

GEORGIA URBAN ENERGY LTD



PARAVANI HYDROPOWER PROJECT

**ENVIRONMENT AND SOCIAL IMPACT ASSESSMENT REPORT
LAND ACQUISITION AND COMPENSATION
PLAN**

Prepared by SRF Gamma

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TITLE PAGE

Project Title: PARAVANI HYDROPOWER PROJECT

Document Title: Transmission Line Land Acquisition and Compensation Plan

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Glossary of Terms

| | |
|---|---|
| Affected Person (or household) | People (households) affected by project-related changes in use of land, water or other natural resources |
| Direct impact | When privately owned land parcels are physically affected by the project |
| Compensation | Loss reimbursement for the Project affected persons; Cash payment or in-kind compensation in the due amount in return for the loss of assets (property), resources or income |
| Expropriation | Process whereby a public authority, usually in return for compensation, requires a person, household, or community to relinquish rights to land that it occupies or otherwise use |
| Land parcels under project impact | When only privately owned land parcels are physically affected by the project activities |
| Land parcel with residential house attached under the project impact | When privately owned land parcels as well as residential houses are physically affected by the project activities and require demolition of the house |
| Land parcel with supplementary structure under impact | When privately owned land parcels as well as any non-residential and non-commercial structures are physically affected by the project activities and may require demolition of the residential house as well |
| PS 5 | IFC's Performance Standard 5: Land Acquisition and Involuntary Resettlement (2006), which embodies the basic principles and procedures that underline IFC's approach to involuntary resettlement, associated with its investment projects |
| PR 5 | EBRD Environmental and Social Policy – Policy Requirements (PR) which embodies the basic principles and procedures that underline approach to involuntary resettlement, associated with its investment projects. PR 5 - Land Acquisition, Involuntary Resettlement and Economic Displacement |
| Resettlement | Term – “Resettlement” considers alienation of land parcels and/or physical relocation (moving to other place) of households being appeared within the project affected area |
| Land Acquisition | Term refers to the process whereby a person or entity is compelled by a public agency to alienate all or part of the land a person or entity owns or possesses, to the ownership and possession of that agency for public purpose in return for a consideration. According to EBRD's 2008 Environmental and Social Policy (EBRD 2008), “Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition or restriction of access to natural resources” |
| Income restoration | Re-establishing income sources and livelihoods of people affected |
| Involuntary resettlement | Development project results in unavoidable resettlement losses that people affected have no option but to rebuild their lives, income and assets bases elsewhere. |
| Relocation | Rebuilding housing, assets, including productive land, and public infrastructure in another location |
| Replacement rates | Cost of replacing lost assets and incomes, including cost of transactions |
| Resettlement effects | Loss of physical and non-physical assets, including homes, communities, productive land, income-earning assets and sources, subsistence, resources, cultural sites, social structures, networks and ties, cultural identity, and mutual help mechanisms. |
| Resettlement plan | A time-bound action plan with budget setting out resettlement strategy, objectives, entitlements, action, responsibilities, monitoring and evaluation |
| User | Physical person not registered as the owner at the Public Register, or holding the right to use the land |

Farmland Land being used for growing crops or animal husbandry, and land that could be used for those purposes. (Law on Payment of Substitute Land Reclamation Cost and Damages in Allocating Farm Land for Non-Farming Purposes Article 2, definition (a))

Vulnerable groups Distinct group of people who might suffer disproportionately from resettlement effects

Abbreviation

| | |
|--------------|--|
| AP | - Affected People |
| EBRD | - European Bank for Reconstruction & Development |
| ESIA | - Environmental and Social Impact Assessment |
| GoG | - Government of Georgia |
| IFC | - International Finance Corporation |
| NAPR | - National Agency for Public Registry |
| NGO | - Non Government Organisation |
| PAP | - Project Affected People |
| LACP | - Land Acquisition & Compensation Plan |
| ROW | - Right-of-Way |
| GUE | - Georgian Urban Energy |
| MOESD | - Ministry of Economy and Sustainable Development of Georgia |
| MOE | - Ministry of Environment |

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1. INTRODUCTION

Georgia Urban Energy (GUE) Ltd. has been assigned as the privileged investor for construction of the Paravani HPP and related transmission infrastructure in the framework of the agreement signed between the Georgian Government and the company.

The project is located in three municipalities (Aspindza, Akhaltsikhe and Akhalkalaki) of Samtskhe-Javakheti region. The main structures include intake, tunnel, penstock, power station with tailrace, substation and transmission line from the project substation near Khertvisi to new substation in Zikilia.

Implementation of the hydropower component will not cause physical/economical resettlement; however, limited land acquisition will be necessary for the construction of the transmission line.

Impacts along the transmission line will entail acquisition of 104 land plots (102 state and 2 private) with total area 10,187 m² – 76 plots in Aspindza, 28 in Akhaltsikhe. Affected plots are divided in terms of tenure type as follows:

- **Category 1.** Two privately owned land plots - 98 m² and 65m². These land plots are subject to full compensation.
- **Category 2.** 16 land plots being used illegally. GUE will compensate any damage caused by the project.
- **Category 3.** 86 state-owned land plots of 9861m². These land plots are not subject to compensation.

None of the households in the project area is severely affected.

Permanent use.

Towers will be constructed on 2 plots owned by private land owners, leading to the permanent loss of land.

In total in Aspindza municipality 7,426 m² will be acquired for permanent use

| Type | Area, m ² |
|--------------|----------------------|
| Private | 65 |
| State | 7361 |
| Total | 7426 |

In Akhatsikhe municipality the area to be acquired totals 2,761 m²:

| Type | Area, m ² |
|--------------|----------------------|
| Private | 98 |
| State | 2663 |
| Total | 2761 |

Area of the land plot to be acquired depends on the type of the tower to be installed which varies from around 66 to 180 m².

| Tower type | Required area, m ² |
|------------|-------------------------------|
| ΠC220-6 | 65.61 |
| Y 220-1 | 84.64 |
| Y 220-1+5 | 114.49 |
| Y 220-1+14 | 179.56 |

Acquisition of the land will translate into the loss of not more than 10 % of the total area per plot owned by the land holder.

Temporary use.

The line will cross the state owned land with some illegal users. Currently there are 16 households using the land without authorization, who will lose temporary access to land during the construction process. The sizes of these plots range from 200 to 550m². Share of the temporarily affected plots in total area owned by the households is 10-15% in average. The plots are not in regular use.

GUE will compensate loss of harvest and/or any damage caused by the project to the users notwithstanding their legal status (except for the state owned plots which are not entitled for compensation).

Objective of the report

The objectives of this report is to provide a plan for land acquisition/compensation to enable reduction of the negative impact of construction/operation of the transmission line on the project affected persons and households (AP and AH).

The LACP presents a strategy of land acquisition/compensation; provides a plan for implementation of the stated strategies; to ensure timely acquisition of assets, payment of compensation and delivery of other benefits to project affected persons. Implementation of the plan is to enable the affected persons to improve and/or maintain their income level and living standard from pre-project level.

This policy applies to all eligible APs.

1.1. Project Description

The project is being implemented in two stages:

- hydropower plant component - the project is being implemented in two municipalities - Akhalkalaki (intake facilities) and Aspindza (hydropower station and substation), Samtskhe-Javakheti region of Georgia;
- 220kV transmission line connecting the Paravani HPP to the substation in Akhaltsikhe. The project is being implemented in two municipalities – Aspindza (HPP site/substation, start of the transmission line) and Akhaltsikhe (end of transmission line), Samtskhe-Javakheti region of Georgia.

Stage 1 – Hydropower Plant (HPP) component

Separate Environmental & Social Impact Assessment, Stakeholder Engagement and Environmental and Social Management Plans have previously been developed for the hydropower component. These documents are available on the GUE, IFC and EBRD websites in English and Georgian. Construction is well underway on the hydropower component.

Stage 2 - Transmission line component

Construction of a 33 km long high voltage (220 kV) transmission line connecting the HPP to the national grid. The line will start from the power house/switchyard, will go up the ridge dividing the Paravani and Mtkvari gorges, run along the left slope of the Paravani, cross the Paravani River, go up the right slope of Paravani gorge, run between Saro, Khizabavra villages, parallel to the existing transmission line Vardzia-110 up to Aspindza. From there, up to village Agara it will run parallel to an

existing 500 kV transmission line. Near Agara, the line will turn and connect to the existing Akhaltiskhe substation.

A total of 104 towers will be installed. The planned location of the transmission line is given in Figure 1.1.2.

In addition, a total of 28.8 km of temporary roads will be needed for construction of the transmission line, about 277 m for each of the 104 towers. To the extent possible, existing roads will be used.

Activities, which may affect people if they are not carefully designed and implemented include:

- Clearing a corridor 63.2 meters (2L+D, where L is the width of the right of way (25m each side of the centreline for 220kV line); D - distance between the outermost cables) wide for the right-of-way and maintaining the corridor in all sections. In forested areas, trees would be cut so they could not touch or fall on the line. Construction would require clearing an area for vehicles and equipment to use in installing concrete foundations and steel towers,
- Constructing concrete foundations and installing 104 towers, of them 59 intermediate (IIC220-5) and 46 corner (Y220-1; Y220-1+3; Y220-1+5; Y220-1+14; Y330-2) towers. Maximum height of the metal structure of the tower is 41m (IIC220-5). Each foundation, depending on the tower type is about 5x5 meter or 5.2x5.2 meter square,
- Clearing and maintaining roads to allow vehicles and equipment to drive to tower locations, initially for construction or reconstruction and then for line maintenance and repairs. Roads will not be paved or covered in gravel. Instead, vehicles will travel across unimproved ground. In some steep areas, helicopters may be used if heavy equipment cannot carry towers to where they will be raised.
- Stringing the conductors (placing wires between towers) along the entire line. This would involve unrolling conductor wire from truck-mounted equipment and raising it to towers. When heavy equipment cannot cross steep or rugged terrain, helicopters may be used for stringing the conductors.
- Maintaining the 63.2-meter-wide transmission line corridor. This would involve clearing or cutting back vegetation every few years and cutting trees every 10-25 years where appropriate. It would also involve more frequent access for detailed inspections, perhaps every 5-10 years.

The nearest settlements along the proposed transmission line route:

Table 1.1.2.

| Settlement | Distance, m | Population |
|--|-------------|------------|
| Aspindza municipality | | |
| Aspindza | 0 | 3243 |
| vil.Damala | 1080 | 1984 |
| vil.Idumala | 300 | 386 |
| vil.Oshora | 370 | 637 |
| vil.Saro | 310 | 237 |
| vil.Khrtvisi | 470 | 203 |
| vil.Gelsunda | 940 | 81 |
| vil.Khizabavra | 390 | 850 |
| vil.Chikhoreshi (seasonal, several families) | 0 | - |
| vil.Indusa (seasonal, several families) | 1220 | |
| Akhaltiskhe municipality | | |
| vil. Sakuneti | 310 | 593 |
| vil. Tkemlana | 2500 | 364 |
| vil. Agara | 0 | 393 |
| vil. Zikilia | 690 | 421 |

| | | |
|----------------|------|---|
| vil. Tsinubani | 1050 | - |
|----------------|------|---|

The potential impacts of the transmission line component of the Paravani Project on the biophysical and human environment have been evaluated in an environmental and social impact assessment (ESIA) developed in line with requirements of the Georgian law. The ESIA's were disclosed to the public in October 2009 (I stage) and January 2011 (II stage). Environmental permits for the first and the second stages of the project were issued by the Ministry of Environment Protection and Natural Resources of Georgia in November 2009 and April 2011 respectively. The transmission line ESIA is available on the IFC, EBRD and GUE websites (since April 2011).

Camp: The existing hydropower construction camp will accommodate transmission line construction crews.

The transmission line corridor crosses land plots used for agriculture and grazing. This Land Acquisition & Compensation Plan has been prepared to serve as a guide the land acquisition and compensation process.

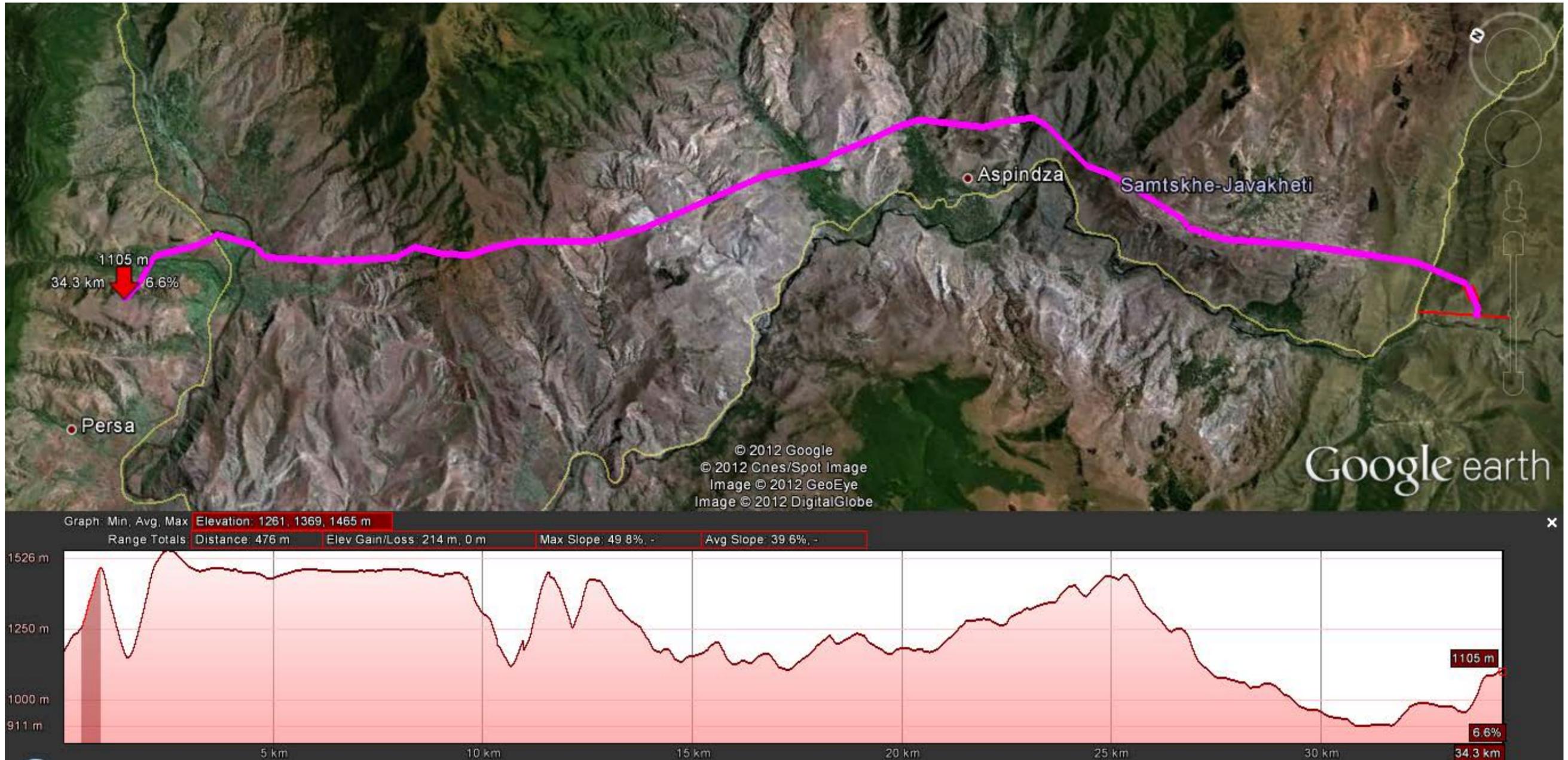


Figure 1.1.2. Transmission line route

1.2. Impacts corridor

With consideration of the voltage of transmission line and tower types, the impact corridor of the RoW is estimated as 63.2 meters (2L+D, where L is the width of the right of way (25m each side of the centreline for 220kV line); D - distance between the outermost cables).

1.3. Minimizing Land Acquisition and Resettlement

Due consideration has been given during the design of the transmission line to minimize the adverse impacts of land acquisition and impact on the households/property. The route was selected so as to avoid the need of large scale land acquisition/resettlement.

