

Land Acquisition and Livelihood Restoration Plan

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Adjaristsqali Hydropower Project (Georgia)

Prepared by Adjaristsqali Georgia LLC (AGL) for the Asian Development Bank.

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Adjaristsqali Hydropower Project
- Shuakhevi Scheme

March 2014

Adjaristsqali Georgia LLC (AGL)

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Adjaristsqali Hydropower Project

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Executive Summary

Background. Adjaristsqali Georgia LLC (AGL), a subsidiary of Clean Energy Invest AS,¹ is the Project Developer of the Adjaristsqali Hydropower Cascade Project comprised of three hydropower schemes, namely Shuakhevi, Koromkheti and Khertvisi in Georgia. In the early stages of project development, AGL prepared a Land Acquisition and Livelihood Restoration Framework (LALRF) to guide the preparation of resettlement action plans (RAP) and livelihood restoration plan (LRP) for each of the three schemes and meet the requirements of the 2012 International Finance Corporation (IFC) Performance Standard 5 (PS5) : Land Acquisition and Involuntary Resettlement, the 2008 European Bank of Reconstruction and Development (EBRD) Performance Requirement 5 (PR5): Land Acquisition, Involuntary Resettlement and Economic Displacement. Feasibility studies, including environmental and social assessments were conducted and completed for the Adjaristsqali Hydropower Project-Shuakhevi Scheme (the Project).

Using the LALRF, a Land Acquisition and Livelihood Restoration Plan (LALRP) was prepared for the Project. The LALRP, which complies with Georgian land law and other relevant legislation and deemed IFC PS5 and EBRD PR5, was disclosed on AGL website in September 2013..

Implementation of the LALRP commenced in 2013 with the payment of compensation to affected households (AHs) and implementation of livelihood restoration measures via the AGL training center. Several community infrastructure such as road and bridge development schemes, were implemented as part of AGL's Corporate Social Responsibility (CSR)² program in order to improve access and freedom of movement for villages with severely hampered or unsafe access. By June 2013, AGL completed the land acquisition for the minor advanced works (AW) for the construction of approach roads, and concreting for slope stabilization. In order to comply with ADB Safeguard Policy Statement (SPS), an Environmental and Social Compliance Audit Report (ESCAR) was prepared by AGL in June 2013. The ESCAR covered the land acquisition completed for the advanced works. Following on from this AGL audit, AGL commissioned the UK based Consultant, Mott MacDonald to independently audit the LALRP Plan (including the AGL training center) and verify the AGL ESCAR for accuracy. Both the AGL Mott MacDonald audit recorded 'compliance' as the outcome.

In January 2014, the LALRP dated September 2013, which was already endorsed by IFC and EBRD, was submitted to ADB for review and comments. Following ADB's review, several revisions were made to address ADB's SPS (2009), Safeguard Requirement 2: Involuntary Resettlement. However, during the follow-up due diligence by ADB in March 2014, it was noted that compensation payments for permanent land acquisition have been disbursed to a large majority of AHs with only 25 AHs not fully compensated. It was also noted that temporary land acquisition for two (2) workers camps in Shuakhevi and Didachara villages has been completed. As required by ADB, AGL revised the ESCAR to reflect the status of land acquisition and compensation and implementation of livelihood restoration measures. This LALRP dated March 2014 was revised in order to meet ADB's SPS requirements for the Project.

Project Description. The Project involves construction, operation and maintenance of two separate run-of river hydropower plants (HPPs) operating in a cascade with a total capacity of 185 MW. The project facilities include one weir on the Chirukhistsqali River, two dams with reservoirs on the Adjaristsqali and Skhaltva rivers. The HPPs will be connected by three tunnels with total length of 32.7 km. River water will be diverted from the Chirukhistsqali and Skhaltva rivers into the Didachara reservoir on the Adjaristsqali River through the 5.8 km transfer/headrace tunnel to the Skhaltva reservoir and 9.1 km transfer tunnel to

¹ CEI was established in 2010 as a single purpose company to develop the project. It is a joint venture between Norsk Mineral AS (Norsk Mineral) and Clean Energy Group AS (CEG).

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the Didachara reservoir. Water accumulated in the Didachara reservoir will be redirected to the main powerhouse through the 17.8 km long headrace and pressure tunnels. The main HPP (175 MW) will be constructed on the right bank of the Adjaristsqali River near Shuakhevi village utilizing water collected from the Chirukhistsqali, Skhalta and Adjaristsqali rivers, and a small HPP (10 MW) will be constructed at Skhalta village utilizing water diverted from the Chirukhistsqali River.

Socio-economic Characteristics. The Project Area is in the Autonomous Republic of Adjara in the south-western corner of Georgia. Women make up just over half the population (51.8%) in the Adjara region and almost 50% of employed people in Adjara³. The Project affects Shuakhevi and Khulo municipalities with a total population of 59,625. There are 6 project affected villages in Khulo and Shuakhevi Municipalities, namely, Didachara, Makhalakidzeebi, Akhaldaba, Chanchkhalo, Kvatia, Pachkha and Tsablana. A socio –economic survey of 234 affected households (AH) and inventory of assets of 369 AHs living in the project affected villages was carried out by Expert XXI Ltd. in 2012 and 2013. Key findings of the socio-economic survey in affected villages are as follows:

- **Ethnic Profile.** The Project area is generally ethnically homogenous with 2002 data showing that over 99% of Khulo and Shuakhevi residents are Georgians. Many of the people in Adjara belong to an ethnic sub-group of Georgians called Ajars who were once known as 'Muslim Georgians'. According to the 2006 estimates by the Department of Statistics of Adjara, 63% of the population of Adjara are now Georgian Orthodox Christians and 30% are Muslims.
- **Economic Profile.** The main sources of income vary across the region and including among the affected people covered by the survey. In Didachara the main source of the family income is mostly comprised of income received from agriculture, pensions and other social support. Similarly, pensions and other social support is identified as the main income source for families living in Akhaldaba, Chanchkhalo, and Skhalta and its surrounding villages. Whereas, 57.1% of residents of Makhalakidzeebi village identified wages from jobs as their main income source. Generally AHs identified their income as being less than minimum wage per capita (or less than 110GEL). Most of the surveyed AHs stated that their land is an important livelihood source despite some of it not being arable. Those relying on agriculture as their source of income sell a portion or half of their harvest mostly to traders who then re-sell them at market. Selling directly from farms or using an AH member to sell produce at the market directly to consumers is less observed.
- **Landholding.** Almost one-third (30.4%) or approximately 360 directly affected persons of the Georgian population was living below the US\$ 2 a day poverty line and 13.4% were below the US\$ 1.25 a day poverty line between 2000 and 2007. In the Project area, typically families have 0.25-0.75ha of land. A substantial part of land affected is grazing land, defined as land on which animals are taken to graze, including forest areas and pasture land. Some AHs cultivate and irrigate their plots. Sixteen percent of AHs (59 out of 369) have arable land plots. AHs who are not cultivating their entire land plot stated the following three reasons: (i) the long distances to their land plots, (ii) a lack of finances as a barrier, and (iii) their land plots being too small for cultivation.
- **Vulnerability.** The socio-economic baseline information shows that many of the households in the wider project area live below the poverty line and are dependent on State pensions and allowances, and should therefore be considered economically vulnerable. In terms of disposable income, between 50% and 71% of survey respondents stated that they suffer from money constraints and/or only have enough money to cover basic needs. A small number of directly affected AHs have also been found to be vulnerable in terms of the large proportion of their land being acquired i.e. in excess of 50% loss.

Land Acquisition and Resettlement Impacts. The project will acquire about 44 ha of land including 9 ha of private households and 35 ha under state owned or managed, mainly grazing land. There are 369 affected households with total of 1952 APs in seven villages. Physical displacement is not taken place in this project so there is no relocation of the APs and no housing structures are affected. 70 AHs are affected by 10 percent or more of land acquisition. All AHs are considered vulnerable and there are also 7 significantly severe affected households. A summary is provided in the table below. The local residents

³ Areas where women make up over 50% of the workforce include teaching, particularly primary level and agriculture.

are living on higher elevation of the mountain while the land acquisition is situated on lower locations near the rivers. There are no Indigenous Peoples in the project area.

Land Acquisition Impacts Summary

Village	Total area of productive land belonging to APs (M ²)	Total area of Productive land being lost by APs (M ²)	Proportion of Productive land being lost by APs	Total no. of significantly affected households (losing 10% or more)	Total no. of severely affected households (losing >50% of land)
Makhalakidzebi	86,975	14,175	16.3%	16	0
Pachkha	50,183	13,236	26.4%	12	0
Chanchkhalo	25,560	2,997	11.7%	7	0
Akhaldaba	28,884	8,584	29.7%	7	2
Kvatia	10,400	4,700	45.2%	4	0
Tsablana	23,200	12,880	55.5%	3	2
Didachara	130,075	33,483	25.7%	23	3
Total	355,277	90,055	25.3%	72	7⁴

Source: AGL

Review of Legal Framework. The review of relevant legal framework in Georgia as well as international standards applicable to land acquisition and resettlement processes identified the following key gaps: Georgian legislation does not require preparation of resettlement plans, conduct of public consultations nor does it require payment of compensation for non-registered land or others without rights recognized by law. Moreover, where compensation is paid, this is usually in cash without any need to prepare a livelihood restoration plan. Community-level compensation measures, assistance to vulnerable people and payment at replacement cost are also not provided. Where there are disputes on compensation, these can only be settled in regional courts as setting up of project level grievance mechanism is not required.

To fill in these gaps and meet international standards, AGL prepared this LALRP which was based on consultations with affected persons, socio-economic surveys and consideration of vulnerability, particularly the inclusion of female-headed households and their access to compensation and assistance. With respect to land acquisition compensation payments, AGL paid at replacement cost for registered and non-registered lands using the highest value assessment based on 2 independent surveys. To assist AHs re-establish livelihoods lost, AGL prepared a livelihood restoration plan which included providing assistance to vulnerable groups, significantly affected households and providing skills training to about 600 affected persons, of which 166 are now employed by the Project. A grievance mechanism was also set up with the objective of resolving complaints at the project level within a specified time frame.

Methods of Evaluating Assets. Two valuations that were used to establish market value: one by government and one by a local independent realtor. The first land market valuation was undertaken in September 2011 by the National Forensics Bureau of Georgia, a government institution to determine market value of an average unit cost per square meter for land within Shuakhevi area. AGL then hired an independent land assessment company in Batumi called Expert XXI Ltd to undertake a valuation in March 2012. The assessment took into consideration the land purpose, usage, market condition, location and general characteristics. Their study identified an average price of 4.3 USD per square meter for land within the Project area. AGL used the highest land value assessment of the two surveys done by the National Forensics Bureau of Georgia in 2011 and the assessment done by Expert XXI Ltd.

Land Acquisition and Compensation Process. AGL has established a LAR Team for this Project who manages LAR tasks and administers and documents this LALRP. The LAR Team works in the field to consult and coordinate with APs, resettlement stakeholders, contracted service providers, and partners.

⁴ 57.73% and 66.67% in Akhaldaba; 50% and 82.82% in Tsablana; and, 52.93%, 56.21% and 60.72% in Didachara.

Main tasks include carrying out the field surveys, compiling and negotiating entitlement packages, and helping APs wishing to use the grievance redress mechanism. A Financial Planning service provider will be contracted to create awareness about savings and financial management among AHs. An external review will be used to confirm for lenders that the implementation of land acquisition and resettlement has been completed according to the LALRP, meeting the requirements of the lenders' involuntary resettlement safeguard policies. The cut-off date for this Project correlates to AHs' signature of their Options Contract. AGL implements compensation and livelihood restoration measures based on the Project entitlement matrix with the market rate of 4.6 USD plus 10% to compensate for the loss of land.

Stakeholder Engagement. AGL developed a Stakeholder Engagement Plan (SEP) which forms part of the ESIA. The purpose of the SEP is to enhance stakeholder engagement throughout the life cycle of the Project particularly prior to and during the construction and operation and to carry out stakeholder engagement in line with national laws and international best practice such as the requirements of ADB and other lenders. The consultation process has been started since 2011 and will be continued during the project implementation. Key issues raised during stakeholder consultations and actions taken by AGL are presented below.

Issue	Resultant AGL action
Residents' fears around landslides being caused by project development	<p>It was recognised in the early phases of the Adjaristsqali Hydropower Project that landslides posed a hazard in the area of a proposed dam structure at Didachara. Through a phased approach incorporating geomorphological, and both surface and intrusive geological studies, a detailed understanding of the ground conditions and prevailing landslide hazard has been developed. It has been determined from observations and investigations that the geological formations upon which local residential properties have been constructed, have very limited potential to be affected by the proposed reservoir and structures. Two areas where a limited potential for an effect were noted and have been mitigated during the design and development of the scheme:</p> <ol style="list-style-type: none"> 1. The extent of the reservoir was limited to ensure that slopes at river level made of loose unconsolidated sediments (colluvium) are not affected by the reservoir; 2. Investigations have been undertaken at the site of the Didachara dam to confirm a limited thickness of colluvium that can be engineered during construction to ensure stability. <p>To address perception issues around this, a detailed community briefing document for the local residents was produced in July 2013, translated into Georgian and presented at consultation meetings.</p>
Employment and training for local residents as a result of the project	AGL carried out professional skills surveys in the municipalities and opened a professional re-training centre in the Khulo region in cooperation with a Kobuleti public college. Local content embedded into Project labour management system. See section 9.2
Questions in relation to land acquisition and compensation measures were raised in three of the four public consultation forums.	<p>Each municipality was informed of AGL's intention to treat all landowners and users equally and offer compensation to all whether or not they had legal entitlement to the land. Land prices were to be determined based on market valuation to be undertaken on each land plot by a local real estate validation company.</p> <p>Further details were provided in a leaflet distributed during the meeting and contact details of AGL's Community Grievance Officer included. AGL informed that those affected by land acquisition would be approached and have further consultation meetings and updates throughout the project.</p>
Concerns were raised as to whether the project would have an effect on the local climate by increasing humidity,	No large water reservoirs are envisaged the effect on local climate is considered to be minimal. AGL will further develop information materials to increase local peoples awareness
All municipalities raised the question of whether they would benefit from either free or low electricity prices.	AGL informed them that electricity prices are set by the authorities at national level and that AGL has no power over the matter.

Source: AGL

Grievance Management and Redress. AGL has established two tiers for reviewing and settling grievances. The first tier is internal, where AGL will be given the first opportunity to resolve formal grievances. If unresolved, APs may involve external parties such as the Grievance Redress Committee (GRC) or the court of law. The grievance resolution process is presented in the table below.

Grievance Resolution Process

Steps	Grievance Redress Actions
INTERNAL	
1	AGL's LAR Team will set up a system for channelling and logging grievances for each AP
2	In the first instance, an AP can lodge a grievance and resolution will be attempted at an informal level with the involvement of relevant Project entities (for instance AGL LAR staff or the Independent Monitoring Officer) or local influence leader within ten days
3	If still unsettled, the AP can lodge the complaint with AGL LAR Manager who has 15 days to decide on the case
EXTERNAL	
4	If still unsettled, the APs' grievance will move within 15 days to a Grievance Resolution Committee which has 15 days to decide on the case
5	At any time or should the grievance redress system fail to satisfy, the AP can submit the case to the appropriate Georgian court of law. In this instance, AGL will be required to set aside funds in an escrow account

Source: AGL

Livelihood Restoration Plan. AGL prepared a livelihood restoration plan (LRP) to help people to be better off or at least not worse off after land acquisition and resettlement implementation. The LRP has the following components: (i) skills training and local hire preference; (ii) assisting AH in the financial management of their compensation, (iii) provision of allowances to support livelihood restoration; (iv) assistance to legalize land ownership; and (v) implementation of various social programs under its CSR scheme. To date, AGL has constructed a training center in Shuakhevi and trained about 600 persons from affected households. Among these, 166 trainees have been employed by AGL or contractors. AGL has also organised monetary control workshops and has built a successful training Centre for local people in the Shuakhevi Municipality with a view to providing trained people to the Project. A vulnerability allowance of 10% of the land's value was also given to all AHs in an attempt to support livelihood restoration. AGL will develop a detailed livelihood restoration plan within three months after loan signing.

Monitoring, Evaluation and Reporting. Together with regular internal monitoring, AGL will initiate an external review in mid-2014 on the implementation of the LALRP. The Project will be subject to semi-annual external monitoring of the implementation of this plan for the first two years to ensure that economically displaced households have had their livelihoods restored adequately. The monitoring will consider the effectiveness of the livelihood restoration facilitated by AH themselves through the deployment of compensation monies received or through support from AGL. The External monitors will review the internal monitoring findings and verify through bi-annual site visits. The external monitoring will be undertaken by appropriately qualified and experienced third-party specialists to be agreed by ADB on scope of work and the experts to be engaged. Semi-annual external monitoring reports will be submitted to ADB for the next two years, inclusive of the review in June 2014, after ADB approval or until such time that LALRP and Lenders' policy requirements have been met. External monitoring reports will be submitted to ADB for review and posted on ADB website. In case of gaps in implementation or noncompliance with Lenders' policies, external monitors will propose corrective actions and AGL will propose time bound actions (with budget) to bring the project to compliance.

Schedule and Budget. The amount of almost 12 million GEL has been planned for the implementation of compensation and livelihood restoration program, including administrative costs. The AGL LAR team is responsible for disbursing compensation. AGL has worked and continues to work with village leaders and APs to ensure that monies are allocated to the correct individuals. AGL has officially registered all APs and has assisted them in opening free bank accounts. Compensation monies flow directly from AGL to these bank accounts which can be accessed only by the registered AP.

