

SBF Project Implementation Monitoring Report

Georgia: Batumi Bypass Road Project

1. Project Information

| | | | |
|-------------------------------|---|--------------------|----------------------|
| Project ID: | 000021 | Investment Number: | L0021A |
| Member: | Georgia | Region: | Western asia |
| Sector: | Transport | Sub-sector: | Railways (non-urban) |
| AIB Financing Type: | Loan: 114 USD million | Co-financier(s): | ADB |
| E&S category: | A | Borrower: | Georgia |
| Red Flags Assigned: | 1 (Q1: 1) | Monitoring Regime: | Regular Monitoring |
| Implementing Agency: | Roads Department, Ministry of Regional Development and Infrastructure | | |
| Project Team Leader: | Woo-Hyun Kwon | | |
| Project Team Members: | Yi Geng, Senior Financial Management Specialist Michaela Bergman, Principal Social Development Specialist Giacomo Ottolini, Procurement Consultant Chongwu Sun, Environmental Consultant | | |
| Completed Site Visits by AIB: | Jan, 2019 ADB, AIB Jul, 2018 ADB, AIB Dec, 2020 ADB, AIB (Virtual) | | |
| Planned Site Visits by AIB: | | | |

2. Project Summary and Objectives

The Project will construct a new two-lane road approximately 14.3 km long, in a key section of the East–West Highway that skirts the port city of Batumi. Total Project Cost: USD 315.2 million; USD 114.0 million (AIB), EUR 108.2 (ADB), and USD 87.2 million (Govt. of Georgia).

The Project objective is to improve regional connectivity and efficiency of road transport along the East-West Highway in Georgia.

3. Key Dates

| | | | |
|----------------|---------------|------------------------|---------------|
| Approval: | Jun. 15, 2017 | Signing: | Jun. 17, 2017 |
| Effective: | Oct. 12, 2017 | Restructured (if any): | |
| Orig. Closing: | Jun. 30, 2023 | Rev. Closing (if any): | |

4. Disbursement Summary (million)

| | | | |
|-----------------|------|---|---------------------|
| Currency: | USD | | |
| a) Committed: | 114 | b) Cancellation (if any): | |
| c) Disbursed: | 43.8 | d) Most recent disbursement: (amount / date) | 1.32, Sep. 24, 2021 |
| e) Undisbursed: | 70.2 | f) Disbursement Ratio(%) ¹ : | 38.4 |

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

- The overall implementation is significantly behind schedule with physical progress of 60% as of July 31, 2021.
- 6-month Extension of Time (EOT) to June 2022 was granted as per Road Directorate (RD)'s request.
- During joint Mid-Term Review with ADB in July 2021, utilization of AIB loan savings (about \$42 million) was discussed for the addition of LED lighting (Climate

Finance element) and rehabilitation of connecting roads. RD will finalize its decision by Q4 2021.

| Components | Physical Progress | Environmental & Social Compliance | Procurement |
|--|--|-----------------------------------|-------------|
| Component 1: Batumi Bypass civil works (USD100.5 million) | Progress Target (per revised work plan): 69.3% Achieved Progress: 59.9% Lead/Lag Progress: 9.4% Lag | No issues | No issues |
| Component 2: Construction supervision and quality assurance services (USD3.5 million) | Consultant providing services; Geotechnical Engineer mobilized | No issues | No issues |

Financial Management:

The latest audit report for year 2020 with unqualified audit opinion was submitted and shared with AIIB this September, the report has been reviewed as acceptable to the Bank.

6. Status of the Grievance Redress Mechanism (GRM)

The Local Grievance Redress Committee (GRC) was established on 14 Jun 2016 to receive written as well as verbal grievances. The GRM is functioning.

A total of 193 persons have submitted 11 categories of grievances to the GRC out of which 103 grievances have been resolved as of July 30, 2021. 39 cases are request for inclusion of their residential structures or land plots in the acquisition list, out of which 26 cases are finalized. 69 cases are applied for damage to their assets due to construction activities, out of which 22 cases are finalized. 28 cases are regarding dissatisfaction due to disturbance by noise/vibration and dust out of which 13 cases were completed. 11 cases are from the tunnel N2, N3 and N4 areas.

7. Results Monitoring

N/A

Baseline Year: Oct. 12, 2017 End Target Year: Dec. 31, 2021

Project Objective Indicators #1

Reduced travel time from Sarpi to Poti to 1.5 hours by 2023

| Year | Target | Actual | Others, if any |
|---------------|---------|--------|----------------|
| Jun. 30, 2023 | 1.5 Hrs | N/A | Baseline 3 Hrs |

Project Objective Indicators #2

14.3 km of a new two-lane bypass road skirting Batumi constructed by 2021 with international roughness index no higher than 3.0 m/km

| Year | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Jun. 30, 2023 | 14.3km | N/A | Baseline 0 |

Project Objective Indicators #3

(ADB only) 200 km of international roads combined with connecting secondary roads maintained by private contractors on a long-term PBM contract of no less than 5 years, with International Roughness Index (IRI) no higher than 3.0 m/km

| Year | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Jun. 30, 2023 | 200km | N/A | Baseline 0 |

Intermediate Result Indicators #1

No IRIs

| Year | Target | Actual | Others, if any |
|---------------|--------|--------|----------------|
| Oct. 12, 2017 | N/A | N/A | |

Remarks: