corridor of LAR impact. However, based on preliminary assessment of the engineers of the GA and the project's Transactional Technical Assistance (TRTA), for the construction works/machines movement (with new work technology) 2 meters corridor would be sufficient.²⁵

5. Considering the above, the following approach will be applied for using the preliminary ROW and corridor of impact for land acquisition and resettlement (LAR) assessment at this stage of the project preparation:

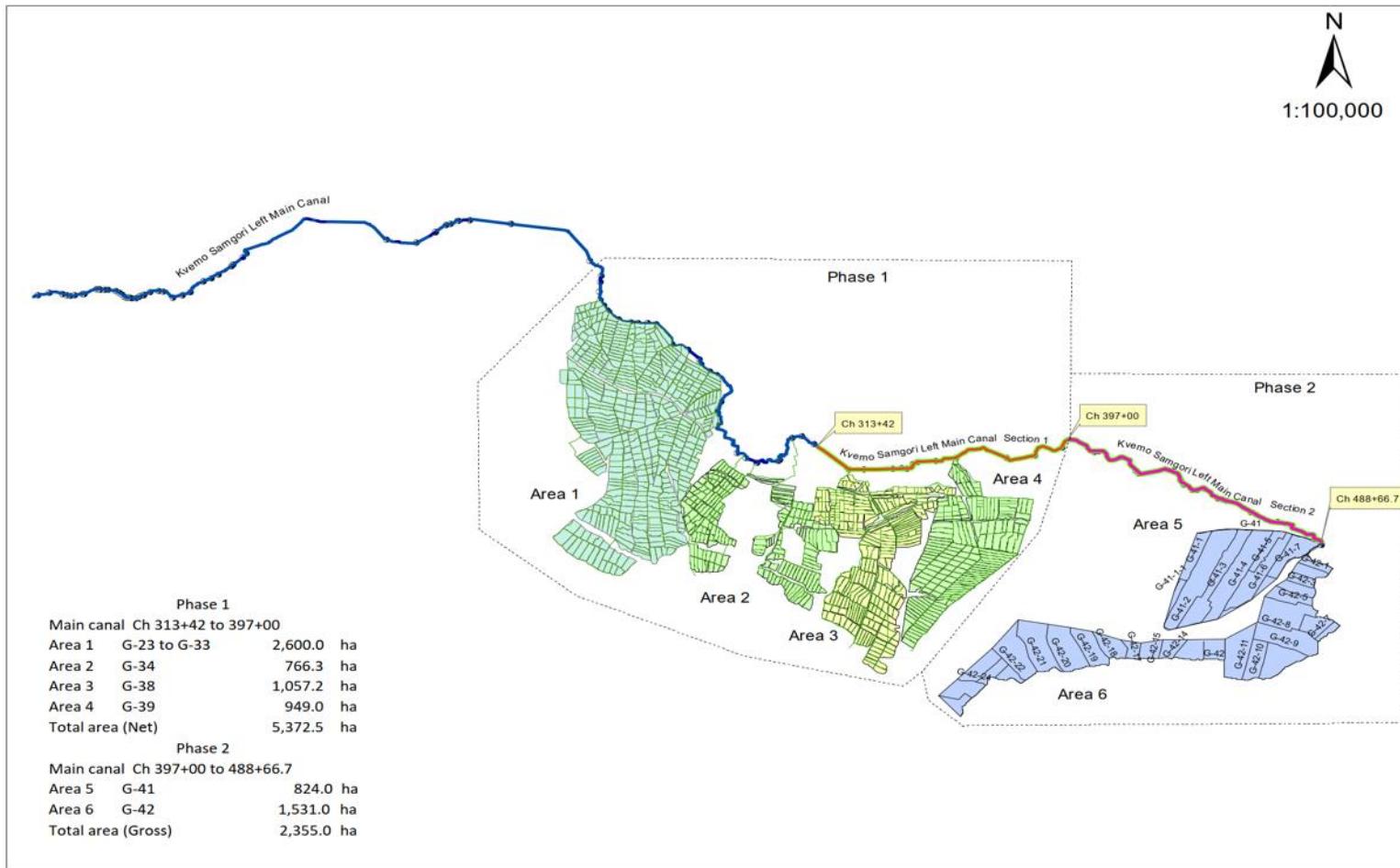
- (i) 4 meters corridor (per 2 meter each side from the pipeline centerline) for underground main pipes of 100-600 mm outer diameter;
- (ii) 2 meters corridor (per 1 meter each side from the pipeline centerline) for secondary and tertiary channels with underground pipes of 80-200 mm;²⁶
- (iii) GA shall confirm before or by 7June 2022 if need to establish servitude in any private lands for pipelines/irrigation systems' operations and maintenance; and
- (iv) the above clauses (i), (ii) and (iii) shall be reconfirmed based on the final detailed design showing the exact locations of the pipelines and modernization works, and LAR impact all over the pipelines' length before commencing construction works, and LAR impact shall be updated if it will extend beyond the 2 and 4 meters accordingly, and for any emerging changes on servitude need.

