

Land Acquisition and Completion Report for
the 35 kV OTL not covered by the Original
Addendum to the LALRP

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Acronyms & Abbreviations

ADB	Asian Development Bank
AGL	Adjaristsqali Georgia LLC
AH	Affected Household
AP	Affected Person
E&S	Environment and Social
EBRD	European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
HH	Household
IFC	International Finance Corporation
km	Kilo meter
kV	Kilo Volt
LALRP	Land Acquisition and Livelihood Restoration Plan
LAR	Land Acquisition and Resettlement
m	Meter
OTL	Overhead transmission line
RAP	Resettlement Action Plan
RoW	Right of Way
SES	Socio-economic survey
Sq.m.	Square meter

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1 Introduction

In September 2020 ARUP and Lenders were informed during the Environment and Social Monitoring Virtual Audit that due to a route change required for the construction of the Skhalta-Shuakhevi 35kV Overhead Transmission Line (“OTL”) AGL acquired some land plots which were not covered under the original Addendum to the LALRP¹. The 35kV OTL route was changed at required locations to improve the stability of the line and enhance reliability during operational phase. The main factors for route modification were the following factors:

- Geo-technical survey revealed that the ground at some locations was not suitable, and route modification was required to avoid landslide prone locations.
- An area around a tower got affected due to state road widening works.
- Installation of a religious symbol in the Right of Way (RoW) by the locals.
- the Government of Adjara initiated to develop one abandoned site in the buffer zone (RoW) as a picnic place for tourists.
- And, additionally, a change of a tower location or its angle due to above mentioned reasons, resulted in other changes to its adjacent tower and RoW too as the transmission line is a linear structure.

The original Addendum to the LALRP (“Addendum”) was prepared and disclosed in 2017. In addition to that Addendum AGL prepared Annex to the LALRP Addendum covering the relocation of three families from the Kommshen building in 2019, and another Annex to the LALRP describing re-alignment of the route section in Furtio village (2019).

This Land Acquisition and Completion Report (“LACR”) has been prepared in accordance with the principles determined in the 2014 LALRP, and therefore is in accordance with Lenders’ requirements, namely,

- IFC Performance Standard 5 – Land Acquisition and Involuntary Resettlement (IFC PS5),
- EBRD’s Performance Requirement 5 - Land Acquisition, Involuntary Resettlement, and Economic Displacement (EBRD PR5), and
- ADB’s Safeguard Requirement 2 – Involuntary Resettlement (ADB SR2).

This LACR includes information on the land acquisition, asset valuation and compensation for those households whose lands were affected by the route change.

1.1 Project Description

In 2014, the need for the 35kV Skhalta-Shuakhevi OTL Project (the Project) was identified. The Project represents the 22.3 km single circuit overhead power line constructed between two separate hydro power stations – Skhalta and Shuakhevi - within the scope of the Shuakhevi HPP project. The line allows the Skhalta HPP to transmit generated electricity into the Georgian 220kV network.

In 2016, New Metal Georgia was assigned as the construction contractor (‘the Contractor’) of the 35kV OTL Project. In October 2016, an Environmental and Social Impact Assessment (ESIA) was prepared for the Ministry of Environment and Natural Resources Protection of Georgia, as part of Georgian project permitting

¹ http://agl.com.ge/new/wp-content/uploads/2018/09/35kvS-S_OHL_LALRP_V4_Eng_28.02.2017-disclosure.docx.pdf

requirements. In order to meet requirements of the international lenders to the Shuakhevi HPP the Supplemental Environmental & Social (“E&S”) Assessment and Environmental and Social Management Plan (“ESMP”) were prepared in 2017. The environmental permit was obtained by AGL on the 20th of April 2017. In 2016, Khulo and Shuakhevi Municipalities separately issued conditional construction permits for the 35kV OTL which were periodically extended before the completion of the construction activities. The construction of the OTL was completed in October 2020 and the line was commissioned. The ‘commissioning act’ for the transmission line was issued by Khulo and Shuakhevi Municipalities in March 2021.

Land acquisition process has been conducted as per the 35kV line Addendum to the LARLP and in line with lenders’ requirements. It has been based on a fair and unbiased valuation of land plots. To ensure land users’ satisfaction, AGL has used a standard 10% mark-up on a market price only for the permanent impact.

AGL kept track of ad hoc changes to the route and conducted land use related consultations, however, could not launch the re-assessment until the locations of all towers were clarified and almost all were erected.

Once all towers were erected and the OTL was ready for operations, AGL re-assessed the land-related impacts. AGL appointed qualified personnel (valuators) to undertake the assessment of the route change.

In total, the route change affected 62 land plots (24,004sq.m) used and owned by 55 households (HHs). Out of this, 23,826 m (54 HHs) fall under the easement, and 178sq.m (3HHs) under the tower footprint (permanent impact)².

