



PUBLIC

First Annual Monitoring Report to the Board of Directors
on the
Implementation of Remedial and Mitigation Action Plan
for the
North-South Corridor (Kvesheti-Kobi) Road Project in Georgia
(Asian Development Bank Loan 3803)

November 2023

ABBREVIATIONS

ADB	–	Asian Development Bank
AIP	–	Access to Information Policy
AMP	–	Accountability Mechanism Policy 2012
BCRC	–	Board Compliance Review Committee
CHGAP	–	Cultural Heritage General Action Plan
CHMP	–	Cultural Heritage Management Plan
CNA	–	community needs assessment
CRP	–	Compliance Review Panel
EBRD	–	European Bank for Reconstruction and Development
EIA	–	environmental impact assessment
EMP	–	environmental management plan
EMR	–	environmental monitoring report
FAO	–	Food and Agriculture Organization
FGD	–	focus group discussion
GAP	–	gender action plan
GRM	–	Georgia Resident Mission
HCRP	–	Historic Cultural Reference Plan
IEE	–	initial environmental examination
LARP	–	land acquisition and resettlement plan
LRP	–	livelihood restoration plan
KVCDP	–	Khada Valley Concept Development Plan
KVDP	–	Khada Valley Development Plan
MAP	–	mitigation action plan
MRDI	–	Ministry of Regional Development and Infrastructure
MOESD	–	Ministry of Economy and Sustainable Development
NACHP	–	National Agency for Cultural Heritage Preservation of Georgia
NGO	–	nongovernment organization
PCR	–	physical cultural resources
RAP	–	remedial action plan
RRP	–	report and recommendation of the President
SEMP	–	specific environmental management plan
SEP	–	stakeholder engagement plan
SMR	–	social monitoring report
SEMP	–	specific environmental management plan
SPS	–	Safeguard Policy Statement
SSEMP	–	site-specific environmental management plan
SUDA	–	Spatial and Urban Development Agency
TSEMP	–	topic-specific environmental management plan

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.

CONTENTS

	Page
ACKNOWLEDGMENTS	i
I. INTRODUCTION	1
II. DESCRIPTION OF THE PROJECT	1
III. COMPLIANCE REVIEW FINDINGS	3
IV. RESULTS OF THE FIRST MONITORING MISSION	4
A. Remedial Action Plan	4
B. Mitigation Action Plan	12
V. CONCLUSION	21
A. Remedial Action Plan	21
B. Mitigation Action Plan	21
VI. OBSERVATIONS AND RECOMMENDATIONS	22
APPENDIXES	
1. Request for Compliance Review	24
2. Final Report on Compliance Review Panel Request No. 2021/1 on the North-South Corridor (Kvesheti-Kobi) Road Project in Georgia (Asian Development Bank Loan 3803) Table 5. Findings of Noncompliance and Harm, and Associated Management Remedial Actions	30
3. List of Persons Met During the Monitoring	36

ACKNOWLEDGMENTS

The Compliance Review Panel (CRP) acknowledges and records its gratitude to all those who contributed to the first annual monitoring report of the North-South Corridor (Kvesheti-Kobi) Road Project. The CRP would like to thank the Ministry of Regional Development and Infrastructure, Roads Department, Ministry of Economy and Sustainable Development, National Agency for Cultural Heritage Preservation of Georgia, Spatial Urban Development Authority, the complainants, Green Alternative, and other community members for their cooperation during our site visit. The CRP also extends its gratitude to the Asian Development Bank (ADB), the Board of Directors, in particular, the members of the Board Compliance Review Committee, and the ADB Management and staff concerned.

I. INTRODUCTION

1. On 6 January 2021, the Compliance Review Panel (CRP) received a request for compliance review on Asian Development Bank (ADB), Loan No. 3803: North–South Corridor (Kvesheti–Kobi) Road Project (Project) submitted by Manana Kochladze and Mariam Devidze of Green Alternative (a Georgian nongovernment organization) on behalf of a group of more than two complainants living in the Khada Valley.¹ The complaint relates to the construction of a portion of the North–South Corridor, which connects Tbilisi to the Mtskheta–Mtianeti region in the north and to the Kvemo Kartli region in the south. The complainants raised broad issues concerning ADB’s compliance with its policies and indicated probable harm to affected persons in the Khada Valley through the destruction of the Khada Valley and incomplete consideration of alternatives; impacts on livelihood and local benefits; problems of project design and impacts on physical cultural resources (PCR); and the quality of environment and social impact analysis reflected in the environmental impact assessment.

2. The CRP submitted to the ADB Board of Directors (Board), a report on the eligibility determination of this complaint on 24 March 2021² and CRP’s final report on the compliance review of the Project on 18 November 2022.³ On 24 January 2023, the Board considered the CRP’s findings in its final compliance review report and requested ADB Management to submit a Remedial Action Plan (RAP) for the project to address the noncompliance found by the CRP. Subsequently, ADB Management submitted to the Board its proposed remedial actions on 28 April 2023. The Board considered and approved the RAP for the project on 19 May 2023.⁴

3. According to para. 192 of the AMP,⁵ the CRP will monitor the implementation of Board-approved remedial actions relating to a complaint, to ensure that a project is brought into compliance with ADB’s operational policies and procedures. The AMP further provides that the monitoring time frame will be project specific, depending on the implementation of the remedial actions, but will generally not exceed 3 years. This is the first monitoring report of the CRP which describes and assesses the progress made on the implementation of the Board-approved RAP.

II. DESCRIPTION OF THE PROJECT

4. This project includes (i) the construction of about 23 kilometers (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) the establishment of a Khada Valley visitors’ center; and (iii) capacity-building of the Roads Department of Georgia on project and contract management. The road construction, which includes 5 tunnels (with the 9-km tunnel being the longest in Georgia) and 5 bridges (one of which is an arched bridge), is a greenfield project that passes through mountainous terrain and stretches over Khada Valley which is known as the Valley of 60 Towers. The Board approved the ADB loan on 1 August 2019, which was signed on 27 August 2019.

¹ Compliance Review Panel (CRP). 2021. [Request for Compliance Review on Georgia: North–South Corridor \(Kvesheti–Kobi\) Road Project](#). Manila.

² Compliance Review Panel. 2021. [Report on Eligibility to the Board of Directors on Compliance Review Panel Request No. 2021/1 on the North–South Corridor \(Kvesheti–Kobi\) Road Project in Georgia \(Asian Development Bank Loan 3803\)](#). Manila.

³ CRP. 2023. [Final Report on Request No. 2021/1 on the North–South Corridor \(Kvesheti–Kobi\) Road Project in Georgia \(Asian Development Bank Loan 3803\)](#). Manila.

⁴ Asian Development Bank (ADB). 2023. [Remedial Action Plan on Georgia: North–South Corridor \(Kvesheti–Kobi\) Road Project](#). Manila.

⁵ ADB. 2012. [Accountability Mechanism Policy](#). Manila.

5. The planned project closing date is 31 December 2026. The overall project cost is \$558.6 million with \$415 million financed by ADB; \$60 million by European Bank for Reconstruction and Development (EBRD); and \$83.6 million as government counterpart funding.⁶ The borrower is the Ministry of Finance of Georgia; with RD of MRDI, project Management and Construction Supervision Consultant (referred henceforth as Supervision Consultant) is Uluslararası Birleşmiş Müşavirlik A.Ş. (UBM) while the China Railway Tunnel Group Co., Ltd. is the Contractor for the Tunnel Section (Lot 1) and the China Railway 23rd Bureau Group Co., Ltd. is the Contractor for the construction of the Road Section of Lot 2. For ADB, the Georgia Resident Mission (GRM) of the Central and West Asia Department is responsible for the project administration.

6. The project was classified as Category A both for Environmental and Involuntary Resettlement impacts due to (i) its irreversible impact to the environment and (ii) approximately 158 households (616 people) were expected to be directly affected by land acquisition for the project, of which 30 households were classified as vulnerable.

7. The draft environmental impact assessment (EIA) was posted on the ADB website in December 2018, while the final EIA was disclosed on the ADB website in April 2019.⁷ The project was also categorized as A for involuntary resettlement impacts as it will displace approximately 158 households (616 people) including 30 vulnerable households. Draft land acquisition and resettlement plans (LARPs) for Lot-1 (including the longest tunnel section) and Lot-2 (including the main road section) were prepared and posted on the ADB project website.⁸

8. ADB's internal review of the draft EIA resulted in the inclusion in the final EIA of additional ecological studies and a critical habitat assessment; more details on noise modeling; an illustration/broad description of the Zakatkari Visitor Center Concept; and inclusion of a specific environmental management plan (SEMP) framework and an occupational, community health and safety plan template. Some of these were undertaken using additional resources provided for the project preparation by ADB and EBRD. Aside from the review of the LARP prior to finalization, ADB conducted an independent study of the land market value in the project area through sampling of selected plots in Lot-1 and Lot-2 which found that the compensation offered by the RD equals or exceeds prevailing market value.

9. A stakeholder engagement plan (SEP) was prepared for the project, as required by EBRD. The SEP documented 45 consultation events which took place from April 2018 to June 2019. It mentioned that 25 of these events covered environment-related concerns and were held to inform and seek the views of affected persons and other stakeholders about the project. The document also outlined how the process of continuing engagement with the project stakeholders was to take place throughout the project cycle.

10. Some additional safeguards-related studies/ reports during project implementation have been commissioned and completed which includes (i) community needs assessment (CNA); (ii) Cultural Heritage General Action Plan (CHGAP); (iii) archaeological works on areas Didveli, Khada Gorge; (iv) temporary facilities assessment report; (v) summary of project specific environmental management plans (SEMP); (vi) noise modeling study; (vii) Historic-Cultural

⁶ ADB. [Georgia: North-South Corridor \(Kvesheti-Kobi\) Road Project](#). Project Data Sheet.

⁷ Government of Georgia. 2019. [Georgia: Environmental Impact Assessment for North-South Corridor \(Kvesheti-Kobi\) Road Project](#). Tbilisi.