6. The MEPA PIU on its email (09.06.2022) to TRTA Consultant (Landell Mills) letter from 02/06/2022, concurred the proposed methodology for preliminary defined ROW of pipelines and LAR impact assessment including the clauses (i), (ii), (iii) and (iv) above. This approach is a part of the project's design documents for modernization of irrigation systems.

²⁵ As per the TRTA and GA's engineers' assessments, the minimum corridor to work in should be about 2m, does not need to be centered on the pipeline but could be either side. In some areas even less, if necessary. On the other hand, if the circumstances allow, e.g., while laying the pipeline next to a road on public land, the Contractor might take a wider corridor for their convenience. The Contractor should be liable to reinstate anything that gets damaged or dismantled during the installation, e.g., fences, ditches, access roads etc., depending on what is prescribed in their contract documents.

²⁶ Annex 2 includes two kmz files which show the areas of the main pipelines and secondary and tertiary channels.

Figure 1: Kvemo Samgori Areas to be Modernized



Attachment 1. 1.

I. Terms of reference²⁷

1. Background

The Asian Development Bank (ADB) considers to finance a Climate Smart Irrigation Sector Development Program (CSISDP) in the Republic of Georgia. The CSISDP will support policy reforms and develop institutional capacity in water resources management and delivery of climate-smart irrigation services. The CSISDP will modernize the irrigation system in the Kvemo Samgori left main canal (KSL) irrigation scheme, introduce innovative and climate resilient agricultural production and irrigation technologies to increase agricultural productivity, improve degraded land and increase water security. The project preparation and modernization of the irrigation schemes under the project output 2 is planned in two phases. Phase 1 includes modernization of irrigation networks illustrated in green (Area 1, Area 2, Area 3, Area 4) and Phase 2 includes modernization of irrigation networks illustrated in blue (Area 5 and Area 6) in Figure 1. Under Phase 1, for the Area 1 irrigation network the TRTA team has developed a concept design at the feasibility level. For Area 2, the concept design preparation is in progress. There is detail design prepared for the main canal under Area 1.

The project is Category B for Involuntary Resettlement (IR) Safeguard following ADB SPS (2009). A draft RP preparation is required for the Area 1 (prioritized) and possible Areas 2, Area 3, Area 4, before the project approval and by the Fact-Finding Mission of ADB (dates to be confirmed). Therefore, the detail measurement Survey (DMS) and inventory of losses of AHHs, AHHs' census and socio-economic survey (SES) as well as valuation of losses and identifying compensation costs are required for preparing the draft RP for Area 1 (prioritized), Area 2, Area 3, and Area 4 shall be conducted within June and 2022 and collected analyzed and data tabulated by the first week of July 2022. A LARF is prepared to address any potential IR impacts due to the modernization works. For Area 5 and Area 6, based on the detailed design after the project approval.

