



Asian Development Bank

SUMMARY
REVIEW AND ASSESSMENT REPORT
OF THE
SPECIAL PROJECT FACILITATOR
ON

**Loan 3063 (42414-043)-GEO: MFF-Sustainable Urban Transport Investment Program
Tranche 3**



September 2016

The original English version of this report was translated by the Office of the Special Project Facilitator into Georgian. In case of discrepancy, the English version will prevail.

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

ABBREVIATIONS

ADB	Asian Development Bank
AP	affected person
CWRD	Central and West Asia Department
GRC	Grievance Redress Committee
GRM	grievance redress mechanism
km	kilometer
LARP	Land Acquisition and Resettlement Plan
MDF	Municipal Development Fund of Georgia
MFF	multitranches financing facility
MSW	multistakeholder workshop
NGO	nongovernment organization
OSPF	Office of the Special Project Facilitator
SPF	Special Project Facilitator

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I. INTRODUCTION

1. The modernization of the Tbilisi-Rustavi Road is a priority project for the Government of Georgia. The project envisages upgrading the existing 17.1-kilometer (km), two-lane road between Tbilisi and Rustavi to an international standard, “Category I” highway, with four lanes and a general design speed of 120 km/hour. Together with other projects, the Tbilisi-Rustavi Road Modernization Project is included in Tranche 3 of the Sustainable Urban Transport Investment Program. Previous sections of the same road (Section 1 from km 0 to km 4.0 and Section 3 from km 10.5 to km 17.1) were financed by Tranche 2 of the multitranche financing facility.

2. The Tbilisi-Rustavi Urban Road Link (Section 2) of the project involves the upgrading of an existing road and construction of a new road from Ponichala to Rustavi. When finished, the total road length for this project will be 6.8 km, of which 3.8 km is new road construction along the Mktvari River. Section 2 of the project will pass through housing and industrial areas, and will generate significant displacement impacts.

3. On 28 April 2016, the Special Project Facilitator (SPF) of the Asian Development Bank (ADB) received a complaint (Appendix 1) from 13 residents of a building to be demolished; the signatories did not request confidentiality. The SPF acknowledged receipt and registered the complaint on 28 April 2016 (Appendix 2).

4. The complaint is about inadequate compensation offered to the residents of a two-story apartment building affected by the project. According to the complainants, the compensation offered is not sufficient to buy residential apartments in a location where community and amenities, as experienced in their current location, can be preserved or replicated.

5. The complaint met the Office of the Special Project Facilitator’s (OSPF) eligibility requirements and was declared eligible on 20 May 2016. A review and assessment mission was held in Tbilisi from 5 to 20 July 2016. The objectives of the mission were to explore the history of the complaint, confirm the key stakeholders, identify the main issues of the complaint, explore the stakeholders' readiness for joint problem solving, and recommend a course of action. The review and assessment included (i) documentation review, (ii) one-on-one and group interviews, and (iii) meetings.

II. ASSESSMENT OF ISSUES

Compensation for the two-story building apartments

6. The compensation strategy for the two-story building owners will follow self-relocation principles and is based on cash compensation at replacement cost. The building consists of discrete properties and is inhabited by 40 households in 42 apartments. As a former dormitory, apartments are typically small. A detailed measurement survey was carried out in 2013, with pricing for materials based on market rates at that time. Due to the sizes of the existing apartments, compensation at replacement value for the same floor areas currently occupied would be insufficient to purchase a new apartment.

7. A specific methodology was devised for the building’s residents to enable them to purchase alternative housing with the compensation they would receive. The analysis used to define average market costs for 1 square meter for 1-, 2-, 3-, and 4-room apartments was carried out by an independent valuation company. The average price and size of 11 apartment offers and deals were used.

8. Based on standards for minimum reasonable size apartments, the project decided that for those less than 35 square meters, the compensation would be calculated as 35 square meters. The compensation for bigger apartments would be calculated as per their actual size. While this approach intended to allow those with very small apartments to find alternative housing, it has caused conflict among the residents.

9. Based on OSPF verification of the valuation of apartments, and visits made to several buildings on sale around Ponichala and nearby districts, the compensation rate offered to the residents is sufficient for them to buy replacement apartments. Prices for 1-, 2-, 3- and 4-bedroom apartments range from USD250 to USD600 per square meter. Taking into account the present living conditions of the residents, the compensation offered should enable them to buy much better apartments. Furthermore, allowances for transportation/transition, loss of income, and vulnerability will be added on top of compensation.

