

Land Acquisition and Compensation Audit Report (July 2014 to November 2015)

Land Acquisition and Compensation Audit Report for the Didachara Access Road and Additional Land Parcels
September 2016

GEO: Adjaristsqali Hydropower Project

Prepared by Ove Arup & Partners International Ltd.

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Lender Group – EBRD, IFC, ADB

**Shuakhevi Hydropower Project,
Adjaraskali River, Georgia**

**Audit of Land Acquisition and
Compensation for the Didachara
access road and additional land
parcels**

Final (Rev 2-Disclosure) | 23 September 2016

This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

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1 Introduction

Adjaristsqali Georgia LLC (AGL) is constructing and will be operating a cascade of two hydroelectric power plants on the Adjaristsqali River in the Adjara region of south-western Georgia. The European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), and the International Finance Corporation (IFC) ('the Lenders') have each signed financing agreements with the Company for the first phase of the overall scheme, the 185 megawatt Shuakhevi Hydropower Scheme ('the Project').

Arup have been appointed on behalf of the Lenders to provide services for Environmental and Social Monitoring for the Adjaristsqali Hydropower Project in Georgia.

AGL has acquired a number of land plots that are not referenced in the current Lender-approved Land Acquisition and Livelihood Restoration Plan (LALRP). To address this procedural non-compliance against the ADB's Safeguard Policy (Appendix 2), AGL has prepared a Land Acquisition Completion Report for the acquired land plots not covered in the original LALRP.

Arup was requested by Lenders to validate the Land Acquisition Completion Report through a rapid audit during Arup's May 2016 Environmental and Social Monitoring Visit. This report presents the findings of the audit and outlines measures proposed to help AGL improve the current land acquisition and compensation practice.

2 Scope and Method

The Terms of Reference for Arup’s Q2 and Q3 Environmental and Social Monitoring of the Shuakhevi Hydropower Project required a more detailed review of the land acquisition and compensation documents for the affected households that were subject to *Completion Report of Land Acquisition for the Didachara Access Road and the Ghorjomi Bridge and Other Land Plots not Covered by the Original LALRP* (April 2016 version).

This audit focuses on a rapid review of the land acquisition and compensation records and processes under the referenced Completion Report against relevant Lender safeguards and LALRP commitments, as well as on reviewing the feedback from the affected land-users/owners on certain aspects of the land acquisition, the process of payment of compensations, and use of compensation / change of livelihood conditions. The Audit findings have subsequently been updated (with revised findings presented herein) based on the September 2016 version of the Completion Report.

The audit deployed the following methods:

- a review of the land acquisition and compensation documentation (contracts, payment / transfer records, valuation reports, cadastral maps, etc.) for all the 58 private land-users/owners covered by the September 2016 version of the Completion Report;
- two focus groups meetings with the land-users/owners (13-14 participants);
- interviews with the site Land Officers of AGL based at the Khulo and Shuakhevi Public Information Centres;
- a group meeting with elected village representatives (Community Liaison Officers);
- an interview with the Land Officer from AGL’s Batumi Office; and
- interviews with the independent land/tree valuation experts contracted by AGL (‘Expert XXI’ company).

The audit has intended to explore the following questions:

1. via documentation review¹:

- Whether a valuation of the affected assets was undertaken in line with the LALRP and the principle of replacement cost;
- Whether the contract amount reflected the valuation of assets;
- Whether the area of land / number of trees in the contract is the same as stated in the valuation report;
- Whether the contract was signed by both parties;

¹ The review and investigation of land-related complaints from the Community Grievance Logbook has not been part of this rapid audit.

- Whether AGL (or a land-user) has paid the taxes on top of the contract amount;
- Whether the amount paid is consistent with the contractual amount;
- Whether the valuation report has been annexed to the contract;
- Whether the contract was signed and the compensation paid before the land was registered to the state and turned over to AGL; and
- Whether the orthophotos demonstrated by AGL with the contours of the land plots and cadastral codes correspond with the extracts from the cadastral maps registered at the Public Registry of Georgia (random check: 2-3 examples).