Contents

Chapter	Title	Page
	Executive Summary	i
1	Introduction	1
1.1	Overview	1
1.2	Background to the Project	2
1.3	Project Description	2
1.4	Efforts to Minimise Land Acquisition and Resettlement Impacts	8
1.5	Organisation of this LALRP	8
2	Socio-economic Characteristics	9
2.1	Overview	9
2.2	Methodology	9
2.3	Demographic Profile	9
2.4	Economic Context	10
2.5	Land Use and National Resource Conditions	14
2.6	Health	15
2.7	Education and Skills	16
2.8	Housing Conditions	17
2.9	Poverty, Deprivation and Vulnerable Groups	18
2.9.1	Natural disasters and lack of available land.	19
3	Land Acquisition and Resettlement Impacts	21
3.1	Overview	21
3.2	Voluntary versus Involuntary Land Acquisition and Resettlement	21
3.3	Estimated Land Acquisition	21
3.4	Estimated Crop Losses	23
3.5	Estimated Tree Losses	23
3.6	Estimated Income Losses	24
3.7	Estimated Vulnerable AHs	24
3.8	Temporary land acquisition	25
3.9	Current status	26
4	Review of Legal Framework	27
4.1	Overview	27
4.2	Georgia's Laws and Regulations on Land Acquisition and Resettlement	27
4.3	IFC, EBRD and ADB's Land Acquisition, Involuntary Resettlement and Economic Displacement Safeguards	28
4.4	AGL's policy	29
4.5	Gaps Analysis	29
4.6	Bridging Gaps between Georgian Law and International Standards	32
5	Methods of Evaluating Assets	33
5.1	Overview	33

5.2	Replacement Cost as the Basis for Compensation _____	33
5.3	Determination of Compensation Values _____	34
5.4	Asset Data Collection for Valuation _____	34
6	Land Acquisition and Compensation Process	35
6.1	Overview _____	35
6.2	Institutional Framework _____	35
6.3	Eligibility for AP and Community Compensation _____	36
6.4	Eligibility Cut-off Date _____	36
6.5	Compensation Entitlements _____	36
7	Stakeholder Engagement	38
7.1	Overview _____	38
7.2	Information Disclosure, Consultation and Participation _____	38
8	Grievance Management and Redress	43
8.1	Overview _____	43
8.2	Project Grievance Redress Tenets _____	43
8.3	Grievance Resolution Process _____	43
8.4	Grievance Recording and Logging _____	44
9	Livelihood Restoration Plan	45
9.1	Overview _____	45
9.2	Skills Training and Local Hire Preference _____	45
9.3	Financial Management of Compensation _____	46
9.4	Allowances to Support Livelihood Restoration _____	46
9.5	Legalisation of Land Ownership _____	46
9.6	AGL's Corporate Social Responsibility (CSR) Programs _____	46
10	Monitoring, Evaluation and Reporting	48
10.1	Overview _____	48
10.2	Internal Monitoring _____	48
10.3	External Monitoring _____	48
10.4	Resettlement Completion Audit _____	49
11	Schedule and Budget	50
11.1	Overview _____	50
11.2	Schedule _____	50
11.3	Project LALRP Budget _____	52
11.4	Flow of funds _____	53

Appendices	54
Appendix A. Socio-Economic Survey	55
Appendix B. Public Information Booklet	68
B.1 Introduction	68
B.2 Project Description, Location and Potential Impacts	68
B.3 Principles and Approach for Land Acquisition and Livelihood Restoration	69
B.4 Institutional Arrangements and Financing	70
B.5 Addressing Complaints and Grievances	70
Appendix C. Newsletter Example	72
Appendix D. Inventory of Affected Persons	73

Land Acquisition and Livelihood Restoration Plan

Adjaristsqali Hydropower Project

1 Introduction

1.1 Overview

Adjaristsqali Georgia LLC (AGL), a subsidiary of Clean Energy Invest AS,¹ is the Project Developer of the Adjaristsqali Hydropower Cascade Project comprised of three hydropower schemes, namely Shuakhevi, Koromkheti and Khertvisi in Georgia. In the early stages of project development, AGL prepared a Land Acquisition and Livelihood Restoration Framework (LALRF) to guide the preparation of resettlement action plans (RAP) and livelihood restoration plan (LRP) for each of the three schemes and meet the requirements of the 2012 International Finance Corporation (IFC) Performance Standard 5 (PS5) : Land Acquisition and Involuntary Resettlement, the 2008 European Bank of Reconstruction and Development (EBRD) Performance Requirement 5 (PR5): Land Acquisition, Involuntary Resettlement and Economic Displacement. Feasibility studies, including environmental and social assessments were conducted and completed for the Adjaristsqali Hydropower Project -Shuakhevi Scheme (the Project).

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1.2 Background to the Project

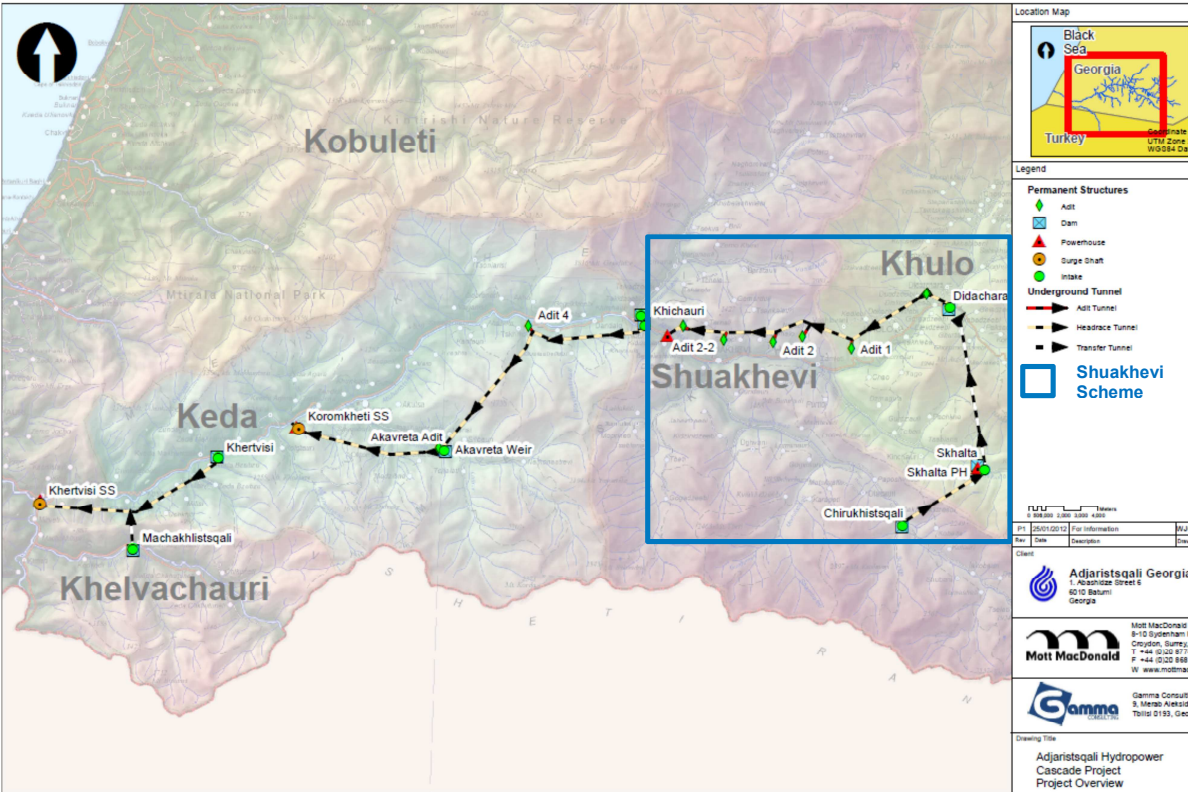
The Government of Georgia's National Policy is to develop the whole country and to create new jobs. The hydro power sector is prioritized for such development because of Georgia's comparative advantages with rivers flowing from the mountains areas and its high precipitation levels. Through energy sector investments Georgia will also achieve energy independence and security of electricity supply. In addition Georgia considers electric power to be an export commodity and is aiming to develop this potential.

Adjaristsqali Georgia LLC (AGL), a subsidiary of Clean Energy Invest AS, was awarded the development rights for the Adjaristsqali Hydropower Project in Georgia following a competitive tender. AGL is the Project proponent. The Project is being developed in cooperation with International Finance Corporation (IFC) InfraVentures, an early stage project developer launched by IFC, a member of the World Bank Group. The European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB) are key project lenders.

1.3 Project Description

The Project is located on the Adjaristsqali River in southern Georgia in close proximity to the border with Turkey. See the map and key sites in Figure 1.1 overleaf. The project involves construction, operation and maintenance of two separate run-of-river hydropower plants (HPPs) operating in a cascade with a total capacity of 185 MW. The project facilities include one weir on the Chirukhistsqali river, two dams with reservoirs on the Adjaristsqali and Skhalta rivers. The HPPs will be connected by three tunnels with total length of 32.7 km. River water will be diverted from the Chirukhistsqali and Skhalta rivers into the Didachara reservoir on the Adjaristsqali river through the 5.8 km transfer/headrace tunnel to the Skhalta reservoir and 9.1 km transfer tunnel to the Didachara reservoir. Water accumulated in the Didachara reservoir will be redirected to the main powerhouse through the 17.8 km long headrace and pressure tunnels. The main HPP (175 MW) will be constructed on the right bank of the Adjaristsqali River near Shuakhevi village utilizing water collected from the Chirukhistsqali, Skhalta and Adjaristsqali rivers, and a small HPP (10 MW) will be constructed at Skhalta village utilizing water diverted from the Chirukhistsqali River.

Figure 1.1: Project Location



Source: Mott MacDonald Limited

The Project will connect to the existing national grid at Batumi and Akhaltsikhe substations through a new 220 kV transmission line which will be constructed as a separate project. Construction of the new 220 kV transmission line will be undertaken in accordance with the national permitting requirements (this includes requirement to develop a standalone ESIA). The development of the transmission line is not included as part of the activities for which AGL are seeking financing from Lenders.

The key design parameters of the Project are presented in Table 1.1 and Figure 1.2 overleaf.

Table 1.1: Adjariistsqali Hydropower Project – Shuakhevi Scheme Components

No	Project Components	Key Parameters
1	Headwork on the river Chirukhistsqali: concrete weir, river-bed type water intake depositing tank.	Dam height – 5 m; Bottom mark of the dam – 912 m.a.sl.
	Transfer – Chirukhistsqali Weir to Steel Lined Tunnel	Tunnel length – 6.4 km;

No	Project Components	Key Parameters
2	Skhalta HPP	Tunnel diameter - 3.7 m; Capacity 10.6 m ³ /s. Power house type – surface; Installed capacity – 9.8 MW; Water flow 10.6 m ³ /s; Turbine type – Vertical Pelton; Number of turbines (2 x 4.9 MW).
	Headwork on river Skhalta: dam and daily regulation reservoir	Dam type: concrete dam; Dam height: 22 m; Reservoir type: daily regulation; reservoir volume in conditions of maximum filling: 493,000 m ³ ; Reservoir mirror surface area: 194,000 m ² .
	Skhalta water intake	Operation levels: from 790 m to 800 m
	Skhalta-Didachara Transfer Tunnel	Tunnel length - 9.4 km; Tunnel diameter- 6.0 m; Capacity - 48 m ³ /s.
3	Didachara headworks: dam and reservoir	Dam type: Concrete dam; Dam bottom mark- 780 m.a.s.l; Dam height - 39 m Reservoir type: daily regulation; Reservoir capacity: 623,000 m ³ ; Reservoir mirror surface area: 169,000 m ² .
	Didachara water intake	Operation levels: from 770 m to 780 m
	Water transportation diversion tunnel from Didachara headworks to Shuakhevi power unit.	Tunnel length: 16.6 km Tunnel diameter- 6.2 m; Capacity – 48 m ³ /s
4	Surge shaft	Height - 154.9 m; Diameter - 12.0 m.
	Head-race tunnel	length - 0.05 km; Diameter 6.2 m; Capacity - 48 m ³ /s.
	Pressure shaft	Height - 370.7 m; Diameter 6.2 m.
	Pressure tunnel	First section: length - 0.706 km; Diameter 6.2 m; Capacity - 48 m ³ /s. Second section (steel layer): length - 0.499 km;

No	Project Components	Key Parameters
		Diameter 4.5 m; Capacity - 48 m ³ /s.
	Turbine tunnels	Length - 17 m; Diameter 3.2 m;
	Power house	HPP Type - Surface; Installed capacity: 175 MW; Water flow – 48.9 m ³ /s; Turbine type: Francis; Number of turbines: 2 units (2 x 87.5 MW).

Source: Mott MacDonald Ltd

For the Shuakhevi Scheme, there will be construction camps:

- In the vicinity of the River Chirukhistsqali dam;
- In the vicinity of Skhalta dam;
- In the vicinity of Didachara dam;
- Near the Shuakhevi HPP power unit; and
- Near the access portal of one or two of the construction adits.

It is planned that the Didachara and Skhalta camps will accommodate between 100-150 staff and a smaller camp, near Chirukhistsqali will accommodate approximately 50 people. At the main camp near the power unit, temporary infrastructure for up to 400 staff is planned. During the peak of the construction process, from 600 up to 800 staff will be employed. All construction camps will consist of offices, living facilities for workers, workshops with different profiles, storage units and concrete units. See Figure 1.2 overleaf for a more detailed depiction of the Scheme.

The Project will require:

- Temporary land acquisition for: construction accommodation sites, laydown areas, construction workshops, etc.; and
- Permanent land acquisition for the: reservoir, reservoir buffer zone, powerhouse, surge shafts, sediment traps, tunnel face, tunnel adits, access roads disposal of spoil material,

As of April 2013, AGL identified the need to acquire approximately 490,000m² for the Project. This is an estimated figure based on infrastructure needs, which would include temporary and permanent land acquisition (see section 3 for more recent figures on permanent land acquisition) and includes:

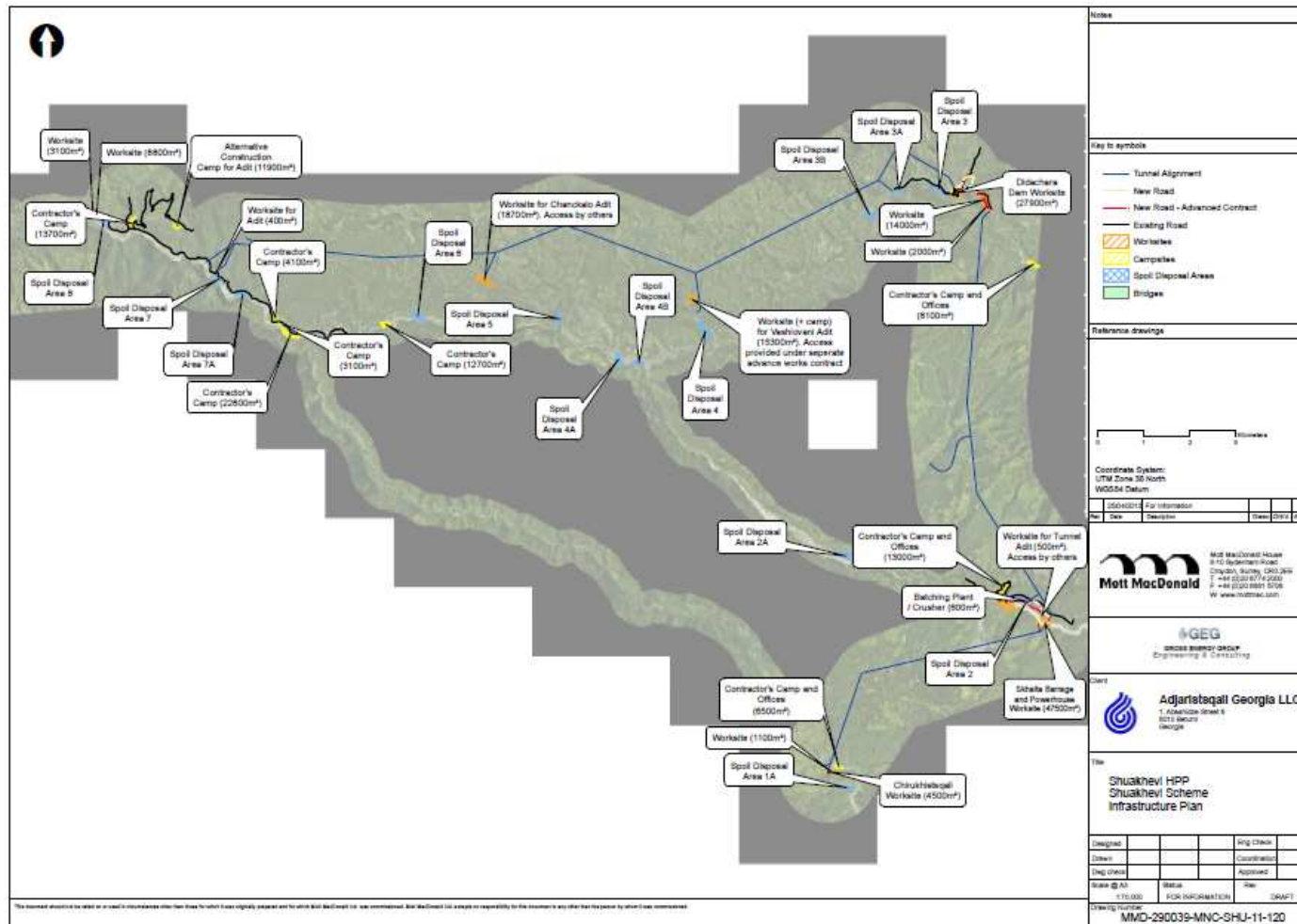
- 250,000m² for the reservoir and 5m buffer zone;
- 100,000m² for the spoil deposits;
- 100,000m² for the roads and buildings; and,
- 40,000m² for the reservoir (forest belonging to the villages of Tsablana).

This LALRP covers the permanent and temporary land requirements for all the components of the Shuakhevi Scheme.

Land Acquisition and Livelihood Restoration Plan

Adjaristsqali Hydropower Project

Figure 1.2: Shuakhevi Scheme Construction Infrastructure



Source: Mott MacDonald Ltd

1.4 Efforts to Minimise Land Acquisition and Resettlement Impacts

One of the design principles implemented during the feasibility study in 2011-2012 was to minimise land acquisition and resettlement. For example the study limited the extent of the reservoir to avoid flooding villages. The Project has been designed to avoid physical displacement. Because of the geology of the Project area there have been design constraints which mean that economic displacement (loss of land) has not been avoidable. During detailed design, efforts are being made to minimise the amount of land to be permanently acquired.

1.5 Organisation of this LALRP

This LALRP is organised as follows:

- Section 2 Socio-economic Characteristics – this section describes the socio-economic context of the affected households and their communities.
- Section 3 Potential Land Acquisition and Livelihood Restoration Impacts – this section provides a summary of the estimated magnitude of displacement that will be associated with Project activities.
- Section 4 Review of Legal Framework - this section provides a brief summary of the legal basis for land acquisition in Georgia and a summary of relevant international guidelines;
- Section 5 Methods of Evaluating Assets – this section describe the methods used to determine compensation rates and the field work undertaken to ascertain sources of livelihood of affected households.
- Section 6 Land Acquisition and Compensation Process – this section describes the process and institutional framework for managing impacts and the entitlement matrix.
- Section 7 Stakeholder Engagement - this section describes the process of stakeholder engagement that has been and will be undertaken with AHs and resettlement related stakeholders.
- Section 8 Grievance Management and Redress Mechanism – this section sets out the process and procedures that will be implemented to enable APs to voice any concerns or grievances and to allow resolution;
- Section 9 Livelihood Restoration Activities – this section describes measures that go beyond compensation to mitigate and enhance livelihood restoration and contribute to improving AHs' well-being and community development; and
- Section 10 Monitoring and Evaluation – this section presents the process for on-going monitoring and evaluation.

