

Compliance Environmental Audit Report

November 2014

GEO: Urban Services Improvement Investment Program – Tranche 2 (Anaklia Water Supply and Sewerage Distribution Networks)

Prepared by United Water Supply Company of Georgia LLC of the Ministry of Regional Development and Infrastructure for the Asian Development Bank.

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**43405-024 MFF-GEO Urban Services Improvement
Investment Project-Tranche 2**

**Subproject 1: Anaklia Water Supply and Sewerage
Distribution Networks**

Compliance Environmental Audit Report

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ABBREVIATIONS

ADB - Asian Development Bank

EA- Executing Agency

EIA- Environmental Impact Assessment

EIP- Environnemental Impact Permit

EMP- Environnemental Management Plan

EMR - Environmental Monitoring Report

DC - Design Consultant

DREP - Division of Resettlement and Environmental Protection

GoG- Government of Georgia

GRC- Grievance Redresses Mechanism

IA- Implementing Agency

IEE- Initial Environmental Examination

IPMO- Investment Program Management Office

DC- Design Consultant

MC- Management Consultant

MoENRP - Ministry of Environment and Natural Resources Protection

MoRDI- Ministry of Regional Development & Infrastructure

SIEE- Summary Initial Environmental Examination

SC - Supervision Consultant

UWSCG- United Water Supply Company of Georgia

USIIP - Urban Service Improvement Investment Program

WSS- Water Supply & Sanitation

WWTP - Waste Water Treatment Plant

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EXECUTIVE SUMMARY

1. The Urban Services Improvement Investment Program (the Investment Program) will improve water supply and sanitation (WSS) services in Georgia's urban centers, which includes provincial capitals, secondary towns and economically important towns. The Investment Program will include (i) infrastructure improvement to rehabilitate, improve, and expand WSS services; (ii) enterprise resource planning and management to improve the service utility's efficiency and sustain investments in the long-term; and (iii) Investment Program management and implementation support. Ministry of Regional Development and Infrastructure (MoRDI) is the Executing Agency (EA) and United Water Supply Company of Georgia (UWSCG) is the Implementing Agency (IA) of this Program. Georgia has a population of 4.43 million and serves as an important nodal point for inter-regional trade flows connecting the South Caucasus and landlocked Central Asia with the Black Sea and Mediterranean basins.

2. Situated in the west of Georgia at the Black Sea within the Zugdidi District Anaklia is supposed to become a tourism centre in Georgia. The service level of waste water disposal is low. No waste water treatment plant has been installed. Basically domestic waste water drains untreated into the Black Sea and Enguri River at several locations. With the government initiative to develop Anaklia as a major tourist destination, the water demand is likely to grow significantly. Simultaneously the waste water production will increase. This subproject expands the waste water system and improves the service standards. The subproject is designed to meet the projected demand of 2040. This will be achieved by: (i) construction of a Waste Water Treatment Plant, (ii) construction of a sewage system, and (iii) construction of a main sewage collector.

3. Design and construction of a new water supply system was focused on the following installations: New well fields north, west, and south of Zugdidi at Enguri River are considered for development to supply Zugdidi and Anaklia with drinking water. Test wells and pumping tests have to be carried out. The yield of the wells is still unknown. Locations for transmission lines, water treatment plant and reservoirs have not been identified yet.

4. The sub-project Anaklia Water Supply and Sewerage Distribution Networks is the first stage of the Anaklia project. The following activities have been implemented under the mentioned stage:

- Installation of 66.7km Anaklia and Ganmukhuri water supply network, including the installation of water supply pipelines, 1018 water service connections/meters and 1 water booster pump (works have been completed and delivered on April 30, 2014);
- Installation of Anaklia and Ganmukhuri sewerage network, including placement of 70.1 km water supply pipelines, 1018 sewerage connections and the installation of 42 sewerage pump stations (works have been completed and delivered on May 7, 2014);
- Construction of the service center building (completed and delivered on April 30, 2014).