In addition, a check was made to confirm whether the below 11 cadastral codes mentioned in Waiver #5 to Shuakhevi Financing – Common Terms of Agreement of 12 January 2016 are included in the Completion Report and to clarify which Project components they refer to:

23.03.33.048	24.07.36.299	24.02.32.073
23.03.34.030	24.02.33.223	23.02.37.090
23.03.34.041	24.04.40.205	23.02.37.092
23.06.33.270	24.04.40.206	

2. Through focus groups meetings with land-users/owners:

- Whether the Project Affected People (PAPs) were contacted and provided sufficient information in advance of land acquisition;
- Whether the PAPs participated in the tree counting / land measurement process;
- Whether the PAPs read the valuation reports;
- Whether the PAPs read the contracts and how many payments were included therein;
- Whether the PAPs have received the compensation in full;
- Whether the PAPs have received the 10% add-on to the valuation amount;
- Whether the PAPs have a copy of the contract;
- Whether the PAPs had to pay any taxes for land registration;
- Whether the PAPs ever filed a complaint with regard to land/tree acquisition process;
- How many trees have been planted by the PAPs compared to each tree lost/sold;
- How the received compensation been used;
- Whether the PAPs received any training from AGL;
- Whether the PAPs participated in the bee-keeping, cattle-breeding or nut-production (livelihood restoration) training provided by AGL;

- Whether the PAPs (or family members) have ever been employed with the Project;
- Whether the PAPs noticed any change to their quality of life and if so, to obtain a description of this; and
- Whether PAPs have any further concerns relative to land/tree acquisition.
- Through interviews the AGL Land Officers and independent valuation experts:
 - To what extent the consultation process for land acquisition described by the officers / experts has been in line with the LALRP commitments;
 - How valuation experts have engaged with the land-users/owners (joint measurement of the plots, etc.) and whether AGL staff were present at all engagement events;
 - How the valuation of trees / land was conducted;
 - How the average values presented in the valuation reports were derived;
 - How the land plot were measured, who took the GPS coordinates and who prepared the maps;
 - How the remaining land plots were calculated;
 - How the procedure of signing the contracts was organized and implemented; and
 - How the procedure of giving/delivering the contracts was organized and implemented.

The findings of the audit and improvement recommendations for AGL are presented in the remainder of this report.

2.1 Limitations

In preparing this Report, we have relied on information contained in documentation prepared by AGL and its contractors. These documents have been provided to us by AGL. We have relied in particular on the accuracy and completeness of such reports and accept no liability for any error or omission in this Report to the extent the same results from error or omission in these third party documents.

This report was prepared by Arup on behalf of Project Lenders in connection with the Shuakhevi HPP Project to present findings as per the scope and method in this section. It takes into account our client's particular instructions and requirements and addresses their priorities at the time. This report was not intended for, and should not be relied on by, any third party and no responsibility is undertaken to any third party in relation to it.

3 Audit Findings and Recommendations

3.1 Verification of the land plots under the Completion Report against the Waiver #5 cadastral

3.1.1 Key findings

The current version of the Completion Report covers 59 land plots, of which one was owned by the state, and another one - by a private person. Based on the specific locations, designation under the Project, natural landscape and other features, these 59 land plots were clustered into 11 land parcels, each of which received a cadastral code during the legal registration procedure (see Table 1).

Table 1. Land plots reported under the Completion Report, their cadastral codes and designation under the Project

Cadastral Code	Project component	Number of land plots under the cadastral code
23.03.33.048	Didachara Access Road	24
23.03.34.030	Didachara Access Road	1
23.03.34.041	Didachara Access Road	3
23.06.33.270	Didachara Access Road	1 (state owned)
24.07.36.299	Access Road Surge Tunnel for the Shuakhevi HPP	2
24.02.33.223	Chanchkhalo Adit and Didachara Access Road	4
24.04.40.205	Chirukhistsqali Camp Site and Spoil Area 1A	8
24.04.40.206	Chirukhistsqali Camp Site and Spoil Area 1A	5
24.02.32.073	Spoil area 7 +7A	4
23.02.37.090	Gurta Spoil Area	6
23.02.37.092	Gurta Spoil Area	1
	Total land plots	59

The details on the land-users/owners, land plots, valuation amounts, payments, etc. are found in Appendix A².

Under the national regulations, land-owners with legally registered ownership rights (1³ out of 58 land-users covered in the Completion Report) were eligible for land and tree compensation; whilst 57 were not. However, all 58 were compensated for land and trees following the EBRD and IFC policies and the LALRP principles.

² This information has been removed as it falls within exceptions to disclosure specified in paragraph 97, (v) of ADB's Public Communications Policy (2011).