Communications and consultation

10. Brochures on the project, as well as information on the resettlement requirements, were provided to affected persons (APs) during public consultations and meetings. The draft Land Acquisition and Resettlement Plan (LARP) for the entire Section 2 was developed and posted on the Municipal Development Fund (MDF) website. The consultation activities included face-to-face interactions with APs during the survey and valuation process, and formal meetings. From the meeting reports and interviews with the APs, consultations took place with question-and-answer sessions between MDF and the APs.

11. APs were informed of the entitlement matrix but did not receive copies of it. There was little or no information provided on how compensation would be calculated. Complainants claim that calculations during the detailed measurement surveys were incorrect, as they did not include the communal areas shared by residents.

12. The residents have tried to communicate their concerns regarding the compensation offered. Despite many letters and discussions, the dispute has continued between the residents and MDF. Communications have deteriorated to the extent that the residents refuse to have any dealings with MDF. It will be necessary to bridge the communication gap between the APs and MDF so that the project can continue smoothly with less uncertainty and surprises.

Grievance redress mechanism

13. The project's grievance redress mechanism (GRM) was designed to provide an effective and systematic way to respond to queries, feedback, and complaints from APs and other stakeholders. The GRM is currently functional only at the MDF level. Grievances are logged into a database, which tracks the process of receiving the complaint, actions taken, and the closing of the complaint. The Environmental and Resettlement Unit of MDF currently manages the GRM.

14. The GRM does not have any procedures or timelines for handling complaints, which explains why complaints take a long time to be resolved. MDF staff have not been trained in complaint handling, either. OSPF recommended that ADB be represented on the Grievance Redress Committee (GRC) which was verbally accepted by MDF. It was also suggested that all complaints ADB receives be logged into the same system as MDF's. Together, ADB and MDF should work to resolve the pending complaints as soon as possible.

ADB support

15. The timely and effective implementation of the LARP requires involvement of several agencies and units. MDF continues to operate its dedicated resettlement unit tasked to follow up on resettlement activities. While they may have experience in LARP implementation for Sections 1 and 3 of the project, Section 2, Part B is much larger and involves more tasks. ADB, although supervising the project periodically, may be relying too much on MDF for day-to-day implementation, and due diligence in supervision of this implementation should be increased. Seen as the critical stage of the project, more support is required through better and closer coordination of MDF and ADB, with increased staffing, supervision, and capacity building.

III. RECOMMENDATIONS AND PROPOSED COURSE OF ACTION

A. Recommendations

Compensation for apartments

16. The residents of the two-story building are considered different from the mainstream. Their current unique living circumstances and their social dependency on each other will make their relocation a difficult task. Recreating their living conditions and living patterns will be challenging for this community. Helping the community secure replacement apartments should be a priority and efforts should be made to recognize their special circumstances and vulnerability. Compensating the residents for the land and communal spaces in the building is justified.

17. OSPF realizes that compensating for communal spaces may not be the usual practice in Georgia. Legal advice given to OSPF has suggested that the residents can claim compensation for communal spaces if these spaces are registered as separate property. Under Georgian law, a housing association/cooperative has the right to have the communal property “leased, rented out or sold.”¹ In order to rent, lease, or sell the property, the association/cooperative should be able to “carve out” the property from the rest of the building. It should therefore be possible for the residents to make measurements of the communal areas and register them as a separate unit as the property of the association/cooperative.

18. The complainants have been informed of the procedure and may take measures to pursue this. However, seeing that 28 residents have already accepted compensation, the complainants will have to get agreement from the Government (the new owners) for the registration. This process is likely to face challenges and may take considerable time to negotiate, thus resulting in continued delays and indecision.

19. Additional compensation can be one of the options to resolve this complaint and avoid delays in the entire project. OSPF therefore recommends that ADB and MDF consider the following options:

Option 1: Compensate residents according to the valuation of the communal spaces when registered. MDF and ADB may suggest a time limit for this registration to take place to avoid further project delays.

¹ Article 18, Law of Georgia on Association of Apartment Owners. <http://www.matsne.gov.ge>.

Option 2: Compensate residents through an additional vulnerability allowance, which could be included in the LARP through a corrective action plan. This allowance would apply specifically to residents of the building, whether or not they have already purchased replacement accommodation, and would be paid in recognition of the unique building situation.

20. The compensation for the apartment is based on the standard rate while those for other structures outside the apartment (e.g. garages) are based on prices for materials used. Market rates for these materials were studied in 2013. However, if compensation was paid in 2015 or later, then market rates will need to be updated. OSPF recommends that prices be updated under Section 2, Part B of the LARP for APs who have not signed agreements, and by request of an AP.