2 Socio-economic Characteristics

2.1 Overview

This section describes the affected households (AHs) and affected persons (APs) and their communities living in the Project area. The information is based on:

- An AH/AP household census and detailed measurement of potentially lost assets with 369 AHs (100% of known AHs) living in the villages of Didachara, Makhalakidzebi, Akhaldaba, Chanchkhala, Kvatia, Pachkha and Tsaqlana. The census identified the number and gender of all family members and the detailed measurement survey recorded the type of asset and its age, size, productivity, quality or condition, use and other relevant characteristics. ;
- A socio-economic survey with 234 AHs living in the above named villages. The socio-economic survey covered the major socio-economic features of the APs, namely ethnicity, education level, modes of livelihood, and sources of income, poverty/income levels and house type/value and land tenure types. The survey established baseline conditions with regards to well-being and access to services. The data will be used to monitor and evaluate AHs return to pre-project conditions and any improvements to their standard of living. See **Error! Reference source not found.** Appendix A for the socio-economic survey and,
- Baseline information, as presented within the Adjaristsqali Hydropower Project ESIA (October 2012). The ESIA was updated in September 2013 to incorporate ADB 2009 SPS Safeguard Requirements 1 on Environment.

2.2 Methodology

The data for the socio-economic survey was collected by Expert XXI between April 2012 and February 2013 in four phases with 234 AHs. Of the 234 AHs surveyed, 20 were female headed households. Socio-economic surveys were undertaken within the abovementioned villages as follows:

- Phase 1 (April 2012): Didachara village.
- Phase 2 (November 2012): Makhalakidzebi village.
- Phase 3 (November 2012): Akhaldaba and Chanchkhala villages.
- Phase 4 (December 2012 – January 2013): Kvatia, Pachkha and Tsaqlana (hereinafter 'Skhlata and surrounding villages').

The Institute of Sociological Studies and Analysis (ISSA) in Tbilisi trained Expert XXI Ltd. Before collecting the data. The analysis was undertaken by ISSA in summer 2012 and March 2013. While key results are summarised in this document, they did produce a more detailed socio-economic report which will be used for monitoring.

The sections below present baseline information from the Project ESIA and main findings of the socio-economic survey. Findings from the socio-economic survey tend to be presented by phase.

2.3 Demographic Profile

The Project Area is in the Autonomous Republic of Adjara in the south-western corner of Georgia. The Adjaristsqali Hydropower Project affects Shuakhevi and Khulo municipalities. Batumi, the main town of Adjara, is approximately a 2.5hr drive or 80 kilometres from Khulo Municipality, where the Project will be developed.

Women make up just over half the population (51.8%) in the Adjara region and almost 50% of employed people in Adjara³. Despite there being gender equality in employment levels overall, women in Adjara tend to have less access to resources, credit and technology and are less likely to be able to take advantage of business opportunities.

The 2011 Khulo Municipality population was 36,825. Between 2002 and 2011, the population of Khulo Municipality grew by almost 10.2%. The population density in Khulo Municipality is 52 people/km², close to the national population density of 66 people/km² although that of the Adjara region is almost twice this. Didachara village with its 2012 population of 1,500 people is the biggest settlement in Project Area. Didachara village is the settlement nearest to Didachara reservoir. Khulo Municipality has a total of 4 directly affected villages

To the west of Khulo Municipality is the Municipality of Shuakhevi which has a total of 68 villages, 3 of which are considered to be directly affected and include in the Project's immediate area. The town of Shuakhevi is the administrative centre of the municipality. In 2010, it had a total population of 22,800 and a population density of 39 people/km².

The Project area is generally ethnically homogenous with 2002 data showing that over 99% of Khulo and Shuakhevi residents are Georgians. Many of the people in Adjara belong to an ethnic sub-group of Georgians called Ajars who were once known as 'Muslim Georgians'. According to the 2006 estimates by the Department of Statistics of Adjara, 63% of the population of Adjara are now Georgian Orthodox Christians and 30% are Muslims. Adjara was under the Ottoman Empire for 300 years until the beginning of the 19th Century, during this period most of the inhabitants were forced to convert from Christianity to Islam.

2.4 Economic Context

Since secession from USSR and gaining independence in 1991 the Georgian economy has faced serious challenges especially in the 1990s. Since the Rose Revolution in 2003 conditions have improved substantially. Gross domestic production per capita in 2010 was \$USD 2,623. In 2010, the unemployment rate in Georgia was 16.3%. Women make up almost 50% of employed people in Adjara. Sectors where women make up over 50% of the workforce include teaching, particularly primary level, and agriculture.

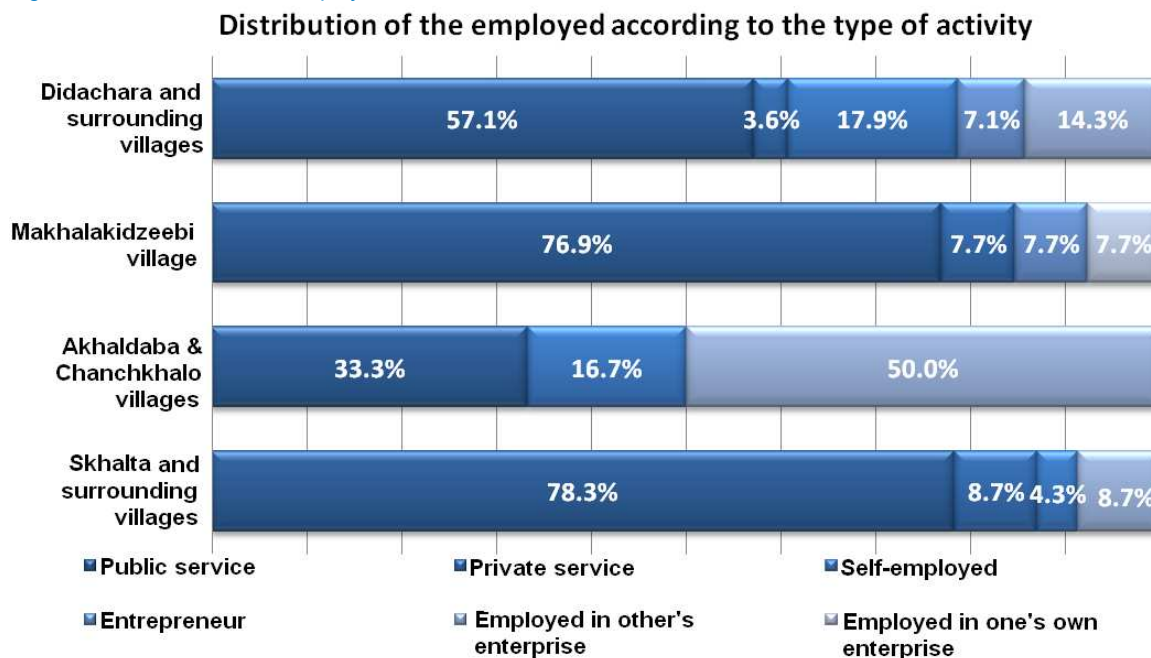
In Adjara, the economy is mainly agricultural with production of citrus and grain, stock farming, meat processing, tea production, production and processing of tobacco, and food production enterprises (fish and fruit canning factories). According to 2009 data, 53.4% of the Georgian population was employed in the agricultural sector. The sector share in national GDP was only 12.8% because of the small scale of people's agricultural activities.

The main source of income for the Khulo Municipality population is production and trade of potatoes, while agricultural activity accounts for 80% of VAT in Shuakhevi Municipality. Fish farms are used as income sources within both municipalities. During scoping consultations for the Project environmental and social impact assessment, many stakeholders mentioned that income from agricultural activities is insufficient and people have to migrate from the region in search of temporary or permanent employment in order to support their families.

³ Areas where women make up over 50% of the workforce include teaching, particularly primary level and agriculture.

When asked about employment status, 13% of the households participating in the socio-economic survey identified themselves as being employed, 39.75% said they are unemployed, 10%-19% identified themselves as housewives (Akhdaldaba and Chanchkhalo villages were exceptions, where only 2% of women identified themselves as housewives), 15%-23% said they are retired, 11%-26% identified themselves as students or pupils, and between 0 and 4% as military employees. One to five per cent of respondents did not consider themselves as belonging to any of these categories. For the Ahs who identified themselves as being employed, 33 to 78.3% are employed in public services, less than a quarter is self-employed and between 4%-9% work in the private service (see Figure 2.1).

Figure 2.1: Distribution of employment activities



Source: Institute for Sociological Studies and Analysis, 2013

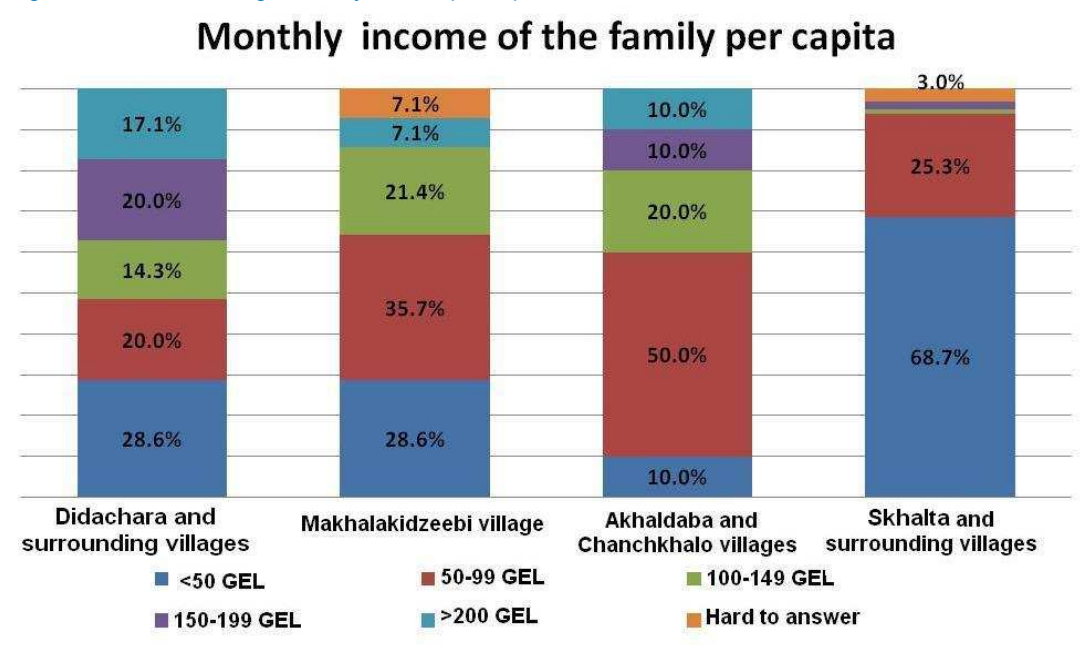
Main sources of income differ across the villages of Adjara. For example, in Didachara the main source of the family income is mostly comprised of income received from agriculture, pensions and other social support. Similarly, pensions and other social support is identified as the main income source for families living in the villages of Akhdaldaba and Chanchkhalo, and in Skhaltia and its surrounding villages (from 50 to 56%). Contrary, 57.1% of residents of the village of Makhalakidzebi name a permanently-paid job as their main income source.

At least half of the Ahs surveyed per phase have a per capita monthly income of less than 100 GEL. With the exception of findings from Didachara, 10% and less of APs have an income of more than 200GEL. Generally Ahs identified their income as being less than minimum wage per capita (or less than 110GEL, which refers to public sector minimum wage, 2009 figures⁴). However despite being asked Ahs did not include the value of agricultural products in income and household agriculture produce which

⁴ US Department of State, 2011 Investment Climate Statement – Georgia. See <http://www.state.gov/e/eb/rls/othr/ics/2011/157734.htm>

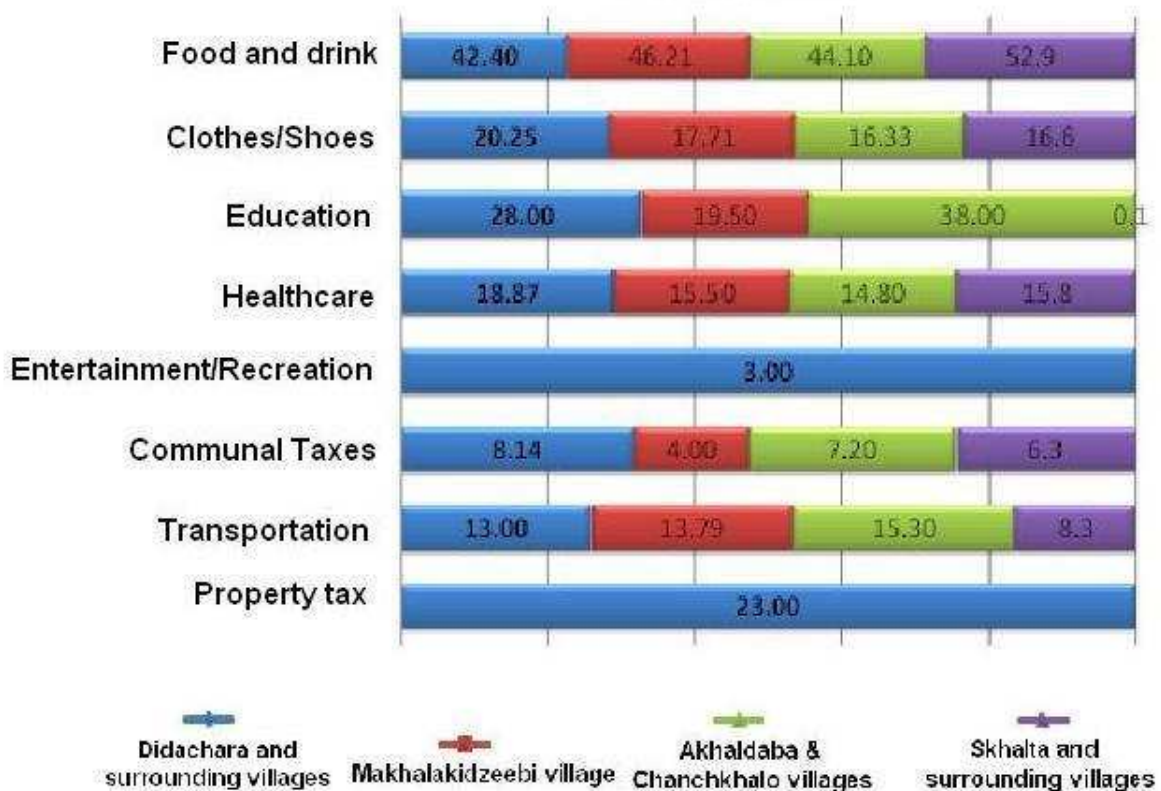
represents a significant portion in the total family budget. Figure 2.2 depicts the distribution of per capita incomes of AHs living in the Project area.

Figure 2.2: AH's average monthly income per capita



Source: Institute for Sociological Studies and Analysis, 2013

Figure 2.3: Average share of expenditure per Ahs



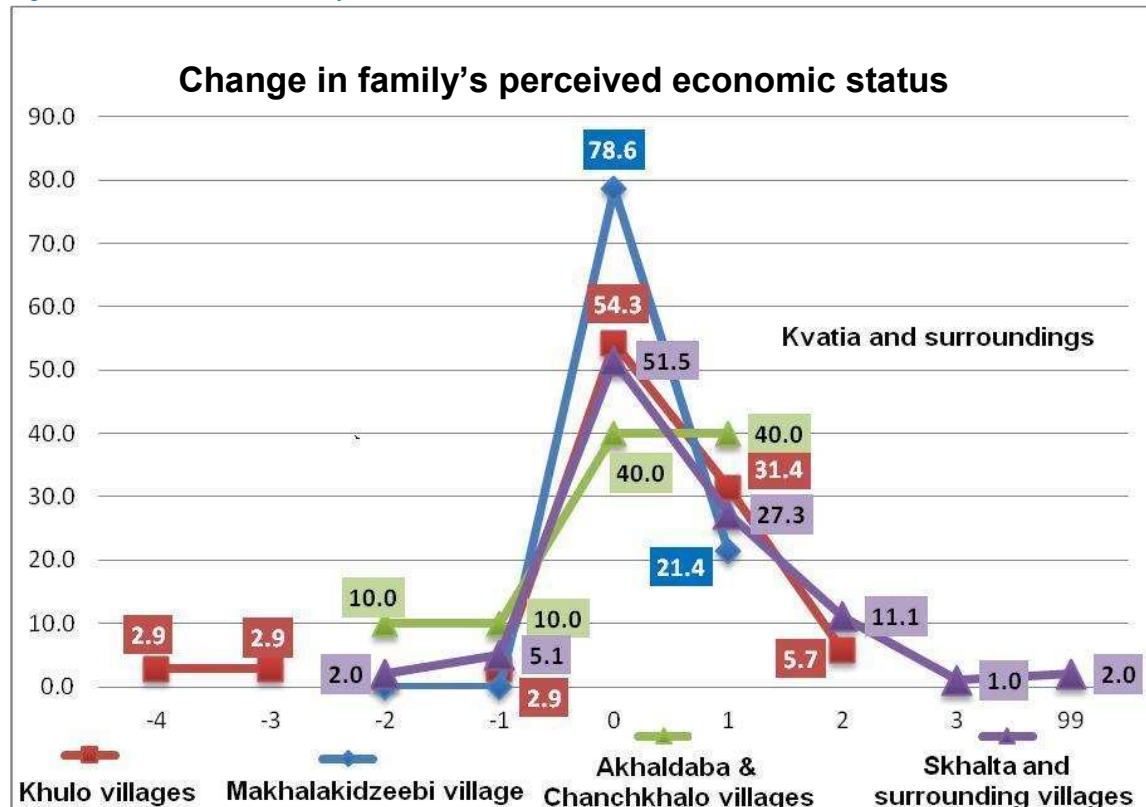
Source: Institute for Sociological Studies and Analysis, 2012

The survey in Didachara identified that monetary income of almost half (47.4%) of economically active women comprises 101-105 Gel. There are only two cases when female-generated income reaches 450 GEL or more from business sources. The share of female income in relation to the total household income is interesting. The income of almost half of economically active women (47.6%) is one fourth of the household budget. One fifth of economically active women (21%) earn up to 26-50% household income, whereas 16% of economically active women earn up to 51-75% in overall family budget. There are three cases 16%) when total family budget is met by women's earnings.

Migration for work and remittances are important for the Ahs surveyed in Didachara and surrounding villages. At least one member of every four surveyed AH (nine of 35 families – 26%) has had an experience of migration during last three years. Turkey was the most common destination of those Ahs, with Russia and Germany each mentioned once. Migration experiences were generally identified as seasonal and temporary.

Ahs were asked to compare their current socio-economic conditions against their conditions three years ago. Results indicated that for of the majority of surveyed families, their perceived economic status has not changed over the last three years.

Figure 2.4: Evaluation of Family's Economic State 2010-2013



Note: Negative indicators indicate magnitude of economic state deterioration, while positive indicators indicate magnitude of economic state improvement. 0 indicates an unchanged economic state situation
 Source: Institute for Sociological Studies and Analysis, 2013

2.5 Land Use and National Resource Conditions

In mountainous Khulo Municipality, 16 000 acres of the alpine territory are used as summer grazing sites. Sixty per cent of Shuakhevi Municipality's total 58 000 acres is classified as a forest and 28% is agricultural lands. Due to the severe climate in Khulo municipality, agriculture activities tend to include animal breeding, potato and tobacco production, fruit and vegetable cultivation, and beekeeping. A typical family in mountainous Adjara has four or five cows and perhaps a few sheep or goats.