⁸ Government of Georgia. 2019. [North-South Corridor \(Kvesheti-Kobi\) Road Project: Tunnel Section \(CP-01\) Resettlement Plan; North-South Corridor \(Kvesheti-Kobi\) Road Project: Road Section \(CP-02\) Resettlement Plan](#). Tbilisi.

Reference Plan (HRCP) for the Khada Valley; (viii) air quality impact assessment report; and, (ix) review of cultural heritage management implementation by Charles Le Quesne. The Khada Valley Development Plan (KVDP) and the priority investment plan are being finalized.

III. COMPLIANCE REVIEW FINDINGS

11. Further to the context provided in the Introduction (Section I), this section summarizes the findings of the compliance review, the report which served as the basis for the Management's RAP.

12. In its compliance review, the CRP investigated the project's compliance with the following ADB policies and operational procedures that were in effect when the project was processed and approved.

- Safeguard Policy Statement (2009);
- Access to Information Policy (2018);
- Operations Manual Section F1 (Safeguard Policy Statement) issued on 1 October 2013;
- Operations Manual Section C2 (Gender and Development in ADB Operations) issued on 6 December 2010;
- Operations Manual Section C3 (Incorporation of Social Dimensions into ADB Operations) issued on 06 December 2010; and
- Operations Manual Section L3 (Access to Information Policy) issued on 28 January 2019.

13. In its compliance review report,⁹ the CRP found ADB noncompliances related to pre-Board approval due diligence and review responsibilities related to environmental impact assessment; air quality monitoring; noise monitoring, impacts on PCR; adverse social impacts pertaining to land acquisition, community access to land, visual landscape impacts and operational phase issues particularly litter, waste, community safety and security; gender considerations in operational phase; allowances and non-cash assistance income or livelihood restoration and improvement under the LARPs, and post-Board approval monitoring and supervision responsibilities related to impacts on PCR; ensuring that the project design maximizes project's social benefits; and access to information with respect to the EMRs, SEMP (i. e. SSEMPs and TSEMPs) and baseline assessment relevant to the PCRs; and supervision taken by ADB that was not commensurate with the project's risks and impacts.

14. The CRP also noted that these noncompliances led to harm in certain cases, and there was a risk of harm in other cases. Wherever harm was clearly determined, the CRP required that actions be taken by the ADB management. On the other hand, wherever the finding of noncompliance included a remaining risk of future harm if there is no mitigation action, CRP suggested that actions also be taken. In response to the CRP report which the Board approved, the ADB management proposed that wherever actions are required, these will be included as a part of the remedial action plan (RAP), and wherever actions are suggested to address remaining risk of harm, these will be included as a part of the mitigation action plan (MAP). In addition, ADB management also committed to implement actions both under the RAP and the MAP as a response to the CRP report.

⁹ CRP. 2022. [*Final Report on Compliance Review Panel Request No. 2021/1 on the North-South Corridor \(Kvesheti-Kobi\) Road Project in Georgia \(Asian Development Bank Loan 3803\) Table 5. Findings of Noncompliance and Harm, and Associated Management Remedial Actions*](#), pp. 121-126. Manila.

15. In preparation of this first monitoring report, the CRP reviewed the first progress report submitted by the project team and other project documents; held meetings with government representatives of the government of Georgia particularly the implementing agency, the Roads Department (RD) of the Ministry of Regional Development and Infrastructure (MRDI), the National Agency for Cultural Heritage Protection (NACHP) and the Spatial Urban Development Agency (SUDA) of the Ministry of Economy and Sustainable Development (MOESD); the supervision consultant and two contractors; the complainants and other community members; as well as the ADB project team. The CRP conducted an in-person mission from 9-13 October 2023 to Tbilisi, Kobi and visited the project site including the villages covered by the project.

16. This first monitoring mission was led by Elisea Gozun, Chair CRP, Vaideeswaran Sankaran, CRP member and Zubaida Mustafa, Senior Compliance Review Officer from the Office of the Compliance Review Panel (on short-term assignment) supported the CRP mission. A list of persons met by the CRP during its mission is provided in Appendix 3.

IV. RESULTS OF THE FIRST MONITORING MISSION

17. This monitoring report evaluates the progress made in bringing the project back into compliance with the implementation of the Board-approved RAP that contains two appendices (Appendix 1: RAP for those noncompliances where harm has occurred and Appendix 2: MAP for those noncompliances for which the risk of harm remains) which the ADB Management agreed to implement and are covered in their first progress report.

A. Remedial Action Plan

1. Remedial Action Plan 1(A) – Baseline Assessment of Physical Cultural Resources

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
1(a)	Physical Cultural Resources (PCR) Baseline assessment of PCR	The Roads Department will prepare a report consolidating the PCR baseline data collected by NACHP and disclose it on the project website. The report will include NACHP's second interim report and CHGAP and their respective annexes and appendixes. Due date: June 2023	Completed. The consolidated PCR report was disclosed on the project website (titled "NACHP Reports – Cultural Heritage General Action Plan").

18. **Findings.** The CRP reviewed the [NACHP Report-Cultural Heritage General Action Plan \(CHGAP\): Consolidated version](#), which was disclosed on the project website on 16 June 2023.¹⁰ The CRP found that it included the Second Interim Report and also the CHGAP, which were prepared in November 2020 and July 2021, respectively. All the annexes and appendices are also included. This now presents a comprehensive baseline of all the cultural heritage objects and monuments found in the area. It also identified those cultural heritage objects and monuments, which are within the 50-meter physical impact zone and 300-meter visual buffer zone

¹⁰ Government of Georgia. 2023. [Kvesheti-Kobi Road Project Public Information website](#). Tbilisi.

for which appropriate mitigation actions must be taken in accordance with the Law on Cultural Heritage of Georgia.

19. **CRP Conclusion.** ADB is in full compliance with this remedial action.

2. Remedial Action Plan 1(B) – Assessment and Mitigation of Cultural Landscape Impacts

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
1(b)	Physical Cultural Resources Assessment and mitigation of cultural landscape impacts	<p>The Roads Department will disclose on the project website the final Historic-Cultural Reference Plan, as endorsed by NACHP.</p> <p>The Historic-Cultural Reference Plan will include an assessment of the cultural landscape and a geo-referenced inventory of cultural heritage objects. Due date: December 2023</p>	<p>On-track. The Historic-Cultural Reference Plan has been finalized and submitted to NACHP for endorsement. Upon NACHP's request, the Historic-Cultural Reference Plan was also submitted to the Dusheti Municipality along with the Khada Valley Concept Development Plan (KVCDP). The Dusheti Municipality reviewed both documents and confirmed it had no comments. The NACHP is expected to conclude its review process by the due date.</p>
		<p>The Roads Department will disclose on the project website the draft Khada Valley Development Plan, as submitted to MOESD for endorsement. The Khada Valley Development Plan will be informed by the Historic-Cultural Reference Plan and include measures to mitigate the project's impacts on the cultural landscape. Due date: December 2023</p>	<p>On-track. The KVCDP has been drafted along with the draft Strategic Environmental Impact Assessment and Priority Investment Program.</p> <p>Consultations have been held with local communities and civil society organizations on those draft documents. Additional consultations are being planned in October as part of the formal process for the preparation of the Khada Valley Development Plan (including land-use regulations). The Plan will be submitted to MOESD for endorsement by the due date.</p>

20. **Findings.** The CRP discussed with the NACHP on the HCRP and was informed that the draft was presently being reviewed prior to endorsement. The ADB project team informed that the HCRP includes an assessment of the cultural landscape and the geo-referenced inventory of

cultural heritage objects. The ADB project team also briefed that the NAHCP will be reviewed and endorsed in time for its disclosure by December 2023.

21. On the KVDP, the ADB project team updated the CRP on the various activities undertaken and this included ensuring that the KVDP is informed by the HCRP. Further, the ADB project team added that a few of the consultants involved in the preparation of the KVDP were also a part of the team that prepared the HCRP. On the KVDP itself, the CRP had further discussions with Spatial and Urban Development Agency (SUDA) of the MOESD (Refer to Management Action Plan 1).

22. **CRP Conclusion.** The CRP concluded that the above-mentioned process on the HCRP is on-track. Once the KVDP is finalized, the CRP will verify whether the document is informed by the HCRP and included measures to mitigate the project's impacts on the cultural landscape. On the KVDP, based on the CRP's discussions with SUDA, the CRP notes that there is a risk of delay (Refer to Management Action Plan 1).

3. Remedial Action Plan 2 – Temporary Land Take

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
2	Socioeconomic Impacts Temporary land take by works Contractors	The Roads Department will (i) prepare guidelines for works Contractors on due diligence for temporary land take and (ii) put in place arrangements to monitor their implementation and effectiveness. The guidelines will be developed in accordance with ADB's SPS requirements and include procedures for price determination, negotiation, compensation, and contractualization. Due date: September 2023	Completed. The guidelines for temporary land take were developed and submitted to the CRP. The construction Supervision Consultants (UBM) will conduct training sessions on the use of these guidelines, and their implementation will be monitored on a weekly basis as part of the overall safeguard monitoring.

23. **Findings.** The CRP reviewed the guidelines and found that this is a comprehensive document, which included the ADB's SPS requirements and the relevant Georgian legislation with reference to temporary land take. The document also included the procedural requirements for leasing from beginning to end (turnover of the land to the landowner), price determination, negotiation, compensation and contractualization. The provisions for the monitoring and reporting system have also been included.

24. The CRP notes that part of the due diligence for pre-entry and for exit is a photo and video documentation of the land and its surroundings as well as an exit survey to compare conditions after the land is used. The condition of the land upon turnover will have to be agreed by the contractor with the landowner at the start of the process and witnessed by the supervision consultant. If it is to be returned to its original state, then the land is to adhere to the recultivation

plan under the SEMP. The guidelines cover both privately-owned land and government lands and require the contractor to hire accredited independent evaluators to determine the market rate that is the basis for the lease amount of private lands. It also provides for the Samkharauli Forensics Bureau to be invited to assess any damage to the land and determine the appropriate compensation. To address the differences of opinion on compensation amount between the landowner and the contractor, the guidelines include a case study as an example.

