

Semi-Annual Social Monitoring Report

Project Number: 43405-027

Semi-annual Report: January – June 2022

GEORGIA: URBAN SERVICES IMPROVEMENT INVESTMENT PROGRAM

TRANCHE 5

Submitted by: UWSCG

June, 2022

ABBREVIATIONS

<i>ADB</i>	- <i>Asian Development Bank</i>
<i>AP</i>	- <i>Affected Persons</i>
<i>DC</i>	- <i>Design Consultant</i>
<i>DEPP</i>	- <i>Department of Environmental protection and Permit</i>
<i>ES/ SES</i>	- <i>Environmental Specialist/ Senior Environmental Specialist</i>
<i>GoG</i>	- <i>Government of Georgia</i>
<i>GRC</i>	- <i>Grievance Redress Committee</i>
<i>GRM</i>	- <i>Grievance Redress Mechanism</i>
<i>IPMO</i>	- <i>Investment Program Management Office</i>
<i>USIIP</i>	- <i>Urban Sector Improvement Investment Program</i>
<i>IA</i>	- <i>Implementing Agency</i>
<i>EA</i>	- <i>Executing Agency</i>
<i>IP</i>	- <i>Indigenous People</i>
<i>IR</i>	- <i>Involuntary Resettlement</i>
<i>LARP</i>	- <i>Land Acquisition and Resettlement Plan</i>
<i>MoEPA</i>	- <i>Ministry of Environment Protection and Agriculture</i>
<i>MoRDI</i>	- <i>Ministry of Regional Development & Infrastructure</i>
<i>NEA</i>	- <i>National Environmental Agency</i>
<i>SC</i>	- <i>Supervision Consultant</i>
<i>UWSCG</i>	- <i>United Water Supply Company of Georgia</i>
<i>WSS</i>	- <i>Water Supply & Sanitation</i>

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1. The Project Details

1.1 Background of the project

1. The Urban Services Improvement Investment Program was developed as the Government's response to the lack of adequate and/or safe water supply, sewerage and sanitation in urban areas of Georgia. This is intended to optimize social and economic development in selected urban areas through improved urban water and sanitation services, and is financed by the ADB through its Multi-Tranche Financing Facility. The Ministry of Regional Development and Infrastructure is the Executing Agency and the United Water Supply Company of Georgia, LLC is the Implementing Agency of the Investment Program. UWSCG is a 100% state-owned company.
2. The Investment Program will improve infrastructure through the development, design and implementation of a series of subprojects, each providing improvements in a particular sector (water supply and/or sewerage) in one town. Subprojects will rehabilitate existing infrastructure and/or create new and expanded infrastructure to meet the present and future demand. Water supply improvements will include source augmentation and head works, pumping systems, treatment facilities, transmission and distribution network; and, sewerage improvement works will include sewer network, pumping stations, main collectors and waste water treatment plants.

1.2. Projects financed under Tranche 5

3. Tranche 5 of the Investment Program includes:
 - Construction of Sewage System in Zugdidi (ZUG-02);
 - Construction of Wastewater Treatment Plants in Zugdidi (A) – REG-03a
 - Construction of Waste Water Treatment Plant in Mestia (B) - REG-03b

1.3 Key Construction Works on Site

4. **Construction of Sewage System in Zugdidi (ZUG-02).** The Zugdidi wastewater project envisages the rehabilitation and extension of the sewer network with gravity sewers and pressure lines and the construction of wastewater pumping stations. The project measures for the sewer network comprise the laying of 160 km new gravity pipes (DN 100 to DN 800) and 9.7 km new pressure pipes (OD 110 and OD 630). There will be 24 new wastewater pumping stations. The new network will convey the wastewater to a new wastewater treatment plant, which will be constructed under REG-03 – Zugdidi (A) WWTP project.
5. The contract No P43405-ICB-Zug-02 was signed on February 1, 2017 with Ludwig Pfeiffer Hoch-und Tiefbau GmbH & Co.KG, initial completion date 31st Jan 2020. The Contract has been extending to 2nd August 2020 through contract addendum no. 07 and was substantially completed by that date. At this stage only Operation of plant is on-going. Defect Notification Period (August 2. 2021) was extended twice. Firstly, till November 30. 2021; secondly till February 28. 2022 but due to Contractor's insolvency Status, CC abandoned the site on December 15. 2021, written notice was given by the contractor in December 2021. Bank guarantee is recalled, expected retender of defect remediation works.
6. **Construction of Wastewater Treatment Plant in Zugdidi (REG-03a).** The project comprises of the construction of new Wastewater Treatment Plant with the capacity of 22,000 m³/day.

