

Georgia's highway dilemmas and the Asian Development Bank



The village of Khevi, bisected by the East-West Highway, faces environmental and safety challenges. Photo: Green Alternative, 9 April 2024.

The Asian Development Bank is one of Georgia's major multilateral development partners. The ADB's ongoing sovereign portfolio in the country includes 17 loans worth USD 1.75 billion.¹ The lion's share of this funding, nearly USD 1 billion, has been allotted to the advancement of two road infrastructure ventures: the East–West Highway Improvement Project and the North–South Corridor Road Project.

Turning Georgia into a regional transportation and logistics hub has long been seen as a cornerstone strategy for the country's economic development and prosperity.² And the Georgian government has promoted the two road infrastructure initiatives as indispensable for realising this vision. All of the major multilateral donors – the World Bank, the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), in addition to the ADB – have rallied their financial support behind at least one of these projects. Despite the involvement of international partners, both initiatives have been marred by controversies, with major flaws and irregularities in the planning, design and implementation of these projects leading to devastating social, environmental and cultural impacts.

¹ Asian Development Bank, [ADB's Work in Georgia](#), *Asian Development Bank*, accessed 12 April 2024.

² Ministry of Economy and Sustainable Development of Georgia, [2023-2030 National Transport and Logistics Strategy](#), *Ministry of Economy and Sustainable Development of Georgia*, accessed 12 April 2024.

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The East–West Highway: ‘After a landslide, one more can be expected’

The East–West highway links the nation’s eastern regions to its western ones, as well as to the Black Sea coast. Integral to the European Transit Road E60, it serves as a crucial link for transit between Europe and Asia and provides an opportunity for enhanced trade and investment. The highway’s most intricate section traverses the rugged and narrow Rikoti Pass, navigating through delicate mountainous terrain. This particular portion, known within Georgia as the Rikoti Road, extends over 50 kilometres. Its construction has been divided into four distinct sections. Each segment has been conceived as an individual project, complete with its own environmental impact assessment. Three international donors – the ADB, the World Bank and the EIB – took over financing, while construction was passed on to several Chinese companies. Instead of pulling international finances together to fund the entire construction of the Rikoti Road, the linear infrastructure has been split into separate projects; this has led to the fragmentation of the donors’ monitoring responsibilities and has diluted their accountability for the construction’s cumulative impact.

Table 1. Sections of the East–West Highway

Sections	Name	Length	Funding	Construction Company
F1	Chumateleti-Khevi	11.7 km	EIB, WB	China State Construction Engineering Corporation Limited
F2	Khevi-Ubisa	12.2 km	ADB	Hunan Road and Bridge Construction Group
F3	Ubisa-Shorapani	13 km	EIB	China Road and Bridge Corporation
F4	Shorapani-Argveta	14.7 km	ADB	Guizhou Highway Engineering Group & China National Technical Import and Export Corporation

For years, commuters have dreaded the Rikoti Road due to frequent traffic jams and accidents. So, when the government initiated construction works, including the building of 97 bridges and 51 tunnels to straighten the winding road,³ it was met with anticipation for its promised benefits: doubling the highway’s capacity and increasing travel speed, which would significantly reduce journey times across the country.⁴

But public perception has since shifted dramatically, as frequent landslides, accompanying road closures, and the collapse of newly built structures⁵ have led people to regard the highway as a potential danger to their safety and well-being. ‘It’s a scary sight when you’re in the car with the whole family and your child. It affected me emotionally,’ Ketil Labadze, a commuter who witnessed the

³ Roads Department of the Ministry of Infrastructure, [Rikoti Pass Section: Chumateleti-Argveta Road](#), *Roads Department*, accessed 12 April 2024.

⁴ JAM News, [Road through the Rikoti Pass in Georgia closed again. What’s wrong with the “project of the century”?](#), *JAM News*, 12 April 2023.