25. On monitoring and reporting, the guidelines stipulate that the supervision consultant safeguards team is to closely monitor and verify the contractor's compliance through regular site visits, desk review of provided data and regular consultations with the landowners. The implementation of any remedial action against any non-compliance will be tracked weekly. Long-standing unresolved issues will be brought to the attention of the Roads Department. The supervision consultant may consider the retention of the interim payment certificate if the contractor continues to ignore the supervision consultant's instructions to rectify the non-compliance.

26. The CRP notes the need for the involvement of a third party (the supervision consultant) during the exit phase of the lease agreement to ensure the smooth turnover of the land. This was accepted by the ADB project team.

27. The CRP notes that the guidelines have only recently been approved and published in September 2023. The training for the contractors by the supervision consultant was held on 25 October 2023. During its mission, the CRP learned that no additional temporary facilities are to be built for the project including the new Gudauri road access. Given this, the guidelines will therefore only be useful during the exit phase of all the existing lease agreements for this project. The CRP appreciates the information shared by the ADB project team that the guidelines will now be used by the ADB for all projects in Georgia, which involve temporary land take.

28. **CRP Conclusion.** The CRP confirms that the draft guidelines have been developed. However, since all project-related temporary land take were already in place before the guidelines were adopted, its implementation and effectiveness can only be assessed at the end of the existing lease agreements.

4. Remedial Action Plan 3 – Income and Livelihood Restoration

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
3	Involuntary Resettlement Income and livelihood restoration	The Roads Department will (i) prepare a time-bound livelihood restoration plan based on community consultations and community needs assessment and disclose it on the project website and (ii) communicate livelihood restoration entitlements to project-affected people. The livelihood restoration plan will be integrated within the LAR plans and include provisions of noncash	Completed. The livelihood restoration plan was disclosed on the project website (titled "North-South Corridor (Kvesheti-Kobi) Road Project Livelihood Restoration Plan"). 6 Need Assessment/8 information meetings conducted with potential beneficiaries during which livelihood restoration entitlements were communicated to directly and indirectly affected people in the

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
		<p>assistance for income and livelihood restoration. The plan will target all people directly affected by the LAR, while being accessible to indirectly affected people in the project area.</p> <p>Due date: June 2023</p>	<p>project area (see minutes of meetings).</p> <p>The LRP has been made an integral part of the LARPs for the project.</p>
		<p>The Roads Department will facilitate the delivery of noncash assistance for income or livelihood restoration or improvement in the form of targeted and practical training sessions and other appropriate interventions.</p> <p>This assistance will improve subsistence farming and food security and help market local produce so that affected people can improve, or at least restore, their income-earning capacity, production levels, and standards of living to pre-displacement levels.</p> <p>Due date: December 2023</p>	<p>On-track. As part of the livelihood restoration plan, ADB engaged the Food and Agriculture Organization (FAO) to support local communities in the Khada Valley in advancing small-scale vegetable, dairy, and bee keeping. So far, 15 trainings have been undertaken.</p> <p>About 99 dairy farmers, beekeepers, vegetable producers and those interested to go into dairy farming from the Khada Valley have participated in FAO-led Farmer Field Schools in Kvesheti, Jaghmiani, Arakhveti and Benian-Begoni (Khada Valley) villages. (Source: FAO 1st Training Report).</p> <p>The progress reports will be disclosed on the project website.</p>

29. **Findings.** The CRP found that the approach and methodology for the preparation of the livelihood restoration plan (LRP) included several small group meetings, focus groups discussions (FGD) and individual interviews conducted jointly by ADB and Food and Agriculture Organization (FAO) during 2021-2023. It also built on the surveys conducted by Regional Environmental Centre for the Caucasus for the project during the preparation of the community needs assessment (CNA) in 2021. Based on these consultations and the CNA, the Roads Department prepared and finalized a livelihood restoration plan (LRP) as a complement to the cash compensation in order to further mitigate any negative project impacts, address vulnerability and support the livelihood of the affected persons.

30. The additional non-cash assistance includes employment opportunities, training to improve the skills of the affected persons for agriculture-based activities, business, financial management and tourism as well as improve the produce from their lands. The affected persons will also be engaged in awareness programs on the tourism industry, the functioning of

cooperatives and community groups and other business possibilities. To achieve these, the LRP which targets affected persons living in the areas impacted by the project has two main areas of focus: Agricultural Assistance Program and Skills Enhancement and Employment Program. The CRP noted that the detailed activities of these programs, the responsible parties, the tentative timeline when the said activities are to be undertaken are also in the LRP.

31. With regards to the involuntary resettlement safeguards requirements, the CRP examined the following provisions *vis-à-vis* the progress report to verify their adherence:

Para. No.	Relevant Safeguard Policy Statement Involuntary Resettlement Provisions	Compliance Review Panel Remarks
12	(i) in the case of economically displaced persons regardless of whether or not they are physically displaced, the borrower/client will promptly compensate for the loss of income or livelihood sources at full replacement cost. The borrower will also provide assistance such as credit facilities, training and employment opportunities so that they can improve, or at least restore their income-earning capacity, production levels and standards of living to pre-displacement levels	The LRP provides non-cash assistance to all affected persons to complement the cash compensation that had been given for loss of land, crops, buildings, and other assets.
21	The borrower will include detailed measures for income restoration and livelihood improvement of displaced persons in the resettlement plan. (emphasis added)	The LRP includes income restoration and livelihood improvement measures and is considered an integral part of the project's LARP.

Source: [ADB Safeguard Policy Statement \(Involuntary Resettlement\)](#) and Compliance Review Panel.

32. The CRP notes that the LRP also identified partner organizations that will support the Roads Department in implementing the LRP. This includes the FAO whose long-established Farmer Field Schools methodology is being used. The project has entered into an agreement with the FAO for them to conduct several training modules and establish farmer field schools on dairy, crop, and beekeeping as well as to undertake the external monitoring of the LRP implementation. The LEPL Scientific Research Centre for Agriculture under the Ministry of Environmental Protection and Agriculture is to be involved in awareness raising activities under the agricultural program. Other potential training organizations have also been identified.

33. The LRP which was reviewed and accepted by ADB was disclosed on the project website on 30 June 2023. Eight public consultations were held for representatives from 6 villages (Arakheti, Kvesheti, Bedoni, Benian-Begoni, Tskere and Mughere) to inform them about these additional non-cash entitlements under the LRP and the objectives of the different interventions. The affected persons were also encouraged to submit suggestions and opinions on what knowledge and skills would help them improve their living environment.¹¹ In addition,

¹¹ Minutes of the Public Consultation with Residents of Different Villages (Arakhveti, Kvesheti, Bedoni, Benian-Begoni, Tskere, and Mughere) held on 11 July 2023.

representatives of the Roads Department and the social development specialist of the supervision consultant also held meetings with people living near the project that included the vulnerable and severely affected people.

34. The CRP was informed that more public consultations are planned and that after the completion of the next round of public consultations, the LRP will be updated and will include a detailed monitoring plan. The LRP was updated and disclosed on the project website on 13 November 2023.¹² Quarterly progress reports on the LRP will be submitted by the Roads Department to ADB and will be included in the semi-annual monitoring reports. These monitoring reports will be disclosed on the ADB, Roads Department, and project websites.

35. For actions due on December 2023, the CRP confirms that they are on-track. Some 99 affected persons (dairy farmers, beekeepers, vegetable producers, and those interested to go into dairy farming) already participated in FAO trainings. Farmer Field Schools (4 for dairy, 2 for Crops and 1 for beekeeping) have been established in the project-affected villages.

36. **CRP Conclusion.** ADB is in compliance with the actions to be completed by June 2023. This includes the preparation of a time-bound livelihood restoration plan, its integration into the LARPs of the project, its disclosure on the project website and the conduct of public consultations and information dissemination to affected persons about these additional entitlements. Some of the actual non-cash livelihood restoration and improvement measures in the LRP which are due in December 2023 are now being implemented.

5. Remedial Action Plan 4 – ADB Monitoring and Supervision

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
4	Monitoring and Supervision ADB monitoring and supervision	<p>ADB will (i) complement the existing environmental and social safeguard tracking tool with resolution procedures to deal with high-risk and long-standing issues and (ii) establish a system for implementation of these resolution procedures and monitor their effectiveness.</p> <p>The procedures will be developed in accordance with para. 58(iv) of ADB's SPS and require the preparation of a time-bound corrective action plan to bring the project back into compliance for long-standing issues that have not been addressed.</p> <p>Due date: June 2023</p>	Completed. A report was prepared and submitted to the CRP, which describes the monitoring and supervision systems for tracking and resolution of safeguard-related grievances.

¹² Government of Georgia. 2023. [North–South Corridor \(Kvesheti-Kobi\) Road Project Livelihood Restoration Plan \(updated Version\), November 2023](#), Kvesheti-Kobi Road Project Public Information website. Tbilisi.

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
		ADB will prepare a summary report on the implementation of the new resolution procedures and corrective action plan(s), if any, for July–December 2023. Due date: January 2024	On-track. Grievances are being tracked on a weekly basis as part of the overall safeguard monitoring. A summary report will be prepared by the due date.

37. **Findings.** The CRP reviewed the report titled “Monitoring and Supervision System for Tracking and Resolution of Safeguard Issues” which was submitted as per the stated timeline. The CRP found that the system enhanced the ADB monitoring and supervision significantly through establishing resolution procedures to deal with high-risk and long-standing issues (Section B). Further, the CRP determined that these resolution procedures were integrated with the regular monitoring and supervision during the implementation period between July–September 2023. The CRP collected evidence through the semi-annual environmental monitoring report of January–June 2023,¹³ draft semi-annual social safeguards monitoring report, discussions with the concerned staff of the Roads Department and supervision consultant in October 2023, and internal project documents.

38. The CRP notes that the semi-annual environmental and the social safeguards reports include information on items pending resolutions but does not explicitly classify them as high-risk and long-standing issues. In the weekly environmental and social monitoring reports, high-priority and pending issues are being explicitly tracked but this is not reflected in the semi-annual reports.

39. The CRP finds that the monitoring mechanisms in place, particularly the weekly environmental and social monitoring, are adequate to monitor the effectiveness of the action taken.