7. The contract No UWSCG-USIIP-ICB-REG-03a was signed on February 1, 2017 with “JV “Pfeiffer - EMIT” comprised by “Ludwig Pfeifer Hoch – and Tiefbau GmbH Co. KG (Germany)” and “EMIT |Group – Ercole Marelli Impianti Tecnologici S.r.l. (Italy)”, Original completion date of the contract was 15 Jan. 2020, but due to the design and construction of an emergency bypass (which was additional works), the Contractor was granted an EOT until 15 May 2020. The Contractor was subsequently granted a further EOT (due to the impact of the Covid-19 pandemic) until 15 August 2020, which, due to the continuing of COVID-19 pandemic, was extended again until 29 September 2020 through contract addendum no. 3. Construction activities on REG-03a sub-project are completed. At this stage commissioning works are on-going. Defect remediation process is very slow due to Contractor’s insolvency status. Bank guarantee is recalled, defect remediation works expected by the third party
8. **Construction of Wastewater Treatment Plant in Mestia (REG-03b).** The project comprises of the construction of new Wastewater Treatment Plant with the capacity of 3,200 m³/day.
9. The contract No UWSCG-ICB-MES-03-2019 was signed on 5 November 2019 with “JV of Toshiba Water Solutions Pvt.Ltd and IN-SI” LLC (India/Georgia). Contract completion date was April 2021. The contract became formally effective by 12th Dec 2019 after the Contractor agreed to postpone one of the preconditions for effectiveness, the “irrevocable confirmed letter of credit” to be submitted later (e.g. after design phase). The resulting initial contractual completion date was 04th June 2021. Change Order for extension time is under preparation.

1.4. Physical Progress of the Project Activities

10. Construction of the Sewage System in Zugdidi (ZUG-02)

Table 1. ZUG-02 project progress during the January – June 2022

Works Section (as per WBS)	Work Progress [%]
Installation of site offices	100 %
Submittals for suppliers of materials	100%
Survey – setting out	
Survey and inspection of connection points (manholes) for new sewerage network (as was found possible only 50% are accessible. Other manholes indicated in Employer’s Design are hidden or do not exist; such manholes places indicated in design need to be shown and justified by Employer)	100 % (for existing and accessible manholes)
Pre survey and inspection of new proposed sewerage lines (checking of terrain relief)	100 %
Submittals for materials	100 %
Civil team and construction equipment mobilization	100 %
Setting out (after provided stabile benchmarks, cross level checking in between is additional necessary work)	100 %
Support and collaboration with Employer for adjustment of Employer’s Design	completed
Cleaning of existing sewer	
Cleaning of existing sewer lines	105 %
Cleaning of existing sewer manholes	105 %
CCTV of existing sewer lines	105 %

Works Section (as per WBS)	Work Progress [%]
Pipe laying	
Pipe laying of main line (based on VO 9)	99.13 %
Pipe laying total incl. house connections (based on VO 9)	98.95 %
Pipe laying for rehabilitation works (based on VO 9)	99.67 %
Manhole installation	
Installation of Manholes main line (based on VO 9)	99.11 %
Installation of Manholes incl. house connection Manholes (based on VO 9)	98.89 %
Installation of Manholes rehabilitation (based on VO 9)	99.05 %
Surface reinstatement	
Full width reinstatement (based on VO 9)	98.89 %
Trench Reinstatement (based on VO 9)	99.90 %

11. Construction of Wastewater Treatment Plant in Zugdidi (REG-03a).

Table 2. REG-03a, project progress during the January – June 2022

Item/	Description	PROGRESS PERCENTAGE/		
		Previous	During Report Period	Total
1	Snag remediation work			
1.1.	Civil Work			
1.1.1	Remedy of defects	81.00%	0.00%	81.00%
1.2.	Mechanical Equipment			
1.2.1	Gas Treatment, gas holder and torch, remedy of defects	68.00%	0.00%	68.00%
1.3.	Electrical Equipment			
1.3.1	Gas Treatment, gas holder and torch. Remedy of defects	72.00%	0.00%	72.00%
2	Commissioning	-	-	-
2.1.	Start-Up of:			
2.1.1	Water Line	90.00%	0.00%	90.00%
2.1.2	Sludge Line	30.00%	0.00%	30.00%
2.1.3	Gas Line	0.00%	0.00%	0.00%
2.2.	General Services:			
2.2.1	Training	68.00%	0.00%	68.00%
2.2.2	Testing and Commissioning	90,00%	0,00%	90.00%
2.2.3	Documentation	0.00%	0.00%	0.00%
2.3	Operational Acceptance	0.00%	0.00%	0.00%
3	Defect Notification Period			
3.1	Remedy of Defects	0.00%	0.00%	0.00%