Overpopulation of the mountainous areas means that land is scarcely available. According to the local officials of Khulo and Shuakhevi municipalities, typically their families have 0.25-0.75ha of land. Khulo and Shuakhevi municipalities are often at risk of natural hazards such as landslides and erosion which have been linked to anthropogenic activity such as over-farming, high density of water channels and deforestation. Landslides and erosion in turn result in further loss of agricultural and pasture lands.

During consultations on the Project, residents at Didachara village expressed concern over the potential for landslides in relation to the planned locations of Project features. There was a significant landslide in 1982 in Didachara which covered the road and caused the temporary isolation of the village. The issue of

landslides was also raised at the ESIA scoping consultation meetings in Chvana and Zamleti Communities in Shuakhevi Municipality and by NGOs as concerns amongst the local communities and interested parties.

Effects of natural disasters such as flooding caused by prolonged heavy rainfall and snowmelt and landslides are relevant. Prior to the project's existence, there are 4,135 families registered in the Ajara region that were affected by natural disasters and identified for potential resettlement by the Government. Among these, 187 families fall into the category where their house is ruined or no longer habitable, and is not repairable⁵.

The socio-economic survey found that the size of the AHs' land plots varies from 320 to 13,400m². A substantial part of land affected is grazing land, defined as land on which animals are taken to graze, including forest areas and pasture land. Some AHs cultivate and irrigate their plots. Sixteen percent of AHs (59 out of 369) have arable land plots. AHs who are not cultivating their entire land plot stated the following three reasons: (i) the long distances to their land plots, (ii) a lack of finances as a barrier, and (iii) their land plots being too small for cultivation.

Most of the surveyed AHs stated that their land is an important livelihood source despite some of it not being arable. In Didachara, only one fifth of the AHs do not sell their harvest at all whereas 17% sell less than half, 23% sell half, and 40% sell more than half of their harvest. Ahs who sell only a part of their harvest mostly sell it to traders who then re-sell it at market. Selling directly from farms or using an AH member to sell produce at the market directly to consumers is less observed.

2.6 Health

In Georgia, respiratory diseases and illnesses are one of the most common health problems for children. Within the over 60s age group common illnesses include cardio-vascular system and endocrine system problems such as diabetes or thyroid illnesses, as well as skin, larynx and lung cancer. The risk of an HIV epidemic in Georgia is considered by UNAIDS to be 'high', despite there being a low prevalence of affected persons of 0.1%. This rating is linked to population movement between Georgia and neighbouring high-prevalence countries such as Ukraine and Russia, and to high levels of injection drug use in Georgia. Adjara is one of the areas most affected by HIV/AIDS in Georgia and a National AIDS Centre has been set up in Batumi. While Adjara is one of the most areas affected by HIV/AIDS, Batumi is approximately 80 km away and potential risks to community health from HIV/AIDS or other sexually transmitted infections a result of the presence of a migrant construction labour force population is considered in the ESIA to be an adverse impact of minor significance.

There is currently an on-going hospital redevelopment programme in Adjara, with eight hospitals currently under construction or recently completed. One such completed hospital has 20 beds and was opened in Shuakhevi in 2011, employing 75 people. This new hospital covers a wide range of services, from dental care, surgeries to trauma care. Khulo town also has a healthcare centre (40 beds). In addition to this, Khulo Municipality also has eight outpatient clinics and medical stations with paramedics in 41 of 77 villages. These facilities are staffed by 27 doctors and 24 paramedical staff.

In response to severe flooding in Khulo in 2006, a programme to improve water and sanitation provision was launched in the municipality. It has provided access to adequate quantities of potable water for 7,500 people and doubled the number of households connected to a water supply. Sewerage in Khulo

⁵ Ajara Govt., 'Regional Development Strategy of the Autonomous Republic of Ajara', Online Available at <http://www.ajara.gov.ge/acg/files/Adjara-Development-Strategy.pdf>

Municipality was also improved which has led to a significant reduction in water borne diseases. In 2005, out of 156 reported problems, 150 were prior to the intervention and only six occurred after the sewage upgrade. There are no landfills in Khulo and collected household waste is transported three times a week to the Batumi landfill.

When surveyed, Ahs were asked if any household members needed to visit a doctor; health clinic or hospital but chose not to do so, during the last 12 months. Between 40% and 69.7% of respondents confirmed that this was the case for their households. The main reason identified for not seeking medical advice were the high treatment fees.

2.7 Education and Skills

In 2009/2010 there were 259 state schools in Adjara, i.e. more than in 2007/2008 but less than in 2005/2006. Between 2005 and 2010, there has also been a reduction in the number of privately financed educational establishments. In general there has been an increase in the number of students in the corresponding period which is likely to result in a shortage of places or class overcrowding if this trend continues.

Table 2.1 illustrates that education levels in the areas affected by the Project vary, and in some cases differ significantly to those of Georgia (e.g. in Skhalta and surrounding villages and in Makhalakidzeebi village).

Table 2.1: AHs Education Levels

	Illiterate	Basic Education	Incomplete Secondary	Secondary Education	Vocational Education	Incomplete Higher Education	Higher Education
Georgia	0.6	13.4		36.9	19.1	3.7	26.1
Project Area (n=234)							
Didachara and surrounding villages	1.5	2.2	6.6	58.8	8.1	2.2	20.6
Makhalakidzeebi village	7.3	14.5	17.4	44.9	5.8	4.3	5.8
Akhaldaba and Chanchkhalo villages	N/A	6.8	9.1	56.6	N/A	6.8	15.9
Skhalta and surrounding villages	N/A	0.9	26.7	61.2	N/A	3.2	4.7

Source: Institute for Sociological Studies and Analysis, 2013

The socio-economic survey in Didachara identified 12 pre-school aged children among the APs who in the past year had not attended pre-school education programs in institutions because there are no such facilities in the existing settlements. The total number of school aged children in the surveyed AHs living in Didachara 35, all of which are attending school.

When asked to evaluate the quality of education, 94.5% of respondents stated that they were either 'rather' or 'generally' satisfied with the quality of secondary education, while the other 5.6 claimed to be 'totally dissatisfied'.

Skills mapping for the Project began in October 2011. Local people interested in obtaining employment on the Project were encouraged to register their interest and current skill level. Between Oct 2011 and February 2012, 1,636 people registered in Khulo Municipality. See details in Table 2.2.

Table 2.2: Skill Levels of People in Khulo Municipality Interested in Project Job Opportunities

Municipality	Secondary Education			Higher Education			Total
	Construction	Support Service	Unskilled	Construction	Support Service	Other	
Khulo	693	348	308	56	68	163	1,636

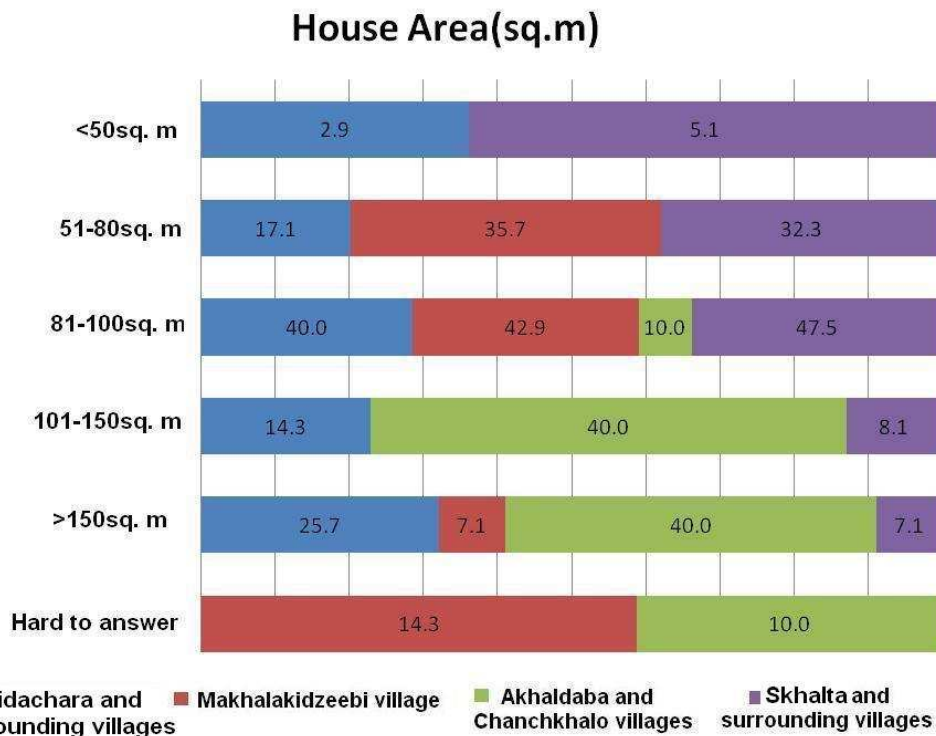
Source: Gamma Consulting

Those with construction skills in the secondary education category include people with skills such as welding, carpentry and stone masonry whilst those with higher education include engineers. Those described as having 'support service' skills include cooks, drivers, healthcare workers in the secondary education category and those with higher education in construction related fields. There are a large number of 'unskilled' workers and 'others' with higher education in unrelated fields. Generally, people who already have skills which may be used on the Project make up approximately 60% of those who registered interest.

2.8 Housing Conditions

The socio-economic surveys identified that all AHs live in private houses, with living areas ranging from less than 50m² to more than 150 m². Figure 2.5 overleaf depicts AHs' house sizes.

Figure 2.5: Size of AH Houses



Source: Institute for Sociological Studies and Analysis, 2012

When asked about household amenities, 99% of AHs indicated that they have electricity. The overwhelming majority also indicated that they have functioning central heating. The biggest issues were identified as the lack of hot water and the poor/inexistent sewage systems. Overall, approximately 75% of survey participants stated that their living conditions are satisfactory, while roughly 14% thought that they were good and 14% deemed them to be poor.

2.9 Poverty, Deprivation and Vulnerable Groups

Almost one-third (30.4%) or approximately 360 directly affected persons of the Georgian population was living below the US\$ 2 a day poverty line and 13.4% were below the US\$ 1.25 a day poverty line between 2000 and 2007. According to local municipal authorities in the wider Project area the average income per family is too low to cover all household needs.

Those likely to be considered vulnerable because they have less ability to absorb negative impacts and changes caused by the Project include:

- Pensioners – There are five types of pensions provided by the state based on age, disabilities, victims of political repression during Soviet times, female-headed households/families that have lost their main “bread-winner”, and years of service.

- War veterans – according to “Human Rights Centre” in Adjara veterans of the war are not receiving any allowance as the benefits for veterans are not considered in the budget of regional municipality administrations;
- Poor families with incomes lower than the subsistence minimum.
- People affected by natural disasters, or in areas that are at risk of natural disasters.

In Adjara, 16.2% of the population receive state pension. Of that total, 11.7% receive it because of their age, and 3.6% receive it because of disabilities. The AH survey confirmed the importance of pensions and State allowances. See Section 2.3 for details.

In view of this, the Project has a detailed Habitat Removal and Rehabilitation Plan to ensure that temporary land taken for the Project construction is returned to a like for standard to allow for grazing and growing of trees for livelihood sustainment and personal development. AGL established a tree nursery in the Khulo Municipality to compensate for Red Listed trees lost due to construction works and temporary access roads.

AGL gave construction vocational training to 582 people from affected villages as an additional livelihood restoration measure to further increase the ability of affected HH's to increase their monetary income. AGL completed this task in November 2013. The Contractor has continued this training requirement and will do so throughout the duration of the Project.

2.9.1 Natural disasters and lack of available land.

People, especially the elderly, the sick and the disabled, are vulnerable to heavy snowfall, flooding from heavy rain and snowmelt, and isolation caused by flooding, snow or landslides. Landslides damage property, farmland, assets including livestock and cause injury to people or at worst, loss of life.

Reasons for not cultivating land include arable land plot distance, lack of finances and small plot sizes. Households generally practice subsistence farming as there is not enough land to grow cash crops. Often the land owned by each household is insufficient to support the family that depends on it. Further, those who are unemployed are vulnerable as they do not have a reliable regular source of cash income. Female headed households are particularly vulnerable in the rural areas as women carry out a large share of farm work and processing work and can be put under additional pressure if male family members migrate in search of work. Poor households lack the ability to invest in their future and purchase assets such as transport or farm equipment which help to improve production.

The socio-economic survey looked at indicators of poverty and economic vulnerability. In terms of disposable income, between 50% and 71% of survey respondents stated that they suffer from money constraints and/or only have enough money to cover basic needs. The breakdown was as follows:

- 67.7% in Didachara;
- 71.4% in Makhalakidzebi village;
- 50% in Akhaldaba and Chanchkhalo; and,
- 64% in Skhaltla and its surrounding villages.

The census to define PAP losses found that seven of all the AHs will lose more than 50% of their landholding⁶. This loss is considered a severe impact because landlessness makes families more vulnerable in affected communities where land is an important livelihood source.

⁶ Without naming AHs, the following amounts of land equal to or more than 50% are being lost: 57.73% and 66.67% in Akhaldaba; 50% and 82.82% in Tsablana; and, 52.93%, 56.21% and 60.72% in Didachara.

3 Land Acquisition and Resettlement Impacts

3.1 Overview

This section provides a summary of the estimated magnitude of displacement that will be associated with Project activities. It identifies impacts based on losses including land, structure, crops, trees and income. The information is based on data collected during a census profile and detailed measurement survey in June 2012 in the Scheme area with AHs identified by the AGL land acquisition and resettlement team (LAR) team.

3.2 Voluntary versus Involuntary Land Acquisition and Resettlement

Voluntary land transactions are understood to be those in which the seller is not obliged to sell and the buyer cannot resort to expropriation. This situation will be the case for some Project land acquisition requirements, for example those relating to temporary construction laydown areas, construction camps and spoil disposal locations, which can be moved or altered if negotiations fail. These transactions will be carried out through voluntary negotiated agreements. Where negotiation does not provide a satisfactory conclusion to both parties, the outline of such temporary land areas will be modified to exclude non-agreeing parties, see section 3.9. All cases of voluntary land acquisition will be documented.

It is recognised that resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisitions that results in physical or economic displacement. This would apply to permanent land acquisition by AGL and these transactions will be carried out through negotiated settlement agreements. Although every effort will be made to negotiate a satisfactory settlement for all parties, the Project can resort to expropriation or impose legal restrictions on the land use if negotiations were to fail.

3.3 Estimated Land Acquisition

Permanent land acquisition for the Project will affect private landowners (both registered and non-registered). A large proportion of the acquisition will comprise of State owned and State administered land. . Table 3.1 provides an overview.

Table 3.1: Estimate of Permanent Loss of Productive Land Belonging to AHs and the State

	No. of AHs	No. of Land Parcels	Registration Status of Land by Number of AHs Affected	Total Productive ⁷ Land Affected (m2)
Personal land loss	369	392	1 – unknown 330 – not registered 9 – all land registered 29 – some land registered & some land not registered	90 055
State owned or managed	None	30	N/A	350,000

⁷ Productive land is defined as being arable.

	No. of AHs	No. of Land Parcels	Registration Status of Land by Number of AHs Affected	Total Productive ⁷ Land Affected (m2)
Total	369	422	369	440,055

Source: AGL LAW Team, May and September 2013

AGL has purchased state owned or managed land directly from the Government. Land plots which are in use by local farmers who have no formal entitlement to the land will be registered in the name of the state. The company will purchase this land from the State although farmers will receive compensation as well, as explained further in Section 6.3 below. This process ensures that land users receive compensation for land loss identically to land owners even though they are not entitled to it.

AGL has committed to registering land for AHs who have the required archival documents. As of May 2013, 43 AHs have benefitted from having AGL register lands on their behalf (39 in Didachara and four in Makhalakidzeebi). In 2011, land that was initially considered to be 'communal' has been further investigated, and with the coordination of local authorities has been found to have an agreed private owner. AGL has worked with these AHs for the transfer of the land to the Project with assistance from village leaders and local authorities. No HH's were located in the Project area on state owned land, although the Project does affect a total of 350,000m2 of state land for access road construction and work and accommodation areas.

Table 3.2 below provides a detailed breakdown of the amount of productive land being acquired by affected village.

Table 3.2: Land Acquisition Impacts Summary

Village	Total area of productive land belonging to APs (M ²)	Total area of Productive land being lost by APs (M ²)	Proportion of Productive land being lost by APs	Total no. of significantly affected households (losing 10% or more)	Total no. of severely affected households (losing >50% of land)
Makhalakidzeebi	86,975	14,175	16.3%	16	0
Pachkha	50,183	13,236	26.4%	12	0
Chanchkhalo	25,560	2,997	11.7%	7	0
Akhaldaba	28,884	8,584	29.7%	7	2
Kvatia	10,400	4,700	45.2%	4	0
Tsablana	23,200	12,880	55.5%	3	2
Didachara	130,075	33,483	25.7%	23	3
Total	355,277	90,055	25.3%	72	7⁸

Source: AGL

Based on the socio-economic survey findings, there are 72 households losing 10% or more of their productive land and therefore experience significant impacts as defined by ADB. Losses of more than 50% are considered significantly severe impacts because landlessness increases AH vulnerability. In instances where remaining portions of land are made unproductive by the loss of affected land, the additional

⁸ 57.73% and 66.67% in Akhaldaba; 50% and 82.82% in Tsablana; and, 52.93%, 56.21% and 60.72% in Didachara.

portions will also be compensated. Table 3.2 identifies that seven AHs in the Project area will experience more severe impacts and require additional assistance for livelihood restoration. There is one commercial structure, a petrol pump business (concrete premises with two tanks), which will be permanently affected in the Project area. The business is legally registered by the owner and there are three employees. The AP has agreed to the proposed compensation package. No structures will be temporarily impacted. Table 3.3 summarises the Project's impact on buildings and structures.

Table 3.3: Affected Buildings and Structures

Building Type	No. Buildings	No. and Type of Ahs	Total Land Affected (m ²)
Commercial – gas station	1	1 - legal owner 3 – employees	200
Total	1	4	200

Source: AGL LAR Team, October 2012

The AGL LAR Team offered to purchase the petrol station from the owner and to purchase new land and rebuild the business. Instead the owner opted for cash compensation equivalent to the replacement cost of the business.