Special issues

21. As per the LARP, all residents, irrespective of how many apartments they own in the building, are entitled to compensation. Residents with apartments smaller than 35 square meters are entitled to compensation for a 35-square meter apartment as stipulated by the LARP. As long as the apartments are registered as separate units, compensation must be paid for each unit separately. OSPF recommends that in two cases, compensation for their units (16.9 square meters and 23.35 square meters, respectively) be paid as per the 35-square meter ruling.

Assistance with relocation

22. As mentioned in the entitlement matrix of the LARP, the project should support the finding of appropriate apartments for the APs. This support should be reinstated shortly. OSPF is assisting the residents in preparing their inventory of needs and wishes, which MDF can use as a basis to identify apartments. In close coordination with MDF, OSPF will also assist in organizing tours to visit some of these apartments if needed. This is in recognition of the fact that the residents' need to relocate to a place of their choice.

Project communications and consultation

23. Communications and consultation with local administration and line agencies, nongovernment organizations (NGOs), and APs require comprehensive planning throughout the project cycle. All stakeholders, particularly the APs, should be involved in all stages of the cycle. With the project reaching the construction stage, a project communications plan will help ensure the team and stakeholders are fully up to date with the issues and progress.

24. The ADB Central and West Asia Department (CWRD) should engage a communications specialist to help design a communications plan in close collaboration with the project team. Implementation of the communications plan can be handled in close collaboration with the public engagement specialist assigned to MDF. The project must therefore allocate sufficient resources to engage an expert to design and implement the plan. This expert could be used to assist in communications for other projects as well.

Grievance redress mechanism

25. The existing GRM needs further development to make it more functional, efficient, and effective. It will require broader representation than only MDF staff. ADB, NGOs, and APs should be represented on the GRC in order to make timely decisions on concerns from the

field. MDF has agreed to ADB representation on the GRC. ADB and MDF are in the process of merging their grievance redress logs to enable both parties to track and resolve complaints quickly.

26. To improve functioning of the GRM, OSPF recommends drafting a new and improved structure for it, complete with procedures, timelines, composition of the GRC, and roles and responsibilities. A workshop should be held with the project team to agree on details of the new and improved GRM.

27. The drafting of the GRM structure and procedures, as well as the workshops and training required will be organized in close coordination with and under the guidance of OSPF and CWRD.

ADB support

28. Monitoring and supervision during implementation of the LARP are crucial. While ADB has stepped up its capacity for supervision by safeguards consultants, further increase of staff time on the project must be considered. The ADB project mission leader and safeguards specialist should be more candid in flagging unsatisfactory performance and ensuring that corrective measures are taken immediately. The needs for a project communications plan and staff to implement it are pivotal in ensuring that the project continues with fewer problems. OSPF stands ready to assist in improving the functioning of the GRM and carrying out capacity-building activities. The project should also consider partnerships with local organizations, such as NGOs, to improve supervision.

B. Proposed Course of Action

29. The proposed activities and the tentative schedule that follows are based on the mission's review and assessment and on stakeholders' suggestions for OSPF involvement as an independent facilitator.

30. **Step 1. Compensation review.** ADB and MDF will update prices of other structures according to current market rates at the request of APs who have not yet signed agreements under Section 2, Part B of the LARP.

31. ADB and the Government will decide on a compensation method for communal spaces. ADB and the Government will discuss and decide on the method (e.g. an added allowance within the entitlement matrix or a special fund) to enable this.

32. **Step 2. Complaint handling.** ADB and MDF will combine complaints records and respond to them as soon as possible. ADB will be represented by its safeguards specialist and/or a consultant. Regular meetings will be organized to review complaints and resolve them in a timely fashion.

33. ADB and the Government will confirm their interest in OSPF's assistance to review and improve the project's GRM. This will entail drafting a GRM proposal to include its structure, composition, timelines, roles and responsibilities, as well as its procedures. Capacity-building workshops will be organized and facilitated by OSPF at a later time to enhance GRM staff skills in complaint handling.

34. **Step 3. Multistakeholder workshop.** A multistakeholder workshop (MSW) that includes the Government, ADB, and other stakeholders should be held to discuss and agree on the plan

of action. The MSW will confirm willingness to engage, reconfirm activities to be carried out in relation to the recommendations, identify leads for each activity, and include budgets and a time schedule. As soon as the complainants confirm that they want to continue with the OSPF problem-solving process, OSPF will organize the MSW including facilitating and documenting agreements.