⁵ Nini Gabrichidze, [Landslide risk disrupts traffic - and possibly Easter - in Georgia](#), *Eurasianet*, 7 April 2023.

landslide on the Rikoti Road last December, told reporters.⁶ The mass of soil was not big enough to overrun the barriers that road authorities had erected against landslides, and her family left the scene unscathed. But the barriers are slowly being filled with the soil that continues to cascade down from the slopes, creating a new set of worries for locals and commuters.⁷

Experts have observed that landslides intensified after construction works in the Rikoti Pass commenced and have opined that the works have disturbed the delicate balance of the vulnerable and unstable slopes in the Rikoti Pass.⁸ Putting under fire the quality of the environmental impact assessments, critics have also questioned why alternative routes – both safer and more cost-effective – that would bypass the landslide-prone areas by widening the old existing road were not selected.⁹

Questions have also swarmed around the role of poor-quality construction practices employed by the constellation of Chinese state-owned firms in the overall environmental and social impact of the Project and how the winning contracts were awarded to companies with murky backgrounds and histories of serious misconduct and corrupt practices.¹⁰

The role of Chinese firms has been significant in abysmal waste disposal practices. During the construction process, the haphazard disposal of waste has led to the pollution of rivers and has created further risks, as ravines and riverbanks across the Rikoti Road were chosen as disposal locations to save on transportation costs.¹¹ The ill-thought-out and botched arrangement of one of these waste rock dump sites is in the village of Khevi, in a dry ravine that overlooks the highway; the village itself, and the river Rikotula, now threaten nearby settlements and their public school. The slopes of the ravine appear to be destabilised, and the functionality of the dam, constructed to anchor the disposed waste rock, is poor – if it is functioning at all.¹² The waste disposal site has been abandoned after access was cut off by landslides in January. The disposal operations have now moved to a site in the village of Vertkvichala, which forms part of the ADB-funded Khevi-Ubisa section. This new location, nestled within a gorge, was previously ruled out in an Environmental Impact Assessment due to environmental risks. However, this decision was subsequently reversed. Experts now warn that the disorganised disposal practices at this site heighten the risk of mudflows.

The village of Khevi, located about 140 kilometres west of the capital, Tbilisi, is facing other issues as well. Nearby areas have been stripped of their natural vegetative cover and landslides have advanced towards residential homes. Compounding the village's woes, the river Rikotula, which flows adjacent to the village school and local residences, has seen its riverbed significantly narrowed in the wake of the construction. Such alterations have stoked fears and anxiety in the Khevi community over the long-term consequences of human meddling with the river, which is known for its volatile flash floods.

Despite the community's expressed concerns regarding environmental damage and changes resulting from the highway construction, local residents have struggled to be heard. Although the Roads Department of the Ministry of Infrastructure, the project promoter, claims to have conducted

⁶ Lela Dumbadze, [“The ground collapsed in Rikoti. The whole family was in the car, it was a terrible feeling” – passenger](#), *Batumelebi/Netgazeti*, 26 December 2023.

⁷ Mariam Patsatsia, [The promise and perils of Georgia's East–West Highway project](#), *CEE Bankwatch Network*, 2 May 2024.

⁸ Eka Kevanishvili, [“I will not travel through Rikoti” - What is happening in Rikoti?](#), *Radio Free Europe/Radio Liberty*, 13 April 2023.

⁹ Investigative Reporter, [Concrete Pass: Landslides on a highway](#), *Georgia's Public Broadcaster*, 10 July 2023.

¹⁰ Mari Imerlishvili, [Chinese Companies in Georgia: Sanctions, Delays and Concerns](#), *Civil.ge*, 22 January 2024.

¹¹ Mariam Patsatsia, [The promise and perils of Georgia's East–West Highway project](#), *CEE Bankwatch Network*, 2 May 2024.

¹² Ibid.

78 individual and group meetings along the 50-kilometre route in 2023, the members of the Khevi community assert that communication with the department primarily occurs at their initiation and has yielded few, if any, improvements. And Khevi is not an isolated case; it reflects a broader narrative of communities struggling to be heard in the development process.

Across numerous villages, residents share eerily similar narratives of neglect and indifference to their concerns amid and following the construction process. Residents recount the suffocating clouds of dust that engulfed their homes and streets, a result of the construction companies' refusal to dampen the sites with water – a practice they avoided either to protect their machinery or to maintain a faster work pace. Memories of sudden explosions that rocked the villages, often catching residents off guard and sometimes before any form of warning could reach them, are also vivid. Many allege structural damage to their homes due to blasts and vibrations from the construction. People speak of nights filled with the incessant noise of road headers drilling tunnels directly under their homes, disrupting their sleep and their peace at ungodly hours for months. Furthermore, they share the frustration of having their usual road connections cut off by the construction activities, forcing them to take much longer, more cumbersome routes just to reach their own homes or access essential services.