1.4. Socio-economic information

- **Affected Population** – 18 households (2 legal holders, 16 illegally using state owned land) comprising of around 80 persons will be affected.
Permanent impact. One of the registered plots belongs to an aged woman. The plot is located in 15 km from her house and is not in use. Another private plot belong to a family (6 persons in household). The land is used for corn cultivation. Both plots will be permanently affected.
Temporary impact. The plots under temporary impact are state owned. 16 households have been identified as illegal land users. The plots are used for cultivation of crops (potato, beetroot, beans), sometimes for cattle grazing. Along with these non-registered land the households own homestead plots where wheat, rye are cultivated.
- **Gender** - Census revealed that a little more than 50% of the APs are male.
- **Average family size** - The average family size is 4 members.
- **AP Ethnicity** – 90% are Georgian, 9% Armenian ethnicity, 1% other.
- **Urban vs rural area** – the project is located in rural area
- **Level of education of APs** - primary and secondary level and vocational education (45%), university degree (55%)
- **Land Holding Status** - Average land holding is 1.25 ha per household.
- **Major Economic Activities** – agriculture, cattle breeding. Majority of the households depend on agriculture as a source for livelihood.
- **Main crops cultivated in the area are:** wheat (33%); rye (33%), potato (97%); other crops include beans (30%), beetroot (10%)
- **Fruit trees:** mulberry, apple, walnut, plum, cornel

Table 1.2.2. Major Cropping Pattern

| No. | Crop | No of Household | % | Average cultivated area (ha) | Average Yield (ton) | Average Yield (GEL) |
|-----|----------|-----------------|----|------------------------------|---------------------|---------------------|
| 1 | Wheat | 10 | 33 | 1.25 | 2 | 1200 |
| 2 | Rye | 10 | 33 | 1.25 | 1.5 | 1200 |
| 3 | Potato | 21 | 97 | 1.25 | 5 | 3750 |
| 4 | Beans | 6 | 30 | 1.25 | 0.9 | 3150 |
| 5 | Beetroot | 2 | 10 | 1.25 | 1 | 1000 |

| No. | Fruits | No of Household | % | Average qty of trees by plot | Average Yield (ton) | Average Yield(GEL) |
|-----|----------|-----------------|----|------------------------------|---------------------|--------------------|
| 1 | Mulberry | 10.5 | 35 | 16 | 1.3 | 667 |
| 2 | Apple | 9.6 | 32 | 17 | 2.0 | 981 |
| 3 | Walnut | 10.5 | 35 | 12 | 1.8 | 5400 |
| 4 | Plum | 9.9 | 33 | 20 | 1.5 | 750 |
| 5 | Cornel | 9.6 | 32 | 20 | 1.5 | 750 |

- **Employment** – unemployment in the project area is high. Most of AP are self-employed in agriculture.
- **Annual Income of AHs** – average annual household income is around 350 GEL
- **Consumption pattern** - the major expenditure is incurred for the food (80.7%). Non-food expenditure constitutes 19.3% and covers payments for communal services (18%) and other expenses (1.3%).
- **Household assets** - possession of durable goods differs from each household depending on the nature of the durable goods.
- **Domestic animals** - cattle in 70%, small cattle in 60%, and poultry in 90% households.
- **Water** - major source of drinking water is non-centralized local source.
- **Sanitation** – all AH possess latrine at their house connected to septic reservoirs
- **Access to energy** - households use gas stoves for cooking. Wood is still considered as alternative source of fuel for 30% of the households. 100% of interviewed households are connected with central power and gas supply network.
- **Health facilities** - 100% of the households have access to health care centres, however because of high costs – not always affordable. The health care facilities are located in regional centre. Emergency service is available.
- **Access to school education** – 100% of the households reported that they have access to school. More than 60% of AP have university education.
- **Transport and infrastructure** - transport connectivity is established. The interviewed households reported that they are connected with the local roads, however not all roads are in a good shape.

1.5. LACP preparation

This LACP has been prepared with consideration of the Georgian laws and provisions of the lenders on Land Acquisition & Involuntary Resettlement. Methods for compensation have been defined to mitigate the adverse affects caused by the project.

This document has been prepared with consideration of potential adverse impacts that may result from the project in the villages along the transmission line route (Aspindza and Akhaltiske municipalities). While preparing the document all types of assets that may be affected by the project, all potential economic and social impacts have been taken into consideration.

This includes: potential loss of agricultural lands, damage to houses/associated structures, impact on employment, municipal and other services as well as accessibility to infrastructure, etc.

The following cadastral studies were undertaken:

- property ownership by the state of the framework development date has been identified/rechecked through the conduct of “on-site” survey in cooperation with the local administration;
- the profiles for some of the land parcels has been identified;
- cadastral drawings for each affected section of private plots have been prepared;
- property (residential houses, structures of non-residential designation, supplementary structures – if any) located on the land parcel being under the direct Project impact have been inventoried.

RAP preparation also entailed:

- 100% AH census; and
- socio-economic survey (SES) of 20% of the AHs.
- Consultation with affected households

Field surveys were carried out twice: in 2011-2012 by Electroqselebi contracted by GUE.

Meetings with land owners permanently and temporarily affected by the project have been held. Consultation period started in September 2011 and finished in July 2012. The team – Nodar Kurtandize, Director GUE, responsible for public liaison and Zurab Buadze, surveyor, were visiting the sites to identify the users of the land, land ownership rights, register the acreage of the plots, size of potentially affected area, types of cultivated crops. Saro, Khizabavra, Sakuneti, Agara and Tsinubani were visited. One to one meetings with the land users were held (in total 29 households have been visited). Information about the boundaries of the RoW, acquisition and compensation principles and procedures were communicated.

The respondents were aware of the project. Information was provided to them from early stages of development. On the ESIA stage, as defined under the Stakeholder Engagement Plan, project details, the leaflets with description of activities allowed/prohibited in the right of way and land acquisition mechanism has been distributed.

The questions discussed at the meetings were about the start/end time of construction and duration of the works per site. The main concern was whether they will be able to cultivate and/or harvest their crops, depending on the season, and if not - how this impact will be compensated.

Other issues raised were dimensions of the affected area, amount of compensation; formalities to be followed; time when the compensation can be received. Issues such as the cutoff date, compensation of any 'additional' damage of the property during construction have been also discussed.

The plan is based on the following sources of information:

- Project and design documentation provided by Georgian Urban Energy (GUE), including GPS coordinates for the route.
- GIS overlay of transmission line corridor with aerial imagery followed by examination to identify buildings within about 100 meters of the centerline of the transmission line corridor.
- Visits to the villages closest to the centerline of the corridor; interviews with the APs
- Discussions with the Ministry of Economy and Sustainable Development and GUE regarding options for compensation.

1.5 Potential effects on the human environment

The ESIA described the following potential impacts on humans. Actions or procedures were developed to avoid, reduce, or otherwise mitigate all moderate or major impacts in order to reduce their significance.

Health. There should be no effects on human health. Electromagnetic fields have been alleged to cause leukaemia or other diseases, although the consensus of the scientific community is that the relationship is not proven. No occupied dwellings are allowed within 30 meters of the outermost conductor (power line). In addition, once the line is active, GUE will measure the electromagnetic field in every dwelling within 100 meters of the centreline of the corridor. If levels of electromagnetic field are higher than allowed, they will reduce the levels with shielding or other measures, the line will be moved, or the residents will be relocated.

Damage to land and crops. Crops and animals will not be hurt by the electricity in the wires. Farm equipment can be used in the corridor, animals can graze, and crops and gardens can be grown in the corridor and even under the towers. Only the land occupied by the (small) foundations cannot be used. If crops are damaged or animals injured during construction or maintenance, the owner of the crop or animal will be compensated. The leaflets with description of compensation procedures have been developed and handed over to local municipalities for information. The same leaflets will be handed over to the residents potentially affected by the project. Community was informed about the cut off date and eligibility for compensation. Information about the type and duration of works and potential loss/damage during construction works was explained. Provisional start date of construction works was communicated by GUE representative responsible for public liaison.

Safety. It is possible that a tower or wires could fall down in case of emergency (high wind, earthquake, etc.). This should be very rare. However, people or animals could be hurt or killed if they touch live wires, and a falling tower could nearby harm people or animals. Before the line is placed in operation, all nearby communities and residents will be provided information on what to do in case of such emergencies. The leaflets with description of safety issues have been developed and handed over to local municipalities for information. The same leaflets are being dispensed among the residents of the settlements and land users potentially affected by the project.

Noise. Although the lines will produce a low buzzing sound that can be heard under the lines and for a short distance to the sides, no one should be able to hear the sound from a distance more than 10-20 meters.

1.6. Purpose and organization of the document

This document establishes procedures and requirements to guide GUE in dealing with people who experience losses or who live or use property within the 100-meter corridor. GUE shall take all reasonable steps to avoid having to move any households or take up private land plots. In case not feasible, GUE intends to negotiate fairly and openly with all affected people in order to reach mutual agreements on compensation.

The remainder of this Framework is organized as follows:

- Section 2 - legal and other requirements that apply to the land acquisition & compensation process.
- Section 3 - people who may be affected, based on ESIA investigations and pending more detailed investigations.
- Section 4 - overall economic resettlement/land acquisition strategy; an overview of what principles and rules will guide the determination of who may be compensated or may need to be resettled.
- Section 5 - procedures that will be used to reach and implement agreements regarding land acquisition and compensation; how the program will be monitored.
- Section 6 - vulnerable people.
- Section 7 - grievance procedures.
- Section 8 – acquisition/compensation implementation schedule.
- Section 9 - references.

1.7. Institutional Organization

Urban Energy Georgia as the developer is responsible for addressing a range of social issues that may arise during the implementation of the project, in particular land acquisition. SRF Gamma, in

cooperation with the Georgia Urban Energy and local authorities is responsible for development and monitoring of this Land Acquisition & Compensation Plan (LACP).

The LACP will be implemented in agreement with the local self-government (executive and representative bodies) and with the territorial institutions of the Public Register and National Agency of the Public Register of the Ministry of Justice.

2. REQUIREMENTS APPLICABLE TO THE LAND ACQUISITION & COMPENSATION PROCESS

This section describes the legal and other requirements that are applicable to the land acquisition & compensation process. The requirements include Georgian law (section 2.1) and IFC/EBRD requirements. Key differences between Georgian law and IFC/EBRD requirements are presented in sections 2.3, and norms that are currently used by GUE are summarized in section 2.4.

2.1 Georgia's laws and regulations on land acquisition/resettlement

In certain cases of public need, the State may take private lands into State ownership or take actions that otherwise affect private land. Several laws govern the process, including:

| | |
|------|--|
| 1995 | The Constitution |
| 1996 | The Law on Ownership Rights to Agricultural Land |
| 1997 | The Civil Code |
| 1997 | The Law On the Rule for Expropriation of Ownership for Urgent Public Needs |
| 1997 | The Civil Procedural Code |
| 1997 | Law on Payment of Substitute Land Reclamation Cost and Damages in Allocating Farm Land for Non-Farming Purposes (amended 2007) |
| 1999 | The Law on Procedures for Expropriation of Property for Necessary Public Need |
| 2005 | The Law on Privatization of State-owned Agricultural Land |
| 2005 | The Law on Registration Ownership Rights to Immovable Property |
| | The Law on Protection of Cultural Heritage |
| | The Law on Notary Actions |

These laws and implementing regulations make it possible for GUE to obtain the right-of-way for the transmission line by expropriating private property or through compensating private owners for the loss of their land, assets, and income. Compensation is generally based on the current market price without depreciation. The laws define the types of losses and damages that must be compensated and in some cases specify the amount of compensation that must be paid. Besides expropriation, the laws also provide for compensation for lost income that results from State actions (for example, loss of crops through construction of access roads or through vehicle traffic that damages crops or animals).

2.1.1 The Constitution

The Constitution of Georgia recognizes universally acknowledged human rights principles, including those pertaining to private ownership and its protection. The Constitution creates a foundation for the legislative basis of possession and disposition of immovable property; the Constitution recognizes the right of ownership (Article 21, Part 1), and also permits expropriation for necessary public needs, while envisaging payment of relevant compensation (Article 21, Parts 2, 3).

2.1.2 Law on Procedures for Expropriation of Property for Necessary Public Needs

This law was adopted on 23 July 1999 and describes when and how property can be expropriated. The law defines the actions that may require expropriation, including construction of electricity

transmission and distribution lines (Article 2, paragraph 2(d)). The expropriation process described in the law is as follows:

- A decree of the President of Georgia must define the necessity of expropriation for public interest and also identify the legal entity that may be vested with the right of expropriation (Article 3). In this case, it would be GUE (or possibly GSE or the Ministry of Energy).
- For every property to be expropriated, GUE has to publish a description of the project and the property in the central and local press, and also provide this information directly to the owner of the property. (Article 4)
- For each property, GUE needs to submit a detailed application to the regional court. The application presents the argument for expropriation. (Article 5)
- The court then considers the application and makes a decision whether to allow expropriation. If the court does allow it, the court specifies which government authority and/or legal entity will have the right of expropriation. (Article 5)
- If the court grants the right of expropriation, GUE (or the agency or entity designated by the court) then reaches agreement with the owner on how the value of the property would be determined (Article 6). GUE, or someone hired (and paid) by GUE and agreed to by the owner, appraises the market value of the property. GUE then tells the owner what that value is and how it was determined. The owner may also choose to pay for a separate appraisal of the market value. (Article 7, paragraph 1)
- If crops are being cultivated, the appraised market value of the land has to include income the owner would have received from crops in the current business year. (Article 9)
- GUE then negotiates with the owner to reach agreement on the amount of compensation to be paid. The amount cannot be less than the market value established by the GUE appraisal. If and only if the owner agrees, GUE can transfer land to the owner as part of or in place of compensation. (Article 7, paragraph 2)
- GUE and the Government are not allowed to put pressure on the owner to reach agreement or to try to influence the negotiations by transferring land to the owner. (Article 7, paragraph 3)
- If expropriating any land would make any other land less valuable or less useful, the owner of that other land must be compensated in the same way as for the land that is expropriated. (Article 7, paragraph 4)
- If the owner and GUE cannot reach agreement, either party may file a lawsuit. The court then makes a decision on compensation and/or replacement land (Article 8).

As noted in section 4 below, GUE will move the line whenever that is possible, in order to avoid the need to acquire the rights to land. If that is not possible, GUE will always seek an amicable agreement before triggering the expropriation process. During such negotiations, many of the procedures set out in this law will be used in the negotiation process. Only if an agreement can not be reached will GUE resort to expropriation.

2.1.3 Necessary Right-of-Way (RoW)

An alternative to expropriation is to apply to the Court for “Necessary Right-Of-Way”, which is regulated by the Civil Code of Georgia (Article 180). Necessary Right-Of-Way is granted by a District Court based on an application that must contain a justification of the urgency. Compensation is decided by the court and is supposed to be blocked on a special bank account by the claimant.

GUE shall not use necessary RoW for this project, unless for those plots of land where it is unable to identify the whereabouts of the landowner.

2.1.4 Law on Payment of Substitute Land Reclamation Cost and Damages in Allocating Farm Land for Non-Farming Purposes

This law was adopted on 2 October 1997 and amended on 11 November 2007. This law establishes the rules for changing land registered in the Public Registry as farm land to non-farming. It also establishes the rules for compensating a farm land owner for damages caused as a result of temporary use, restriction of the land owner's or user's rights, or deterioration of the quality of the farm land.

To change farm land to non-farming land, the person or entity that is entitled to make the change (this would normally be the owner) would prepare an application. Applications would be submitted to the Ministry of Environment Protection and Natural Resources if the land is within a recreation zone or within the borders of Tbilisi or Batumi, with some of the information also submitted to the National Agency of Public Registry in the Ministry of Justice (Article 4, paragraph a and b). Applications for other land, except farm land where there is a dwelling or industry, would be submitted to the National Agency (paragraph b). The law specifies the information that must be in the application, which includes details of the land and its registration, the amount that has to be paid for the change in registration, and the consent of all other owners of the land (Article 5).

The owner (or GUE, if GUE purchases the land) would usually have to pay to change the registration of farm land to non-farm land. However, no payment is required for "...allocation of farm land to budgetary organizations for non-farming purposes for national and/or public need." (Article 7). Therefore, neither the owner nor GUE would need to pay for the change in land use.

Even when there is no change in registration status, when farm land is used for non-farming purposes the land owner must be compensated for damage that occurs as a result of deterioration of land quality (Article 10). The amount established by the law depends on the municipality in which the farm land is located and the number of hectares affected. Table 1 shows the amount the law requires to be paid to the owners for damages.

Table 2.1.4.1. Amounts to be compensated for damage to farm land not used for farming

| <i>Municipality within the transmission line development project area</i> | <i>Compensation per hectare (GEL)</i> |
|---|---------------------------------------|
| Aspindza | 19715 |
| Akhaltzikhe | 26429 |

GUE will use these amounts to calculate compensation to owners (and others) whose farm land is affected by the transmission line.

2.1.5 Law On the Rule for Expropriation of Ownership for Urgent Public Needs

This law (November 11, 1997) allows for expedited expropriation without the landowner's agreement or even involvement. However, its scope extends only to disasters, whether natural or other, when an immediate threat arises to human health, state security or community safety. This law shall not be used for purposes of this project.

2.2 EBRD and IFC requirements

EBRD's policies and requirements concerning involuntary resettlement are laid out in "Land Acquisition, Involuntary Resettlement, and Economic Displacement," Performance Requirement 5 in EBRD Environmental and Social Policy (EBRD 2008). IFC's requirements are contained in 'Performance Standard 5: Land Acquisition & Involuntary Resettlement (2006)'. These regulations call for avoiding resettlement whenever possible, minimizing the need for relocation when it is not

possible to avoid, and mitigating the potential impacts of any required resettlement.

Several aspects of the lenders' policy are important to note:

- As noted previously, "involuntary resettlement" includes both physical displacement ("relocation or loss of shelter") and economic displacement that occurs when owners or other affected people lose assets or access to assets that causes a loss of income or livelihood. This can be either temporary or permanent.
- Resettlement can be caused by purchases of property and by obtaining access rights. This includes providing compensation for loss of assets at replacement costs and ensuring that resettlement activities are implemented with appropriate rates, disclosure of information, consultation, and the informed participation of everyone who is involved.
- A key objective is improving, or at a minimum restoring, the livelihoods and standards of living of displaced (physically or economically) persons to pre-project levels. Again, it is to be noted that displaced persons may include owners or non-owner residents.
- The project is responsible for improving living conditions among displaced persons through provision of adequate housing with secure tenure.
- Special provisions must be made for individuals belonging to vulnerable groups (see section 7), including people who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by displacement than others who may be able to claim assistance for resettlement and development benefits.