³ This person is classified as per ADB Safeguard Requirements 2 as being a displaced person of "Type I", i.e., persons with formal legal rights to land lost in its entirety or in part.

According to ADB policies, if the non-registered 57 land-users were “(ii) *persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws*” (p. 45, ADB Safeguard Requirements 2: Involuntary Resettlement), they are eligible for land and tree compensation. However, if these 57 land-users were “(iii) *persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land*” (p. 45, ADB Safeguard Requirements 2: Involuntary Resettlement), they could have been compensated only for the loss of assets **other than land** and also for other improvements to the land, given that they occupied the land in the project area prior to the cut-off date. They have been treated as if they are legal owners and have been paid at replacement cost. In this light, the status of the land-users should be clarified to determine if requirements have been exceeded. If these 57 were legalizable, they would be subject to a slightly simpler 'ownership transfer procedure' applied to the only registered user, but it would have no implications for the way the land and tree compensation was calculated and paid.

In response to a special request of ADB, the Auditor has compared 11 cadastral numbers provided by ADB (as derived from Waiver #5) with 11 cadastral codes of the land parcels mentioned in the Completion Report. The cadastral codes appear to be identical, so it can be deduced that the Completion Report covers all the land plots mentioned in Waiver #5.

Two land plots addressed in the Completion Report (with the cadastral code of 24.07.36.299), appear to have been included in the original LALRP as they were initially required for the widening of the temporary construction access road on the Akhaldaba site. The contracts for these two land plots were concluded and the compensation paid in 2013, however the transfer of the ownership from the State of Georgia to AGL occurred only in 2015. According to the AGL Land Officer, it is due to this delay in registration that the acquisition of these land plots was reported upon later, and, correspondingly, the land plots appeared on the list in Waiver #5.

3.1.2 Recommendations

AGL is required to clarify to which of the two below types 57 land-users belong and in this light to confirm they have been compensated in line with ADB requirements:

- “(ii) *persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws*”; and
- “(iii) *persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land*” (ADB Safeguard Requirements 2: Involuntary Resettlement).

It can be noted that if it is clarified that 57 land-users referred to Type III, it will be possible to conclude that the ADB requirements have been met and exceeded.

3.2 Verification of the key acquisition and compensation data

3.2.1 Key findings

The land acquisition and compensation records have been reviewed for 58 land plots out of 59; the 59th was the state-owned land plot and followed a simpler entitlement transfer procedure. The basic data regarding the land acquisition and compensation are as follows:

- the total area of the acquired land is 74,563 sq.m;
- the total amount paid for the land is 914,680⁴ GEL, of which:
 - 665,221.8 GEL is the total land valuation amount;
 - 66,522.18 GEL is the vulnerability allowance (10% of the land valuation amount); and
 - 182,936 GEL is the income tax paid by AGL for the land-users/owners (25% from the sum of the total land valuation amount and vulnerability allowance).
- the total number of the acquired fruit trees is 348 units (belonging to 18 Affected Households (AHs));
- the total amount paid for trees is 126,870 GEL, of which:
 - 101,496 GEL is the total tree valuation amount, and
 - 25,374 GEL is the income tax paid by AGL for the land-users/owners (25% from the total tree valuation amount).

3.3 Review of valuation reports and feedback on these from the AHs

3.3.1 Key findings from review

The review of several valuation reports for land, as well as for trees; and interviews with AGL Land Officers and Expert XXI staff; have resulted in the following insights:

- Some tree valuation reports do not provide reference data for the species listed in the tree inventory therein (for instance, a land-user has apples, plums, and walnuts, meanwhile the report present the average crop volumes and other reference data for plums and cherries). This might mean that, being based on certain templates, tree reports are not fully adjusted to each particular situation. Given that the calculated amounts are consistent with the tree inventories, this finding is not critical, yet it may be a cause of misunderstanding or complaints by the PAPs.

⁴ The registration fees are not included in this figure.

- The assumptions behind the use of 5 and 8 multipliers used for valuing the trees are not explained in the reports; nor are they substantiated by any references to any nationally / internationally recognized sources.
- The constituents of the tree compensation are not listed (e.g., it is unclear if they include lost income for a specified time period, a price of a new sapling, labour/care costs or anything else).
- AGL Land Officers appear to be unable to justify and explain to AHs how the valuation of trees has been undertaken.
- Expert XXI staff are able to explain how the trees were valued in each particular case using the discount rate. However, they did not appear to be confident about why 5 and 8 multipliers specifically were used for tree valuation, but confirmed that in their opinion, it is a realistic, and adequate value.
- Expert XXI has been instructed by AGL to use the highest rates when calculating tree compensation.