40. The CRP appreciates the ADB project team in institutionalizing the weekly environmental and social monitoring mechanism, which is serving its intended purpose of frequent review of issues and initiating action on a regular basis. Further, the CRP found that the weekly monitoring is also integrated with the process of preparing the semi-annual monitoring reports.

41. With regard to para. 58 of ADB’s SPS, the CRP examined each of the requirements *vis-à-vis* the progress report to verify their adherence as follows:

No.	ADB Safeguard Policy Statement Para. 58 Requirements	Compliance Review Panel Remarks
(i)	Conduct periodic site visits for projects with adverse environmental or social impacts;	ADB has institutionalized a weekly monitoring procedure.
(ii)	Conduct supervision missions with detailed review by ADB’s safeguard specialists/officers or consultants for projects with significant adverse social or environmental impacts;	Supervision missions are being regularly conducted.

¹³ Government of Georgia. 2023. [North–South Corridor \(Kvesheti–Kobi\) Road Project: Environmental Monitoring Report \(January–June 2023\)](#). Tbilisi.

No.	ADB Safeguard Policy Statement Para. 58 Requirements	Compliance Review Panel Remarks
(iii)	Review the periodic monitoring reports submitted by borrowers/clients to ensure that adverse impacts and risks are mitigated as planned and as agreed with ADB;	Periodic monitoring reports are being prepared. The center piece being the weekly environmental and social monitoring reports, and their weekly review jointly being done by the ADB project team, the Roads Department, supervision consultant, and respective contractors.
(iv)	Work with borrowers/clients to rectify to the extent possible any failures to comply with their safeguard commitments, as covenanted in the legal agreements, and exercise remedies to reestablish compliance as appropriate; and	Through the weekly environmental and social monitoring, there is a follow-up mechanism to resolve issues and ensure compliance on a timely basis (main weekly report and Annex 5).
(v)	Prepare a project completion report that assesses whether the objective and desired outcomes of the safeguard plans have been achieved, taking into account the baseline conditions and the results of monitoring.	Project implementation is ongoing and therefore this is not yet due.

Source: [ADB Safeguard Policy Statement](#) para. 58 and Compliance Review Panel.

42. The CRP notes that the summary report on the implementation of the new resolution procedures and corrective action plan for July–December 2023 is not yet due.

43. **CRP Conclusion.** ADB is in partial compliance as the ADB monitoring and supervision has been substantially enhanced and are comprehensive. However, the CRP notes that it would be appropriate to reflect long-standing and high-risk issues explicitly in the subsequent versions of the semi-annual EMR and SMRs.

B. Mitigation Action Plan

1. Mitigation Action Plan 1 – Assessment of Project-induced Impact

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
1	Environmental Impact Assessment and mitigation of project-induced impacts	<p>The Roads Department will prepare the initial environmental examination (IEE) for the Gudauri Access Road (Zakatkari–Seturebi section) and disclose it on the project and ADB websites.</p> <p>The IEE will include an assessment of induced impacts and mitigation measures in relation to the</p>	Completed. The IEE for Gudauri Access Road was disclosed on the project website (titled “Gudauri Access Road – under the Kvesheti-Kobi Road Project”).

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
		<p>connection established by the project between Gudauri and the Khada Valley. Due date: June 2023</p>	
		<p>The Roads Department will disclose on the project website the draft Khada Valley Development Plan, as submitted to MOESD for endorsement.</p> <p>The Khada Valley Development Plan will incorporate the findings of a strategic environmental assessment that addresses the project's induced impacts. Due date: December 2023</p>	<p>On-track. The KVCDP has been drafted along with the draft Strategic Environmental Impact Assessment and Priority Investment Program. Consultations have been held with local communities and civil society organizations on those draft documents. Additional consultations are being planned in October as part of the formal process for the preparation of the Khada Valley Development Plan (including land-use regulations). The plan will be submitted to MOESD for endorsement by the due date.</p>

44. **Findings.** The CRP notes that the Roads Department has prepared the initial environmental examination (IEE) for the Gudauri Access Road (Zakatkari–Seturebi section) and disclosed the same on the project website¹⁴ and on ADB website in March 2023.¹⁵ The CRP notes the ADB project team had accomplished this action ahead of the timeline.

45. On the KVDP, the CRP had meetings with the ADB project team and newly created the SUDA of the MOESD. The CRP gathered that the draft concept plan has been submitted and five stakeholder consultations have so far been held. The ADB project team also informed that the draft KVDP is being prepared in parallel and has reached an advanced stage. The stakeholder feedback obtained will be suitably incorporated in the draft KVDP, which is proposed to be submitted to SUDA/MOESD by December 2023. Discussions with SUDA revealed that the draft KVDP will have to follow the same procedure adopted for the concept plan in order to be finalized. This will include consultations with the other relevant ministries and with the communities. SUDA informed that the procedure will likely take up to May 2024, and endorsement from MOESD will be sought soon after.

46. The CRP also had discussions with selected community representatives regarding the KVDP and received positive feedback. One community representative indicated that he was in agreement with the main points of the concept plan that have been shared. Other community representatives are looking forward to providing their input in the forthcoming stakeholder workshop and are following the progress being made.

¹⁴ Government of Georgia. 2023. [Gudauri Access Road Initial Environmental Examination Under the North–South Corridor \(Kvesheti–Kobi\) Road Project](#). Tbilisi.

¹⁵ Government of Georgia. 2023. [North–South Corridor \(Kvesheti–Kobi\) Road Project: Gudauri Access Road Initial Environmental Examination](#). Tbilisi.

47. **CRP Conclusion.** The CRP confirms that this action is on-track and appreciates the follow-up efforts taken by the ADB project team on the KVDP. However, the CRP notes that the timeline for completing the draft KVDP and submitting to MOESD for endorsement is likely to require more time as per the SUDA's stated procedure. Also, once the KVDP is finalized, the CRP will verify whether the document incorporates the findings of the strategic environmental assessment that addresses the project's induced impacts. While progress towards compliance is being made, the CRP notes that there is a possible risk of delay.

2. Mitigation Action Plan 2 – Physical Cultural Resources Assessment and Mitigation of Impacts on Physical Cultural Resources

#	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
2.	Physical Cultural Resources (PCR) Assessment and mitigation of impacts on PCR	<p>The Roads Department will approve, through the construction supervision consultant, the updated cultural heritage management plans to be implemented by lot 1 and lot 2 Contractors.</p> <p>These plans will be prepared in line with ADB's SPS requirements and NACHP's recommendations (as set out in its second interim report and cultural heritage general action plan). The plans will include avoidance and mitigation measures for all project infrastructure within the physical and visual buffer zones of PCR, as defined in the Law on Cultural Heritage of Georgia and NACHP's 65 meters buffer from points of blasting.</p> <p>Due date: September 2023</p>	Completed. The cultural heritage management plans for lot 1 and lot 2 have been updated, approved, and submitted to the CRP.

48. The revised CHMPs of Lot 1 and Lot 2 contractors have been approved by the supervision consultant as per the due date of September 2023. The CRP confirms that the CHMPs include the NACHP's recommendations. These recommendations were earlier set out in its second interim report and the CHGAP and have since been consolidated in the final CHGAP.

49. The CRP also notes the following particular points:

- In specific, CHMP of Lot 1 covers all the 21 CH objects identified in the NACHP reports and 4 additional ones subsequently identified and, the CHMP of Lot 2 has 49 CH objects out of the 83 identified in the NACHP reports. The RD and ADB project team clarified that only 49 CH objects were within the 300 m buffer zone, and hence the remaining were not included.
- Both the CHMPs include avoidance and mitigation measures for all project infrastructure within the physical and visual buffer zones. Further, the CHMP outlines

the roles and responsibilities (Section 3)¹⁶ of the RD, NACHP, the contractors (and their specific staff) and the supervision consultant (and their specific staff) that provides the details of their tasks that include these management measures.

- Both the CHMPs include the applicable legislative requirements (Section 2), and the tasks for ensuring compliance are a part of the roles and responsibilities (Section 3) that has been outlined.
- Since all the cultural heritage objects are beyond 100m of the blasting sites, the NACHP requirement of 65m buffer zone has not been explicitly stated in the two CHMPs.

50. **CRP Conclusion.** ADB is in full compliance with the required actions. As the CHMPs were only very recently revised, the effectiveness of its implementation will only be evidenced in time. The CRP notes that effectiveness of the CHMP implementation along with the review of the PCR monitoring and tracking system will be undertaken during its subsequent monitoring.

3. Mitigation Action Plan 3 – Supervision of Physical Cultural Resources Sites

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
3	Physical Cultural Resources (PCR) Supervision of PCR sites	The Roads Department will develop and implement a system to track regular inspections of PCR sites within the project road's physical and visual buffer zones. The system will be aligned with contractors' cultural heritage management plans and para. 57 of ADB's SPS. Due date: September 2023	Completed. The PCR tracking system is up and running. A report describing the monitoring components and key features of the system was prepared and submitted to the CRP.

51. **Findings.** The CRP reviewed the PCR monitoring and tracking system documented the monitoring components and key features. The CRP notes the following:

- The system uses the NACHP survey as the foundation and therefore incorporates the authorized organization's understanding of the region's cultural heritage. Further, the project works in close collaboration with the NACHP and the various stakeholders to ensure that these cultural heritages are conserved in line with the national compliance requirements.
- The system includes an online map (<https://arcg.is/1CS0bj0>) that will serve as an innovative tool for the project team and stakeholders. As the system has just been established, the map provides links to additional information pertaining to each cultural heritage but not the monitoring reports as yet.

52. Discussions indicated that the two contractors and the supervision consultant are monitoring all the cultural heritage objects included in their respective CHMPs, which reflect the final CHGAP, through this monitoring and tracking system. Therefore, the CRP notes that this addresses the alignment with contractors' CHMPs.

¹⁶ Government of Georgia. 2023. [Kvesheti-Kobi Road Project - Public Information Website: Cultural Heritage Management Plan](#), Section 6.2 of the CHMP Lot 1 and Section 6 of the CHMP Lot 2. Tbilisi.