For transactions that involve economic but not physical displacement, the responsible party (in this case, GUE) must develop and implement procedures to offer the affected persons and communities compensation and other assistance that meet the objectives of EBRD Performance Standard 5 and IFC Performance Standard 5. Highlights of these requirements include the following:

- Assistance should be given to the community in its efforts to improve pre-project production levels, income earning capacity, and living standards, or at least restore them to the pre-project levels.
- Absence of legal title to land is not a bar to compensation.
- Communities should be given opportunities to participate in planning, implementing, and monitoring their resettlement.
- There should be adequate monitoring and evaluation.
- In rural or agricultural areas, while cash compensation may be appropriate when residual land holdings are economically viable, "land-for-land" compensation is strongly recommended. For households who lose so much of their assets or income as to make the remainder unviable, compensation should be provided as if the entire holdings had been taken.
- For losses that cannot easily be valued or compensated in monetary terms — for example, access to public services, customers or suppliers, fishing, grazing land, or forests — attempts must be made to establish access to equivalent and culturally acceptable resources and earning opportunities.
- Displaced persons should be:
 - Compensated at full replacement cost prior to the actual move.
 - Assisted with relocation.
 - Assisted and supported during the transition period.
- Resettlement should be linked to the main project implementation schedule so that affected people can be resettled and/or compensated before being affected.

2.3 Key differences between Georgian and IFI requirements

Compared to Georgian legislation, EBRD/IFC requirements contain potential additional requirements related to:

- Livelihood restoration of affected people, including those who do not have legal or other formal rights to the assets that are affected. This would include tenants on the land and employees or dependents of those who hold rights to the land.
- The provision of indemnities for loss of business and income.
- The provision of special allowances that cover expenses during the resettlement process, and covering the special needs of severely affected or vulnerable people.
- The need to consider effects on communities, not only on owners, and to compensate them in the same way private parties are compensated.
- The requirement to prepare plans to guide any necessary land acquisition and compensation.

The key differences between Georgian law and the policies of EBRD and IFC are outlined in Table 2.3.1

Table 2.3.1. Key differences between Georgian and IFC/EBRD requirements

| Issue | Georgia Laws and Regulations | IFC/EBRD Policies |
|--------------------------------|--|--|
| Resettlement Planning | <p>The preparation of a Resettlement Action Plan (including socio-economic survey, census of the population affected by the project, monitoring and reporting of the process) is not required by Georgian legislation.</p> <p>Georgian legislation does not specifically define the necessity of public consultations.</p> | Development of resettlement/land acquisition and compensation plan (or 'livelihood restoration plan') obligatory. The process includes public consultations. |
| Displacement avoidance | Does not specifically call for avoidance of displacement whenever possible. | Actively seek to avoid displacement. |
| Eligibility | Compensation only for registered land owners or others with rights. If land titles are in the process of being issued, compensation can be paid after completion of the regularization process | Lack of formal ownership does not preclude compensation to bona fide occupants or affected parties. |
| Compensation for land | Cash payment to individuals is the usual option, but land-for-land compensation may be made with owner's agreement. No community-level compensation measures are specifically required, although compensation for community-owned and -registered lands would presumably be required. | <p>Land-for-land to be preferred in land-based economies, otherwise cash acceptable.</p> <p>Community assets to be compensated at community level.</p> |
| Compensation for structures | Only formally registered structures are eligible. | Formally registered structures and occupants of informally erected structures are eligible for compensation or resettlement assistance. |
| Compensation for crops | Only titled land owners are compensated for crop losses. | Crop losses are compensated to landowners, tenants, or sharecroppers as applicable, regardless of title |
| Occupant resettlement expenses | Only owners specifically eligible for compensation | Owner-occupants and other occupants eligible. |
| Complaints and grievances | <p>In case of dispute over expropriated land value, both owner and GUE can bring lawsuit.</p> <p>Only the regional court has authority to decide disputes over land value and compensation.</p> <p>The Georgian legislation does not envisage setting up a grievance mechanism for the affected people and businesses.</p> | <p>There must be an independent objective appeal mechanism that is open to the public and reported openly.</p> <p>The Project owner to establish a grievance mechanism as early as possible in the process to receive/ address in a timely manner the concerns related to physical/ economic displacement.</p> <p>Court decision will be required.</p> |

| | | |
|--|---|--|
| Arrangements for land acquisition | Decisions regarding land acquisition and resettlement are made by the court, not GUE or affected parties. | All affected and impacted people must be consulted prior to agreements, and compensation must be made directly to affected persons as well as landowners |
| Livelihood restoration | No provisions for livelihood restoration. | Requires that affected people be in equal or better socioeconomic condition as a result of the project activities |
| Livelihood restoration mitigation/monitoring | The Georgian laws do not envisage livelihood compensation for a farmer or compensation of those sources of income, which a business might lose as a result of project implementation. | Proper monitoring, evaluation and reporting of livelihood restoration mitigation measures is required |
| Vulnerable people | No specific provision. | Vulnerable people who warrant specific assistance must be identified and supported throughout the resettlement I compensation process |
| Public consultation | No direct provision for public consultation in Georgian laws pertaining to land acquisition, but there are information and disclosure requirements. | Public consultation and participation of affected people required throughout project process from planning through implementation, including public notifications of activities. |
| Monitoring and evaluation | No requirement. | Monitoring and evaluation to be clearly defined in the resettlement and compensation program, and monitored through the life of the project. |

This LACP includes measures to reconcile the gaps between Georgia laws and regulations and EBRD and IFC requirements.

2.4 Georgia norms for power lines with voltage over 1000 Volts

The Georgia rules for power transmission lines were taken from the decree of the Minister's Board of the USSR, dated 26 March 1984, No. 255. The rules are used to ensure a consistent approach to the safety of transmission lines over 100 Volts. The rules apply during construction, operation, maintenance and other activities near a transmission line. Highlights of the norms include:

Clearance (Sections 2, 5, 6, 8, and 10). To protect power lines and prevent accidents, there must be clearance between power lines and buildings, construction, activities on the ground, and trees and other vegetation. For 500kV overhead lines, the norms establish a buffer zone (also called a protected zone) of at least 30 meters from the outermost conductor wire. Land in the buffer zone may continue to be used for agriculture and other uses. However, future agricultural work must be approved by the Georgian State Electrosystem (GSE). Any buildings or construction must also be approved by GSE. In addition, there needs to be an agreement between GSE and the owner for any trimming of vegetation on private lands in the buffer zone.

Limits on land use in the transmission corridor (Sections 11, 13, 16). The following activities are not allowed within the 25-meter protection zone without GSE's written permission:

- Construction, repair, demolition, or reconstruction of any buildings or other structures.
- Mining, loading-unloading, digging and dredging, blasting, construction of irrigation works, planting or cutting of trees and bushes, organizing field camps, cattle pens, constructing wire fences, constructing wire supports for vineyards and gardens, and irrigating crops or gardens.
- Digging in soil deeper than 0.3 meter, except ploughing up to 0.45 meters, except that land may be graded and levelled.

Anyone who is granted permission to carry out certain activities in the buffer zone must ensure that the towers and lines are not damaged, and ensure that construction of irrigation channels, collector-drainage channels, building trellises for vineyards, and gardens do not interfere with access to the power line corridor.

Activities that may interfere with normal operation of transmission lines are also prohibited, including:

- Blocking access to the transmission line corridor.
- Placing anything on wires or towers.
- Climbing on towers.
- Using the protected zone as a dumping or storage area.
- Storing forage or food, fertilizers, straw, turf, or firewood.
- Lighting fires.

Line construction, maintenance and repair (Section 27). GSE and their authorized agent (in this case, GUE) have the right to work in the 25-meter protection zone to construct and maintain the lines. However, this must be done when crops are not being grown or harvested. Those who occupy the lands must be notified in advance of the work, although notification is not needed to repair damage caused by accidents. After all works are completed, GSE is required to "...remediate the agricultural lands to the condition acceptable for their use, also to cover the losses to the land user caused by the implemented works" (Section 27, paragraph 4).

Natural Disasters (Section 30). Local authorities have the right in specific circumstances to involve organizations, enterprises, or individuals in repairing damages caused by natural disasters or to prevent such damage. GSE must then repay the costs.

Stopping works (Section 31). GSE may require any work within the protected zone to cease if there is a danger to people or to the transmission line if the work is not in compliance with the norms.

3. THE POTENTIALLY AFFECTED POPULATION

In the course of the ESIA, as noted previously, visits were made to villages that had buildings very near the line in order to verify distances and potential impacts. Sections 3.1 and 3.2 below describe the survey that was conducted for purposes of the ESIA and to determine if resettlement and/or compensation could be an issue. Section 3.3 describes the actions that GUE will need to take in order to verify the preliminary findings.

3.1 Methodology and field investigations

The field investigation involved two phases:

- A physical census, intended to identify affected communities and areas near the transmission line corridor
- A series of meetings with communities and householders to identify those who could be affected by the line.

These preliminary field investigations were intended to identify impacts and potentially affected households.

ESIA field investigations relied on GIS and aerial photographs to identify structures within 100 meters of the centreline of the power corridor have been carried out.

Members of the ESIA team visited communities to observe the current use of the structures close to the line and ascertain ownership. Communities nearest to the line were the focus, while those with no structures within about 100 meters were not visited.

3.2 Summary Results

Buildings and residents near the line. The transmission corridor tends to avoid populated areas. The area along the line is rural in nature. The communities that lie closest to the line are listed in Table 1.1.2 The Table shows the distance from the centre of the community to the centreline of the transmission line corridor, and the population.

Potentially affected economic activities. The land along the corridor is used primarily for crops and grazing. The vegetable crops are tomatoes, cucumbers, peppers and aubergines, maize, potatoes. The land is also used for cattle ranching/grazing.

3.3 Data verification and census

Detailed survey of the private lands carried out before construction of the line involved the following:

- Research into land ownership of the full 100-meter-wide transmission line corridor.
- Observing and recording land use within the corridor.
- Determining actual land ownership and occupation through interviews with local governmental authorities and residents.
- Verifying land use by interviewing landowners, tenants, and neighbours.

- Determining the use of any structure, with special attention made to structures that are occupied or could be occupied.
- Photographing lands plots within about 100 meters of the line.
- Determining the extent to which access roads and construction areas will affect the use of lands that support agriculture, forestry, and other uses.
- Completing a social, economic, and demographic profile of land users within 50 meters of the centerline or 30 meters of the nearest conductor wire, including determining:
 - Household members by number, gender, age, and ethnicity.
 - Educational status.
 - Occupation(s) and sources of income.
 - Occupancy status (owner or tenant).
 - The date and circumstances of the household's settlement in the affected area.
 - Information on the extent to which the household produces its own food.
 - Sensitivity or vulnerability of household (for example, woman-headed families, ethnic minorities, families under poverty line, etc.).
- Categorizing and measuring loss: evaluating the extent to which line construction and maintenance will cause loss of valuable uses of lands, including identifying and characterizing areas permanently removed from use (for example, land used for tower foundations), areas temporarily removed from use (for example, access roads and construction laydown areas), and areas whose use may be impaired (for example, inability to construct residences when that was the documented intent).
- Obtaining information on compensation preferences of the owners and affected people (for example, relocation as opposed to cash, preferred location for resettlement).

All this information provided the basis for any negotiations with landowners and other affected people. Beyond this initial survey, which was completed before construction, GUE will also measure the electromagnetic field in the houses closest to the line (within about 100 meters from the line) within about three months after the line is active.

4. LAND ACQUISITION & COMPENSATION STRATEGY

4.1 Key principles and requirements

The key principles of land acquisition and compensation for the Project are as follows:

- Overarching principles:
 - Land acquisition will be carried out in compliance with applicable Georgian legislation and applicable international financial institution (IFI) requirements. Where IFI requirements are not met by current Georgian legislation, potential gaps will be covered by project-specific agreements to be taken at the appropriate levels of Government. Areas where such agreements are necessary are summarized in Table 4.1.1. In all cases where Georgian laws and EBRD/IFC policy do not agree, the approach most favourable to the affected party will apply. Where needed, court decision will be required.
 - No action will be taken to construct a part of the line that will affect people when there has been no resolution of all resettlement and compensation issues for that part of the line.
 - A "cut-off" date shall be defined as the date of the detailed survey for informal properties that are not eligible to expropriation/acquisition.
 - Affected livelihoods will be restored, and if possible improved. This includes the livelihoods of owners/tenants/workers on farm lands.
 - GUE shall always seek to reach an amicable agreement with every affected party on compensation, relocation, and/or other mitigations. If an agreement cannot be

- reached will GUE take legal steps provided for under Georgian legislation.
- Land shall not be entered into for construction or other purposes where prior compensation has not been effected, except where:
 - o Reasonable efforts have not allowed to identify the owner.
 - o Court proceedings are on-going to identify or compensate the affected party.
 - o Access is needed to effect emergency repairs or maintenance to avoid damage or injury. After any such cases, GUE will compensate the owner or other affected party for having used the land, with compensation to be mutually agreed upon.
 - Compensation will be calculated and effected in conformance with the entitlement matrix presented in section 4.2.
 - Compensation for land and crops
 - Land that is affected by the towers will be compensated in cash at replacement value. In cases where land that is used but not titled is affected, best efforts shall be made to legalize ownership so that the actual owner can be compensated.
 - Damage to growing crops will be avoided in accordance with Georgian norms for transmission lines. GUE will consult with each farmer to determine the period of time in which crops are growing and harvested so that activities that could affect the lands can be scheduled at other times.
 - If this is not possible and crops are damaged, farmers will be compensated. Compensation will be paid to the owner of the crop regardless of land ownership. Compensation will be at least the amount required by Georgian law, as described in section 2.1.4 and Table 2.1.4.1.
 - Livestock that may be affected during construction will be compensated at replacement value.
 - Where Georgian norms require GSE approval to continue ongoing activities within the corridor, that approval will be granted unless it would violate Georgian norms or have adverse impacts on health. In such cases, GUE will consult with the affected party to reach mutually agreeable solutions. If this authorization is denied, the claimant will be entitled to compensation on a case-by-case basis.
 - This Land Acquisition and Compensation Plan will be made available to all potentially affected parties and other interested stakeholders. A plain-language summary of the Framework (an Executive Summary) will be prepared and made available to all potentially affected parties.

Table 4.1.1. Measures to bridge differences between Georgian and IFI requirements

| <i>Issue</i> | <i>Proposed measures to bridge gaps</i> |
|---|--|
| Resettlement avoidance | IFI requirement will apply. If and only if the line cannot be moved, and no amicable agreement can be reached with the affected party, will GUE initiate expropriation or other involuntary solution. Moving the line is strongly preferred. |
| Eligibility for compensation | Owners will be compensated for losses and other project effects, and so will others who suffer losses. Tenants on affected lands, employees or informal workers who work the land, and those who may use the land through agreement with the owner are also eligible for compensation. To be eligible, they must be affected as of the cut-off date. In case of disputed ownership, all parties to the dispute will enter negotiations and resolve the issue by mutual agreement. If no agreement can be reached, the issue will be referred to the regional court for decision on ownership and compensation. |
| Compensation for effects on communities | If temporary or permanent loss of land use results in temporary economic dislocation for a community or group of farmers, regardless of ownership, compensation to the community will be made. Similarly, if communal land is affected, negotiations and compensation will follow the same procedures as for owners and other private parties. |
| Damages to dwellings or structures | Damage to structures and dwellings will be fully repaired or compensated, as agreed by the owner or occupant. |
| Crop losses | Georgia law will be followed, with the amounts shown in Table I considered to be minimum amounts rather than set amounts. |

| | |
|---|--|
| Complaints and grievances | A mechanism will be put in place to allow submission of a grievance and to provide assurance it will be addressed and resolved. The grievance-resolution process will be independently audited. |
| Livelihood Rehabilitation | All affected households and affected minority communities will be compensated in a manner that, at a minimum, restores economic livelihood status, and wherever possible improves this status. Steps will include: <ul style="list-style-type: none"> - compensation at full replacement value, particularly where compensation is in the form of a replacement property. - compensation will be paid prior to a physical or economic displacement. - arrangements will be made for alternative site preparation, relocation costs, and facilitation of legal title transfer to resettlers. |
| Public consultation | This Plan will be made available to all stakeholders, including affected persons. As required by the Stakeholder Engagement Plan, records will be kept of all consultations and made available upon any stakeholder's request (except that personal information for affected parties may be withheld). |
| Monitoring of resettlement and compensation program | Monitoring arrangements are defined in Chapter 7 of this Plan. Monitoring and reporting requirements will be part of the Environmental and Social Monitoring Plan that is part of the ESIA and financial agreements. |

4.2 Cut-off date for eligibility for compensation and notification

Immoveable assets that are constructed (structures) or established (fruit trees, etc.) after the date of the detailed survey (July 2012) are not eligible for compensation if they are affected by the project.

Provisional start date of construction works (January 2013) was communicated by GUE representative responsible for public liaison during the survey in July 2012. Information was provided 5 months in advance. Later on the start date was shifted to April 1. Affected households were informed about the change in the schedule by the public liaison officer individually. GUE representative charged with responsibility for dealing with land acquisition issues (public liaison officer) has regular meetings with community in the project area. He is always available for questions and queries from community and briefs them on the status of the project regularly. The start date confirmation will be given prior to commencement of works. Community leader and affected households will be informed, poster with relevant information displayed.