3.4 Estimated Crop Losses

AGL has signed Options Contract with AHs which allows them the right to develop their plots further but highlights that any losses outside those identified in the contract are not compensated for if acquisition is undertaken within the Options Contract agreement period. As stated in Section 3.4, as of May 2013, 365 AHs have signed Options Contracts. The Project's first Option Contract was signed in July 2012 and the most recent one in October 2012. Hence, it is not anticipated that any crop losses will be compensated for the Project. AHs have signed Options Contracts valid until December 31st, 2013 or for six months (whichever is longer) for AGL to acquire the land. The Options Contracts request that no additional development takes place on the land. As of March 2014, 340 AHs had signed option contracts. The Project's first Option Contract was signed in July 2012 and the most recent one in October 2012, through a process of consultation and negotiation between AGL (using Expert XXI) and land owners and land users, with assistance from village heads as needed. Options Contracts were presented and signed on the basis that a compensatory amount of 100GEL would be paid to signatories at signing, regardless of whether the option was ultimately pursued. If the relevant option was pursued, AHs would be offered full compensation as per the Entitlement Matrix.

3.5 Estimated Tree Losses

The Project will require several plots with trees to be acquired permanently. Table 3.4 summarises the Project tree losses which will need to be compensated. In total 100 individual AHs are affected and some of them are losing several species.

Table 3.4: Tree Losses⁹

Tree Type	No. of Trees	No. of AHs
Apple	56	18

⁹ This table does not consider the types and numbers of trees located in Tsalana as households will all receive a proportion of the total contribution.

Tree Type	No. of Trees	No. of AHs
Cherry	36	16
Mulberry	6	6
Nut	96	14
Pear	29	15
Plum	49	14
Wild plum	29	15
Vineyard - grape trees	18	7
Walnut	327	80
Quince	9	4
Peach	2	1
Fig	9	3
Persimon	5	3
Orange	1	1
Mel par	1	3
Peijon	1	1
Wild plum	3	1
Total	677	202

Source: AGL LAR, May 2013

3.6 Estimated Income Losses

The Project affects a petrol station with one business owner and three employees. The AGL LAR Team offered to purchase the petrol station from the owner and to purchase new land and rebuild the business. Instead the owner opted for cash compensation equivalent to the replacement cost of the business. Employees were provided wages up to a maximum of 6 months, and priority access to skills training.

3.7 Estimated Vulnerable AHs

AGL's policy aims whereby all AHs are to be meaningfully consulted and be active participants in the negotiated settlements. Consultations will consider gender issues and take into account the needs of stakeholders who may be considered vulnerable. All APs are to be assisted in their efforts to improve or at least restore their livelihoods and standards of living. The socio-economic baseline information shows that many of the households in the wider project area live below the poverty line and are dependent on State pensions and allowances, and should therefore be considered economically vulnerable. A small number of directly affected AHs (see table below) have also been found to be vulnerable in terms of the large proportion of their land being acquired i.e. in excess of 50% loss. These HH's were given priority for additional land and training for Project working skills. As a result, it was agreed that AGL would pay each AH compensation equal to 10% on top of any agreed compensation measure.

The Summary of AHs and APs

The AH/AP Census identified 369 AHs, of whom 368 responded to the census. These 368 AHs comprise of 1,929 APs (988 males and 941 females). See Table 3.5 for a breakdown of details. Specific village details are provided in Appendix 1.

Table 3.5: Overview of AHs and APs

Village	Total no. of AHs	Total no. of men	Total no. of women	Total no. of APs	Total no. of severely affected households (losing >50% of land)
Makhalakidzeebi	38	77	83	160	
Pachkha	18	54	49	103	
Chanchkhalo	16	28	27	55	
Akhaldaba	13	33	30	63	2
Kvatia	68	187	181	368	
Tsablana	105	317	297	614	2
Didachara	111	292	274	566	3
Total	369	988	941	1,929	7

Source: AGL LAR Team, September 2013

When the figure of 1,929 AP is added to the 23 APs identified as a result of the business income and employment losses, the total number of APs is estimated to be approximately 1,952 APs. In the Project context, all AHs and therefore APs are considered vulnerable.

Table 3.6 provides a summary of the Project's impacts to AH and AP.

Table 3.6: Summary of Project Impacts to AHs and APs

Loss Category	No. of AHs	No. of APs	Remark
Personal land	364	2,137	APs estimated based on an average of 5.87AP per AH
Business income and employment wages	4	23	
Trees	100	1,186	These AHs and APs are part of those identified for land. APs estimated based on average of 5.87AP per AH
Commercial structure	1	6	This AH is one of the 4 AHs identified for business losses (petrol station)

Source: AGL LAR Team, September 2013

3.8 Temporary land acquisition

Some land is to be acquired temporarily through leasing agreements. These arrangements are being made through voluntary negotiated agreements and the company aims to change locations of temporarily required land if the private land owner or user is not willing to lease the land. These temporary land

acquisitions is only to proceed if there is a voluntarily negotiated agreement. It is anticipated that approximately 20,000 m² of the Project's required area is to be addressed with voluntary lease agreements. Temporary land acquisition does not therefore affect any residential or commercial structures and does not require any form of relocation.

3.9 Current status

Resettlement planning for the Project was carried out in a participatory way to minimise negative impacts and ensure the equitable distribution of resettlement related project benefits to all APs. AGL is at an advanced stage in the land acquisition process. The outline of land required for acquisition has been identified and agreed with land users, land owners and village leaders, and overall compensation amounts have been negotiated. Compensation has been paid before any advanced works took place and this principle will apply for any additional land which will be acquired before any Project civil works takes place.

Tables A 1 to A 8 later in this document show the AP's that have incurred a percentage land loss due to the Project along with types of land and socio-economic data. As of March 2014, AGL has completed payment of compensation for hectares of land in various project areas to 344 households. There are only about 25 landowners yet to receive full compensation and AGL targets to disburse the payments on 28 March 2014. For each specific project component, the table below shows the status of permanent land acquisition:

Project Area	Required Land Area	Status as of March 2014
Reservoir and 5m buffer zone;	250,000m2	Fully Acquired
Spoil deposits;	100,000m2	Fully Acquired but subject to change
Roads and buildings ,	100,000m2	Fully Acquired
Reservoir (forest belonging to the villages of Tsalana and Tsaliani)	40,000m2	Fully Acquired
Total	Up to 500,00m2	350,000m2. Additional required for a design change at the Didachara Dam may increase the m2 of land to approx. 500,00m2. The LALRP will receive a suitable revision and Lenders informed. Some of this will be temporary loss, further figures will come later in 2014.

As of March 2014, workers camps have been established in the following areas: 1, Kichauri, 2, Didachara, 3, Chiqistsqali & 4, Skhalata. This required temporary acquisition of land for a period of 30 months or 2.5yrs of which 350,000m2 are state-owned government land (riverbanks) and the rest are either 'unregistered' at 75,000m2 or 'registered' land 15,000m2 totaling 90,000m2 or 440,000m2 combined (Table 3.1).

The full English LALRP dated September 2013 has been published on AGL website¹⁰ and Georgian summary document were published on the Project's website and disclosed in information centers. The ESCAR has been updated to reflect this information.

4 Review of Legal Framework

4.1 Overview

This section provides a summary of the relevant legal framework in Georgia as well as international standards applicable to land acquisition and resettlement processes. Sections 4.4 and 4.5 provided below is to demonstrate policy compliance between the company and the legislative and regulatory environment.

4.2 Georgia's Laws and Regulations on Land Acquisition and Resettlement

The legal framework relating to land administration in Georgia is wide reaching and complex. In certain cases of public need, the State may take private lands into State ownership or take actions that otherwise affect private land. Laws governing the process are presented in Table 4.1.

Table 4.1: Relevant Georgian Laws

Date	Relevant Georgian Laws
1995	The Constitution of Georgia
1997	The Civil Code of Georgia
1997	The Civil Procedural Code
1997	Law on Payment of Substitute Land Reclamation Cost and Damages in Allocating Farm Land for Non-Farming Purposes (amended 2007)
2007	The Law of Georgia on Recognition of the Property Ownership Rights Regarding the Land Plots Owned (Used) by Physical Persons or Legal entities
1999	The Law on Procedures for Expropriation of Property for Necessary Public Need
1997	The Law On the Rule for Expropriation of Ownership for Urgent Public Needs
1996	The Law on Ownership Rights to Agricultural Land
2005	The Law on Privatisation of State-owned Agricultural Land
2005	The Law on Registration Ownership Rights to Immovable Property
2007	Cultural Heritage Law
2008	Law on Public Register
2009	The Law of Georgia on Notary Actions
1995	The Constitution of Georgia

In the last fifteen years, Georgia has updated a number of its laws which relate to rights to property and expropriation. A key principle in current legislation is that compensation of physical assets should be provided based on current market prices without depreciation. The laws also provides for compensation from income losses (such as loss of harvest or business closure) to cover net losses. In addition the newer legislation places a stronger emphasis on consultation and prior notification of APs so that they can participate in the process.

AGL have consulted with the legal department of the Ministry of Energy and Natural Resources who have informed them that they may legally enter into negotiated agreements with APs to acquire land rights within the framework of the above laws. The laws and implementing regulations offer the following possibilities to AGL in legal acquiring land rights:

- Obtaining property rights through negotiated settlement agreements based on payment of fair market prices without depreciation prior to the start of any project enabling or civil works;

- Only if and when efforts at negotiated settlement fail, the possibility of obtaining permanent rights to land or other necessary assets through expropriation. A presidential order is required for expropriation, followed by a court ruling to determine the case for public need.

4.3 IFC, EBRD and ADB's Land Acquisition, Involuntary Resettlement and Economic Displacement Safeguards

IFC land acquisition and livelihood restoration requirements are presented in IFC Performance Standard 5 – Land Acquisition and Involuntary Resettlement (IFC PS5), EBRD's are laid out in "Land Acquisition, Involuntary Resettlement, and Economic Displacement", Performance Requirement 5 (EBRD PR5) and ADB's are presented in SPS (2009), Safeguard Requirement 2 – Involuntary Resettlement (ADB SR2).

Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that result in displacement. Although every effort to avoid involuntary land acquisition is being made, the Project can resort to expropriation or impose legal restrictions on land use if negotiations fail. Hence IFC PS5, EBRD PR5 and ADB's SPS, SR2 are triggered and their requirements must be met for lending to be provided.

Several aspects of the lenders' policies are important to note:

- Efforts must be made to avoid and minimise resettlement whenever possible, in particular physical displacement. When resettlement cannot be avoided, mitigation of potential negative impacts is required;
- Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks;
- A key objective is improving, or at a minimum restoring, the livelihoods and standards of living of displaced (physically or economically) persons to pre-project levels. Projects are responsible for improving living conditions among displaced persons through provision of adequate housing with secure tenure;
- 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;
- 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;
- Pay compensation and provide other resettlement entitlement before physical or economic displacement;
- Implement the resettlement plan under close supervision throughout project implementation;
- Displaced persons may include owners or non-owner residents, and people occupying land without formal, traditional, or recognisable usage rights;
- Resettlement activities must be implemented with disclosure of information, consultation, and the informed participation of APs;
- Special provisions must be made for individuals belonging to vulnerable groups to improve the living standards of living of the displaced poor and other vulnerable groups;
- Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring, and disclose monitoring reports;

- A specific Grievance Redress Mechanism or Procedure must be developed in order to receive and facilitate the resolution of AP's concerns; and
- All three lending policies require a plan for physical displacement (referred to as a RAP in this document) or economic displacement (referred to as LALRP in this document) to present data from field surveys with AHS and to ensure that their pre-Project standard of living is at least restored.

4.4 AGL's policy

Project resettlement documents are developed with reference to Georgian land law and other relevant legislation. All Project resettlement planning documents also reflect the requirements of the 2012 International Finance Corporation Performance Standard 5: Land Acquisition and Involuntary Resettlement; the 2008 European Bank of Reconstruction and Development Performance Requirement 5: Land Acquisition, Involuntary Resettlement and Economic Displacement; and, the Asian Development Bank's Safeguard Policy Statement (2009), SR2: Involuntary Resettlement.

The Project's guiding principles are:

- Land acquisition and resettlement will be minimised or avoided where possible. Where resettlement is unavoidable, LALRP will be designed to minimise adverse impacts.
- Land acquisition activities will be conceived and executed as sustainable development programmes. Sufficient investment resources will be provided to enable the APs to share in project benefits. Particular attention will be provided to women, the poor and the most vulnerable APs.
- AGL will aim to achieve negotiated agreements on land acquisition with all APs with expropriation only being followed as a last resort where negotiation fails. Either way, all LAR activities will be documented in RAPs and LRPs
- All APs will be meaningfully consulted and have opportunities to participate in planning and implementing resettlement activities; and
- APs will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-project levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

This revised LALRP and any updates, monitoring reports on LALRP implementation will also be disclosed on AGL and ADB website. Management of resettlement impacts and implementation of this LALRP and other resettlement planning documents is being monitored by AGL and will be evaluated by an external party to ensure that APs' livelihoods and standards of living are at least restored and preferably improved. If there is additional land to be acquired, it will follow the LALRP process and the same entitlements will apply.

4.5 Gaps Analysis

In Georgia, entitlements for payment in the exchange of land are based on registration of ownership. However, under the IFC's, EBRD's and ADB's involuntary resettlement policies, Affected Persons are entitled to some form of compensation whether or not they have registered title if they occupy or use the land up to a cut-off date. The IFC's, EBRD's and ADB's focus is to mitigate the adverse impacts of poverty as part of a project where any adverse impacts occurring are directly or indirectly attributable to activities funded by the project. In cases where Affected Persons have no ownership or tenure rights according to Georgian law from lack of registration, the provisions of IFC PS5, EBRD PR5, ADB's SPS (2009), SR2 apply in terms of their rights for compensation, consultation, and grievance mechanisms. Where there is

conflict between laws of Georgia and IFC PS5, the latter must take precedence if IFC, EBRD or ADB are to support and fund the Project.

Table D.1 provides an analysis of the differences between Georgian Laws and EBRD/IFC/ADB resettlement policies.

Table A.1: Comparison of Georgia's Land Acquisition Policies and IFC's PS5, EBRD PR5 and ADB's SPS, SR2 Requirements in context of the Project

Issue	Georgia Laws and Regulations	International Land Acquisition, Involuntary Resettlement and Livelihood Restoration Policies	Measures taken by AGL to Bridge Gaps Between Georgian Law and International Standards
Resettlement Planning	The preparation of a Resettlement Action Plan (including socio-economic survey, census of the population affected by the project, monitoring and reporting of the process) is not required by Georgian legislation. Georgian legislation does not specifically define the necessity of public consultations.	Development of resettlement and land acquisition plan or framework obligatory for involuntary resettlement. The process includes public consultations and a socio-economic survey with gender-disaggregated data and vulnerability assessment. ADB requires that measures are taken to address the needs of female-headed households and that both men and women can access compensation and assistance.	A livelihood restoration plan has been prepared. There has been consultation with affected persons, socio-economic surveys and consideration of vulnerability, particularly the inclusion of female-headed households and their access to compensation and assistance.
Displacement avoidance	Does not specifically call for avoidance of displacement whenever possible.	Actively seek to avoid displacement by exploring project and design alternatives and minimise adverse impacts. Where not possible to avoid or minimise all displacement impacts, identify mitigation measures.	The Project has sought out ways to avoid resettlement wherever possible, minimise and mitigate adverse impacts.
Eligibility	Compensation only for registered land owners or others with rights recognised by law. If land registrations are in the process of being issued, compensation can be paid after completion of the regularisation process	Lack of formal ownership does not preclude compensation to bona fide occupants or affected parties.	The Project has committed to compensate people whether or not they are the formal owners, if they have a legitimate claim to land.
Compensation for land	Cash payment to individuals is the usual option, but land-for-land compensation may be made with owner's agreement. No community-level compensation measures are specifically required, although compensation for community-owned and – registered lands would presumably be required.	Land-for-land to be preferred in land-based economies, otherwise cash acceptable. Community assets to be compensated at community level. Cash compensation based on replacement cost.	Options for compensation were presented to APs wherever this is practical. No community assets were acquired. Cash compensation agreements were based on replacement cost.
Complaints and grievances	In case of dispute over expropriated land value, both owner and AGL can bring a lawsuit. Only the regional court has authority to decide disputes over land value and compensation.	There must be an independent objective appeal mechanism that is open to the public and reported openly. The Project owner should establish a grievance mechanism as early as possible in the process to receive/address in a timely manner the concerns related to physical/	AGL is in the process of establishing a transparent and accessible grievance mechanism for APs to use throughout the land acquisition process.

Issue	Georgia Laws and Regulations	International Land Acquisition, Involuntary Resettlement and Livelihood Restoration Policies	Measures taken by AGL to Bridge Gaps Between Georgian Law and International Standards
	The Georgian legislation does not necessitate setting up a grievance mechanism for the affected people and businesses.	economic displacement.	
Arrangements for land acquisition	Decisions regarding land acquisition and resettlement are made by the court, not AGL or affected parties.	All affected and impacted people must be consulted prior to agreements. Compensation must be agreed prior to handover of assets and prior to civil works commencing in affected area.	All impacted people will be consulted prior to agreements. Compensation will be agreed prior to handover of assets and prior to civil works commencing in affected area.
Livelihood restoration	No provisions for livelihood restoration.	Requires that affected people be in equal or better socioeconomic condition as a result of the project activities. Displaced communities should be provided with opportunities to derive development benefits from the Project.	The Project will provide training programmes for APs so that they can access employment on the Project and it will then hire them to provide a regular income to AHs. Certification will be awarded so that APs may access jobs on future construction works in the region.
Livelihood restoration mitigation/monitoring	Do not envisage livelihood compensation for a farmer or compensation of those sources of income, which a business might lose as a result of project implementation.	Proper monitoring, evaluation and reporting of livelihood restoration mitigation measures is required.	Livelihood restoration will be monitored during Project implementation via internal monitoring and resettlement completion audits.
Vulnerable people	No specific provision.	Vulnerable people who warrant specific assistance must be identified and supported throughout the resettlement compensation process. ADB requires that measures are provided to enable vulnerable people to improve their incomes compared to pre-project levels.	For the purpose of this Project, all AHs are considered to be vulnerable and will be treated as such. Livelihood restoration measures for Shuakhevi have been included for vulnerable APs and implementation of this will be monitored.
Public consultation and disclosure	No direct provision for public consultation in Georgian laws pertaining to land acquisition, but there are information and disclosure requirements.	Public consultation and participation of affected people required throughout project process from planning through implementation, including public notifications of activities and consideration of the needs of vulnerable groups. Resettlement documentation should be disclosed.	Consultation with key stakeholders and APs regarding resettlement on Shuakhevi aims for a participatory approach to promote better and timely implementation of key processes such as valuation and relocation. Vulnerable groups were considered in the implementation of consultation activities. Resettlement documentation will be disclosed.
Monitoring and evaluation	No requirement.	Monitoring and evaluation to be clearly defined in the resettlement planning instrument. Monitoring and evaluation to confirm attainment of equal or better conditions than pre-project or recommend measures to attain those conditions.	Livelihood restoration and resettlement activities will be monitored during Project implementation via internal monitoring and resettlement completion audits.