35. **Step 4. Relocation assistance.** ADB and MDF will assist residents in finding suitable apartments. OSPF will provide MDF with an inventory of residents' needs and wishes. OSPF, in close collaboration with MDF, will organize a tour for the residents to view apartments if necessary.

36. **Step 5. Communications plan.** ADB will support the Government to develop and implement a communications plan for the project. CWRD will engage a consultant for the implementation of the plan. ADB and the Government will discuss the engagement of the consultant and the budget required. The terms of reference for a communications and consultation consultant will be developed and circulated for comments.

37. These recommendations and the proposed course of action represent a snapshot of the situation as explained to the OSPF team during the review and assessment. The reality on the ground may change by the time the stakeholders have a chance to comment on these recommendations and the proposed course of action.

C. Proposed Schedule

Item	Date
Submission of the draft Review and Assessment Report (RAR) to parties by e-mail and registered mail	5 August 2016
Parties provide comments on RAR	8–15 August 2016
Finalize RAR	29 September 2016
Nomination of ADB staff to the GRC	Completed
Complaint handling of pending grievances by ADB and MDF	Ongoing to date
Inventory of residents' needs and wishes for replacement apartments	Completed
Agreement on option for additional compensation	Completed
Update of market rates	2016–2017
Assistance to residents in finding apartments	As of September 2016
One-on-one mediation to agree on compensation	21 September 2016
Drafting procedures for the GRM	October 2016
Tour of apartments with residents	From October 2016
Engagement of consultants to implement communications and consultation plan	October 2016
Capacity building on problem solving and communications	Q1 2017

38. With inputs from all stakeholders, OSPF will finalize the objectives and agenda for the MSW and other suggested activities. OSPF will provide assistance to all the parties in preparing visuals and other materials required.

IV. REFERENCES

ADB. 2015. *GEO: Sustainable Urban Transport Investment Program – Tranche 3 (Tbilisi-Rustavi Urban Link) – Section 2, Part B, Resettlement Plan*. Manila

ADB. 1998. *Handbook on Resettlement: A Guide to Good Practice*. Manila.

Green Alternative. <http://www.greenalt.org/>

M. Cernea. 1999. *The Economics of Involuntary Resettlement: Questions and Challenges*. World Bank. Washington D.C.

T. Bardzimashvili. 2013. *Georgia: Living a Life Apart in Tbilisi's Settlement for the Blind*. EuroasiaNets Weekly Digest.

Appendix 1: Complaint Form



Office of the Special Project Facilitator

Office of the Compliance Review Panel

A. Complainants' Choice and Contact Information

<p>1. Complainants' Choice</p> <p>a. Please forward complaint to: (Please choose only one and DO NOT leave this BLANK)</p> <p><input checked="" type="checkbox"/> Special Project Facilitator (Assists people who are directly and materially harmed by specific problems caused, or is likely to be caused, by ADB-assisted projects through informal, flexible, and consensus-based methods with the consent and participation of all parties concerned)</p> <p><input type="checkbox"/> Complaint Review Panel (investigates alleged noncompliance by ADB with its operational policies and procedures in any ADB-assisted project in the course of the formulation, processing, or implementation of the project that directly, materially, and adversely affects, or is likely to affect, local people)</p> <p>b. Do not want your identities to be kept confidential?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

<p>2. Information on the Complainants (The identities of complainants will be kept confidential unless the complainants agree to disclose their identities, but anonymous complaints will not be accepted.)</p>				
Name and designation (Mr., Ms., Mrs.)	Signature	Mailing Address	Telephone numbers (landline/mobile)	E-mail Addresses
1. Mr. Giorgi Gedenidze გიორგი გედენიძე		Building No 6, Rustavi Highway, Tbilisi, Georgia	599 88 05 89 (mob.)	Mr.g.gedenidze@mail.ru
2. Ms. Anaida Tabatadze ანაიდა ტაბატაძე		Building No 6, Rustavi Highway, Tbilisi, Georgia	595 26 05 12 (mob.)	
3. Ms. Izolda Sikhuashvili იზოლდა სიხუაშვილი		Building No 6, Rustavi Highway, Tbilisi, Georgia	579 21 37 79 (mob.)	
4. Ms. Marina Alaverdashvili მარინა ალავერდაშვილი		Building No 6, Rustavi Highway, Tbilisi, Georgia	555 11 21 43 (mob.)	
5. Ms. Irma Keshikashvili ირმა ქეშიკაშვილი		Building No 6, Rustavi Highway, Tbilisi, Georgia	595 39 79 36 (mob.)	
6. Ms. Inga Keshikashvili ინგა ქეშიკაშვილი		Building No 6, Rustavi Highway, Tbilisi, Georgia	593 58 44 23 (mob.)	