4.3 Entitlements

Entitlement provisions for APs losing land and income and rehabilitation subsidies will include provisions for permanent or temporary land losses, buildings losses, crops and trees losses, a relocation subsidy, and a business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:

- Agricultural land impacts can be compensated at replacement value either with replacement plots of the same value of the land lost and at location acceptable to APs where feasible, or in cash free of transaction costs at current market rates or (if no land markets are active) based on the reproduction cost of the affected land. When >10% of an AP agricultural land is affected, AP (owners, leaseholders and sharecroppers) shall get an additional allowance for severe impacts equal to the market value of a 2 year's gross yield of the land lost. In case of severe impact on other income, the APs shall be paid additional compensation corresponding to 3 months of minimum subsistence income. Transaction taxes/fees will be paid by the EA or waived. Legalizable APs will be legalized and paid as titled owners. Non-legalizable APs will be compensated with one time self-

relocation allowances in cash equal to 1 year of equal to 3 months of minimum subsistence income. Residual non-affected sections of a plot that becomes inaccessible or unviable to use after acquisition will also be compensated.

- Non agricultural land (Residential/commercial land). Legal settlers will be compensated at replacement rate either with replacement plots of same value as plots affected and at location acceptable to APs where feasible, or in cash at current market rates, free of transaction cost. Renters/leaseholders will receive a 3 months' rent allowance. Non-titled/non-legalizable land users will be compensated with a 1 time self relocation allowance in cash equal to 1 year of minimum subsistence income. This allowance is to be calculated based on a 5 people family and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia at time of RAP approval
- Crops: Cash compensation at current market rates for the gross value of 1 year's harvest by default . Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements.
- Trees: Cash compensation at market rate based on type, age and productivity of trees.
- Vulnerable Peoples Allowance: Vulnerable people (APs below poverty line and women or elder headed households without any other bread-winner member of family) will be given an allowance corresponding to 3 months of minimum subsistence income and priority in employment in project-related jobs. The allowance is to be calculated based on a 5 people family and the monthly-updated benchmarks indicated by the National Statistics Office of Georgia at time of LACP approval
- Temporary impact during construction: All land required for temporary use is to be obtained by the civil works Contractor through voluntary negotiations (e.g., willing buyer-willing seller basis). The maximum period for temporary use is defined as 2 years. Compensation rates to be paid should not be less than compensation at current market rates for the gross value of 4 year's harvest of crops on the affected lands. It is also required that lands (or other assets) be fully cleared and restored following use

Entitlement matrix is given in Table 4.4.1.1.

4.4 Compensation details

4.4.1 All compensation amounts and benefits to be negotiated

As noted in the entitlement matrix in Table 4.4.1.1., compensation will be negotiated and the outcome of the negotiation will be sanctioned in an agreement between GUE and every affected individual. The following provisions establish the minimum amount or benefits that compensation must be based upon, although these amounts could be exceeded in some specific situations depending on the outcome of negotiations.

Table 4.4.1.1. Summary of entitlements

| <i>Type of Affected Right or Property</i> | <i>Condition of Eligibility</i> | <i>Entitlement</i> | <i>Process and Specific Conditions</i> |
|--|---|---|--|
| Land and crops | | | |
| Privatized plot with full land title | Registered land title | Cash compensation at agreed rate meeting replacement value (see Table 2.1.4.1.) unless an amicable agreement has been achieved. | Direct negotiation seeking to achieve amicable agreement. If no agreement is reached, expropriation is triggered. |
| State or municipal land | To be discussed between relevant Government departments | | |
| Annual crop | Compensation applies only to cases where the crop cannot be harvested before crop is damaged or destroyed, or land is used for construction or maintenance. Compensation to be paid to the actual owner to the crop (could be the landowner or a tenant or sharecropper) regardless of land ownership. | Cash compensation at agreed rate meeting replacement value (see Table 2.1.4.1.) unless an amicable agreement has been achieved. | Amicable agreement on surface affected and unit rate |
| Perennial crop (fruit trees, vineyard, etc.) | Compensation to be paid to the actual owner to the crop (could be the landowner or a tenant or sharecropper) regardless of land ownership | Cash compensation at agreed rate meeting replacement value (taking account of reestablishment period and net present value at maturity) | Amicable agreement on surface area or number of trees/plants affected and unit rate |
| Restriction of use | Claimant must have applied to GUE for a certain use of the right-of-way and have been denied the right to such | Compensation on a case-by-case basis – claims to be supported by evidence of loss replacement value | Negotiation and amicable agreement |

| | | | |
|--|--|---|---|
| <p>Temporary usage of land for construction purposes</p> | <p>Compensation to be paid to landowner – damage to crops if any to be addressed separately per above 2.3 to 2.5</p> | <p>Monthly rent to be paid for as long as the land is occupied. Per-use rate to be negotiated for periodic use for line maintenance</p> | <p>Negotiation and amicable agreement</p> |
|--|--|---|---|

4.4.4 Land

The loss of land access and use will be temporary in a large majority of the cases in this project. Such temporary loss would occur when roads are established and/or used during construction, when construction laydown areas are being used during construction, when equipment travels under the line during stringing wires on and between the towers, and during certain maintenance operations involving the line, towers, or vegetation.

Permanent loss of land would occur at tower locations only, where foundations will take land out of productive use. Except for the foundations, land under the towers can continue to be used, although these small areas cannot be reached by tractors or mechanized farm equipment.

Land will be compensated per the entitlement matrix in Table 4.4.1.1. Where the occupants have no title to land and cannot obtain one through legalization, they will receive compensation for crops, if applicable, but not for land. This applies to informal occupants, including tenants and sharecroppers. This provision would apply to occupants both on private and municipal/State land.

4.4.5 Crops

Activities will be scheduled to avoid disruption of agricultural activities during growing and harvest season. Compensation will not be paid for annual crops that are harvested before entry into land.

If there is an agreement that allows work to damage crops or cropland, the loss will be compensated based on an agreed rate and an agreed-upon count of surface area or of number of plants/trees affected. Where necessary, an agricultural expert may be called in to assess the damage and assist the parties in reaching an amicable agreement.

The calculation of the full replacement value for perennial crops may require consideration not only of the value of the crop for one year, but also of the cost of re-establishing the plantation or growing area (seedlings, soil preparation, fertilizers, others), as well as of the lost income during the period needed to re-establish the crop.

Timber will be compensated according to similar principles. Where necessary a forest expert will be called in to assess the economic loss.

If livestock or other farm animals are injured or killed as a direct result of project activities, including through project workers' negligence or accidents pertaining to the project, compensation will be paid in an amount at least sufficient to replace the lost animal with another of the same characteristics.

After the main construction phase has been completed, crop owners who will be affected by regular maintenance works will be notified 4 weeks in advance of any works. Notification will be delivered to the crop owners through a visit made by the Company Representative. This will enable them to minimise planting to avoid damage where possible.

4.4.6 Restrictions on land use

If an activity is restricted in the right-of-way and the affected party (landowner or other) claims that this restriction results in losses, a compensation claim may be addressed to GUE

and it will be considered within the process to resolve grievances (section 7). It is expected such restrictions will be identified if and when GUE denies permission for some activity or land use in the corridor (see sections 3.3 and 4.2).

5. LAND ACQUISITION AND COMPENSATION PROCEDURES

Earlier sections have described what will trigger resettlement and compensation, and how the amounts to be compensated will be determined. This section summarizes the process that will be used to make decisions regarding land acquisition and compensation. The procedures to be followed for each category of land and property are described in sections 5.1 through 5.6. The way in which the process will be monitored and reported upon is described in section 5.7.

5.1 Acquisition of private land

A series of specific steps will be taken to identify, evaluate, and compensate owners of private plots that will be directly affected by the line or have excessive levels of electromagnetic radiation. These steps include, for each household that may be affected:

- GUE and the owner (and any non-owner occupant) will enter into negotiations and attempt to reach an amicable agreement concerning the valuation and the compensation process. - If an amicable agreement cannot be reached, the parties may agree to have an independent and impartial third party (expert, expert organization, association for protection of landowners rights, or other relevant association) establish values or other aspects of compensation. As a last resort, GUE may initiate the expropriation process described in section 2.1.2 above. If the regional court ultimately allows expropriation, the process will proceed with the steps below. If the court does not, the entire process may revert to a previous step and proceed from there. If there is an amicable agreement, the process will proceed with the steps below.
- GUE will prepare legal documents for land acquisition and registration.
- GUE will compensate owners and other affected parties according to the entitlement described in Table 4.4.1.1.
- GUE will take possession of land plot and proceed with construction and operation of the line.

5.2 Community property

The procedures to be followed to mitigate impacts on communal property will include the following:

- GUE will verify impacts on communal assets that may be affected will be identified during investigations of the corridor by GUE.
- GUE will notify the affected community and work with them to develop an inventory of community assets that will be affected and if possible to identify ways to avoid impacts.
- For unavoidable impacts and economic losses, GUE and community representatives will enter into negotiations and attempt to reach an amicable agreement concerning valuation, compensation, and/or other mitigation. The principle guiding such negotiations will be that damages or adverse effects to community properties, including such things as roadways and trails, cemeteries, and irrigation works will be fully compensated, which could include full replacement or rehabilitation to pre-project conditions, with any financial losses also compensated. If an amicable agreement cannot be reached, the parties may agree to have an independent and impartial third party (expert, expert organization, association for protection of landowners rights, or other relevant association)

establish values or other aspects of compensation. If this fails to reach agreement, the community may initiate a grievance as described in section 7. If there is an amicable agreement, GUE will prepare legal documents that describe the agreement and actions to be taken by any party.

- Following acceptance of an agreement by all parties, GUE will prepare legal documents to govern the compensation process.
- Once the parties have entered into the agreement, GUE will compensate for losses and replacements, and all parties will take any other actions required.

5.3 Land

Besides the circumstances described in section 5.1, there will be a permanent loss of land where foundations are located at each tower. The acquisition process would be similar to what is described in section 5.1. The amounts to be compensated will generally be negotiated based on the values shown in Table 1 (source: Chapter II of the Law on Payment of Substitute Land Reclamation Cost and Damages in Allocating Farm Land for Non-Farm Purposes).

Temporary use of land for construction laydown areas and for vehicle and equipment access during construction and maintenance will be compensated in an amount that will be negotiated with the owner of the land and of crops and animals that may be affected. This process will include:

- A determination by GUE of the extent to which land will be used and the timing of use — where and how construction laydown areas will be, where and how often roads will be placed and used, and exactly what activities will take place on the land that could temporarily affect other uses.
- GUE will identify landowners and people who use the land that will be affected and notify them of which land will be used and when.
- GUE and the owner will negotiate an amicable agreement on compensation to be paid for the temporary use of the land. The negotiation will include a determination of the basis of compensation, which could be calculated on an annual basis, a per-event or per-area basis, or some other basis as agreed to by the parties. If an amicable agreement cannot be reached, the parties may agree to have an independent and impartial third party (expert, expert organization, association for protection of landowners rights, or other relevant association) establish values or other aspects of compensation. If this fails, the owner or affected tenant party may initiate a grievance as described in section 7. If there is an amicable agreement, GUE will prepare legal documents that describe the agreement and actions to be taken by any party.
- Once there is an agreement as to the basis of compensation and the amount, GUE will prepare a legal agreement that describes each party's commitment. The agreement will include the amount of advance notice required before GUE can commence its temporary use, which would normally be at least two weeks.
- After the legal agreement is in effect, GUE will compensate the affected party and may begin to use the land as specified in the agreement after providing the required advance notice.

5.4 Crops

Under normal circumstances, the project should cause no damage to crops or animals. However, in some cases, the negotiations for temporary use of the land (section 5.3) may provide for access to land during growing or harvest seasons. In such cases, the agreement will include provisions for estimating and compensating for damages to crops and animals. When there are damages and losses, the principle behind compensation will be that compensation will cover the lost value of

the annual crop or animal. At the request of the owner of the damaged crop or animal, GUE will hire (and pay) an independent and impartial third-party agricultural expert who is also agreed to by the owner. The expert will then estimate the value of the loss, which will be paid under a legal agreement prepared by GUE and entered into by GUE and the owner.

The process will be the same for perennial crops (for example, fruit orchards or vineyards) and private timberland, except in these cases the agreement and compensation must cover the lost value due to long-term vegetation management requirements. The process will include:

- GUE will identify any private forests, fruit orchards, vineyards, and other perennial crops within the transmission line corridor.
- GUE will move the corridor whenever that is practical on a technical or financial basis.
- When moving the line is not practical, GUE will conduct a detailed survey to determine the actions that will need to be taken to meet Georgian norms for vegetation maintenance in transmission line corridors — which trees or crops need to be trimmed or cut down, how and when that will need to be completed, etc.
- GUE will notify the owner (the owner of the forest or the crop, if this is not the landowner) of how vegetation maintenance requirements will affect the trees or perennial crops.
- GUE will appraise the net present value of losses due to cutting or trimming back the timber or perennial crop. This may be completed by a third-party expert hired and paid by GUE if agreed to by the owner.
- GUE and the owner will negotiate an amicable agreement on compensation to be paid, based on the appraised value. If an amicable agreement cannot be reached, the parties may agree to have an independent and impartial third party (expert, expert organization, association for protection of landowners rights, or other relevant association) establish values or other aspects of compensation. If this fails, the owner may initiate a grievance as described in section 7 and/or GUE may initiate expropriation proceedings as described in section 2.1.2. If there is an amicable agreement, GUE will prepare legal documents that describe the actions, the value and how it was determined, and the compensation process.
- Once there is an agreement, GUE will prepare a legal agreement that describes each party's commitment.
- After the legal agreement is in effect, GUE will compensate the owner and may begin vegetation maintenance activities as specified in the agreement.

5.5 Restrictions on land use

As described in section 2.4, Georgia norms require that GSE approve any use of land in the transmission line corridor. Although most existing uses will be allowed to continue, some may be restricted (for example, growing timber or perennial crops, or constructing a building for economic use). If GSE denies permission for some activity in the transmission line corridor (that is, in the right-of-way) and the affected party (landowner or other) claims that this restriction will result in losses, the affected party may submit a compensation claim to GUE using the grievance process in section 7.

5.7. Valuation and Compensation Rates

The calculation of replacement costs will be based on (i) fair market value at the time of dispossession, (ii) transaction/legalization costs, (iii) transitional and restoration (land preparation and reconstruction) costs, and (v) other applicable payments.

The calculation of unit value is done keeping in consideration the current market rate so as to meet with the replacement cost of the land and lost assets etc. An experienced and registered independent local company was employed to do the valuation of land, structures, buildings, trees, crops etc. The approach of the evaluator was to make the assessment for each type of land and assets by location.

The valuation company will engage its experts for its respective areas who made site visits for physical verification of each category of the losses, the unit rate will be derived.

Determination of Compensation Rates

Replacement cost of land will be determined based on existing market rates to the extent possible. Market rates were defined taking into account the type of land, its purported use, and location.

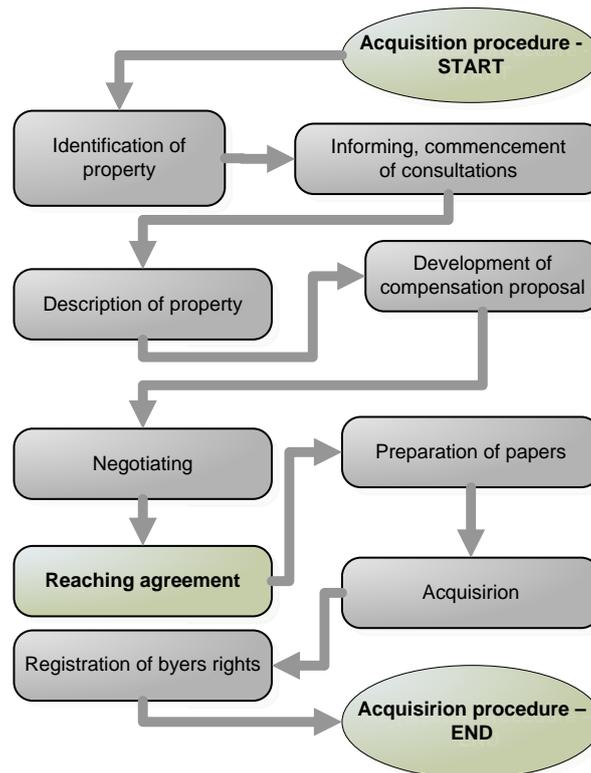
Market value of annual crops will be determined at net market rates at the farm gate for the first year crop. In the eventuality that more than one-year compensation is due to the APs the crops after the first will be compensated at gross market value.

Tree market value will be set based on different methods for wood and fruit trees. Trees are valued based on growth category and value of wood of the tree at the age the tree was cut. Fruit trees, if any, will be compensated differently if they are productive or not yet productive. Productive trees will be compensated based on the future income lost for the years needed to re-grow a tree at the same age/production potential in which was cut. Non productive trees will be compensated based on the value of the investment made to grow the tree to the age in which the tree was cut.

The unit compensation rates recommended by the valuation company will be reviewed and approved by GUE and will be offered to the APs. Detailed methodology for determining valuations and compensation rates is included in Annex 3 to this document.