The project envisages installation of the network of channels, which are in fact buried pipes. Construction activities include laying pipes along the channel, trenching, laying pipes, backfilling and reinstatement. As per preliminary assessment (to be confirmed upon the LAR impact assessment), under the Area 1, there will be temporary land will impact in total 510 hectares (ha) of lands, including state and private lands. All the impacted plots are agricultural. The most part of the affected land (about 60%) is used for cultivation of perennials – grape trees and other fruit trees and about 40% for cultivation of annual crops. There may also be a need to establish servitude for schemes operations and maintenance on private lands (area to be identified). No residential or commercial buildings or businesses are expected to be affected by the project but possibly fences, gates and poles used to support the grape trees.

2. Specific tasks of the Sub-Contractor

The objective of engagement of the Sub-Contractor is conducting the census and socio-economic survey (SES) of the project Affected Households (AHHs), Detail Measurement Survey (DMS) and inventory of losses of AHs, and valuation of losses of AHHs and identifying compensations rates and amounts for each of the AHHs and for each type of loses, as per specific tasks provided below and the Methodology for LAR surveys and Assessment, followed after hereby, for preparation of the RP for the project. The collected information shall be provided in Excel, database and analysis prepared in tabulated forms with gender disaggregated data as relevant. The Sub-contractor shall:

²⁷ Presented approach in this TOR has been actually applied during the preparation of the draft LARP for Area 1 and Main canal (section 1).

- (i) Identify affected lands, affected households (AHHs), affected persons (APs)
- (ii) Conduct inventory of losses and Detail Measurement Survey on impacted lands;
- (iii) Collect existing cadastral and land parcel maps and orthophotos from the central and municipal level Public Registry offices. The layouts of the irrigation channel and rights-of-way (ROW) corridor (2m width corridor, or 4 meters width as relevant) as will be defined in the design documents or kmz files, shall be superimposed on the cadastral map and orthophoto to identify the affected plots and owners;
- (iv) Conduct field survey to collect/update the maps: compare the actual configuration of the registered land parcels with the land registration drawings. The land parcels not registered but actually used by private users should be measured and mapped;
- (v) Prepare the precise maps of the entire affected land parcels and the portion of the parcels within ROW. Cadastral and land parcel maps and name of the owners shall be certified by the municipal level Municipal Government;
- (vi) Following the identification of the affected land plots and owners (Affected Households (AHHs)) conduct DMS and inventory of losses, identify category of affected land parcels, structures, trees and annual crops within the ROW;
- (vii) In close coordination with MEPA PIU and Georgian Melioration, identify and measure the areas where the servitude will be required for irrigation schemes operations and maintenance (after construction works);
- (viii) Conduct valuation of losses for assets and livelihoods/income of AHHs for compensation, including for servitude (possible land use restrictions) impact on value of affected lands for compensation (compensation due to possible decrease of land value as relevant);
- (ix) Identify AHs and APs (APs are referred as members of AHHs in this document), conduct consultations with the Local Government, Municipal offices of NAPR, and Property Recognition Commission, local residents, and public meetings;
- (x) Determine the legal status of owners/users including title holders, legalizable owners and informal users or non-titled settlers, tenants of affected agricultural land parcels and employees of affected businesses. Relevant documents as proof of tenancy and employment shall be reviewed and copies of the same will be collected. The affected part of land (entire plot and the portion within right of way) shall be measured and recorded;
- (xi) Prepare tabulated analysis for preparation of RP by ILF and Land Mills;
- (xii) Other tasks relevant to data collection and analysis and valuation of losses of assets/livelihoods for compensations to AHHs, required for RP preparation.

Detail Measurement Survey

Preparation of cadastral map

- (i) Collect current cadastral maps Identify of affected land plots, AHHs. Collection of the household contact information (address of residence, phone number, etc.);
- (ii) Superimposing ROW Alignment on Existing Cadastral Maps; Consultations with the Local Government, Municipal offices of NAPR and Property Recognition Commission, Local residents; Public meetings;
- (iii) Collection of Cadastral Profile for affected land parcels (individual number/index, area, land category, use, legal status of ownership and use, tenants);
- (iv) Detailed measurement survey for measuring affected lands (entire plot and affected part);
- (v) Update cadastral maps with precise maps of the affected land parcels (entire plots);
- (vi) Update profile of cadastral maps for affected land parcels (entire and affected part);
- (vii) Identify titled, legalizable (rightful and non-rightful) and non-legalizable owners (for private and state land), and tenants and sharecroppers of affected land (if any).