Table 1 below summarizes the route change impact:

Table 1 Land impact summary

Loss category	N of HHs	N of land plots under permanent impact	N of families under permanent impact	N of land plots under temporary impact (easement)	N of families under temporary impact	Area under permanent impact (sq.m.)	Area under temporary impacts (easement) (sq.m.)	Total area
General information	55	3	3	59	54	178	23,826	24,004
Private ownership	14	1	1	13	13	106	2,399	2,505
State owned land (registered)	22	0	0	22	22	0	5,044	5,044
State owned land not registered	3	0	0	3	3	0	1,065	1,065
Forestry fund registered	8	0	0	8	8	0	10,803	10,803
Forestry fund not registered	16	2	2	14	14	72	5116	5188

² The sum of the HHs does not represent the actual number of households, as one household owns several land plots including RoW and tower footprint.

The route change affected only land plots. No fruit bearing trees, perennial crops and structures were affected by this change. Out of 55 landowners/users, only three HHs were new, while the remaining were those who were covered by the original 35kV line Addendum to the LALRP.

During the preparation process of this LACR the following works have been implemented:

- Inventory studies of assets affected by the micro-changes to the route and their valuation were started initially in November 2020. However due to COVID-19 restrictions, works were terminated and resumed in March-April 2020 when limitations were lifted. The studies recorded the type of asset, size, quality or condition, use and other relevant characteristics.
- All three AHs were interviewed face to face to identify the major socio-economic features, namely ethnicity, education level, modes of livelihood, and sources of income etc. The study established baseline conditions with regards to well-being and access to services.
- The eligibility cut-off date was declared as April 26, 2021 (i.e., the completion date of the inventory studies), and this was communicated to the affected households (Ahs) during the individual meetings.

1.2 AGL’s Land Acquisition Policy

AGL’s guiding principles for acquiring land for the 35kV OTL follows those in the 2014 LALRP as demonstrated in Table 2.

Table 2 Land acquisition principles

2014 LALRP Guiding Principles	Actions Taken by AGL to Demonstrate Compliance
1. Land acquisition and resettlement will be minimized or avoided where possible. Where resettlement is unavoidable, RAPs and LRPs will be designed to minimize adverse impacts.	Towers for higher voltage 110/220kV were used instead of traditional 35kV towers. These towers can span distances greater and as such, reduce the overall number of towers. In addition to this, prefabricated foundations for the towers were used to allow the land users to continue works where possible; composite ceramic insulators were used to reduce tower size (e.g., smaller footprints) to reduce the area under the towers subject to permanent impact.
2. Land acquisition activities will be conceived and executed as sustainable development programs. Sufficient investment resources will be provided to enable the Affected Persons (APs) to share in project benefits.	Impact on land is very insignificant, mostly easement and only three HH losing (a total of 178sq.m) land permanently for the tower footprints. Three new HHs ³ will be involved in the livelihood restoration activities, as selected by

³ Out of three new HHs only one is losing land (36sq.m) permanently due to tower footprint.

2014 LALRP Guiding Principles	Actions Taken by AGL to Demonstrate Compliance
	<p>them during the interviews. These include provision with walnut seedlings, and pesticides. Besides, the HHs affected by permanent loss of land will receive 10% mark-up as vulnerability allowance. None of the newly affected households are headed by females. Many of the HHs in the area are vulnerable and dependent on state pensions and allowances. Some of them are below the poverty line.</p> <p>For the 52 AH, the additional impacts were overall not significant since the land and easement requirements were small. None of the 52 households permanently lost 10% or more of their productive lands (income generating) as a result of this additional land acquisition for the easements.</p>
<p>3. AGL will aim to achieve negotiated agreements on land acquisition with all APs with expropriation only being followed as a last resort where negotiation fails. Either way, all LAR activities will be documented in Resettlement Action Plans and LRPs</p>	<p>Land acquisition has been achieved through negotiated agreements. There is no expropriation; all land compensation is being paid based on mutual agreements of both parties.</p> <p>The contract is signed with landowners of each individual land plot, as well as all documents of land registration in the Public Registry, cash compensation payment approval documentation, documents about preliminary examination and valuation of land plot, and delivery acceptance acts on transferring land titles to AGL are available.</p>
<p>4. All APs will be meaningfully consulted and have opportunities to participate in planning and implementing resettlement activities;</p>	<p>Through careful land acquisition activities conducted at initial stage and during the project implementation process, by ensuring full participation and consultation with the APs, and by establishing extensive communication and coordination among the various implementation entities, AGL tried to consult and inform all APs and this way to prevent concerns. AGL conducted meetings with the APs and consulted on the land acquisition activities and compensation payment.</p>
<p>5. APs will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-project levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.</p>	<p>The eligible 'old' HHs were included in the livelihood restoration scheme, and three 'new' HHs will be provided with similar measures.</p>