3.3.2 Feedback from AHs

During the focus group meetings with the AHs; 6 out of 13 land-users met stated that they had read the valuation reports, but no further queries or comments were raised by them.

3.3.3 Recommendations

In the light of the above findings and in order to avoid complaints from land owners/users for any future land acquisition, AGL is recommended to ensure that:

- the content of the tree valuation reports prepared by Expert XXI (or any other contractor/valuer) is properly tailored to the tree inventories;
- the land and tree valuation reports to be prepared by Expert XXI (e.g., for the 35 kV T-Line) are written in clearer terms, i.e. the assumptions behind the 5 and 8 multipliers are well explained and substantiated (reference sources indicated), and the constituents of the tree compensation are listed (lost income for a specified time period, a price of a new sapling, labour/care costs, etc.); and
- AGL land officers (especially those working at the Public Information Centres (PICs)) are informed about the valuation methodology and are able to communicate it clearly to the community members when/if such need arises.

For land already acquired, AGL is to consider whether a similar explanation of the valuation process should be provided to those who had previously raised grievances.

3.4 Review of contracts and payment records and feedback from the AHs about the contracts and payments

3.4.1 Key findings from documentation review

As part of this rapid audit, the review of the compensation contracts and payment transcripts has been conducted for both, the acquired land plots and trees. The key findings are as follows:

- the documents for all 58 affected private land-users/owners have appeared to be in place and available for review (the 59th is the state and subject to a different procedure);
- the areas of the land plots mentioned in the contract reflect the areas indicated in the valuation reports;
- the number of trees is not included in the contracts;
- the contract amounts are consistent with the amounts stated in the valuation reports (for both trees and land plots) plus 10% allocated as a vulnerability allowance;
- there are separate contracts for trees and land, and a relevant valuation report has been annexed to each contract;
- the reviewed contracts were found to be signed by both parties;
- according to the payment transcripts, AGL has paid the taxes on behalf of the land-users/owners (25% on top of the contract amount);
- the compensation amounts paid are consistent with the contract amount;
- all the land contracts were signed and the compensation paid before the land was transferred to AGL;
- the land plot of Lasha Shavadze is not indicated on the orthophoto (with the cadastral codes on it) demonstrated to the Auditor;
- the land plot of Ilia Vasadze appears to be under a different land-user's name on the orthophoto (with the cadastral codes on it) demonstrated to the Auditor; and
- no severity assistance has been provided to the severely AHs (i.e. those AHs who lost more than 50% of their land; there are four such AHs covered by the Completion Report).

3.4.2 Feedback from the AHs

A set of questions related to the contracts and payments was posed to the AHs during the focus group meetings (refer to Section 2). The key reflections are summarized below:

- most of the land-users/owners reported they had signed the contract without having read it.

- two of the land-users/owners (Mr Nodar Shavadze & Mr Zaur) stated that they were not given a chance to read the contracts, the former land-user added that he was forced to signed the contract (however, when AGL requested him to specify the name of the person who had forced him to sign the contract so that disciplinary measures could be taken, he did not reply). This issue was noted and investigated further by the Auditor. The results are as follows:
 - AGL reports that in case of Mr Nodar Shavadze they followed the usual contract signing procedure (see Section 3.5 for details). Mr Shavadze personally received the unsigned contract and took it home to review and sign. He then returned the signed version to AGL. Afterwards, the contract was signed by AGL management. When trying to hand the contract over to the land-user, AGL Land Officers found out that he had moved to the home of his son in Batumi. The Land Officers reached him in Batumi and delivered the signed contract. The auditor reviewed the contract for Mr Shavadze (AGL's copy) and found that each page had his signature on it. AGL Land Officers and Expert XXI staff report that Mr Shavadze arranged for a lawyer from Batumi to meet with them in order to explore whether there was a chance to get a higher price for Mr Shavadze's land or to sell a larger land plot to AGL. The lawyer attended the meeting, looked into the case and decided not to proceed with it. Mr Shavadze has recently approached AGL Land Officers with the request to buy a state-owned forest land from him, which AGL has refused and, as a result, the conflict was revealed during the May Arup and Lender's site visit. At the same time, Mr Shavadze has never filed any formal grievance to AGL.
 - It has appeared that Mr Zaur was the son of the AH head and it was his father who usually attended the land-related meetings, participated in the land measurement and boundary verification procedure, and signed the contract.
- All but one land-user reported that they had received the compensation in full. When asked how they knew that the compensation due under the contract was paid in full (given that they had not read the contracts), they stated that they had read the clauses about money. The exceptional land user – the same Mr Nodar Shavadze as above – stated that someone else, not him, received his money (to look into this, the Auditor checked the payment transcript that was found to be to Mr Nodar Shavadze's name);
- the participants confirmed that they had not had to pay any taxes or fees in relation to the sold land;
- some of the participants stated that they were not satisfied with the amount of compensation. This non-satisfaction was largely related to the depreciation of national currency - GEL - against USD. However it should be noted that the payments are made in the local currency as per the national law and the valuation takes into account the inflation rates and other adjustment coefficients; and
- more than half of land-users stated that they did not know that AGL paid 10% on top of the valuation amount and they were not familiar with the concept of a 'vulnerability allowance'.