5. Within the scope of the project Compliance Audit was conducted on 15-25 August, 2014. The Compliance Audit Report is being prepared to comply with the 2009 ADB's SPS and Georgian legislation, including Safeguards Requirement and aims to identify past and present concerns from the production and business activities of Project Company that related to impacts on environment. Determines were actions in accordance with ADB and Georgian legislation requirements and prepare a Corrective Action Plan ("CAP") containing necessary remedial actions, approximate budget and time frame for resolution of any noncompliance.

6. The compliance environmental audit of Anaklia Water Supply and Sewerage Distribution Networks was done in several stages:

1. At stage one so called table audit was conducted and the available materials were studied;
2. At stage two, the meetings with the Project participants with different degrees of responsibility for meeting the environmental requirements and monitoring were held;
3. At stage three, visit to the site and collection of evidences was accomplished.

7. Based on the projects documents review and conducted site visits the Consultant revealed the following **general findings**:

- I. The main beneficiaries of the improved system were the citizens of Anaklia, and Ganmukhuri who was provided with a constant supply of better quality water, which serves a greater proportion of the population, including urban poor (and tourists as well). This improve the quality of life of people as well as raising standards of both individual and public health as the improvements in hygiene reduced the incidence of disease associated with poor sanitation. This lead to economic gains as people away from work less and will spend less on healthcare, so their incomes will increase;
- II. In terms of environment at the project implementation stage strong negative impact on environment was not expected. According to the ADB instructions the project fell under Category B. According to Georgia legislation Environmental Impact Assessment document preparation and obtaining relevant permit was not necessary for project implementation;
- III. All documents developed under the project (Loan Agreement, PAM, Contracts) included the obligation to implement the project according to the ADB SPS 2009 as well as pursuant to the environmental requirements stipulated in Georgia legislation;
- IV. No incidents have occurred during the construction stage and no complaints have been initiated by the residents;
- V. All project implementing units had hired environmental specialist with relevant qualifications;
- VI. At the project implementation stage permanent trainings were held for contractor, as well as those specialists of all organizations involved in the project that dealt with environmental issues;

- VII. Under the project UWSCG and SC environmental specialists performed permanent environmental monitoring. Non-compliances identified by them adequately and corrective actions were planned. The effectiveness of corrective actions were also controlled by the above-mentioned specialists;
- VIII. For better management of construction camp, hazardous and household waste management, safe storage of fuel and lubricant containers, etc, contractor updated an Environmental Management Plan before starting the construction;
- IX. Restoring works on the territory of water supply and sewerage pipes and pumping stations have been performed to the satisfactory level, except for the two sections where the damaged asphalt cover has been restored at the unsatisfactory level; These sections have since then been restored as well (following instruction by EPTISA to Contractor to carry out the works in these 2 sections);
- X. Contractor has disposed inert waste on the territory adjacent to the Anaklia city central street, in agreement with local self-government; the local authorities use the mentioned inert waste for restoring the uneven territories adjacent to the central road; Some pending works by Local Government and hired companies to complete the disposal in next 1 month will be monitored by UWSCG and EPTISA .
- XI. After the audit, a number of recommendations were developed, and the Contractor was given one month to realize them. It should be noted that a number of non-compliances fixed during the audit, were fully or partially corrected by the Contractor before the final audit report was drafted. Consequently, the present report describes both, the non-compliances fixed during the audit and the corrective actions realized by the Contractor.

7. Along with the above-mentioned findings the Consultant made the following recommendations:

- I. In one month from the receipt of the Audit Report the SC has to perform additional audit on the sites of waste disposal and in case the sites are identified where the inert waste is still disposed without control the SC has to demand from local authority to timely commence works and present the schedule of implementation of works;
- II. In case the laying of new asphalt on the mentioned section is not planned under another project the Contractor shall restore the mentioned sections within one month from receipt of the Audit Report; Based on Audit report draft EPTISA instructed Contractor to carry out restoration works and this was monitored positively in late Sept. 2014 (works completed by Contractor);
- III. Based on the audit report and instruction issued by EPTISA, Contractor PERI carried out in Sept. 2014 the following corrective measures:
 - Sewerage waste from the septic tank located on the camp territory pumped and transferred to the existing WWTP, and a septic hole filled with soil;
 - All dismantling and removal of all sanitary structure from the existing territory.

Note: All above-mentioned defects were corrected by the Contractor before the final audit report was drafted.

