

COMPLAINTS MECHANISM

SG/E/2025/09

ALGETI–SADAKHLO ROAD (GEORGIA)

INITIAL ASSESSMENT REPORT

5 NOVEMBER 2025



SG/E/2025/09

Algeti–Sadakhlo Road (Georgia)

Initial Assessment Report

Complaint confidential: No

External distribution

Complainants
Promoter
Publication on the Complaints Mechanism website

Internal distribution

Inspector General
Relevant EIB services

Disclaimers

This report is based on the information available to the EIB Group Complaints Mechanism up to 31 October 2025.

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

EIB Group Complaints Mechanism — Initial assessment report

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 (**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 complainants 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 Report

The aim of the initial assessment includes 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, whenever appropriate (such as the project promoter, national authorities).
- Assess whether and how the stakeholders (such as the complainants, the project promoter, and the relevant EIB Group project team) could seek resolution of the issues raised by the complainants.
- Determine if further work by the EIB Group Complaints Mechanism Division is necessary and/or possible (compliance review or collaborative dispute resolution between the parties) to address the allegation or resolve the issues raised by the complainants.

¹ In line with Articles 2.2.1, 2.2.2 and 2.2.7 of the EIB Group Complaints Mechanism procedures, available at: [EIB Group Complaints Mechanism Procedures dated November 2018](#).

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EXECUTIVE SUMMARY

The Complaints Mechanism received a complaint from a family affected by the Algeti–Sadakhlo Road project in Georgia. The complaint concerns adverse social impacts of the project due to alleged inadequate compensation for land, structures and perennials.

During the initial assessment, the Complaints Mechanism engaged with both the complainants and the project promoter. The parties agreed to enter into a voluntary dialogue process aimed at identifying mutually acceptable solutions to address the concerns raised. On this basis, the Complaints Mechanism proposes to proceed with a collaborative dispute resolution process.

This report summarises the complainants' allegations, describes the steps taken during the initial assessment, and sets out the approach for addressing the complaint.

1 PROJECT

- 1.1 On 30 November 2018, the European Investment Bank (**EIB**) Board of Directors approved a framework loan – Georgia Transport Connectivity II – for the construction and upgrade of the Georgian road network.² On 24 February 2021, the EIB Board of Directors approved the allocation of €85 million for the financing of the Algeti–Sadakhlo Road project in Georgia under the above-mentioned framework loan (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 Infrastructure (the **promoter**).
- 1.2 The project involves the construction of a dual two-lane motorway between Algeti and Sadakhlo, with a total length of approximately 30 km, including access roads to connect the motorway to the existing E-60 extended TEN-T road. The construction works are expected to start at the beginning of 2026.

2 COMPLAINT

- 2.1 On 18 June 2025, the EIB Group Complaints Mechanism (the **Complaints Mechanism**) received a complaint from a family (the **complainants**) concerned about the social impacts of the project on their property and livelihood. The majority of the complainants' land, house and other structures are located within the alignment of the project and are therefore subject to involuntary acquisition. In October 2025, the property was subject to expropriation proceedings in court initiated by the promoter.
- 2.2 The complaint also makes reference to other project-affected families in the village facing similar issues.
- 2.3 The complainants presented the following concerns, summarised by the Complaints Mechanism on the basis of the written complaint and further discussions with the complainants:
 - i. Inadequate compensation for land, house, other structures and perennials. The complainants are mainly concerned that the compensation offered for the land is approximately half the price of similar land in their village. They also believe that the promoter has not compensated for the full surface area of the land, the house and other structures (such as the trellises for perennials).
 - ii. Negative impact on the complainants' livelihood due to the loss of perennials. According to the complainants, the compensation offered for perennials corresponds only to the income from one year's harvest, which would significantly affect their livelihood.
 - iii. Inadequate stakeholder engagement and grievance redress mechanism. The complainants struggle to understand written communication from the promoter in Georgian, as their primary language is Azerbaijani, with minimal understanding of Georgian.
- 2.4 The complainants seek adequate compensation and livelihood restoration.

3 REGULATORY FRAMEWORK

- 3.1 The work of the Complaints Mechanism is governed by the EIB Group Complaints Mechanism Policy (**policy**)⁴ and Procedures (**procedures**)⁵. Following the admissibility of the complaint, the Complaints Mechanism carries out an initial assessment of the complaint to determine if further work of the Complaints Mechanism is necessary and possible. The further Complaints

² More information on the framework loan can be found at: [Georgia Transport Connectivity II](#).

³ More information on the project can be found at: [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.

EIB Group Complaints Mechanism — Initial assessment report

Mechanism work may include a compliance review or collaborative dispute resolution process (such as mediation). This report contains the results of the Complaints Mechanism's initial assessment. For more information about the objective of the initial assessment, see page iii of this report.

- 3.2 The regulatory framework includes the applicable EIB policies, procedures and standards, such as the EIB Environmental and Social Standards⁶ 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.⁷
 - ii. **Standard 6** on involuntary resettlement outlines the responsibilities of promoters to avoid involuntary resettlement in the first instance, and to provide effective remedy to minimise its negative impacts should prevention fail. Standard 6 requires the promoter to respect the right to property of all affected people and mitigate any adverse impacts arising from their loss of assets.⁸
 - iii. **Standard 7** on the rights and interests of vulnerable groups outlines the promoter's responsibilities to ensure that vulnerable individuals and groups are duly and promptly identified in EIB operations and that engagement is meaningful, taking into account individuals' and communities' specificities, and delivered in an appropriate form, manner and language.⁹
 - iv. **Standard 10** on stakeholder engagement, which emphasises 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.¹⁰

4 INITIAL ASSESSMENT

- 4.1 The Complaints Mechanism carried out an initial assessment to understand the issues raised by the complainants and to determine whether further work by the Complaints Mechanism was necessary. In September 2025, the Complaints Mechanism conducted an assessment mission to Georgia, during which it held separate meetings with the complainants and the promoter (the **parties**). The Complaints Mechanism also reviewed project information, such as the relevant Environmental and Social Data Sheet,¹¹ Environmental and Social Impact Assessment¹² and Resettlement Action Plan¹³.
- 4.2 During the Complaints Mechanism's mission to Georgia, the complainants clarified that three other families in the village are facing similar issues. However, the complainants preferred not

⁶ [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018, version in force in 2019 when the financing contract was signed.

⁷ Standard 1, paragraph 5, [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

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

⁹ Standard 7, paragraph 5, [EIB Environmental and Social Standards](#), version 10.0 dated 8 October 2018.

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

¹¹ [Environmental and Social Data Sheet](#), dated September 2018.

¹² [Environmental and Social Impact Assessment](#), dated May 2018.

¹³ [Resettlement Action Plan](#), dated June 2018.

to include these families in the dispute resolution process with the promoter. They expressed hope that the solutions identified could also benefit the other three families.

- 4.3 The Complaints Mechanism informed the parties of the two available options for addressing the complaint: a collaborative dispute resolution process or a compliance review. The promoter and the complainants expressed their willingness and agreement to engage in a collaborative dispute resolution process to reach mutually acceptable solutions.

5 WAY FORWARD

- 5.1 Following the initial assessment and considering the willingness of the parties 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.¹⁴

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¹⁴ The time limits for processing the complaint may be extended in consultation with the complainants in order to allow comprehensive engagement of the parties and to manage legitimate expectations – Article 4.4.4, [EIB Group Complaints Mechanism Policy](#), dated November 2018.