Item/	Description	PROGRESS PERCENTAGE/		
		Previous	During Report Period	Total
3.1.2	Additional training, support and technical advisory services for 1 year	0.00%	0.00%	0.00%

2. Objective and Scope of Monitoring

2.1. Objective and scope of Semi-annual Monitoring

12. The general objective of this Semi-Annual Monitoring Report is to assess the progress on safeguard measures taken during the implementation of the project including:

- Evaluate implementation of grievance and redress mechanism at all level (Construction Contractor; Supervision contractor; regional agencies of UWSCG; UWSCG etc.)
- Review received grievances and find effective ways of solving them;
- Review access of local population to grievances log;
- Describe list of corrective actions and measures for solving the problems observed during the monitoring. Etc.
- Evaluate local governments and populations expectations about project;
- Evaluate effectiveness of planned PA activities

2.2 Methodology of Monitoring

13. This Semi-annual social monitoring report has been prepared based on the following activities:

- Regulatory review was conducted in order to understand the applicable legislation, regulatory frameworks and procedures;
- Review the grievance logs at Construction Contractors office and status of registered complaints;
- Review the grievance log at regional office of UWSCG and status of registered complains.
- Interviewing the local population on effectiveness of social safeguard measures and grievance mechanism;
- Review a number of unregistered requests from the local population and steps of cooperation made by Construction Contractor;
- Inspect environmental, health and safety and social performance of Construction Contractor;
- Review the trust of the local population in the Construction Contractor;
- Review the measures implemented for grievance and redress awareness raising among stakeholders;
- Review the actions implemented for social safeguard;
- Identify the measures required for implementation of Grievance and Redress Mechanism.
- Clarifications on pending and unresolved issues was obtained.

2.3 Monitoring Indicators / Parameters

- The number of closed registered complaints
- The number of issues requested from the local population to be implemented by Construction Contractor
- The number of construction staff informed on Code of Conduct of the company and trained on their rights and obligations
- The number of job related trainings and awareness raising trainings

3. Semi-Annual Monitoring Results

3.1 Grievance Redress Mechanism

14. For the effective implementation of a GRM system under the USIIP, UWSCG issued special order (#122) on 30 April 2014, which was replaced on October 2018 by Order # 196 on the “Establishment of GRM within the Framework of the Asian Development Bank Funded Projects” and signed by the head of UWSCG. Order #196 gives clear instructions to every involved stakeholder how to act when affected people are impacted by the project. On November, 2021 the amendment of the order #196 was developed by the order #431 (Please see Annex 5).
15. Any affected person can apply at a UWSCG local service center (UWSCG has 53 service centers and 8 Regional Branches across Georgia, in different municipalities) through different ways, either by going to the service center, sending a letter to the service center, or calling a hotline. The operators of the service center can respond by going directly to the affected person if they are disabled to get the written grievance from them. It should be mentioned also that complaints log. is available at each construction site and any affective person may fill the compliant log and submit to the contractor directly.

3.1.2. Received Grievances

16. No Grievances submitted under USIIP/T5 during the reporting period January – June 2022.

4. Institutional Arrangement

17. The Chapter describes the role, authority, and responsibility of state agencies involved in the process of preparation and implementation of environmental and social/resettlement related issues under the projects financed by ADB. These agencies are: Implementation Project Management Office (IPMO) formed on June 10, 2020 under UWSCG is the implementing agency; Executing Agency - United Water Supply Company of Georgia of the Ministry of Regional Development and Infrastructure of Georgia, Ministry of Finance, ADB. Below are described their roles and responsibilities:

18. Implementation Project Management Office (IPMO) will carry the following responsibilities:

a. Two specialists: (i) Social Safeguards and Resettlement Specialist and (ii) Environmental Specialist to carry out following activities:

