



Project Summary Information (PSI)

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| Project Name | Batumi Bypass Road Project |
| Country | Georgia |
| Sector | Transportation/Roads |
| Project No | 000021 |
| Borrower | Georgia |
| Implementation Agency | Roads Department, Ministry of Regional Development and Infrastructure |
| Environmental and Social | Category A |
| Date of PSI preparation or update | Oct. 22, 2018 |
| Date of Concept Approval | Feb. 10, 2017 |
| Date of Appraisal Approval | April 18, 2017 |
| Date of Board Approval | June 15, 2017 |

I. Introduction

Georgia is strategically located at cross roads between the Black Sea and the Caspian Sea making it a regional transit corridor. By investing in transportation and other communication infrastructure, it can play a significant role in regional trade by providing increased connectivity between Western Asia, Central Asia and Europe.

The Socio-economic Development Strategy of Georgia (Georgia 2020) aims to improve the country's economic and social development based on its comparative advantage including special geographical position. The broad strategic directions are (i) improving the transport system to link all parts of the country, and (ii) connecting its ports and airports to neighboring countries and beyond. Key to this strategy is streamlining transport infrastructure and developing logistical centers. Road network development is a top priority. The upgrading of international roads to European standards, in particular the East-West Highway (EWH) has received the largest share of public funds in the sector since 2008. There is also increasing emphasis on north-south international roads, and secondary and local roads that connect regional centers and markets.

The EWH, which carries over 60 percent of the total foreign road trade, connects Tbilisi with the border of Azerbaijan and runs Westward to connect to the Black Sea ports of Batumi and Poti, and finally to the border with Turkey. The EWH is a central piece in the government's strategy for playing the role of a transport and logistics hub in the region, especially since Georgia became a full member of the Central Asia Regional Economic Cooperation (CAREC) program.

II. Project Objective and Expected Results

The objective of the Project is to improve regional connectivity in Georgia and improve efficiency for road transport along the EWH in Georgia. The proposed performance indicators for the objective include reduction of travel time and increase in traffic volumes.

III. Project Description

The Project will construct a new two-lane 14.3 km long highway to provide a bypass to the Batumi port city (second largest city in Georgia). The road will be constructed on a new alignment, which passes through a number of mountainous settlements. Due to hilly nature of the terrain, this stretch of road requires construction of 5 tunnels and 19 bridges over rivers and valleys. Additionally, the controlled-access highway will have 4 grade separated interchanges to regulate traffic ingress/egress. The Project will also finance construction supervision and quality assurance services associated with the civil works including specialized structural and geotechnical works.

IV. Environmental and Social

The Bank has decided to use the Safeguard Policy Statement (SPS), 2009, of the Asian Development Bank (ADB) since (i) they are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of the Bank's Environmental and Social Policy and relevant Environmental and Social Standards; and (ii) the monitoring procedures that the ADB has in place to ascertain compliance with their Safeguard Policies are appropriate for the Project. Under the Bank's Safeguard Policies, the Project has been assigned Category A.

The Project involves land acquisition and involuntary resettlement for which LARPs (Land Acquisition and Rehabilitation Plans) have been prepared. An updated Environmental Impact Assessment (EIA) for the Project has been prepared consistent with the ADB's policies for Category A project. These documents have been approved by the ADB and the Government of Georgia and disclosed on the ADB's website: <https://www.adb.org/projects/documents/search/country/geo?keywords=batumi>

V. Estimated Project Cost and Financing Source (USD million)

The Project is estimated to cost USD315.2 million. The financing sources are as follows (in USD million):

| Loans/Credits/Others | Amount |
|-----------------------------|---------------|
| Borrower | 87.2 |
| AIIB | 114.0 |
| ADB | 114.0 |
| Total | 315.2 |

VI. Implementation

The ADB will be the lead financier of the Project and will administer the Bank's loan on behalf of the Bank, including procurement, disbursements, environmental and social compliance, and project monitoring and reporting.

Expected project implementation period: July 2017 – Dec. 2022.

Contact Points

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