1. Introduction

1.1 Background Information on the Project

8. Georgia applied for a loan from the Asian Development Bank (ADB) towards the cost of the Urban Services Investment Program. Part of this loan was used for payments under the contract named – “Anaklia - Water Supply and Sewerage Networks”. This sub-project is located in Anaklia Town in Zugdidi District in western part of Georgia. Anaklia is situated about 30 km west of Zugdidi and about 343 km west of Tbilisi. Regional location of Anaklia is shown in **Map 1**. From August 22, 2011 Anaklia gained the name of a resort city and Anaklia is connected to Ganmukhuri by a 540 meter pedestrian bridge.

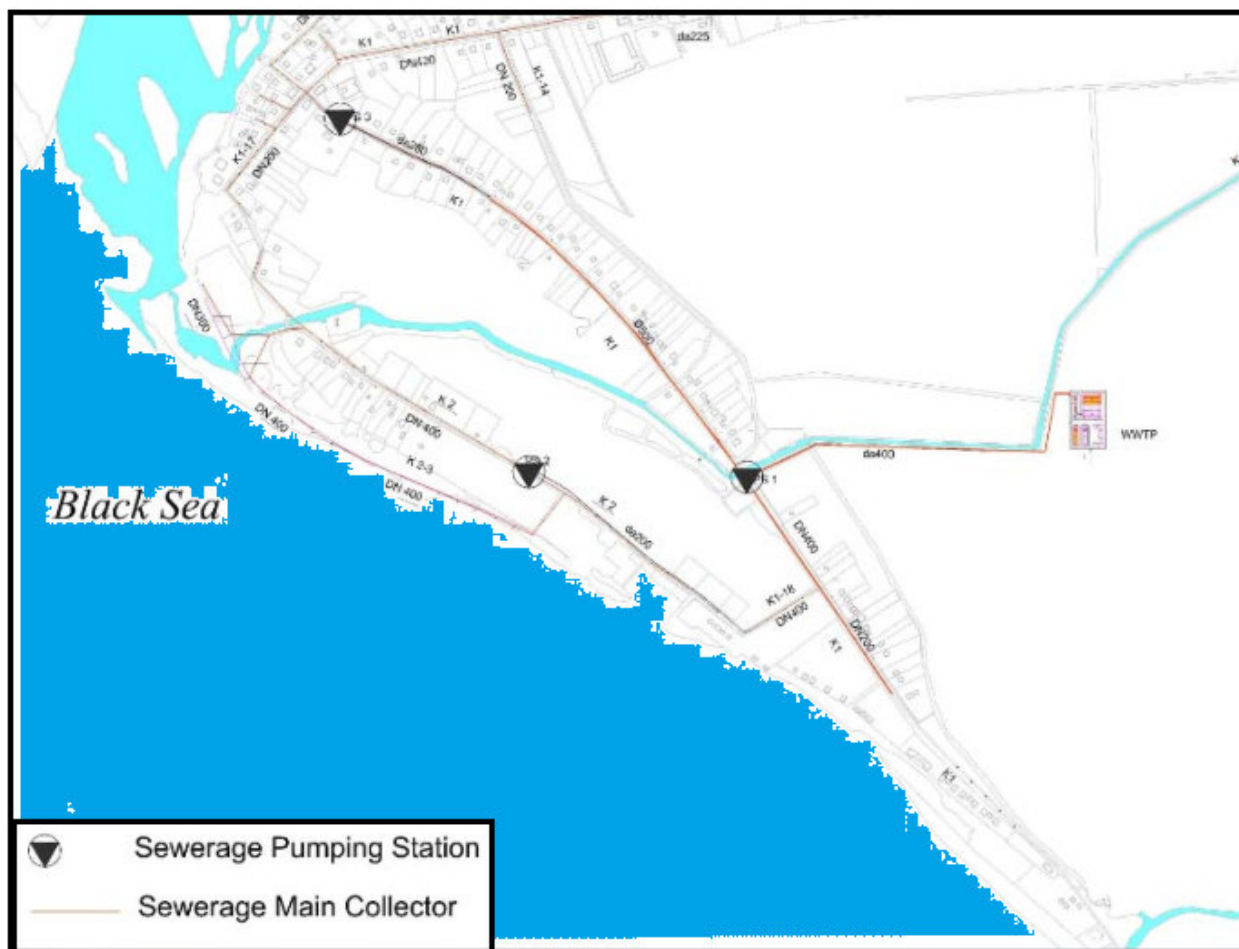
Map 1: Project Location Area



9. The water supply and sewerage distribution service level in Georgia at present are not satisfactory. Services are not available to entire population and the serviced areas suffer with inefficient service levels. Systems are old and inefficient. The situation is at its worst in Anaklia. UWSCG's Zugdidi Service Centre operates the water supply system in Zugdidi City and a number of outlying small towns and villages in Zugdidi and Tslenjika District Areas. UWSCG supplies water to Anaklia, the coastal village where tourism development works are underway, from a separate groundwater source.

10. It is proposed to improve the water supply system in Anaklia under the Asian Development Bank (ADB) funded Urban Services Improvement Investment Program. This Investment Program, implemented in seven towns will develop the water and sanitation services, which will improve quality of life and optimize the social and economic development. Ministry of Regional Development and Infrastructure (MoRDI) is the Executing Agency (EA) and United Water Supply Company of Georgia (UWSCG) is the Implementing Agency (IA) of this Program. The construction works under Contract ANA-01 started on 16th of January 2012 and was completed in May 2014. Project was classified as environment Category B.

Map 2: Location of main collector in Anaklia



11. Anaklia Water and Sewerage Networks Project main activities are as follows:

1. Installation of 66.7km Anaklia and Ganmukhuri water supply network, including the installation water supply pipelines, 1018 water service connections/meters and 1 water booster pump (works have been completed and delivered on April 30, 2014);
2. Installation of Anaklia and Ganmukhuri sewerage network, including placement of 70.1 km water supply pipelines, 1018 sewerage connections and the installation of 42 sewerage pump stations (works have been completed and delivered on May 7, 2014);

3. Construction of the service center building (completed and delivered on April 30, 2014).

2. Environmental Compliance Audit

2.1 Audit Goals and Objectives