Ownership documentation/updating

- (i) Review existing ownership documents for each affected land plot (in NAPR, Archives and assist Atos in local Sakrebulos);
- (ii) Assist Owners/Users of affected plots in collecting/updating ownership documents. Preparation of information and recommendations for legalizing the land parcels owned/used without land ownership rights (including all specific cases);
- (iii) Provision of precise map of land parcels affected by the project;
- (iv) Assist Owners/Users of affected plots in registering/updating ownership with NAPR (by providing maps and detailed instructions).

Inventory of Losses

- (i) Identify and assess all assets, trees, crops, structures (main structures, secondary structures and ancillary structures such as sheds, etc.) on affected land parcels (within right of way and/or non-viable residual land plots) with records with appropriate units (e.g. ha, sqm, floor area (m²), volume (m³), length (m), construction materials, etc.);
- (ii) List standing trees and crops on the affected lands by type, area, species, age, variety and productivity. Photo document the affected land parcels with structures, trees and crops will be taken for each land parcel for records. Crops cultivated during recent years will be considered in case if no crops are standing for the moment of survey;
- (iii) Review ownership documents of owners/users of affected land and businesses and assist. Collect copy of the documents including the ID cards of the owners (titled, legalizable and informal users);
- (iv) Identify legalizable owners and informal users, tenants and employees (tax documents for business owners and employees);
- (v) All documents shall be scanned and computerized for RP;
- (vi) Generate tables for each type of losses and summary loss tables for preparing the RP.

Valuation of Land and Assets

- (i) Based on assessment of affected lands and assets during the DMS and inventory of losses, valuate and identify the replacement cost for affected lands (including areas where will be servitude impact on lands due the project), assets and losses of AHHs (based on valuation methodologies that ensure replacement cost and market value of the affected assets), and loss of land value due to servitude to be imposed restrictions, according to ADB SPS (2009) requirements. The replacement cost shall include the current market rates, possible taxes, fees and any other costs the AHHs have incurred or/and may incur;
- (ii) Prepare valuation methodology and comparisons of official statistic data and current market rates and prepare compensation rates and tables for all type of losses including the lands under the servitude for preparing the RP.

Census and Socioeconomic Survey

- (i) Conduct census of 100%²⁸ s possible of AHHs with detail of their households and LAR losses, identify any vulnerable and severely AHHs/APs;
- (ii) Conduct socio-economic survey of total 20% of AHHs. Gender, age, disability and ethnicity of households' head and members, education, age, etc. and more general information about the household in terms of economic activities, tenancy, cropping pattern, consumption pattern, and possession of durables, indebtedness, access to water and power, sanitation, and access to basic social infrastructure, shall be collected and analysed among other data;
- (iii) A structured questionnaires will be used for the census of affected households and to conduct socio-economic survey;

²⁸ 100% is assumed from the total amount of AHHs available or those that could be found and reached during the realistic period of RP preparation.

- (iv) DMS ID numbers shall be assigned for each AHs reference;
- (v) Along with ADB TRTA consultant assist in project information disclosure and consultation with AHs, during the AHs' census and socio-economic survey;
- (vi) Prepare analysis and tabulated analysis of collected data in AHs' census and socio-economic survey in Excel for RP preparation.

1. Logistics

The Sub-Contractor will organize the mobilization and demobilization of its experts itself. This includes organizing any necessary local travel, insurance, accommodation, and providing the expert with enough money for per diems for their trip.

2. Expected outputs

The following outputs/deliverables are expected from the Subcontractor. The Methodology proposed by the Subcontractor is also appended with this Sub-Contract Agreement.