53. With regard to para. 57 of ADB's SPS, the CRP examined each of the requirements *vis-à-vis* cultural heritage objects and verified their adherence as follows:

No.	ADB Safeguard Policy Statement Para. 57 Requirements	Verification Remarks
(i)	Establish and maintain procedures to monitor the progress of implementation of safeguard plans	Monitoring and tracking system includes procedures, and this is linked with the CHMPs.
(ii)	Verify the compliance with safeguard measures and their progress toward intended outcomes	With the use of additional tools – tracking and monitoring system and the CHMPs, the dedicated staff and close collaboration with the NACHP, there is compliance to safeguard measures and progress made to conserve the cultural heritage objects.
(iii)	Document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports	Both the contractors and supervision consultant have documented the actions being taken; and the disclosure is done through the semi-annual reports.
(iv)	Follow up on these actions to ensure progress toward the desired outcomes	The tracking and monitoring system along with the CHMPs implementation are established to ensure progress toward the desired outcomes.
(v)	Retain qualified and experienced external experts or qualified NGOs to verify	Contractors and supervision consultant have separate qualified staff to explicitly deal with cultural heritage objects and associated issues.
(vi)	Monitoring information for projects with significant impacts and risk	As cultural heritage is a significant issue in the region, adequate monitoring is done at various levels.
(vii)	Use independent advisory panels to monitor project implementation for highly complex and sensitive projects, and	The project team with the support of an international CH specialist is closely collaborating with the NACHP.
(viii)	Submit periodic monitoring reports on safeguard measures as agreed with ADB.	There are weekly internal monitoring reports that include cultural heritage; and there are semi-annual monitoring reports.

Source: [ADB Safeguard Policy Statement](#), para. 57 and the Compliance Review Panel.

54. **CRP Conclusion.** As the PCR tracking system was established very recently, its appropriateness and effectiveness will only be evidenced in time. The CRP notes that the review of the PCR monitoring and tracking system will be undertaken during its subsequent CRP monitoring. The CRP also notes that this will need to be reviewed in tandem with the contractor's CHMP implementation.

4. Mitigation Action Plan 4 – Community Access to Land

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
4	Socioeconomic Impacts Community access to land	The Roads Department will (i) approve the detailed design for the two proposed underpasses near Zakatkari village and (ii) instruct the lot 2 to build them. The underpasses will secure continued community access to land on the Didveli plateau. Due date: September 2023	Completed. The Roads Department approved the detailed design and the construction of two underpasses near Zakatkari village at Km 7+600 (UP 7.6) and Km 7+900 (UP 7.9). Construction is ongoing and works will be limited to the existing right-of-way and will not involve any additional land acquisition. A social due diligence report for the construction of the two underpasses was prepared and disclosed on the project website (titled “Social Due Diligence Report for construction of two underpasses of Kvesheti-Kobi road”).

55. **Findings.** The CRP notes that the detailed design for the two underpasses was approved by the Roads Department in July 2023. A social due diligence report for the construction was also prepared and disclosed on project website on 19 September 2023.¹⁷ During its field visit, the CRP saw the two underpasses near the Zakatkari village, both of which were under construction. The CRP notes that these underpasses will allow continued access to land on the Didveli plateau not only for cattle, agriculture equipment, vehicles carrying hay and community members who pick nuts from the trees on the other side of the road. The ADB’s community liaison officer informed the CRP that the community is satisfied with these underpasses.

56. **CRP Conclusion.** ADB is in full compliance of this action and that this complies with the involuntary resettlement safeguards which require projects to address economic displacement which includes loss of access to assets.¹⁸

5. Mitigation Action Plan 5 – Assessment and Mitigation of Landscape Impact

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
5	Socioeconomic Impacts Assessment and mitigation of	The Roads Department will prepare an assessment of the project’s visual landscape impacts and associated mitigation measures and disclose it on the project website.	On-track. A mission was fielded by the EIA manager (internal environment consultant) in August to discuss the approach and

¹⁷ [Kvesheti-Kobi Road Project - Public Information \(kveshetikobiroad.ge\)](https://www.kveshetikobiroad.ge)

¹⁸ ADB. 2009. [Safeguard Policy Statement](#). Involuntary Resettlement Safeguards, Scope and Triggers. p.17.

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
	visual landscape impacts	The assessment will include spoil disposal sites and a compendium of photomontages at selected locations. Due date: December 2023	methodology with the Roads Department. The compendium of photomontages has been prepared.
		The Roads Department will approve, through the construction supervision consultants, the updated reclamation plans to be implemented by lot 1 and lot 2 contractors. These plans will address the project's visual landscape impacts, in accordance with para. 56 of ADB's SPS and the recommendations of the Khada Valley Development Plan. Due date: December 2023	On-track. A mission was fielded by the EIA manager (internal environment consultant) in August to discuss the approach and methodology with the Roads Department. A reclamation plan will be updated and approved by the due date.

57. **Findings.** The CRP notes that this assessment was not yet due and was informed that a field mission has been conducted by a consultant who has been mobilized for this task. CRP visited the current spoil disposal sites behind the Information Centre and in Didveli for Lot 2 and two sites in Kobi for Lot 1. CRP notes that the quantity of storage in the Didveli site was such that it will merge with the landscape after reclamation and the site behind the Information Centre will be used for road filling. With regard to Lot 1, as the net spoil quantities are large, the CRP notes that the final state of the spoil disposal sites will have to be done with proper technical assessment and planned taking into account community considerations. During the site visit, the CRP was also informed of the surface drainage management *vis-à-vis* the two spoil disposal sites at Kobi and that there were no community complaints at these sites.

58. **CRP Conclusion.** None.

6. Mitigation Action Plan 6 – Litter, Waste and Community Safety and Security

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
6	Socioeconomic Impacts Litter, waste, and community safety and security	The Roads Department will prepare a report on measures to mitigate risks related to waste, litter, and community safety and security during project road operation, in accordance with para. 56 of ADB's SPS. Due date: December 2023	On-track. A mission was fielded by the EIA manager (internal environment consultant) in August to discuss the approach and methodology with the Roads Department. A report will be prepared by the due date.

59. **Findings.** Discussions with the ADB project team revealed that a consultant has been mobilized to prepare this report on the measures related to mitigating risks related to waste, litter, and community safety and security. The CRP was also informed that the report is planned to be prepared by the due date.

60. **CRP Conclusion.** None.

7. Mitigation Action Plan 7 – Semi-annual Environmental Reports

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
7.	Access to Information Semi-annual environmental reports	The Roads Department will expand reporting of Contractors' noncompliance in the semi-annual environmental safeguard monitoring reports to reflect a picture of Contractors' environmental and social performance. Due date: January 2024	On-track. The semi-annual environmental safeguard monitoring report for the period January-June 2023 (being reviewed prior to disclosure) was expanded to adequately cover Contractors' environmental and social performance.

61. **Findings.** As this action is required by January 2024, the CRP only did a quick review of the semi-annual EMR and draft SMRs (January-June 2023). Although the SMR has not been disclosed at the time of this writing, these reports were found to be a comprehensive document that covered various aspects, which included a substantial expansion of the reporting of the contractors' noncompliance¹⁹ and also provided a picture of the contractors' environmental and social performance.²⁰

62. Discussions with the ADB project team revealed that the process of finalizing these semi-annual monitoring reports prior to disclosure was found to be cumbersome, and time-consuming. Further, the CRP was informed that approaches to reduce the time taken for disclosure are being examined.

63. **CRP Conclusion.** The CRP notes that the strengthening of the environmental and social monitoring was quite evident, and that the semi-annual reports were prepared in a thorough manner. As the same practice is being continued for the next semi-annual report, the CRP confirms that the actions taken are on-track.

8. Mitigation Action Plan 8 – Site and Topic Specific Management Plans

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
8	Access to Information Site- and topic-specific management plans	The Roads Department will (i) publish and maintain an up-to-date list of all site- and topic-specific EMPs on the project website (as set out in the EMPs for lot 1 and lot 2) and (ii) make them available upon request. Due date: June 2023	Completed. The list of all site- and topic-specific EMPs has been updated and disclosed on the project website (titled "List of SEMP Topic-Specific and Site-Specific Management Plans").

¹⁹ Government of Georgia. 2023. [North-South Corridor \(Kvesheti-Kobi\) Road Project: Environmental Monitoring Report \(January-June 2023\)](#), Sections 3-4, Tbilisi.

²⁰ Footnote 18, Section 7.

64. **Findings.** The CRP notes that the list of all site and topic-specific EMPs have been updated and disclosed on the project website on 16 June 2023.²¹ The document does not simply provide the listing but also explains what a SEMP is, what its purpose is and why they are needed. The CRP noted that the document also clearly states that hard copies of these SSEMPs and TSEMPs are available at the project campsites upon request to anyone who may be interested in reviewing them. This is in line with the Bank's Access to Information Policy.

65. On review of the various EMPs, the CRP finds that the method statement for the safe management of asbestos was not included. ADB Project team clarified that this was not found necessary as their review revealed that there was no asbestos either existing in the project locations or being used in the project activities. Therefore, the ADB Project team deemed that having a method statement for the safe management of asbestos was not necessary. The CRP accepted this explanation.

66. **CRP Conclusion.** ADB is in full compliance of this action. The CRP notes that access to information *vis-à-vis* the site- and topic-specific management plans have been provided. The CRP notes that it is required to periodically update the website with the latest versions of the various plans so that full access to information is provided to all the stakeholders. The CRP will verify the same in its subsequent monitoring.

9. Mitigation Action Plan 9 – National Agency for Cultural Heritage Preservation of Georgia Reports

No.	Finding of ADB Noncompliance	Description of Actions	Implementation Progress
9.	Access to Information NACHP reports	The Roads Department will disclose on the project website the NACHP's second interim report and cultural heritage general action plan and their respective annexes and appendixes. Due date: June 2023	Completed. These reports have been consolidated into one PCR report and disclosed on the project website (titled "NACHP Reports – Cultural Heritage General Action Plan").