12. This Compliance Audit Report is being prepared to comply with the 2009 ADB's SPS and Georgian legislation, including Safeguards Requirement and aims to identify past and present concerns from the production and business activities of Project Company that related to impacts on environment. Determines were actions in accordance with ADB and Georgian legislation requirements and prepare a Corrective Action Plan ("CAP") containing necessary remedial actions, approximate budget and time frame for resolution of any noncompliance. The specific objectives of the audit can be summarized as follows:

- a. Determine and verify whether all environmental requirements, criteria and constraints, prescribed in IEE, EMP and the Concessionaire's Environmental Policy have been adhered to during the construction phase.
- b. Determine and verify whether the remedial actions and rehabilitation requirements contained in the EMP have been appropriate and successful to prevent or control environmental pollution and/or damage.
- c. Determine and verify whether remedial and rehabilitation actions have been conducted adequately and successfully to prevent and/or minimize environmental pollution or damage.
- d. Ensure that an appropriate environmental monitoring and control program exists to follow up on remedial and rehabilitation works completed during the construction phase.
- e. Ensure that appropriate environmental monitoring and control program exists for monitoring of all environmental aspects during the operational phase.
- f. To identify any shortcomings in the EMP and EMS system implemented during the construction phase and to recommend alterations to the EMS applicable to the operational phase.

2.2 Methodology

13. The compliance environmental audit of Anaklia Water Supply and Sewerage Distribution Networks was done in several stages:

- I. At stage one so called table audit was conducted and the available materials were studied. The following documents were studied and analyzed at the given stage:

- ✓ Initial Environmental Examination (IEE) for the subproject: Improvement of Anaklia Water Supply and Sewer System;
- ✓ Bi-annual Environmental Monitoring Reports drafted by the United Water Supply Company of Georgia (UWSCG)

- ✓ Quarterly Environmental Reports developed by the SC (Eptisa);
 - ✓ Records of Environmental Monitoring conducted by the Eptisa and UWSCG.
- II. At stage two, the meetings with the Project participants with different degrees of responsibility for meeting the environmental requirements and monitoring were held. The meetings were organized with the following environmentalists:
- ✓ Pascal Jansen– Team leader, Supervision Consultant -Eptisa
 - ✓ IrakliLegashvili – EnvironnementalManagement Specialist, Supervision Consultant - Eptisa
 - ✓ Ketichomakhidze – Environmental Consultantof UWSCG under USSIP
14. Further, a meeting was held with the Anaklia residents who live along the project line.
- III. At stage three, visit to the site and collection of evidences was accomplished.