Identification of affected lands, assets, AHs and ownership status

- (i) List of AHs²⁹ (including owners of affected land parcels, structures, trees and crops, informal users of land, tenants of affected agricultural land, employees of affected businesses) and vulnerable affected persons;
- (ii) Inventory of affected land parcels (each land parcel) and assets (loss profile) entered on to the excel data entry sheet;
- (iii) Socio-economic information for each AHs entered on to the Excel data entry sheet;
- (iv) Protocols of land and asset valuation and proposed rates for compensation;
- (v) Photographs of affected land, structures, trees and crops;
- (vi) Identification documents of owners/affected persons (ID Cards);
- (vii) List of specific cases including AHs refusing to move, absentee AFs and those cannot be compensated for some administration reason;
- (viii) Loss and entitlement profile of AHs;
- (ix) ACS matrix integrating list of AHs, loss profile, compensation entitlements;
- (x) Data entry sheets integrating all sociological information and inventory of losses;
- (xi) Package of documents for each land parcel (inventory of losses and SES data);
- (xii) Provide recommendations for assisting the legalizable AHs in legalizing the land parcels owned/used without land ownership rights.

Valuation of assets and compensation rates

- (i) Measurement of affected land area through DMS (including non-viable residual land)
- (ii) Measurement of volume of affected structure by category through DMS;
- (iii) Counting affected trees by species and age and affected standing crops by DMS;
- (iv) Evaluation of current market price of land and compensation rates due to potential land value decrease due servitude (for agricultural, residential/commercial lands as relevant);
- (v) Evaluation of replacement value of structures, trees, crops, etc. and provide final of replacement cost got all impacted assets/livelihoods, and assistance allowance (if vulnerable or severely affected) for each owner/AHs;
- (vi) Preparation of loss inventory for each owner/land plot (losses file);
- (vii) Identification of severely affected households eligible for additional allowances;
- (viii) Calculate compensation and entitlement for each owner/plot (entitlement file).

²⁹ Identified titled, legalizable (rightful and non-rightful) and non-legalizable owners (for private and state land), and tenants and sharecroppers of affected land (if any).

I. Methodology for LAR Surveys and Assessments

The Methodology and the Approach for ROW for modernization works where to be conducted the LAR impact surveys is shown in Schedule 8 of the Sub-Contract Agreement.

The Affected Households' Census Questionnaire and Socioeconomic Survey Questionnaire (SES) are also both appended with which the Subcontractor must follow.

1. Introduction

As per the preliminary data, the Project will have an impact on both privately owned and unregistered land plots. According to the initial analysis, 878 Registered s of land and about 90 un Registered s, making total approximately of 968 plots, will be affected. Each plot has on average 2.5 owners.

Under the preliminary agreement, the Company must accomplish the following activities within the scope of the project: (i) the assessment of the privately owned property under the impact: (ii) detailed measurement survey (DMS), and (iii) socio-economic survey of the affected persons.

In order to complete the given assignment, 3 groups will be staffed. Below, we give the methodology to be used by each group.

1.1 Detail Measurement Survey

The process of the detailed measurement survey (DMS) will be managed by a Certified Real Property Surveyor Mr. David Kaviladze. The "Eco-Spectri" Ltd will collect existing cadastral and land parcel maps and orthophotos from the National Agency of Public Registry. The detailed design of the alignment (including interchanges and other road infrastructure facilities) will be superimposed on the cadastral map and orthophoto and field survey will be carried out to update the maps and identify affected land parcels. Precise maps of the entire affected land parcels and the portion of the parcels within the project area will be prepared.

Following the identification of the affected land plots, owners of affected land parcels, structures, trees, crops and businesses on land within or affected by the project area will be identified. Identification of the affected households and persons will require consultations with the Local Government, Municipal offices of National Agency of Public Register (NAPR), Municipal Services of Archive and Property Recognition Commission, as well as local residents, and include public meetings. The legal status of owners/users will be determined including title holders, legalizable owners (rightful and non-rightful), and informal users or non-titled settlers. The tenants of affected agricultural land parcels and employees of affected businesses will also be identified. Relevant documents as proof of tenancy and employment will be reviewed and copies of the same will be collected in collaboration with valuation team. Information on non-registered businesses or enterprises will also be collected. The affected land (entire plot and the portion within right of way) will be measured and recorded.