5.6 Land acquisition process

General diagram of acquisition process is given in Figure presented below



5.7 Monitoring and reporting

Monitoring, evaluation, and reporting are key components of the resettlement and compensation program. To monitor implementation of the program, GUE will appoint an independent local organization with expertise in land acquisition and compensation issues and with the requirements of Georgia law and international financial institutions. This organization will conduct the following activities at least twice per year until transmission line construction is complete, and once per year during the first two years of operation. The independent auditor will:

- Select cases and associated files for review, with examples from each of the categories described in sections 5.1 through 5.6 and in Table 4.4.1.1. GUE may suggest which cases to review, but the monitoring organization will be responsible for selecting them. The cases must be sufficiently representative of overall program performance as to allow a realistic evaluation to be made. The procedures used to select the cases will be documented in the monitoring report. Information to review will include initial inventories, records of discussions and contacts with potentially affected parties, records of negotiations and legal agreements, The purpose of the review is to ensure that documentation and justification are adequate to support decisions as well as that the process meets its goals. To ensure consistency in the review process, the monitoring organization will develop a checklist to use in reviewing files and then complete it for every case reviewed.
- Visit selected locations where the reviewed cases are in process or have been completed. Again, GUE may make recommendations but the monitoring organization will be responsible for choosing the cases. As with file reviews, the site visits should use a checklist that has been developed to help ensure consistency in the monitoring process.
- Interview a random sample of affected people during the site visits, both landowners and others who may have suffered losses, using a checklist to record affected parties' reports of how the resettlement and compensation process has been implemented. Although it may be appropriate for GUE to be present and/or participate in some interviews, the monitoring

organization should conduct some of them alone. Special attention will be paid to selecting cases that represent vulnerable people (see section 7) and to having interviews conducted by people of appropriate sex (women would interview women in Muslim communities, for example) and in the language of the person being interviewed. Besides receiving an independent evaluation of whether the process was conducted as required and as documented, the interview should also seek information on the satisfaction level of the affected people.

- For each review cycle, prepare and submit to GUE a report that presents the results of the review process and an evaluation of how successful the program appears to be in meeting its goals. The report will also include recommendations on how implementation of the resettlement and compensation program, and the program itself, could be improved in the future.

Indicators for monitoring will be those related to process and immediate outputs and results. Specific monitoring indicators are shown in the table below.

Table 5.7.1. Internal Monitoring Indicators

| Monitoring Indicators | Basis for Indicators |
|---|---|
| Budget and Timeframe | Have resettlement implementation activities been achieved according to the agreed plan? Are funds for resettlement being allocated to the resettlement agencies on time? Have funds been disbursed to the affected families according to the plan? Has all land required been acquired in time for project implementation? |
| Delivery of AP Entitlements | Have all affected persons received complete entitlements according to numbers and categories of loss? Have all affected persons received complete payments on time? Have all affected persons losing temporary land been compensated? |
| Consultation, Grievance and Special Issues | Have consultations taken place as scheduled? Has any affected persons used the grievance redress procedures? What were the outcomes? Have conflicts been resolved? |

Findings from the review report will be included in reports to lenders required in the Environmental and Social Monitoring Plan and will be part of the financing agreements with EBRD and IFC.

6. VULNERABLE PEOPLE

Vulnerable people are people who may be more adversely affected by displacement than others by virtue of their gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status. Vulnerable people may also be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. The detailed survey described in section 3.3 did not identify any vulnerable groups and people in the project area.

7. GRIEVANCE MANAGEMENT AND REDRESS

7.1 Overview

There are different ways to organize grievance management, and details may vary from area to area depending on the local administrative context. However, the following principles will be

followed regardless of the final arrangement:

- Each grievance will be registered, its receipt acknowledged, and tracked until closure.
- The grievance management arrangement will include two tiers of extra-judicial, amicable review and settlement, with the first one internal to GUE and the second one either fully external or with involvement of external parties.
- All grievances will be processed and responded to within a reasonable period of time (generally within one month)
- The overall objective is to avoid resorting to judicial action for as many grievances as possible.

The following section describes the two-tiered grievance management mechanism the project will use. Sample Grievance Management Forms are located in Annex 2 of this Framework.

Grievance management can become a significant task, and it is critical that GUE be prepared to handle the process. Ratios of one grievance to three compensation dossiers could be experienced in areas where properties are not registered. Absence of sanctioned titles or permits for land and structures is not uncommon and it is also common to encounter unclear circumstances, such as properties having been transferred from one individual to another without any legal documentation, unregistered successions, outdated land titles, or structures erected without permit. For these reasons, it is important that sufficient resources are provided for grievance management and that the grievance management system be put in place no later than the time of the initial detailed survey (section 3.3).

7.2 Anticipated categories of grievances

In practice, grievances and disputes can be anticipated to arise at various stages.

- At the survey and planning stage, grievances can arise in many circumstances:
 - Misidentification of properties.
 - Disputes over plot limits.
 - Disputes between an affected person and the project team.
 - Disputes among neighbours concerning ownership, property lines, and other issues.
 - Dispute over the ownership of a given property.
 - Disagreement over the valuation (either unit rate applied or count) of land, house, crop, or other asset.
 - Establishment of a structure or other asset after the cut-off date, whether deliberate or not.
 - The appearance of two or more households where one household previously lived.
 - Confusion between legal occupants and informal occupants.
 - Forged documents (identification, ownership, or others).
 - Unclear ownership based on municipal allotment of lands and national legislation, or other reasons.
- At the implementation stage, disputes can arise based on many factors, including:
 - Successions, divorces, and other family issues that cause disputes between heirs or shareholders in the disputed property.
 - Disagreement over resettlement measures, including such things as the location of the resettlement site, the type, size or standing of proposed tenements.
 - Disagreement over compensation for businesses, including disputed valuation, resettlement package deemed inappropriate because of location, tenancy, or other issues.
 - Disputed ownership or shared ownership of a business, such as when the owner and the operator are different legal or physical persons).
 - Disputes among occupants themselves or between occupants and the implementing

agency over salvaging of materials in the displaced site.

- In the post-resettlement and post-compensation stage, grievances can emerge regarding maintenance and guarantee issues in the new housing, construction of new structures, or accidental damages occurring during operations.

7.3 Registration of grievances and first tier (internal) management

Grievance registers will be established and maintained throughout all phases of the project. Registers will be located at all construction camps and project offices, and at headquarters office of GUE. In addition, GUE will maintain a telephone line and email address where grievances can be registered. To ensure that people who may be affected by the project are aware of the grievance process, GUE will prepare and distribute brochures and brief fact sheets that describe the grievance process and provide details of how complaints can be made (where, when, to whom, etc.). These will be made available, in local languages, to communities and residents as GUE conducts its initial census.

GUE will be responsible for handling all grievances as quickly as possible. The Stakeholder Liaison Officer position established during the ESIA process and described in the Public Consultation and Disclosure Plan will remain in place throughout the project. For each complaint or concern that is submitted, a grievance file will be opened, including the following elements:

- Initial grievance sheet, including the description of the grievance, and an acknowledgement of receipt returned to the complainant within 48 hours of the time the complaint is registered.
- Grievance monitoring sheet describing in detail actions taken (investigation, corrective measures) and who took the actions and made the decisions.
- Closure sheet, one copy of which will be returned to the complainant after there is signed agreement on resolution.

In the event that a grievance is not resolved in this first tier, it will move to the second level.

7.4 Second tier (independent) grievance management

All grievances that cannot be resolved under the first tier will be heard by an independent and impartial third party who is mutually acceptable to both the complainant and GUE. This third party will be retained by GUE. The third party will arbitrate an agreement between the parties based on the principles of consensus-based mediation. This final arbitration will be binding upon both parties. Arbitration will occur with concurrent translation (selected by the third party arbitrator) if the affected party is not a native Georgian speaker. The arbitration decision will be based on best-faith efforts of both parties and will be reported to the public through the channels for informing the public of grievances.

8. LACP Implementation

The schedule for the implementation of the LACP will correspond to the project implementation schedule. All activities considered by the LACP (besides monitoring) shall be completed prior to commencing the construction activities.

The schedule of implementation of the Resettlement Action Plan will consider the following:

- time required to prepare land documentation for registration;
- time required for establishing the organizational structure of implementation and providing public with necessary information;

- time required for negotiations and reaching agreement, as well as time needed for giving out compensations;

The schedule of implementation of the LACP considers the time required for synchronization of the above-listed components and discussion of proposals put forward by the communities. LACP Implementation schedule is given in Figure 8.1.

Table 8.1: LACP Implementation Schedule

| # | Planned Activities | Finish |
|----|--|----------------------------------|
| 1 | RAP preparation activities | June 2012 |
| 2 | Revision of land parcels along the route | August 2012 |
| 3 | Development of maps showing the Project affected land parcels and size of acquisition | July 2012 |
| 4 | Socio-economic survey of the households | July 2012 |
| 5 | Submission of the draft LACP | October 2012 |
| 6 | Comments on draft LACP amendments | October 2012; January 2013 |
| 7 | Final LACP | February 2013 |
| 8 | LACP IMPLEMENTATION | February 2013 |
| 9 | Public Orientation meeting in villages of Aspindza and Akhaltsikhe municipalities along the design line route | July 1, 2011 - September 2012 |
| 10 | Negotiations with PAPs and processing the sales/compensation agreements | February – March 2013 |
| 11 | Construction – start date | April 2013 |

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ANNEX I – RULES AND REGULATIONS

THE RULES FOR PROTECTION OF POWER NETWORKS WITH VOLTAGE MORE THAN 100 VOLT⁶

Approved by the decree of the minister's board of USSR, 26 March 1984 No 255

1. The present rules are enforced to ensure safety of the power networks with voltage more than 100V and to create the normal exploitation conditions of mentioned networks and in order to prevent the accidents. They are used during the design, construction and exploitation of power networks with voltage more than 1000V. The rules also are used during maintenance and other activities nearby the power networks

Under the term power networks with voltage more than 100V in the present document are considered the substation, distribution equipment, wire ways and the aerial power transmission facilities, underground and underwater cables and the facilities connected to them.

The protection of power networks is conducted by organisations owning the power networks.

2. In order to ensure protection and normal conditions for exploitation and prevention of accidents on power lines the land parcels are allotted, the protection zones are established, the minimum clearances to the buildings, constructions, water and ground surfaces are define, the corridors are cleared in the forest zones or vegetated areas
3. The land parcels for the construction and exploitation periods are allotted in accordance to the approved rules.
4. The protection zone of power lines are defined as following:
 - a) Along the aerial power transmission lines, the land parcel and air zone defined by the vertical surfaces from both sides of the line for the corner wire in not deviated position is defined for the lines:

| | |
|----------------------|-----------|
| Up to 20KV | 10 meters |
| 35KV | 15m |
| 110KV | 20m |
| 150, 220 KV | 25m |
| 330, 500, +1- 400 KV | 30m |
| 750, +1- 750 KV | 40 m |
| 1150KV | 55 m |

b) Along the underground power transmission cable lines the parcel is defined as land bordered by vertical surfaces from both sides of line from the corner cables at distance 1m;

c) Along the underwater power transmission cable lines as water column from the surface to the bottom bordered by vertical surfaces from both sides of corner cables at distance 100m;

d) Along the surface water body (rivers, channels, lakes etc) crossings by power transmission lines as a air column on the top of water surface bordered by vertical surfaces from both sides of line in not deviated position at 100m distance for navigable water bodies and for not navigable ones at distance defined for transmission lines on

- 6 These norms do not have the force of law but are generally used by GUE as a guide. GSE is in the process of developing norms specific to Georgia, and they should be complete by late 2009. These new norms are reported to be similar to the former Soviet ones.
5. The land parcels of protection zones are not withdrawn from land users and are used by

owners for agricultural and other purposes with obligatory requirement to carry out activity in accordance to present rules.

6. Agricultural field works in the protected zones of transmission lines are conducted by land owners with prior notice to the organization responsible for the line exploitation.
7. The activities (operations) related with non permanent flooding of the areas included in the power line protection zones are conducted under agreement of land owner and organization responsible for the transmission line operation.
8. The minimum clearances from power lines to the buildings, constructions and trees or bushes and to the ground or water surface are defined by rules approved by Ministry of Energy and electrification of USSR with agreement (no objection) of Ministry of construction of USSR, and are obligatory in case of design, construction of buildings, planting, butting, and levelling of vegetation.
9. Along the power lines and at perimeter of substations and distribution units in vegetated zones, the cuttings (corridors) are cleared in accordance to rules approved by Ministry of Energy and electrification of USSR with agreement (no objection) of State committee of Forestry
10. in cases when the power transmission line crosses the forested areas the cutting back of vegetation close to the lines is under the responsibility of organization responsible for line operation. In case of parks, gardens and other perennial plants crossings the cutting back of vegetation close to the lines is under the responsibility of organization responsible for line operation crossings, in case of mutual agreement the cutting back can be accomplished by the organizations owning the plants, or the persons owning the plants in accordance to requirements defined by the power line owner organizations.
11. The implementation of following activities in protection zones of power lines without written permission of power line operator is forbidden:
 - a) The construction, major repair, reconstruction of demolition of any buildings or constructions;
 - b) Carry out any mining, loading-unloading, deepening, dredging, explosion and irrigation activities as well as planting or cutting of trees and bushes, organization of field camps, the cattle stables, construct wire fences, wire supports for wine yards and gardens as well as irrigation of agricultural plants by water;
 - c) Carry out fishing, other water fauna and flora using natural tools for fishing, organization of watering places, carry out chipping and production of ice (in protection zones of underwater cables);
 - d) To cross the line with machines with total height from the ground surface with load or without exceeds 4.5m (In protection zone of transfer lines in air);
 - d) Carry out soil digging activities at depth more than 0.3m; in cases of plowing land at depth 0.45m as well as levelling of ground. (In protection zones of underground cables). The organization or entities who was granted the permission to carry out certain activities in protection zone of electric systems, is obliged to carry out activities in the manner not to ensure, that the system is not damaged.

The written permission to carry out the explosion works in the protection zones of the power lines are granted only after the presentation by the organization or entity responsible for explosion works of required documents defined by the safety rules for explosion works approved by technical supervision council of USSR

The negative answer for written permission for works described in this close, given by the

organization responsible for operation of power lines can be appealed in accordance to existing rules.

12. The rules for accomplishment of works in the protection zones of the HVL are approved by the Ministry of Energy and Electrification of USSR with agreement of stakeholder ministries and departments of USSR (In the construction field agreement (no objection should be made by Ministry of Construction of USSR).

The conditions for occupational health and safety for employs of enterprises, organizations, offices and population in case of their being in vicinity of the power lines with voltage of 330KV or more are defined by the Ministry of Energy and Electrification of USSR with agreement (no objection) with Ministry of Health of USSR.

13. It is forbidden to carry out any activity which can disrupt the normal operation of power lines, cause their damage or cause the accidents. In particular this includes:

- a) To place car refuelling stations or other types of fuel and grease storages in protection zones of power networks;

- b) For unauthorized personnel to be present on the territory and in the buildings of power networks, to open doors, manholes of power network facilities, to connect or reconnect wires in electric systems;

- c) To block up access to the power network facilities;

- d) To heap up something on wires and poles, to move near foreign objects and climb on the poles;

- e) To organize any kind of dumping areas (in protection zones of power networks and close to them);

- f) To store forage or food, fertilizers, straw, turf, firewood and other materials as well as to light fires (in protection zones of the aerial power transmission lines);

- g) to organize (establish) sport and playing grounds, stadiums, markets, equipment and car parking, carry out any activity related to collection of large number of people not involved in the works for power lines (in protection zones of the aerial power transmission lines);

- h) To launch flying models inclusive without control ones (in protection zones of the aerial power transmission lines and close to them);

- i) To stop any kind of transport exclusive railway (in protection zones of the aerial power transmission lines with voltage 330KV or more);

- j) To carry out works with mechanical hammers, drop down objects with mass more than 5 tonnes carry out discharge of caustic or corrosive substances and fuel and grease (In protection zones of underground cables and close to them);

- k) To drop anchors, to move with dropped anchors, chains, leads scrappers and drug nets (in protection zones of under water power transmission cables)

14. Aircraft flying or any other usage of the air over the power networks and close to them.

The design, construction and exploitation of power networks should be carried out in accordance to the legislation managing the usage of airspace of USSR.

15. The organizations, enterprises offices etc who are conducting the explosion, construction works or implementing any other activities in vicinity of power network protection zones which can cause damage of the networks, are obliged to give 12 days in advance notice before start of activities and get no objection from the entities responsible for operation of power networks. The conditions, implementation schedule of the planned works, which

ensure safe operation of power networks, should be agreed and required measures should be implemented.

16. The enterprises, organizations or offices, who implement the activities, which require reconstruction of power networks or their protection against damage are obliged to fund those changes from own sources with agreement (no objection) from organizations responsible (owning) for power lines. In cases of construction of irrigation channels, collector-drainage channels, establishment of trellis for wine yards and gardens the access to the power networks should be kept.
17. In design and BoQ documentation for construction, reconstruction of buildings and constructions located in vicinity of power networks, the measures to ensure the safety of power networks should be considered. Those measures should be agreed with organizations, enterprises etc responsible (Owning) the power networks.
18. In design and BoQ documentation for construction, reconstruction of objects, which can be a source for pollution or corrosion of power networks the measures for minimization of pollution or corrosions, should be considered or the power network should be moved out of impact zone.

The enterprises and offices conducting the activities which cause pollution or corrosion of power networks are required to implement special measures for reduction of pollution or corrosion of power networks.

19. As-built drawings and materials regarding the factual position of power transfer lines prepared in approved format should be presented to local authorities in order to ensure that local authorities place information on the land use maps.

The local authorities are presenting the information regarding position of power transmission lines to interested enterprises, organizations and offices.