2.3 Inspection, Monitoring and Reporting

15. No baseline data is provided in IEE of Anaklia WWS project for air and noise. None of the documents developed under the project envisaged the requirement for the Contractor to implement qualitative measurements of environmental indicators, therefore monitoring was limited to inspections to verify compliance with mitigation requirements.
16. Contractor's environmental specialist performed daily inspection of construction sites.
17. SC/EMS performed monthly monitoring of construction site.
17. Environmental specialist of the Unified Water Company under USIIP performed regular monitoring.
18. The non-compliances that were mainly revealed by the SC and UWSCG specialists were reflected in relevant reports. Corrective actions would be planned for each non-compliance and the quality of performance of corrective actions would be controlled. Identified non-compliances and performed corrective actions would be reflected in a quarterly reports prepared by the SC, as well as in Bi-annual EMRs submitted to the ADB. For example, several non-compliance reports have been included in the quarterly progress reports prepared by the Consultant EPTISA. For instance in the Report No 5 for period April-June 2014 from, from a total of 6 non-compliance related to environmental issues, 4 have been fully fixed, and 2 have been fixed partially (the mentioned document can be found at the ADB webpage).
19. The Contractor would submit to the SC monthly progress reports that included environmental issues. SC develops quarterly progress reports, including environmental monitoring and submits to UWSCG. The UWSCG/environmental specialist prepares bi-annual

and annual environmental monitoring reports based on the information submitted by the Contractor and SC and the regular monitoring of the sites.

3. Project Site Audit

20. Site visit took place on August 19, 2014. As we have mentioned, the project fell under Category B. The entire project line was passing on the settled territory that is under the high anthropogenic impact. Given the technical design main problems that could have merged following the end of construction were as follows: disposal of waste soil (inert waste) and implementation of restoring works (project corridor, construction camp).

3.1 Disposal of Inert Waste

21. Quite large amount of inert waste is produced during the process of placing sewer as well as water supply pipes. Large amount of the mentioned waste is used for filling the tranches, after the placement of the pipes. Still, at the construction stage it was expected that about 50,000 m³ inert waste would be produced and they would be disposed in agreement with the local government.

22. In agreement with local authorities the mentioned inert waste was disposed adjacent to the Anaklia central road, at specifically designated places where there was the bumpy territory. After the contractor disposed inert waste in designated locations town leadership would use those for filling bumpy and uneven territories adjacent to the central street, respectively, would use those for eradicate the existing terrain near the central road.

23. During the audit three sites were visited where the inert waste had been disposed. The situation at each site was different. Specifically, all of the mentioned sites were located on the territory adjacent to Anaklia central street -Rustaveli Street:

- ✓ **Site 1** - The contractor had just placed inert waste on the mentioned site. Local authority representatives had not started yet the activities for leveling the disposed waste (**Figures 1 and 2**);

Figures 1, 2: Inert waste disposed along the road



- ✓ **Site 2** - The works of leveling disposed inert waste were underway (**Figures 3, 4**).

Figures 3, 4: Inert waste disposed along the road



- ✓ **Site 3** - On the mentioned site local authorities had already leveled the inert waste disposed by the contractor. According to the residents prior to performing the mentioned activities the cemetery access road was boggy and visiting cemetery was related to significant problems, especially during the rainy weather (**Figures 5 and 6**).

Figures 5 and 6: Final disposal of inert waste



24. Contractor has disposed inert waste produced during the project implementation at places allocated by local authorities and subsequent responsibility for ultimate disposal of the mentioned waste is the obligation of the local authority. As can be seen from pictures local authority uses the inert waste derived during the project implementation for improving the territory adjacent to the Anaklia city central street. The territory adjacent to the street is being leveled and the boggy sections are being covered (**Figures 5 and 6**). On several sites works have been completed, although on several sites local authority or the companies hired by them have not yet started the implementation of works (**Figure 1 and 2**).

