

COMPLAINTS MECHANISM

SG/E/2024/28

ALGETI — SADAKHLO ROAD (GEORGIA)

INITIAL ASSESSMENT REPORT

15 NOVEMBER 2024



SG/E/2024/28

Algeti — Sadakhlo Road (Georgia)

Initial Assessment Report

Complaint confidential: No

External distribution

Complainant
Promoter

Internal distribution

Inspector General
Relevant EIB services

Disclaimers

This report is based on the information available to the EIB Group Complaints Mechanism up to 15 October 2024.

In case of discrepancies between language versions, the English version prevails.

The EIB Group Complaints Mechanism

The EIB Group Complaints Mechanism (the **Complaints Mechanism**) is a tool enabling the resolution of disputes if any member of the public feels that the European Investment Bank (the **EIB**) might have done something wrong, that is, if it has committed an act of maladministration. The Complaints Mechanism is not a legal enforcement mechanism and will not substitute the judgment of competent judicial authorities.

Maladministration means poor or failed administration. It occurs when the EIB fails to act in accordance with a rule or principle that is binding upon it, including its own policies, standards and procedures. The concept of maladministration includes failure by the EIB to comply with human rights, applicable law or the principles of good administration. Maladministration may relate to the EIB Group's decisions, actions or omissions and may include the environmental or social impact of the EIB's projects and operations.

One of the main objectives of the Complaints Mechanism is to ensure the right to be heard and the right to complain. The mandate of the Complaints Mechanism includes the resolution of problems raised by the complainant in cooperation with relevant internal and external stakeholders. Where possible, the Complaints Mechanism also actively promotes and supports local resolution efforts (for example, through project-level grievance mechanisms). For more information on the Complaints Mechanism please visit: <https://www.eib.org/en/about/accountability/complaints/index.htm>.

The initial assessment

The initial assessment generally aims to¹:

- clarify the concerns raised by the complainants and gain a better understanding of the complainants' position as well as the views of other stakeholders (such as the project promoter or the national authorities);
- understand the validity of the concerns raised;
- assess whether and how the stakeholders (the relevant EIB Group project team, the project promoter, etc.) could seek resolution of the issues raised by the complainants;
- determine if further work by the Complaints Mechanism is necessary and/or possible (compliance review or collaborative dispute resolution between the parties) to address the allegations or resolve the issues raised by the complainants.

¹ As outlined in Article 2.2.1 of the [EIB Group Complaints Mechanism Procedures](#), dated November 2018.

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EXECUTIVE SUMMARY

The purpose of this report is to provide an initial assessment of the complaint, clarify the concerns raised and outline the way forward. The complaint concerns the Algeti — Sadakhlo Road project in Georgia, financed by the EIB. The complaint focuses on alleged inadequate compensation for land and fruit trees and the potential negative impacts of the project's construction works and subsequent operation.

The complainant and the project promoter have agreed to engage in a collaborative dispute resolution process to find suitable solutions to address the concerns raised. On this basis, the Complaints Mechanism proposes to proceed with a collaborative dispute resolution process.

1 THE PROJECT

- 1.1 On 30 November 2018, the EIB Board of Directors approved a financing of the Georgia Transport Connectivity II framework loan.² On 24 February 2021, the EIB Board of Directors approved the allocation of €85 million for the Algeti – Sadakhlo Road in Georgia (the **project**).³ The borrower is the State of Georgia, and the project is being developed by the Roads Department of Georgia, which is part of the Ministry of Regional Development and Infrastructure (the **promoter**).
- 1.2 The project is to construct a new four-lane motorway between Algeti and Sadakhlo with a total length of approximately 30 km and to build the necessary access roads to connect the motorway to the existing E-60 road. The construction works are expected to start during summer 2025.

2 COMPLAINT

- 2.1 On 4 August 2024, the Complaints Mechanism received a complaint from a family from the municipality of Marneuli in Georgia (the **complainant**), concerned about the potential environmental and social impacts of the project on their property and livelihood. Being in the vicinity of the planned project, the complainant's property would be partially expropriated.
- 2.2 The complainant presented the following concerns, summarised by the Complaints Mechanism on the basis of the written complaint and further discussions with the complainant:
 - i. Inadequate compensation for land and fruit trees.
 - ii. Potential negative impact on revenue during the project's construction works.
 - iii. Potential negative impact from noise and emissions during the project's construction works and operation.
 - iv. Inadequate stakeholder engagement and grievance redress mechanism.
- 2.3 The complainant would like to receive adequate compensation for their land and fruit trees and also that the project's alleged impact on revenue, noise and emissions are avoided or mitigated.