20. The enterprises (organizations) managing the construction or operation of underground cables should implement measures for prevention against circulating currents.
21. In cases, when the protection zones of power transmission lines are overlapped with protection zones (or ROW) railways or roads, protection zones of pipelines, telephone lines other power transmission lines and other objects the activities within protection zone should be carried out with agreement of other enterprises, organizations or offices.
22. The enterprise employees, who own the power networks should have access (in accordance to approved rules) to the equipment placed on the territory of other enterprises for repair and maintenance activities.
23. On the roads, where they are crossed by the power transmission lines of 330KV or more. The traffic marks forbidding stopping in protection zones should be placed.
24. The places where HVL cross the navigation or floatable rivers, lakes, water reservoirs and channels the special marks (In accordance to the rules given in internal navigation code) should be placed. The signal signs should be installed by the organizations managing the HVL in accordance with agreement with navigation authorities of basin management. The navigation authorities should insert the information in pilot maps and navigation lists. The information regarding underwater power transmission lines are to be placed in "Sailing info" and on navigation maps.
25. The organizations owning or managing the power transmission lines crossing the cleared corridors within the forests are obliged:
 - a) Manage cleared corridors in fire-safe condition;

- b) To keep cleared corridors in dimensions defined by the project design for power network construction by means of cutting of trees and bushes or by other methods
- c) To cut down the trees out of forested areas but creating the risk of falling on the lines or poles;
- d) In the corridors, used for tree and bush nursing to conduct cutting of trees when the height exceeds 4 meters.
26. In order to prevent accidents and for the liquidation of accidents results the organizations owning or managing the lines have rights to cut down specific trees in the forests and in forest protection corridors adjacent to the power transmission lines, with later registration of tree cutting tickets (orders) in accordance to approved procedures.
27. The organizations (enterprises) owning or managing power lines have rights to carry out soil or other works within the line protection zones related to the repair of lines.
- The planned repair or reconstruction works on the agricultural land are carried out with agreement of land user, usually in the periods, when those lands are not occupied with agricultural plants or it is possible to avoid damage of the agricultural plants.
- The works related to liquidation of accidents or their prevention can be carried out in any time of the year without agreement of land user, but with notification regarding required works.
- After the mentioned activities are finished, the organization (enterprise) owning or managing the lines should remediate the agricultural land to the condition acceptable for their use, also to cover the losses to the land user caused by the implemented works
28. The planned repair works on cable type power transmission lines causing demolition of road surface can be accomplished after the preliminary agreement on conditions with department of road police and enterprises or offices owning or managing the roads. Within the borders of populated places the works should be agreed with local authorities. The conditions of works should be agreed at least three days before the start of works.
- In urgent cases, it is allowed to carry out the works for reparation of cable lines which causes demolition of road surface without prior agreement but after the notification of road police and organizations (enterprises) owning or managing mentioned roads. In cases when the works are within the borders of populated places the local authorities should be also notified.
- The organizations (enterprises) implementing the mentioned activities are obliged to organize bypasses and barriers around the sites as well as corresponding traffic signs and after the works are finished, should carry out levelling and reconstruction of the road surface.
- The organizations and enterprises owning or operating the roads can rehabilitate damaged sections with financial resources of the organization operating the power lines based on mutual agreement.
29. Organizations, enterprises and offices implementing soil works in case of obtaining power cables not indicated in technical documentation for implementation of works are obliged to stop working activities and immediately notify organization owning or managing power lines (or to close enterprise managing the power network or local authorities). They should implement measures to ensure protection of the cables.
- In case of cable lifting with anchor, fishing net or other devices the captains of vessels (implementing the works) are obliged to immediately notify the closest organization managing the power network, other power management company or local authorities. The captains should deliver the notice through the closest marine or river port.

30. In case of Power network damages caused by natural disasters or for the prevention of their damage the local authorities have rights to specific circumstances to involve organizations enterprises or individuals in the activities for liquidation of power lines damages. The payment of those works and used materials and resources is covered by the Organization Enterprises responsible for operation of power networks.
31. Organizations, enterprises, offices and individuals in the protection zones of power networks and close to them are obliged to comply with requirement set by representatives of organizations managing or owning power networks. The requirements should be addressed for protection of power networks and prevention of accidents. The organizations enterprises owning or managing power networks have rights to stop the works inside the protection zones of power networks conducted by other enterprises organizations or physical persons which are not in compliance present rules.
32. The local authorities and entities of the ministry of internal affairs are obliged to support organizations enterprises owning and responsible for operation power networks, in prevention of accidents or liquidation of the accidents results in power networks.
33. Official persons and individuals violating the present rules are responsible for their actions in approved manner.

The report regarding violation of present rules has to be made by responsible officials of organizations enterprises owning or operating power networks. The lists of official persons authorized for preparation of reports regarding the violation of present rules are approved by corresponding ministries

LAW ON THE PROCEDURE FOR EXPROPRIATION OF PROPERTY FOR NECESSARY PUBLIC NEEDS

(As published in Sakanonmdeblo Matsne N40(47) 1999)

Chapter I General Provisions**Article 1. Definition of the Terms Used in the Law**

The terms used in the Law shall have the following meanings:

- a) **Evaluation** – the calculation by the specially authorized person of the value of expropriated property and adequate compensation;
- b) **Expropriator** – the person vested by court with the right of expropriation; (29.12.2006, N 4204)
- c) **Costs** – the costs incurred in connection with expropriation and proceeding including land evaluation costs and other expenses;
- d) **Right of expropriation** – one-time right to deprive property for the necessary public need defined by Article 21 of the Constitution of Georgia and this Law against adequate compensation; (29.12.2006, N4204)
- e) **Expropriation** – expropriation of property under Article 21 of the Constitution of Georgia and this Law against adequate compensation for the property so expropriated;
- f) **Compensation** – payment of the adequate compensation sum to the owner in return for the expropriated property or transfer of any other property having the market value of the expropriated property. (29.12.2006, N4204)

Article 2. Purpose of the Law

1. The purpose of the Law is to define the procedure for granting the right of expropriation and for performing expropriation for necessary public needs. The expropriation for necessary public needs is carried out based on a decree of the President of Georgia and by a court decision, in favour of a public authority or local self-government authority or/and legal entity under public or private law that is vested with the right of expropriation in accordance with this Law. (29.12.2006, N4204)
2. Expropriation for necessary public needs is carried out to perform the following works:
 - a) To build roads and arterial highways;
 - b) To build railway lines;
 - c) To build crude oil, gas and oil products pipelines;
 - d) To build electricity transmission and distribution lines;
 - e) To build water supply, sewage and wastewater collection lines;
 - f) To build telephone lines;
 - g) To build TV cables;
 - h) To build structures and facilities necessary for public needs;
 - i) To perform works needed for national defence;
 - j) To extract mineral resources. (22.04.2005 N1417)

Chapter II Performance of Expropriation**Article 3. Basis for Gaining the Right of Expropriation**

1. Property may be deprived by way of expropriation for the necessary public needs under Article 21 of the Constitution of Georgia. The right of expropriation is granted based on a decree of the President of Georgia and by a court decision. The decree of the President of Georgia defines the indispensability of expropriation for necessary public need and identifies the subject that may be vested with the right of expropriation.
2. The decision of expropriation is made only by the court. The court decision identifies the public authority or local self-government authority or/and legal entity under public or private law that is vested with the right of expropriation. The court decision shall also contain a detailed description of the property to be expropriated and the relevant reference to the necessity to pay the adequate compensation to the owner. (29.12.2006, N4204)

Article 4. Publication of Information

1. All the owners, whose property is subject to expropriation, shall after the promulgation of the decree of the President of Georgia, be provided by the person interested in gaining the right of expropriation, with the information that is published in the central and relevant local press. The information shall state a brief description of the project and scopes of its implementation as well as of the territory and presumably the property subject to expropriation.
2. All the owners referred to in Paragraph 1 above shall be informed also of the dates of lodging the application with and hearing of such application by the court.

Article 5. Decision of Regional (City) Court on Granting the Right of Expropriation

(29.12.2006 N4204)

1. The question of granting the right of expropriation is heard by the regional (city) court. (29.12.2006 N4204)
2. The person interested in gaining the right of expropriation shall lodge with the regional (city) court the application for granting the right of expropriation. The application shall state: (29.12.2006, N4204):
 - a) Name of the regional (city) court;
 - b) Name and legal address of the applicant;
 - c) Name, first name and surname of the representative, where the application is lodged by the representative;
 - d) The applicant's claim;
 - e) The circumstances, on which the applicant builds his claim;
 - f) The evidence confirming such circumstances;
 - g) List of the documents appended to the application.
3. The application shall also be appended with:
 - a) Detailed description of the project, for the implementation of which the right of expropriation is claimed;
 - b) The relevant decree of the President;
 - c) Detailed description of the property to be expropriated;

- d) The information publication document provided by Article 4 of this Law.
4. The regional (city) court shall hear the application in accordance with this Law and within and terms and in the matter provided by the Civil Procedure Code of Georgia. The decision of the regional (city) court shall be executed immediately under the procedure of execution of the decision to be executed. (29.12.2006 N4204)

Article 6. Sine Qua Non to Expropriation

1. The expropriator having gained the right of expropriation shall, in accordance with Article 3 of this Law, agreed in advance with the owner of the property on the procedure of compensation for the property to be expropriated. The expropriator shall take all the adequate actions to receive the property from the owner by agreement. Before starting negotiations on the purchase of the property, the expropriator shall, at his own expense, with the assistance of external experts, evaluate the property and determine the approximate compensation sum or any other property as per the market value of any other property given to the owner as compensation. The owner may enjoy the assistance of any other external expert at his own costs. (29.12.2006, N4204)
2. Before starting negotiations on the purchase of property, the expropriator shall furnish the owner with the proposal on the purchase of the property and the procedure for compensation for such property. The market value of any other property offered as compensation or the compensation sum shall not be less than the amount determined by the expropriator as a result of evaluation. Other property may be transferred as compensation to the owner in returns for the expropriated property only if the owner so agrees. The expropriator shall furnish the owner with the evaluation in writing, indicating the basis for determination of compensation. (29.12.2006 N4204)
3. In signing an agreement on compensation for property expropriation, the expropriator shall under no circumstance impede negotiations or transfer of compensation sum or any other property as compensation to or put any other pressure upon the owner of the property. (29.12.2006 N4206)
4. The property purchase proposal shall also consider the compensation for the property, the size, form and location of which is insignificant or due to inefficiency – less valuable but is related to and is useless without the property being purchased.

Article 7. Actions to Be Taken before Expropriation

1. To evaluate the property, by consent of the owner of such property, the expropriator or the external expert hired by the expropriator is entitled to inspect the property, conduct a study, obtain samples and take other actions.
2. Before starting expropriation, the expropriator shall furnish the owner of the property with a written document stating:
 - a) Validation of the existence of the public necessity for expropriation of the property, with reference to the relevant decree of the President of Georgia and the court decision, based on which the expropriator is granted the right of expropriation;
 - b) Detailed description of the location and volume of the property to be expropriated; amount of the compensation sum or detailed description of any other property given as compensation and its market value in accordance with Paragraph 2 of

Article 6 of this Law. (29.12.2006 N4204)

Article 8. Dispute over the Property Market Value and Compensation (29.12.2006 N4204)

1. If the expropriator and the owner of the property fail to agree on the market value of and compensation for the property or on the property offered as compensation, each party may file a lawsuit with the court of competent jurisdiction, in manner provided by the civil laws of Georgia. (29.12.2006 N4204)
2. The lawsuit of the expropriator shall be appended with:
 - a) Detailed description of the property to be expropriated;
 - b) Documents evidencing the existence of public necessity for expropriation of the property;
 - c) Documents concerning the project to be implemented for public necessity;
 - d) Decision of the regional (city) court on granting the right of expropriation. (29.12.2006 N4204)
3. Based on a reasonable petition of a party, the court may on its own determine the type of compensation for the property to be expropriated. (29.12.2006 N4204)

Article 9. Evaluation of Property by Court (29.12.2006 N4204)

To evaluate the property, the court may appoint an external expert in manner provided by the Civil Procedure Code of Georgia. The external expert shall produce within a fixed term before the court an opinion on the market value of the property to be expropriated as well as of the other property offered as compensation to the owner instead of the property to be expropriated. Based on the external expert's report as well as on the evidence produced by the parties, the final evaluation of the compensation given to the property owner instead of the property to be expropriated is performed by the court.

Article 10. Obligations of the Expropriator

The expropriator shall pay all the costs and expenses incurred by the parties, including court costs as well as the expenses related to the evaluation and transfer of the property to be expropriated.

Article 11. Evaluation of Arable Land (29.12.2006 N4204)

The value of arable land shall be evaluated in consideration of the value of the sowings on such land. The value of sowings shall be calculated in view of the revenue that the property owner would have received in the current business year. If sowing on arable lands takes place after the evaluation of arable lands, the value of sowing shall not be included in determining the amount of compensation.

Chapter III Conclusive Provision

Article 12. Enactment of the Law

This Law be enacted on the 15th day of its promulgation.

President of Georgia

Eduard Shevardnadze

Tbilisi, 23 July 1999; N 2349-R

LAW ON PAYMENT OF SUBSTITUTE LAND RECLAMATION COST AND DAMAGE IN ALLOCATING FARM LAND FOR NON-FARMING PURPOSES

(Original law was signed 2 October 1997 and promulgated in Bulletin of the Parliament of Georgia 1997 N43. The law was then amended on 7 November 2007).

CHAPTER I GENERAL PROVISIONS

ARTICLE 1. PURPOSE OF THE LAW (11.07.2007, N 5243)

The purpose of this Law is to establish farm land compensation amounts as per Georgian municipalities and recreation territories in allocating, using or disposing of farm lands for non-farming purposes, the terms of payment of such compensation and conditions for changing the purchase of farm land, and to determine the matters related to compensation of the damages to the land owner or user caused as a result of temporary use, restriction of the land owner's or user's rights or deterioration of the quality of such land.

ARTICLE 2. DEFINITIONS OF TERMS (11.07.2007, N 5243)

The terms used in this Law shall have the following meaning:

- a) Farm land – land registered as farm land in the Public Registry that is used (or/and can be used) to cultivate plants and grow products for animal husbandry, with or without dwelling, industrial or auxiliary premises thereon;
- b) Non-farming land – land registered as non-farming land in the Public Registry;
- c) Changing the purpose – moving a farm land to the category of a non-farming land;
- d) Recreation territory – the territory that is accorded the status of a recreation territory under the laws of Georgia;
- e) Farm land compensation amount – substitute land reclamation amount in allocating a farm land for non-farming purposes.

ARTICLE 3. SCOPE OF APPLICATION OF THE LAW (11.07.2007 N 5243)

1. Under this Law, the following lands shall be subject to change in purpose:
 - a) Farm lands within the borders of recreation territories;
 - b) Farm lands within the administrative borders of Tbilisi and Batumi;
 - c) Other farm lands.
2. The farm lands owned by citizens of Georgia (families) beyond the borders of recreation territories, in the event of construction of the owner's private dwelling house, industrial and auxiliary premises thereon shall not be subject to change in purpose.

ARTICLE 4. BODY AUTHORIZED TO CHANGE THE PURPOSE OF LAND (11.07.2007 N 5243)

The purpose of land is changed by:

- a) Ministry of Environment Protection and Natural Resources of Georgia (hereinafter – the Ministry) – in the cases provided by Subparagraphs a) and b) of Paragraph 1 of Article 3 of this Law;
- b) National Agency of Public Registry (hereinafter – the Agency) – a legal entity under public law within the jurisdiction of the Ministry of Justice of Georgia – in the case

provided by Subparagraph c) of Paragraph 1 of Article 3 of this Law

ARTICLE 5. DOCUMENTS TO BE PRODUCED FOR CHANGING THE PURPOSE OF LAND (11.07.2007 N5243)

1. The person entitled to dispose of land may raise the question on changing the purpose of such land.
2. To change the purpose of land, the person entitled to dispose of land shall produce the following documents to the Ministry:
 - a) Application;
 - b) Extract from the Public Registry;
 - c) Receipt of payment of the compensation amount for the farm land in using the farm land for non-farming purposes (original or copy);
 - d) Natural persons and legal entities – copy of ID or extract from the public or commercial register, respectively;
 - e) To change the purchase of land within the administrative-territorial unit of Georgia where a recreation territory is set up – the opinion of the relevant service of the Agency on location of the land plot within the recreation zone;
 - f) If a land plot is a joint property of several persons or any right of any other person to this land is registered – consent of the co-owner or/and such other person.
3. To change the purpose of a land plot, the person entitled to dispose of such land shall produce the following documents to the Agency:
 - a) Application;
 - b) If the land plot is a joint property of several persons or any right of any other person to this land is registered – consent of the co-owner or/and such other person.

ARTICLE 6. MINISTRY MAKING A DECISION ON CHANGING THE PURPOSE OF LAND (11.07.2007 N 5243)

If the documents produced meet the requirements under this Law, under the summary procedure established by the General Administrative Code of Georgia the Ministry shall make a decision on changing the purpose of land, and the Agency shall register the change in the purpose of land in manner provided by the laws of Georgia.

ARTICLE 7. PAYMENT OF THE COMPENSATION SUM FOR USING OR DISPOSING OF FARM LAND FOR NON-FARMING PURPOSES (11.07.2007 N5243)

1. For changing the purpose of farm land in the cases provided by Subparagraphs a) and b) of Paragraph 1 of Article 3 of this Law, a natural person or legal entity shall pay the compensation sum in substitution for the farm land.
2. The compensation sum in substitution for the farm land is not subject to payment in relation to:
 - a) Changing the purpose of farm land in the case provided by Subparagraph c) of Paragraph 1 of Article 3 of this Law;

- b) Allocation of farm land to budgetary organizations for non-farming purposes for national or/and public need.
3. The national or/and public need for allocation of land to budgetary organizations is evaluated by the Government of Georgia.

