



Stakeholder Brief: Community Development and Livelihood Improvement

May 2022

A. INTRODUCTION

This brief aims to provide project stakeholders with information on community development initiatives around the Kvesheti-Kobi Road Project.

This brief is a non-technical summary that complements other publicly available resources, which are listed at the end of the brief. It builds on surveys and assessment, as well as stakeholder engagement events held during 2018-2021 at which community development was discussed.

The Asian Development Bank (ADB) and European Bank for Reconstruction and Development (EBRD) are co-financiers of the project with \$415m and \$60m equivalent respectively.

B. PROJECT OVERVIEW

The project will improve connectivity and safety along Georgia's North-South Corridor by constructing about 23 kilometers (km) of climate-resilient, two-lane highway between Kvesheti and Kobi (the project road) and about 5 km of all-weather access roads.

The project is an essential part of the Government of Georgia's program to progressively upgrade the North-South Corridor between Jinali and Larsi (approximately 100 km). The project road has been designed in accordance with the following objectives:

- (i) Conform to European highway design standards for safety and operation
- (ii) Allow all year-round operation
- (iii) Enable traffic speed of 80km per hour
- (iv) Cope with expected increases in traffic volume, including freight trucks
- (v) Avoid major social and environmental impacts during construction and operation
- (vi) Enable future connection to Gudauri Valley

Figure 1: Project area and alignment of new highway



Source: Google Earth (2019)

C. CONTEXT OF THE KHADA VALLEY

The project road passes through the Khada Valley, a historical region in the mountains of eastern Georgia that is thought to have been inhabited since the Neolithic period. The project area straddles the municipalities of Dusheti and Kazbegi and includes several small towns and villages. These include Kvesheti, Kobi, Arakhveti, Zakatkari, Beniani, Begoni, Sviana, Rostiani, and Mugure.

Today, the Khada Valley is home to over 550 people, but due to severe weather that renders the villages inaccessible from November to April only a handful of households live in the upper part of the valley during winter.

The project area is home to a wide range of physical cultural heritage. The Khadistskali Gorge is often referred to as the Gorge of 60 Towers on account of the many historic memorials and other structures there. This cultural heritage, together with the region's mountains and winter sport, suggests that the Khada valley has strong tourism potential.

The project will help the government preserve the region's rich natural and cultural heritage and provide opportunities for tourism development by improving access to recreation and natural area benefiting local communities, facilitating the generation of new sources of income and creating jobs opportunities.

In addition, the project is committed to helping the government ensure sustainable development by finding a balance between community development aspirations, national conservation goals, and regional development.

D. RESETTLEMENT AND LIVELIHOOD DEVELOPMENT

D.1 Resettlement

Two Land Acquisition and Resettlement Plans (LARP) were prepared and finalized in mid-2019 in accordance with ADB's and EBRD's safeguard policy requirements. The LARP, which identified all Affected People (AP) and impacts on land and constructions, has been significantly implemented with only the compensation of a few cases currently pending. The LARPs entailed an intensive and ongoing effort to register the lands of APs who had no formal title on their plots and to ensure the provision of compensation at replacement cost.

In the eventuality that activities under the project (village internal roads, visitor center...) involve impacts on land or buildings, additional LARPs or LARP addenda will be prepared to compensate those impacts. Such additional LARPs will be based on the policy framework prepared for the original LARP and will involve a review of the compensation rates so as to reflect replacement costs at the time of acquisition.

D2. Livelihood Development

The land acquisition and resettlement impacts of the project have a relatively small effect on the economy of the valley. The impact on pasture plots does not critically affect the pastoral activities of the local villagers. This is because most of the grazing surface used in summer is on public land and on the upper reaches of the watersheds, which are not affected by road construction. In addition, the small plots which are affected by construction produce a negligible quantity of winter fodder, most of which is purchased from fodder producers in the plains.

Land acquisition for the project also affects some small garden plots mostly used for subsistence purposes, and various allowances and other provisions have been included in the Entitlement Matrix of the LARP to offset this. Additional livelihood development opportunities to offset impacts on small subsistence have also been considered. Although consultations with relevant organizations and experts have indicated that there is very little potential for livelihoods development based on agriculture in the Khada Valley. Notwithstanding this, the possibility of potential benefits through training in niche areas of dairy and beekeeping or improved use of organic fertilizer is being explored discussed with specialized agencies.

It has been observed, from the Community Needs Assessment as well as subsequent workshops and field visits, that a major impediment to development of livelihoods in the valley is connectivity – roads are very poor and there is not all year access to most vehicles. This effects access to education, employment, commerce, and health services. Upgrading of the existing road from Tskere to Begoni to an all-weather access road, to connect with the future Zakatkari-Gudaauri road, will provide a significant upgrade to connectivity of Khada Valley villages, which will in turn provide a boost to livelihood development potential.