2014 LALRP Guiding Principles	Actions Taken by AGL to Demonstrate Compliance
6. An LALRP (or RAP if there is physical displacement) is prepared for each subproject for permanent land acquisition;	Route micro-changes did not trigger physical relocation of households. AGL hired an independent valuator - Expert XXI - to undertake the asset valuations. Out of 55 HHs there are only three new HHs who were not covered by the original LALRP Addendum. AGL undertook socio-economic survey of these three HHs, and asset inventory of all 55 HHs.
7. There is consultation with affected persons, socio- economic surveys and consideration of vulnerability;	Socio-economic surveys were carried out by AGL, while for the asset valuation AGL used the service of Expert XXI. Considering the low income of HHs living in the area of influence of the Shuakhevi HPP and lack of land, AGL considers each household as vulnerable and provides vulnerability assistance regardless their social status in case of a permanent land-take.
8. Resettlement is avoided wherever possible and adverse impacts will be minimized first and then mitigated ;	There is only economic displacement. Impact on land is minimal, related mainly to servitude and tower footprint. HHs under servitude agreements may continue using land and perform agricultural activities with certain limitations. Current agricultural activities of the 52 households include cultivation of crops such as potatoes, maize and cattle grazing.
9. The Project compensates people whether or not they are the formal owners, if they have a legitimate claim to land, structures, crops or other assets;	AGL paid compensation to all affected APs regardless their legal ownership of the affected land. APs may include owners or non-owner residents, and people occupying land without formal, traditional, or recognizable usage rights
10. Options for compensation, such as land-for-land and full or partial cash compensation, are presented to APs wherever this is practical;	Decision has been made to compensate for losses with cash rather than kind as this was the preferred mode of compensation by the APs. As mentioned above, there are very scarce amount of agricultural land plots in the project influence area, it was impossible to acquire state owned agricultural lands with the purpose of replacement. Hence land-for-lands compensation was not discussed nor even raised by the AHs.
11. Cash compensation is based on replacement cost;	Replacement cost is defined as the market value of the affected assets plus transition costs and vulnerability assistance for permanent land loss. All transaction taxes, land registration fees and other land acquisition related costs are paid by

2014 LALRP Guiding Principles	Actions Taken by AGL to Demonstrate Compliance
	AGL on behalf of the APs. The vulnerability assistance of 10% the asset cost was provided in addition to the market value.
12. If resettlement sites are provided, they will represent an improvement on the APs' former houses;	Irrelevant, as no physical displacement was triggered by the micro-changes to the route.
13. The Project established a transparent and accessible grievance mechanism for APs to use throughout the land acquisition process;	AGL aims to engage with stakeholders on land acquisition in a manner that is conciliatory, fair and transparent. AGL Social Department is responsible for recording grievances which are related to land acquisition and compensation. Grievances and their solutions are discussed jointly with the contractor NMG. AGL received specific grievances from local communities on affecting their land plots prior to receiving compensations. AGL immediately engaged Expert XXI in addition to the own land officer to identify the grounds of the complaints and took relevant measures for their solution. This proves the effectiveness of the grievance mechanism as the locals are aware of how to use it and to whom to apply while seeking assistance.
14. The Project provided training programs for APs so that they can access employment on the Project. AGL and its contractors hired a number of trainees and will continue to provide opportunities to hire them to provide a regular income to AHs. Certification of proof of work undertaken on the Project will be awarded so that APs may access jobs on future construction works in the region;	This approach was applicable for the Original LARP. For those APs who have been included in this Completion Report no training has been provided to APs with the aim of employment.
15. For the purposes of this Project, all AHs are considered to be vulnerable and will be treated as such;	Recognizing that many of the HHs in the area are vulnerable and dependent on State pensions and allowances, AGL paid each AH an allowance equal to 10% of the market value of the land being permanently acquired.
16. The Project aims to use a participatory approach in consultation with key stakeholders and APs regarding resettlement, in order to promote better and timely implementation of key processes such as valuation and relocation;	All HHs were provided with information and consulted on land acquisition process, amount of compensation, grievance mechanism, etc.
17. APs, who are all considered vulnerable have been included in consultation activities;	All APs have been included in consultation activities.

2014 LALRP Guiding Principles	Actions Taken by AGL to Demonstrate Compliance
18. Resettlement documentation has been disclosed; and this updated version will also be disclosed;	All land related documentations are disclosed on the company's website www.agl.com.ge and this report will also be disclosed once approved by lenders.
19. Livelihood restoration and resettlement activities will be monitored during Project implementation via internal monitoring and resettlement completion audits.	Three HHs will be involved in the livelihood restoration activities. Besides, AGL undertakes periodic internal monitoring of the land acquisition process. The results of the monitoring are included in Monthly Review Report. Land acquisition of the 35kV will also be part of the overall resettlement completion audit.

1.3 Organization of this LACR

The LACR is organized in the following way:

- ‘Section 2 Socio-economic profile of affected households’ describes socio-economic condition and context of three new households
- ‘Section 3 Land acquisition process’ discusses the process and institutional framework for managing impacts and the entitlement matrix
- ‘Section 4 Grievance management and redress’ sets out processes and procedure to allow communities to raise concerns
- ‘Section 5 Livelihood restoration’ suggests actions to go beyond compensation to enhance livelihood restoration and contribute to the well-being of the AHs
- ‘Section 6 Budget and chronology’ discusses the budget allocated for land and chronology of land acquisition

2 Socio-economic profile of affected households

As stated above, only three households were identified as new, while others were covered during the earlier socio-economic studies.

Face-to-face interviews with these three households were conducted by AGL in May 2020. The instrument for data collection was the same as used earlier for the socio-economic studies for the households affected by the 35kV OTL. The instrument included the major socio-economic features of the APs, namely ethnicity, education level, modes of livelihood, and sources of income etc. The SES instrument is attached to the Annex, please refer to Appendix A. The information below describes the socio-economic conditions of the AHs.

