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Consultancy Services for Project Management and Supervision of "Construction of 220 kV Akhaltsikhe - Batumi Transmission Line Project" (ABTLP)

**Addendum to the Resettlement Action Plan Completion Report,
Segment II (Batumi – Shuakhevi)**

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Abbreviations

AH	Affected Household
AP	Affected Person
CR	Completion Report
EM	Entitlement Matrix
GSE	Georgian State Electrosystem
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
LAR	Land Acquisition and Resettlement
LARC	Land Acquisition and Resettlement Commission
LGRM	Local Grievance Redress Mechanism
M&E	Monitoring and Evaluation
OHL	Overhead Line
PAP	Project Affected Person
RPF	Resettlement Policy Framework
RAP	Resettlement Action Plan
R&R	Resettlement and Rehabilitation
RMT	Resettlement Management Team
RoW	Right of Way
RU	Resettlement Unit of GSE
SSC	Social Safeguards Consultant
WB	World Bank

1. Background Information

The Resettlement Action Plans (RAPs) have been implemented by GSE under the Transmission Grid Strengthening Project, Segment II (Batumi – Shuakhevi). In particular, for Segment II, with the total length of up to 53 km (Batumi – Shuakhevi), three (3) RAPs were prepared and approved by the World Bank and the Government of Georgia, which are divided into the following three sections:

- Section 1 – km 0 - km 7.7 (from tower 249 – to tower 273)
- Section 2 – km 7.7 - km 40.8 (from tower 273 – to tower 355)
- Section 3 – km 40.8 - km 52.6 (from tower 355 - to tower 398)

The Georgia State Electrosystem (GSE) hired a consultant in 2019 to prepare a RAP Completion Report to ascertain whether all requirements under the Project Resettlement Policy Framework (RPF) and relevant RAPs were fully implemented and whether the objective of the RPF and the relevant RAPs were achieved. The Consultant reviewed the relevant documents and resettlement progress and identified gaps/pending issues.

In 2022, following the request from the World Bank GSE to prepare the addendum to the Completion report in order to reflect the achieved progress. During the process of updating the report, it became necessary to review the figures provided in the original completion report, as the amounts on escrow accounts in 2019 (at the time of writing the original Completion Report) were different from the amounts that were actually paid since 2019. GSE used the in-house capacity and reviewed the relevant documents (RPF, RAPs, guidelines, grievance logs, and payment documents). The important step during the review was re-checking of all payment documents from the beginning of resettlement process to the April 2022. The actual compensation matrix was fully filled in and updated according to the payment documents. The process took more than two-months for the Resettlement Unit (RU) of GSE.

The Addendum to the Completion Report compares the figures presented in initial RAPs and actual RAP implementation. The comparison of the figures presented in the completion report (2019) and actual RAP implementation was not carried out at current stage because figures presented in the initial completion report includes escrow account amounts which was modified during RAP implementation, in the last three years period (2019- 2022). The comparison of figures presented in RAP and actual implementation is provided below in tables. GSE's social staff were collecting each sales and compensation agreements from the starting of RAP implementation process till April 2022, based on these documents new detailed table of actual implementation were developed and were compared with the initial figures. The actual implementation is different from the initial completion report because the amounts placed at escrow account changes in every six-month period, also this sum was depended on pre-calculations and not on actual implementation, as it was underlined above.

The results of comparison per each type if impact is presented in tables below:

2. Impact Assessment

2.1 Easement Impact, Comparison of Initial and Actual Data

Table 1. Land compensation/Easement

Land Compensation		RAP			Actual impact		
Land types	Price of 1 sq.m. Land price (easement price) (GEL/sqm)	Number of the plots to purchase	Area to purchase (sq.m.)	Land Compensation (GEL)	Number of the plots to purchase	Area to purchase (Sq.m.)	Land Compensation (GEL)
Type 1.	0,75	37	54 512	40 884	30	27 294,00	20 470,50
Type 2.	1,2	382	576 154	691 384.80	294	427 259	512 711
Type 3.	1,95	160	249 133	242 480.35	133	180 452	351 882
Type 4.	4,5	201	368 314	1 414 084	241	373 166	1 679 249
Type 5.	7	165	273 005	1 666 929	157	234 317	1 640 231
Type 6.	8,5	10	7 442	63 257	10	7 473	63 520,5
Type 7.	11	24	28 379	312 169	23	24 857	273 428
Subtotal		979	1 556 939	4 431 286	888,00	1 274 818,00	4 541 492,00
Non compensable land plots		0	0	0	0	0	0
TOTAL		979	1 556 939	5 161 175	914	1 318 714	4 763 031

During the implementation of RAP, there was added several land plots which was not included in the RAP and registered later, accordingly all of the land plots were compensated according to the compensation matrix.