25. Recommendation: The draft audit report was shared with the Local Government and official letter was sent by UWSCG to the Local Government to improve the situation. Currently the transfer to the ultimate disposal place is being undertaken by the companies hired by the Local Government; Final verification of disposal places will be reported separately in the next EMRs.

25. Note: The above-mentioned defect was corrected by the Contractor before the final audit report was drafted.

26. After receiving the audit report, the Supervision Consultant applied to the municipality of the city of Anaklia in writing requiring the relevant department to submit the inert waste management plan and terms of the plan realization.

27. The municipality of the city of Anaklia planned the corrective action and the said inert waste was removed to Zugdidi municipal landfill from the said area. At present, the said territory is clean off the inert waste (Fig. 7).

Figures7 :Territory is cleaned off the Inert waste



3.2 Restoration Works

28. The Contractor did not own the sand quarry or the concrete plant during the construction stage. In both cases, it had contract concluded with local companies.

29. At the construction stage “Primebeton” Ltd. was performing the delivery of concrete to the Contractor, while the sand would be supplied from “Korkeli” quarry by the owner of the quarry. According to Georgia legislation concrete mini plant does not require conclusion of environmental expertise from the Ministry of Environment and Natural Resources Protection. As for the quarry, it had the relevant permit.

30. For the audit of the quality of restoration works performed by the contractor the site audit was made to the sewerage network pumping stations. As of present, 17 sewerage pumping stations are located on the Anaklia territory, and 25 ones on the Ganmukhuri territory. All pumping stations located on the Anaklia territory are switched, while just one pumping station is switched on the Ganmukhuri territory, and through the latter sewerage waste collected on Anaklia territory is supplied to the existing treatment structure. 24 pumping stations located on the Ganmukhuri territory will be switched on only after “Energopro” Ltd. supplies power.

31. No photos of the said territory were taken before the onset of the construction. Therefore, it is impossible to fix the adequacy of the restoration works to the pre-construction state. However, following the situation on the adjacent territories, we may conclude that, as an example, the Restoration works on the territory adjacent to the pumping stations have been performed to different degrees, predominantly to the satisfactory level.

Figures 8, 9: Sewerage pumping stations and water supply wells



Figures 10, 11: Pumping stations



32. The tracks of placement of pipes have been restored well, as of present actually they cannot be observed. Satisfactory restoration works by the Contractor are facilitated by Anaklia climate conditions as well, specifically, damp climate promotes fast growth of grass.

33. According to the design with the purpose of installation of water supply and sewerage pipes on many locations it was necessary to dig trenches on the motor road, mainly on Anaklia main street, respectively, it was necessary to damage the existing asphalt layer. During the audit the quality of damaged asphalt restoration works could not be determined, because new asphalt layer was set on the central road of Anaklia under another project, and this layer fully covered damaged sections of asphalt (**Figures 12 and 13**). The placed pipe track is shown in orange.

Figures 12 and 13: Restored asphalt layer set under another project



34. The degree of restoration of damaged asphalt layer on sections where new asphalt layer has not been laid under another project is unsatisfactory (**Figures 14 and 15**). The sections of asphalt restored to the unsatisfactory level can be found on the road leading to the new Public Service Hall.

Figures 14 and 15: Degree of unsatisfactory restoration of damaged asphalt layers



35. **Recommendation:** In case the laying of new asphalt on the mentioned section is not planned under another project contractor has to restore the mentioned section within one month from the receipt of audit report. Currently the restoration works as instructed by EPTISA for the 2 portions have been completed by the Contractor (as shown in pictures 20 below) and any further requirement for restoration will be reported in the next EMR.

36. **Note:** The above-mentioned defect was corrected by the Contractor before the final audit report was drafted.

37. Contractor accomplished the restoration works within the specified terms, and one month after the audit the corrective actions were also realized (Fig. 16 and 17).