E. COMMUNITY DEVELOPMENT INITIATIVES

E1. Tourism Development

During project preparation, consultations with residents, Kazbegi and Dusheti municipalities, tourism associations, NGOs and other stakeholders revealed that there is a significant desire and need for sustainable tourism development within the region. The government has developed a tourism strategy for the region that identified several opportunities and priority interventions through a value chain analysis.

One of the project components includes the development of a Khada Valley Visitor Center. This will be a flagship initiative which can serve as an anchor-node, connecting to other sustainable development initiatives in the region. In addition, the center will also be focused to support local livelihood improvement for residents in the Khada Valley and along the new project road. The exact nature of the visitor center will be developed under the unfolding Masterplan+ (see section E3 below).

E2. Community Needs Assessment

To determine the community's specific needs and development priorities, the project undertook a community needs assessment. Between October 2020 and January 2021, 11 focus group discussions and 185 rapid household surveys were conducted in the Khada Valley. The study was undertaken by the Regional Environmental Center for the Caucasus (RECC).

The assessment revealed priority areas in conversation land use and livelihood enhancement at the village level. Compared to census data for 2002, the population of the Khada Gorge has declined by 32%. Survey respondents cited reasons such as the following for migrating away from the valley:

- (i) Poor employment opportunities (59% of respondents);
- (ii) Lack of the village development perspective (48%);
- (iii) Insufficient income (45%).

Accessibility, both physical and virtual, was flagged as a key impediment to community needs, across the board. The survey revealed that inaccessibility of healthcare services, a lack of access to schools, and limited access to the internet are key social challenges facing residents. 65% of those surveyed considered tourism as a source of alternative income, and many potential employment paths related to tourism were flagged, given adequate connectivity. The findings from the needs assessment and follow-up consultations continue to inform the preparation of a Masterplan+ for the Khada Valley and its surroundings.

Community development initiatives are being formulated, based on the findings of the community needs assessment and in accordance with the unfolding Masterplan+. The project has set aside funds under the loan to develop social infrastructure and build capacity of local communities such as helping residents start businesses, and training to become tour guides. Improved local roads, and connectivity to Gudauri and Kvesheti, are also essential requirements to enable the facilitation of training and business development opportunities.

E3. Khada Valley Masterplan+

While the road will deliver immediate benefits in terms of year-round accessibility and expanded tourism, it has the potential to act as a catalyst for wider development of the entire region. To develop the valley in a controlled way and take advantage of the opportunities generated by the new road, the Georgian government decided to go beyond a tourism strategy and committed to preparing a full-fledged

Masterplan that also includes binding land-use and zoning regulations for the future issuance of building permits. ADB and the government decided to go further and prepare a “Masterplan+” that will encompass four inter-related plans: (i) Community Needs Assessment (prepared by REC Caucasus; completed); (ii) Historic-Cultural Reference Plan (prepared by Geographic consulting firm; at final stages), (iii) a Development Plan (prepared by BAU Design consulting firm; ongoing), and (iv) a Priority Investment Program.

The Masterplan+, which is currently being developed with support from ADB’s Technical Assistance, will articulate an overarching vision for the valley that incorporates spatial, social, environmental, cultural, and economic dimensions. It will foster participatory and inclusive planning, pay specific attention to nature-based and cultural heritage values, and provide an implementation framework for the long-term development of the valley.

For more information on how the project is protecting cultural heritage, please see the Cultural Heritage Stakeholder Brief: <https://kveshetikobiroad.ge/en/public-information/>

F. COMMUNITY ENGAGEMENT

F1. Consultation Process

To ensure that the Masterplan+ is effective and that local actors take ownership of the outcome, the process underpinning how it is created is as important as the technical content.

The needs assessment outlined the needs of Khada Valley communities through a participatory process. These elicited themes including preservation, ecotourism, and sustainable agriculture, among others. Yet, if the Valley is to develop into an attractive destination for winter sports and skiing, for residents to take advantage of the economic opportunities, external investors will need to be engaged to invest in the region.

The Masterplan+ must therefore offer the local population a role while engaging external actors which can support employment and ultimately drive development in the Valley. Thus, the participatory process must enable access for groups of new actors who could potentially be interested in investing in the region so they can buy into the vision and invest in projects early on.

F2. Community Liaison Officers

The project has engaged a full time, field-based Community Liaison Officer (CLO) through ADB technical assistance to facilitate continuous and meaningful dialogue with local communities, expedite the resolution of grievances, and further explore livelihood development options in consultation with the communities. The construction supervision firm and works contractors also have CLOs on-board.