CHAPTER II

CALCULATION OF THE COMPENSATION SUM IN SUBSTITUTION FOR THE FARM LAND ALLOCATED (USED, DISPOSED OF) FOR NON-FARMING PURPOSES AND OF THE DAMAGES INCURRED AND CHANGING THE PURPOSE (11.07.2007 N 5243)

ARTICLE 8. CALCULATION OF THE COMPENSATION SUM IN SUBSTITUTION FOR THE FARM LAND USED OR DISPOSED OF FOR NON-FARMING PURPOSES (11.07.2007 N 5243)

In using or disposing of a farm land for a non-farming purpose, the compensation sum in substitution for one hectare farm land shall be:

- a) For farm lands within the borders of a recreation territory – 100 000 Lari;
- b) For farm lands within the borders of Tbilisi and Batumi – 34 001 Lari.

ARTICLE 9. CHANGING THE PURPOSE OF LAND IN USING OR DISPOSING OF FARM LAND FOR NON-FARMING PURPOSES (11.07.2007 N 5243)

The Ministry makes a decision on changing the purpose of a farm land:

- a) After the person entitled to dispose of the land has paid the sum determined in accordance with Article 8 of this Law in relation to the farm land owned by a natural person or legal entity;
- b) In the event of disposal of the farm land owned by the state or/and local self-government authority for a non-farming purpose, before the payment of the compensation sum under Article 8 of this Law in substitution for the farm land that is made by the land buyer (recipient) before the execution of the relevant purchase agreement (contract).

ARTICLE 10. PROCEDURE FOR TRANSFER OF THE COMPENSATION SUM IN SUBSTITUTION FOR THE FARM LAND TO BE USED FOR NON-FARMING PURPOSES (11.07.2007 N 5243)

1. In using a farm land for a non-farming purpose, the damage incurred to the land owner as a result of deterioration of the land quality shall be paid.
2. The damage incurred to the land owner as a result of deterioration of the land quality in using a farm land for a non-farming purpose shall be calculated in accordance with the sums set out in Annex N1 to this Law, by the method approved under the relevant normative act of the Minister of Environment Protection and Natural Resources of Georgia.

ARTICLE 12. PROCEDURE OR TRANSFER OF THE FUNDS IN COMPENSATION FOR THE DAMAGES INCURRED FROM USING FARM LAND FOR NON-FARMING PURPOSES (11.07.2007 N 5243)

The funds in compensation for the damages incurred from using a farm land for a non-

farming purpose shall be transferred to the account of the affected land owner.

ARTICLE 13. Deleted (11.07.2007 N 5243)

ARTICLE 14. Deleted (11.07.2007 N 5243)

ARTICLE 15. LIABILITY FOR VIOLATION OF LAW

Liability for violation of this Law shall be determined under the laws of Georgia.

**CHAPTER III CONCLUSIVE
PROVISIONS**

ARTICLE 16. ENACTMENT OF LAW

This Law be enacted after adoption and enactment of the laws on disposal of non-farming and state-owned lands.

President of Georgia

Eduard Shevardnadze

Tbilisi, 2 October 1997; No 900 —Is

Annex (11.07.2007 N 5243)

**Farm land compensation amounts as per municipalities and recreation territories to calculate the damages incurred from the use of farm land for non-farming purposes
(in Lari)**

| | Name of municipality | Amount of compensation in return for 1 ha farm land |
|-----|---------------------------------|---|
| | Autonomous Republic of Abkhazia | |
| 1. | Gagra | 30715 |
| 2. | Gali | 34001 |
| 3. | Gudauta | 30858 |
| 4. | Gulripshi | 30858 |
| 5. | sukhumi | 33858 |
| 6. | Ochamchire | 33858 |
| | Autonomous Republic of Ajara | |
| 7. | Keda | 28572 |
| 8. | Kobuleti | 34001 |
| 9. | Khelvachauri | 33429 |
| 10. | Khulo | 26429 |
| 11. | shuakhevi | 26429 |
| | Municipalities | |
| 1. | Akhalgori | 26286 |
| 2. | Abasha | 33001 |
| 3. | Adigeni | 19715 |
| 4. | Ambrolauri | 22000 |
| 5. | Aspindza | 19715 |
| 6. | Akhalkalaki | 28572 |
| 7. | Akhaltzikhe | 26429 |
| 8. | Akhmeta | 26429 |
| 9. | Bagdati | 28572 |
| 10. | Bolnisi | 30715 |
| 11. | Borjomi | 19857 |
| 12. | Gardabani | 34001 |
| 13. | Gori | 30715 |
| 14. | Gurjaani | 30858 |
| 15. | Dmanisi | 28572 |
| 16. | Dedoplistskario | 30858 |
| 17. | Dusheti | 19715 |
| 18. | Vani | 28572 |
| 19. | Zestaponi | 28572 |
| 20. | Zugdidi | 31858 |
| 21. | Telavi | 30858 |
| 22. | Terjola | 29715 |
| 23. | Tetritskaro | 27429 |
| 24. | Tianeti | 23858 |
| 25. | Kaspi | 28572 |
| 26. | Lagodekhi | 29715 |

| | Name of municipality | Amount of compensation in return for 1 ha farm land |
|-----|------------------------|---|
| 27. | Lanchkhuti | 30858 |
| 28. | Lentekhi | 16428 |
| 29. | Marneuli | 34001 |
| 30. | Mestia | 15429 |
| 31. | Martvili | 28572 |
| 32. | Mtskheta | 30715 |
| 33. | Ninotsminda | 28572 |
| 34. | Ozurgeti | 30857 |
| 35. | Oni | 17718 |
| 36. | Sagarejo | 27429 |
| 37. | Samtredia | 33429 |
| 38. | Sachkhere | 24286 |
| 39. | Signagi | 28572 |
| 40. | Tkibuli | 19715 |
| 41. | Kareli | 28572 |
| 42. | Kvareli | 28572 |
| 43. | Kazbegi | 14286 |
| 44. | Tsageri | 23143 |
| 45. | Chokhatauri | 22429 |
| 46. | Chkhorotsku | 26429 |
| 47. | Tsalenjikha | 28572 |
| 48. | Tsalka | 25286 |
| 49. | Tskaltubo | 33858 |
| 50. | Senaki | 30858 |
| 51. | Chiatura | 15429 |
| 52. | Khashuri | 28572 |
| 53. | Kharagauli | 18715 |
| 54. | Khobi | 30858 |
| 55. | Khoni | 30858 |
| 56. | Tskhinvali | 30715 |
| 57. | Java | 30715 |
| 58. | Tbilisi | 34001 |
| 59. | Kutaisi | 33858 |
| 60. | Poti | 31858 |
| 61. | Batumi | 34001 |
| 62. | Rustavi | 34001 |
| 63. | Recreation territories | 100 000 |

Annex N 2 Deleted (11.07.2007 N 5243)

ANNEX 2 – SAMPLE GRIEVANCE MANAGEMENT FORMS
GRIEVANCE INITIAL REGISTRATION FORM

Date _____ Prepared by: _____

Grievance Number: _____

Full name of claimant: _____

Address: _____

Project registration number: _____

Preferred settlement language: _____

Reason for the claim (detailed description of the claim -- use more pages if needed):

Name of person completing form (if not the complainant): _____

Signature of person completing form: _____

Signature of complainant (if complainant completed form): _____

Grievance received in written / verbal form (circle one)

(cut along line and return bottom of form to complainant)

I, the undersigned _____, acknowledge receipt of grievance number _____ on this day ____/____/20__ in the city/town/village of _____.

GRIEVANCE FOLLOW-UP FORM

Grievance Number: _____

First Tier Processing

Date: _____ Action taken and reasons:

Signature of person completing section: _____

Date: _____ Action taken and reason:

Signature of person completing section: _____

Date: _____ Action taken and reason:

Signature of person completing section: _____

Acknowledgement of closure by complainant or passage to second tier by Stakeholder Liaison Officer (one must be completed and signed:

I, the undersigned _____, acknowledge that action in respect of grievance number _____ has been taken and that I am satisfied with this action

Done on ____/____/200__

SECOND TIER PROCESSING

Grievance number _____

Composition of the mediation committee:

Chairperson (name, position): _____

Members (use another page if needed):

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Report of mediation efforts:

Agreed solution:

Implementation of the agreed solution:

Acknowledgement of closure:

Signature of chairperson: _____

Signature of complainant: _____

Signature of GUE: _____

ANNEX 3 - VALUATION METHODS, VALUATION OF LOSSES AND COMPENSATIONS

1. **Land Valuation;** Land has been valued at replacement cost based on the average market value. That is based on the average sale value of comparable land in type, location and features. Based on the average market sales, adjustments were made according to the comparison parameters, in the following sequence as applicable:

- (i) Transfer of ownership rights for the real estate property;
- (ii) Financial conditions;
- (iii) Sale conditions;
- (iv) Further costs related to sale;
- (v) Sales dynamics at the market (the sale date);
- (vi) Location;
- (vii) Physical parameters;
- (viii) Economic parameters;
- (ix) Use;
- (x) Existence of real estate property.

Calculation of the Market Value Using Sale Comparison Method

The plots to be evaluated are located in the villages of Urbnisi, Ruisi, Aradeti, Sagolasheni, Breti, Agara and Bebnisi of Kareli district. The above mentioned villages are situated at the both sides of the planned RikoTi – Ruisi highway. The plots to be evaluated are compactly located for 19 km length. The land plot prices are almost the same along the area. The plots were united in 3 groups, which are similar in their parameters (use, parameters, physical location, etc.) and their market value will be similar. The groups were divided as agricultural land and non-agricultural (commercial) land.

The environment to be necessarily analyzed for evaluation purposes (market segment) was identified within the above mentioned villages.

The market segment of the property to be assessed is characterized by arable, pasture and commercial (non-agricultural) use.

During the evaluation process and with the aim to identify the market value of the land plots to be assessed we obtained data on the analogues. The information is based upon the proposals on the existing market (source of information is indicated everywhere), which is given in Table 1.

Calculation of the Market Prices

Reconciliation of the adjusted prices of compared assets was carried out based on a calculation of the average weighted value. During the reconciliation of the adjusted prices more value was attached to those analogues that were the most comparable to the valuated asset so that the smallest adjustment was necessary.

With the use of the average weighted value, the price of the valuated asset was calculated by means of the following formula:

$$V_{wa} = \sum_{i=1}^n \left(P_i \times \frac{R_i}{\sum_{i=1}^n R} \right)$$

Where:

V_{wa}- is the average weighted value;

P_i - is the adjusted selling (offered) price of each comparable analogue;

∑ R – is the sum of the rating weight of the adjusted price of comparable analogue;

R_i – is the rating weight of the adjusted price of each comparable analogue.

2. Buildings Valuation. Buildings have been valued at replacement cost based on the direct and indirect costs at market value necessary for the construction of a comparable building i.e. what construction of a building of similar parameters would cost today. No deductions were made for amortization. The parameters for calculating the direct and indirect costs are the following as applicable to individual cases.

a. Direct costs include:

- (i) Salaries of workers;
- (ii) Purchase of construction materials;
- (iii) Preparatory expenses;
- (iv) Rent or purchase of equipment;
- (v) Profit and overhead expenses of the constructor;
- (vi) Expenses incurred to ensure safety measures during the construction/repair;
- (vii) The cost of arranging temporary structures;
- (viii) Temporary communications (electricity, water, gas supply etc.);
- (ix) Warehouse costs;
- (x) Transportation costs;
- (xi) Other costs

b. Indirect costs include:

- (i) Cost of professional services:
 1. Compensation of the architect/designer;
 2. Compensation for engineering services;
 3. Legal expenses;
 4. Compensation for valuator's services;
 5. Other expenses
- (ii) Expenses incurred to receive permits;
- (iii) Insurance costs;
- (iv) Financing %;

(v) Guarantee necessary to secure the contract implementation by the contractor building the new building;

(vi) Other expenses

3. **Compensations for Annual Crops.** This item has been valued at market ha, area of affected crops and current gross market values of the crop. The details are given in a table 4.

Table 4: Compensation for the Annual Crops

| Crops | Unit | Productivity per 1 ha | Market price of unit of crops, GEL | Crop Compensation Price (GEL) per 1 ha | Crop Compensation Price (GEL) per 1 sq.m |
|------------------|-------|-----------------------|------------------------------------|--|--|
| Potato | tone | 24 | 300 | 7200 | 0.72 |
| Cabbage | tone | 22 | 250 | 5500 | 0.55 |
| Beans | kg | 800 | 5 | 4000 | 0.4 |
| Garlic | kg | 1600 | 5 | 8000 | 0.8 |
| Tomatoes | Tone | 20 | 300 | 6000 | 0.6 |
| Maize | Kg | 5000 | 0,8 | 4000 | 0.4 |
| Wheat | Kg | 4000 | 1 | 4000 | 0.4 |
| Strawberry | Kg | 4000 | 1,2 | 4800 | 0.48 |
| Hay | Bunch | 300 | 3,5 | 1050 | 0.105 |
| Other vegetables | - | - | - | 5000 | 0.5 |

4. **Compensations for Perennial Plants.** These items have been valued differently for wood trees; productive trees in production age and productive trees not yet productive.

B Wood Trees: Wood trees have been valued based on growth category and value of wood of the tree at the age the tree was cut.

C Non Productive Fruit Trees. These items have been valued based on the value of the investment made to grow the tree to the age in which the tree was cut.

A Fruit Trees in Productive Age: The value of these items has been defined according to the following parameters:

1) Product of the tree at the productive stage or age of the tree at the moment of cutting (which is defined by tables prepared by the consultants based on figures from the Department of Statistics of Georgia and recognized academic publications which detail the average productivity of a tree within intervals of 5 years) of the tree at the moment of cutting;

2) Average value of future produce lost at farm gate market price (defined based on the numbers of productive years from the year a tree is cut to the year when a tree will stop production), and;

3) Number of years needed to re-grow the tree at the productive stage (age) in which it was cut.

The valuation of the tree obtained will be discounted for: the value of yearly productive inputs (the future income to be compensated are virtual and therefore should not involve productive inputs costs). The formula to compensate one productive tree will thus be:

$$C=(KxVxL)$$

Where:

C - is compensation value of tree.

K – is average annual productivity of 1 tree according to age categories

V – is market price at farm gate of 1 kg product

L – is years to be compensated (years needed for growing up a tree of the same rate of productivity as the one cut.

Calculated unit prices for each tree species are provided in a Table 5:

Table 5. Calculation of Compensation Costs for Productive Trees (Cost per 1 Tree)

| Type | Cost for 1 seedling | Years of becoming fully productive | Years needed to grow fully productive tree (Years to be compensated) | Average productivity of fully productive tree in 1 year, kg. | wholesale Market price 1 kg., GEL | Annual income, GEL | Compensation for years of growing fully productive tree | Cost for 1 tree, GEL |
|--------------|---------------------|------------------------------------|--|--|-----------------------------------|--------------------|---|----------------------|
| Apple | 3 | 6 | 5 | 80 | 0.9 | 72 | 360 | 363 |
| Wallnut | 5 | 11 | 10 | 40 | 1.4 | 56 | 560 | 565 |
| Plum | 3 | 5 | 4 | 80 | 0.6 | 48 | 192 | 195 |
| Tkemali | 3 | 5 | 4 | 50 | 0.9 | 45 | 180 | 183 |
| Peach | 4 | 4 | 3 | 40 | 1.4 | 56 | 168 | 172 |
| Appricot | 3 | 4 | 3 | 40 | 1.2 | 48 | 144 | 147 |
| Black Cherry | 3 | 4 | 3 | 16 | 1.5 | 24 | 72 | 75 |
| Pear | 3 | 7 | 6 | 70 | 0.9 | 63 | 378 | 381 |
| Hazelnut | 3 | 6 | 5 | 6 | 1.8 | 10.8 | 54 | 57 |
| Quince | 3 | 5 | 4 | 30 | 1.3 | 39 | 156 | 159 |
| Mullberry | 3 | 5 | 4 | 16 | 1.2 | 19.2 | 76.8 | 79.8 |
| Sweet Cherry | 3 | 4 | 3 | 16 | 1.5 | 24 | 72 | 75 |
| Grape | 2 | 3 | 2 | 9 | 0.7 | 6.3 | 12.6 | 14.6 |

LEGALIZATION OF PRIVATE OWNERSHIP OF LAND IN GEORGIA

A. Introduction

Correct and accurate initial registration of ownership rights is the necessary condition for undertaking voluntary acquisition or mandatory expropriation of real property. Pursuant to article 312 of the Civil Code of Georgia the records at the Public Registry are considered accurate until their inaccuracy is not proved. Therefore, throughout the presumption of the article 312 of the Civil Code of Georgia the inaccurate data available at the Public Registry shall be corrected with precise data. Therefore, landowners shall carry out precise demarcation and legalization of his/her land parcel(s) through proper procedure. The land owners have to apply to the Public Registry with necessary documents as proof of the ownership and description of land, Cadastral Map with precise survey data and documents verifying ownership right (Receive-Delivery Act, or Registration Certificate, or the extract from the land distribution list issued by the local self-government body, or the statement on the landowner's registration as a tax payer in 1992-2001 years).