7. Ms. Irine Atchvadze ირინე არჩვაძე		Building No 6, Rustavi Highway, Tbilisi, Georgia	595 79 39 42 (mob.)	
8. Mr. Giorgi Lomidze გიორგი ლომიძე		Building No 6, Rustavi Highway, Tbilisi, Georgia	2 40 35 29 (landline)	
9. Mr. Giorgi Gokadze გიორგი გოქაძე		Building No 6, Rustavi Highway, Tbilisi, Georgia	593 61 82 62 (mob.)	
10. Mr. Iuri Omarashvili იური ომარაშვილი		Building No 6, Rustavi Highway, Tbilisi, Georgia	555 55 58 44 (mob.)	
11. Mr. Geri Grigoriani გერი გრიგორიანი		Building No 6, Rustavi Highway, Tbilisi, Georgia	592 85 44 55 (mob.)	
12. Ms. Natia CHkonia ნათია ჭკონია		Building No 6, Rustavi Highway, Tbilisi, Georgia	598 92 61 00 (mob.)	
13. Ms. Efenia Elbakidze ეფენია ელბაკიძე		Building No 6, Rustavi Highway, Tbilisi, Georgia	571 77 84 22 (mob.)	
<p>3. Information on Authorized Representative (if any). (The identity of representatives who are not at the same time complainants will be disclosed to ensure transparency.)</p> <p>This complaint has not been filed by an authorized representative. Name of Authorized Representative, designation, mailing address, telephone number, and E-mail addresses. (Please ask the representative to sign on top of his/her name.)</p> <p>Please attach evidence of authority to represent the complainants, which will include the full name and signature of the complainants, and their mailing address, telephone numbers, and E-mail addresses, as applicable.</p>				

B. Project Information

Project name	Tbilisi-Rustavi Highway construction project, the Ponichala stretch (stretch 2) of the Project
Project location	Rustavi Highway, Tbilisi, Georgia
Brief description of the project	<p>Tbilisi-Rustavi Highway construction project, namely the Ponichala stretch of the Project envisages modernization and enlargement of the Tbilisi-Rustavi Highway, precisely the Ponichala stretch of the Highway; more precisely turning a two-lane road into a four-lane one. The Project aims at improving the transport infrastructure connecting the city of Tbilisi with a town of Rustavi. The Project is financed by the Asian Development Bank (ADB) and the construction works are being carried out by the Municipal Development Fund of Georgia.</p> <p>The Environmental Impact Assessment Report for the Project was released on 6th April 2016; The public discussion on the Environmental Impact Assessment Report for the Project is planned to be held on 25th May, 2016. On 29th October, 2015, the "resettlement action plan for the Tbilisi-Rustavi urban traffic intersection –Section 2, stretch B" was released. The document has not been subject to public discussions.</p>

C. The Complaint

1. What direct and material harm has the ADB-assisted project caused to, or will likely cause to, the complainants?

Our residential building, which is situated on Rustavi Highway in Tbilisi, was affected by Tbilisi-Rustavi Highway construction project, namely by the Ponichala stretch of the project. Because of the project, we - the residents of the building - are subject to involuntary resettlement. We find the conditions of involuntary resettlement offered by the Municipal Development Fund of Georgia absolutely unacceptable. We would like to specify the grounds for our dissatisfaction below.

Due to the Ponichala stretch of Tbilisi-Rustavi highway project, the representatives of the Municipal Development Fund of Georgia carried out an audit of our residential building. As we were informed, the authorities in charge of the Project implementation were first considering the possibility of demolishing a part of the building for the purpose of the construction works under the Project, though it turned out that in this case the resistance of the whole building would be under threat. Therefore, at the end it was decided to demolish the whole building. The representatives of the Municipal Development Fund of Georgia are offering compensations the amount of which is not sufficient to buy residential apartments similar to the ones we own in the building, either in the district we live now – Ponichala, or in other districts in the city of Tbilisi (according to the latest data, the prices on residential apartments in Ponichala have risen sharply and the amount offered as a compensation is much lower than the market price of a residential apartment in Ponichala). In view of the above mentioned we – representing a certain number of the residents of the building - refused to take the compensations offered to us by the Municipal Development Fund of Georgia. We have to highlight herein that while calculating the amount of the compensations the representatives of the Municipal Development Fund of Georgia did not take into account the communal property owned by the residents of the building, such as communal bathrooms and corridors that are large and convenient for the residents who are blind or visually impaired. Besides, there were cases when different residents were offered different amounts of compensation per square meter.

