Asian Development Bank Accountability Mechanism
Compliance Review Panel

REPORT ON ELIGIBILITY

To the Board of Directors

on

Compliance Review Panel Request No. 2019/2

on the

North–South Corridor (Kvesheti–Kobi) Road Project in Georgia
(Asian Development Bank Loan 3803)

24 January 2020

This document is being disclosed to the public in accordance with ADB’s Access to Information Policy.
ABBREVIATIONS

ADB – Asian Development Bank
AMP – Accountability Mechanism Policy
CRP – Compliance Review Panel
EIA – environmental impact assessment
LARP – land acquisition and resettlement plan
NTG – National Trust of Georgia

WEIGHTS AND MEASURES

km – kilometer

NOTE
In this report, “$” refers to United States dollars.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
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I. BACKGROUND

1. A request for compliance review (complaint) was forwarded by the Complaint Receiving Officer of the Asian Development Bank (ADB) Accountability Mechanism to the Compliance Review Panel (CRP) on 12 November 2019 in respect of ADB Loan No. 38 03: North–South Corridor (Kvesheti–Kobi) Road Project (Project) in Georgia.1

2. In accordance with paragraph 178 of the Accountability Mechanism Policy 2012 (AMP) and section L1 of the Operations Manual,2 the CRP carried out an initial assessment and concluded that the complaint falls within the mandate of the compliance review function.3

3. A finding that a complaint falls within the mandate of the compliance review function is not a finding of its eligibility for compliance review. Accordingly, a response from ADB Management was sought and the CRP proceeded to assess the eligibility of the complaint in accordance with paragraph 179 of the AMP. This report summarizes the analysis and findings of the CRP on the eligibility of the complaint for compliance review in accordance with the AMP.

II. THE PROJECT

4. The complaint relates to the construction of a 10 km. portion of the North–South Corridor; a road which connects Tbilisi to the Mtskheta–Mtianeti region in the north and to the Kvemo Kartli region in the south. Specifically, the Project that forms the subject of the complaint includes: (i) the construction of about 23 km of climate-resilient bypass road between Kvesheti and Kobi and about 5 km of climate-resilient all-weather access roads to roadside towns and villages; (ii) establishment of a Khada Valley visitor center; and (iii) capacity-building of the Roads Department of Georgia on project and contract management. The total project cost is $558,600 million with $415 million financing from ADB; $60 million from the European Bank for Reconstruction and Development (EBRD); and $83,600 counterpart finance provided by the Government of Georgia. ADB’s loan was approved by the ADB Board of Directors on 01 August 2019 and signed on 27 August 2019, with a planned Project closing date of 31 December 2026. The borrower is the Ministry of Finance of Georgia. The Ministry of Regional Development and Infrastructure of Georgia is the project executing and implementing agency. At ADB Headquarters, the Transport and Communications Division (CWTC) of the Central West Asia Department (CWRD) is responsible for the Project.

5. The Project is a greenfield project that passes through difficult mountainous terrain. It has been categorized as ‘A’ for environmental impacts. Accordingly, a draft environmental impact assessment (EIA) was posted on the ADB website in December 2018 and a final EIA was published on the website in April 2019.4 The Project will displace approximately 158 households (616 people) who will be directly affected by land acquisition for the Project, out of which a total of 30 households have been classified as vulnerable. As such, the Project is also categorized as ‘A’ for impacts on involuntary resettlement and accordingly, land acquisition and resettlement plans (LARPs) have been prepared and posted on the ADB project webpage. Draft LARPs for

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1 Basic project details are at https://www.adb.org/projects/51257-001/main#project-pds.
3 The eligibility determination was led by CRP member Ajay Deshpande, with support from CRP member Halina Ward; previous CRP Chair Dingding Tang (up to 09 December 2019); and current CRP Chair Elisea Gozun (from 10 December 2019).
4 Project documents are at https://www.adb.org/projects/51257-001/main#project-documents.
Contract Package 01 (for the road) and 02 (for the tunnels) are dated April and May 2019, respectively. Revised LARPs for each component dated July 2019 are also available on ADB webpage. The Project is categorized as ‘C’ for impacts on indigenous peoples as ADB has determined that there are no indigenous peoples in the project area.

6. The project management and construction supervision consultant contract was awarded to UBM Uluslararası Birleşmiş Musavirlik A.S. in June 2019 and the contractor was mobilized in August 2019. An individual external monitor contract in respect of the LARPs was awarded in July 2019. Subsequently, two civil works contracts for the construction of the Kvesheti-Kobi Road were awarded (i) to China Railway 23rd Bureau Group Co., Ltd. in August 2019 (Road Section); and (ii) to China Railway Tunnel Group Co., Ltd. in September 2019 (Tunnel Section).

III. THE COMPLAINT

7. The complaint was submitted by Peter Nasmyth and Marine Mizandari (the complainants), who indicate on the complaint form that they do not wish their identities to be kept confidential. (See Appendix 1 of this report.) The complaint has been submitted by them in their capacity as co-chairs of the National Trust of Georgia (NTG). The NTG was formed in October 2016. According to its website, it is a membership organization which provides a means for individuals to express their concern and affection for Georgia’s heritage, as well as a practical means of helping to preserve buildings and land.5

8. Together with the complaint form, P. Nasmyth and M. Mizandari set out the basis for the complaint in a written communication of 14 October 2019 on the NTG’s letterhead. This communication contains five grounds for complaint: (i) compliance conditions not met; (ii) the alternative Lakatkhevi route was never considered; (iii) the Banks encouraged the Georgian government to break its own international agreements; (iv) Tourism potential mis-assessed with Georgia’s inward tourism companies ignored to generate long-term economic damage; and (v) the Banks systematic non-response to questions, complaints and publicity processes. The document refers to harm brought about by loss of physical cultural heritage and of eco-tourism opportunities should the road be constructed along the approved Khada Valley alignment. The complainants request that the loan be put on hold; that proper due diligence be carried out; and a different route for the road chosen.

9. In an email communication dated 20 November 2019, M. Mizandari informed CRP that P. Nasmyth would represent NTG for purposes of a videoconference call with the CRP and offered input in summary form on the complainants’ main concerns. Thereafter, the CRP communicated with the complainants and NTG through P. Nasmyth for purposes of its eligibility assessment, keeping M. Mizandari copied on correspondence.

IV. ADB MANAGEMENT’S RESPONSE

10. As required by paragraph 178 of the AMP, an ADB Management response to the complaint (response) was submitted to the CRP on 20 December 2019. (See Appendix 2 of this report). The response provides information about the process of project conception and sets out the ADB Management’s case that the Project complied with the relevant provisions of ADB’s Safeguard Policy Statement (SPS) and Access to Information Policy. The response appends the

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5 The website of the National Trust of Georgia is at [http://www.nationaltrustofgeorgia.org.ge/about-us/](http://www.nationaltrustofgeorgia.org.ge/about-us/).
Project Stakeholder Engagement Plan \(^6\) which describes consultation and information dissemination to date in respect of the Project, as well as plans for future stakeholder engagement. Photos of project desks in Kvesheti, Dusheti, and Kazbegi; the Stakeholder Brief on Assessment of Alignment Alternatives;\(^7\) and documents supporting the choice of the project site following environmental and cultural heritage preservation plan are also appended to the response. The response provides specific responses on issues raised in the complaint with regard to (i) the consultation process; (ii) assessment of alternatives; (iii) adherence to international agreements to which Georgia is a party; and (iv) economic impacts, particularly on tourism. In each case, the response refutes the claims made in the complaint.

11. The response indicates that alignment options for the Project were developed by the Government of Georgia through study over the period from 2017 to 2018, with the support of the World Bank. This process took place prior to ADB’s involvement in the Project. An initial 40 possible alignments were then narrowed down to nine (9) in three (3) corridors. ADB Management asserts that the Government of Georgia’s alignment selection study involved an international team of over 20 key experts supported by more than 50 engineers, geologists and other specialists which assessed the options based on traffic demand, geo-engineering, and other relevant aspects as per the best practices followed. The response states that the Government of Georgia instructed its contractors to identify alignment options that would “(i) bypass the mountainous Jvari Pass road segment; (ii) provide local villages and communities with safe and year-round access to social services and economic opportunities; and (iii) enable physical connections with the Gudauri Valley.” The CRP understands that only the routes considered technically viable and that met these criteria were subsequently assessed in the EIA.

12. The response records consultations with stakeholders carried out from the project preparatory stage onwards. From April 2018 to June 2019, a total of 45 reported stakeholder engagement events were held with some 500 participants who included project affected persons, nongovernment organizations and civil society organizations, business people, sector experts, the academia, local and national authorities, covering topics such as road alignment and design features, and the environmental, social, and economic impacts of the Project. ADB Management asserts that the feedback gathered from such events was considered when updating Project documents.\(^8\)

V. ELIGIBILITY

13. The CRP has reached its determination of eligibility in accordance with the provisions of paragraphs 179 and 180 of the AMP, which state:

“179. Within 21 days of receiving the ADB Management's response, the CRP will determine the eligibility of the complaint. The CRP will review the complaint, ADB Management’s response, and other relevant documents. To find a complaint eligible, the CRP must be satisfied that the complaint meets all the eligibility criteria, satisfies the scope, and does not fall within the exclusions (para. 142 and paras. 145-149). The CRP must be satisfied that (i) there is evidence of noncompliance; (ii) there is evidence that the noncompliance has caused, or is likely to cause, direct and material harm to project-


\(^8\) Footnote 6, p. 17 and paragraph 9 of ADB Management’s response.
affected people; and (iii) noncompliance is serious enough to warrant a compliance review.

180. As part of the eligibility determination, the CRP will review and determine whether the complainants made prior good faith efforts to resolve issues with the operations department concerned. The CRP will forward the complaint to the operations department concerned if the complainants did not make such efforts.”

14. The CRP’s eligibility determination process involved the following steps:

i) review of the complaint and other documents provided subsequently by the complainants to the CRP;
ii) review of the ADB Management response to the complaint;
iii) videoconference and email exchanges between the CRP and Peter Nasmyth as representative of the two named individual complainants; and
iv) a discussion with the ADB project team at ADB Headquarters.

15. The AMP contains both essential eligibility requirements, which can be found in para. 138 and paras. 179 and 180, and in addition a number of specific exclusions from eligibility which, as indicated by para. 179, can be found in paras. 142 and 145-149. In the present complaint, the CRP has therefore initially considered whether the requirements of para. 138 are met. Considering its conclusion in respect of para. 138, as further set out below, it has not been necessary to consider the application of paras. 142 and 145-149 to the complaint, nor the remaining eligibility requirements of paras. 179 and 180.

16. Paragraph 138 of the AMP incorporates essential requirements regarding the identity of complainants and/or representatives for a complaint to be considered eligible. It states that:

“...complaints may be filed by (i) any group of two or more people in a borrowing country where the ADB- assisted project is located or in a member country adjacent to the borrowing country who are directly, materially, and adversely affected; (ii) a local representative of such affected persons; or (iii) a nonlocal representative of such affected persons, in exceptional cases where local representation cannot be found and the SPF or CRP agrees. If a complaint is made through a representative, it must clearly identify the project-affected people on whose behalf the complaint is made and provide evidence of the authority to represent such people”

17. The completed ADB complaint form submitted to the Complaint Receiving Officer identifies Peter Nasmyth and Marine Mizandari as complainants. The CRP must therefore consider whether P. Nasmyth and M. Mizandari constitute a “group of two… people in a borrowing country where the ADB-assisted project is located or in a member country adjacent to the borrowing country who are directly, materially, and adversely affected;...” However during a videoconference on 21 November 2019 and in later email communications with the CRP, P. Nasmyth asserted that the NTG (we) represents,9 variously: i) residents of the Khada valley, through which the Project will be constructed; ii) stakeholders from the inward tourism industry of Georgia affected by the Project; and iii) the population of Georgia including people who are yet to be born (future generations). These assertions require the CRP to consider whether the

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9 The CRP understands this either to mean the National Trust of Georgia or Peter Nasmyth and Marine Mizandari; it has not been necessary to explore further the distinction for purposes of this eligibility assessment.
requirements regarding representatives that are set out in para. 138 are met. The CRP has considered both entry points [para. 138, (i) and para. 138, (ii) or (iii)] for determining whether the complaint meets the criteria set out in para. 138 of the AMP. Issues of representation are considered further below.

18. In the 21 November 2019 videoconference between the CRP and P. Nasmyth and subsequently in emails dated 26 November 2019 and 5 December 2019, the CRP requested additional information to assist it to establish the eligibility of the complaint. It has considered carefully the supplementary information provided in response.

19. As indicated above, para. 138 of the AMP requires that individual complainants be directly, materially and adversely affected by the ADB-assisted project. In this instance, the two persons named in the complaint have not provided the CRP with evidence that they, as individuals, are directly, materially and adversely affected.

20. The CRP has also considered whether the requirements of para. 138 are met by the suggestion that the complaint is eligible for compliance review on the basis that P. Nasmyth and M. Mizandari, either directly or through the NTG, are representatives of other people who are directly, materially and adversely affected for purposes of para. 138. As noted above, while this is not stated in the ADB complaint form, P. Nasmyth has asserted that he and/or he and M. Mizandari and/or NTG have authority to represent, variously, people among the residents of the upper Khada Valley, businesses in Georgia’s inward tourism sector, and additionally the whole population of Georgia, including future generations. The CRP has carefully considered these assertions in light of the requirement of para. 138 of the AMP that “If a complaint is made through a representative, it must clearly identify the project-affected people on whose behalf the complaint is made and provide evidence of the authority to represent such people.” In view of its finding on this issue (as set out below), the CRP has not considered the relevance of the specific distinction between ‘local’ and ‘non-local’ representatives of directly, materially and adversely affected people and the differentiated requirements for each that are set out in para. 138.

21. Separate paragraphs that follow consider in turn evidence of authority to represent i) local residents, ii) businesses operating in Georgia’s inward tourism sector, and iii) the population of Georgia, including future generations.