Figures 16 and 17: The restored road sections



38. Furthermore, under the project the residents were connected to water supply, as well as sewerage system. During the audit the quality of the restoration works of the trenches dug for laying the pipes to up to forty families were inspected. At all those sections the consultant visited, the quality of restoration works was satisfactory(**Figures 18, 19, 20 and 21**).

Figures18, 19: Water supply and sewerage shafts located on private territories



Figures 20, 21: Water supply and sewerage shafts located on private territories



3.3 Construction Camp

39. Construction camp of the contractor company was located on Ganmukhuri territory. Construction camp was closed on May 7, 2014. On the audit day construction equipment had been removed from the camp, although several wooden and metal light, small structures, as well as one wagon type structure (**Figures 22 and 23**) were remaining.

Figures 22 and 23: Abandoned utility structures on the camp territory



40. The mentioned buildings mainly had service function, and they were: toilet, bathroom, security guards room and warehouse facility (**Figures 24, 25, 26 and 27**).

Figure 24: Toilet**Figure 25: Bathroom**



Figure 26 27: Warehouse facility**Figure 30: Security guards room**



41. Recommendation: Based on the audit report and instruction issued by EPTISA, Contractor PERI carried out in Sept. 2014 the following corrective measures:

- ✓ Sewerage waste from the septic tank located on the camp territory pumped and transferred to the existing WWTP, and a septic hole filled with soil;
- ✓ All dismantling and removal of all sanitary structure from the existing territory, as shown in Figure 31

42. **Note:** The above-mentioned defect was corrected by the Contractor before the final audit report was drafted.

43. Within one month from the audit, the small infrastructural buildings on the existing camp were totally dismantled and removed from the area, and the area was duly restored (Fig. 28 and 29).

Figures 28 and 29: Restored camp area



44. **Conclusion:** All non-compliances revealed during the audit were corrected by the Contractor in due time.

45. Non-Compliance #1:

46. **Requirement:** According to the IEE document prepared under the project for better operation of the construction camp the contractor was required to do the following prior to launching operation: (IEE, Chapter IV. “IMPACTS ON THE PHYSICAL AND BIOLOGICAL ENVIRONMENT”, paragraph 91): “To ensure that potentially resulting impacts are kept at a minimum the contractor will be required to prepare the following plans or method statements: (i) Layout plan of the work camp including a description of all precautionary measures proposed to avoid potential adverse impacts on the receiving environment (surface and ground water, soils, ambient air, human settlement); (ii) Sewage management plan for provision of sanitary latrines and proper sewage collection and disposal system to prevent pollution of watercourses or groundwater; (iii) Waste management plan covering the provision of garbage bins, regular collection and disposal in a hygienic manner, as well as proposed disposal sites for various types of wastes (e.g., domestic waste, used tires, etc.) consistent with applicable national regulations; and (iv) Description and layout of equipment maintenance areas and lubricant and fuel storage facilities including distance from the beach and from Enguri River. Storage facilities for fuels and chemicals will be located at a distance to the shore and to the riverside. Such facilities will be bounded and provided with impermeable lining to contain spillage and prevent soil and water contamination. These plans will be approved by the Engineer prior to beginning of construction activities”.

47. **Existing Situation:** The Contractor has not developed any of the said plans. Contractor used the “Environmental Management Plan” and “Monitoring Plan” (approved by Asian Development
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Bank) included in the IEE document. The said Plans surely include a major part of the required environmental plans mentioned above, but fail to fully meet the requirements developed for such a complex object quite expediently.

48. Corrective Action: At present, the Construction works of Anaklia Water Supply and Sewerage Distribution Networks are complete. Following the above-mentioned, there is no sense to develop the above-mentioned environmental plans or accomplish any additional studies. Contractor is required to restore the camp territory after the completion of construction which was executed based on recommendation of the draft version of this Audit report in late Sep. 2014.