Affected Household N1 – The land plot owned by this family is in Chanchkhalo village, Shuakhevi. However, the family currently lives in Guria (neighboring region of Ajara, village Khajalia). There are 5 members in the family: 49 years old father (head of the family), his spouse – 43 years old, mother 80 years old, and two sons – 23 and 19 years old. The household owns land plots in Chanchkhalo village and as well as in Guria. The total area of land plot in Chanchkhalo is around 3,000sq.m, while in Guria the area of the agricultural land plot comprises 10,000 sq.m. The OTL route change affected only 150 sq.m. of agricultural land located in Chanchkhalo.

The average monthly income of the family including salaries and pension is around 2,000GEL (which is 24,000GEL annually and is higher than annual amount defined as a minimum subsistence basket for five-member family in Georgia according to the data of 2020 National Statistics Office of Georgia)⁴. The husband is considered as a head of the household. All members are Georgians. Apart from the income mentioned above, the household cultivates land and sells corn (maize). Other agricultural product is mainly used for domestic consumption. The household lives in a 2-floor private house made of stone and wood. The family has all necessary home appliances such as TV, mobile phones, washing machine, refrigerator, etc. They also own a car. There is central running tap water in the house and in the yard. They have access to 24-hour electricity, however for heating they use wood, as there is no gas system yet installed in the village. As the HH lives close to the central road (within 110m) they have easier access to regional hospital, schools, etc. The respondent has positive attitude towards the project and thinks that the project will have positive impact on the socio-economic development of the municipality.

Affected Household N2 – Household N2 lives in Batumi but owns a land plot and a house in Kinchauri village, Khulo together with his brother. There are four members in the family. Husband who is considered as the head of the household, works at a construction company, a wife – 38 years old works in a supermarket, and two boys – 10 and 14 years old. The family owns around 6,000 sq.m of agricultural land plot in the village apart from the land which was acquired by AGL. The land is shared between two brothers and also the product harvested (potato, corn, beans, etc.) is shared between the two. The product is mainly used for domestic consumption. Currently the family lives in a private apartment in Batumi, owned by the family. The average monthly income for the family comprises 800GEL (9,600 GEL annually which is higher than the minimum subsistence basket of Georgia)⁵. The family does not receive other social assistance apart from salaries. The family has all necessary home devices such as fridge, TV, Internet, cell phones and washing machine. They have 24 hour running tap water, electricity and natural gas. Since the family lives in the city, they access easily to local polyclinic, school, kindergarten, etc. The respondent has a positive attitude towards the project and thinks it will have a positive impact on socio-economic development of the municipality.

Affected Household N3 – Household N3 also lives in Batumi but own a land plot and a house in Akhaldaba village, Shuakhevi. The land plot which is affected by the OTL is located in Akhaldaba village. There are 6 members in the family. Father (head of the HH), and his wife with two school aged children, and old father and a mother. The main income from the family is from the private business, wife also works in school as a teacher,

⁴ <https://www.geostat.ge/en>

As per the data of 2020 on minimum subsistence, monthly basket for five-member family was defined as 377.7 GEL

⁵ A minimum subsistence basket for four-member family was 335.7GEL

old parents receive pensions. The average monthly income of the family including salaries and pension is more than 1,600 GEL (which is annually more than 19,200 GEL and is higher than annual amount defined as a minimum subsistence basket for six-member family in Georgia according to the data of 2020 National Statistics Office of Georgia (As per the data of 2020 National Statistics Office of Georgia monthly minimum subsistence for six-member family is defined as 446.5GEL). The household owns agricultural as well as non-agricultural land plots in Shuakhevi. They have a 2-floor house in Akhaldaba, 1 commercial premise, and a house in Batumi. The HH have all needed facilities such as TV, fridge, mobile phones, personal computer, washing machine, bike and motorcycle. 24-hour water supply (tap water) and electricity, as for heating they use wood and electricity as natural gas system has not been installed yet. Children go to the kindergarten and the family is satisfied with the service in the kindergarten. To the question which statement best describes financial condition of the family, the respondent replied that “we have enough money for food, everyday clothes and shoes, but in order to purchase a car or an apartment we have to either save money or take a loan.” Their attitude towards the project is positive and consider that the project will bring positive impact on socio-economic condition of the municipality.

Socio-economic study of the 52 HHs was conducted in 2016 while developing the Addendum to the LALRP for the 35kV OTL Project. The below summary of the socio-economic profile of the HHs has been developed based on earlier studies. The ethnical composition of the affected households is homogeneous, all of them are Georgians. Majority of residents are Muslim, and some are Orthodox Christians.

Affected households live in 13 villages of Shuakhevi and Khulo municipalities. The main source of income of the AHs is the production and trade of agricultural products, however, only agricultural activities cannot be considered as the only source of income. Some HHs are employed in public services, and education, many of them receive pensions and very few are registered in the database of the vulnerable people. Thus, the major group having the specific social status are pensioners and socially disadvantaged people and receive state social allowance.⁶

All HHs have secondary education, some of them have higher education as well. The absolute majority of HHs own/use agricultural land, while half of them also have non-agricultural land. All households own residential buildings, and some of them also own auxiliary ones.