Residents have also found themselves silenced by the weight of the project's declared importance, with the message that any discomfort must be endured for the nation's greater good. Road authorities have swiftly framed criticisms and queries as opposition to the initiative in an attempt to undermine genuine concerns. Instead of responding to legitimate questions, the Georgian government has opted for emphasising the significant engagement of international donors and experts as a steadfast assurance of the project's integrity and alignment with global standards.¹³ The government has lauded the highway as a monumental project, emblematic of progress and modernisation. Yet, in the absence of stringent oversight and meaningful measures to address the adverse environmental and social effects, what was hailed as a dream come true by the government¹⁴ risks becoming the nation's nightmare.

The North–South (Kvesheti–Kobi) Corridor: When everything goes south

In contrast to the construction of the East–West Highway, the development of the North–South Corridor in Georgia – a route connecting the Russian border at Kazbegi with the borders of Armenia at Sadakhlo and Azerbaijan at Red Bridge – has been met with a wave of scepticism and opposition. The launch of the construction of the Kvesheti–Kobi Road section of the corridor, which was financially backed by the ADB and EBRD in 2019, has sparked debates over its geopolitical prudence, given that its economic and trade benefits are primarily linked to Russia – a nation that invaded Georgia in 2008 and continues to occupy a fifth of the country's territory.¹⁵ Russia's military attack on Ukraine in 2022 has only amplified questions about the wisdom of Georgia investing in enhanced transport connections with its belligerent northern neighbour.

The construction of a 23-kilometre highway, featuring six bridges and five tunnels through the heart of the Khada Valley, has ignited a controversy well beyond geopolitical tensions.¹⁶ This development

¹³ Interpressnews, [Road Department – It's a lie and slender...](#), *IPN*, 5 April 2023.

¹⁴ Beril Ocaklı, [Georgia's Modern \(Not so Environmental\) Problems. The Nature of Road and Energy Infrastructures](#), in the book: *Ecological Concerns in Transition: A Comparative Study on Responses to Waste and Environmental Destruction in the Region*, *Södertörns högskola*, March 2023.

¹⁵ Manana Kochladze, [The Georgian Road to Russia: when everything goes south](#), *CEE Bankwatch Network*, 3 August 2023.

¹⁶ Rusudan Panozishvili, [Paving over paradise: Khada Valley, Georgia](#), *CEE Bankwatch Network*, 17 December 2021.

encroaches upon nine kilometres of the valley, an area celebrated for its unique blend of cultural and natural heritage. Historically isolated, the valley's residents have been vacating their homes with the onset of winter, cut off from essential services such as education, healthcare, and retail. Project advocates have touted the highway as a year-round lifeline for these communities, promising enhanced accessibility and the introduction of a visitor centre aimed at celebrating the valley's heritage. However, two years into construction, the community grapples with the potential loss of its identity, its heritage, and the safety of its people.¹⁷

The project has been marred by contentious land registration practices and compensation issues, coupled with reports of intimidation against local residents. During the 2020 parliamentary elections, authorities encouraged valley inhabitants to formalise their land claims for compensation purposes, only for many to later be accused of land fraud, leading to investigations and legal actions against them.¹⁸

Compliance reviews conducted by the ADB and EBRD's accountability mechanisms have found that significant deficiencies in planning and implementation have caused substantial harm to the region.¹⁹ The ADB's Compliance Review Panel also noted the potential 'chilling effect' of criminal investigation on land registration, which is crucial for ensuring proper compensation to affected individuals.²⁰ The remedial and mitigation plan approved by the ADB board, and the newly prepared cultural heritage reference plan, should ensure the mitigation of the social impacts within the valley. However, the Bank's inability to ensure meaningful stakeholder consultation and to reflect the voices of civil society organisations, experts and local communities, along with a lack of proper due diligence, negatively impacts the Khada Valley, its cultural heritage and its people.

