

To: Director General Mr. W. Leipach  
CC: Deputy Director General  
Mr. N.Zhang  
Cc: Project officer, Mr. K. Boyhmad  
Central and West Asia Department  
Asian Development Bank

6 September 2019

**Dear Mr. Leipach**

With this letter we would like to raise number of the concerns regarding the project N51257/001 North - South Corridor, Kvesheti-Kobi Section Road project, that has been recently approved by ADB board of directors.

We would like to ask ADB headquarters to address the issues raised within the letter and ensure the thorough assessment of the project planned activities before the project sponsor starts implementation. The numerous issues as proper risks assessments for environment and local communities still not addressed, and does not comply ADB safeguard Statement. We argue you, to ensure the local communities representative rights for adequate and fair compensation and safety and security of the project from natural hazards, as well as ensure that project implementation undergoes highest international standards.

### **Information disclosure and public participation**

First of all we should stress the project EIA first time becomes available on the Bank website in the end of the April, with finalized fact finding by 03.05.2019. The documents were permanently updated and considerable changed during the June-July. The approval of the project by August 1.2019 does not give the public to address all those changes thorough.

The public participation process that had been already screwed by the project sponsor during the national consultations. Unfortunately, ADB information disclosure period rather not improved local communities and CSOs involvement. Even more, according local community representatives, during the visit ADB representatives don't have answer on numerous questions of the locals, while claiming that project that "locals should not consider themselves in Europe" and "road is not done for Khada gorge<sup>1</sup>". That type of attitude towards local absolutely goes against of ADB principles and policies, while undermining ADB reputation among local people.

### **Project Alternatives**

Green Alternative few times requested the full feasibility studies both from the World Bank, as well as from Roads Department. We also ask some ADB EDs to help us in receiving that documentation. While the feasibility study still stays confidential, we appreciate that ADB published the brief to "provide project stakeholders with a better understanding of the process, analyses, and findings that led to the selection

<sup>1</sup> [https://www.facebook.com/khadavalley/posts/475881069921400?\\_\\_tn\\_\\_=K-R](https://www.facebook.com/khadavalley/posts/475881069921400?__tn__=K-R)

of the final project road alignment. The main focus is on the geo-engineering assessments undertaken, as ultimately it was geological constraints and risks that determined the final road corridor, within which the alignment is located”, as well as updated the ESIA.

The brief details show the feasibility study and alternatives were defined, however, it again does not provide all alternatives that been studied by the project team in order to independently follow and understand major challenges, especially taking into the fact that feasibility study was done for whole North South Corridor in Georgia, that would give more clear understanding of the feasible alternatives.

The project alternatives lack zero alternative, with repairment of the road and measures to decrease the transportation, especially transit of the goods through the road. Taking the fact, that increased cargoes traffic through difficult terrain leads towards the problem does not matter how climate resilient new infrastructure is constructed, the major attribution should be how to lower unsustainable transportation. Itself ADB in its transport sector assessment, correctly claims that increased inland freight transportation, especially on Georgia’s military road is due to the fact that Georgian border fees for trailers transiting Georgia is low<sup>2</sup> and that trucks crossing Georgia will cause GEL 200 of damage per trip, while current tolls (USD 120) cover only 60 per cent of the damage caused. That actually means that citizens of Georgia subsidizing the so called trade turn over increase along the North South Corridor without any tangible public benefit. Taking into account quite expensive maintenance costs for existing road, that would be the same for the new one (25 000 USD per km) the correct transport policy and price setting for international freight transit should be established.

The ADB in its own assessment acknowledges the core weakness and threat to Georgia’s transport sector is the lack of an overarching transport policy and skilled workforce, which “are relatively easy to correct, and ADB can play a leading role in facilitating that”<sup>3</sup>.

However, the Kobi-Kvesheti project design and costs raise doubts about the bank’s ability to play this important role in the formation of a sustainable transport policy for Georgia, taking into account the fact that it decided to fund project without even looking on the core of the project.

### **Natural Hazards within the region**

According to the numerous experts the geological and seismic studies presented by the project raises a questions and not in full analyzing situation within the Gorge. The concern is that construction of the bridges and tunnels on the Kobi-Kvesheti section, is not ordinary constructions, therefore the risk assessment of the natural hazards and seismic risks should be analyzed in full. E.g. expert notes, that in “the final report, the seismic hazard of the area is assessed by the seismic map of the existing Georgian norms. This map is old (created in 1999), built on old methods and data, and currently, it’s not recommended to use it for seismic hazard assessment of important construction sites” He also underlines that in 2018 report prepared by GAMA Consulting, “ that the seismic hazard assessment of the area has been carried out, the maximum ground acceleration for different periods of recurrence has been calculated, the ground parameters at more than 20 points along the highway have been investigated and the ground category has been established according to European standards. However, this work was not

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<sup>2</sup> <https://www.adb.org/sites/default/files/institutional-document/34108/files/georgia-transport-assessment-strategy-road-map.pdf>

<sup>3</sup> <https://www.adb.org/sites/default/files/institutional-document/34108/files/georgia-transport-assessment-strategy-road-map.pdf>

included in the final ESIA report<sup>4</sup>.” The various other geological concerns were also raised by other specialists during the hearings in the beginning of this year, that is still not addressed within the EIA.<sup>5</sup> Its also important to notice, that the major restrictive factor for the alternatives were the mountainous terrain followed with geological instability and climate fragility. In the project EIA its claimed that the road will be “climate resilient” , and represent itself “adaptation” measure. However, it fails to address, how the project will deal with increased extreme weather events, the landslides, mudflows, rockfalls and avalanches , that will also affect the newly designed road.

### **Impact on Biodiversity**

As the greenfield project it will heavily impact the Khada gorge landscape and biodiversity, that represent the part of great Caucasus biodiversity hotspot. Taking the scales of the Khada gorge and planned activities, the action will lead towards irreversible damage of the area.

The project ESIA contains the quite controversial information on biodiversity. While the document underlines that project cross the territory of significant importance for birds, (SPA#9-Special protected area) and important territory for birds, (IBAGEO21), it simultaneously claimed that project would not affect any priority habitats and/or migration corridor. Itself the issues were not studied and rather represent copy-pasted information from other studies<sup>6</sup>. The project documentation does not contain properly done biodiversity studies, despite the claimed improvement during last few months.

The project will induce the water and air pollution in the gorge due to the heavy traffic and numerous planned concrete plants for construction. In addition, almost half of the 3.6mln cubic meter of extracted rock and soil due to the tunnel construction will be also damped within the gorge. While EIA does not exclude the fact that tunneling may heavily impact the underground water regimes within the gorge. The mitigation measures for all those potential impacts, including the waste management and disposal options, is not studies properly and considered to be assessed in detailed only during the project implementation.

### **Impact on Local Communities**

Georgian government does not recognize the traditional ownership forms of land, including community lands. Meanwhile, there is practice of community and personal traditional ownership, that leads towards various problems during the development projects. In case of Kobi Kvesheti road, State was refusing the rights of the local communities to register the land they used for centuries. The basis of the refusal was that those lands has the recreational status of those lands. But later local communities find out, that state registered that land as the state land due the request of State Road Department, in order reduce the responsibilities as well as prevent local communities to receive adequate compensation and reimbursement.<sup>7</sup>

The local communities been proposed the inadequate compensation 1.66 – 2.66USD (5-8 GEL) for 1 sq. M of the land, without any possibilities for negotiation with Road Department. Taking into account that for majority of the people that’s only source of the income, and department does not consider even land to

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<sup>4</sup> See Annex 1. Letter of Zurab Javakhishvili, Professor of Ilia University

<sup>55</sup> <https://mtisambebi.ge/news/people/item/864> and/or <http://environment.cenn.org/cenn-position-regarding-project-construction-operation-new-kvesheti-kobi-motor-road/>