4. Main Findings Revealed during the Documents Review and Site Visits

49. Based on the projects documents review and conducted site visits the Consultant (Audit Team) revealed the following **general findings**:

1. The main beneficiaries of the improved system were the citizens of Anaklia, and Ganmukhuri who was provided with a constant supply of better quality water, which serves a greater proportion of the population, including urban poor (and tourists as well). This improve the quality of life of people as well as raising standards of both individual and public health as the improvements in hygiene reduced the incidence of disease associated with poor sanitation. This lead to economic gains as people away from work less and will spend less on healthcare, so their incomes will increase;
2. In terms of environment at the project implementation stage strong negative impact on environment was not expected. According to the ADB instructions the project fell under Category B. According to Georgia legislation Environmental Impact Assessment document preparation and obtaining relevant permit was not necessary for project implementation;
3. All documents developed under the project (Loan Agreement, PAM, Contracts) included the obligation to implement the project according to the ADB SPS 2009 as well as pursuant to the environmental requirements stipulated in Georgia legislation;
4. No GRM system was established and no incidents have occurred during the construction stage and no complaints have been initiated by the residents;
5. All project implementing units had hired environmental specialist with relevant qualifications;
6. At the project implementation stage permanent trainings were held for contractor, as well as those specialists of all organizations involved in the project that dealt with environmental issues;
7. Under the project, UWSCG and SC environmental specialists performed permanent environmental monitoring. Non-compliances identified by them adequately and corrective actions were planned. The effectiveness of corrective actions were also controlled by the above-mentioned specialists;
8. For better management of construction camp the contractor prepare an Environmental Management Plan.

9. Restoring works on the territory of water supply and sewerage pipes and pumping stations have been performed to the satisfactory level, except for the two sections where the damaged asphalt cover has been restored at the unsatisfactory level; Based on draft Audit recommendations the restoration works were finally completed by the Contractor in Sept. 2014 to the satisfaction of the Engineer
10. Contractor has disposed inert waste on the territory adjacent to the Anaklia city central street, in agreement with local self-government; the local authorities use the mentioned inert waste for restoring the boggy and uneven territories adjacent to the central road, however disposal of some of the inner waste by the Local Government and assigned local companies have not been completed yet; Reporting on this final place of disposal will be part of the next EMR
11. Restoring works on the construction camp territory have been completed by Contractor based on the recommendation included in the draft Audit Report. Further compliance will be reported on to in the next EMR.
12. Several public awareness activities conducted during the 2nd period of the construction activities (2013-May 2014) have positively impacted on the acceptance and good use by the users of the facilities build under the project. Activities implemented by UWSCG with the help of an assigned NGO (employed by UWSCG) included door-to-door campaigns, public gathering meetings, production of information leaflets and several media campaigns including video and TV spots broadcasting;
13. After the audit, a number of recommendations were developed, and the Contractor was given one month to realize them. It should be noted that a number of non-compliances fixed during the audit, were fully or partially corrected by the Contractor before the final audit report was drafted. Consequently, the present report describes both, the non-compliances fixed during the audit and the corrective actions realized by the Contractor.

5. Recommendations

50. Along with the above-mentioned findings the Consultant made the following recommendation:

- In one month from the receipt of the Audit Report the SC has to perform additional inspection of the sites of waste disposal and in case the sites are identified where the inert waste is still disposed without control the Contractor has to demand from local authority to timely commence works and present the schedule of implementation of works;

51. More detailed recommendations with indication of the entities responsible for their implementation as well as the terms of recommendations implementation are provided in the **Table 1**.

Table 1: Recommendations Matrix

#	Recommendation	Responsible/Action	Implementation Terms
1.	The quality of ultimate inert waste disposal shall be controlled.	UWSCG and Eptisa: performs inspection to determine the quality of ultimate inert waste disposal.	Within one month after receiving the Environmental Audit Report.
2.	Two sections of damaged asphalt have to be restored.	Contractor: If the laying of new asphalt on the mentioned section is not planned under another project, the contractor has to restore the mentioned sections within one month from the receipt of the audit report.	Within one month after receiving the Environmental Audit Report.
3.	The territory of construction camp shall be restored.	Contractor: Pumps sewerage waste from the septic tank located on the camp territory and transfers to the sub-contractor for subsequent management, the septic hole shall be filled with soil; All structures located on the camp territory shall be dismantled and removed from the existing territory; The location place of existing buildings shall be restored according to the requirements.	Within one month after receiving the Environmental Audit Report.

52. **Note:** All above-mentioned defects were corrected by the Contractor before the final audit report was drafted.