The Georgian government is currently seeking funds for the construction of other parts of the North–South Corridor, against the protests of local communities.²¹ The scoping reports on the proposed routes, prepared with the support of the ADB, and presented to communities in 2023, have been heavily criticised by locals as, according to them, the projects would pollute local rivers, water reservoirs and agricultural land,²² as well as exacerbate geological threats in the area.²³

Rethinking roadways: Untangling Georgia's highway dilemmas for sustainable transport development

The Georgian government's approach to transportation development lacks strategic vision, particularly in intermodal planning and sector decarbonisation. This oversight has resulted in a lopsided allocation of investments heavily favouring highway infrastructure, alongside emerging

¹⁷ Manana Kochladze, [The Georgian Road to Russia: when everything goes south](#), CEE Bankwatch Network, 3 August 2023.

¹⁸ Ibid.

¹⁹ EBRD IPAM, [Independent Project Accountability Mechanism, Compliance Review Report on North-South Corridor \(Kvesheti-Kobi\) Road Project](#), EBRD Project Number 50271, Case 2020/01, EBRD IPAM, November 2022.

²⁰ Compliance Review Panel, [Final Report on Compliance Review Panel Request No. 2021/1 on the North-South Corridor \(Kvesheti-Kobi\) Road Project in Georgia \(Asian Development Bank Loan 3803\)](#), ADB CRP, x, 2 February 2023.

²¹ Publika, [Natakhtari-Zhinvali highway: Why are they against the project?](#), Publika, 1 February 2023.

²² Ibid.

²³ Nino Tarkhnishvili, ["Life and Death of Pasaauri is in question" - locals protest the Pasaauri bypass road](#), Radio Free Europe/Radio Liberty, 19 August 2023.

concerns over potentially unsound expenditures on airport infrastructure.²⁴ Such an investment pattern has undercut railway development, neglecting the potential for a more integrated and environmentally-friendly transportation network.

The existing cost–benefit analysis framework for highway projects is also flawed, failing to adequately assess the socioeconomic and environmental impacts of transport corridors.²⁵ The promise of progress has come at a greater cost than anticipated, neglecting the needs and well-being of local communities in the process. This includes overlooking the effects on community connectivity, land and livelihood losses, and inadequate compensation for land expropriated for infrastructure projects. The lack of public consultations and poor governance also exacerbates the challenges faced by those adversely affected by the linear infrastructure developments.

The myriad of issues plaguing highway projects in Georgia has also cast a shadow over the reputation of the international donors backing these projects. This also underscores the necessity for the Asian Development Bank to reevaluate how decisions on funding and monitoring road infrastructure and transportation projects in Georgia are made.

Recommendations:

- The ADB should prioritise its efforts towards decarbonising the transport sector through the promotion of electric transport, namely railway, at both national and regional levels, including the mountainous areas of Georgia.
- The practice of using the ‘salami principle’ by International Financial Institutions such as the ADB for funding transport projects should be discontinued. It is essential that any transport project supported by the Bank include comprehensive assessments of its impacts on biodiversity, cultural heritage, and climate.
- The ADB should adhere to the lessons learned from a review conducted by the ADB Accountability Office on a sustainable urban transport project in Georgia.
- For the East–West Highway Project, the ADB and its International Financial Institution partners should strengthen the supervision of the entire construction process and enhance collaboration among donors. It is crucial to conduct a detailed documentation of the environmental impact of the project on mountains and rivers along the highway and to re/formulate and execute plans for mitigation. A comprehensive safety evaluation of waste disposal sites must be arranged promptly. The findings from this evaluation should be shared with local communities situated along the highway and near these sites, as well as with the wider public.
- With regards to the North–South Corridor (Kvesheti–Kobi) Road Project, the implementation of remedial and mitigation plans, as well as the Khada Valley Development Plan and a Historic–Cultural Reference Plan, is essential to ensure the sustainability of the project.

²⁴ Business Media Georgia, [Our research showed that it would be more appropriate to build a new airport - ADB, BMG](#), 11 April 2024.

²⁵ Fidanka Bacheva-McGrath, [Can the EBRD deliver effective sustainable infrastructure in the transport and municipal sectors?](#), CEE Bankwatch Network, 1 February 2024.