<sup>6</sup> <https://sabuko.ge/ge/%E1%83%A1%E1%83%90%E1%83%91%E1%83%A3%E1%83%99%E1%83%9D%E1%83%A1-%E1%83%9E%E1%83%9D%E1%83%96%E1%83%98%E1%83%AA%E1%83%98%E1%83%90-%E1%83%A5%E1%83%95%E1%83%94%E1%83%A8%E1%83%94%E1%83%97%E1%83%98/?fbclid=IwAR0W2JzdLntQPuP395LZE3CI7I4shdPApy0Z3yLhVJWH4GQETEAjoclh864>

<sup>7</sup> [https://www.facebook.com/khadavalley/posts/458723191637188?\\_tn\\_ =K-R](https://www.facebook.com/khadavalley/posts/458723191637188?_tn_ =K-R)

land compensation, the proposal is fully inadequate. In addition, the agricultural production quality and harvest on the remaining lands will drop its value, as soon as construction and later heavy traffic will impact their remaining lands.

The only concern of the Khada villagers, badly maintained roads within the gorge, will become even more headache, both during the construction when road will be even more damaged, and after as there is no plans to rehabilitate the road.

The locations for construction camps and storage areas are not identified and planned for later. That may cause conflicts between locals and the company. Therefore its required to properly study the social and gender impacts of construction, with involvement of local communities.

### **Impact on Cultural Heritage**

Khada Valley represents one of the oldest settlements of Georgia. The archeology of the Khada valley still unstudied and only some accidental artefacts been found yet, that confirms that people live there from Eneolithic period. The gorge contains the diversity of landscapes with scattered small villages and ruins of old ones, with remained traditional housing patterns, as well as magnificent monuments of architecture from early middle centuries. Those cultural heritage due to their aging and dry construction of slate slabs, are in very poor physical condition and require serious care. The blasting and drilling itself will have significant devastate impact on the cultural heritage, while some important located 50-100 meters vicinity of proposed road.

The EIA lacks the adequate action plan to avoid negative impacts on cultural heritage, including the thorough monitoring.

### **Project outputs according to the President report to Board**

President report to board claims that “The project is aligned with the following impacts: (i) economic growth and regional connectivity enhanced (footnote 3); and (ii) trade, tourism, and economic corridors improved. The project will have the following outcome: connectivity, safety, and livelihoods along the North–South Corridor improved.” However, none of this statement is followed in the project documentation presented to the public.

While the project is non-revenue generating action and claims to be climate resilient action, it actually supports the increased unsustainable transport traffic through the difficult mountainous terrain and claiming that Economic Internal Rate of the project is estimated as 13.4% based on incremental benefits of the project, that actually implies to increased traffic through the road.

However, it does not really speak about the actually increased tolls for inland transit traffic at all.. The reduction of the traffic time by 40 minutes, and making the road open during whole year would itself increase traffic, that may be beneficial for the country if transport policy would be appropriately designed. However, project documentation does not contain any cost benefit analysis of the project, where the costs of the road would be calculate from environmental and social point of view, especially taking into account that we are speaking about untouched gorge and its environment.

President report to the Board on Kobi Kvesheti road, underlines numerous outputs: “**Output 1:** Project roads constructed, and road safety awareness increased. This output will include the construction of (i) about 23 km of climate-resilient bypass road between Kvesheti and Kobi, and (ii) about 5 km of climate-resilient all-weather access roads to roadside towns and villages. The project roads will include safety facilities fitted for the elderly, children, women, and differently abled. This output will also include the

[www.GREENALT.ORG](http://www.greenalt.org)

development and implementation of a gender-sensitive road safety awareness campaign for roadside villages and schools.”

The output sounds great, however, it would be really beneficial if there would be the clear data how many casualties this new road will prevent in comparison with existing roads, especially taking into account that even maintenance costs for the government in comparison with old road stay same (25 000 per km).