Later, the residents of the building were also offered alternative residential apartments in a two-storey building situated in Lubliana Street in Dighomi by the representatives of the Municipal Development Fund of Georgia. As we learned later, the two-storey building was originally constructed as a youth hostel for students. We refused to move to the building due to the fact that majority of the residents of our building are blind or visually impaired; the building we live at the moment was specifically designed and constructed in 1960s for the people who are blind or visually impaired and the conditions there meet the needs of everyday life of the people with such disability; namely, the facilities like a school, a kindergarten etc. are located near the building and the majority of the residents who have jobs do not have to commute to their workplace as they work in the institutions located nearby the building. Besides, the costs of living in Ponichala are much lower compared to the costs of living in other districts of Tbilisi. In other words, in case we accepted the offer, our everyday life would become more complicated than it is now and the cost of living would increase significantly; the sums offered by the Fund do not either envisage compensation for the complicated living conditions or cover the increased cost of living.

A certain number of the residents accepted the proposed amount of the compensation and they have already received the compensations (most of the residents, who accepted the proposed amount of the compensation, were no longer living in the building and they retained ownership of the apartment). In view of the above mentioned, the representatives of the Municipal Development Fund of Georgia are trying to compel us to accept the proposed amount of the compensation, threatening that otherwise we will be evicted from the apartments we own. We are subjected to psychological pressure every time we meet with the representatives of the Municipal Development Fund of Georgia.

2. Have the complainants made prior good faith efforts to solve the problem(s) and issue(s) with the ADB operations department concerned?

Yes If YES, please provide the following: when, how, by whom, and with whom the good faith efforts were made.

1. On October 26, 2015, we appealed to Medgar Chelidze – Resettlement Expert at the Asian Development Bank (ADB), asking him to consider our complaint and to take necessary measures in order to solve the problem (see appendix 1). On the same day we met with foreign representatives of the Asian Development Bank (ADB), who told us to file a written complaint that they would consider. Consequently, on October 26, 2015, we filed the same

appeal to foreign representatives of the Asian Development Bank (ADB).

2. On February 22, 2016 we appealed to Medgar Chelidze – Resettlement Expert at the Asian Development Bank (ADB), asking him to properly assess the harm incurred by us as a result of the Project implementation and to define the amount of compensations that could be considered fair (see appendix 2).
3. On February 22, 2016 we appealed to Yesim Elhan-Kayalar - the Asian Development Bank (ADB) Country Director for Georgia, asking her to properly assess the harm incurred by us as a result of the Project implementation and to define the amount of compensations that could be considered fair (see appendix 3).

Please describe any response the complaints may have received from or any actions taken by ADB

1. In response to our appeal of October 26, 2015, we received two written notices from the Asian Development Bank (ADB) Country Director for Georgia - Yesim Elhan-Kayalar (on November 4th of 2015 – see appendix 4) and the Asian Development Bank Urban Development and Water Division Central West Asia Department Director - Mr. Anand Chiplunkar (on November 20th of 2015 – see appendix 5) according to which our appeal was referred to the Municipal Development Fund of Georgia (MDF) and they recommended to continue negotiations with the Fund of Georgia.
2. In response to our appeal of February 22, 2016, we received a reply from Yong Ye an urban development department chief economist at the Asian Development Bank (ADB) (the letter of March 1st of 2016 – see appendix 6), where it is stated that in order to facilitate the process of investigation into the case, we should all describe our individual cases separately and submit individual complaints to the Complaint Review Panel. In the same letter we were once again advised to continue cooperation and negotiations with the Municipal Development Fund.

In view of the above mentioned, we would like to inform you that we had been verbally offered to submit individual complaints from the representatives of the Municipal Development Fund of Georgia (MDF) as well as the representatives of the Asian Development Bank (ADB) prior to receiving the letter from Yong Ye. Though, we opted not to follow their advice due to the following reasons:

- We believe that there is no necessity of submitting individual complaints as all the residents of the building have absolutely analogous problems;
- Breaking up our collective complaint into separate individual complaints and submitting them individually would mean return to the starting phase, as the process of preparing individual complaints and their review by relevant bodies would by all means be time-consuming and result in the delay with respect to actual solution to our problem;
- We believe that the purpose of the proposals made by of the representatives of the Asian Development Bank (ADB) and of the Municipal Development Fund of Georgia (MDF) was to deprive us of the opportunity to refer to your institution as according to the statute of the Asian Development Bank (ADB), only a group of two or more individuals can submit their complaint at the Accountability Mechanism.