22. Authority to represent residents of the Khada Valley: During its videoconference call with P. Nasmyth, the CRP asked that he provide additional information regarding NTG/P. Nasmyth and M. Mizandari’s authority to represent directly, materially and adversely affected people. In a response via email of 25 November 2019, P. Nasmyth provided the CRP with an electronic copy of an unsigned letter in English dated 21 November 2019, and stated that the letter confirmed NTG as representing the villagers of upper Khada valley. The letter is addressed to Peter Nasmyth, and is headed with one person’s name from an address in the Khada Valley. A total of nine typed names, including the person named at the top of the letter, are provided at the conclusion of the letter.10 The letter states that “I thoroughly agree with” the complaint by the National Trust of Georgia forwarded to the Asian Development Bank. It additionally describes concerns that the Project will generate adverse impacts upon tourism and the quality of life of local people.

10 The letter ends ‘etc’, presumably to indicate that there are others who support, or might support, the letter.
23. To the same end (which the CRP understands as the goal of confirming NTG’s authority to represent residents of the Khada Valley), in his email of 25 November 2019, P. Nasmyth provided the CRP with a second letter, in both English and in Georgian language versions. The letter is an ‘Appeal Letter’ from local people in the Khada Valley and sets out concerns about the Project and its impact upon residents of the Khada Valley and its environment and cultural heritage. It is addressed to numerous parties, including ADB and EBRD, as well as the Prime Minister of Georgia and the citizens of Georgia, among others. The original Georgian version of the letter bears the signatures and ID numbers of its signatories. The letter does not refer to NTG or to the complaint to ADB.

24. The CRP does not find that the undated ‘appeal letter’ provides evidence of NTG’s authority to represent the named persons in the present complaint. Turning to the letter of 21 November, the CRP notes that ‘agreeing with’ issues raised in a complaint is not akin to providing ‘authority to represent’ people who are in agreement with the complaint. Furthermore, the persons named in the letter of 21 November 2019 are identified by name only, without addresses, signatures or individual contacts or identifying information such as national ID numbers nor provide any information if they are the directly affected people and how they are affected. This further weakens the claim that the letter amounts to ‘authority’ for NTG, or P. Nasmyth and/or M. Mizandari to represent the persons named in it.

25. In an email of 5 December 2019, the CRP invited P. Nasmyth to provide additional information regarding the letter. In an emailed response on 12 December 2019, P. Nasmyth informed the CRP that due to the region’s remoteness and the time of year, the requested information was proving virtually impossible to find. The CRP accepts this at face value. Nonetheless, without additional information about how to contact the persons named in the letter, and taking account of their likely present absence from the address in the Khada Valley that is provided at the top of the letter, the CRP is not in a position to make its own inquiries to establish whether the persons named in the letter have authorized P. Nasmyth and M. Mizandari and/or the NTG to represent them in the complaint.

26. Authority to represent businesses operating in the inward tourism sector: In support of the assertion that P. Nasmyth and M. Mizandari or NTG represent actors within the inbound tourism sector, P. Nasmyth has drawn the CRP’s attention to the participation of a named representative of the inbound tourism sector at a meeting with members of the ADB project team on 27 June 2019. Said meeting was convened by ADB specifically to address the concerns of NGOs such as Explore Georgia, CENN Georgia and NTG. He suggested on this basis that NTG represents (at least some part of) the inbound tourism sector. No further information confirming NTG’s authority to represent affected people within the inbound tourism sector has been provided to the CRP. The CRP is unable to infer based on the information available that either the individual who participated at the meeting of 27 June or others in the inbound tourism sector have ‘authorized’ P. Nasmyth and M. Mizandari or NTG to represent them in the present complaint.

27. Authority to represent the population of Georgia, including future generations: Turning finally to the suggestion that P. Nasmyth and M. Mizandari and/or NTG represent the population of Georgia, including those yet to be born, the CRP notes that in her email to the CRP of 20 November, M. Mizandari wrote that NTG aims to link Georgians into a growing global trend of preserving historical property and landscape for the future generations. However, under para. 138 of the AMP, the CRP must consider whether P. Nasmyth and M. Mizandari and/or NTG have authority to represent the population of Georgia, including future generations. Subsequently, if
such authority were indeed established, the CRP would need to determine whether the population of Georgia, including future generations, were 'directly, materially and adversely affected.'

28. The complainants did not provide the CRP with further information or documentation to support the assertion of authority to represent the population of Georgia, including future generations. However, the CRP has reviewed information available on the NTG’s website. This does not demonstrate that the population of Georgia has granted NTG ‘authority to represent’ it in the present complaint for purposes of meeting the requirement of the last sentence of para. 138 of the AMP which states “If a complaint is made through a representative, it must clearly identify the project-affected people on whose behalf the complaint is made and provide evidence of the authority to represent such people”. Consequently, it has not been necessary for the CRP to consider the additional requirement under para. 138 of the AMP that persons represented be ‘directly, materially and adversely affected’.

29. The CRP has carefully considered the verbal representations and documents made available to it in the form of the complaint and the additional information provided by P. Nasmyth. It has reached the following findings:

i. The complainants have not demonstrated that they are persons who are directly, materially and adversely affected by the ADB project for the purposes of meeting the relevant requirement of para. 138 of the AMP.

ii. P. Nasmyth has not demonstrated that he, or he and M. Mizandari, or NTG, have authority to represent any two or more persons who are directly, materially and adversely affected by the Project for the purposes of para. 138 of the AMP.

30. Paragraph 179 of the AMP requires the CRP to determine the eligibility of the complaint within 21 days of receiving the Management’s response. In the present case, the two persons named in the ADB complaint form have, through P. Nasmyth, asserted that they represent a number of different persons: the entire population of Georgia present and future; a group of residents of the Upper Khada Valley, and inward tourism sector stakeholders in Georgia. The CRP has processed the eligibility assessment in accordance with the time limits established in para. 179. It is mindful of the steps it has taken, in a videoconference call and in email correspondence with P. Nasmyth, to specify in some detail what information it seeks. The CRP is not authorized to impute evidence of authority to represent directly and materially affected persons where such evidence is absent.

31. For the avoidance of doubt, the CRP notes that its determination in this complaint is based solely on the narrow issue of whether the named complainants have established either i) that they themselves are directly, materially and adversely affected (either as individuals or through their relationship with NTG as its co-chairs), or ii) that they have been authorized to represent two or more people who are directly, materially and adversely affected. Since the complaint does not fully meet the requirements of para. 138 of the AMP, it has not been necessary for the CRP to consider the application to the complaint of the remaining eligibility requirements set out in para. 179.
VI. CONCLUSION

32. The CRP determines that the complaint does not meet the eligibility requirements of para. 138 of the AMP and does not therefore meet the requirements established in para. 179 of the AMP for the CRP to find a complaint eligible.

33. The CRP expresses its appreciation to the complainants and to ADB Management for their cooperation and assistance during the eligibility assessment process.

/S/Elisea Gozun  
Chair, Compliance Review Panel

/S/Ajay Deshpande  
Part-time Member, Compliance Review Panel

/S/Halina Ward  
Part-time Member, Compliance Review Panel
Request for Compliance Review

Asian Development Bank (ADB), Accountability Mechanism, Complaint Form
(Add rows or pages, if needed)

A. Choice of function - problem solving or compliance review (Choose one below)

- Special Project Facilitator for problem solving (Assists people who are directly and materially harmed by specific problems caused, or is likely to be caused, by ADB-assisted projects through informal, flexible, and consensus-based methods with the consent and participation of all parties concerned)

- Compliance Review Panel for compliance review (Investigates alleged noncompliance by ADB with its operational policies and procedures in any ADB-assisted project in the course of the formulation, processing, or implementation of the project that directly, materially, and adversely affects, or is likely to affect, local people, as well as monitors the implementation of remedial action relates to the harm or likely harm caused by noncompliance)

B. Confidentiality

Do you want your identities to be kept confidential?  □ Yes  □ No

C. Complainants (Anonymous complaints will not be accepted. There must be at least two project-affected complainants.)

<table>
<thead>
<tr>
<th>Name and designation (Mr., Ms., Mrs.)</th>
<th>Signature</th>
<th>Position/Organization (if any)</th>
<th>Mailing Address</th>
<th>Telephone number (landline/mobile)</th>
<th>E-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mr PETER NASMYTH</td>
<td></td>
<td>CO-CHAIR National Trust of Georgia</td>
<td>33 Solomon Brjens st Tbilisi, Georgia</td>
<td>+995 32 2997705</td>
<td><a href="mailto:contact@nationaltrustofgeorgia.org.ge">contact@nationaltrustofgeorgia.org.ge</a></td>
</tr>
<tr>
<td>2. Ms MARINE MIZANDARI</td>
<td></td>
<td>CO-CHAIR National Trust of Georgia</td>
<td>33 Solomon Brjens st Tbilisi, Georgia</td>
<td>+995599936296</td>
<td><a href="mailto:contact@nationaltrustofgeorgia.org.ge">contact@nationaltrustofgeorgia.org.ge</a></td>
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Authorized Representative or Assistant (if any). (Information regarding the representatives, or persons assisting complainants in filing the complaint, will be disclosed, except when they are also complainants and they request confidentiality.)

<table>
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<tr>
<th>Complainant</th>
<th>Name and designation</th>
<th>Signature</th>
<th>Position/Organization (if any)</th>
<th>Mailing Address</th>
<th>Telephone number</th>
<th>E-mail address</th>
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<tbody>
<tr>
<td>Represented</td>
<td>Designation (Mr., Ms., Mrs.)</td>
<td>Organization (If any)</td>
<td>(Landline/Mobile)</td>
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**D. Project**

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<th>Name</th>
<th>Loan 3803-GEO: North-South Corridor (Kvesheti-Kobi) Road Project</th>
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<tr>
<td>Location</td>
<td>Kvesheti - Georgia</td>
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<tr>
<td>Brief description</td>
<td>A 10 km (aprox) section of new road, bridging and tunneling up one of Georgia’s most historic valleys, the Khada valley.</td>
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**E. Complaint:**

What direct and material harm has the ADB-assisted project caused, or will likely cause, to the complainants?  
SEE ENCLOSED DOCUMENT. NOTE IT HAS ALREADY BEEN SENT BEFORE

Have the complainants made prior efforts to solve the problem(s) and issue(s) with the ADB operations department including Resident Mission concerned?  
Yes. If YES, please provide the following: when, how, by whom, and with whom the efforts were made. Please describe any response the complainants may have received from or any actions taken by ADB.  
SEE ENCLOSED DOCUMENT.

☐ No

**F. Optional Information**

1. What is the complainants’ desired outcome or remedy for the complaint?  
THE LOAN TO BE PUT ON HOLD; PROPER DUE DILLIGENCE BE CARRIED OUT AND A DIFFERENT ROUTE FOR THE ROAD CHosen

2. Anything else you would like to add?  
SEE ENCLOSED DOCUMENT

Name of the person who completed this form: _PETER NASMYTH________________
Please send the complaint, by mail, fax, e-mail, or hand delivery, or through any ADB Resident Mission, to the following:

**Complaint Receiving Officer (CRO), Accountability Mechanism**
ADB Headquarters, 6 ADB Avenue, Mandaluyong City 1550, Philippines,
Telephone number: +63-2-6324444 local 70309, Fax: +63-2-6362086,
E-mail: amcro@adb.org
ADB Management’s Response

Memorandum

Central and West Asia Department
Office of the Director General

20 December 2019

To: Elisea Gozun
Compliance Review Panel

Through: Shixin Chen
Vice President (Operations 1)

From: Werner Liepa
Director General, CWRD

Subject: Loan 3803-GEO: North-South Corridor (Kvesheti-Kobi) Road Project
—Management’s Response

1. Through memorandum of the Chair of the Compliance Review Panel ("CRP") dated 20 November 2019, the CRP requested Management’s Response regarding the request for compliance review forwarded by the Complaint Receiving Officer ("CRO") to the CRP on 12 November 2019 on the above subject.

2. The complaint relates to the construction of a climate-resilient two-lane road approximately 23-kilometer ("km") in length between Kvesheti and Kobi, and approximately 5 km of all-weather access roads under the North–South Corridor (Kvesheti–Kobi) Road Project ("Project"), approved on 1 August 2019. The Project intends to improve connectivity, safety and livelihoods along the North-South Corridor, which connects the capital Tbilisi to the Kazbegi region and beyond. The Project is categorized A for environment impacts, A for involuntary resettlement impacts and C for indigenous peoples.

3. The Project Implementing Agency is the Roads Department of Georgia ("RD"). The Project is co-financed with the European Bank for Reconstruction and Development ("EBRD"). The complaint has been also addressed to EBRD’s Project Complaint Mechanism on 27 September 2019, which redirected it to its operational department on 23 October 2019.

4. The complaint, dated 16 October 2019, has been filed by the two co-Chairs of the National Trust of Georgia (a non-governmental organization). The complaint does not indicate the Project affected people on whose behalf the complaint is made (if any) and evidence of the authority to represent them as required under para 151 (ii) of the Accountability Mechanism Policy, 2012 ("AMP").

5. The Project team has engaged with Mr. Peter Nasmyth (one of the two complainants) since March 2019 and provided Mr. Nasmyth with all available documentation including the Project factsheet, frequently asked questions, and the draft Environmental Impact Assessment ("EIA"). In early June 2019, the ADB and EBRD Project teams prepared a tailored presentation for the two complainants and arranged a videoconference to discuss their grievances. Mr. Nasmyth subsequently requested further information and discussions on assessment of alignment alternatives. The ADB Project team offered to mobilize the design team and RD senior
management and organized dedicated meetings in late June 2019 in Tbilisi, Georgia (para. 15). The meetings were followed by email communications between July and September 2019.