4.6 Bridging Gaps between Georgian Law and International Standards

The key measures to bridge the gaps, which form the policy of AGL in addressing Project land acquisition and resettlement, are:

- An LALRP (or RAP if there is physical displacement) is prepared for the project for permanent land acquisition;
- There is consultation with affected persons, socio-economic surveys and consideration of vulnerability;
- Resettlement is avoided wherever possible and adverse impacts will be minimised first and mitigated second;
- The Project compensates people whether or not they are the formal owners, if they have a legitimate claim to land, structures, crops or other assets;
- Options for compensation, such as land-for-land and full or partial cash compensation, are presented to APs wherever this is practical;
- Cash compensation is based on replacement cost;
- If resettlement sites are provided, they will represent an improvement on the APs' former houses;
- The Project established a transparent and accessible grievance mechanism for APs to use throughout the land acquisition process;
- The Project provided training programmes for APs so that they can access employment on the Project. AGL and its contractors hired a number of trainees and will continue to provide opportunities to hire them to provide a regular income to AHs. Certification of proof of work undertaken on the Project will be awarded so that APs may access jobs on future construction works in the region;
- For the purposes of this Project, all AHs are considered to be vulnerable and will be treated as such;
- The Project aims to use a participatory approach in consultation with key stakeholders and APs regarding resettlement, in order to promote better and timely implementation of key processes such as valuation and relocation;
- APs, who are all considered vulnerable have been included in consultation activities;
- Resettlement documentation as of September 2013 has been disclosed; this revised LALRP and ESCAR and the detailed Livelihood Restoration Plan will also be disclosed on ADB website;
- Internal and external monitoring reports will be disclosed on ADB website.
- Livelihood restoration and resettlement activities will be monitored during Project implementation via internal monitoring and resettlement completion audits.

5 Methods of Evaluating Assets

5.1 Overview

This section describes the methods used to determine compensation rates and the field work undertaken to ascertain sources of livelihood of affected households.

5.2 Replacement Cost as the Basis for Compensation

The Project has decided to compensate for losses with cash rather than in-kind compensation. This is partly due to the preference of the affected households and due to a lack of suitable alternative land plots within the project area. Almost every potential arable land plot is already in use. The remaining land is largely unused for livelihood purposes, with the exception of some grazing. To purchase land plots from other families was seen as transferring arable land access challenges from one family to the next. In almost all cases land losses are partial which means AHs are only losing parts of their total land holdings, some less than 10%. Much of the affected land is rocky and/or under forest and is not actively used by its owners. Out of 234 surveyed AH, 72 are losing 10% or more of their productive land. Among them are seven (7) AHs are losing the equivalent to or more than 50% of their arable land (two AHs in Akhaldaba, two AHs in Tsablana and three AHs in Didachara). On average, these AH are losing 60% of their land, but one AH located in Tsablana is losing 82.52% of their land. This level of arable land loss is considered a more severe impact and requires livelihood restoration assistance as well as compensation.

IFC, EBRD and ADB require replacement cost to be the basis of cash compensation for mitigating losses when in-kind compensation (i.e. land for land) is not possible. Replacement cost is defined as the market value of the assets plus transaction costs. Depreciation of structures and assets is not taken into account. APs should not have to use their own financial resources in replacing assets of similar value. This means replacement costs incorporates relevant transfer taxes, registration fees, and any other costs for land acquisition. .

For this Project, two valuations that were used to establish market value: one by government and one by a local independent realtor. The first land market valuation was undertaken in September 2011 by the National Forensics Bureau of Georgia, a government institution. The Bureau assessed land in the Project area to determine market value without deductions for taxes or transaction costs. The Bureau established an average unit cost per square meter of 2.5 USD for land within Shuakhevi area. AGL then hired an independent land assessment company in Batumi called Expert XXI Ltd to undertake a valuation in March 2012. The company used a sales comparison method as their approach because there was reliable information about transactions of similar land plots in the Project area for the previous years. The assessment took into consideration the land purpose, usage, market condition, location (proximity to urban infrastructure) and general characteristics (land quality, slope, etc). Their study identified an average price of 4.3 USD per square meter for land within the Shuakhevi Project area, including forestry land. The Project committed to using the highest land value assessment of the two surveys as the basis for negotiations.

5.3 Determination of Compensation Values

The methodology for valuing various assets is summarised below:

- Land: Two initial market valuation surveys were undertaken. The highest assessment has been used as replacement cost and is the basis for the price offer to every AH losing land.
- Houses and buildings: AGL contracted an independent realtor to assess market value. Replacement cost has been identified considering market valuation as well as cost of materials, type of construction, labour, transport and other construction costs. No deductions are applied for depreciation, salvaged materials and transaction costs.
- Crops: They are valued at gross market rates at the farm gate for the first year crop. In the eventuality that more than one year of compensation is due to the AP, the crops after the first are compensated at net market value. AGL contracted an independent and impartial third-party specialist in agricultural land values to identify market rates and value.
- Trees: They are valued based on the type of tree, its age and productive value. AGL contracted an independent realtor to establish a typical production amount with botanists and a unit value for the species existing in the area. Expert XXI Ltd based on a review of market price and discussion with the Batumi Botanical Garden staff have identified replacement costs for approximately 20 species taking into consideration average yield, cost per kilo of harvest and multiplier to reflect multi annual yields to reflect replacement cost within one off cash payment. The multiplier used depends on the type of tree species and reflects differences in maturity to provide yields. See Table 6.1 for compensation approach depending on type of tree affected.

5.4 Asset Data Collection for Valuation

Each Scheme affected asset has been characterised and measured by the AGL LAR team so that its value can be determined using the above typology. Beginning in 2011, household heads of potentially affected properties were contacted by AGL staff to carry out the following types of surveys aimed at establishing the valuation of assets and the socio-economic conditions of AHs:

- A household census to identify total numbers and characteristics of APs. This census was undertaken in June 2012 and March 2013 and identified 100% of AHs (369 in total). At the same time as the census, a detailed measurement survey was undertaken to assess the value of all potentially affected assets for the AHs. The detailed measurement survey recorded the type of asset and its age, size, productivity, quality or condition, use and other relevant characteristics. Photographs of the assets were taken.
- At the same time as the census and detailed measurement survey, a socio-economic survey with 25% of AHs was undertaken. The socio-economic survey covered the major socio-economic features of the affected population (including but not limited to ethnicity, education level, modes of livelihood, income sources and levels, house type and amenities, and land tenure types. It established baseline conditions with regards to well-being and access to services.

In some cases, not all the data was able to be collected and return visits were organised up until the October 2012. Information in Section 2 has primarily been sourced from the socio-economic surveys while that in Section 3 has primarily been sourced from the census. AGL used the field data to calculate compensation for each loss based on the entitlement matrix (See Table 6.1 for AHs entitlements).

6 Land Acquisition and Compensation Process

6.1 Overview

As mentioned in section 4.4, it outlines consultation and participation requirements for the Project taking into account international requirements that APs be meaningfully consulted and have opportunities to participate in the planning and implementation of resettlement programs. International policies also require special efforts to ensure any vulnerable groups are consulted. Gender considerations are expected to inform consultation activities. This section describes the information disclosure and consultation activities that have been undertaken for the Project to ensure that APs are fully aware of their land acquisition and resettlement (LAR) entitlements and options. Grievance management and redress is addressed in Section 8.

6.2 Institutional Framework

To implement the LALRP a variety of role players from the government, civil society and private sector are involved. AGL places great emphasis on their employees to inform people locally about the Project. This means of communication is efficient and through personal contacts and meetings with AHs, AGL receives instant feedback to plan and activities. In addition, AGL encourages AHs to visit their office or call their local staff directly (mobile phone numbers of project team have been distributed throughout the Project area). AGL has participated in TV debates, TV interviews, and seminars in order to inform stakeholders and APs about the Project. A range of stakeholders in addition to AHs are being consulted including:

- Municipality authorities,
- Community leaders,
- Forestry agency staff in Tbilisi, Batumi and the different municipalities,
- The Chairman of the Board of the Autonomous Republic of Adjara and the Ministry of Economy in Adjara,
- Ministry of Energy and Ministry of Economy and Sustainable Development
- Real estate private sector
- Vocational education and training centers

AGL, as the Project Proponent, has overall responsibility for the Project including for the preparation, implementation and financing of all LAR tasks. AGL has established a LAR Team for this Project who manages LAR tasks and administers and documents this LALRP. The LAR Team works in the field to consult and coordinate with APs, resettlement stakeholders, contracted service providers, and partners. Main tasks include carrying out the field surveys, compiling and negotiating entitlement packages, and helping APs wishing to use the grievance redress mechanism.

For this Project, the AGL LAR has used Expert XXI Ltd., a Batumi based company with approximately 20 employees to carry out valuations. A Financial Planning service provider will be contracted to create awareness about savings and financial management among AHs. A Resettlement Evaluator will be used to confirm for lenders that the implementation of land acquisition and resettlement has been completed according to the LALRP, meeting the requirements of the lenders' involuntary resettlement safeguard policies.

Lenders need to approve this LALRP to ensure their safeguard policies are being met. As part of the financial agreement, lenders will also provide clearance for initiation of civil works after any implementation of this LALRP.

6.3 Eligibility for AP and Community Compensation

Under Georgian law only registered owners are entitled to be compensated for land. Under IFC, EBRD and ADB standards, unregistered owners and users are eligible for compensation in addition to those who are registered. AGL has elected to treat registered and non-registered land and property owners and users equally. Provided the owner or user can prove through testimonies from neighbours and local officials that the asset is theirs, AGL fully compensates them. AGL is to acquire assets that are free of any encumbrances and to the extent possible do not affect any households other than themselves. Where this is not possible, users are being compensated regardless of registration status.

To summarise, the Project eligible APs include:

- AHs with registered title or who have customary deed or traditional land rights as vouched by the local administration;
- Tenants and sharecroppers, whether registered or not;
- Registered and non-registered owners of buildings, crops, plants, or other objects attached to the land; and
- APs losing business, income, and salaries because of the Project land and asset acquisition.

Community services and infrastructure affected by the Project are also eligible for compensation. However, field surveys did not identify any community services or infrastructure that will be impacted by this Project.

6.4 Eligibility Cut-off Date

Eligibility is also affected by timing of asset occupancy. The cut off dates for this Project correlates to AHs' signature of their Options Contract. The Options Contract allows AHs the right to develop their plots further but highlights that any losses outside those identified in the contract are not compensated for if acquisition is undertaken within the Options Contract agreement period. As stated in Section 3.4, as of May 2013, 365 AHs have signed Options Contracts. The Project's first Option Contract was signed in July 2012 and the most recent one in October 2012.

6.5 Compensation Entitlements

A principle of this LALRP is that affected livelihoods will be restored to pre-project standards and if possible improved. Entitlement will be based on type of loss and in some cases AH characteristics. An AP or AH may suffer various losses and be eligible for various allowances. Documentation of ownership or occupancy and compensation arrangements will be issued in the names of both spouses or heads of household.

AGL implements compensation and livelihood restoration measures based on the Project entitlement matrix. Table 6.1 summarises entitlements to be provided to the APs. Below demonstrates that AGL paid the Market Rate of 4.6USD and agreed upon a negotiated rate of 4.6USD + 10% to compensate for the loss of land whether it be permanent or, in most cases, temporary.

Table 6.1: Summary of Compensation Entitlements Relevant for the Shuakhevi Scheme

Entitlements	Unit	Amount	Remarks
Personal land	m ²	4.60 USD	4.6 USD per square meter has been the price point used for negotiating replacement cost. Based on the whether the land is arable or grazing, flat or sloped, close to a road or not, AHs are offered an amount based around the 4.6USD price point during negotiated settlements. 4.6 USD per m2 + 10% was used to compensate land loss
Walnut, Quince and Mulberry Trees	annual average harvest x market price per kg x 8	Various	The multiplier eight takes into account providing replacement value of tree, to reflect the one off nature of the payment in lieu of multi-year cash income payments. Multipliers have been determined in cooperation with local valuation expert, Expert XXI.
Other fruit trees	annual average harvest x market price per kg x 5	Various	The multiplier five takes into account providing replacement value of tree, to reflect the one off nature of the payment in lieu of multi-year cash income payments. Multipliers have been determined in cooperation with local valuation expert, Expert XXI.
Commercial structure	m ²	Various	Based on an independent valuation of replacement cost
Business income and employment wages	GEL/month	200	For wages up to a maximum of 6 months, and priority access to skills training for employees of businesses that decide to close down
Options Contract signing allowance	Lump sum	400 to 800 GEL 100 GEL	400-800 GEL is offered to AHs depending on how productive the land is: More productive land gets the higher amount 100 GEL is offered where all AHs in a village are potentially entitled to some form of compensation as a result of common land being required by the Scheme.
Vulnerability allowance	Lump sum	10% of land valuation	All land valuations to be increased by 10% as vulnerability allowance
Severity assistance	AH	In kind	Arable land to be provided in kind in consultation with AHs to ensure suitability and reasonable distance. Rough un-surfaced land will be prepared with soil and grass seed to allow cattle to graze and crops to grow. AHs to receive animal feed such as hay and seed until grass levels are established.
Livelihood restoration	AH	Restoration measures are additional to compensation. No price equivalent available	AHs will be invited to financial management seminars to help them make good long term investments with their cash compensation. AHs with archival papers will receive help in registering their land.

Source: AGL LAR Team, October and September 2013

7 Stakeholder Engagement

7.1 Overview

Our Stakeholder Engagement Plan (SEP) forms part of the suite of ESIA documents. The SEP along with the Land Acquisition and Livelihood Restoration Plan (LALRP), Biodiversity Plan (BAP), Construction Environmental Management Plan (CEMP) help to form the main Project control documents. These control documents are supported by a series of Sub-plans such as, but not limited to, The Labour Grievance Plan – CEMP 08, Ecological Management Plan CEMP – 02 & Air Quality Management Plan 05.

The purpose of the SEP is to enhance stakeholder engagement throughout the life cycle of the project particularly prior to and during the construction and operation of the Adjaristsqali Hydropower Project and to carry out stakeholder engagement in line with national laws and international best practise such as the requirements of the International Finance Corporation (IFC) and the European Bank of Reconstruction and Development (EBRD) and the Asian Development Bank (ADB).

Through commitments and obligation since the Project SEP, in March 2014 AGL initiated a series of consultation sessions for people in the Municipalities of Shuakhevi and Khulo to educate on blasting techniques and offer further explanations on geology. Brochures and leaflets were developed in March 2014 and distributed to persons in the affected villages and the information centres located in Shuakhevi and Khulo. 'Communication days' were held in late March 2014 whereby AGL senior staff along with representation from the Owners Engineer and the Contractor at the Information Centre's whereby information exchange could be had between these Project staff and members of the public.

7.2 Information Disclosure, Consultation and Participation

Consultation with AHs began in June 2011 through a municipal level project disclosure meeting and has been continued by AGL LAR staff and their consultants periodically since then.

LAR field surveys were initiated in June 2012. When household heads were interviewed, AGL distributed a resettlement booklet to explain the land acquisition process. The booklet describes the Project, LAR principles, eligibility for entitlements; institutional arrangements and the complaints procedure (see Appendix B for a copy of this booklet). See Table 7.1 for details of engagement activities with local communities.

Table 7.1: Overview of AGL Consultation and Information Disclosure Events

Date	Location	Number of Attendees	Attendees	Topics Discussed
2011				
June 14 th	• Khulo Admin. Building	25	Villagers	• Project disclosure meeting with mayors of local municipalities
July 19 th	• Shuakhevi Admin. Building	Over 150	53	• Scoping meetings
	• Oladauri		45	
	• Chvana		55	

Land Acquisition and Livelihood Restoration Plan
 Adjaristsqali Hydropower Project

Date	Location	Number of Attendees	Attendees	Topics Discussed
	• Didachara		40	
July 20th	• Keda Admin. Building • Merisi • Adjaristsqali	200	5 Local Authority personnel 5 NGO's 180 Villagers	• Scoping meetings
October	• Iakobadzeebi	30	Villagers	• General project information disclosure • Borehole drilling
Dec. 1st	• Didachara	50	Villagers	• General project information
2012				
June 8th	• Khulo Admin. Building • Shuakhevi Admin. Building	90	Villagers	• Public consultations on ESIA
June 9th	• Keda Admin. Building • Adjaristsqali	120	lagers	• Public consultations on ESIA
July 20th	• Pachkha	15	gers	• Land compensation for the Advanced Work
July 27th	• Didachara	10	Villagers	• Landslide • Geology • Land border
	• Kvatia	50	lagers	• Geology • Compensation for land taken previously by the river • Compensation for the riverbed (that was last used in 1989)
Aug. 15th	• Batumi	6	lagers	• Concern about how land measurements have been done
Sept. 5th	• Akhaldaba • Pachkha • Tsablana	25	al Authority & villagers	• Advance works site visit
Nov. 7th	• Pachkha	50	Villagers	• Locals concern regarding landslide
2013				
Feb. 8th	• Didachara	70	lagers	• Locals were requesting to terminate the project because of landslide that it might cause
Feb. 13th	• Didachara	40	lagers	• Landslide • AGL has not been allowed to do core drilling
Feb. 15th	• Didachara	55	lagers & village leaders	• AGL has not been allowed to do core drilling
Feb. 16th	• Kvatia	15	lagers & village leaders	• 10 families residing on the left side of the river bank are requesting for compensation or resettlement.
March 13th	• Kvatia	40	Villagers & village leaders	• General project information disclosure

Date	Location	Number of Attendees	Attendees	Topics Discussed
			Local Authority	
	• Tsablana	40	Villagers & village leaders	
	• Pachkha	40		
March 14th	• Chanchkhalo	28		• General project information disclosure
	• Akhaldaba	30	Villagers	
April 20th	• Khulo Admin. Building	9	ew mayor & his team	• Meeting with a new mayor of Khulo and other representatives from the Admin.
May 1st	• Kvatia	30	Villagers	• Meeting with angry villagers who request compensation or resettlement. (Left bank of the river Skhalta)

Source: AGL

Stakeholder and community feedback received through the consultation process was duly recorded by AGL and addressed, where relevant, through the detailed design process and within the land acquisition and compensation process, see Table 7.2 for key issues raised during stakeholder consultations.