With regard to the second part of the recommendation received from Yong Ye, we would like to inform you that we tried to communicate with the representatives of the institution, both in written and oral forms, though we failed to get any result (see, also, paragraph 4 below).

No

3. Have the complainants contacted the Office of the Special Project Facilitator or the Compliance Review Panel about their concerns?

Yes, Office of the Special Project Facilitator Yes, Compliance Review Panel

No

If YES, Please provide information on when the contact was made, how, by whom and with whom.

Please describe any response the complaints may have received from or any actions taken by the Office of the Special Project Facilitator or the Compliance Review Panel.

4. Please include any other information that you consider relevant.

Since October 2015, we have led intensive communication with different institutions:

1. On October 19th, 2015, we appealed to the head of the Krtsanisi District Administration – Mr. Giorgi Kopaleishvili asking him to assist us, to the extent possible (see appendix 7). We received a response on November 17th, 2015, (see appendix 8) saying that the solution to this problem lay beyond their competence and that they would not be able to provide us with the support we were asking for.
2. On October 19th, 2015, we appealed to the majority deputy in Krtsanisi district - Beka Natsvlshvili (see appendix 9). Though we have not received a response.
3. On October 19th, 2015 we appealed to the Mayor of the city of Tbilisi - Davit Narmania (see appendix 10). We received a response on December 10th, 2015, (see appendix 11) saying that the Property Management Agency rejected our appeal.
4. On October 26th, 2015, we appealed to the executive director of the Municipal Development Fund of Georgia – Mr. Juansher Burchuladze. We received a reply on November 3rd, 2015, saying that our appeal was referred to the Grievance Redress Committee to be considered (see appendix 12).
5. On February 1st, 2016, we appealed to Prime Minister of Georgia – Mr. Giorgi Kvirikashvili (see appendix 13). We received a reply saying that our appeal was referred to the Ministry of Regional Development and Infrastructure of Georgia (see appendix 14).
6. On February 1st, 2016, we appealed to the Minister of Regional Development and Infrastructure of Georgia – Mr. Nodar Javakhishvili (see appendix 15). We have not received a reply to our appeal.

D. **Optional Information** (The following information is not mandatory, but would be helpful in processing your complaint.)

1. Have the complainants sent their complaint to the grievance redress mechanism of the project concerned?

Yes If YES, Please provide the following: when, how, and with whom the contact was made.

On January 15th, 2016, we appealed to the head of the Grievance Redress Committee – Mr. Juansher Burchuladze (see appendix 16).

Please describe any response the complainants may have received or any actions taken.

On March 18th, 2016, we received a reply from the Municipal Development Fund of Georgia (MDF), informing us that the claim formulated in our letter of complaint was denied by the committee (see appendix 17).

No If NO, why not?

2. What is the desired outcome or remedy that complainants believe ADB should provide through the ADB's Accountability Mechanism?

We realize the importance of the new Highway and of the Project in general, but herewith we realize and believe that the Project implementation should not result in violation of our rights or transgression of our interests.

We would like all aspects of the problem associated with the construction of the Ponichala stretch of Tbilisi-Rustavi Highway and its influence on our residential building to be thoroughly considered. Besides, we call for the loss incurred by the residents of the building due to the Project implementation (including the costs of property loss, resettlement costs, the costs associated with the adaptation and other relevant costs) to be appropriately assessed and appropriate compensations to be offered to the residents (inter alia, the option of resettling the residents in Ponichala to be considered).

3. Why do complainants believe that the alleged direct and material harm is the result of ADB's failure to follow its operational policies and procedures? (This applies if the complainants choose the compliance review function.)

4. Please describe the operational policies and procedures that have not been complied with by ADB in the course of formulating, processing, or implementing the ADB-assisted project. (This applies if the complainants choose the compliance review function.)

5. Do the complainants have any other relevant matters or facts (with supporting documents) that the complainants would like to share with the Accountability Mechanism?

Below we present a brief description and a chronology of our communication with the Municipal Development Fund of Georgia and the Asian Development Bank:

We were first informed about the Project by the representatives of the Asian Development Bank. In summer of 2013, the Resettlement Expert at the Asian Development Bank (ADB) – Mr. Medgar Chelidze visited the building and organized a meeting with the residents of the building. He gave us general information about the Project and told us that only a part of the building was planned to be demolished for the purpose of the construction works under the Project. The information caused dissatisfaction of the residents of the building.