“Output 2: Khada Valley visitor center established. This output will include the construction and setup of a multipurpose visitor center with gender-friendly facilities. The visitor center may include a small-scale agricultural market, an exhibition area for craft products and cultural heritage, and a booking hub for tourism and conservation activities. This output will also include socially inclusive and gender-sensitive training on tourism-related business development.” – taking into account the fact that this visitor center is only benefiting exercise for Khada villagers, and after five year of the construction the gorge environment would be fully changed, having quite negative impact on local cultural heritage (see above) it does not represents any significant outcome for local communities, especially in terms of local development.

Khada gorge is one of the most popular touristic destinations around Tbilisi, taking into account that it represents the cultural treasury (more than 60 towers, religious and cultural artefacts untouched archeological treasury) and amazing mountainous landscape. With construction of numerous tunnels and bridges this small gorge will lose its identify and the visitor center could not help for its recovery. That’s way the numerous touristic organizations, including business, loudly express its dissatisfaction with the project design<sup>8</sup>.

The third project output proposed to board is also important. “Capacity of the Roads Department for project and contract management enhanced. This output will include training of selected Roads Department staff, including 50% of women, in (i) operation and maintenance of tunnels, including climate change and disaster risk management; and (ii) contract management and claims and disputes resolution management under International Federation of Consulting Engineers contracts. This output will also include independent advisory support (on an as-needed basis) provided by highly specialized experts on project and contract management, ” sounds reasonable. Especially taking into accounts in terms of the failures Roads Department enjoys in various projects around the Georgia. E.g. the EIB funded Samtredia - Grigoleti road IV LOT that is still not operational, despite it should be ready by December 2018. According to the Roads Department, the delay reason is the failure of subcontractor China Railway 23.<sup>9</sup>

In June 2019, World Bank announced the nine-month debarment of China Railway Construction Corporation Ltd. (CRCC), a Chinese, state-owned construction and engineering company, and its wholly-owned subsidiaries, China Railway 23<sup>rd</sup> Bureau Group Co., Ltd. (CR23) and China Railway Construction Corporation (International) Limited (CRCC International), in connection with misconduct under the [East-West Highway Corridor Improvement Project](#) in Georgia. According to the facts of the settlement, during the prequalification and bidding process for a highway construction contract, the three named companies prepared and submitted information that misrepresented the personnel and equipment of CR23 and the experience of other entities in its group as CRCC’s. Within the World Bank’s administrative Sanctions System, these actions are considered fraudulent practices as defined by World Bank Procurement Guidelines.<sup>10</sup>

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<sup>8</sup> <http://www.nationaltrustofgeorgia.org.ge/more-details/>

<sup>9</sup> <http://liberali.ge/articles/view/45918/rodish-chavalt-batumshi>

<sup>10</sup> <https://www.worldbank.org/en/news/press-release/2019/06/05/world-bank-group-debars-china-railway-construction-corporation-ltd-and-two-subsidiaries>

In this circumstances, choosing the CR23 as the subcontractor for construction of the Kvesheti-Kobi tunnel in August 2019 by Roads Department, did not surprise local villagers, who already in May been assured by China Railway that they will construct the tunnel.

Therefore, we would like to once more argue you, to go through project documentation through taking into account the opinions and concerns of the local stakeholders, whose interests and future are seriously threatened by the project improper design and implementation.

Sincerely Yours



Manana Kochladze

Chair

Annexes 1. Letter of local communities – Geo/Eng version<sup>11</sup>

Annex 2. Letter of Chubinishvili National Research Center Geo/Eng version

Annex 3. Letter of Mr. Zura Javakhishvili, Professor of Ilia University

Annex 4. Letter of G.Gogochuri, Archeologist

Annex 5. Collective letter of Touristic organizations to Minister of Regional Infrastructure and Development

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<sup>11</sup> Please note all letters are translated in English by Green Alternative attached to Georgian originals