3.4.3 Recommendations

In the light of the above findings, AGL is recommended to:

- Update/correct the orthophoto for the land plots under cadastral code 23.03.33.048, and make it available for review, if needed;
- Maintain basic information about all meetings with AHs: it is understood that Land Officers hold numerous daily meetings with land-users, and it is physically impossible to take the ‘Minutes of Meeting’ of each meetings. However, they should document the very basic information about each minor meeting (e.g., whom, when, why and where they meet) and more detailed protocols of more significant meetings (this is currently done);
- Ensure that the concept of a ‘vulnerability allowance’ is explained to the AHs, e.g., at the PICs and/or during land acquisition consultations / personal meetings with Land Officers (this, by default, requires that AGL is aware of and takes part in all the land acquisition consultations conducted by its (sub-) contractors, such as ACT Consulting preparing the Addendum to the LALRP for the 35 kV transmission line), and
- Provide ‘severity assistance’ in the form of in-kind assistance to the four severely AHs, based on consultations with these AHs and as outlined in the approved LALRP.

It should be noted that according to the DLRP and Project Environmental and Social Action Plan (ESAP), AGL will reinstate temporarily used construction land.

3.5 The procedure of signing and distributing the contracts

3.5.1 Key findings

According to AGL and Expert XXI, meetings were convened with several land-users/owners at a time, at various locations to distribute the contracts to be reviewed and signed by the land-users/owners. Questions about the contracts were responded to during the meetings but land-users/owners were also provided with an opportunity to take the contracts home for several days to scrutinize them and come back with questions. If a land-user/owner had no questions or did not wish to take the contract home for review, s/he could sign it on spot, following the meeting.

Expert XXI staff were contractually obliged to hold meetings with the local residents only in the presence of a member of AGL staff. Both, Expert XXI staff and AGL Land Officers reported that they had strictly adhered to this requirement. For many meetings, a notary was also present.

After the PAPs signed the contracts, the latter were taken to Batumi Office for signing by AGL management and subsequent launching of the land registration procedure. Following this, the contracts signed by both parties were distributed to individual land-users/owners.

Nonetheless, as this audit has found, some of the signed contracts appeared to be kept in two originals at the Batumi Office of AGL. According to the Land Officer, this was because several land-users/owners asked AGL to keep their contracts in Batumi, as they considered AGL's office to be a safer place.

During the focus group meetings, most of the participants confirmed that they had the contracts at home. However, several land AHs stated that they had never received the signed contracts from AGL. In contrast, AGL reports that the AHs had been provided with the signed contracts with the exception of those who did not live in the area and/or preferred to keep the contracts at AGL's Office.

3.5.2 Recommendations

For any future land acquisition, AGL should set up a signed contract pick-up logbook where the following information is recorded:

- Name, identity number and signature of a person to whom the original contract is handed over;
- Name of an AGL staff / courier delivering the contract to the land-user/owner;
- Date of delivery/receipt.

If the land-user/owner prefers to keep the contract at AGL's Batumi Office, it should be indicated in the contract logbook and verified by the signature of the land-user/owner.