In summer of 2013, the representatives of the Municipal Development Fund of Georgia visited us and distributed the leaflets containing the general information about the Project and they also organized a meeting with the residents of the building. During the meeting we were informed that in case of our consent the whole building would be demolished and we would receive appropriate compensations or would be given alternative residential apartments.

In autumn of 2013, we were repeatedly visited by the representatives of the Municipal Development Fund of Georgia and the Asian Development Bank and they gave us some forms to be filled out in which they asked us to express our opinion regarding the form of the compensation, namely, we were to answer the question about which of the two options would be more appropriate for us: receive a compensation or an alternative residential apartment. While filling out the form a number of the residents expressed their wish to receive the compensation, others expressed their wish to receive alternative residential apartments and some expressed their wish to receive both compensation and an alternative residential apartment.

In summer of 2013, an audit of the building was carried out – the photos were taken and each apartment was measured. After that we had had no contact with the Municipal Development Fund of Georgia until we – the residents of the building - decided to renew the roof of the building in the second half of 2013. Then we were warned by the representatives of the Municipal Development Fund of Georgia that we did not have to bother ourselves with renewing the roof of the building as the building was presumably subject to demolition.

In September 2015, we renewed communication with the Municipal Development Fund of Georgia. We were invited to attend a meeting in the office of the Municipal Development Fund of Georgia presided by the Municipal Development Fund of Georgia representatives Davit Baindurashvili and Davit Arsenishvili, who informed us about the planned demolition of our residential building and that the residents of the building would receive compensations. They also promised that the construction of the Highway under the Project would not have a negative influence on us; on the contrary, our living conditions would be improved. According to them, the talks would continue and our opinion would definitely be considered. At the same meeting it was highlighted that besides the compensation for the residential apartments owned by us, we would receive the compensation for the so called “discomfort” that would amount to 30% of the price of the property owned by us. Since then at the subsequent meetings the issue of the compensation for the “discomfort” has never been raised by the representatives of the Municipal Development Fund of Georgia and they kept changing their positions from time to time.

After a certain period of time, the chairperson of our residential building received a call from the Municipal Development Fund of Georgia asking her to inform us that we had to visit their office as they planned to conduct negotiations with household residents of the building individually. We refused to accept their offer and in return asked them to come to our place to talk about the matters of our concern. At the end of September of 2015, the Municipal Development Fund of Georgia representatives Davit Baindurashvili and Davit Arsenishvili visited us, though they failed to provide us with proper answers to our questions. Instead, they told us that in spite of the dissatisfaction expressed on our part, the Project would be

implemented and a part of the building would be demolished as it was planned from the very beginning.

On October 3rd, 2015, we met a representative of the Asian Development Bank (ADB) - Medgar Chelidze – who advised us to go to the office of the Municipal Development Fund of Georgia and to persuade them to pay us the amount of compensation that we consider fair. After that the chairperson of our residential building together with another resident of our residential building met with Davit Baidurashvili. The meeting, like virtually all the meetings with the person, appeared to be highly strained. Davit Baidurashvili was rude and ironical, demonstrating contempt toward us, in an attempt to gain influence over us via psychological control. At the very meeting he named the amount of compensation they were planning to give us. We were highly dissatisfied with the proposed amount as we believed the amount was not fair and sufficient.

Since then, we have had several meetings with the representatives of the Asian Development Bank (ADB), though their answers sounded very much like that of the representative of the Municipal Development Fund of Georgia.

On November 10th, 2015 we met the foreign representatives of the Asian Development Bank, who promised to consider our complaints carefully and to commission the Municipal Development Fund of Georgia to cooperate with us, that they would establish a Grievance Redress Committee, the head of which would be Juansher Burchuladze and that the Committee would closely cooperate with us.

On November 26th, 2015, we had another meeting with Davit Baidurashvili and his colleague Davit Arsenishvili. Davit Baidurashvili's advice this time was to refrain from filing our complaint and to continue "cooperating" with them.

Besides, during each meeting with the representatives of the Asian Development Bank (ADB) and the Municipal Development Fund of Georgia, the representatives instructed us to describe our individual cases in details and file complaints individually.

Name of the person who completed this form: Irina Svanidze, "Green Alternative"

"Green alternative provides assistance to the complainants, but the organization does not represent complainants formally. Please, see attached the letter of the complainants that authorizes "Green Alternative" to relay information/decisions between the complainants, on the one hand, and the Complaint Receiving Office (CRO) and/or Special Project Facilitator (SPF), on the other hand, regarding this complaint and subsequent correspondence/submissions relative thereto.

Signature:

Date: 12th April, 2016

Appendix 2: OSPF's Acknowledgement Letter



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