- I. Safeguard environment and resettlement related issues for the sub-projects;
- II. Resolving any issues that may arise during implementation of the sub-projects;
- III. Review, analyze and discuss all circumstances that may have negative impact on the environment and the affected persons;
- IV. Preparation of all relevant reports to IPMO;

b. Project Management: IPMO will meet the all reporting requirements related to the sub-projects to be submitted to UWSCG and ADB

- I. Address and coordination all Environmental protection and LAR related issues on local and national level;
- II. Manage and monitor Construction Company and Supervision Company activities;
- III. Ensure the update of Safeguard documents based on detailed design, if needed;
- IV. Preparation of Semi-Annual reports to reflect all the construction and project implementation details;
- V. Presenting all necessary documents to ensure rapid allocation of resettlement budget and undertaking further payment of defined compensation amounts to project affected persons;

c. Project Monitoring: IPMO will:

- I. Supervise the physical and /or economic displacement of APs, monitor construction and reinstatement process with support from the supervision consultant;
- II. Undertake internal monitoring and submission of relevant reports to UWSCG and ADB;

19. Construction Company and Supervision Company will have on board Environment and Social Safeguards specialists and Resettlement Specialist to be responsible to supervise environmental and resettlement issues managed by environmental and resettlement specialists of Construction Company and report to IPMO/UWSCG.

20. Supervision Consultant: Supervision Agency responsible for construction supervision activities, to observe and monitor completion of all compensation/rehabilitation payment procedures prior to construction contractor entering the site.
21. Ministry of Finance: Allocates compensation and rehabilitation funds based on the submitted land acquisition and resettlement plan and relevant budget.
22. IPMO will supervise the physical and /or economic displacement of APs, monitor construction and reinstatement process with support from the supervision consultant.

5. Summary and Recommendations

5.1 Summary

- A grievance redress mechanism has been established in the project and steps have been taken to make aware the affected people and other stakeholders about the grievance mechanism;
- Actions provided to raise local populations awareness on Implemented projects were useful and successful;
- Consultation meeting with local population was held and local citizen, living nearby WWTP area was satisfied with provided information.

5.2 Recommendations

- Ensure proper internal communications among the construction company, UWSCG and Engineer;
- Establish timely flow of information;
- Keep evaluating implemented Projects and provided PA activities;

Annex . GRM Order #431

United Water Supply Company of Georgia, LLC
Order №431

Tbilisi

26/11/2021

On Amending Order №196 dated October 30, 2018, of Director of United Water Supply Company of Georgia, LLC, on Grievance Redress Mechanism under the projects funded by the Asian Development Bank at United Water Supply Company of Georgia, LLC

In accordance with Clause 8, Article 8 of the Articles of Association approved by Order №54/N dated March 24, 2017, of Minister of Regional Development and Infrastructure of Georgia on Approving the Articles of Association of United Water Supply Company of Georgia, a Limited Liability Company,

I hereby decree:

1. Order №196 dated October 30, 2018, of Director of United Water Supply Company of Georgia, LLC, on Grievance Redress Mechanism under the projects funded by the Asian Development Bank at United Water Supply Company of Georgia be amended and Clause 5 of the Order be read as follows:

“5. To promptly and effectively review and solve the grievance of the individual concerned, the Grievance Redress Commission (hereinafter the Commission) be established with the following composition:

- a) Director of United Water Supply Company of Georgia, Chairperson of the Commission;
- b) Deputy Director of United Water Supply Company of Georgia on Technical Issues, Member of the Commission;
- c) Deputy Director of United Water Supply Company of Georgia on Financial Issues, Member of the Commission;
- d) Deputy Director of United Water Supply Company of Georgia, Member of the Commission;
- e) Deputy Director of United Water Supply Company of Georgia, Member of the Commission;
- f) Deputy Director of United Water Supply Company of Georgia, Member of the Commission;
- g) Deputy Director of United Water Supply Company of Georgia, Member of the Commission;
- h) Head of Legal Department of United Water Supply Company of Georgia, Member of the Commission;
- i) Head of Environmental Protection and Permits Department of United Water Supply Company of Georgia, Member of the Commission;
- j) Head of Donor-Funded Projects Management Department of United Water Supply Company of Georgia, Member of the Commission;
- k) Head of State-Funded Projects Management and Supervision Department of United Water Supply Company of Georgia, Member of the Commission;
- l) Representative of Environmental Protection and Permits Department of United Water Supply Company of Georgia, the Commission Secretary”.

2. The Order be enacted upon signature.