2.2 Acquisition Impact, Comparison of Initial and Actual Data

Table 2. Land compensation/acquisition

Land Compensation		RAP			Actual impact		
Land types	Price of 1 sq.m. Land price (Purchase price) (GEL/ sqm)	Number of the plots to purchase	Area to purchase (sq.m.)	Land Compensation (GEL)	Number of the plots to purchase	Area to purchase (Sq.m.)	Land Compensation (GEL)
Type 1.	5	5	713	3 565	5	1 380	6 900
Type 2.	8	60	12 404	99 232	47	10 885	87 080
Type 3.	12,5	47	97 381	1 217 262.50	51	109 015	1 362 687
Type 4.	13	32	6 080	79 040	31	6 340	82 420
Type 5.	15	19	12 584	188 760	20	12 224	183 360
Type 6.	16,5	2	446	7 359	2	446	7 359
Type 7.	20	34	48 411	968 220	32	47 578	951 560
Type 8.	24	8	12 417	298 008	7	8 184	196 416
Subtotal		207	190 436	2 861 447	195	196 052	2 877 782
Non-legalizable		0	0	0	0	0	0
TOTAL		207	190 436	2 861 447	195,	196 052	2 877 782

All of the mentioned land plots are under the permanent impact. All of them were acquired and compensated according to the RAP stipulations.

2.3 Comparison of Compensation tallies of Initial and Actual Impacts

Table 3. other types of compensation

Type of Impact	Planned according to the initial RAP	Actual implementation
Compensation for Buildings	4 369 205	4 888 355
Number of land plots with Buildings	47	49
Compensation for Auxiliary Buildings	338 552	350 417
Number of land plots with Auxiliary Buildings	9	18
Compensation for Annual Crops	208,649	89 116
Number of land plots with Crops	340	157
Compensation for perennials	6 971 907	5 980 217
Number of Land plots with perennials	435	374
Compensation For vulnerable HHs	101 304	53 775
Number of Vulnerable HHs	105	56
Compensation for severe impact	110 789	183 628
Number of HHs with severe impact	69	82
Compensation for Business Stoppage	19 440	39 840
Number of HHs with Business Stoppage	2	4
Compensation for relocation	52 647	66 133
Number of relocated HH	47	49

2.4 Compensation for Buildings

All differences between the compensations actually paid for the buildings and the initial RAP figures are caused by the objective reasons related to design change, the impact footprint, etc. Due to the design change the number of land plots with buildings were increased from 47 to 49 while the number of auxiliary buildings were increased from 9 to 18. However, no residential houses were impacted by this change. All due payments are executed in full (delivered or placed on escrow accounts) for two sections of Segment II (the Skhalta section started after the Completion Report) of the Akhaltsikhe-Batumi OHL. The compensations for buildings are paid in compliance with OP 4.12.

Conclusion: Compensations for buildings are paid in compliance with RAP provisions and OP 4.12

2.5 Compensation for Annual Crops

The Completion Report has concluded that GSE provided compensation only for the crops that were standing at the time of civil works and that were actually damaged by the contractor. The RAPs, however, indicated that crops identified during RAP preparation were going to be paid. Changes in the design and delays in the construction led that actual impact on crops became significantly different from the original RAP estimates. As a result, the compensation for annual crops were paid according the real, actual presence of crops on land plots during the verification process. Land plots which were not cultivated during the long time period were not compensated for crops loss.

Conclusion: APs were consulted by GSE and agreed with elaborated approach and satisfied with already received compensation amounts for annual crops. During the consultations, it was also communicated with APs from the beginning that compensation for annual crops would be paid only in case if the crops are actually identified and damaged during the civil works. For future, GSE should ensure that RAPs clearly indicate what type of impacts are eligible for compensation.

GSE compensates for annual crops according to the actual impact, currently this type of compensation is fully paid (except pending cases).

2.6 Compensation for perennials

Compensations for perennials has been recalculated according to the actual tree cuts. All cut trees have been compensated. The total amount paid for trees is lower than in initial RAP, but all these differences are related to the fact that in RAPs all trees falling within the RoW are calculated, while actual payments are done for trees that were actually cut. This approach has been discussed and agreed with the WB resettlement team and was fixed in RAPs.

Conclusion: All cut trees have been compensated. In relation with the tree compensation GSE is compliant with OP 4.12

2.7 Compensation For vulnerable households (HHs)

In RAPs, a total of 105 AHs were recorded as vulnerable, while the Completion Report has pointed out that only 53 AHs were accepted as vulnerable and received vulnerability allowance. Explanation from GSE for such discrepancy was that while during the consultation meetings many AHs stated that they had vulnerability status, only some of them were able to provide the necessary documents. GSE paid vulnerability compensations only to those AHs, who were recipients of government's Targeted Social Assistance (TSA). However, following the recommendation from the Completion Report, GSE conducted additional verification of vulnerable HHs. Based on these verifications, the allowance for vulnerability was paid additionally to women-headed households, as certified by the local government. Three such families were identified and compensated by GSE.

Conclusion: The list of the vulnerable AHs is revised and checked and is in compliance with OP 4.12.

2.8 Compensation for severe impact

During the RAP implementation the area of permanent impact increased which affected the severe impact amounts. The allowances for severe impact have been fully paid (delivered to PAPs or placed on escrow accounts).

Conclusion: In relation with payments of Severe Impact Allowances GSE is compliant with RAPs and OP 4.12.