6. The complaint alleges (i) Project stakeholders were not properly consulted; (ii) alternative routes were not properly considered; (iii) ADB encouraged the Government of Georgia to violate its international agreements; and (iv) due diligence did not properly assess the Project’s impact on tourism. The complaint asserts that this led to selection of an inappropriate route for the Project road. Each of these allegations is addressed in paras 8-20 below and in further details in Attachment 1 to this Memorandum. Management notes that the complaint does not include a “description of the direct and material harm that has been, or is likely to be, caused to the complainants by the ADB-assisted project” as required under para 151 (vi) of the AMP.1

7. The Project has been prepared in compliance with the relevant policies and procedures of ADB. Paragraphs 8–21, below, respond to each of the allegations of the complaint, and evidence of compliance with the relevant ADB policies and procedure, specifically Safeguard Requirements 1: Environment, and Safeguards Requirements 2: Involuntary Resettlement of the Safeguard Policy Statement (2005) (“SPS”); and its Operations Manual Section F1 is presented as Attachment 2 to this Memorandum.

8. Consultation process. ADB initiated consultations as soon as it became involved in the Project. Prior to ADB’s involvement, the prefeasibility and feasibility studies were prepared by the Government with financing from the World Bank in 2017-2018. On the basis of these studies, the Government of Georgia requested ADB’s and EBRD’s assistance to construct a two-lane bypass road between Kvishet and Kobi. ADB and EBRD initiated jointly their due diligence activities in April 2018, with the first public meeting occurring shortly after, on 14 May 2019.

9. From the very beginning, ADB adopted a systematic approach to stakeholder engagement ensured through the preparation and implementation of a Stakeholder Engagement Plan, which identified, mapped and assessed stakeholder concerns through Project development. The updated Stakeholder Engagement Plan includes a detailed and referenced list of all consultation events undertaken, a summary of the key issues raised by Project stakeholders, and responses provided by the RD (Attachment 3). Throughout the preparation of the Project, extensive and meaningful consultations were undertaken with project beneficiaries, directly affected persons and communities, representatives of civil society, business community, sector experts, members of the academia, as well as local and national authorities. Targeted consultations and information disclosure were also done as part of the land acquisition planning process. Consultations included one-on-one meetings (7), public meetings (12), focus group discussions (7) and expert group meetings (10). As reflected in the Stakeholder Engagement Plan, from April 2018 to June 2019, 45 stakeholder engagement events, involving about 500 participants, were held on topics including road alignment and design features, and the environmental, social, and economic impacts and benefits of the Project.

10. ADB took community input into serious consideration and it has led to key road design enhancements such as extension of tunnel portals, inclusion of additional underpasses, village access roads, as well as safe crossing points for pedestrians and livestock. In addition, civil society organizations involved in consultations have made important contributions to help minimize and mitigate the environmental impacts of the Project. They contributed so through the

1 See also Accountability Mechanism Policy, para. 147. "The CRP must be satisfied that there is evidence of the coexistence of (i) direct and material harm caused by the ADB-assisted project, (ii) noncompliance by ADB with its operational policies and procedures, and (iii) the noncompliance as a cause for such harm."
review and improvement of the Biodiversity Action Plan and the Physical and Cultural Resources assessment, which culminated in an improved Environmental Management Plan (e.g. ecological clerks of works and cultural heritage monitors will be recruited to oversee the civil works). In accordance with the SPS, the outcomes of the consultations were documented and reflected in the EIA, the Land Acquisition and Resettlement Plan ("LARP") and in the Project's overall scope and design.

11. Special attention has also been given to access to information, with the early development and disclosure of extensive public information on the Project in accordance with ADB's Access to Information Policy ("AIP"). This includes a Project factsheet, frequently asked questions, and Project maps and videos, all of which have been made available in English and Georgian. Information has been regularly updated and disclosed both on-line on ADB and RD websites and on-site at project desks (Attachment 4). The RD, ADB and EBRD will continue engaging with Project stakeholders and update them with the latest development and information.

12. The Project team has ensured that consultations were conducted in accordance with the requirements of the SPS and AIP.

13. Alternative routes. A central element of the complaint is that the Lakatkevi Valley was never considered as an alternative route. However, the alternative alignments assessed by the EIA were selected based on the outcome of approximately 2 years of studies and conducted by a team of more than 20 key experts. From the initial analysis undertaken by the Government and financed by the World Bank, approximately 40 alignment options were identified by the design team and subsequently reduced to 9 main alternative alignments. During the pre-feasibility stage, prior to ADB and EBRD’s involvement, the Government instructed the design team to assess alternative alignments that would (i) bypass the mountainous Jvari Pass road segment (para. 9), (ii) provide local villages and communities with safe and year-round access to social services and economic opportunities, and (iii) enable physical connections with the Gudauri Valley (main ski resort in the South Caucasus) in the future to harness the region’s tourism potential. Thus, the Project objectives, which extend beyond facilitating cargo transit, cannot be achieved through the Lakatkevi Valley. The proposed Lakatkevi Valley route was therefore not identified as a feasible alternative route, and not assessed as such by the EIA. In accordance with the SPS, the EIA included a detailed evaluation of Project alternatives as described below.

14. Upon ADB’s involvement in the Project, technical and safeguard due diligence was undertaken of the feasibility studies and engineering design prepared by the Government under ADB’s transaction technical assistance (TA 9352-GEO) and with support from staff consultants. On the basis of this due diligence, and in accordance with the SPS, the EIA examined the 9 alternatives identified from the pre-feasibility study, including the no project alternative, to the project’s location, design, technology, and components and their potential environmental and social impacts. From further assessments, the identified alignments were narrowed down to 4 alignments in the 3 alternative corridors: 2 within the Gudauri Valley and 1 within the Khada Valley.

15. In response to requests by Project stakeholders, including the complainants, ADB published a detailed Stakeholder Brief on Assessment of Alignment Alternatives (Attachment 5) ("Stakeholder Brief on Alternatives"), which provided Project stakeholders with a better understanding of the process, analyses and findings that led to the selected Project road alignment. As described in the EIA and Stakeholder Brief on Alternatives, the assessment was informed by multiple criteria including orography, geological risks, natural hazards, impacts on human settlements, cultural heritage sites and the natural environment. On this basis, of the 3 identified corridors, the Khada Valley corridor was selected as the only technically feasible option
19. Impacts on tourism. The Government requested ADB’s support to finance the Project based in part of the Government’s tourism strategy for the Mtskheta-Mtianeti region that identified, through a value chain analysis, a number of opportunities and priority interventions for the Gudauri and Khada valleys. The region is home to many tourist attractions, including cultural heritage sites, ski resorts, national parks, and monuments. Traffic disruption, adverse climate conditions, safety hazards, and slow travel times were identified by the Government as major impediments to meeting increasing transport demand and harnessing the tourism potential of the region. Enhanced tourism is therefore one of the intended impacts of the Project.

20. Management notes that, complaints relating to the laws, policies and regulations of the government concerned, such as Georgia’s regional tourism strategies, are excluded from the compliance review function, unless they directly relate to ADB’s compliance with its operational policies and procedures (AMP, para 148(iv)). Notwithstanding this point, the proposals for tourism development have been discussed with the Government from the early Project preparation stage and have been subsequently included as a Project output. The Government is in the process of commissioning a study to identify relevant sustainable tourism directions for the Project area, which are aimed to support nature-based and cultural heritage values and maximize benefits for local community members. The findings of this study will determine the services that could be offered through the proposed visitor center developed through the Project.

21. The Management, having seriously reflected on the matters raised in the complaint, remains of the view that the Project has been prepared fully in compliance with ADB’s policies and procedures, and that arrangements are in place and will be carefully undertaken to ensure that the Project remains in compliance throughout its implementation. The Management stands ready to provide further clarification to the CRP upon request.

Attachments:

1. Complainant’s allegations and Management’s response
2. Compliance with ADB’s SPS and its Operational Manual Section F1
3. Stakeholder Engagement Plan
4. Photos of Project desks in Kvresheti, Dusheti, and Kazbegi
5. Stakeholder Brief on Assessment of Alignment Alternatives
6. Environmental Decision of Ministry of Environmental Protection and Agriculture and Assessment of the National Agency for Cultural Heritage Preservation

cc: Anthony McDonald, Executive Director
    Scott Dawson, Alternate Executive Director
    Woochong Um, Director General concurrently Chief Compliance Officer, SDCC
    Naiane Zhang, Deputy Director General, CWRD
    Dong-Goo Pyo, Director, CWTG
    Bruce Dunn, Director, SDSS
    Jesper Petersen, Advisor and Head, CWDG-PSG
    Shane Rosenthal, Country Director, GRM

Attachment 1: Responses to the Key Points of the Complaint Letter

<table>
<thead>
<tr>
<th>Complaint</th>
<th>Management’s Response</th>
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</table>
| **1. The stakeholders were not properly informed and had their points ignored** | A systematic approach to stakeholder engagement was ensured through the preparation and implementation of a Stakeholder Engagement Plan (Attachment 3), which identified, mapped and assessed stakeholder concerns through Project development. The Stakeholder Engagement Plan includes a detailed and referenced list of all 45 consultation events undertaken from April 2018 to June 2019 and a summary of the key issues raised by Project stakeholders and responses provided by the RD. The consultations involved about 500 persons, about 60% of which are male and 40% are female. Consultations were conducted in 16 villages and towns, including Tbilisi. Throughout the preparation of the Project, extensive and meaningful consultations were undertaken with project beneficiaries, affected persons, communities and civil societies, members of academia, sector experts and local/national government authorities. Consultations included one-on-one meetings (7), public meetings (12), focus group discussions (7) and expert group meetings (19). The EIA (Section H) provides this information, and it is also mentioned in the SEP and the two Land Acquisition and Resettlement Plans (LARP).

Meanwhile the Banks gained signatures from the inhabitants who had little idea about the huge disruption a large tunnel, new trunk road would cause. One inhabitant of upper Khada had begun building a guesthouse for tourists only to suddenly stop it in 2019 when learning the true extent of this giant, tourist unfriendly project.

Consultations were held on topics including road alignment and design features, and the environmental, social, and economic impacts of the Project. The public hearings on the draft EIA scoping study as run impartially by the MoEPA were held in April 2018 in Kvesheti and Kobi. A summary of key concerns raised by consultations participants and responses provided by the Executing Agency is included in the EIA (Section H, Table 157) and in the SEP (Section 5, Table 4). Special attention has also been given to access of information, with the early development and disclosure of extensive public information on the Project in accordance with ADB’s Access to Information Policy (“AIP”). This includes a Project factsheet, frequently asked questions, Project maps and videos, all of which have been made available in English and Georgian. Information has been regularly updated and disclosed both on-line on ADB and RD websites and on-site at project desks (Attachment 4).

The meetings held in ADB Georgia Resident Mission (GRM) in Tbilisi were organized to specially provide NTG and other civil society organizations (CSOs) with a better understanding of the process, analyses and findings that led to the

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inhabitants of the valley and was almost completely dominated by geological issues. When the NTG asked the question about why the obvious alternative route up the adjoining valley, the Lakatkevi valley, was never considered and could they please consider it now—they received no answer.

So they put this and 15 other unanswered questions in a letter to the Banks. The questions remained unanswered until September 2019, after the ADB announced its decision to grant the loan on 1st August 2019. This is another example of how stakeholders' consultations were ignored and how the meetings seemed to serve only as window dressing for a decision already made.

<table>
<thead>
<tr>
<th>2. Alternative routes for the roads were not properly considered</th>
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<td>A good example of this comes in the Bank's response to the NTG's 15 questions — July 2019. The essence of the banks' 1200 word response came in September as a new 7 page supplementary report dated July 2019 entitled 'Assessment of Alignment Alternatives.' Unfortunately for Georgia's cultural history and tourism, this again completely ignored the main point in the NTG's 19th July letter — the assessing of alternative route Lakatkevi valley - the next one down from Khada (see point 3 below). It confirms what was conveyed by the Banks’ IDOM consultant at the Tbilisi meeting — that this similar, very viable, possibly even cheaper, but non-historic valley, was never considered right from the start. (see point 3 below for details).</td>
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selected Project road alignment. Khada Valley residents were also consulted throughout the LARP and EIA process as set out in the SEP. The meetings in ADB GRM were chaired by RD Deputy Chairman and facilitated by the Team Leader of the design team. Other CSOs expressed their appreciation, verbally and in writing, for the information provided and the open discussions. As a result of these meetings, and as requested by NTG and other CSOs, a Stakeholder Brief on Assessment of Alignment Alternatives (Attachment 5) was developed and disclosed (both in English and Georgian).

In addition to the question of NTG described above, there were 15 questions that required a more substantive response and, therefore, were not covered during the four hours long meeting. However, it was agreed at the time that NTG would provide ADB, EBRD and the RD with a letter outlining these questions which NTG provided on 19 July 2019. The receipt of that letter was acknowledged on 22 July 2019. The Stakeholder Brief (Attachment 5) was circulated to meeting participants on 26 July 2019. The Project was approved on 1 August 2019. An interim joint response to NTG to its 19 July 2019 letter was provided on 3 August 2019. A joint final response was provided on 4 September 2019.

From the initial analysis undertaken by the Government and financed by the World Bank, approximately 40 alignment options were identified by the design team and reduced to 9 main alternative alignments. On the basis of this assessment, and in accordance with the SPS, the EIA examined the 9 alternatives identified from the pre-feasibility study, including the no project alternative, to the project's location, design, technology, and components and their potential environmental and social impacts. From further assessments, the identified alignments were narrowed down to 4 alignments in the 3 alternative corridors: 2 within the Qudeuri Valley and 1 within the Khada Valley. As described in the EIA and Stakeholder Brief (Attachment 5), the assessment was informed by multiple criteria including orography, geological risks, natural hazards, impacts on human settlements, cultural heritage sites and the natural environment. On this basis, the Khada Valley corridor was selected as the only technically feasible option.

The Stakeholder Brief was prepared to provide an overview of the process that had been undertaken and the due diligence completed as part of this process. The purpose of this document was to outline what work had been done rather than undertake further analysis of alternatives, including the alternative of the Lakatkevi Valley, the next valley to the east of the Khada Valley in which the selected project road alignment is located. The Lakatkevi Valley alternative is discussed subsequently in this response (see point 3 below).
Also in this document the more suitable and less eco-tourism damaging, Alignment I along the Aragvi valley, was declared as a non-starter citing more favourable geological reasons in Khada and because it passes through a new National Park. But in fact it follows a corridor right between two sections of this very recently assigned park. Furthermore this corridor has already been developed by a new hydro infrastructure project, access road and large water-feed conduit - so the damage to the environment created by a new road, would be considerably less than digging up the pristine, eco-tourism-friendly Khada valley. It might also be noted that the Khada valley with its numerous medieval towers and churches is far more suited to National Park status than these newly defined and dislocated sections of the Aragvi valley.