[Can you add information on the 52 households here from the earlier socio-economic studies? Or a general summary will do based on AGL’s staff knowledge of the socio-economic profile of these AHs.]

3 Methods for evaluating assets

This section describes the methods used to determine compensation rates and the field work undertaken to identify cost for land. Since only land parcels were affected by the route change, this section will discuss only land valuation methods.

⁶ Information about the state allowances is available here: http://ssa.gov.ge/index.php?lang_id=GEO&sec_id=22

The impacts on land have been distinguished as a permanent impact (land acquired for the tower footprint) and partial impact, which means that the land is not taken and is left in a limited usage of the private owner, however certain limitations are imposed on the mentioned land plots in terms of admissible land use. The only land that needs to be acquired permanently for the 35kV OHL is the area falling under the tower footprints. As of a change only 178sq.m will fall under the permanent impact meaning that towers (N76, 89, and 106) were erected on these land plots. The other land (23,826 sq.m.) is falling within the safety buffer / RoW (40m) and imposed to only partial impacts (limitation of land use), will remain in a possession of the owners, however the affected owners were compensated for imposed restrictions according to easement (servitude) agreement. Servitude agreement also imposed the height limit of 4m. The safety zone imposes limits to building any structures within the RoW.

3.1 Replacement Cost as the Basis for Compensation

The Project has decided to compensate for losses with cash rather than in-kind compensation. In-kind compensation for AHs (which is a priority option as per lender requirements) cannot be adopted for this project due to the following reasons:

- In general, there are not sufficient land plots available in Adjara region and in particular, within the project areas (mountainous Adjara). Agricultural lands are located on eroded slopes of complex terrain. Landslides and erosion processes frequently occur, which damages the agricultural land;
- All agricultural lands adjacent to the zone of influence of the project are privatized and therefore acquisition of compensatory lands from the state is practically impossible;
- Almost every potential arable land plot is already in use. The remaining land is largely unused for livelihood purposes, with the exception of some grazing;
- Due to the lack of agricultural lands within the project region, AGL will not be able to replace affected land plots with other lands (payment in kind), since through purchasing land plots from other families, arable land access challenges would be transferred from one family to another.

IFC, EBRD and ADB require replacement cost to be the basis of cash compensation for mitigating losses when in-kind compensation (i.e. land for land) is not possible. Replacement cost is defined as the market value of the assets plus transaction costs. Depreciation of structures and assets is not taken into account. APs should not have to use their own financial resources in replacing assets of similar value. This means replacement costs incorporate relevant transfer taxes, registration fees, and any other costs for land acquisition.

3.2 Land Valuation

The sales comparison method was used to set the monetary value of the affected land plots. This method implies comparing the object to be assessed to other objects with the market value known.

Valuated land plots are located in Khulo and Shuakhevi municipalities (Villages: Tsalana, Kinchauri, Cheri, Zmagula, Furtio, Nigazeuli, Nenia, Chanchkhalo, Okropilauri, Dabazveli, Beselashvilebi, Daba Shuakhevi, Akhaldaba).

The OTL project is located in the ravine of the Adjaristqali River. The land plots to be evaluated are different with their locations, shapes, parameters, soil structure, designation and other data. Thus, the land plots were classified into various groups. Following groups of land were identified:

- (i) Non-arable land plots situated alongside the central highway and have commercial value due to proximity to central highway
- (ii) Arable land plots situated near the central highway and residential house used for cultivating and harvesting agricultural crops (annual and /or perennial)
- (iii) Arable/non-arable land plots situated far from the central highway and residential house and used for ploughing, mowing and/or growing orchards.
- (iv) Plots of land part of which belongs to III group and part belongs to V group.
- (v) Arable plots of land situated far from the central highway and residential house, do not have a border with them, have no trace of cultivation and presumably are not used for harvesting crops (pastures);
- (vi) Plots of land part of which belongs to V group and part of which belongs to VII group.
- (vii) Arable, non-cultivation land plots which do not belong to I-VI type, are not used for harvesting crops and surface of which are downhill or steep. Presumably, these plots are used for mowing and/or perennial plants.

In order to evaluate plots of lands market segment as well as prices registered in agreements and contracts signed on analogical real estate have been analysed which was undertaken within the borders of above-mentioned and adjoining villages. In the process of evaluation conducted by Expert XXI, in order to define market price of plots, the valuator company (Expert XXI) has obtained data about analogues which is based on the deals provided by National Agency of Public Registry.