3.6 Participation of and consultation with the affected land-users & land-owner

3.6.1 Key findings

AGL reports that the engagement of and consultations with the affected land-users/owner have been in line with the relevant LALRP, SEP and DLRP procedures. However, few Minutes of Meetings and documented evidence are available to support AGL's explanation, as the system of taking notes and keeping records was not yet properly established at AGL at the time when the consultations commenced (2014 Q2).

During the focus group meetings with the AHs, more than half of the land-users/owner met confirmed that they participated in consultation meetings about the land-related issues and have been provided some information in advance of land acquisition. Several participants stated that they had not been provided sufficient information about the possible impacts related to land acquisition.

All but one focus group meeting participant, indicated they had participated in the tree counting / land measurement process. Some of them also attended a meeting aimed at verifying the contour of the land plot boundaries once the draft maps for cadastral drawings were prepared. The land-user who stated that he did not take part in the tree counting / land measurement process was the son of an AH's head (refer to the text about Mr. Zaur above).

The interviewed land-users stated that they had not filed any land/tree related complaints to AGL.

AGL commissioned a Needs Assessment to better understand the needs and concerns of the AH and to be able to integrate them into the LRP activities. The Needs Assessment questionnaires were filled out by all AH members jointly thus ensuring their inclusion in the land acquisition and LRP planning and decision-making process. AGL conducts regular meetings dedicated to various topics, including land acquisition planning and implementation, with the local committees as per the Project Stakeholder Engagement Plan. While diverse layers of the local communities and various members of the AHs are engaged in this communication and consultation process, it is not always visible / documented.

3.6.2 Recommendation

Recommendations pertaining to consultations are incorporated into other sections, as appropriate. In addition to these, it is recommended that AGL ensure, and maintain records to demonstrate, that future stakeholder consultations i) involve a diverse body of affected households and ii) ensure inclusion of female participants, pensioners, people with disabilities, and other vulnerable groups as appropriate.

3.7 Use of the received compensation and change in the livelihood conditions

3.7.1 Key findings

The amounts of compensation received vary from 310 GEL to 94,440 GEL for land and from 210 GEL to 25,411 GEL for fruit trees. The focus group participants were asked a number of questions related to the (i) use of the received compensation and the resulting change to their livelihood conditions, and (ii) participation in the livelihood restoration activities.

The focus group discussions have shown that:

- None of the land-users who received compensation for fruit trees has planted any trees in lieu of those lost. When asked why, they explained that they had enough fruit trees left to ensure their household needs were met. They did not sell fruit crops earlier, and they continue in the same way.
- Depending on the amount received, the participants have used their compensation in a variety of ways:
 - to repair houses / improve housing conditions (2 persons),
 - to buy a 60m² flat in Batumi (1 person);
 - to buy furniture (1 person),
 - to cover debts (3 persons),
 - to (re)construct a barn (1 person),
 - to improve health condition of family members (surgery, medical treatment) (3 persons),

- to buy a piece of land with trees (1 person);
 - to cover various needs of family members (1 person); and
 - to give as a gift to a son (how the gift of a couple of hundred GEL was spent is unknown) (1 person).
- All the participants have been interviewed and assigned to a certain agricultural programme as part of the livelihood restoration activities. Some have already attended training, others will join the upcoming training (these participants have expressed concern about not being updated by AGL about the start of the training).
 - About ¼ of the participants have received professional training at AGL (as welders, electrical workers).
 - More than a half of the participants (including the members of their households) have not been employed by the project.
 - About half (~50%) of the participants believe that their livelihood conditions have remained the same; the other half were split equally into those who felt their conditions had improved (~25% participants) or had worsened (~25%).

The above findings cannot be generalized to the whole group of land-users covered by the Completion Report, nonetheless they can provide some insight into the situation. The findings are largely in line with the generic results of the preliminary Livelihood Survey conducted by AGL and demonstrate a reasonable progress with the implementation of the DLRP.

Regarding employment, it is understood that because of local conflicts over access to employment, it was agreed with local municipalities that AGL would not directly select workers. Instead, a system was launched according to which candidates for employment are nominated by the village committees and approved by the Municipality Mayors. Nonetheless, AGL should consider whether additional support or actions may be needed to restore or improve livelihood conditions of those AHs that have not benefitted from employment by the Project.