The Aragvi Valley option was one of the alternative corridors studied. However, the feasibility study concluded for a number of reasons that it was not feasible. Relevant to this option, the National Park to which it is adjacent was extended officially on 27 December 2013 to cover a large area of birch forest along the river valley. To build a road meeting international standard (avoiding steep slopes and serpentine bends), a large area of the National Park would have been destroyed. This would not have been acceptable from an SPS perspective when other less impacting alternatives were possible.

### 3. The alternative Lakatkevi route was never considered

A central element of the complaint is that the Lakatkevi Valley was never considered as an alternative route. The alternative alignments assessed by the EIA were selected based on the outcome of approximately 2 years of studies and conducted by a team of more than 20 key experts. During the pre-feasibility stage, prior to ACB and EBRD's involvement, the Government instructed the design team to assess alternative alignments that would (i) bypass the mountainous Jvari Pass road segment, (ii) provide local villages and communities with safe and year-round access to social services and economic opportunities, and (iii) enable physical connections with the Gudauta Valley (main ski resort in the South Caucasus) in the future to harness the region's tourism potential. The Project objectives, which extend beyond facilitating cargo transit, cannot be achieved through the Lakatkevi Valley. The proposed Lakatkevi Valley route was therefore not identified as a feasible alternative route, and not assessed as such by the EIA.

Notwithstanding the above, it is important to note that while the Lakatkevi valley is not heavily populated, this does not mean that it does not have sensitive receptors as well as risks in terms of construction. Uninhabited valleys in Georgia are often of high biodiversity value. It is likely that the forest habitat within the valley for which extensive areas would need to be cut would be considered as 'Natural Habitat'; there is also high potential that endangered species could be present which could result in the habitat being considered as 'Critical Habitat' raising the significance of impacts.

The valley is narrow, with steep heavily forested slopes on both sides of the valley's small river. The road would need to be perched on one or other of the steep slopes, requiring extensive forest removal and major earthworks and structures, including avalanche galleries, tunnels (given orography and alignment constraints) and bridges - these are unlikely to be minor. It is likely it would lead to a longer main tunnel, a sequence of cutslope-tunnel-bridge for access roads.
It is also important to note that the fact that the Lakatihevi valley is treed does not necessarily diminish the risk of avalanches and landslides. The natural hazards (avalanches/landslides) are not directly related to treed/not treed areas. It requires an in-depth analysis and to consider relevant factors such as gradient, tilt length, depth of soil layer, type of materials, water flows, etc.

4. The Banks encouraged the Georgian government to break its own international agreements

The complaint letter alleges that the Project violates Georgia’s obligations under the Council of Europe Framework Convention on the Value of Cultural Heritage for Society and the European Landscape Convention of the Council of Europe.

In accordance with the SPS, the EIA reviewed Georgia’s applicable laws and regulations that pertain to environmental matters, including Georgia’s obligations under international law. In addition, also in accordance with the SPS, approval of the EIA was sought and obtained from Georgia’s Ministry of Environmental Protection and Agriculture (“MoEPA”). To confirm the Project complied with Georgia’s applicable laws and regulations as they pertain to cultural heritage, the Environmental Decision issued by MoEPA, which approved the Project, included an approval condition requiring the Project Implementing Agency to obtain a positive assessment from the National Agency for Cultural Heritage Preservation of Georgia. The positive assessment of the National Agency for Cultural Heritage Preservation was requested and obtained, and is included in Attachment 6 (Georgian and English translation). On this basis, ADB has ensured that Georgia’s applicable laws and regulations have been reviewed in accordance with the requirements of the SPS.

To the extent the complaint involves criticism of Georgia’s interpretation or application of its own laws and regulations, Management notes that complaints relating to the laws, policies and regulations of the government concerned are excluded from the compliance review function, unless they directly relate to ADB’s compliance with its operational policies and procedures (AMP, para 148(iv)). As noted in the paragraph directly above, in accordance with the SPS, the EIA reviewed Georgia’s applicable laws and regulations that pertain to environmental matters, including Georgia’s obligations under international law. Because this allegation appears to relate to Georgia’s interpretation and application of its own laws and regulations, rather than ADB’s compliance with its policies and procedures, it should be excluded from the compliance review function.

5. Tourism potential mis-assessed: Georgia’s inward tourism companies ignored, to generate long-term economic damage.

After pressure from the NTG and a collective letter from Georgia’s inward tourism companies protesting the route, the Banks announced they would commission their own tourism report on the valley, even offering to build a Visitor’s Centre. But they announced it only after the final EIA (April 2019) was

The Government requested ADB’s support to finance the Project based in part of the Government’s tourism strategy for the Mtskheta-Mtianeti region that identified, through a value chain analysis, a number of opportunities and priority
published and route decided - as if tourism was never seriously considered from the beginning – again explaining why the wrong valley was chosen. The final EIA devoted less than a page to the subject of tourism (in a 1000+ page document).

HIKING AND ECO-TOURISM
Because the valley remains completely authentic and not developed, over the last few years it has been attracting growing numbers of tourists, both Georgian and international, as hikers. This is partly due to its proximity to Tbilisi (an easy 1.25 hours drive) and partly the wide variety of one day walks in a self-contained landscape. Khada offers a rare eco-tourism venue with 12-month access - particularly important as today when ecological tourism is gaining rapidly in global popularity. By preserving this valley would show Georgia as a progressive, forward looking nation in the development of a modern form of tourism. The road would ruin this possibility forever.

LOCAL EMPLOYMENT AND SUSTAINABLE INDUSTRY
The Khada valley lies right next to, yet is separate from, Georgia's main ski-resort, Gudauri. From May to December, snowless and significantly developed Gudauri becomes redundant and virtually economically lifeless. Few of the 5000 plus hotels remain open and the local industry has to lie dormant until the first good winter snows in December. By developing Khada's trekking and eco-tourism opportunities for the summer and autumn months, Gudauri would gain a whole new economic lease of life - as happens in equivalent Swiss and Austrian ski resorts. This is a golden and ecologically friendly opportunity awaiting both the Khada Valley and Gudauri.

interventions for the Gudauri and Khada valleys. The region is home to many tourist attractions, including cultural heritage sites, ski resorts, natural parks, and monuments. Traffic disruption, adverse climate conditions, safety hazards, and slow travel times were identified by the Government as major impediments to meeting increasing transport demand and harnessing the tourism potential of the region. The draft EIA disclosed on 4 December 2016 already included the sub-sections on local economy and tourism and service sector under Section E3 (Economic Environment).

Tourism forms an integral and important part of the project rationale. The proposals for tourism development have been discussed with the Government from the early Project preparation stage and have been subsequently included as a Project output. The Government is in the process of commissioning a study to identify relevant sustainable tourism directions for the Project area, which are aimed to support nature-based and cultural heritage values and maximize benefits for local community members. The findings of this study will determine the services that the proposed visitor center could offer.

Without prejudging the findings of the tourism study, it seems very possible that the valley can provide a broad range of tourism opportunities and facilities rather than being deterred by the project road. The complaint's implicit premise that only eco-tourism could be suitable for the valley seems unnecessarily and inappropriately limiting, not least because the valley would be accessible for less than half of the year. To provide a specific example, the iconic towers, for which the valley is deservedly known, would not be impacted by the road, but they would be much more accessible to visitors who might not wish to, or be able to, embark on long distance multi-day hikes to reach them.

The impact assessment process as set out in SPS is based on assessing impacts on existing receptors. There is no requirement to include the future aspirations or intentions of individuals or companies. If a tourism plan or strategy for the Khada Valley was in place during processing, it would have been considered, but there was not such a plan. Consultations conducted during the EIA and LARP studies revealed that income comes mainly from seasonal employment in Gudauri. Most tourism into the valley appears to originate from Tbilisi or elsewhere with tour operators having limited impact on the local economy, particularly given such activities only occur for approximately 5 months per year because of weather and accessibility restrictions. In accordance with the SPS, the impact assessment focused on local communities.

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HISTORIC RESTORATION AND GEORGIA’S FUTURE

Georgia’s future economic success depends on its tourism. Vital to this is the attractiveness of its unique mountain architecture—particularly the towers. Khadjia stands as potentially one of its most powerful examples. The restoration of the valley’s historic towers would play a significant role in the country’s future as a cultural destination, and help it be recognised as such around the globe. The recreation of such an atmosphere would be cancelled out by the presence of a new, mass-transit corridor—and another golden opportunity missed.

While the valley is not designated at a landscape level, cultural heritage has still been carefully considered with the project alignment designed to minimize direct impacts on cultural heritage sites and their physical protection zones (minimum of 50m) across the Khada Valley. Six residual cultural heritage sites are located within 50m of the project road’s right of way and for these sites as well as other sensitive locations and potential chance finds, additional mitigation measures have been included in the EMP. Specifically, the EIA and EMP include the requirement for Cultural Heritage Monitors to be present during any excavation works to oversee the implementation. This requirement is in line with approval conditions provided through the National Agency for Cultural Heritage Preservation of Georgia as is the requirement to have in place a Change Find Procedure. Furthermore, vibration monitoring will be implemented for any sites with the potential to be affected as outlined in the EIA and EMP. Notwithstanding the above, the forthcoming tourism study will aim at preserving nature-based and cultural heritage values, and the study will be developed in close coordination with all relevant Project stakeholders.

6. The Banks systematic non-response to questions, complaints and publicity processes

Below are a list of inaccurate statements made in the Banks’ 1,200 word response (Sep 16) to the NTG’s 15 question letter, following their non-response in the stakeholder’s meeting in July. (Bank answers in bold).

6. 1. ‘...a presentation by the consultants was arranged and held in Tbilisi in June 2019 where a clear rationale for the final alignment selection was made.’ Unfortunately, the rational was not made clear at all to those present—to the degree that the NTG had to write a supplementary letter containing 15 questions. Many of these still remain either not addressed at all or inadequately answered.

6. 2. ‘...the Project road will significantly enhance this [tourism] potential, particularly for the valley to be a year-round tourist destination, supporting potential income generating opportunities for both local communities and tourism firms active in this region.’ So why are the majority of Georgia’s tourism firms clamoring for the road’s abandonment? Also and residents. The EIA includes sub-sections on local economy and tourism and service sector under Section E3 (Economic Environment).

6. 1. Some CSOs and meeting participants indicated satisfaction with the quality of the presentation and the open discussion (e.g. Caucasus Environmental NGO Network and Green Economy; Sustainable Mountain Tourism and Organic Agriculture). In response to requests by meeting participants, including the complainants, a Stakeholder Brief (Attachment 5) was developed, disclosed, and translated to provide the general public with a non-technical summary of the process that led to the selection of the final road alignment. The senior management of the RD and the design team were mobilized for about 4 hours to provide the CSOs with all required information about the Project. The subsequent 10 questions from NTG were responded to as indicated in point 1 above.

6. 2. The more likely outcome will be that the nature of tourism in the valley will change. It will both diversify and be much less seasonal. Road-based tourism; day trips for example, will almost certainly increase but so too will eco-tourism, however defined. The road when complete will occupy a relatively small part of the valley and will be in tunnels for much of its length (50%). Much of the
why were they, as a crucial element in the nation's future economy (Georgia's tourism industry), not consulted from the start? The 'year round' road tourism offered by the new highway is already available in numerous other areas nearby, including Gudauri - directly adjoining Khada. To develop road tourism instead of this rare eco-tourism opportunity in one of Georgia's most historic valleys, is to badly misidentify the country's strongest current asset for future income generation.

6.3. 'To further investigate this tourism potential a dedicated study will be commissioned.' By commissioning a tourism report only after the route was decided, hugely restricts its scope, and demonstrates a clear lack of due diligence. The topic should have been considered in the pre-decision stages. No mention was made in the EIA of the huge summer and autumn tourism potential for the neighbouring Gudauri ski resort. The new report will be too late and forced to consider only the road-tourism option, when Khada is so perfectly suited, indeed thrives today, on eco-tourism in the style of the Swiss/French/Austrian ski-resorts.

6.4. 'Road alignment was finalised so as to minimise direct impacts on cultural heritage sites.' This is not only inaccurate, it is an example of more significant gaps in the bank's research and assessment. By far the best way to minimise the effects on the numerous cultural heritage sites in Khada is to build the road along a different valley - like the uninhabited Lakadhevi next door, which has only three towers, all of them far away from any potential road. By placing this noisy, polluting, main road metres away from graves in the valley's cemeteries makes minimization both impossible and irrelevant.

6.5. 'Only six (6) cultural heritage sites are located within 50m of the right of way (ROW).'

- Six is a lot, in an effective, 5km section of road.
- Also the statement isn't true. There are more, including the most important, Bakot Kari church cemetery. The Bank's map claims it is 52 metres from the cemetery. In fact the road cuts right through the cemetery's fenced curtilage and directly confronts the cemetery funeral feast area. This is a clear affront to the locals who use them and has generated a sense of disillusion and mistrust in the community.
- Why not choose a route that has no cultural heritage sites affected? The next valley down...

remainder of the valley will not be affected and other areas will become accessible. For example, long distance hiking, including into the adjacent valleys, will become possible. All of this will be developed further as part of the project's agreed tourism study, and through the expected involvement of specialized CSOs (e.g. World Wildlife Fund) in a study of sensitive and sustainable development of the valley and its communities.

6.3. The EIA and LARPs include assessments of the socio-economic environment of the project area, which were prepared in accordance with SPS. These assessments have informed the design of the project and the development of mitigation measures. The project road alignment was selected through a rigorous evidence-based process, and the task now is how to most effectively implement the project to ensure that its benefits can be as extensive as possible. As mentioned above, the road and tourism can co-exist in the valley, for which purpose the agreed tourism study will be commenced and its outputs put into place as an essential aspect of the project's implementation.