Table 7.2: Resolution of stakeholder concerns

Issue	Location (if relevant)	Resultant AGL action
Residents' fears around landslides being caused by project development	Didachara	<p>It was recognised in the early phases of the Adjaristsqali Hydropower Project that landslides posed a hazard in the area of a proposed dam structure at Didachara. Through a phased approach incorporating geomorphological, and both surface and intrusive geological studies, a detailed understanding of the ground conditions and prevailing landslide hazard has been developed. It has been determined from observations and investigations that the geological formations upon which local residential properties have been constructed, have very limited potential to be affected by the proposed reservoir and structures. Two areas where a limited potential for an effect were noted and have been mitigated during the design and development of the scheme:</p> <ol style="list-style-type: none"> 1. The extent of the reservoir was limited to ensure that slopes at river level made of loose unconsolidated sediments (colluvium) are not affected by the reservoir; 2. Investigations have been undertaken at the site of the Didachara dam to confirm a limited thickness of colluvium that can be engineered during construction to ensure stability. <p>To address perception issues around this, a detailed community briefing document for the local residents was produced in July 2013, translated into Georgian and presented at consultation meetings.</p>
Employment and training for local residents as a result of the project	-	AGL carried out professional skills surveys in the municipalities and opened a professional re-training centre in the Khulo region in cooperation with a Kobuleti public college. Local content embedded into Project labour management system. See section 9.2
Questions in relation to land acquisition and compensation measures were raised in three of the four public consultation forums.		Each municipality was informed of AGL's intention to treat all landowners and users equally and offer compensation to all whether or not they had legal entitlement to the land. Land prices were to be determined based on market valuation to be

Issue	Location (if relevant)	Resultant AGL action
		undertaken on each land plot by a local real estate validation company. Further details were provided in a leaflet distributed during the meeting and contact details of AGL's Community Grievance Officer included. AGL informed that those affected by land acquisition would be approached and have further consultation meetings and updates throughout the project.
Concerns were raised as to whether the project would have an effect on the local climate by increasing humidity,		No large water reservoirs are envisaged the effect on local climate is considered to be minimal. AGL will further develop information materials to increase local peoples awareness
All municipalities raised the question of whether they would benefit from either free or low electricity prices.		AGL informed them that electricity prices are set by the authorities at national level and that AGL has no power over the matter.

Source: AGL

It is anticipated that as the land acquisition process continues there will be more need for on-going information disclosure and consultation. Public or group meetings to address resettlement and compensation issues will be announced on a timely basis to allow for maximum attendance of the targeted group of APs.

In addition to consulting directly with APs, stakeholders consulted regarding the Project LAR activities have included:

- Municipality authorities;
- Community leaders;
- Forestry agency staff Batumi;
- The Chairman of the Board of the Autonomous Republic of Adjara and the Ministry of Economy in Adjara;
- Real estate private sector;
- Association of Professionals on Land and Property (APLP);
- National Forensics Bureau Batumi Branch;
- Expert XXI, Ltd.;
- Citrus and Chai Ltd;
- Kobuleti Vocational Centre; and,
- Ministry of Energy and Ministry of Economy and Sustainable Development.

Focus group discussions have targeted a range of community members during the ESIA and since its completion. As recently as September 2013, five focus groups with women from different villages were organised.

Since December 2011, the LAR Team has regularly produced newsletters for senior staff in national and local government to keep those stakeholders informed regarding project activities as well as land acquisition and resettlement status. These newsletters will continue to be regularly produced and land acquisition progress will be described until it is completed.

Other planned information disclosure includes:

- Producing and distributing full copies of the LALRP in the relevant municipal locations as well as on the Project's website.

- Uploading of the English LALRP on lenders' websites to contribute to transparency regarding their lending activities.

This LALRP has been disclosed in Khulo and Shuakhevi municipalities. It is recognised that if there is additional land to be acquired, it should follow the LALRP process and same entitlements should apply, then this updated LALRP will be disclosed. Disclosure of any updated LALRP via hard copies at relevant locations and via the web will be undertaken on a timely basis to allow meaningful consultation.

8 Grievance Management and Redress

8.1 Overview

AGL aims to engage with stakeholders on land acquisition and resettlement in a manner that is conciliatory, fair and transparent. Care will always be taken to prevent grievances rather than going through a redress process. Through careful land acquisition design and implementation, by ensuring full participation and consultation with the APs, and by establishing extensive communication and coordination among the various implementation entities, AGL will try to prevent grievances. A grievance can be defined as an actual or perceived problem that might give grounds for complaint. Nonetheless, APs may find disagreeable a decision, practice or activity related to land acquisition and resettlement.

This section presents the resettlement redress mechanism for the Project and discusses its use to date for the Project.

8.2 Project Grievance Redress Tenets

The following tenets underlie the grievance redress mechanism:

- APs will be fully informed of their rights and of the procedures for addressing complaints whether verbally or in writing during consultation, survey, and at the time of compensation;
- Each grievance will be registered, its receipt acknowledged, and tracked until closure;
- All grievances will be processed and responded to within a reasonable period of time; and,
- The overall objective is to avoid resorting to judicial action for as many grievances as possible.
- Genuine costs incurred by the individual may be covered by the Project

Language, literacy and gender are not an impediment for complainants. Presentation of complaints does not incur undue costs to the complainant.

8.3 Grievance Resolution Process

Two tiers for reviewing and settling grievances will be used: the first one internal to AGL and the second one either fully external or with involvement of external parties. After informal attempts at resolution, AGL will be given the first opportunity to resolve formal grievances. If unresolved, a Grievance Redress Committee (GRC) will review the documentation and hear from both sides and propose a solution. The GRC will be comprised of approximately five to seven people representing the Project Proponent (namely a senior AGL representative familiar with the land acquisition as well as community liaison officer), the local municipality (for instance a member of the cadastral land services, agricultural department or other relevant section), village head, and a representative of the AHs community (someone not directly affected by the grievance in question). The GRC will only to be formed in the event that the initial steps laid out within the grievance process do not resolve the issue. The Project resettlement grievance resolution process is summarised in Table 8.1.

Table 8.1: Grievance Resolution Process

Steps	Grievance Redress Actions
INTERNAL	
1	AGL's LAR Team will set up a system for channelling and logging grievances for each AP
2	In the first instance, an AP can lodge a grievance and resolution will be attempted at an informal level with the involvement of relevant Project entities (for instance AGL LAR staff or the Independent Monitoring Officer) or

Steps	Grievance Redress Actions
	local influence leader within ten days
3	If still unsettled, the AP can lodge the complaint with AGL LAR Manager who has 15 days to decide on the case
EXTERNAL	
4	If still unsettled, the APs' grievance will move within 15 days to a Grievance Resolution Committee which has 15 days to decide on the case
5	At any time or should the grievance redress system fail to satisfy, the AP can submit the case to the appropriate Georgian court of law. In this instance, AGL will be required to set aside funds in an escrow account

8.4 Grievance Recording and Logging

The AGL LAR Team is responsible for recording any grievances which are presented at the local government level and to their staff. They also log activities and their timing until a resolution is achieved. The LAR Team is responsible for keeping the complainant informed of decisions and activities undertaken to reach resolution.

The resettlement log was established in January 2012 for this Project. Grievances mainly concern geology, blasting, compensation amounts and borders of land plots being acquired. Compensation concerns are resolved/negotiated directly, however border disputes are not within the scope of AGL's competence and must be agreed amongst neighbours and together with the support of the Municipality, AGL aims to remain neutral in this process but support how it can. A grievance committee has been set up consisting of Expert XXI and AGL representatives. AGL representatives include the Liaison Officer, Land Officer, Land and Social Director, and the Deputy Project Director. This committee receives grievances, discusses them internally and then finalises and implements a solution. When relevant, the committee consults with community leaders and representations in order to finalise actions. As of May 2013, the AGL LAR team reports that the grievance mechanism is functioning well. Comment boxes have also been positioned in each Municipality building to allow communities to make their views or complaints known anonymously if required.

9 Livelihood Restoration Plan

9.1 Overview

Livelihood restoration is not necessary under Georgian laws but it is an IFC, EBRD and ADB requirement. A focus on livelihood restoration is a good strategy to help people to be better off or at least not worse off after land acquisition and resettlement implementation. The Project activities related to livelihood restoration are described below.

9.2 Skills Training and Local Hire Preference

Consultation activities confirm that people living in the Project area and AHs are keen to benefit from the presence of the Project. AGL has addressed this local aspiration from the outset by embedding local content into its labour management.

AGL undertook a skills mapping exercise to identify local skill gaps and looked at various procurement options for encouraging local content. Based on the skills mapping, AGL implemented a Local Skills Development Program with the aim of developing transferable skills that would be useful to participants both during and beyond the Project's construction phase.

The program, which commenced on February 3rd 2013, develops skills required by welders, electricians, excavators and crane operators. Participants are also required to undertake and pass a general site labourer's course which includes training in Health, Safety and Environment (HSE), a total 166 persons are currently employed on the Project. These 166 are successful candidates from the training scheme.. Below is a list of courses completed and numbers that attend:

General Labourer – 360
Welder – 104
Electrician – 101
Machine Operators - 17

As part of the construction scope of works, AGL, together with Kobuleti Vocational Centre, established a Local Skills Development Program in the Project area¹¹. The first three months of training is intended to be undertaken in Shuakhevi under supervision of the Kobuleti VET centre in Adjara. In February 2103, AGL In partnership with Kobuleti Community College Akhali Talga opened a Vocational Training Centre in Shuakhevi Municipality. Training provides participants with awareness of basic requirements of a formal employment setting, short courses for low-skilled occupations, short up-skilling courses to update or enhance proficiencies, technical courses aimed at progressing skills (for instance as part of an apprenticeship programme), and supervisory training to help workers already technically proficient to develop supervisory capacity. A two-month training programme for welders, electricians and heavy machine operators was completed in late 2013.

AGL has committed to providing this skills training via contractors to at least 600 people. As of November 2013, 582 participants have been successfully trained and have acquired the national certificate for their respective trade. Successful candidates will be preferentially recruited by the Project's construction

¹¹ Website: http://www.adjaristsqali.com/view_news.php?id=26.

contractor. The overwhelming majority of participants have come from AHs although the programme is open to all residents within the Project area (not only AHs).

9.3 Financial Management of Compensation

The amount of compensation funds could be considerable in comparison to normal annual household earnings and savings for the Project AHs. AGL will sponsor a financial management seminar or seminar series (depending on the number of affected people) which AHs will be encouraged to attend. The aim is to support AHs with independent financial advice to help them invest their compensation in such a way as to improve their long term well-being rather than contribute to a household boom and bust, caused by spending the compensation payment in an unplanned manner.

9.4 Allowances to Support Livelihood Restoration

Allowances are being provided to AHs in order to support their livelihood restoration. The amount offered to AHs who sign the Options Contracts depends on the productivity of their land and on whether or not all AHs within their respective villages are affected by the Project. A vulnerability allowance of 10% of the land's value will also be given to all AHs in an attempt to support livelihood restoration (Table 6.1 Table 6.1 above provides a summary of AHs' entitlements).

Special assistance will be provided to the seven AHs with significantly severe impacts (loss of more than 50% of their productive land holding. It is anticipated that in kind assistance for livelihood restoration will be provided, namely productive land that is considered suitable and reasonably distanced. Rough unsurfaced land will be prepared with soil and grass seed to allow cattle to graze and crops to grow. Through AGL's CSR scheme, these AHs will be eligible to receive animal feed such as hay and seed until such time as grass levels are suitable. The provision of this transitional assistance could be a prominent factor in the areas where new grazing land has been set up within the first year. A decision in this form of mitigation will be made by the Senior AGL members and the Owner.

9.5 Legalisation of Land Ownership

The large majority of potential APs have land that is non-registered. During the land acquisition and resettlement process, where AHs have the required documents, AGL has committed to formally registering their land. AGL pays the costs related to this registration. For this Project, it is anticipated that 40 will have their land registered by the Project.

9.6 AGL's Corporate Social Responsibility (CSR) Programs

AGL plans to implement small-scale CSR schemes as part of 'restoration' obligations such as road, bridge and vocational training. Priority issues for these programs will be determined in coordination with the local municipality council. Through its CSR Program, AGL is fully supportive of cultivating an increased academic level through training and a better control of financial management once small shops and businesses start to accrue monetary wealth due to the compensation payments. AGL has organised monetary control workshops and has built a successful training Centre for local people in the Shuakhevi Municipality with a view to providing trained people to the Project. Another example of the Project CSR duties will be to construct village / community center's to assist AGL with communication during the CP,

these centers in the affected villages would be handed over to the Municipality for future use by the community as they see fit after the completion of the CP.

Various other options being considered as part of the CSR is the inclusion of a road traffic safety NGO and medical provision and assistance for persons in the valley with ailments such as poor vision or the further improvement of community roads to safer passage for public vehicles.

In addition, AGL also propose to undertake the following social programs to further show its commitment to local people:

- (i) Employment - engage local people as Traffic Safety Wardens who will be stationed in the main village areas at Kichauri, Shuakhevi, Khulo, Didachara, and Paksazeebi with the responsibility to assist with traffic control and separation of the public from construction vehicles. While this is taken as an employment obligation which responds to a clear demand from Government here to increase local employment it is also a positive initiative for AGL in dealing with traffic safety risks.
- (ii) Scholarship - AGL will consider funding of university scholarships for studies from the Khulo and Shuakhevi municipalities. The idea is to make about 6 scholarships for around 2000 to 3000 GEL available. The scholarships would be shared equally between male and female students. Selection would be on merit and importantly would be made by a body separate from AGL. AGL will not participate in the selection. The scholarships would be renewable for up to 4 years so this would become a rolling program involving up to 24 students.
- (iii) Stipend - AGL also suggested a stipend to be made available for books or extra-curricular activities at the public schools in the directly affected villages. This would be spent at the discretion of the local school community.
- (iv) Other activities being developed are those previously suggested such as Didachara gymnasium repairs, Akhaldaba school bus during construction traffic, and Chirukhistkhali area bridge.

The above ideas have been very positively received during the negotiations with various villagers in March 2014 so AGL will be proposing to move forward to formulate the details and budget.

Continuous discussion to assess the needs and the longer term livelihood restoration of AHs. A well-budgeted stand-alone Detailed Livelihood Restoration Plan with time-bound activities, implementation arrangements will be submitted to Lenders within 3 months of signing the financing agreements with ADB.

10 Monitoring, Evaluation and Reporting

10.1 Overview

Monitoring, evaluation, and reporting are key components of the resettlement and compensation program. LAR tasks are subjected to both internal and external monitoring. Internal monitoring is conducted by the AGL, assisted as necessary by the project supervision consultant, as well as by APs as appropriate. External monitoring will be assigned to an independent organisation with expertise in resettlement and compensation issues and with the resettlement requirements of Georgia law and international financial institutions, for instance the lenders' engineer. This section presents the process for on-going monitoring and evaluation.

10.2 Internal Monitoring

AGL has had between five and 10 full time LAR staff addressing the Project's land acquisition issues since 2011. At present, AGL' team comprises of eight full-team members who follow the effectiveness and progress on:

- Information disclosure and consultation with AHs;
- Status of asset acquisition and compensation payments;
- If required, relocation of AHs and their assets as well as community services and infrastructure; and
- Income restoration activities.

Information sources include the field survey data (detailed measurement, AH census and socio-economic survey) as well as consultation results (formal and informal interviews with AHs and other stakeholders in individual and group meetings). Indicators for monitoring will be those related to process, outputs and outcomes. Monitoring will considered special measures and activities to address inclusion and diversity as well as vulnerability and severity impacts. To the greatest extent possible, AH profiles and gender disaggregated data will be included in LALRP monitoring reports.

As appropriate, AGL provides incentives to encourage the involvement of APs in specific monitoring activities (for instance, monitoring surveys). Focus groups of APs are convened at least every two months in each municipality to hear AP opinions and perceptions as part of the monitoring process. This process is used for temporary land that has been handed back to the community or land owner (in equal or better condition) after construction activities giving the AP(s) direct involvement.

Internal monitoring reports will be included in reports to lenders. This reporting requirement will be reflected in the Environmental and Social Monitoring Plan and in the lender financing agreements. AGL will issue a Project report once per 6 months to the Lenders. Monthly reports and quarterly audit will also be made available to the Lender's.

10.3 External Monitoring

Land acquisition and compensation carried out with village leaders with notification to the Mayor and Mayors personnel during the negotiations stage. AGL will initiate an external review in mid-2014 to make assessments on fairness and adherence to agreements. The Project will be subject to external monitoring of the implementation of this plan for the first two years to ensure that economically displaced households have had their livelihoods restored adequately. Two years was deemed an appropriate external monitoring

period given that there will be no physical displacement. The monitoring will consider the effectiveness of the livelihood restoration facilitated by AH themselves through the deployment of compensation monies received or through support from AGL. The External monitors will review the internal monitoring findings and verify through bi-annual site visits. Semi-annual external monitoring reports will be submitted to ADB for the next two years, inclusive of the review in June 2014, after ADB approval or until such time that LALRP and Lenders' policy requirements have been met. External monitoring reports will be submitted to ADB for review and posted on ADB website.

The external monitoring will be undertaken by appropriately qualified and experienced third-party specialists to be agreed by AGL and the lenders. Prior to contracting the external monitor, AGL and Lenders will agree on the terms of reference and report format. External monitoring will aim to establish the robustness of internal monitoring methods and the relevance of Project outcomes to decided aims. External monitoring tasks will include:

- Review and verify internal monitoring reports
- Review of the socio-economic baseline and household asset census survey information of pre-displaced persons
- Review of effectiveness of the grievance mechanism
- Consultation with APs, officials, community leaders
- Verifying whether AHs livelihoods have been increased or at least restored to pre-Project levels, and
- Verifying whether there have been improved opportunities for AHs to derive direct or indirect benefits.

In case of gaps in implementation or noncompliance with Lenders' policies, external monitors will propose corrective actions and AGL will propose time bound actions (with budget) to bring the project to compliance.

10.4 Resettlement Completion Audit

A Resettlement Evaluator agreed by AGL and the lenders will be hired to undertake a completion audit of this LALRP and the Detailed Livelihood Restoration Plan, once the agreed monitoring period is concluded. The resettlement completion audit will include a review of the totality of mitigation measures implemented by AGL, a comparison of implementation measures against agreed objectives and a conclusion as to whether the monitoring process can be ended. The audit will assess whether the LALRP, the Detailed Livelihood Restoration Plan, and the requirements of the lenders' involuntary resettlement policies have been met. In case of gaps in implementation or noncompliance with Lenders' policies, corrective actions will be identified and AGL will propose time bound actions (with budget) to bring the project to compliance.

11 Schedule and Budget

11.1 Overview

This section presents the Project's land acquisition schedule and budget.

11.2 Schedule

To implement this LALRP a variety of role players from the government, civil society and private sector are involved. Land acquisition can take several months to follow the required processes and ensure involvement of appropriate organisations. Implementation of this LALRP was agreed with IFC and EBRD, much earlier than ADB,¹² and prior to commencing construction activities at the affected sites. Table 11.1 presents the Project's schedule.