F3. Project Information Center

A fully furnished project information center was set up in Kvesheti to facilitate access to information for project affected people and the general public. The center includes a TV, multimedia content, a meeting space, large project maps, and all relevant project documentation. It is open to the public on Tuesdays and Fridays from 10:am to 12:00 during spring/winter (October-March) and from Monday to Friday from 10:00 to 14:00 during spring/summer (April-September). The project community liaison officers are

present during opening hours to provide visitors with information about the project features and components as well as implementation progress.

Figure 3: Project information center



F4. Grievance Redress Mechanism

A Grievance Redress Mechanism (GRM) has already been established for the project, which is operated in compliance with the Georgian Regulations and ADB and EBRD policy requirements. Project-affected people have the right to file complaints and/or queries on any aspect of the project, including involuntary resettlement, social and environmental performance, and information disclosure.

Under the adopted GRM, the project-affected people may appeal any decision, practice or activity related to the project. All possible avenues are made available to the project-affected people to voice their grievances, which can be lodged (i) onsite at the project information center or (ii) online through GRM focal persons or hotlines (599451982 and 577668881). For more information about the project GRM, please visit: <https://kvshetikobiroad.ge/en/grievance-redress-mechanism/>

G. AGREEMENTS WITH LOCAL COMMUNITIES

G1. Agreements reached with the residents of Tskere.

The RD and ADB organized a joint meeting with the residents of village Tskere on 17th March 2021 to discuss their concerns, respond to questions and expand an effective line of communication between the project and local communities. The following agreements have been reached and will be implemented by the RD under the project:

- (i) The existing access road from Begoni to Tskere will be upgraded. An avalanche protection structure on a high-risk location along the Begoni-Tskere section will be built.

- (ii) Before the start of the tunnel excavation in Tskere, explosions will be simulated and vibration strictly monitored. Detailed description and marking of all buildings has been done in advance. The detailed procedure is described in the EIA document and its implementation will be strictly controlled during the construction by the works contractors and construction supervision consultant. In the event of any danger to the houses, temporarily resettlement of the residents will be implemented and the buildings will be repaired and strengthened as required to meet safety standards;
- (iii) Availability of the water resources and their locations have been studied in advance to avoid the risk of water loss during the construction. In case of water loss, its restoration and supply will be ensured/delivered;
- (iv) Conservation works will be carried out for cultural heritage objects that have been identified by the National Agency for Cultural Heritage Preservation of Georgia.

G2. Agreements in progress with residents of Sviana-Rostiani Village

Residents have expressed a concerns of increased avalanche risk, and although noise and vibration investigations in the EIA did not indicate any serious issues, some discomfort may be experienced during construction, a subsequent technical examination has concluded that all the buildings are structurally unstable. The RD and ADB have agreed that temporary resettlement of the residents will be required, and that the option of permanent resettlement will also be presented to each of the resident households. Assets will be valued in June 2022 and proposals, including details of all compensation payments and allowances for temporary and permanent resettlement, will be presented for the residents to choose.

G3. Agreement reached during Masterplan+ Workshops

ADB and RD organized a validation workshop for local communities on 18 June 2021 in Gudauri to guide the livelihood improvement efforts of the Project and further inform the development of the upcoming Khada Valley Masterplan+. During the meeting, the RD committed to upgrade and asphalt the road from Tskere to Begoni and the existing Kvesheti-Arakhveti section of the highway at the final stage of the construction works.

ADB and RD organized a consultation workshop for local communities on 5 May 2022 in Gudauri to present the draft Historical-Cultural Reference Plan for the Khada Valley and its findings and the preliminary vision for the Khada Valley Development Plan. The following agreements were reached during the workshop:

- (i) The water supply systems in the villages of Bedoni and Benian-Begoni will be replaced in Summer 2022;
- (ii) The Khada Valley Development Plan will be developed with the participation of local residents and completed by April 2023. All comments and suggestions made during the consultation workshops will be taken into consideration by the planners (BAU Design);
- (iii) During the construction phase, the Tskere-Begoni road will be graveled and maintained in a good condition.

MORE INFORMATION

The following documents can be downloaded from the dedicated project website (English and Georgian):

<https://kveshetikobiroad.ge/en/public-information/>

- (i) Project Fact Sheet
- (ii) Project Video
- (iii) Project Map
- (iv) Community Needs Assessment
- (v) Environmental Impact Assessment
- (vi) Land Acquisition and Resettlement Plans
- (vii) Stakeholder Brief: Assessment of Alignment Alternatives
- (viii) Stakeholder Brief: Assessment and Mitigation of Impacts to Cultural Heritage
- (ix) Frequently Asked Questions