3.7.2 Recommendations

AGL is advised to:

- Regularly update the participants of future agricultural trainings (DLRP) about the news with regard to these trainings;
- Review the extent to which AHs have been employed by the Project and if necessary, consider whether additional support or actions may be needed to restore or improve livelihood conditions. Suggest this starts with a review of which AHs have benefitted from employment by the project.

4 Conclusions and Corrective Actions

Land acquisition and compensation documentation, as well as various aspects of the process of the land acquisition and payment of compensation have been reviewed during this rapid audit. The audit covered 58 land plots that were clustered into 11 land parcels, each of which received a cadastral code during the legal registration procedure, and were all included in Waiver#5.

The overall conclusion of the audit is that, despite some minor gaps, the land acquisition and compensation documentation has been largely in line with the commitments outlined in the original LALRP. In particular:

- consultations with the affected land-users have been conducted prior to land acquisitions;
- compensation for land has been based on the highest market price on top of which a 10% vulnerability assistance has been paid;
- contracts have been signed by both parties;
- no non-payments or underpayments have been identified;
- consultations on livelihood restoration have been conducted;
- the affected land-users have taken/will take part in the livelihood restoration activities.

Nonetheless, some minor gaps have been identified against the commitments in the LALRP and Detailed Livelihood Restoration Plan (DLRP). These mostly relate to: the lack of awareness of the AHs about what a ‘vulnerability allowance’ is; unclear messages in the tree valuation reports, and lack of the documented follow-up on the claims received during routine engagement with the AHs on land-related matters (i.e., data management/keeping of records). This audit report has proposed improvement measures to address these gaps. These include, among others, clearly presenting the methodology for tree valuation, building capacities of the land officers at the PICs, and improvements in record keeping.

Corrective actions recommended in this report are provided in Table 2.

Table 2 Corrective Actions for land acquisition following Audit of Land Acquisition and Compensation for the Didachara Access Road and Additional Land Parcels

#	Issue	Action Required	Timeframe for Completion
Actions to be applied to the PAPs affected by Didachara Access Road and Additional Land Parcels			
1	It is unclear from the Completion Report if 57 land-users without registered land ownership rights have been classified according to ADB typology of displaced people.	AGL is required to clarify to which of the two below types 57 land-users belong: <ul style="list-style-type: none"> “(ii) persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws” “(iii) persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land” (ADB Safeguard Requirements 2: Involuntary Resettlement). 	October 2016
2	The AGL Land Officers appear to be unable to justify and explain to AHs how the valuation of trees has been undertaken	AGL should ensure it’s land officers (especially those working at the PICs) are informed about the valuation methodology and are able to communicate it clearly to the community members when/if such need arises. For land already acquired, AGL is to consider whether a similar explanation of the valuation process should be provided to those who had previously raised grievances.	October 2016
3	The land plot of Lasha Shavadze is not indicated on the orthophoto (with the cadastral codes on it). The land plot of Ilia Vasadze appears to be under a different land-user’s name on the orthophoto (with the cadastral codes on it)	Update/correct the orthophoto for the land plots under cadastral code 23.03.33.048, and make it available for review, if needed.	October 2016

#	Issue	Action Required	Timeframe for Completion
4	No in-kind severity assistance has been provided to the severely AHs	Provide ‘severity assistance’ in the form of in-kind assistance to the four severely AHs, based on consultations with these AHs and as outlined in the approved LALRP.	October – December 2016
5	Lack of documented evidence of consultations with AHs	Maintain basic information about all meetings with AHs: it is understood that Land Officers hold numerous daily meetings with land-users, and it is physically impossible to take the ‘Minutes of Meeting’ of each meetings. However, they should document the very basic information about each meeting (e.g., whom, when, why and where they meet), while continuing to document more detailed protocols of more significant meetings (this is currently done).	Introduce the practice immediately and keep ongoing
6	More than half of interviewed land-users stated that they did not know that AGL paid 10% on top of the valuation amount and they were not familiar with the concept of a ‘vulnerability allowance’	Ensure that the concept of a ‘vulnerability allowance’ is explained to the AHs, e.g., at the PICs and/or during land acquisition consultations / personal meetings with Land Officers (this, by default, requires that AGL is aware of and takes part in all the land acquisition consultations conducted by its (sub-) contractors, such as those preparing the Addendum to the LALRP for the 35 kV transmission line).	For the completed acquisition, during the DLRP activities meetings and other meetings involving AHs. For the planned acquisitions – during the meetings with AHs and individual meetings
7	Some AHs have expressed concern about not being updated by AGL about the start of the DLRP trainings	Regularly update the participants of future agricultural trainings (DLRP) about the news with regard to these trainings	October 2016 and ongoing as per training schedule
8	The meeting with the AHs revealed that the PAPs are not prioritized for employment opportunities (out of	Review the extent to which AHs have been employed by the Project and if necessary, consider whether additional support or actions may be needed to restore or improve livelihood conditions. Suggest this starts with a review of which AHs have benefitted from employment by the Project.	October 2016