67. **Findings.** As mentioned earlier in Section IV (A), RAP 1(a), the Roads Department had consolidated the PCR baseline data collected by the NACHP in its Second Interim Report of November 2020 and the CHGAP of July 2021 into the Cultural Heritage General Action Plan - Interim and Final Reports, Consolidated version, with all its annexes and appendixes. This consolidated report was disclosed on the project website on 16 June 2023. The CRP reviewed this consolidated version and found that it does contain the two reports with all their annexes and appendixes.

68. **CRP Conclusion.** ADB is in full compliance.

²¹ Government of Georgia. 2023. [Kvesheti-Kobi Road Project - Public Information Website](#). Tbilisi.

V. CONCLUSION

A. Remedial Action Plan

Action Item No.	Status of Compliance
Physical Cultural Resources	
1 (a). Baseline assessment of PCR Due date: June 2023	Full compliance. The baseline assessment of the PCR has been consolidated and disclosed.
1(b). Assessment and mitigation of cultural landscape impacts Due date: December 2023	On-track. The assessment of mitigation of cultural landscape impacts is being done through the Historic Cultural Reference Plan, which is to be endorsed by NACHP and has been used to inform the preparation of the Khada Valley Development Plan for implementation.
Socioeconomic Impact	
2. Temporary land take by works Contractors Due date: September 2023	Full compliance but effectiveness of implementation has to be evidenced. Guidelines on temporary land take have been developed and are being implemented.
Involuntary Resettlement	
3. Income and livelihood restoration Due date: June and September 2023	Full compliance with actions due in June. Time-bound livelihood restoration plan has been prepared, considered an integral part of the project LARPs and disclosed. Public consultations and information dissemination have been conducted. Actual measures identified under the LRP have started to be implemented with FAO support. The CRP looks forward to receiving the next progress report on this.
4. ADB Monitoring and Supervision Due date: September 2023	Partial compliance. Monitoring and supervision have been substantially strengthened. Long-standing and high-risk issues needs to be explicitly included and tracked through the semi-annual reports.

B. Mitigation Action Plan

Action Item No.	Status of Compliance
Environmental Impact	
1. Assessment and mitigation of project induced impacts Due date: June 2023 December 2023	Full compliance. To address the induced impacts, IEE for the Gudauri Access Road has been prepared and disclosed. On-track. Khada Valley Development Plan, progress is being made to integrate induced development considerations.
Physical Cultural Resources	
2. Assessment and mitigation of impacts on PCR Due date: September 2023	Full compliance. The cultural heritage management plans have been updated, approved and implementation has commenced.

Action Item No.	Status of Compliance
3. Supervision of PCR sites Due date: September 2023	Full compliance but effectiveness of implementation has to be evidenced. PCR monitoring and tracking system has been established with all its requirements and also includes an innovative online mapping.
Socioeconomic Impacts	
4. Community access to land Due date: September 2023	Full compliance. Two underpasses have been designed and constructed to provide community access to land to address economic displacement.
5. Assessment and Mitigation of visual landscape impacts Due date: December 2023	On-track. Assessments are being done to address visual landscape impacts and reclamation plans are being developed.
6. Litter, waste and community safety and security Due date: December 2023	On-track. Field work has been done and report is being prepared to address these issues.
Access to Information	
7. Semi-annual environmental reports Due date: January 2024	On-track. Substantial strengthening of the environmental and social monitoring is evident in the Jan-Jun 2023 report, and the same is expected to be continued.
8. Site- and topic- specific management plans Due date: June 2023	Full compliance. These management plans have been updated and disclosed.
9. NACHP reports Due date: June 2023	Full compliance. The NACHP reports have been disclosed as required.

VI. OBSERVATIONS AND RECOMMENDATIONS

69. The CRP makes the following observations for the consideration of the ADB project team:
- (i) Zakatari: Certain stretches of the road construction near the village are in very close proximity (about 25 meters) to the houses which are in poor condition. Therefore, construction practices should be planned so that the noise and the vibration impacts are minimal. Adequate vibration monitoring should be undertaken. It is particularly important to ensure that the community in Zakatari is not adversely affected due to construction-related impacts.
 - (ii) Air pollution: Discussions with all stakeholders revealed that the air pollution issue was inadequately addressed during the dry season. Even after considerable effort, only one additional water truck was added to the fleet, and this was not sufficient. Given that there are a few months before the next dry season, additional methods should be explored and included in the overall air pollution management. Some suggestions were made: (i) the use of benign additives to reduce the rate of water evaporation; (ii) the involvement of the community through awareness-building so that their vehicles adhere to speed limits; and (iii) planning for more watering trucks and/or considering intermediate water storage tanks to reduce the driving time for each individual truck to refill.

- (iii) Community safety and preparedness: Discussions with selected community representatives revealed that community safety is one of their concerns. In order to address their concerns, the contractors and the supervision consultant should engage with the community on the various measures being taken and different aspects that are being studied to ensure that abnormal or emergency events are avoided. Apart from the disturbances caused due to blasting, there are also significant changes in hydrology due to the road and tunnel construction. These can also potentially trigger abnormal or emergency events for which the community preparedness has to be built. Community engagement and the awareness-building will lead to increasing the confidence that community safety is being adequately addressed by the project.

Elisea Gozun

Chair, Compliance Review Panel

Vaideeswaran Sankaran

Part-time Member, Compliance Review Panel

Manila, Philippines
18 November 2023

REQUEST FOR COMPLIANCE REVIEW

Compliance Review Officer

ADB Compliance Review Panel

Manila, Philippines

Email: amcro@adb.org

Dear officer,

We would like to ask you to start the compliance review process, in order to ensure that the 23 kilometer Kvesheti-Kobi road project, a new section of the North-South Corridor, would be in compliance with the ADB's environmental and social standards and minimize the impacts of the project, that is on the early stage of construction.

The project causes implicit danger to the unique valley, well known as the valley of 60 towers, without proper safeguarding and mitigating impacts on cultural heritage and landscape, people's economic and social life, not bringing any traceable benefits for local communities.

Destruction of the Khada Valley and incomplete alternatives

Local communities have been vocal when asking the state Roads Department to find out the ways that would avoid the destruction of the Khada valley, its landscape and cultural heritage, that directly threatens the livelihood of the people. We have been asking that the highway avoids the valley and go alternatively through the neighboring valley (with almost no population and cultural heritage sites), or design other alternatives. That was explicitly stated during the public hearings in spring 2019, however, the project proponent never provides clear arguments for the final selection road route, including the

provision of alternatives. Opposing the claim that the major selection criterias for the alternatives were the geo-engineering assessment, neither the ESIA, nor any other documents published later, do not contain the full pledge analysis of the alternatives and reasons for their rejection, including the essential constructible alternative (a single tunnel from Kvesheti to Kobi, estimated length 15.5 km, versus 9 km tunnel proposed in the project), as well as “No-project” alternative essentially not considered and discarded outright. Meanwhile, we heard numerous concerns regarding geological and seismological safety from the local community members and experts during the consultation period.

Therefore, we consider that it's important to ensure that all alternatives are properly studied and disclosed to the public. Also the project documentation does not specify all necessary details, including the detailed route,, so that the project implementation should be on hold while all the mitigation and safeguard measures would not be in place.

Impact on livelihood and local benefits

The project claimed that it will bring prosperity to the region and according to the project documentation, one of the major beneficiaries is the local population. It is expected that the incomes of the local population will increase, as the project will make it possible to use the local road and the newly established Khada Valley Visitor Centre during all seasons. However, in general, for the local benefits from 558 mln USD projects benefits for locals are more than modest. The project even not clearly addresses the need

to ensure the internal four season road within the Valley that would be functional and easily accessible for villagers, while a new highway may even prevent accessibility of the people towards their own lands.

According to the project and follow up communications, “the EIA considered all types of Project-related impacts during construction and operation (noise, vibration, air quality, biodiversity...) and their relevant functional boundaries. As set out in the EIA, air quality and noise modelling established that traffic utilizing the road would not cause significant noise and air pollution above national or international standards.” However, the lack of proper baseline studies for noise and air pollution and considering the impacts during the exploitation phase presented by ESIA does not bring any confidence. e.g. despite the claims that IFC standards for air quality would be applied, in baseline study the air pollution monitoring was done in line with Georgian standards, and only for very few sites. Vibration was not also measured in the valley, instead of identifying and mitigating risks of the vibration in Khada, EIA states: “At this point, it is difficult to accurately calculate the extent to which the vibration exceeds the allowable limit.” Air quality management and Noise pollution prevention action plans have been transferred as the obligations to the project constructor. It raises questions, especially on the background of the non-existence of proper legislation on noise pollution. Therefore, during the construction and later exploitation phase, for some communities the noise and air pollution level may be higher than WHO given standards. This would definitely deteriorate the livelihood of the locals.

The ESIA only addresses the needs and impacts of people directly affected by the project in some villages (Tskere, Kobi, Kvesheti, Arakhveti, Zakatkari, Beniani, Begoni, Sviana, Rostiani and Mugure) of the Khada Valley; it does not address the wide array problems (pollution, noise, intensification of traffic flows, etc.) that all of the project-affected communities will face, including those of villages not listed here (see below). Furthermore, the report does not assess the socio-economic and gender impact of the project on the communities within the project area during construction and exploitation, including the impact of the workforce. The study also poorly addresses the direct impact of land acquisition on project-affected

It should be noted that several of villages in Khada Valley are not considered 'affected' in the project documents, although there are plans for additional infrastructure that impacts those villages. The response from the ADB and EBRD confirms that the project documentation does not include the environmental and social impacts of these activities or risk reduction plans for the road of Gudauri. "The existing track from Zakatkari to Gudauri will be temporarily improved during construction to enable access to spoil disposal sites and for other construction purposes subject to all necessary EMP requirements. Specific method statements will be prepared by the works contractors for all temporary roads, which will then be reviewed and approved by the Construction Supervision Consultant and RD before commencement of works. As indicated in the EIA (Section B.5.4) and during earlier consultations, the existing track to Gudauri is envisaged to be made into a permanent road in the future. Prior to that, the potential social and environmental impacts associated with the road will be studied further and additional consultations will be held with relevant stakeholders. The same approach will be followed for the proposed visitor center. Thereafter, the EIA and LARPs for the road section will be updated accordingly with property valuations that reflect current market value for land and replacement cost of non-land assets." Therefore, it looks like that while Gudauri road is considered to be permanent, it is not considered as a part of the project and all activities are postponed for an undefined future.