Table 11.1: Project Land Acquisition Schedule

Step ¹³	Action	Responsibility	Status
A) LAND ACQUISITION PREPARATION			
A1	Scheme identification	AGL	Completed
A2	Mobilise LAR Team	AGL	Completed
A3	Screening of resettlement impacts and collection cadastral and land parcel maps of the sub-project area	AGL	Completed
A4	Finalisation of subproject detailed design	Design consultants	Summer 2013 / completed
B) RESETTLEMENT OR LIVELIHOOD RESTORATION PLANNING			
B1	Inform municipal authorities and lenders of physical and economic displacement impacts	AGL LAR	Completed
B2	Establish system for channelling, logging and resolving grievances	AGL LAR	Completed
B3	Prepare resettlement information brochure (to meet ADB requirements)	AGL LAR	Completed Feb 2014
B4	Conduct consultations meetings with APs and stakeholders to explain the process and distribute the resettlement information leaflet	AGL LAR/Municipal government representatives	Completed
B5	Prepare survey forms for AP/AF census, socio-economic census and detailed measurement survey, train local survey teams, and establish coordination with relevant local government s	AGL LAR	Completed
B6	Carry out field surveys (detailed measurement survey, AF/AP census and socioeconomic census) to identify APs and their characteristics, produce and measure assets impacted, and to establish the socio-economic baseline standards and conditions	AGL LAR/Municipal Authority	Completed
B7	Verify land records in affected areas, update cadastral maps and confirm survey findings	AGL LAR	Completed
B8	Negotiate with outstanding APs to agree impacts and entitlements	AGL LAR/Municipal Authority	On-going

¹² ADB reviewed the September 2013 version of the LALRP and have requested revisions starting in January 2014.

¹³ The steps refer to the schedule in the LALRF.

Step ¹³	Action	Responsibility	Status
B9	Implement grievance redress mechanism	AGL LAR/Grievance Redress Committee	On-going
B10	Integrate data from surveys, consultations and negotiations into the LALRP	AGL LAR	Completed
B11	Collate and submit LALRP to lenders for approval	AGL	May 2013 (IFC, EBRD)/ January 2014 (ADB only)
B12	Disclose LALRP on lender and Project websites	AGL LAR/Lenders	Summer 2013 / January 2014 (ADB March 2014))
B13	Upon approval, issue formal notification about the particular land needed for the Project as per Georgian legal requirements	Municipal Authority	Spring 2012 / completed
B14	Ring fence funds for LALRP implementation, including contingency	AGL	Summer 2013 / completed
B15	Distribute approved LALRP or its non-technical summary to stakeholders	AGL LAR	Summer 2013/ completed
B16	Recruitment of third party to verify land negotiations	AGL	
C) NEGOTIATED SETTLEMENTS ON WILLING BUYER-WILLING SELLER BASIS			
C1	Define fair and appropriate compensation and incentives or benefits to encourage negotiated settlement	AGL LAR	Completed
C2	Undertake negotiations	Service provider	Completed
C3	Organise signed agreements of entitlement package,	AGL or service provider	Near completion
C4	Document negotiated settlement in dossiers	AGL LAR	On-going
D) ENTITLEMENT PACKAGE IMPLEMENTATION			
D1	Issue notice of award of compensation	AGL LAR/Municipal Authority	Summer 2013 / completed
D2	Inform AHs where and when compensation will be paid ¹⁴ along with project schedule and dates for the development moratorium and any vacating of premises	AGL LAR/Municipal Authority	Summer 2013 / completed
D3	Disburse cash compensation. File records related to provision of compensation.	AGL LAR/Municipal Authority	On-going since November 2013
D4	Implement any other LAR assistance activities according to schedule. File records related to their provision (for instance priority hiring).	AGL LAR/LAR IO/Service Providers	On-going since Summer 2013
D5	Finalise land transfer by demolishing and relocating affected structures and assets	AGL/Contractor	On-going (petrol station)
D6	Issue notice of award of compensation	AGL LAR/Municipal Authority	Summer 2013 / completed
D7	Detailed livelihood restoration program (DLRP) submitted to ADB	AGL	3 months after ADB loan signing
E) MONITORING AND REPORTING			
E1	Internal monitoring with quarterly reports on LALRP and DLRP implementation	AGL LAR	On-going to end of implementation
E2	External monitoring with bi-annual reports on LALRP and	Independent specialists	Bi-annual for a

¹⁴ Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses or heads of household. Resettlement assistance should be equally available to women and as appropriate adapted to their needs.

	DLRP implementation	contracted by AGL approved by lenders	period of two years of LALRP and DLRP implementation
E3	Resettlement completion audit prepared and submitted to lenders	Resettlement Evaluator	2016
E4	Issue notice to proceed with civil works	Lender	

11.3 Project LALRP Budget

Table 11.2 presents the cost estimates and budget for land acquisition and resettlement with provisions for administrative costs and contingencies included. The estimated total budget for land acquisition and resettlement is 8 million GEL for the Adjaristsqali Hydropower Project. This figure includes all applicable transaction fees as all such fees are borne by AGL. Rates from 2013 have been used for calculating all compensation paid to date.

As of March 2014, 25 AH's have outstanding compensation due. The outstanding balance for compensation to these people is 1% of their due compensation. AGL targets to pay the final compensation of 308.788 GEL to these 25 AHs on 28 March 2014. This will complete a total of, on average, 21,800GEL per AH. The figures below, in addition the near 8 million for land acquisition, show additional monies that is forecast for small-scale CSR schemes (see section 9.6 for samples) as part of 'restoration' obligations such as road, bridge and vocational training.

AGL purchased land from land users / owners in addition to the Georgian Government (GoG). AGL purchased state owned land from the GoG for Project accommodation and construction areas. AGL also paid four companies for small land plots to allow the establishment of Project infrastructure. Land owner/users, GoG and private companies make the four parties to which AGL made payments for land.

Table 11.2: Summary of the Project LALRP Budget

Item	Unit	Amount	Quantity (m ²)	Budget (GEL)
Compensation and Entitlements				
Total productive land lost	m ²	7 GEL average	90,000	630,000
Fruit and nut trees	Annual average harvest x market price per kg x replacement cost multiplier	Various	677	200,000
Commercial structure	m ²		2	250,000
Business income and employment wages	GEL/month	200	4	2,400
Vulnerability allowance	Lump sum	10% of land valuation	N/A	63,000
Severity impact assistance	Various (in kind land, seeds, animal)		For 7 AHs	70,000

Land Acquisition and Livelihood Restoration Plan
 Adjaristsqali Hydropower Project

Item	Unit	Amount	Quantity (m ²)	Budget (GEL)
feed)				
Financial planning seminar/s	Lump sum	01-May	For 400 AHs	10,000
Livelihood restoration programmes				10,000,000
Compensation and Entitlement Subtotal				11,225,400
Administrative/Implementation Costs				
AGL LAR TEAM core management, supervision, implementation and monitoring	Lump sum			In staff budget
External livelihood restoration monitoring	Lump sum		100,000	
Land acquisition service providers	Lump		300,000	
Resettlement Evaluator			30,000	
Grievance redress	Lump sum		10,000	
Subtotal Administrative/Implementation costs				440,000
Contingency	10%			112,254
TOTAL				11,777,654

11.4 Flow of funds

The AGL LAR team is responsible for disbursing compensation. AGL has worked and continues to work with village leaders and AP's to ensure that monies are allocated to the correct individuals. AGL has officially registered all APs and has assisted them in opening free bank accounts. Compensation monies flow directly from AGL to these bank accounts which can be accessed only by the registered AP. The bank used has a branch in Shuakhevi.

Appendices

Appendix A. Socio-Economic Survey	55
Appendix B. Public Information Booklet	68
Appendix C. Newsletter Example	72
Appendix D. Inventory of Affected Persons	73

Appendix A. Socio-Economic Survey

These findings are not for public disclosure and will be removed when the document is publicly disclosed.

Appendix B. Public Information Booklet

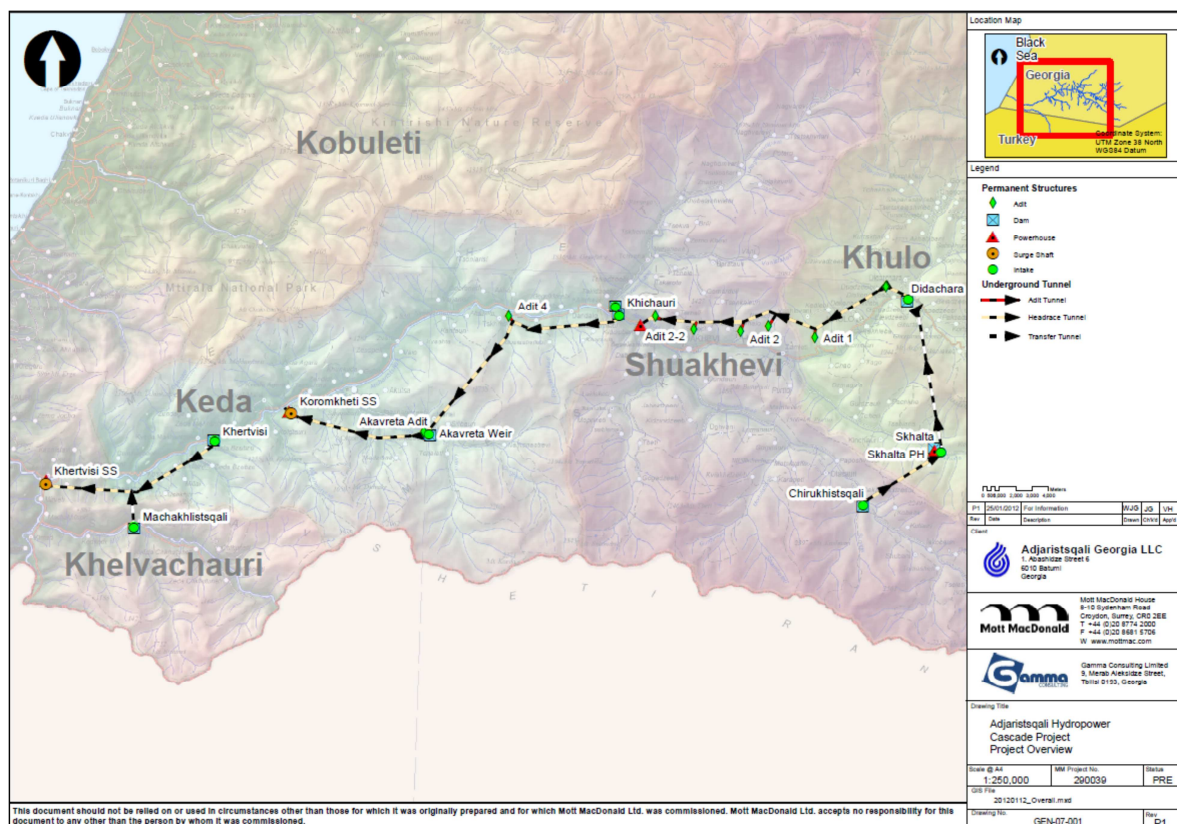
B.1 Introduction

The Government of Georgia has awarded the development rights for the Adjaristsqali Hydropower Project to Adjaristsqali Georgia LLC (AGL). The Project is of significance to Georgia and the Black Sea Region. IFC InfraVentures, an early-stage project development fund established by International Finance Corporation (IFC), a member of the World Bank Group, is a joint development partner for the project. The European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB) are key international financial institutions financing various elements of the Project.

B.2 Project Description, Location and Potential Impacts

The Project is located on the Adjaristsqali River in the municipalities of Khulo, Shuakhevi in the Autonomous Republic (AR) of Adjara, in close proximity to the border with Turkey, as shown below.

Figure B.1: Adjaristsqali Hydropower Project



The Project is expected to have a total installed electricity generating capacity of two hydropower plants: Shuakhevi 175 MW, and a small HPP of 10 MW at Sikhalta dam. The Project will supply the Georgian and

Turkish power systems with renewable energy. The Project will require transmission lines for transporting the generated electricity to substations for eventual use by consumers.

Considerable efforts are being made during the design of the Project to minimise land acquisition impacts in the form of:

- Physical displacement - defined as loss of shelter and assets resulting from acquisition of structures (e.g. residential buildings) or the land associated with the Project that requires affected persons to move to another location; and
- Economic displacement - defined as loss of income or livelihood due to land acquisition or obstructed access to resources (land/water).

The concentrated location of the land requirements has meant that a relatively small number of land owners and users are likely to be affected. Precise impacts will not be known until the Project design is complete. As of April 2012, preliminary assessment has identified that the potential for physical displacement is expected to be limited to less than five households at most. Most of the impacts are expected to concern economic displacement as follows:

- Permanent economic displacement of farming activities: in the reservoir, powerhouse, substation and access road locations; and
- Temporary displacement of livelihood and community activities: in the spoil disposal, construction worker camp, construction laydown areas and temporary construction access road areas.

Following design finalisation, specific impacts will be assessed and quantified.

B.3 Principles and Approach for Land Acquisition and Livelihood Restoration

AGL has developed a Land Acquisition and Livelihood Restoration Plan (LALRP) which sets out the land acquisition process that will be followed to provide compensation, resettlement and livelihood restoration through preparation of the following sub-project plans:

- Resettlement Action Plans (RAPs): in the event of physical displacement; and
- Livelihood Restoration Plans (LALRPs): in the event of economic displacement.

The LALRP has been prepared with consideration of potential adverse impacts and positive benefits on local communities and households and in accordance with Georgian land law as well as the land acquisition and resettlement safeguard requirements of the IFC, EBRD and ADB.

The Project's guiding principles in relation to land acquisition are:

- Physical and economic displacement will be minimised or avoided where possible and where unavoidable, the procedures and requirements outlined in the LALRP will be followed and RAPs and/or LALRPs will be designed to minimise adverse impacts.
- Land acquisition activities will be conceived and executed as sustainable development programmes and sufficient investment resources will be provided to enable the people to share in project benefits. Particular support will be provided to women, the poor and the most vulnerable people.
- AGL will aim to achieve negotiated agreements on land acquisition with all people based on the principles set out in the LALRP, with compulsory purchase through legal channels only being followed as a last resort where settlements cannot be agreed. Either way, all activities will be documented in RAPs and LALRPs.

- All people will be meaningfully consulted and have opportunities to participate in planning and implementing resettlement activities as well as to complain.
- People will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-project levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

In addition to replacement land or cash compensation (at replacement value), AGL's approach to livelihood restoration will include the following measures:

- Skills training: local and regional education and vocational training facilities will be assessed to propose skill development activities and programs that address the existing skills gaps for the project;
- Local hiring preferences: recruitment will be targeted to affected people, subject to local skills availability;
- Procurement practices to support local enterprise: goods and services such as catering, cleaning, security, vehicle maintenance, etc. will be procured locally, subject to availability;
- Financial management of compensation: affected people will be provided with independent financial advice to help them invest their compensation sustainably to improve their long term well-being; and
- Identification of land ownership: the large majority of people are non-registered and AGL will pay the costs related to identification of land and other assets for affected people. AGL will pay market value compensation to the land users as well as to formally registered land owners.

B.4 Institutional Arrangements and Financing

AGL will use its internal resources and service providers to implement the Land Acquisition and Resettlement (LAR) tasks. Governmental organisations will be kept informed as appropriate but will not play an active role except in cases where compulsory purchase procedures are required.

AGL has overall responsibility for the Project including for the preparation, implementation and financing of all LAR tasks. AGL has established an LAR Team for this Project to undertake and manage LAR tasks. This will entail organising and internally monitoring voluntary negotiated agreements, negotiated settlement agreements, resettlement planning, as well as the implementation and approval of LALRPs and any RAPs.

AGL will engage a local organisation (a private sector consultancy or a group of individual consultants or an NGO) to assist in producing and implementing LALRPs and RAPs. A Service Provider (NGO, academic institution or private sector consultant) will be contracted as the Project's Independent Monitoring Organisation (IMO).

Compensations funds for land affected by the Project will be raised by the AGL who will authorise their disbursement. The majority of cash compensation will cover land acquisition and crop, trees, and property losses. Each RAP and LALRP will include a detailed budget describing how funds are to be allocated.

B.5 Addressing Complaints and Grievances

AGL aims to engage with stakeholders on land acquisition and resettlement in a manner that is conciliatory, fair and transparent. Care will always be taken to prevent complaints and grievances in preference to going through a redress process. Through careful land acquisition design and implementation, by ensuring full

participation and consultation with the APs, and by establishing extensive communication and coordination among the various implementation entities, AGL will try to prevent complaints. Nonetheless, people may find disagreeable a decision, practice or activity related to land acquisition and resettlement. Hence AGL will establish a grievance redress mechanism. The following tenets underlie this mechanism:

The following tenets underlie the grievance redress mechanism:

- APs will be fully informed of their rights and of the procedures for addressing complaints whether verbally or in writing during consultation, survey, and at the time of compensation;
- Each grievance will be registered, its receipt acknowledged, and tracked until closure;
- All grievances will be processed and responded to within a reasonable period of time; and,
- The overall objective is to avoid resorting to judicial action for as many grievances as possible.

Language, literacy and gender are not an impediment for complainants. Presentation of complaints does not incur undue costs to the complainant.

Table B 1 Grievance redress mechanism

Steps	Grievance Redress Actions
1	AGL's LAR Team will set up a system for channelling and logging grievances for each AP
2	In the first instance, an AP can lodge a grievance and resolution will be attempted at an informal level with the involvement of relevant Project entities (for instance AGL LAR staff or the Independent Monitoring Officer) or local influence leader within ten days
3	If still unsettled, the AP can lodge the complaint with AGL LAR Manager who has 15 days to decide on the case
4	If still unsettled, the APs' grievance will move within 15 days to a Grievance Resolution Committee which has 15 days to decide on the case
5	Last, should the grievance redress system fail to satisfy, the AP can submit the case to the appropriate Georgian court of law. In this instance, AGL will be required to set aside funds in an escrow account

Appendix C. Newsletter Example



Adjaristsqali Hydro Power Project
Monthly Information Report N6
October - December, 2012

Advance Works

Advanced works have been progressing rapidly. In September AGL started pre-construction works including access roads and retaining walls in seven various areas. Works are almost completed for the time being. The purpose of the pre-construction work is to facilitate an efficient start to the main construction works scheduled to start in Q2 2013. For the advanced works AGL employed approximately 70 local people. AGL HSE Department is proactively continuing managing health and safety and environmental aspects. No incident has been reported.

AGL has been processing construction permit requirements. AGL submitted documents for land registration, though due to transition period registration has been progressing very slowly.

Meetings

On November the 10th AGL CEO and IFC held a meeting with the Minister of Energy and Natural Resources Mr. Kakha Kaladze. The Minister pledged his support towards our project. The following day AGL had a meeting with a new Chairman of Ajara Autonomous Republic Mr. Archil Khabadze, who also expressed his positive attitude and full support to the project.

On December 29, 2012 AGL participated in a forum organized by the Supreme Council of Ajara on developing hydro power projects in Ajara. AGL presented the project and its impacts to the policy makers and other stakeholders. The project generally received positive feedback during the session and AGL once again confirmed readiness to cooperate with local as well as central state and non-state authorities.

Skills Development Project

AGL is planning to set up a vocational training center in the valley which will train local people in different professional skills prior to employment. AGL has commissioned Kobuleti Vocational College "New Wave" to run the center, which has an experience to undertake courses in relevant trade so the center becomes operational quickly.

AGL hold a meeting with Kobuleti principal and detailed specifications and priorities of the courses. Courses will be launched in late January. A two month course should train about 100 people for by the time the construction starts in early April and provide them basic trade skills.

Appendix D. Inventory of Affected Persons

These findings are not for public disclosure and will be removed when the document is publicly disclosed