6.4. The alternative corridor study found that an alignment through the Khada Valley would be the most suitable, based on the consideration of multiple relevant criteria. Once this corridor had been decided, the process then moved to determining the most suitable alignment within this corridor, again considering multiple criteria in addition to technical road geometrics and similar factors. These criteria included avoiding or minimizing social, environmental and cultural heritage impacts, and this objective has largely been achieved.

6.5. The right of way is relatively wide, and the road itself is placed within the center of the right of way. While 6 cultural heritage sites are within 50 meters of the right of way, none of them will be directly impacted and mitigation will be in place to ensure they are not damaged. The EMP, and good practice, require that (i) pre-construction and continual during-construction condition surveys will be carried out, and (ii) vibration monitoring will be implemented during construction, and construction methods adjusted to minimize vibrations. Cultural Heritage monitors will also be in place to ensure impacts are not significant.

With respect to the Bakot Kari Church cemetery to which the NTG refers, it is first important to state that the right-of-way (ROW) avoids the Church and Cemetery and that this road will pass through the cemetery, is considered to be incorrect. The cemetery itself is unregistered in the National Land Registry, so during project preparation the cemetery was taken to be the extent of the existing grave area. After further consultation and welcomed
6.6. 'The EIA reviewed the significance of the identified cultural heritage sites under the national and international regulatory frameworks.' It did not. International regulations state that the setting of a cultural heritage site is vital to be preserved as well as the structure itself (UNESCO guidelines). Further proof is found in the Council of Europe's Framework Convention on the Value of Cultural Heritage.

6.7. 'Table 43 refers to the Council of Europe Framework Convention on the Value of Cultural Heritage.' In fact the EIA only lists, then directly contravenes it - see point 4 above.

Information from NTG it was confirmed that the Bakot Kari Church consider the cemetery to be a fenced border surrounding the church. This area extends well away from any existing graves and runs to the border of the Project ROW. Where the road will be a relatively deep excavation, so not visible from the church. The ROW runs adjacent to the fenced cemetery area considered to be church land, but it does not cross it and detailed maps are available to provide clarity on this issue as necessary.

6.6. The EIA did review cultural heritage sites under the relevant frameworks. 'Setting' was considered. As discussed above, no specific site will be affected by the project. It is useful to note that the valley has no landscape designation or UNESCO listing, so the EIA assessment was appropriate and in line with SPS requirements. It is also relevant to note that much of the road alignment in the Khada Valley once complete will either not visible from the main populated areas or it will be in tunnels. Therefore the 'landscape setting' of most sites should not be significantly affected. The major arch bridge, a feature of the project, will be visible across the valley, but the selection of this form for the structure was done in part with the landscape in mind.

6.7. In accordance with the SPS, the EIA reviewed Georgia's applicable laws and regulations that pertain to environmental matters, including Georgia's obligations under international law. In addition, also in accordance with the SPS, approval of the EIA was sought and obtained from Georgia's Ministry of Environmental Protection and Agriculture ('MoEPA'). To confirm the Project complied with Georgia's applicable laws and regulations as they pertain to cultural heritage, the Environmental Decision issued by MoEPA, which approved the Project, included an approval condition requiring the Project Implementing Agency to obtain a positive assessment from the National Agency for Cultural Heritage Preservation of Georgia. The positive assessment of the National Agency for Cultural Heritage Preservation was requested and obtained, and included in Attachment 6 (Georgian and English translation). On this basis, ADB has ensured that Georgia’s applicable laws and regulations have been reviewed in accordance with the requirements of the SPS.

In the context of the conventions, the project road has been designed to avoid all known cultural heritage sites within the Khada valley. Its implementation arrangements include change find procedures, in case other as yet unidentified sites or artifacts become apparent once construction commences. There is also provision for comprehensive on-site monitoring. Cultural Heritage monitors will be in place for all project work sites, and specifically within close proximity to identified sites, of which six are located within 50m of the edge of the project road's right of way.
Attachment 2: Compliance with ADB’s SPS and its Operational Manual Section F1

A. Categorization

<table>
<thead>
<tr>
<th>ENV</th>
<th>IR</th>
</tr>
</thead>
<tbody>
<tr>
<td>- ENV category: A</td>
<td>- IR category: A</td>
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<tr>
<td>- Draft national EIA disclosed on 17 October 2018</td>
<td>- Draft LARPs were disclosed on 16 April 2019 for the tunnel section and 24 May 2019 for the road section on ADB website, and final LARPs were disclosed on 19 July 2019 for both tunnel section and road section.</td>
</tr>
<tr>
<td>- Final EIA disclosure on 1 April 2019 on ADB and MRDI website.</td>
<td>- English versions of LARP for tunnel and road sections were disclosed on Roads Department website on July 22, 2019, and Georgian translations were disclosed on 1 August 2019.</td>
</tr>
</tbody>
</table>

B. Compliance with ADB Environmental Safeguards Requirements and with OM F1

<table>
<thead>
<tr>
<th>SPS Policy Principles (Environment)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks.</td>
<td>Upon request for financing for the Kvesheti-Kobri Project ADB pre-feasibility and feasibility studies had already been completed under World Bank financing. Starting in April 2019, ADB completed an initial review of the feasibility studies and determined due to the greenfield location, presence of local Protected Areas and risks associated with completing the longest tunnel in the country, that the Project should be categorized as A and work on preparation of an Environmental Impact Assessment (EIA) was started accordingly.</td>
</tr>
<tr>
<td>2. Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the project’s area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate.</td>
<td>An EIA was completed for the Project with the scope considered to be commensurate with the significance of potential impacts and risks of the Project, in compliance with SPS. The draft of the EIA was disclosed in January 2019 with the final version incorporating additional baseline data and comments was disclosed in April 2019. The EIA was prepared by a team comprising of local and international experts with key international experts for biodiversity and socioeconomic analysis specifically included. The EIA was developed with baseline data collected from April 2018 to May 2019 and modelling work was completed for noise, air quality and vibration to robustly assess impacts from the road during construction or operation, in compliance with SPS.</td>
</tr>
</tbody>
</table>
The impact assessment was completed using a matrix-based approach with impacts assessed both with and without mitigation to give a final set of residual impacts.

Cumulative and induced impacts were also assessed as provided in the EIA.

The Project also completed a Critical Habitat Assessment to ensure impacts on the biological environment were properly assessed and appropriate mitigation provided.

3. Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting the particular alternative proposed. Also consider the no project alternative.

Work on identification of alternatives was largely completed during the Project pre-feasibility and feasibility stage prior to ADB involvement. However, from examination of these documents the rationale for the preferred route was robust and a full multi-criteria analysis was completed to determine the final alignment as part of this work which included both social and environment elements.

The EIA details the full extent of alternatives analyzed during pre-feasibility and feasibility as well as detailed design including no action, upgrade to the existing road, other forms of transport, alignment alternatives, pavement types, and tunneling techniques.

In addition, based on consultation with civil society a dedicated Stakeholder Brief on Assessment of Alignment Alternatives was developed and disclosed in July 2019 to provide an easy to read brief, detailing the assessment process and the rationale for the final route selected.

4. Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an environmental management plan (EMP) that includes the proposed mitigation measures, environmental monitoring and reporting requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMP preparation include mitigation of potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.

The project was developed following the mitigation hierarchy whereby impacts were avoided as far as possible.

The alignment itself was designed to bypass settlements while still providing local access and the inclusion of multiple tunnels and bridges has meant that local access will be maintained for livestock grazing etc. across the road.

Furthermore, all known cultural heritage sites were avoided in the alignment selection, with only six (6) residual sites being within 50m of the ROW.

Where impacts could not be avoided, mitigation measures were extensively included as part of Project development with noise barriers as an example being included in the road design and costs for such barriers included in the Contractors Bill of Quantities.
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<tr>
<td><strong>5.</strong> Carry out meaningful consultation with affected people and facilitate their informed participation. Ensure women's participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a grievance redress mechanism to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.</td>
<td>An Environmental Management Plan (EMP) has been developed which details all aspects of environmental management that must be implemented during Project implementation including roles and responsibilities for the Contractor, PMCS, RD and ADB as well as all management and mitigation measures that need to be implemented for the project. The EMP also lists the requirements for a further key sub-set of topics and location specific plans, to be completed by the Contractor. A Monitoring Plan has also been developed covering both Construction and Operation to be implemented by the Contractor and RD.</td>
</tr>
<tr>
<td><strong>6.</strong> Disclose a draft environmental assessment (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates if any, to affected people and other stakeholders.</td>
<td>For the EIA and LARP preparation, a total of 45 consultation events were completed prior to board approval with a mix of household surveys, focus group discussions, government led formal consultation events (during scoping and national EIA approval), key informant interviews and expert civil society meetings. All people with land directly affected by the Project were consulted (where contactable) and focus group discussions were carried out with all villages within the Project's Zone of Influence with meetings gender mixed. The views of the consultees were taken into account as far as possible and the EIA provides a summary of the issues raised during consultation and how they have been addressed by the Project. The EIA also sets out details of the Grievance Mechanism and information on this mechanism were disseminated during EIA preparation and since the Project has been approved.</td>
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<td></td>
<td>The draft EIA was disclosed on 7 January 2019 on ADB website and 10 January 2019 on the MRCI website (in both English and Georgian) with the final EIA subsequently disclosed on 1 April 2019 on the ADB website in English and 1 April 2019 on MRCI website. In addition, the EIA was available on Ministry of Environmental Protection and Agriculture (MEPA) of Georgia from 17 October 2018 in Georgian. Copies of the document in Georgian and English were also available locally in hard copy at both municipal (Dusheti Municipality and Kazbegi Municipality) as well as at the rtsmunebuli level</td>
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</table>
7. Implement the EMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.

While the loan was considered effective from 28 October 2019, limited project activities have occurred to date with the Contractor(s) still mobilizing and preparing pre-construction documentation which must be endorsed and approved prior to the start of works. ADB fielded an inception mission from 24 September to 10 October 2019 to set out the requirements of the Project with the RD, PMSC and the Contractors to ensure the project is implemented appropriately.

8. Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available; (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.

The Project completed a detailed assessment of impacts to biodiversity which included a Critical Habitat Assessment.

Data on biodiversity was collected covering all seasons with specific surveys on bird migration, habitats and key mammal species covering multiple periods to ensure completeness.

Through this data collection it was determined that Critical Habitat would be triggered by the Project; however, based on discussions with experts and field data collection, there was no indication that trigger species would be adversely affected.

Furthermore, it should also be noted that the route selected was significantly more favourable to other route corridors under discussion which would directly affect the Kazbegi National Park or result in the loss of large areas of natural habitat.

While Critical Habitat trigger species were determined not to be affected, a number of Priority Biodiversity Features were identified which could be impacted and a BAP was therefore developed and will need to be implemented through the Project cycle to ensure the Project meets its 'No Net Loss' requirements. To facilitate the BAP implementation, additional roles were included in the contracts for each Contractor with an Ecological Clerk of Works as well as a biodiversity specialist under the PMCS.

9. Apply pollution prevention and control technologies and practices consistent with internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant

Pollution during construction will be managed through the implementation of the EMP and discharge standards are set out within the EI/A which need to be met by the Contractor during Construction. For vibration caused during construction, international best practice guidelines have been used following DIN4150-3.
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<th>Appendix 2</th>
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<td>emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phase outs. Purchase, use, and manage pesticides based on integrated pest management approaches and reduce reliance on synthetic chemical pesticides.</td>
</tr>
<tr>
<td>During operation, World Bank Group Environmental Health and Safety Guidelines (2007) have been followed with regards to both air quality and noise with impacts assessed accordingly and mitigation applied for noise, where barriers will be required in some locations and some expropriation may be required in the future. No impacts from air quality are considered significant.</td>
</tr>
<tr>
<td>10. Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities.</td>
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<tr>
<td>Potential occupational health and safety impacts have been included in the EIA and a draft Health and Safety Plan was also developed to help the contractor in preparation of their own Community and Occupational Health and Safety Plan. Furthermore, the Contractor is also required to develop a Labor and Working Conditions Management Plan, Code of Conduct and Emergency Response Plan all of which must be completed endorsed and approved prior to the start of works.</td>
</tr>
<tr>
<td>11. Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of &quot;chance find&quot; procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.</td>
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<tr>
<td>As stated above all known cultural heritage resources have been directly avoided by the Project and for those that are known, careful monitoring particularly for vibration impacts will be conducted prior to and during construction to ensure these sites are not damaged.</td>
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<tr>
<td>In addition to the above, as set out in the contract for the PMCS, a team of dedicated Cultural Heritage Monitors (CHMs) will be employed to complete a pre-construction survey of the ROW as well as any other temporary sites / works areas which could be affected. They will identify any potential archaeological resources and as necessary initiate completion of archaeological investigations as needed in close liaison with the Georgian National Agency for Cultural Heritage Preservation to ensure compliance with national legislation and Project standards.</td>
</tr>
<tr>
<td>This activity will reduce the potential risk of impacts to any unknown cultural heritage resource and to further ensure there are no impacts a Chance Find Procedure has been developed which will be implemented by the CHMs who will monitor all earthworks activities, particularly focusing on initial topsoil removal. They will also be present to monitor activities in close vicinity the known cultural</td>
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Compliance with OM F1

<table>
<thead>
<tr>
<th>OM F1 Applicable Paras</th>
<th>Compliance</th>
</tr>
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<tbody>
<tr>
<td>1. Screening and categorization</td>
<td>Performed, project is category A. categorization form signed and dated 17 July 2018.</td>
</tr>
<tr>
<td>2. Project Design and Preparation</td>
<td></td>
</tr>
<tr>
<td>a. Preparation and Review of Environmental and Social Assessments and Plans</td>
<td>EIA prepared.</td>
</tr>
<tr>
<td>b. Information Disclosure</td>
<td>EIA disclosed.</td>
</tr>
<tr>
<td>c. Consultation and Participation</td>
<td>Consultations duly performed and recorded (see dates above and below).</td>
</tr>
<tr>
<td>d. Project Appraisal</td>
<td>The following was confirmed: safeguard measures recommended in the EMP are integrated into the project design; RD has the capacity to implement the EMP and financing arrangements for implementing the EMP are in place.</td>
</tr>
<tr>
<td>e. Report and Recommendation of the President</td>
<td>Para included; EIA and all other environment documents included as annexes to the RRP.</td>
</tr>
<tr>
<td>3. Legal Agreements</td>
<td>Clauses included.</td>
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</table>

C. Compliance with ADB Social Safeguards Requirements and OM F1:

<table>
<thead>
<tr>
<th>SPS Requirement (LARP)</th>
<th>Comment</th>
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<tbody>
<tr>
<td>1. Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.</td>
<td>Involuntary resettlement impacts and risks were considered during preparation of the social impact assessment conducted as part of the ESIA, and were further defined during project during preparation of LARPs. A socio-economic census of displaced persons was conducted, including gender and livelihoods analyses.</td>
</tr>
<tr>
<td>2. Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the homeless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation vulnerable people identified in socio economic survey and entitlements, allowances and mitigation measures specified in LARP. Grievance redress mechanism established by IA in accordance with OM Section F1/CP. Refer LAR consultation schedule (below):</td>
<td>14 May 2018; Kvesheti; APs and wider community members; 16 participants. 08 Jul 2018; Kvesheti, Mughera and Zakatkan; focus group discussions (FGDs) 20 participants. 30 Aug 2018; Zakatkan, Arakhevi and Bedoni; FGDs 9 participants. 30 Aug 2018; Beniani and Begoni; FGDs, 19 participants. 30 Aug 2018; Kobi and Almesian; FGDs 6 participants. 14 Sept 2018; Takia; consultations with APs, 4 participants.</td>
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</table>
and resettlement decisions should be preceded by a social preparation phase.

3. Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
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<tbody>
<tr>
<td>14 Sept 2018</td>
<td>Beniani and Begoni; consultations with APs; 10 participants.</td>
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<tr>
<td>15 Sept 2018</td>
<td>Kvesheti; consultations with APs; 25 participants.</td>
</tr>
<tr>
<td>16 Sept 2018</td>
<td>Zakathari; discussion with APs; 6 participants.</td>
</tr>
<tr>
<td>15 Oct 2018</td>
<td>Kvesheti; FGD; 3 participants.</td>
</tr>
<tr>
<td>16 Oct 2018</td>
<td>Kvesheti; FGD with women; 30 participants.</td>
</tr>
<tr>
<td>09 Jan 2019</td>
<td>Mleta/Kvesheti; consultations with Communities; 27 participants.</td>
</tr>
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</table>

Consultations are detailed and documented in LARPs.

LARP and LARP prepared in accordance with SPS and approved by SDSS.

Although socio-economic surveys did not identify agriculture as a primary income source for any AP interviewed, the importance of home gardens has been acknowledged and entitlements specified in the LARPs included additional compensation for severely impacted households (more than under previous LARPs in GEO) and provisions for additional livelihood restoration in case of unforeseen impacts.

Another area where the LARPs extend beyond the scope of previous GEO LARPs is that the LARP specifies that the valuation methodology for land assets shall be cross checked and that a random sample of land plots along the project ROW shall be revalued by ACB appointed expert valuers to ensure that fair market value is reflected.

An independent study by a leading firm of valuers showed that compensation for land plots offered by Roads Department exceeds market value in the Kheda Valley.

4. Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.

LARP and LARP prepared in accordance with SPS and approved by SDSS. Impacts related to spoil disposal areas and construction camps were also specifically addressed in the LARP.
<table>
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<tr>
<th>5. Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.</th>
<th>LARP and LARP prepared in accordance with SPS and approved by SDES. LARP under implementation.</th>
</tr>
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<tbody>
<tr>
<td>6. Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.</td>
<td>IA is negotiating settlements in a transparent, consistent, and equitable manner.</td>
</tr>
<tr>
<td>7. Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.</td>
<td>LARP includes persons without titles to land or any recognizable legal rights as eligible for resettlement assistance and compensation for loss of non-land assets.</td>
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<tr>
<td>8. Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.</td>
<td>LARP prepared, approved by SDES.</td>
</tr>
<tr>
<td>9. Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.</td>
<td>Draft LARPs were disclosed on 16 April 2019 for tunnel section and 24 May 2019 for road section on ADB website, and final LARPs were disclosed on 19 July 2019 for both tunnel section and road section. - English versions of LARP for tunnel and road sections were disclosed on Roads Department website on July 22, 2019, and Georgian translations were disclosed on 1 August 2019.</td>
</tr>
<tr>
<td>10. Conceive and execute involuntary resettlement as part of a development project or program: include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.</td>
<td>Resettlement conceived and being executed as part of development project, including development of regional tourism, and full costs of resettlement are included in analysis of project's costs and benefits.</td>
</tr>
<tr>
<td>11. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.</td>
<td>No physical or economic displacement has occurred prior to payment of compensation, and supervision has been provided by ADB and by an External Monitor.</td>
</tr>
<tr>
<td>12. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Discuss monitoring reports.</td>
<td>External Monitor is mobilized – first semi-annual Social Monitoring Reports (SMR) due for disclosure in 2020.</td>
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</tbody>
</table>
Attachment 3: Stakeholder Engagement Plan

Attachment 4: Photos of Project Desks in Kvesheti, Dusheti, and Kazbegi
Attachment 5: Stakeholder Brief on Assessment of Alignment Alternatives
Attachment 6: Environmental Decision of Ministry of Environmental Protection and Agriculture and Assessment of the National Agency for Cultural Heritage Preservation
To: Alexander Tevdoradze, Deputy Chairman of the Roads Department of Georgia

Mr. Alexander,

In response to your letter N 2-12/10597 of August 1, 2019, regarding the implementation of the construction works of Kvesheti-Kobi section of Zhinvali-Larsi Road and superficial archeological surveys to identify the monuments of cultural heritage and archeology, we are informing you that according to the report submitted to the Agency, the visualization of the territory revealed the objects with archeological features and artifacts fixed in the study land area and adjacent to it. As the project road will run across the territory, which is poorly studied archeologically, but is presumably rich in archeological objects with historical and architectural buildings on it, we consider that archeological monitoring is necessary during the whole course of the road construction.

Following the above-mentioned, in order to avoid possible damage to the monument/object of cultural heritage, under Article 10 of the Law of Georgia on Cultural Heritage, you are granted the positive conclusion provided the earthworks are accomplished only under the archeologist's supervision.

We are also informing you that in case of identifying or discovering an archeological object during the works, under Article 10 of the Law of Georgia on Cultural Heritage, the works must be terminated and the Ministry of Education, Science, Culture and Sports of Georgia (Agency at present) must be informed thereof immediately.

With respect,

Davit Lomtashvili, Deputy Director General (e-signature is set)
ჰაერთხევლობის ჰაერთხევლობის გამოკითხვის დადგენის მიხედვით საგამოძღვრო
Georgian National Agency for Cultural Heritage Preservation

№17/3158
02 / გაცხოვრება / 2019 წ.

ჰაერთხევლობის ჰაერთხევლობის გამოკითხვის დადგენის მიხედვით საგამოძღვრო ჰაერთხევლობის

- პირველი ნაციონალური
- 2-12/10597 საბავშვა, რომლებიც ექვსის ჰაერთხევლობის სააღმდეგო მიზანი ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰაერთხევლობის ჰაერთხევლობის გამოკითხვა, გამოდის ჰa
On issuing the Environmental Decision for the construction and exploitation of Kvesheti-Kobi section of Jinvali-Larsi Road by the Roads Department of Georgia on the territory of Dusheti and Kazbegi Municipalities

25/04/2019

Aiming at obtaining the Environmental Decision, the Roads Department of Georgia presented the Environmental Impact Assessment Report for the “Construction and exploitation Project of Kvesheti-Kobi section of Jinvali-Larsi Road on the territory of Dusheti and Kazbegi Municipalities”. The presented document evidences as follows:

The given Kvesheti-Kobi section of the road is a part of so called Military Road. Its length is 34 km. It starts in Kvesheti, on the right bank of the Tetri Aragvi River, crosses villages Arkhweti and Kvemo Mleta and goes onto the another bank of the River, ascends to Gudauri with a mountain path, crosses Gudauri, goes across Jvari Pass and ends at village Kobi. Due to the climatic conditions, it is quite difficult to move along the roads in winter. The snow cover on Jvari Pass sometimes reaches 3-5 m. The problem is aggravated by strong winds. Jvari Pass is often blocked in winter thus hampering the traffic.

The EIA Report considers the project alternatives. It states that leaving the existing road as it is or having the traffic flow across the settlement is not expedient for safety considerations. In line with the international road requirements, the main road of the given type where such traffic is possible must not cross the settled areas.

3 of the considered 9 alternative corridors were selected for feasibility study. In environmental and social respects, a decisive criterion of comparing the alternatives was the near location/biodiversity of the protected areas, social-cultural environment, geological conditions and natural risks. The number of avalanche-prone sites and existing landslide sections were also taken into account.

The assessment considered the amount of the material excavated from the tunnels, following the area needed to place it.

Following the comparison between the alternatives, Alternative 3 was chosen. Besides, a certain improvement was made in Alternative 3 after its advantages were identified based on the accomplished studies, consultations and dialogue with the interested parties (including the Roads Department of Georgia, International Finance Institutions engaged in the Project, population, experts), as well as questions, remarks and notifications filed and discussions. As a result of such an improvement, Kvesheti-Tsker (so called Lot 2) section was subject to certain changes.

An option of a bridge and a road was replaced by a tunnel. The advantages of such a change are: increased safety during the winter, avoiding the need to make deep cuts, less visual effect following
the replacement of the road and bridge with a tunnel and maintaining the connection between the areas on both road sides. Tunneling will reduce the impact on the vegetation cover and fauna and less impact is expected on soil in the preparatory, construction and exploitation phases.

As regards Zakatkari section, the option of constructing a diversion to Gudauri changed the minimum road radius. By constructing a section connecting to Gudauri, the traffic will be distanced from Kazbegi National Park, will improve the traffic safety (it will not be necessary to drive along the mountain path), shorten the access road and time of traffic to the destination.

In order to reduce the geotectonic risks along Begoni section, the bridges were replaced by tunnels. In order to avoid landslide processes and avalanches, cuts were not considered expedient. The road was relocated closer to the slope and was thus distanced from the settlement. Consequently, both the visual effect and the threat of removing the vegetation cover decreased. The risk of discomfort caused by noise and emissions also decreased.

The section made of a bridge and a road along Tskere section was replaced by a shorter bridge and a tunnel. The cuts were reduced and problems were avoided by relocating the tunnel portal south of the settlement. The initial section will be made by a cut-and-cover method. Following the completion of the work, recultivation will be undertaken. As a result, no significant visual effect will occur. The sources of noise, emissions and vibration will be distanced from the settlement.

The road will be protected against avalanches, while the last section of Kobi road was replaced in order to avoid the impact on the gas pipeline. The road was adapted to the existing road with the maximum gradient of 4.2% to use the bridge across the River Narvani.

Alternative methods of tunneling were considered, in particular: open tunneling, drilling and blasting, tunneling machine and New Austrian Method (NATM, consecutive excavation). The EIA Report states that all the mentioned methods will be used for the project purposes. The only feasible method for making a not deep tunnel is open tunneling, while it is better to use TBM for longer tunnels. A decision about choosing the mechanical method or drilling and blasting will be made for each individual case. On the vibration-sensitive sites, the mechanical method will be a priority.

The total length of the design road is 22.7 km. For construction purposes, the road was divided into two sections (lots). Each section is divided into two: Lot 1 – Tskere-Kobi (with an approximate length of 10 km) and Lot 2 – Kvisheti-Tskere (with the length of 12.7 km).

Lot 2 – Kvisheti-Tskere section connects Kvesheti with village Tskere. Along this section of the road, tunnels (with the total length of 2.4 km) and bridges (with the total length of 1.8 km) are planned to construct. The main project elements along Kvisheti-Tskere section are:

- Kvesheti bypass section (length: 3.2 km);
- Bridge 1 in Kvesheti (length: 27.8m, height: 14m, number of lanes: - 2);
- Bridge 2 across the river Tetri Aragvi (length: 435.28m, height: 62m, number of lanes: 3);
Appendix 2

- Tunnel 1 (length: 1540.64m; number of lanes: 3) with a gallery (length: 1092m);
- Arch bridge 3 across the river Khadistskali (length: 426m, height: 164m, number of lanes: 3);
- Tunnel 2 (length: 193.42 m, C&C, number of lanes: 3);
- Bridge 4 across the river Khadistskali tributary (length: 147.80m, height: 26m, number of lanes: 3);
- Tunnel 3 (388.388);
- Bridge 5 (length: 322m, height: 55m, number of lanes: 3);
- Tunnel 4 (2998 C&C, number of lanes: 3);
- Bridge 6 (length: 218m, height: 48m, number of lanes: 3);
- 5 crossroads and 3 service roads are planned to build.

Along the given section, the road starts at the approaches to Kvesheti. Its first 300 m coincides with the existing main road E117. Then the road is distanced from the main road, bypasses Kvesheti from the north and again merges with the existing road. From Kvesheti, the road follows the existing road to village Arekveti. Just before Arekveti, small bridges (length: 22.8m, height: 14m) are planned to construct.

Tunnel 1 – Zakatkhara district. The bridge connects to Tunnel #1, which penetrates the slope of the plateau and ascends to its top smoothly (with a 4% gradient). The total length of the tunnel is 1540.64 m. The initial and last sections of the tunnel will be built with an open-cast method, while the main section of the tunnel is assumed to build by using NATM. The tunnel has three lanes.

After Zakatkhara, the road goes onto another bank of the River Khidistskali along the bridge with the length of 426 m and height of 164 m. Following this section, the road has three lanes again.