ESIA claims that local households' income would increase through the development of the touristic opportunities and local employment opportunities. However, the amount of local workforce that would be obligatory for the company is not specified.

In addition, the local touristic companies express their concerns as they consider that the new road will reduce the touristic opportunities within the valley due to increased noise, pollution and other construction and exploitation risks. The touristic companies never have been part of the project review, that comes clear from their statements.

Besides, when asked about long term development of the Khada valley, surprisingly it comes out that only now project sponsor, the Ministry of the Regional Development and Infrastructure, "requested ADB's assistance to help develop a plan for sustainable land-use in the Project area, which will be prepared in coordination with all relevant stakeholders. Specific attention will be paid to preserve nature based and cultural heritage values, and to improve women's access to social services and economic opportunities. The findings of this plan will also determine the concept of tourism development and the potential visitor center development, with the aim of maximizing benefits for local community members and supporting sustainable tourism value"¹. How in that case the project claims that it will bring increased incomes from tourism when even the concept was not developed? How would the project respond if the newly developed sustainable land use plan will require certain changes in highway design?

All above mentioned are concerns of the local community members, alongside with the fact that the project does not address any aspect of the social-economic problems that Khada valley communities are experiencing, including absence of kindergarten, school, ambulatory and etc. Investing around half a billion USD and not ensuring even 1% for local communities' livelihood improvement is an absolutely unacceptable practice.

The lands compensation process in public registry is still problematic, while there is a lack of information about the rights of the people (including existence of the project grievance mechanism, IFI's accountability mechanisms and etc.) that are affected in different ways - loss of the lands, potential damages of houses during the construction work, air and noise pollution, geological safety and etc. All those issues still are the subject of the concerns for locals. Despite the assurances from EBRD and ADB that the land compensation process goes in line with their own standards, on the ground people are forced to fight to protect their rights. One of the clear examples is the property valuation. The prices for 1 sq.m raised from 5,60 GEL (1,80 USD 2019) to 16-22 GEL (5-7 USD 2020), however still the proposed price was not negotiated with owners.

Problems of project design and impact on cultural heritage

The quality analysis of ESIA, done by the independent expert, confirms our concerns regarding the project's impact on nature and livelihood.

The EIA clearly "postpones" numerous critical decisions from the EIA stage to the construction stage and therefore it does not get under the proper approval by environmental decision-making statutory authority. That includes issues such as the road from Gudauri, soil disposal, asphalt plants, that left to

¹ Extract from EBRD, ADB consolidated answer from 25.09.2020

construction company remits. In numerous cases, the ESIA defines some activities as recommendations, rather than mandatory requirements. The issue of the disposal of 2 mln cubic meter soil is one of the most important issues for our safety, and while the project promoter starts to work, there is no clear answer how it plans to address this very particular issue. The numerous proposals we occasionally hear from the project company on allocation of the disposal on slopes, even more raises our concerns.

The project ESIA describes the cultural heritage that may be severely impacted but not mitigates it. The analysis and measures taken for cultural heritage protection raise lots of questions. E.g. ESIA claims that all cultural heritage was avoided during the selection of the route, but does not explain how it would do that. e.g. it claims that Begoni tower will not be impacted as it is already ruined. The lack of the proper assessment that has been well proved by the follow up process, developed during the pre-construction phase.²

The latest acknowledgements from the ADB side, states that based on the concerns of local communities, as well as Green Alternative, in order to ensure cultural heritage protection all measures have been undertaken, including feasibility study, identification of the cultural heritage, consultations and so on. Based on it, six residual cultural heritage sites are located within 50m of the project road's right of way and for these sites and some other sensitive areas mitigation measures have been developed. However, the same time from the letter becomes clear that there will be prepared two management plan; The first one a Cultural Heritage Management Plan (CHMP) that should be developed by the project works contractor, and second a Cultural Heritage General Action Plan (CHGAP) will be developed by Georgia National Agency for Cultural Heritage Preservation with support of International experts. The moves are welcomed, but as the project promoter already started to do work, there is a danger that in some cases mitigation activities will be developed very late, and/or would be not possible at all to reroute the project if needed. Therefore, it is important to ensure the transparency of the process, publicly declare the composition of the working group, Terms of Reference, organise the open discussions around the Action Plans through involvement of different stakeholder groups (NGOs, experts etc).

It's also important to notice, that the major restrictive factor for the alternatives were the mountainous terrain followed with geological instability and climate fragility, however, in the project EIA for construction of "climate resilient road" that claimed to represent the "adaptation" measures, fails to address how it responds to the increased extreme weather events, the landslides, mudflows, rockfalls and avalanches, that will also affect the newly designed road. The ESIA document also does not address the question, whether various seismic processes will be activated due to the project construction and exploitation process or not.

The quality of ESIA

The analysis of ESIA, which forms the basis for environmental and construction permits under national legislation and of the ADB ESIA, shows that its quality is extremely poor. It does not contain important pieces of information needed for proper understanding of the project impacts that leads towards poor mitigation results. Along with a deficiency of baseline studies, ESIA and its related publicly available materials do not contain sufficient justification of the project, including proper cost-benefit analysis that is required by Georgian Environmental Assessment Code. Even mitigation measures and additional

² Uncertainties with permitting on the National level is described in the publication.

infrastructure due the project implementation (for example, allocation of Russia-Armenia gas pipelines) are not properly budgeted.

Correspondence with ADB staff and project

Please find attached correspondence

GA letters and responses to ADB

Letter to Director General Mr. Werner Liepach CC: Deputy Director General Mr. Nianshan Zhang
Central and West Asia Department Asian Development Bank, 4 September 2020

Letter to Director General Mr. Werner Liepach CC: Deputy Director General Mr. Nianshan Zhang
Central and West Asia Department Asian Development Bank, September 6 2019

Letter to ADB local office, March 31, 2020

Letters from local citizens

- Letter from local citizens August 1, 2019, sent to project leader Mr. Kamel Bouhmad, submitted also to ADB accountability mechanism,
- November 18, 2019, to Mr. Werner E. Liepach; Mr. Jesper Klindt Petersen; Mr. Dong Soo Pyo; Numerous letter and communication were held between local communities and project unit both in Khada valley as well as in Tbilisi

Additional information

Brief for ADB AGM 2019, Green Alternative

Experts Opinion on Kvesheti Kobi Road 2019

Report on Kvesheti-Kobi 2020, Green Alternative

Petition,

ESIA quality analysis, M.Gvilava, Georgian language

What we ask:

Based on the above mentioned, we would like to ask you to study the project impact on the environment and its compliance with the safety standards of the ADB, what impact the project will have on our livelihood and quality of life, and what should be relevant measures to address them.

Please, protect confidentiality of the local community signatories, in order to avoid pressure from the governmental structures. Meantime, we would like to give the representation authority regarding the complaint to the Chairman of the Association Green Alternative, Manana Kochladze and Green Alternative social & environmental programs expert, Mrs. Mariam Devidze. (see annex 1).

**FINAL REPORT ON COMPLIANCE REVIEW PANEL REQUEST NO. 2021/1 ON THE
NORTH-SOUTH CORRIDOR (KVESHETI-KOBI) ROAD PROJECT IN GEORGIA
(ASIAN DEVELOPMENT BANK LOAN 3803)**

**TABLE 5. FINDINGS OF NONCOMPLIANCE AND HARM, AND
ASSOCIATED MANAGEMENT REMEDIAL ACTIONS**

Topic	Finding of ADB Noncompliance	Finding of Harm? (Yes/No)	Management Remedial Actions (Required^a/Suggested^b/No Action^c)
1. Environmental Impact			
1.1 Environmental Impact Assessment Study Area and Project Components	The CRP finds ADB noncompliance with its pre-Board approval due diligence and review responsibilities under para. 56 of the SPS, to ensure adequate consideration in the Final EIA of induced impacts relating to the connection established by the Project between Gudauri and the Khada Valley, as required by Environmental Safeguards Policy Principle 2 of the SPS. (See para. 71.)	No	Action Suggested
2. Air, Noise and Vibration			
2.1 Air	The CRP finds ADB noncompliance with its pre-Board approval due diligence and review responsibilities, under para. 56 of the SPS, to ensure inclusion in the Final EIA of adequate baseline data with regards to air quality in the project area in accordance with relevant provisions in paras. 5 and 9, Appendix 1 of the SPS. (See para. 89.)	No	No Action
2.2 Noise	The CRP finds ADB noncompliance with its pre-Board approval due diligence and review responsibilities under para. 56 of the SPS, to ensure inclusion in the Final EIA of adequate baseline data with regards to noise in the project area in accordance with relevant provisions in paras. 5 and 9, Appendix 1 of the SPS. (See para. 103.)	No	No Action
3. Physical Cultural Resources (PCR)			
3.1 Pre-Board Approval	ADB's pre-Board approval due diligence fell short of the standard required of it under the SPS para. 56. ADB did not confirm prior to Board approval that all key potential environmental impacts and risks of the Project were identified; or that measures for avoidance, minimization, and mitigation of adverse impacts to PCR were adequately	Yes	Action Required