3 REGULATORY FRAMEWORK

- 3.1 The Complaints Mechanism is required to carry out an initial assessment of the complaint⁴⁵. For more information about the objective of the initial assessment, see page iii of this report. The work of the Complaints Mechanism may include a collaborative dispute resolution process or a compliance review. The Complaints Mechanism should identify the relevant stakeholders to be involved in a potential collaborative dispute resolution process and should gain an understanding of their views and establish a willingness to resolve the issues.⁶ This report contains the results of the Complaints Mechanism's initial assessment.
- 3.2 As per Article 4.4.4 of the Complaints Mechanism policy, in the case of dispute resolution related to complaints of the type of the complaint at hand, the complaint handling deadlines provided in the Complaints Mechanism's policy and procedures may be extended in consultation with the complainant to allow the parties to participate fully and to manage legitimate expectations.⁷

² [Georgia Transport Connectivity II](#).

³ [Algeti - Sadakhlo Road](#).

⁴ Article 4.2.1, [EIB Group Complaints Mechanism Policy](#), dated November 2018.

⁵ Article 2.1.3, [EIB Group Complaints Mechanism Procedures](#), dated November 2018.

⁶ Article 2.2.5, [EIB Group Complaints Mechanism Procedures](#), dated November 2018.

⁷ Article 4.4.4, [EIB Group Complaints Mechanism Policy](#), dated November 2018.

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- 3.3 The regulatory framework includes the applicable EIB's policies, procedures and standards, such as the EIB Environmental and Social Standards⁸ and applicable laws and regulations. In particular, the following standards may be of relevance:
- i. **Standard 1** on the assessment and management of environmental and social impacts and risks, which outlines the promoter's responsibilities in the process of assessing, managing and monitoring the environmental and social impacts and risks associated with a project.⁹
 - ii. **Standard 6** on involuntary resettlement, which is primarily intended to avoid forced evictions whenever feasible. When eviction is required, the standard seeks to minimise and mitigate its negative impacts. It emphasises the importance of assisting all displaced persons with the objective of improving, or at least restoring, their livelihoods and living standards.¹⁰
 - iii. **Standard 9** on occupational and public health, safety and security, which aims to ensure that promoters duly anticipate, avoid or minimise, and effectively mitigate, risks and adverse impacts to the health and safety of host communities within the project's determined area of influence during both the construction and the operation phases.¹¹
 - iv. **Standard 10** on stakeholder engagement, which emphasizes the importance of maintaining an open, transparent, and accountable dialogue between the promoter, the affected communities and other interested parties. It outlines that stakeholder engagement is an inclusive and iterative process involving stakeholder analysis, engagement planning, timely disclosure of information, public consultations, and stakeholder participation. Standard 10 requires the promoter to establish a mechanism that ensures access to grievance and remedy. That mechanism is designed to prevent harm, provide effective remedies to stakeholders and rights-holders affected by the project, and ensure institutional accountability and continuous improvement. It also serves to prevent the escalation of conflicts and avoid the associated costs.¹²

4 INITIAL ASSESSMENT

- 4.1 During the initial assessment, the Complaints Mechanism: (i) held meetings with the EIB's project team to collect information; (ii) held separate calls with the complainant and the promoter to better understand the complaint; (iii) hired a local facilitator to assist with the initial assessment; (iv) conducted a site visit in September 2024, during which the Complaints Mechanism and the local facilitator held separate meetings with the promoter and the complainant; and (v) reviewed project information, such as the relevant Environmental and Social Data Sheet,¹³ Environmental and Social Impact Assessment¹⁴ and Resettlement Action Plan¹⁵.
- 4.2 The Complaints Mechanism, together with the local facilitator, presented the complainant and the promoter with the two available options; to proceed with either a collaborative dispute resolution process or a compliance review, explaining their respective features and processes. Both parties agreed to participate in a collaborative dispute resolution process facilitated by the Complaints Mechanism.

⁸ [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

⁹ Standard 1, paragraph 5, [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

¹⁰ Standard 6, paragraph 4, [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

¹¹ Standard 9, paragraph 4, [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

¹² Standard 10, paragraphs 2, 3 and 4, [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

¹³ [Environmental and Social Data Sheet](#), dated 27 January 2021.

¹⁴ [Environmental and Social Impact Assessment](#), dated 15 October 2020.

¹⁵ [Resettlement Action Plan](#), dated August 2021.

5 WAY FORWARD

- 5.1 Following the initial assessment, considering the willingness of the complainant and of the promoter to engage in dialogue to resolve the issues raised, the Complaints Mechanism proposes to proceed with a collaborative dispute resolution process. This process is forward-looking and aims to find mutually acceptable and sustainable solutions. The Complaints Mechanism will coordinate the preparation and implementation of this process with the parties.
- 5.2 The outcome of the collaborative dispute resolution process will be communicated to the complainant and the promoter in a dispute resolution report.