As a result of easements to be exercised through servitude agreements, land use restrictions to project affected land parcels (residential and arable) will limit the potential best use of these land parcels. This means that PAPs will maintain ownership/possession rights to project affected land parcels and still be allowed to cultivate for agricultural purposes, but no structures/tall trees (higher than 4m) will be allowed. The easement price of the land is derived as a difference between the market cost of this type of land at present (before the project) and after the project impact (land use restrictions imposed). Thus, the land costs for various the land plots were estimated as follows:

Table 3 Description of land categories

N	Land categories	Compensation rate for 1 sq.m of land in GEL	Compensation rate for servitude per 1 sq.m of land in GEL
1	Non-arable land plots situated alongside the central highway and have commercial value due to proximity to central highway	21.1	10.55
2	Arable land plots situated near the central highway and residential house used for cultivating and harvesting agricultural crops (annual and /or perennial)	19.48	8.93

3	Arable/non-arable land plots situated far from the central highway and residential house and used for ploughing, mowing and/or growing orchards.	16.23	5.68
4	Plots of land part of which belongs to III group and part belongs to V group	13.8	3.25
5	Arable plots of land situated far from the central highway and residential house, do not have a border with them, have no trace of cultivation and presumably are not used for harvesting crops (pastures);	10.55	2.11
6	Plots of land part of which belongs to V group and part of which belongs to VII group.	8.93	1.79
7	Arable, non-cultivation land plots which do not belong to I-VI type, are not used for harvesting crops and surface of which are downhill or steep. Presumably, these plots are used for mowing and/or perennial plants	6.49	1.3

As the studies conducted during the land acquisition process have shown, in almost all cases land losses are partial which means AHs are only losing parts of their total land holdings, some less than 10%. According to the results of the analysis of the acquired plots, the majority of affected HH lose category 3 land plots which are arable/non-arable land plots situated far from the central highway and residential house and used for ploughing, mowing and/or growing orchards. Based on the above, AGL compensated for losses with cash, as was done for land acquired under the 2014 LALRP. AGL compensation included 10% of market value as vulnerability assistance over and above replacement cost only for the permanent land loss. Acquisition of premises and buildings did not take place within the project implementation as it was not required.

The company "Expert XXI" used the methodology adopted in valuation practice, in particular: three generally recognized approaches used in real estate appraisal are:

- Sales Comparison Approach (direct comparison);
- Income Capitalization Approach;
- Cost Approach.

Due to the fact that no improvement activities have been carried out on the majority of the land plots, the company "Expert XXI" mainly used a sales comparison method (direct comparison) as their approach. Cost approach was used for those land plots on which perennial plants are represented or where some improvement activities are carried out (fencing, terracing, etc.). As research showed, in case of the subject property, income is unstable and there is no statistical information about income, and therefore the value identified through income capitalization method would not be real and that's why this method has not been used. Typically, in the sales comparison approach, market value is estimated by comparing properties similar to the subject property that have recently been sold, or are listed for sale. In case of all subject properties, the Company "Expert XXI" obtained the complete and reliable information about recently sold three land plots in the region. The assessment took into consideration the land purpose, usage, market condition, location and general characteristics. Based on the above mentioned, the company was able to define the value closely matching with market conditions. Following activities have been implemented by the company "Expert XXI" for the determination of market value through the comparative analysis method:

- Collected and analyzed the data about properties similar to the subject property;
- Undertook the market research and obtained reliable information on the factors that affect the price of the subject property;
- Verified obtained information, in order to be sure in its accuracy and proper motivation of each transaction;
- Identified the applicable units of comparison and made a comparative analysis;
- The subject properties have been compared with the comparable properties in order to adjust their sale price or to delist the comparables;
- Analyzed and adjusted the comparables and reconciled the value indications;
- Estimated the value for the subject property.

The Company "Expert XXI" determined an average price of 4.052 GEL per square meter for easement, and 9,74GEL per sq.m. for tower footprint⁷.

3.2 Determination of compensation values

The methodology followed for valuing various assets is summarized below:

- Market value assessment has been carried out, namely: for the implementation of these works, AGL contracted an Expert XXI . The value obtained as a result of the survey was adopted as the replacement value and was offered to each of the Affected Households.

3.3 Asset Data Collection for Valuation

For the valuation of the assets within the impact zone data collection process was carried out in accordance with the procedures established in the 2014 LALRP. Data collection process was launched in November-December 2020, however due to COVID-19 pandemic restrictions it was postponed to April-May 2021 when restrictions were lifted. Out of 55 AHs, three families were new, meaning those who were not covered under the original LALRP Addendum in 2015. AGL contacted these households and conducted socio-economic surveys, while the asset inventory was conducted for all 55AHs affected by micro-changes to the route.

Annexure 2 provides the list of affected households, assets lost, compensation amounts, asset evaluation reports, dates of payment and sample copies of signed agreements (in English and Georgian).

3.4 Right of APs to Compensation

Under Georgian law only registered owners are entitled to be compensated for land. Under IFC, EBRD and ADB standards, unregistered owners and users are also eligible for compensation in addition to those who are registered. AGL has elected to treat registered and non-registered land and property owners and users equally.

⁷ The values are in line with those in the earlier developed addendums to the LALRP.

Provided the owner or user can prove through testimonies from neighbours and local officials that the asset belongs to them, AGL fully compensates them. AGL is to acquire assets that are free of any encumbrances and to the extent possible do not affect any households other than themselves. Where this is not possible, users are being compensated regardless of registration status. To summarize, the Project eligible APs include:

AHs with registered title or who have customary deed or traditional land rights as vouched by the local administration;

- Tenants and sharecroppers, whether registered or not;
- Registered and non-registered owners of buildings, crops, plants, or other objects attached to the land;
- APs losing business, income, and salaries because of the Project land and asset acquisition;
- Community services and infrastructure affected by the Project are also eligible for compensation.