The legalizable owners will be assisted for legalization of their ownership by providing cadastral drawings and maps.

1.2 Support to Design Consultant for Preparation of Land Acquisition Plan

With the results of detail measurement survey, Eco-Spectri Ltd. will assist Design Consultant in preparation of resettlement plan (RP). The survey team will assist the process of legalization by providing precise cadastral maps of affected land parcels and the list of affected land parcels (supplemented with land acquisition maps and certification of Municipal (District) Municipal Government).

1.3 Specific activities of Eco-Spectri Ltd

1.3.1 Detail Measurement Survey (DMS)

Preparation of cadastral maps

- (i) Collection of Existing Cadastral Maps identification of Affected land plots, Persons (AP) and Households (AH). Collection of the household contact information (address of residence, phone number, etc.) - Superimposing ROW alignment on Existing Cadastral Maps; Consultations with the Local Government, municipal offices of NAPR and Property Recognition Commission, Local residents; Public meetings.
- (ii) Collection of Cadastral Profile for Affected Land parcels (individual number/index, area, land category, use, legal status of ownership and use, tenants
- (iii) Detailed Land Measurement survey for measuring affected land parcel (entire plot and affected part)
- (iv) Update cadastral maps with precise maps of the affected land parcels (entire plots)
- (v) Update profile of cadastral maps for affected land parcels (entire and affected part)
- (vi) Identify titled, legalizable (rightful and non-rightful) and non-legalizable owners (for private and state land), and tenants and sharecroppers of affected land (if any)

Ownership documentation/updating

- (i) Review existing ownership documents for each affected land plot (in NAPR, Archives and assist valuation team in local Sakrebulos)
- (ii) Assist Owners/Users of affected plots in collecting/updating ownership documents. Preparation of information and recommendations for legalizing the land parcels owned/used without land ownership rights (including all specific cases)
- (iii) Provision of precise map of land parcels affected by the project
- (iv) Assist Owners/Users of affected plots in registering/updating ownership with NAPR (by providing maps and detailed instructions)

Deliverables:

- (i) List of affected land parcels
- (ii) List of affected owners and up to date ownership documents (from NAPR, Archives, local Sakrebulos)
- (iii) Precise map of the entire land parcels (Cadastral Plan)
- (iv) Precise map of affected land parcel(s) showing the portion within project right of way.

1.3.2 Inventory of losses

The property evolution team will be led by Mr. Zurab Revazishvili, a Certified Real Property Appraisal Specialist. Impacts on affected land plots will be assessed, viability of the residual land will be analyzed and appropriate consultations with the land owner conducted in that regard. The land within the right of way and any land rendered non-viable as a result of the right-of-way will be considered as “affected land” and subject to acquisition and compensation. All structures (main structures, secondary structures and ancillary structures such as sheds, animal pens etc.) on the portion of affected land parcels (within right of way and/or non-viable residual land plots) will be assessed and the following information recorded: Standing trees and crops on the portion of the affected land parcel within project area will be assessed by type, species, age, variety and productivity. Photographs of the affected land parcels with

structures, trees and crops will be taken for each land parcel and documented as part of the record taking. Crops cultivated during recent years will be considered in case if no crops are standing for the moment of survey.

Permanent Impact on lands: In the area where the affected privately-owned plots are situated, market values of land vary depending on the type of land and location. The calculation of compensation will be carried out in accordance with the Entitlement and Compensation Matrix, according which:

- (i) Cash compensation at replacement cost based on the market value of the affected land and other costs, including cost of preparation of the land to the level equal to the affected land, if needed;
- (ii) Costs for land parcel sub-division, transaction and registration fees (as relevant), which shall be covered by the EA;
- (iii) EA shall assist the AHs for free-of charge in registration/legalization of their legalizable land rights, including preparing the cadaster drawings required for legalization of project affected land parcels the AHs have been using;
- (iv) If the residual land after the impact becomes unviable and/or inaccessible, the remained land plot shall be acquired and compensated with the consent of the owner.