2.9 Compensation for Business Stoppage

In Updated CM four affected businesses are identified. One of these businesses is family managed fish farm. The other three are small shops also managed by family members. No external workers are employed. Total compensation for business losses equal to 39,840 GEL has been added in Updated CM and is already compensated fully.

Conclusion: In relation with the compensation payment for affected businesses GSE is compliant with OP 4.12

2.10 Compensation for Relocation

During the RAP implementation the allowances for physical relocation have been increased due to the change of the number of actually affected residential houses.

Conclusion: All physical relocation allowances are delivered. PAPs have received all other compensations. In relation with the payment of allowances for physical relocation, GSE is in compliance with RAPs and OP 4.12.

3. Pending Cases

Number of pending cases/easements	23
Total land area of pending cases	14 414 sq.m.
Pending compensation amount for easement	41976 GEL
Pending compensation for structures	2340 GEL
Pending compensation for annual crops	4357.4 GEL
Pending compensation for perennial crops	38 174 GEL

The construction activities have been executed on 23 land plots, the affected households are not against of the project and they agreed to enter the contractor for conducting civil works on their land plots, however, they have not signed agreements with GSE due to the compensation amount. So, they decided to appeal to the court. All the cases are subject of necessary way under the protection zone of OHL. **All this is still in Compliance with** the OP 4.12 so far as

the related compensation amounts have been placed on individual escrow accounts and meaningful consultations with PAPs have been conducted before the CW Contractor has entered the site.

4. Grievance Redress Mechanism

To assess the level of satisfaction of the APs, the RU revised all the copies of submitted Complaints. The RU representatives studied that in segment II of Batumi-Akhaltzikhe section 123 written complaints were submitted by the owners or users of the land parcels located in the project affected area. It is worth mentioning that **5** owners have applied to the Internal Grievance Redress Commission in GSE, claiming, that:

1. A project-affected person whose land plot, real estate and perennial cultures were located in the overhead line protection zone. The complainant refused to sign the easement agreement proposed in the Resettlement Action Plan and requested full relocation instead. GSE's social affairs division submitted this grievance to the Grievance Redress Commission (GRC). After discussion among the members of the GRC, it was decided to satisfy the person's request. GSE communicated this resolution to him and he expressed his satisfaction with the outcome.

2. Two citizens applied to repurchase their lands from GSE (two separate cases), these issues were discussed by GRC, and after analysing the territories the complainants could not be satisfied because the areas are used for technical purposes and access roads.

3. One tower, located near to his house, was creating problems and contributing to a landslide. The case was submitted to GSE's GRC, which decided that the relevant working group would gather more information and send a team to the location to examine the situation. After investigation, it was concluded the tower indeed needed reinforcement. Preparatory procedures to start the works are underway.

5. A complainant requested physical relocation, as 80% of the territory was affected by the project and in order to improve the living conditions, the complainant was satisfied by GRC.

The decisions of the GRC is documented in minutes of meeting and is saved in GSE office.

107 of these claims were satisfactorily closed, the compensation was paid for remaining land plots. 16 grievances were rejected and closed.

During the implementation period the grievances received from 2016-2022, are fully satisfied and during the last two years period no grievances received for compensation of annual crops included in initial RAP

The grievance log is available electronical format in GSE office and is being updated accordingly. There are no pending grievances at this stage.

5. Conclusions and remedial actions

The Initial Completion report described three recommendations of remedial actions, these recommendations are:

1. Compensation for annual crops
2. Compensation for vulnerable HHs
3. Income Tax deduction issue, which is described in paragraph 5.1

5.1 GAP References resolution indicated in the initial Completion Reports

GSE has deducted 20% of the easement fees as income taxes for 132 land plots. This is in response to amendments in the national tax code in January 2018 which now require the employer to deduct income tax from salaries. Any taxes due should be paid by GSE to revenue services. Before the adoption of the new taxation regulations in 2018 the PAPs were paid full lump sum amounts and the PAPs were responsible for paying income taxes from this lump sum. The new regulations adopted in 2018 imposed the obligation of paying income taxes on GSE.

Therefore, the calculated compensation amount includes the taxes provided in the framework document, in particular, the compensation amounts take into account the market value of the property at the time of project implementation, costs related to cash transactions and property registration, taxes, fees and other relevant taxes.

A similar approach is taken when calculating the amount of compensation for easement. A key element in determining compensation is the market value of the land. Compensation for 1 square meter of land easement is determined in accordance with international standards, it was calculated using the market value, taxes and loss / unearned benefit ratio of each category, the taxable amounts are considered. Using the following formula $S = MV * (K * 1.25)$. MV is market value of the land plot, K is adjusting ratio considering income tax.

In completion report it was mentioned that in relation with the easement fees GSE is compliant with the RAP and recommendations of independent valuator. According to the above-mentioned statements, GSE elaborated the evaluation of the compensation which was implemented according to the methodology provided by RPF and according to WB requirements.

In CR this issue was under discussion GSE conducted several meetings with Evaluation Company, Financial director of GSE and representatives of WB, in the meetings it was discussed the new changes in national legislation regulating the tax issues. After these meetings it was approved there is no need to top-up the compensation amounts.