3.5 Eligibility Cut-off Date

The cut-off date for any affected person to claim eligibility for compensation is the date the full asset inventory and socio-economic survey of the affected people was completed. The following cut-off date is applicable: April 26, 2021, completion of the inventory of assets.

3.6 Compensation Eligibility

A principle of the 2014 LALRP is that affected livelihoods will be restored to pre-project standards and if possible improved. Entitlements will be based on types of loss and in some cases AH characteristics. An AP or AH may suffer various losses and be eligible for various allowances. Documentation of ownership or occupancy and compensation arrangements will be issued in the name of owner and in case of land usage in the name of one of the spouses.

AGL implements compensation and livelihood restoration measures based on the Project entitlement matrix. Table below summarizes entitlements to be provided to the APs following the entitlement matrix of the 2014 LALRP. Below is stated that AGL paid the market rate of **average** 4.052 GEL per sq.m (easement) and 9.74 GEL per sq.m (tower footprint) agreed upon a negotiated rate + 10% (only for permanent impact) to compensate for the loss of land or restrictions to its use.

Table 4 Entitlement matrix

Entitlements	Unit	Amount	Remark
Land	m ²	Land purchase compensation, tower footprints ranging from 6.5 to 16.23 GEL	Sales comparison method was used to assess the price for land. Land was grouped into 7 categories and different prices were determined

		Servitude – 1.3 – 10.55GEL	according to the land categories for servitude and tower footprint.
Fruit bearing trees	Annual average harvest x market price per kg x 5 or 8 years	N/A	No fruit bearing trees were affected due to route change
Vulnerability allowance	Lump sum	10% of land valuation	Compensation for all land plots which were lost permanently, such as tower footprints will be increased by 10% as vulnerability allowance.
Livelihood restoration	Affected Household	No price Equivalent Available	Only new AH will be included in the livelihood restoration activities scheme

4. Grievance Management and Redress

Due to difficult geological landscape and unsuitable terrains for erecting towers, there were slight changes in the approved route of the 35kV OTL and towers were shifted, this resulted in affecting new land plots under the ROW. Even though the impact was not significant, in August 2020, AGL has been approached by local residents complaining about the erection of towers on their land plots (changed location) without being compensated. AGL immediately contacted complainants and sent Expert 21 to undertake asset valuations of the non-compensated plots. Due to COVID-19 restriction valuation was suspended and resumed in March-April 2021. All grievances pertaining to the route change has been closed and not open issue is pending.

The grievance redress principles are as follows:

- APs will be fully informed of their rights and of the procedures for addressing complaints whether verbally or in writing during consultation, survey, and at the time of compensation;
- Each grievance will be registered, its receipt acknowledged, and tracked until closure;
- All grievances will be processed and responded to within a reasonable period; and,
- The overall objective is to avoid resorting to judicial action for as many grievances as possible.

Language, literacy and gender are not an impediment for complainants. Presentation of complaints does not incur undue costs to the complainant. AGL followed all principles considered by the 2014 LALRP and provided population with full information on grievances.

Grievances and comments should be sent to the Stakeholder Engagement Specialist to the address below:

Name: Inguli Davitadze

Address: Shuakhevi Powerhouse, Shuakhevi Municipality

E-mail: Inguli.davitadze@agl.com.ge

Website: www.agl.com.ge

5. Livelihood Restoration

AGL will implement livelihood restoration activities only for newly affected three households. Even though all of them live outside the project impact area, they all own land plots and during interviews they all expressed interest towards agricultural activities rather than trainings and education. AGL proposed similar measures such as the provision of trainings, agricultural chemicals (pesticides) and fertilizers, seeds, and fruit tree saplings. All families selected fertilizers. Livelihood activities will commence in autumn 2021.

6. Budget and Chronology

AGL has obtained all required rights for the land needed for the construction and commissioning of the 35kV OTL. The process of payment compensation went through the legal procedures and there is no evidence of any complaints from the communities. All contracts have been signed and compensation payment will be completed in late June 2021.

Table 5 Land acquisition compensation and budget

Item	Unit	Average price per sq.m. in GEL	Quantity of plots	Total in GEL
Personal land – agricultural	m ²	4.052 GEL (easement) and 9.74 GEL (tower footprint)	62	57,814.17
a) Permanent loss	m ²	9,74	3	2,188 ⁸
b) Easement	m ²	4,052	59	55,626.15
c) Vulnerability allowance	Lump sum	10% mark-up to market price only to permanent impact	N/A	218,8

⁸ There are three cases of permanent loss, the price of land varies: 6.5 GEL, 6.49 GEL and 16.23GEL, the average cost of land comprises 9,74 GEL. The division of total cost to average price will not get to the correct sq.m.

The land acquisition process commenced in March 2021 and is still ongoing. The table below represents the chronology of various processes.