Zakatkhara-Sviani-Rostiani district: after the road crosses the river, on the left bank of the River Khidistskali, a tunnel with the length of 193.42 m (made by open-cast method) and a bridge is planned to construct with the length of 147.80m. Before Sviani-Rostiani (Bedoni Plateau), the bridge will be connected to Tunnel #3. The road will run far from Sviani-Rostiani in order to avoid the impact on the population. Along Sviani-Rostiani section, Tunnel #3 will be connected to bridge #5 with the length of 322 m and with the height of 55 m, which ends at the interchange located west of villages Gomuri and Benian-Begoni (Figure 53), and the second-tier roads provide a link between the villages and the new road. The link between the right and the left areas of the new road is maintained. After CH 12+000, local access roads and Tunnel #4 (made by open-cast method) are planned to construct. The length of the tunnel is 299 m.

A1600-meter-long road will connect the tunnel to bridge #6 (length: 218 m, height: 48 m). Under the bridge, at the end of Lot 2, a local road is planned to build. The section of the project road ends at CH 12+720, where it connects to the Lot 1 section.
Lot 1 – Tskere-Kobi section starts south of village Tskere, approximately 213 km from the village and ends at village Kobi, approximately 176 m from the bridge across the river Narvani. The project components are:

- 178-meter-long road section, tunnel between the south portal and village Tskere;
- 8.86-kilometer-long two-lane tunnel (with 2.25% maximum gradient), with two sections built with an open-cast method (C&C) (200 m – at the south portal to provide protection against avalanches and distance the inlet portal from the village and 8 m at the north portal), a 9.062-kilometer-long emergency gallery made in parallel to the tunnel with 17 connections to the main tunnel.
- The buildings/structures will be mostly located under the ground. The height of the overground section is 4 m.
- A 0.8-kilometer-long site near Kobi connecting to the existing road of the north portal;
- A 214-meter-long new local road in Tskere. The new road will use the bridge across the River Narvani. No new bridges are planned to construct along this section.

The main tunnel will be built by using a tunnel-boring machine (TBM). The emergency gallery is planned to build by using NATM. The tunnel is made up of three sites. The tunnel will be equipped with ventilation, lighting, communication, water drainage and fire systems.

Settling lagoons with oil retainer will be provided near the tunnels and bridges, and the locations of the construction camps, construction sites, waste rock dumpsites and topsoil will be selected by the Construction Contractor.

The total number of the workers in the construction phase will presumably be 150–200. On average, each site will need 50 workers working simultaneously. Consequently, presumable duration of the work is 4 years to construct the main tunnel (Tskere-Kobi section, Lot 1) and 3 years and 6 months to construct Kvesheti-Tskere section (Lot 2).

The construction will generate large amounts of spoil (waste rock), in particular, large amounts of inert material will be accumulated during the earth preparatory works of the tunnel portal and roadbed. A certain amount of this material will be used to make the roadbeds, while the remained amount will be disposed to the dumpsites.

Adjacent to the project area, particularly in the Khadistskali river gorge, there are no industrial sources to have an impact on the atmospheric air quality.

The main source of noise within the project zone is the vehicles driving along the road and no significant stationary sources of noise or vibration are found in the area.

The project area is located at 1320 -1975 m above sea level. The relief of the area is mountainous.
From Kvesheti to Bedoni, the road runs through Cretaceous sandstones, limestones and schists. Landslides are fixed with these rocks up to Begoni posing the risk to the slope stability along the given section.

Landslide near Begoni excludes the possibility to build a road along the given section. Therefore, the project alignment avoids this site. Begoni and Tskere are located on a volcanic plateau, which is suitable for road construction. The tunnel will run at the depth of 1000 m, with the north-east subsidence.

The given gorge is not distinguished for high, first-tier large-crown trees. The forest plantations in the gorge, according to the class of density, are sparse (0.1-0.2) or low (0.3-0.4). At present, the process of natural forestation is active and the meadows free from trees and bushes are gradually covered with low-value bushy and tree shoots, particularly of ash trees (Alnus barbata) and great sallows (Salix caprea). The same forest plantations show a mix of trees and bushes of an interesting content. The trees are quite distanced from one another, with well-developed bushes and grass synusia with multicolored flowers over the vacant meadows among them. The meadows with no trees and bushes on them are used as pastures. The structure of the vegetation cover of the geobotanic region of the gorge is original and sharply distinct from the vegetation in other corners of Georgia. This is the result of the particular location, drier climate and other factors. High anthropogenic impact on the natural vegetation having led to the significant transformation of the principal vegetation is also worthwhile (recently, the forest cover is being intensely regenerated and the process of forestation is also intense). Of the Red-Listed species, Egyptian Vulture is worth mentioning, which is very rare in ornithological study area. Rather, it is more common in open habitats choosing inaccessible rocks for habitat. Therefore, with a great probability, this species will be fixed mostly during its flight.

The construction may have an impact on the river floodplain and banks, which differ from the existing landscapes by more developed vegetation (bushes, woody areas). However, it should also be noted that such locations are distanced from the area of the direct project impact.

A part of the project corridor (Kobi site in particular) is located adjacent to Kazbegi National Park (the borders of Kazbegi Protected Area coincide with the borders of the Emerald Network candidate site #GE00009), within the scope of the special bird protection area SPA#9 and important bird areas (IBA GEO21).

It should be noted that in line with the project, the tunnels are planned to construct. The traffic flow provided the road runs through the new corridor is distanced from the settled areas as much as possible what will reduce the impact on the population. The new road will be distanced from the borders of the Protected Area. Consequently, an impact on Kazbegi Protected Area will be minimal.
Along Kvesheti section, the relocation of the road north from the settlement and making a green barrier between the road and the settlers will reduce impact on the population. The road construction will result in the additional sources of noise in the project zone. The noise during the road construction is caused by the construction techniques and works ongoing on the territory. By considering the location of the road and the settlement to each other, the number of population, who will be under the impact during the construction works, will be few. Besides, provided safety/mitigation measures are taken, the impact of the construction noise will be temporal and of average value.

Particular attention must be paid to the issue of possible impact of vibration on the buildings located near the tunnel. The vibration during the construction of road and bridges will be possible to feel only locally. In these areas, adjacent to the construction site, no negative impact on the buildings/structures is expected.

In order to avoid the pollution of the surface waters with the substances (fuel/oil, etc.) spilled in case of accidents, the project envisages the provision of settling chambers.

The impact of the road and other linear structures on the vegetation cover is associated with: the removal of the vegetation cover in the ROW; soil compaction and pollution what may damage the existing vegetation cover and prevent its growth. The project envisages building bridges and tunnels what reduces the need for the vegetation cover removal to a certain extent. The following protected species were fixed in the project corridor: elm Zelkova, yew, chestnut and bladder-nut.

Impact on fauna will occur during the works in the woody areas.

During the construction of the bridge piers in the water, temporal increase in water turbidity is expected. This will have an impact on water biodiversity. Water pollution with fuel/oils, materials and waste will not be significant with their correct management.

During the field study, no bat habitats or bird nests were fixed immediately in the project impact area. However, protected species of birds of prey may live in the existing project zone. The project corridor is not a habitat attractive for migratory birds.

The impact on topsoil is somewhat conditional, as the topsoil stripped in the ROW will be used for recultivation after the completion of the construction works. The area for temporal storage of topsoil (prior to its use for recultivation) will be selected by considering the environmental norms and conditions.

During the construction of the road, both, hazardous and non-hazardous waste will be originated. Domestic waste will be classified and will be placed in the containers before disposal from the territory. As there is no hazardous waste landfill in Georgia, the hazardous waste must be handed over to a duly licensed organization to handle.

The visual survey by an archeologist revealed several potentially interesting sites. In the immediate vicinity of the project, there is Takere cemetery. No impact on the cemetery is expected.
During the field survey, the coordinates of the monuments found in the project-adjacent zone were specified and relevant photo-material was prepared. A 50-meter-wide physical protection zone is provided between the monuments and the road. The remnants of the tower located near the interchange are distanced from the main road by 200 m, while the distance from the existing local road does not change.

At the stage of administrative proceedings with the aim to issue the Environmental Decision, on December 10, 2018, a public hearing of the said project was held in the building of Kobi Administrative unit of Kazbegi Municipality and school building of village Mleta of Dusheti Municipality, which were attended by the representatives of the Roads Department of Georgia and Gamma Consulting Ltd., the company having developed the EIA Report, as well as the representative of the Caucasus Environmental NGO Network (CENN), representatives of the Earth's Friends of the Greens of Georgia, representatives of Green Alternative, representatives of villages Kobi and Almasiani and other villages of Kvsheti, Arakhteu and Khada gorge. The information about the above-said public hearing was published on the official web-site of the Ministry on November 29, 2018 (with all documents related to the activity uploaded, including non-technical resume) and was displayed on the information desks of the administrative buildings of Dusheti and Kazbegi Municipalities. During the public hearings, the population had various remarks. They also asked about such issues, as putting the roads in order, noise, employment problem, etc.

During the administrative proceedings initiated at the Ministry with the aim to issue the Environmental Decision, the remarks of the Caucasus Environmental NGO Network (CENN) related to the planned activity were presented. The Ministry considered the argued remarks in the form of the terms and conditions of the Environmental Decision.

The said EIA Report was considered by relevant experts and specialists in different respects of environmental protection, as well as based on Article 12 of the Environmental Assessment Code and Clauses 11 and 13 of Annex I of the same Code.

I decree as follows:

1. An Environmental Decision is to be issued for the construction and exploitation works of Kvsheti-Kobi section of Jinvali-Larsi Road on the territory of Dusheti and Kazbegi Municipalities presented by the Roads Department of Georgia;
2. The Environmental Decision envisaged by Clause 1 of the present Resolution is to be issued for an unlimited term;
3. The Roads Department of Georgia should realize its activity in line with the submitted Environmental Impact Assessment (EIA) Report, flow chart, mitigation measures for the
expected environmental impacts, environmental monitoring, emergency response plans and conclusions and recommendations;

4. The Roads Department of Georgia, prior to the commencement of the construction works, shall fix the underground waters along the whole section of the project area (at tunnel portals), including drinking water springs, and in case there is a change in the spring water discharge and/or any impact on the underground waters is identified, it shall realize relevant mitigation measures, including the provision of the population with an alternative water-supply network;

5. The Roads Department of Georgia, prior to the commencement of the construction of the tunnels, shall make sedimentation ponds/settling lagoons to receive the water discharged from the tunnel;

6. The Roads Department of Georgia, prior to the commencement of the construction works, shall provide the census of the houses and facilities in the project area, and shall ensure their permanent monitoring during the construction. As necessary, the Road Department of Georgia shall realize relevant mitigation measures;

7. During tunneling, the Roads Department of Georgia shall provide the permanent monitoring of the ground oscillations and shall realize relevant mitigation measures, if necessary;

8. In the course of the construction works, the Roads Department of Georgia shall ensure permanent watering of roads and washing/cleaning the vehicles leaving the construction site;

9. The Roads Department of Georgia, prior to the commencement of the construction works, shall develop the detailed design of the construction camps with shape files and submit them to the Ministry for agreement, and in case of discharging water into a surface water object or there are stationary sources of atmospheric air pollution in the project area, the Implementing Agency is obliged to agree “The Technical Report of the Inventory of the Stationary Sources of Atmospheric Air Pollution and Harmful Substances Emitted from them” and the draft “maximum admissible discharges (MAD) of the polluting substances discharged in the surface water bodies together with the discharge waters”;

10. In the course of the construction and exploitation, the Roads Department of Georgia shall ensure the noise level monitoring in the areas adjacent to the nearest settlement, and in case the legally established standards are exceeded, it shall implement relevant mitigation measures (protective screens, landscaping, etc.) to reduce noise level to the legally prescribed standards;

11. The Roads Department of Georgia, prior to the commencement of the construction works, based on the results of the geotechnical studies, shall give the forecast of the change(s) of the geological environment and as necessary, by considering the obtained results, shall submit the relevant mitigation measures to the Ministry for consideration;

12. The Roads Department of Georgia, prior to the commencement of the construction works, shall submit the information about the methodology used to calculate river peak discharges and
washout depths together with a summary table of the design river hydrological properties (discharges, levels, washout depths) and submit it to the Ministry for consideration;

13. The Roads Department of Georgia, prior to the commencement of the construction works, shall submit the information about the rivers and gullies crossing the design road, as well as about the peak discharges of the mud torrents to the Ministry for consideration, and if necessary, shall develop anti-mudflow measures, agree them with the Ministry and realize them;

14. The Roads Department of Georgia, prior to the commencement of the construction works, shall submit the results of taxation of trees and plants to the Ministry together with relevant photomaterial;

15. The Roads Department of Georgia, prior to the commencement of the construction works, shall evaluate the impact on box elder and ash habitat found in the area of portal of tunnel no. 1, and if necessary, identify relevant mitigation and/or compensation measures and submit them to the Ministry for agreement;

16. The Roads Department of Georgia, prior to the commencement of the construction works, shall do the preconstruction study of fauna and submit the results of the study to the Ministry for agreement. Besides, prior to the commencement of the construction works, the Roads Department of Georgia is obliged to submit the information about the animal species living in the project area, impacts on them and measures to avoid or mitigate such impacts and if necessary, compensation measures developed based on the results of the said studies to the Ministry for agreement; The Roads Department of Georgia, prior to the commencement of the construction works, shall submit the information about the types and scale of the project impact on Egyptian Vulture and measures to avoid, mitigate or compensate such impacts to the Ministry for agreement, and if necessary, an alternative option of the given road section shall be considered; The information presented for the agreement shall also include data on the existence of water depending biodiversity species (especially the otter) in the project area of impact and, if necessary, the possibility of their impact, mitigation, prevention, and / or compensation measures;

17. The Roads Department of Georgia, prior to the commencement of the construction works, shall submit the detailed designs of waste rock dumpsites to the Ministry for agreement together with the shape files; The Roads Department of Georgia also shall submit the information about the impact(s) on bird habitats (such as sea-buckthorn bushes) to the Ministry for agreement, and alternative options of dumpsite location as necessary;