#	Issue	Action Required	Timeframe for Completion
	the 7 interviewed, no members of 5 AHs had been or were employed).		
Actions to be applied for all <u>future</u> land acquisition			
9	The assumptions behind the use of 5 and 8 multipliers used for valuing the trees are not explained in the valuation reports. The constituents of the tree compensation are not listed in the valuation reports. Some tree valuation reports do not provide reference data for the species listed in the tree inventory therein	<ol style="list-style-type: none"> 1. Ensure that the land and tree valuation reports for all future land acquisition (e.g., for the 35 kV T-Line) are written in clearer terms, i.e. the assumptions behind the 5 and 8 multipliers are well explained and substantiated (reference sources indicated), and the constituents of the tree compensation are listed (lost income for a specified time period, a price of a new sapling, labour/care costs, etc.); 2. Ensure the content of the tree valuation reports prepared by contracted valuers is properly tailored to the tree inventories; 	For the 35 kV T-Line LALRP and any other land acquisition
10	Project construction activities occasionally require acquisition of small parcels of additional land that were not foreseen in the original LALRP.	<p>For any future for any changes that require additional land acquisition (which is not already foreseen in the existing LALRP) the following principles and approach should be applied:</p> <ol style="list-style-type: none"> 1. AGL land and social team must be involved in decision making on additional land requirements (and evidence of this kept) 2. The established LALRP framework must be followed 3. There must be clear evidence of a willing seller-willing buyer transaction for all land acquisition. 4. The recommendations made in this Audit report and set out in this CAP should be applied 	Prior to and in support of any future additional land parcel acquisition

#	Issue	Action Required	Timeframe for Completion
		<ol style="list-style-type: none"> 5. Additional land requirements should be screened by Contractor and AGL Technical and Land and Social teams for: <ol style="list-style-type: none"> (i) Economic displacement (with consideration being given to whether the land is productive, the socio-economic status of the owner and the impact that land sale will have on the owner’s socio-economic status) – significant economic displacement and land take from poor and vulnerable households to be avoided (ii) Willing seller-willing buyer transaction, if an unwilling seller, then this should be avoided. 6. Additional land requirements and screening thereof — and information on land transactions (e.g. total land area required, type and use of land prior to purchased/leased, name of landowner/user, purchase price, assets on land, date compensation paid) should be reported in the internal Monthly Land and Social Accounting Reports and Semi-annual Report to Lenders. 7. Ensure, and maintain records to demonstrate, that future stakeholder consultations i) involve a diverse body of affected households and ii) ensure inclusion of female participants, pensioners, people with disabilities, and other vulnerable groups as appropriate. 8. Ensure gender-sensitive procedures are used during the compensation process. For example, spouses of compensation recipients should be duly informed about the amount and timing of compensations paid to their households 9. Provide ‘severity assistance’ in the form of in-kind assistance to the severely AHs for future land acquisition 10. Classify land-users/owners (i.e., displaced persons) as per ADB classification (Types I, II and III), as the compensation required under ADB safeguards varies according to the type of displaced persons. 	

#	Issue	Action Required	Timeframe for Completion
		<p>11. All land transactions shall be subject to audit by Arup/the Independent E&S Consultant; as such, appropriate evidence to demonstrate adherence with the above process should be recorded and kept by AGL.</p>	

Appendix A – List of affected households

Information based on the AGL’s Completion Report (June 2016 version) as supplemented and verified during the Audit, and updated again based on the September 2016 version of the Completion Report.

#	Name	Status	Acquired sq.m.	Remaining land	Category	Trees	# of trees	Tree Compensation	% Lost	Land Compensation Paid	Contract Signing Date	Date Paid	Date Land was turned over to AGL	Comment
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This information has been removed as it falls within exceptions to disclosure specified in paragraph 97, (v) of ADB’s Public Communications Policy (2011).