Table 6 Land acquisition process chronology

N	Action	Responsibility	Status	Date of completion
Land identification and negotiation				
	Route change	NMG/AGL	Completed	January, February 2020
	Land user identification	AGL	Completed	March 2021
	Valuation of the plot and determination of the market price	AGL	Completed	April 2021
	Determination of the offer price	AGL	Completed	April 2021
	Conclusion of contracts	AGL	Ongoing	May – June 2021
	Payment of compensation	AGL	Ongoing	Before December 2021
	Implementation of the LRP activities	AGL	Upcoming	October- November 2021

Table 7 below represents cost estimates incurred due to the route micro-changes. The total budget is 65,861.8GEL (exclusive of 20% income tax to be paid by AGL).

Table 7 Detailed budget

Description	Unit	Amount	Total compensation in GEL
Land used by private users under Permanent Impact to be Purchased	Sq.m.	178	2,188
Vulnerability allowance 10% mark up to the market price	Sq.m.	178	218.8
Land used by private users under partial long-term impact to be compensated under servitude agreements	Sq.m.	24,004	55,626
Livelihood restoration	N	Lump sum	5,000
TOTAL			63,032

Annexure 1:

AH Socio Economic Survey Questionnaire

Questionnaire # _____ HH # _____ Date _____

Name, surname and personal number of HH head		
Contact number		
Plot	Number of plot	Location of plot
1		
2		
3		
4		

1. Information about household (first one is head of HH)

#	Name, surname	Gender 1. Woman 2. Man	Age	Education 1. Without education 2. Preschool 3. Primary 4. Secondary 5. Technical/vocational 6. Higher education	Marital status 1. Not married 2. Married 3. Divorced 4. Widow	Ethnical belonging 1. Georgian 2. Armenian 3. Azeri 4. Russian 5. Ossetian 6. Other	Social status 0. None 1. Internally displaced person 2. Eco-migrant 3. Pensioner 4. Disabled 5. Other (Specify)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

2. Household's social status

Below the poverty line / social allowance		Assistance for IDPs		Allowance for disabled		Other social assistance	
1. Yes	2. No	1. Yes	2. No	1. Yes	2. No	1. Yes	2. No

3. Place of residence

City	Village

4. Household managed by woman

1. Yes	2. No
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5. HH's monthly income (GEL)

(Mark main source and record the amount in the box below, in case of not having any income, record 0)

5.1 For how long have the HH been receiving the named monthly income (*Record*)

Salary from public sector	Salary from private sector	Income from agriculture	Pension	Social allowance	Assistance from relatives	Private business	Temporary jobs	Other (<i>Specify</i>)
1	2	3	4	5	6	7	8	9

6. Loan and its structure (Yes/No, loan from bank or private entity)

Loan from bank		Loan from private entity		Loan from micro-finance organization		1. No
1. Yes	2. No	1. Yes	2. No	1. Yes	2. No	

7.1 Household's assets / land

Plot of land	1. Agricultural 2. Non-agricultural		1. Residential 2. Multi-year 3. Arable 3. Mowing 5. Pasture					Area (h)	Location <i>Name of city/village</i>
	1	2	1	2	3	4	5		
1	1	2	1	2	3	4	5		
2	1	2	1	2	3	4	5		
3	1	2	1	2	3	4	5		
4	1	2	1	2	3	4	5		
5	1	2	1	2	3	4	5		

7.2 Household's assets / real estate

Building	Type of building 1. Residential 2. Commercial 3. Auxiliary			Number of floors of the building	Material 1. Block – brick 2. Stone 3. Wood 4. Concrete 5. Other (<i>Specify</i>)	City / village
	1	2	3			
Building #1	1	2	3			
Building #2	1	2	3			
Building #3	1	2	3			
Building #4	1	2	3			
Building #5	1	2	3			

8. Movable property (quantity)

TV	Landline phone	Cell phone	Internet	Radio	PC	Washing machine	Refrigerator	Bike	Car	Bicycle	Other <i>(Specify)</i>

9. Livestock (quantity)

Cow	Sheep	Goat	Pig	Horse	Donkey	Poultry	Other <i>(Specify)</i>

10. HH's main expenses within the last 12 months (monthly GEL on average)

For food	Other (not for food)	Total

11. Water supply and sewage system (1. Yes / 2. No)

Tap water inside house	Tap water in the yard	Movable water cistern	Shared well	Own well	Spring	Other <i>(Specify)</i>	Central sewage system	Hole	Other <i>(Specify)</i>

12. Energy resources (1. Yes / 2. No)

Electricity	Natural gas	Liquid gas	Wood	Other <i>(Specify)</i>

13. Distance to educational, medical and utility service facilities (Distance, km) (If none –55, if does not know –99)

Local polyclinics	Local hospitals	District or city hospital	Kindergarten	School	University	Local road	Central highway

14. Attitude towards the project

Very negative	Negative	Neither negative nor positive	Positive	Very positive	Cannot specify
1	2	3	4	5	99

15. Project impact on social-economic activities in the municipality

Very negative	Negative	Neither negative nor positive	Positive	Very positive	Cannot specify
1	2	3	4	5	99

16. Interviewer's notes

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Respondent's signature / date _____ / _____ /

Interviewers name, surname and signature / date _____ / _____ /

Annexure 2:

List of landowners/users