

COMPLAINTS MECHANISM

SG/E/2024/28

**ALGETI–SADAKHLO ROAD
(GEORGIA)**

DISPUTE RESOLUTION REPORT

12 SEPTEMBER 2025



SG/E/2024/28

Algeti–Sadakhlo Road (Georgia)

Dispute Resolution Report

Complaint confidential: No

External distribution

Complainant
Promoter
Publication on the EIB website

Internal distribution¹

Inspector General
Relevant EIB services

Disclaimers

This report is based on the information available to the EIB Group Complaints Mechanism up to 11 August 2025.

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

¹ In addition, the Complaints Mechanism will inform the Management Committee in its regular reporting about the issuance of the Dispute Resolution Report.

The EIB Group Complaints Mechanism

The EIB Group Complaints Mechanism (the Complaints Mechanism) is a public accountability tool that handles complaints from members of the public who are, or feel, affected by decisions, actions or omissions by the European Investment Bank (EIB). One of the main objectives of the Complaints Mechanism is to ensure the right to be heard and the right to complain. The Complaints Mechanism is not a legal enforcement mechanism and will not substitute the judgment of competent judicial authorities.

For admissible complaints regarding environmental and social impacts, the work of the Complaints Mechanism starts with an initial assessment phase. During this phase, the Complaints Mechanism determines if further work is necessary and whether the complaint shall proceed to a compliance review or a collaborative dispute resolution process. The objective of the latter is to resolve the dispute by (i) achieving a better and common understanding, (ii) improving the degree of trust between the parties, and (iii) seeking to identify a common agreed solution.

Complainants that are not satisfied with the EIB reply to their complaint may file a complaint of maladministration against the EIB with the European Ombudsman.²

For more information on the Complaints Mechanism please visit:

<https://www.eib.org/en/about/accountability/complaints/index.htm>.

² Available at: <https://www.ombudsman.europa.eu/en/home>. For more information see [EIB Group Complaints Mechanism Policy dated November 2018](#), Articles 4.5.1-4.5.5.

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EXECUTIVE SUMMARY

The Complaints Mechanism received a complaint from a family affected by the Algeti–Sadakhlo Road project. The complainant and the responsible roads department reached a settlement through a collaborative dispute resolution process facilitated by the Complaints Mechanism. This dialogue enabled the parties to significantly improve their communication and to agree on acceptable solutions that address key concerns regarding compensation for trees and land as well as potential negative impacts of the project.

This report marks the closure of the complaint. It provides the parties to the dispute resolution process, the EIB, and the interested public with information about the general outcome of the process. It also describes the complaint received and the work carried out by the Complaints Mechanism.

1 PROJECT

- 1.1 On 30 November 2018, the EIB Board of Directors approved a framework loan – Georgia Transport Connectivity II – for the construction and upgrade of the Georgian road network.³ On 24 February 2021, the EIB Board of Directors approved the allocation of €85 million for the financing of the Algeti–Sadakhlo Road in Georgia (the **project**).⁴ 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 including the necessary access roads to connect the motorway to the existing E-60 road. The construction works are expected to start during autumn 2025.

2 COMPLAINT

- 2.1 On 4 August 2024, the Complaints Mechanism received a complaint from a family 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 will 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 the complainant's revenues during the project's construction works due to eventual restricted access to the complainant's business (a medical facility).
 - 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 wanted to receive adequate compensation and to ensure that the project's impact on their revenues, as well as the noise and emissions resulting from the project, could be avoided or mitigated.

3 INITIAL ASSESSMENT

- 3.1 The Complaints Mechanism carried out an initial assessment to understand the issues raised by the complainant and to determine whether further work by the Complaints Mechanism was necessary. It assessed whether it would be possible to resolve the issues amicably. In September 2024, the Complaints Mechanism conducted an assessment mission to Georgia, during which it held separate meetings with the promoter and the complainant.
- 3.2 Given the willingness of the promoter and the complainant (the **parties**) to collaborate to reach mutually acceptable solutions, the Complaints Mechanism proposed to proceed with a collaborative dispute resolution process with the explicit agreement of the parties, as described in the initial assessment report.⁵

³ More information on the framework loan can be found at: [Georgia Transport Connectivity II](#).

⁴ More information on the project can be found at: [Algeti–Sadakhlo Road](#).

⁵ [Initial assessment report](#), dated 15 November 2024.