Topic	Finding of ADB Noncompliance	Finding of Harm? (Yes/No)	Management Remedial Actions (Required ^a /Suggested ^b /No Action ^c)
3.2 Post-Board Approval	<p>incorporated into safeguard plans and project design; as it was required to do by para. 56 of the SPS. In particular, ADB did not ensure: (i) that the assessment process was based on appropriate baseline data on PCR in accordance with para. 5 of Appendix 1 of the SPS and that the EIA included comprehensive baseline data in accordance with para. 9 of Appendix 1 of the SPS; and (ii) that the EIA's assessment of landscape impacts and their avoidance and mitigation reflected the integration of landscape in the PCR provisions of the SPS by means of the definition of PCR provided in footnote 13, para. 45, Appendix 1 of the SPS. In consequence, ADB was not in a position to assure itself that the level of detail and comprehensiveness of the Final EIA was commensurate with the significance of the potential impacts and risks with respect to PCR as required by Annex 1 to Appendix 1 of the SPS (See para. 216).</p> <p>Following Board approval, ADB did not comply with its monitoring and supervision responsibilities under para. 58 of the SPS in two respects:</p> <p>(i) It did not ensure in the period following Board approval that there was adequate assessment and mitigation of potential adverse impacts on PCR as required by Principles 2 and 4 of the Environmental Safeguards of the SPS in light of the findings of the additional work conducted by the NACHP and GeoGraphic in the course of project implementation (See para. 219.)</p> <p>(ii) It did not supervise the Project in such a way as to ensure that steps taken to address the risks to PCR from adverse construction impacts reflect the hierarchy set out in Principle 4 of the SPS Environmental Safeguards. (See para. 220.)</p>	<p>No</p> <p>No</p>	<p>Action Suggested</p> <p>Action Suggested</p>

Topic	Finding of ADB Noncompliance	Finding of Harm? (Yes/No)	Management Remedial Actions (Required ^a /Suggested ^b /No Action ^c)
4. Socio-economic Impacts and Project Benefits			
4.1 Adverse social impacts	<p>Regarding identification and mitigation of adverse social impacts, the CRP finds ADB noncompliance with its pre-Board approval due diligence and review responsibilities under para. 56 of the SPS as it failed to ensure, as required by Principles 2 and 4 of the SPS Environmental Safeguards, that the Final EIA and its EMP:</p> <ul style="list-style-type: none"> (i) identified and effectively mitigated risks of adverse social impacts arising out of negotiated land acquisition by the contractors; (ii) provided for adequate mitigation of adverse impacts associated with reduced community access to some areas of land; (iii) went beyond simplistic assertions regarding the project's visual impacts to identify the wider social implications of the Project's landscape impacts; and (iv) provided for adequate identification and mitigation of adverse operational phase social impacts, particularly those regarding litter and waste and community safety and security. <p>These four (4) sets of omissions meant that ADB was not in a position to confirm prior to Board approval that all key potential social impacts and risks of the Project were identified; and that measures for avoidance, minimization, and mitigation of adverse impacts were adequately incorporated into safeguard plans and project design; as it was required to do by para. 56 of the SPS. (See paras. 264-265.)</p>	<p>Yes</p> <p>No</p> <p>No</p> <p>No</p>	<p>Action Required</p> <p>Action Suggested</p> <p>Action Suggested</p> <p>Action Suggested</p>

Topic	Finding of ADB Noncompliance	Finding of Harm? (Yes/No)	Management Remedial Actions (Required ^a /Suggested ^b / No Action ^c)
4.2 Positive impacts and benefits	<p>The CRP finds ADB noncompliance with its responsibility under OM section C3 <i>on Incorporation of Social Dimensions into ADB Operations</i> to ensure that in the pre-Board-approval social analysis of the Project, measures were formulated with implementation arrangements to maximize the social benefits of the Project. (See para. 312.)</p> <p>In the period since Board approval, the CRP finds ADB noncompliance with its responsibility under para. 6(iii) of OM section C3/BP to ensure that the project design maximizes the Project's social benefits. (See para. 314.)</p>	Not applicable: para. 187 of the AMP relating to "unfulfilled expectations" applies to both findings.	No Action
5. Gender			
5.1 Operational phase gender impacts	The CRP finds ADB noncompliance with its due diligence and review responsibilities under para. 56 (i) and (ii) of the SPS with respect to reflection of gender dimensions of operational phase impacts in the borrower's Final EIA and its EMP as required by Principles 2 and 4 of the SPS Environmental Safeguards. (See para. 344.)	No	No Action
5.2 Enhancing positive gender impacts	The Final EIA refers to contextual challenges faced by affected people regarding issues including access to roads, public transport, and other services. Gender dimensions of these issues are clearly highlighted in ADB's Gender and Social Analysis Report but have not been carried through into the borrower's Final EIA. ADB did not seek to ensure that the Final EIA recorded and addressed them to explore opportunities for the Project to enhance positive gender impacts, as required by Policy Principle 4 of the SPS Environmental Safeguards read in conjunction with para. E of the Annex to Appendix 1 of the SPS. Accordingly, the CRP finds ADB noncompliance with its due diligence and review responsibilities under para. 56 of the SPS regarding preparation of the EIA. (See para. 346.)	Not applicable: para. 187 of the AMP relating to "unfulfilled expectations" applies.	No Action
6. Involuntary Resettlement			

Topic	Finding of ADB Noncompliance	Finding of Harm? (Yes/No)	Management Remedial Actions (Required ^a /Suggested ^b / No Action ^c)
Income and Livelihood Restoration	The CRP finds ADB noncompliance with its pre-Board approval due diligence and review responsibilities under para. 56 of the SPS for: (i) failing to ensure provision of adequate allowances for livelihood restoration; and (ii) failing to ensure provision of non-cash assistance for income or livelihood restoration and improvement under the LARPs, contrary to paras. 12 and 21 of Appendix 2 of the SPS Involuntary Resettlement Safeguards. (See para. 392.)	Yes	Action Required
7. Access to Information			
	<p>The CRP has not seen sufficient evidence of action by ADB to ensure that the EMRs reflect an adequate picture of the contractors' environmental and social performance. The CRP finds ADB noncompliance with its review and monitoring and supervision responsibilities, under para. 58 the SPS, to ensure that the disclosed EMRs are consistent with the SPS requirement for disclosure of relevant and adequate information. (See para. 440.)</p> <p>From the CRP's analysis, the SEMP, SSEMP, and TSEMP are project safeguard documents which are needed to meet the requirements of the SPS. They thus fall within the scope of para. 71 of the SPS, para. 15 (ii) of the AIP, and Annex 3 of OM section L3 and are subject to public disclosure by ADB. The CRP finds ADB noncompliance with its responsibility to disclose project safeguard documents under para. 71 of the SPS, read in conjunction with para. 15 (ii) of the AIP and Annex 3 of OM section L3. (See para. 445.)</p> <p>Since the NACHP's work is meant in part to address the shortcomings of the baseline assessment of PCR in the EIA and has according to ADB Management's comments on the draft of this Report been prepared in compliance with SPS requirements, the CRP is of the view that the NACHP's Second Interim Report and the CHGAP form part of the Project's</p>	<p>No</p> <p>No</p> <p>No</p>	<p>Action Suggested</p> <p>Action Suggested</p> <p>Action Suggested</p>

Topic	Finding of ADB Noncompliance	Finding of Harm? (Yes/No)	Management Remedial Actions (Required ^a /Suggested ^b /No Action ^c)
	safeguard documents. They thus fall within the scope of the SPS, para. 15 (ii) of the AIP, and Annex 3 of OM section L3 and are subject to public disclosure by ADB. The CRP finds ADB noncompliance with its responsibility to disclose project safeguard documents under para 71 of the SPS, read in conjunction with para. 15 (ii) of the AIP and Annex 3 of OM section L3 with regard to the nondisclosure of the NACHP's key final outputs. (See para. 447.)		
8. Monitoring and Supervision			
	The CRP is not satisfied that supervision actions taken by ADB have been commensurate with the Project's risks and impacts and finds ADB noncompliance with SPS, para. 58 (iv). (See para. 463.)	Yes	Action Required

ADB=Asian Development Bank, CRP=Compliance Review Panel, EIA=environmental impact assessment, EMP=environmental management plan, EMR=environmental monitoring report, NACHP=National Agency for Cultural Heritage Preservation of Georgia, OM=Operations Manual, SPS=Safeguard Policy Statement, PCR=physical cultural resources.

Notes:

- ^a "Required Action" means remedial actions under para. 190 of the Accountability Mechanism Policy 2012 (AMP) that are required to be prepared by the Management for this project.
- ^b "Suggested Action" refers to remedial action that is not required under para. 190 of the AMP, but is nonetheless suggested by the CRP for inclusion alongside the Management Remedial Actions to address a corresponding remaining risk of direct and material harm.
- ^c "No Action" means no remedial action by the Management is required or suggested because (i) ADB's noncompliance has not caused direct and material harm to affected people; and/or (ii) future harm is not likely and is therefore not 'reasonably certain', in the language suggested by the February 2019 OGC guidance; and/or (iii) in the case of findings on positive impacts and benefits in section 4.2 and on enhancing positive gender impacts in section 5.2, the CRP is not mandated to make a finding of harm because para. 187 of the AMP relating to "unfulfilled expectations" applies.

Source: Compliance Review Panel.

LIST OF PERSONS MET DURING THE MONITORING

The Compliance Review Panel (CRP) met with the following persons within and outside the Asian Development Bank (ADB) during its final monitoring mission for the Project. This list may not be exhaustive as it does not include persons who requested their identities to be kept confidential.

Ministry of Regional Development and Infrastructure-Roads Department (MRDI-RD)

1. Ms. Salome Tsurtsunia, Deputy Chairman
2. Mikheil Ujmajuridze, Head of Environmental and Social Issues Division
3. Luiza Bubashvili, Environmental Safeguards Consultant, ADB Projects
4. Rusudan Gholijashvili, Environmental Safeguards Consultant, ADB projects

National Agency for Cultural Heritage Preservation of Georgia (NACHP)

1. Nino Geloshvili, First Deputy General Director
2. Paata Gafriendashvili, Deputy General Director
3. Tamar Ketiladze, Acting Head of UNESCO and International Relations

Spatial and Urban Development Agency (SUDA)

1. Ioane Menabde, Head of SUDA
2. Irakli Chumburidze, Head of Legal, Normative and Academic Programs Department

Complainants

1. Complainant from village Benian-Begoni,
2. Complainants from village Bedoni
3. Complainants from village Mleta (on main road opposite 1st tunnel)
4. Complainants from village Tskere
5. Complainant from village Zakatkari

NGO

1. Manana Kochladze, Green Alternative
2. Mariam Devidze, Green Alternative
3. Peter Nasmyth, The National Trust of Georgia