

## Georgia : Batumi Bypass Road

### 1. Project Information

Project ID:	P000021	Instrument ID:	L0021A
Member:	Georgia	Region:	Western Asia
Sector:	Transport	Sub-sector:	Roads
Instrument type:	<input checked="" type="checkbox"/> Loan:114.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	Asian Development Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, Georgia
Implementing Entity:	Roads Department of Georgia, Georgia		
Project Team Leader:	Runze Yu (DG: Supee Teravaninthorn; Responsible Department: INF2)		
Project Team Members:	Liu Yang, Project Counsel; Yi Geng, OSD - Financial Management Specialist; Michaela Bergman, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Rabindra Shah, OSD - Procurement Specialist; Siyang Wang, Project admin;		
Completed Site Visits by AIIB:	Jul, 2018 ADB, AIIB Jan, 2019 ADB, AIIB Dec, 2020 ADB, AIIB (Virtual) May, 2022 ADB, AIIB		
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2021/09		

### 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 (AIIB), 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 (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	49.99	Most recent disbursement (amount/date):	0.22/Mar. 30, 2022
Undisbursed:	64.01	Disbursement Ratio (%) <sup>1</sup> :	43.85

## 5. Project Implementation Update

The overall implementation is significantly behind schedule with physical progress of 70.21% as of March 31, 2022.

Extension of Time (EOT) to December 31, 2021 was granted as per Road Directorate (RD)'s request. On March 11, 2022, RD officially wrote to ADB requesting for another EOT till December 31, 2022, which is still pending by ADB/AIIB approval.

3 out of the 5 tunnels within the project have been completed. Critical path for project completion lies in Tunnel #1 and Tunnel #2, which has barely started due to the financial difficulties of the contractor. The complicated geotechnical conditions for both tunnels require special steel parts to commence the NATM works. With rising steel price and absence of supplier financing by steel parts manufacturers, the contractor lacks sufficient cash flow to sustain the NATM works on schedule.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Batumi Bypass civil works (USD100.5 million)	Progress Target (per revised work plan): 78.35%  Achieved Progress: 70.21%  Time Elapsed: 87%  Lead/Lag Progress: -8% Lag	No issues	No issues
Component 2: Construction supervision and quality assurance services (USD3.5 million)	Consultant is providing services.	No issues	No issues

### Financial Management:

Audit for 2021 is ongoing and the deadline for submission is June 30, 2022.

## 6. Status of the Grievance Redress Mechanism (GRM)

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

A total of 204 persons have submitted 11 categories of grievances to the GRC out of which 123 grievances have

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

been resolved as of March 31, 2022. People now mostly (76 Nos.) applied for damage to their assets caused by construction activities out of which 28 have been completed. Out of the remaining 53 cases 21 cases are pending with the contractor; 16 cases are forwarded to RD and other cases are from tunnel blasting zones. 39 APs request inclusion of their residential structures or land plots in the acquisition list, out of which 29 cases are closed. 28 APs express dissatisfaction due to disturbance by noise/vibration and dust out of which 13 cases closed. Left cases are from the Tunnel #2, Tunnel #3, and Tunnel #4 areas.

## 7. Results Monitoring

N/A

### Project Objective Indicators #1

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

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

### Intermediate Result Indicators #1

No IRIs

Year	Target	Actual	Comments, if any
Oct. 12, 2017	N/A	N/A	

### Remarks:

Results Framework will be updated by June, 2022 due to 1) revision to the ADB loan components; 2) EOT till end of 2022 expected.