4 DISPUTE RESOLUTION PROCESS

- 4.1 The collaborative dispute resolution process between the complainant and the promoter lasted seven months, from November 2024 to May 2025. The dialogue was facilitated by the Complaints Mechanism with the support of a local facilitator, collectively referred to as the facilitation team. The EIB project team and the EIB-financed technical assistance supported the dialogue by providing guidance on the EIB environmental and social standards and their application to this case.
- 4.2 In addition to numerous individual meetings, the facilitation team conducted two rounds of joint dialogue sessions between the complainant and the promoter in December 2024 and February 2025. Before the joint sessions, the facilitation team met with the parties to prepare them for the dialogue, ensure they understood the process, and foster a constructive and safe environment. In May 2025, the parties met and exchanged with each other directly and agreed on the final actions before the closure of the complaint.
- 4.3 The promoter and the complainant addressed key concerns related to compensation for trees and land, potential negative impacts of the project, and communication, as described in the following paragraphs. For most of the complainant's concerns, the promoter was able to provide information about the requirements on the project and the measures foreseen to mitigate its impacts to the satisfaction of the complainant.

Impacts on air quality, noise and business activity during the construction works

- 4.4 The promoter clarified that the contractor must implement the mitigation measures outlined in the project's Environmental and Social Impact Assessment report.⁶ These include actions to reduce air and noise emissions. For instance, the materials should be brought in at different times to reduce dust emissions, the dust will be managed using appropriate measures, and during dry periods, the roads will be regularly watered in the vicinity to settlements. Every month, the contractor shall monitor noise, dust and water pollution at the places where works are ongoing. This should enable the contractor to identify if any additional mitigation measures will be required. The promoter also shared with the complainant information about the usual working hours at the construction site, as well as the conditions for exceptional work exceeding the regular hours.

Impacts on air quality and noise resulting from the operation of the highway

- 4.5 If, during the operation of the highway, it appears that the noise level is higher than anticipated, noise barriers may be installed as a mitigation measure. Additionally, air quality tests will be carried out during operation to ensure that emissions do not exceed the predicted levels. The complainant may contact the promoter regarding these concerns once the highway is in operation.

Access to the property and medical facility

- 4.6 According to the promoter, the road in front of the complainant's property will be closed in the direction of Araplo, with vehicles redirected via new roundabouts and a bridge over the highway—ensuring continued access to the property and medical facility. Pedestrians and cyclists will also be able to use these routes to reach Araplo. If residents require additional access, they may submit a request to the promoter. To increase visibility of the complainant's facilities, the complainant may request permission to install road signs or banners.

⁶ [Environmental and Social Impact Assessment report, 2019.](#)

Compensation for trees and land

- 4.7 During the dialogue, the promoter explained that the compensation for the fruit trees corresponds to lost income from the trees. The parties agreed that the promoter would request a valuator to re-value the fruit trees by considering also i) the different type of persimmon trees, ii) the particular circumstances that may impact the yield of persimmon trees, and iii) the age of all the trees in 2024. This re-valuation, carried out in December 2024, addressed the inconsistencies raised and revised the amount of the compensation.
- 4.8 Regarding the compensation offered for the land, the complainant argued that buying equivalent land is more expensive than the compensation offered. The promoter explained that the offered compensation has been valued based on the principle of full replacement cost.
- 4.9 As agreed before engaging in the dispute resolution process, the promoter continued in parallel with the expropriation procedure. In April 2025, the complainant received the expropriation decision by the court. In May 2025, the complainant accepted the compensation offered by the promoter for the trees and the land and signed the respective agreement.

Communication

- 4.10 The promoter has shared with the complainant the contact information of the project grievance redress mechanism. The promoter clarified that, during the construction works, the complainant may also contact the social and environmental team of the contractor and the resident engineer. Once these entities have been selected, their contact information will be shared with the affected people during a stakeholder engagement meeting.

5 OUTCOMES

- 5.1 The Complaints Mechanism thanks the parties for their active and constructive participation in the dispute resolution process. The facilitated dialogue enabled the parties to significantly improve their communication and to agree on solutions to the issues raised, thereby concluding the dispute resolution process to the satisfaction of the parties. On this basis, the Complaints Mechanism closes the complaint.
- 5.2 In line with the agreement reached between the parties, and taking into account that compensation has been paid, appropriate communication channels are in place, the nature of the other agreed actions, and following discussions with the complainant, the Complaints Mechanism will not undertake further monitoring. Should any difficulties arise in the future, the parties may contact the Complaints Mechanism for monitoring support.