18. The Roads Department of Georgia, prior to the commencement of the construction works, shall present the assessment of the impact on the species and habitats in the confirmed Emerald site (Kazbegi - GE00000009), so called “Expediency assessment”. The assessment must give the expected impacts according of different types of activities with relevant substantiation; if necessary, the measures to mitigate, avoid or compensate the impacts shall be identified and the conservation plan developed based on the study results shall be presented in case of necessity;

19. The Roads Department of Georgia, prior to the commencement of the construction works, shall include the issue of the observations of the animal species living in the project impact area (particularly, species protected under the international conventions and Georgian Red-Listed
species) in the monitoring plan. In addition, the Monitoring Plan shall include the following information: the graph showing the frequency of monitoring, and observations over the efficiency of the mitigation measures, identification of additional mitigation and/or compensation measures if necessary with the aim to implement them;

20. During implementation of construction works during the avalanche hazard, the Roads Department of Georgia is obliged to provide preventive measures. From the 3rd tunnel portal to the beginning of the 5th bridge at the section of the road (pp 10 + 000 km and 10 + 200) the Roads Department to ensure installation of restrictive fence / netting during the exploitation phase. From the exit of the 4th tunnel to the beginning of the 6th bridge (12 + 300 km and 12 + 500 km) RD to ensure arrangement of the dam for replacement of avalanche direction;

21. In the course of the construction and exploitation, the Roads Department of Georgia shall ensure permanent monitoring of the geodynamic processes in the project area and once a year, shall submit the monitoring results to the Ministry for consideration;

22. The Roads Department of Georgia is not authorized to build the road or accomplish any associated works without a relevant conclusion of the National Agency for Cultural Heritage Preservation of Georgia;

23. The Roads Department of Georgia, prior to the commencement of the construction works, shall submit the waste management plan to the Ministry for agreement in line with Decree no. 211 of August 4, 2015 of the Minister of Natural Resources and Agriculture of Georgia;

24. In the construction phase, the Roads Department of Georgia is obliged not to admit the placement of the waste on the territory of the Kazbegi National Park or associated impact on the existing landscape consequently;

25. The Roads Department of Georgia is obliged to accomplish the tunnel construction works by using such a method, which will have a minimum possible impact on Kazbegi Protected Area;

26. The Roads Department of Georgia shall immediately inform the Ministry of Natural Resources and Agriculture of Georgia about the commencement, completion and commissioning of the construction works;

27. In case of a handover of the Environmental Decision to another entity, the Roads Department of Georgia should do so under the rule established by the “Environmental Assessment Code”;

28. The present Resolution is to be forwarded to the Roads Department of Georgia without delay;

29. The present Resolution should be enforced immediately after the Roads Department of Georgia gets acquainted with it;

30. Within 5 days of the issue of the Environmental Decision, the present Decision shall be uploaded on the official site of the Ministry and shall be placed on the information desk of the Executive and Representative bodies of Dusheti and Kazbegi Municipalities.
31. The present Resolution can be appealed at the Administrative Chamber of Tbilisi City Court (No. 6, the 120th km of D. Agmashenebeli Avenue, Tbilisi) by the party within one month after getting acquainted with it.
Appendix 2
• ხელმ 2 ამორჩილი ეთიკ არაგვა (ხელმ 435.283, ხოლომ 620, ხოლომ (ჩამოჭრილი - 3);
• ჯგუფი 1 (ხელმ 1540.640 ხოლომი ჩამოჭრილი 3) გადაფურთ ხელმ 10920;
• თანდათან ხოლმ 3 მქ. პატარაფერული (ხელმ 4260, ხოლომ 1640, ხოლომ (ჩამოჭრილი - 3);
• ჯგუფი 2 (ხელმ 192.42 მქ. C&C, ხოლომი ჩამოჭრილი - 3);
• ხელმ 4 მქ. პატარაფერული ჩამოჭრილი (ხელმ 147.800, ხოლომ 260, ხოლომ (ჩამოჭრილი - 3);
• ჯგუფი 3 (388.386);
• ხელმ 5 (ხელმ 3220, ხოლომ 558, ხოლომ ჩამოჭრილი - 3);
• ჯგუფი 4 (2090 C&C, ხოლომ ჩამოჭრილი - 3);
• ხელმ 6 (ხელმ 2180, ხოლომ 480, ხოლომ ჩამოჭრილი - 3);
• დაჯგუფება 5 გადახლებულია 3 სამხრეთად ხოლო მოყოლები.

აღმოჩენილი მინიშით გვა იქნება ექსპონენცია მოძღვრებით. შოთა პირველ 300 მ მასშტაბი არაფრთხოვანი ჩამოჭრილი E117. ქაღალდ გვა მოქმედებს მომრგვალე, თუმცა ექსპონენცია მოღვაწეობაში თანხანი ვერ მიყვავება არაფრთხოვან ხოს. აღმოჩენილი ჰარმონიად დაჯგუფებული პატარა ხელმ (ხელმ 22.80, ხოლომ 140) მიუხედავად.

ჯგუფი 1 - ზიგნის ხელმ. ხელმ ყველაზე გამოყენებული ჯგუფი #1, რომლის შექმნელი პროცენტი უფრო და მცირე (გრძელი 4%) აღიარება გვა თანხანი. ჯგუფი სულ 1540.640 ხოლომ დაჯგუფება გვა წარმოადგენს ხელმ 147.800. სულ რედაქციონი და ქვეყანა მიყვანილი გარდა ძრავი. სულ 13740 ხოლომი ჩამოჭრილი გადართ ახალი ექსპონენცია მოძღვრებით არქა ჰერმალური, ჯგუფი სამხრეთად.

ხელმ შექმნება 426 მთავარი და 164 მთავარი ხელმ გადახლია, მქ. პატარაფერული შექმნა ნახატი, ამ ხელმთავართან ექსპონენცია გვა იქან სარეზერვობა. ხელმით - ჯგუფი (რეგლისტრაციის მქ. ჩამოჭრილი დაჯგუფი ბარტყი, მქ. პატარაფერული ჩამოჭრილი გვა 193.42 მთავარი (რა წარმოადგენს ჯგუფი და 147.80 მთავარი ხელმ მიუხედავად. ჯგუფი ჩამოჭრილი ნახატი (ჯგუფის პოლი) ხელმ დაჯგუფებიდან ჯგუფი 3. ცხრა გადახლია ჯგუფი-რეგლისტრაციიდან მოძრაობა მოძრაობა/ ქოტექტორია თანხანი გასწორებული. ჯგუფი-რეგლისტრაციის მოძრაობა ჯგუფი #3 დაჯგუფება 202 მთავარი 55 მთავარი ხელმ 5, რომლით მოყვანილი ხელმ კონტროლი და მცირე მიუხედავად ჯგუფი 55 უნართ ჯგუფი სულ ხელმ კონტროლი. უნართი ჰურა მქ. უჯრედალთა და მთავარი მიუხედავად ჯგუფი 55 უნართ ჯგუფი სულ ხელმ რეგლისტრაცია.

3:12:000 ქაღალდ ჩამოჭრილი გარდაქმნილი მოძღვრების ტერიტორია და რა წარმოადგენს ჯგუფი #4 გადახლია. ჯგუფი მთავარ მოქმედი 299 მთავარ.

1600 მთავარი ხელმ დაჯგუფება ჯგუფი ხელმ 6 (ხელმ 218 მთ, ხოლომ 48 მთ), ხელმ ქვქ. ჩამოჭრილი მქ. გვა 3 გადახლია, ჩამოჭრილი გარდაქმნილი ხელმ მოქმედი. სახელო ხელმ დაჯგუფებით მოქმედი 3:12:720, ხოლო ხელმ 1-ის მოძრაობა უფრო მცირეა.

ლგური 1 - ჯგუფი-რეგლის მოძრაობა ხელმ. ნახატი ჩამოჭრილი 213 მთავარი და მთავარი ხელმ, ტალღა ქვქ., ნახატი არაფრთხოვან სულ რეგლისტრაციით 176 მთავარი. ექსპონენცია ხელმ 178 მთავარ, ჯგუფი სამხრეთ პოლიცია და ხელმ. წარმოადგენს.

8.86 მთავარი ახალგაზრდა ჯგუფი (ჯგუფი-რეგლისტრაცია 2.25 %), რა წარმოადგენს (C&C) გამოყენება იმით მოქმედი (200 მთ - სამხრეთ პოლიცია შექმნა დაჯგუფება და სარეზერვოა მოძღვრების დამახორციელება, და 80 - რეგლისტრაცია ჯგუფი). ჯგუფი შექმნილია მოქმედი 9.062 მთავარი ნახატი 17 ჯგუფი ხელმ ჯგუფებში.
ქართული დაწესებულებების შემშვება. არგუმენტაციის შესასრულებლად ნებისმიერი გარნირის გამოყენება გამოიწვიება შემდგომ მთავარ პირველად ტექნიკურ აღმოჩენით.

1. გარეგნილად გარნირებით გადამუშავება: საგარეჯოების საქართველოში გარეგნილი გარნირები შეიძლება გამოიყენეთ რცხილი და მიწიწოვების შესაძლოდენი ენარქტიკურ ტერიტორიებში. გარნირების შესასრულებლად შეფასებული გარეგნილ გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი გარეგნილი

2. პერიოდურა გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგნილად გარეგną
10. ახალგაზრდოვანი საექსპონირო ექნების დიდგობრივობა, შემდგომადი, და უმაღლესი საექსპონირო პროფეფილი ფინანსურ დასაბუთებში მსჯავრებით, რომელიც შეიძლება მოხდეს საექსპონირო საექსპონირო გამოყენების შემთხვევაში, ჩამოყალიბებით შესაბამისი შეთანხმების გარდაცვალებით, წამები და 5.5 გამოთქვა;

11. ახალგაზრდოვანი საექსპონირო ექნების დიდგობრივობის სამოწმებლო სამრეწველო გამოძმისათვის შემოგვევრავს სისწორეს მართვის და სამოწმებლო ქონების შეღწევის და მომსახურების შესაბამისობით, ხელმძღვანელთა შეთანხმებით, შესაბამისი შეთანხმების გარდაცვალებით, წამები და 5.5 გამოთქვა;

12. ახალგაზრდოვანი საექსპონირო ექნების გათვალისწინებით, სამოწმებლო სამრეწველო გამოძმისათვის უფრო შემთხვევად წარმოდგენილი ანიმაციური და ფიქსირებული ქონების შეღწევის და მომსახურების შესაბამისობით, ხელმძღვანელთა შეთანხმებით, შესაბამისი შეთანხმების გარდაცვალებით, წამები და 5.5 გამოთქვა;

13. ახალგაზრდოვანი საექსპონირო ექნების დიდგობრივობა სამრეწველო საქმიანობის განხორციელება ანიმაციური მდგომარეობის შესაბამის თანხები შესაბამისობით სამოწმებლო ქონების შეღწევა და მომსახურება, ხელმძღვანელთა შეთანხმებით, შესაბამისი შეთანხმების გარდაცვალებით, ხელმძღვანელთა შეთანხმებით და მომსახურებდა;

14. ახალგაზრდოვანი საექსპონირო ექნების დიდგობრივობა სამრეწველო საქმიანობის განხორციელება ანიმაციური ქონების შეღწევა და მომსახურება, ხელმძღვანელთა შეთანხმებით, გარდაცვალებით, ხელმძღვანელთა შეთანხმებით და 5.5 გამოთქვა;

15. ახალგაზრდოვანი საექსპონირო ექნების გათვალისწინებით, სამრეწველო საქმიანობის განხორციელება ანიმაციური ქონების შეღწევა და მომსახურება, ხელმძღვანელთა შეთანხმებით, შესაბამისი შეთანხმების გარდაცვალებით, ხელმძღვანელთა შეთანხმებით და 5.5 გამოთქვა;

16. ახალგაზრდოვანი საექსპონირო ექნების დიდგობრივობა მრავალმხრივი საქმიანობის განხორციელება ანიმაციური ქონების შეღწევა და მომსახურება, ხელმძღვანელთა შეთანხმებით, გარდაცვალებით, ხელმძღვანელთა შეთანხმებით და 5.5 გამოთქვა.
25. საქართველოს სამეცნიერო-ტექნიკური გამოშვების ფაქტორებით გარეულური გარემოს სახისმა საბრძოლო განსაზღვრელი იყო მხოლოდ მიტოვების გამომკვეთილი, რომელიც მონაწილეთა სხვაობის მიხედვით მიზნიდვალი და ყველაზე ურთიერთი
26. საქართველოს სახელმწიფო ერთეულის ფუნქციების საგარეობის ფინანსური და ექსპორტიული გარემოს შემოწმები და ტეშიტგარეთული აღჭურვის საქართველოს გარემოს დატვირთვა და ხარჯების შესაწმებლო სამთავრობი
27. საქართველოს საგარეო-ეთნოგრაფიული გეოგრაფიური განვითარების მიმართ ენდების მოქმედებები განვითარების განვითარების რეგულაციის „გარემოს შესაწმებლო გამოცდის“ დამოუკიმრებლი შემთხვევა.
28. ბრძოლა ფარგლებში გამორჩეული საქართველოს საგარეო-ეთნოგრაფიული გეოგრაფიის განვითარება.
29. ბრძოლა ფარგლებში საქართველოს საგარეო-ეთნოგრაფიული გეოგრაფიის განვითარების მიმართ ის შერჩების გადამართვის შიდა
30. გამოდისხული განვითარების გამოწვეული 5 წლის გაგრძელმ საქსოლო ფარგლებში იქნება ცნობა ცენტრალურ განვითარების სამთავრობის სამთავრობო გარემოს შესაწმებლო ინფორმაციიდან განსაზღვრა
31. ტბები მდებარე ტაშმწუხული იონია სკაშ-ხარძის სახანო აღჭურვის ცენტრალური მეთოდეთი (ინდოვნები, და აღჭურვის იყურება, ზღვის კოტენ ლარბა ლარბა ტექნიკის დამოუკიმრებლო შეფასება).