Loss of trees: Cash compensation will be calculated at current market value and according to type, age, and productive value of the tree.

Fruit trees. Income based on an annual yield capacity of a mature fruit bearing tree multiplied by the market price of the fruit (Kg/GEL) and multiplied to the number of years required to grow a new tree to the same productivity age. In addition, each fruit bearing tree will be compensated for purchase of saplings, transportation and planting labor. The formula below is for calculating cash compensation for fruit bearing trees:

$$\{(B \times D) \times C\} + A\}$$

A – Price of sapling of a specific fruit tree, transportation and planting labor
 B – Market price of a specific fruit GEL/Kg)

C – Number of years to be compensated

D – Annual yield capacity of a fruit tree (Kg/yr/tree).

Immature trees. Cash compensation at the replacement cost, including the costs for saplings, planting and growing trees to the same age, to be defined by an independent valuation entity;

Timber trees. Cash compensations based on the market value of dry wood volume defined by an independent valuation entity;

Decorative trees: Cash compensation based on the market value identified by an independent valuation entity.

Servitude establishment. Areas of the land for servitude establishment (for construction, and operation and maintenance needs) shall be identified by the Sub-Contractor hereto. Lands where servitude may be needed within the pipelines' ROW will not be acquired by the project. The servitude impact will cause restrictions of land use rights and diminish land's value. For lands that will be under the servitude, the EA shall negotiate and sign servitude agreements with the respective landowners. Compensation for land affected by servitude shall be calculated based on difference of the market value of the land at present (before the project) and after the project impact (land use restrictions imposed by servitude) as follows:

- a) Agricultural land: one-time cash compensation equal to the loss of of the affected land value, to be defined by the valuation specialist.
- b) Residential/commercial land: one-time cash compensation equal to loss of the affected land value, to be defined by the valuation specialist.

Impacted land areas including for servitude needs (if any) shall be identified, valued and compensation identified and presented in tabulated forms for RP budget. Valuation reports as per the valuation standards shall be prepared for records.

1.3.3 Census and Socioeconomic Survey of Affected Persons

During the project implementation and preparation of the RPs, the census of all AHHs (100%) and socio-economic study (SES) with the sample survey of 20% of AHHs will be conducted and collected data will be analyzed as baseline data in the RP. SES of AHHs including (not exhausted list) on followings: (i) demographic (household composition by age, gender, relationship, ethnicity, education levels); (ii) social (corporate groups such as family, lineage, clan, community, and noncorporate such as caste, class, ethnic, religious groups); (iii) income and assets (individual, corporate, or collective incomes as well as ownership land, livestock, fishing boats, shops, wood lots, among households) as well as expenditures; (iv) occupation (farmers, teachers, shopkeepers, artisans, laborers, transporters, students, spiritual leaders, etc.); (v) access to public services (health care, water supply and sanitation, education, transport, etc.); (vi) gender roles and issues; and (vii) perception and preferences on resettlement.

The socio-economic survey/census must be linked with each household losing land or assets in a clear and methodical manner. It is imperative that the households losing land identified through the DMS be easily linked by survey/DMS ID numbers to the socio-economic information collected for that household.

The questionnaires provided hereto the TORs for the assignment will be used at the AHHs census, socio-economic surveys and measurement and assessment of affected land and each type of losses, and findings shall be analyzed and presented in tabulated forms.

The survey team will assist the design consultant to organize public consultations with AHHs and local residents and focused groups discussions, for resettlement planning and compensation measures developing purposes, and for project and LAR information disclosure.

The Sub-contractor will generate output tables for use in preparing RPs for each contract.

Attachment 1. 2. Two kmz files (sent electronic)