After the disintegration of the Soviet Union, all land in Georgia came under the state ownership. The Government of Georgia (GOG) started privatization of land in 2004 as an essential part of the

economic reform in the country. The GOG applies various methods to privatize state-owned property including competitive bidding, auctions, lease, redemption and direct sale. However, lands under private occupation with traditional rights are being legalized through registration with National Agency for Public Registry (NAPR) of the Ministry of Justice. The pattern of privately owned lands in Georgia is determined by allocation of land plots after the independence from Soviet system. In the Soviet times the agricultural lands were used by collective farms financed by the State. During the privatization process the lands of collective farms were divided into small parcels and distributed among households who no longer receive agricultural subsidy from the State.

B. Status on Registration on Pure Land and Reality in Present Situation

The registration for pure land (land parcel without having structure) has not been stopped. However, in practice, most of the owners are not initiating any new land registration for the pure land because; there is no requirement for them for new registration as buying and selling of pure land is not so prevalent in present situation. Also, these owners are using their respective plots based on the mutual understanding among the neighbours.

In reality, some of these land parcels and owners can still be converted into legal owners provided the initiation for land registration for pure land is taken by the owners. These cases under the current situation are considered as Legalizable Owners. Currently, there is no problem associated with urban and residential plots. Also, there is some cases pending in the court related to land registration, which needs to be addressed. The current ownership of land can be broadly categorized as follows:

(i) **Legal Owner/ Title Holder:** Owners and users of land having their title registered in the Public Registry.

(ii) **Legalizable Owner:**

- a. **Rightful Owners** – the owners with old document proof although not having registration in the Public Registry under the Laws of Georgia on Privatization of State-owned Agricultural Land, (July 8, 2005) and The Law of Georgia on Public Register (No820 –lis; December 19 of 2008); (the current legislation).
- b. **Non-rightful owners** - unauthorised land users having right to legalize landownership rights provided by the current legislation. The legalization of landownership rights, under the current legislation is allowed for following cases:
 - The state owned agricultural or non-agricultural land plot with residential house or supporting structures on it - occupied by the physical or legal person without permission before the current law came in force in 2007.
 - Land plot occupied by person without permission is adjacent to the land parcel rightfully owned or used by this person, taking into account that the illegally occupied land parcel should be of less area than the legally owned adjacent land parcel.

However, there are certain restrictions on privatization of land¹ (attachment-2).

¹ According to the Law of Georgia On Privatization of Agricultural Land Existing in State Ownership (Article 2, Clause 3), the following categories of State-owned lands are not subject to privatization: (a) Pasturelands other than those leased out before the enactment of this law which under the act issued by the competent state or local government (self-government authority) are duly allotted to the buildings and premises located thereon which are the private property of individuals or legal entities or the property of the state; (b) Cattle transfer routes; (c) The first zone (zone of strict regime) in sanitary protection area around water supply units; (d) Lands of forest funds, which are used for agricultural purposes; (e) Recreational lands; (f) Lands occupied with historical, cultural, natural and cult-religious monuments; (g) Lands of protected territories; (h) Agricultural lands that are used by the Budget-funded institutions and legal persons of public law in form of usufruct. The lands indicated in b, c, d and e may be privatized only if significant projects are implemented, on which government of Georgia, based on the suggestion of the Ministry of Economic Development of Georgia, shall take special decision. At the same time the land indicated in c may be privatized if the conditions of sanitary protection are met. (26.10.2007).

(iii) **Non-Legalizable Landowners:** Illegal/Squatters having no right to legalize landownership rights under the current legislation. Persons having no document of possessing the land in concern before the enactment of the current law in 2007 are not legalizable.

Legalisation of Rightful Landownership rights is executed directly by Rayon Registration Offices of NAPR. The applicants should submit old documents proving the ownership rights and precise cadastral maps of the land plot and structures on it.

Legalisation of Non-rightful Landownership rights is authorized by Property Recognition Commission (in each Rayon) through reviewing the application documents, evaluating eligibility against the restriction lists given in the law and local landuse development plans. In case of positive decision and upon payment by the applicant of relevant amount of money to a special account, if applicable,² the Commission issues certificate on ownership right. Based on that certificate the Rayon Registration Office of NAPR will register the ownership rights on land plot and structures.

C. National Survey

In 2003-2004, USAID, along with some International Donors carried out a national level survey of land all over Georgia. These donors started the mapping of land for whole of Georgia. The mapping was done through an independent survey by physical verification of the land parcels and consultation with the owners. The positive aspect of the USAID survey was that it recognized the plots. However, the ownership details and the parcel boundary were not demarcated on the ground by the survey. Also, the details of ownership were not updated because most of the people do not initiate any registration for pure land. Therefore, there is a difference between the USAID survey and the map existing during the privatization process (Rayon Map/Archives) regarding the issues related to the exact ownership, boundary of each plot and its due recognition.

D. Land Acquisition and Resettlement Surveys and Documentation for the Project

As the land acquisition and resettlement (LAR) activities at the feasibility study (FS) level were based on tentative alignments and existing imprecise cadastral maps, and since there was no detail estimate of losses and ownership at FS, fresh land acquisition and resettlement surveys have been being carried out through detail measurement survey, valuation survey, census survey and socioeconomic survey. The road alignment as per final engineering design is being superimposed on the updated cadastral map of Registered land plots obtained from Rayon NAPR and aerial photo (orthophoto) of concerned area. Each of the affected Registered land plots in the project right of way are being identified along with its dimensions on the orthophoto. The affected plots are being listed up and cadastral details collected from Rayon NAPR, and local government offices as applicable.

Based on this, the survey team proceeded to the sites for field survey which included identification of each plot and verification of the details shown in the National Survey Map (National Cadastre Map) and the reality on the ground. The verification survey process includes title searching through review of available documents and discussions with the owners about land parcel boundary and further discussion with the local government, the representative of the NAPR (local archives are currently transferred to NAPR rayon offices) for its cross verification. Based on these methods final details of each parcel and ownership will be confirmed. This will help to identify the legal owners, the legalizable owners (rightful and non-rightful) and the illegal occupants of state owned land. The list of various categories of ownership will be recorded with the help of local government.

² In Adjara AR (1) Payment for allocation of land less than 3000 sqm in village settlement for residential use is exempted for all. (2) For agricultural land of area more than 3000 sqm, the payment is 440 GEL per HA. (3) For non-agricultural land in the first zone, the payment is 6 GEL per sqm, which is 3.4 GEL per sqm in second zone and 2.2 GEL per sqm in rest of the areas. Kobuleti Municipality Sakrebulo has approved by its decree of 26.02.2010 zoning of Kobuleti rayon lands in accordance with the legislation.

The FS noted that the some of the owners of affected land parcels have the land documents (old documents) as proof of ownership obtained during the post soviet period. These land owners did not Register their land parcels in the rayon level registration office as it was not mandatory for them. As general estimation registered land owners in Georgia constitute 10-15% of all the legalizable pool of land owners/users.

E. Process for Registration of Legalizable Owners

An initial level of discussions were initiated during the Census Survey by the FS consultant with the stakeholders, including the affected people, Property Recognition Commission of Kareli Rayon and the rayon level Registration Offices of NAPR. The detail design consultant (the Consultant) has checked with relevant agencies and local experts for the land registration process in Georgia, particularly in Kareli Rayon. This also includes the methods on how to conduct registration of un-registered land prior to disbursement of compensation to the affected people. The affected people will be made aware about the situation, the process and the tasks to be done by them for registration of land parcels. It is noted that coordination and combined efforts are required by the APs, the consultant and all the relevant government agencies.

H.1 Registration of Rightful Owners

Recognition of ownership rights in relation with the rightfully owned/used land plot is executed through registration of ownership right directly in the Public Registry. For that purpose, the applicant has to submit:

- i. Documents confirming rightful ownership of the land plot.
- ii. Precise cadastral maps of the land plot.
- iii. Document confirming payment of the fee for the property recognition (51 Gel).
- iv. Identification documents of the applicant.

The process and procedure for registration of Rightful Owners needs complete the steps described as follows:

(i) **Step 1:** Preparation of fresh and precise cadastral map by the owners through private agencies. The map will include all the dimensions of plots and geometrical details. The cost of preparation of map ranges from 0.06 GEL to 0.10 GEL per sqm of land to be recognized. The duration for preparation of map will be approximately a week time. However, within the project frame, the consultant will prepare precise cadastral maps for the affected land plots and these maps along with required land descriptions will be given to the legalizable and other land owners free of charge.

(ii) **Step 2:** In case if the owner does not have available ownership proving documentation or in case there is any doubt regarding the plot, the owner has to apply to the local community level self-government (Sakrebulo and Gamgeoba) and local Rayoon NAPR Office (where Archives are kept) for the proof and cross verification of the land details.

(iii) **Step 3:** after the verification from NAPR rayon Office, the owners will take the endorsement from the community municipal office (Gamgeoba).

(iv) **Step 4:** Following the authorization from Gamgebeli the owners will approach to the Rayon level Registration Office of the NAPR. The owners will provide all the above proof to the registration office. The registration office will verify the completeness of all required application documents. The owners have to submit both the soft copy and hard copy of the plot maps along with its coordinates for record in the Public Registry office. The registration process will take 4 working days in normal situation and the property recognition fee will be 51 GEL per registration. In case of urgency, the

owners have to pay 150 GEL to get the registration done in one working day and 200 GEL, if the registration needs to be done immediately. However, the registration office for affected legalizable owners will not charge the urgency cost and will be able to complete each case in maximum 6 days. After the finalization of registration, the Public Registry office will compile the land records and will update the cadastral details. The updated details will be sent to the central Public Registry for centralized record.

(v) **In case**, there remains further dispute related to ownership, the case may be referred to the court. The project authority may estimate the price of that particular land and may deposit the amount in the State Budget allocated for the Project. The payment to the real owner will be executed from the State Budget according to the court decision upon confirmation by the Roads Department as RAP implementing agency. The case will be resolved in the Rayon Court.

H.2 Registration of Non-Rightful Owners

For recognition of the ownership rights on non-rightfully owned land plot the owner/user should submit to Property Recognition Commission application letter through the Office of Sakrebulo with the following supplementary documentation:

- (i) Document confirming the fact of non-rightful ownership/use of the land plot or attestation of witness (neighbours etc.).
- (ii) Precise cadastral maps of the land plot
- (iii) Information needed for determination of the fee for property recognition
- (iv) Copies of the identification documents of the applicant

The process and procedure for registration of Non-Rightful Owners needs the following steps as described below:

(i) **Step 1:** Preparation of fresh and precise cadastral map by the owners through private agencies. The map will include all the dimensions of plots and geometrical details. The cost of preparation of map ranges from 0.06 GEL to 0.10 GEL per sqm of land to be recognized. The duration for preparation of map will be approximately a week time. However, within the project frame, the consultant will prepare precise cadastral maps for the affected land plots and these maps along with required land descriptions will be given to the legalizable and other land owners free of charge.

(ii) **Step 2:** The map and its details will be authorized and the land usage pattern will be verified by the neighbours. The community local administration (Gamageoba) may also certify the authorization.

(iii) **Step 3:** Following the authorization from the neighbours, the same has to be notarized. Cost of notarian confirmation of neighbours witness will be 15 GEL for each case.

(iv) **Step 4:** The land owner/user will approach to the Property Recognition Commission through Office of Sakrebulo with a package of documents confirming eligibility for legalization of the land plot according to the current legislation. This includes ownership documents related to the adjacent land plots owned by the applicant rightfully.

(v) **Step 5:** In case if, the owner does not have available documentation proving ownership rights on the adjacent land plot or in case there is any doubt regarding the plot, the owner will apply to the local NAPR Archives for the proof and cross verification of the land details.

(vi) **Step 6:** After the verification, the Office of Sakrebulo will endorse the application and authorize the case for recognition.

(vii) **Step 7:** Following the authorization from Sakrebulo, the owners will approach to the Property Recognition Commission. The owners will provide all the above proof to the Commission. The Commission will verify the documents, make physical verification and organize an open disclosure meeting on site with prior notice to the concerned community peoples. If the documents are clear and the land is free from any dispute from anybody, then the Commission will notify the applicant to deposit payment for the land (if applicable). After payment, or if the payment is not applicable, the commission will issue certificate on ownership right to the owners.

(viii) **Step 8:** Based on the above steps, the owners will go to the Public Registry at their respective rayon for registration. The owners have to submit both the soft copy and hard copy of the plot maps along with its coordinates. The registration process will take 4 working days in normal situation and the property recognition fee will be 51 GEL per registration. In case of urgency, the owners have to pay 150 GEL to get the registration done in one working day and 200 GEL, if the registration needs to be done immediately. However, the registration office for affected legalizable owners will not charge the urgency cost and will be able to complete each case in maximum 6 days. After the finalization of registration, the Public Registry office will compile the land records and will update the cadastral details. The updated details will be sent to the central Public Registry for centralized record.

(ix) **In case,** there remains further dispute related to ownership, the case may be referred to the court. The project authority may estimate the price of that particular land and may deposit the amount in the State Budget allocated for the Project. The payment to the real owner will be executed from the State Budget according to the court decision upon confirmation by the Road Department as RAP implementing agency.

F. Actions at Detail Design

The most important issue for timely acquisition of land is the coordination between the Roads Department and the respective rayon and municipality level administration (Rayon and municipal Gamgeoba and PRC). These issues have been identified and brought to the notice of concerned stakeholders by the feasibility study consultant, as well as DD Consultant, through consultation and review of existing process of privatization. The Consultant is in the process of seeking cooperation from the concerned registration services and local government offices. Services of an experienced survey and audit agency have been being utilized to identify the current owners (users) of affected land parcels as per final engineering design of the road.

All the legalizable owners (rightful and non-rightful) are being identified through extensive title search. Fresh and precise maps of land parcels (with standard coordinates) and geometric details will be provided to the legalizable owners in CD-ROM and printed copies. A generic instruction leaflet has been distributed to the affected persons on the process of legalization of legalizable land parcels. The survey agency is also counselling the AP persons on the process and its urgency for timely receipt of compensation for their acquired land. All legalizable owners will be provided with the detailed cadastral maps and case-specific instructions on further steps for legalisation.

The registration will be completed for the legalizable owners during the implementation of RAP and prior to the disbursement of compensation. The cost involved in the registration process will be reimbursed from the Project during RAP preparation and implementation. The affected legalizable owners have to initiate the land registration at their own cost in the beginning with such assurance from the Roads Department. The above activities are part of Pre- Disbursement of Compensation.

Once the payment of compensation is complete for the affected land/assets, the acquired land will be transferred (Registered) in the name of Roads Department and the remaining portion will belong to the affected owners. This registration is basically the change of ownership after the acquisition.

However, if the road alignment divides the plot into many parts then each of the remaining part need to be remapped and needs to be re-Registered. This will clearly demarcate the acquired land as the property of RD and the remaining belongs to the affected owners.

ANNEX 4 - QUESTIONNAIRE

Date/თარიღი: _____

Form/ფორმა No: _____

1.0 GENERAL IDENTIFICATION - ზოგადი ინფორმაცია:

| | |
|--|--|
| Plot No ნაკვეთის No: | |
| Location ადგილმდებარეობა: | |
| Temporary/permanent use დროებით/მუდმივ საკუთრებაში | |
| Total area of the plot ნაკვეთის საერთო ფართობი: | |
| Crop სასოფლო-სამეურნეო კულტურა: | |
| Registered (Yes/No) დარეგისტრირებულია (კი/არა) | |
| Other plots owned by the same person იგივე მესაკუთრის მფლობელობაში მყოფი სხვა მიწის ნაკვეთები | |

2.0 DETAILS AFFECTED STRUCTURE/LAND/OTHER ASSETS - ინფორმაცია ზემოქმედების ქვეშ მყოფი საკუთრების შესახებ

| | |
|--|--|
| Description / აღწერა | |
| Residential, non-residential საცხოვრებელი, არასაცხოვრებელი | |
| Age of the structure კონსტრუქციის ასაკი | |
| Present use (1 – in use; 2 – not in use) გამოყენება (1-გამოყენება; 2-არ გამოყენება; | |
| Dimensions ზომა | |
| Number of storeys სართულების რაოდენობა | |
| Ownership form (own, rented) საკუთრების ფორმა (საკუთარი, დაქირავებული) | |
| Market value of this affected structure as on today საკუთრების საბაზრო ღირებულება | |

3.0 LANDOWNER / მესაკუთრე:

| | | | | | |
|----------------------------------|--------------------------|----------------|--------------|------------------------|-----------------------------|
| Family name გვარი: | | | | | |
| Ethnicity ეთნიკური კუთვნილება | | | | | |
| Age ასაკი | | | | | |
| Sex სქესი | | | | | |
| Education განათლება | | | | | |
| Family information | Family members ოჯახის | Name სახელი | Age ასაკი | Education განათლება | Occupation დასაქმებულობა |

| | | | | | |
|---|---------|--|--|--|--|
| ინფორმაცია ოჯახის შესახებ | წევრები | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Family headed by woman ოჯახის უფროსი - ქალი | | | | | |
| Main source of profit შემოსავლის ძირითადი წყარო | | | | | |

4.0 COMPENSATION OPTION / კომპენსაციის ფორმა

| In case of Structure Loss შენობა ნაგებობების დაკარგვის შემთხვევაში | | In case of Agricultural Land Loss სასოფლო-სამეურნეო მიწების დაკარგვის შემთხვევაში | |
|---|--|---|---|
| 1. | Constructed structure მზა ნაგებობა | 1. | Land for land მიწა მიწის სანაცვლოდ |
| 2. | Land for structure მიწა ნაგებობისთვის | 2. | Cash compensation ფულადი კომპენსაცია |
| 3. | Cash compensation ფულადი კომპენსაცია | 3. | Assistance for allied activities დაკავშირებულ საქმიანობაში დახმარება |