

JSCNH Response to the Bankwatch Report dated September 2017

Ref	Subject	Issues raised in the Report	JSCNH Position
GA.LALRP.1	Introduction	Systemic gaps in the mapping of project affected people, assessment of impacts, compensation and related stakeholder engagement...majority said that no one had explained to them their rights related to land loss and the compensation instruments.	<ul style="list-style-type: none"> • Extensive information gathering sessions for the LALRP preparation was done from October 2015 to December 2016 (see comment on GA.LALRP.2). LALRP section 3.1 provides the methodology used to map project affected people (PAP) and collect socioeconomic data, it included: <ul style="list-style-type: none"> • Evaluation of general socioeconomic baseline data collection from September to November 2015; • Comprehensive socioeconomic household survey of all households living in the Nenskra and Nakra Valleys, the surveyors visited all houses inhabited (door to door) and interviewed all the households living permanently in the two valleys; <ul style="list-style-type: none"> - Pasture areas mapping; - Focus groups with women and with other strategic groups such as farmers; - Key informant interviews (school teachers, representative of Mestia Municipality in the valleys), and - Inventory of community infrastructure (e.g. schools, clinics, corn mills, shops). • Determination of the Project’s land acquisition requirements and the land take boundaries; • Cadastral work to identify State-Owned and registered private land plots (October 2015); • Announcement of process of census and inventory to affected people (October 2015) to ensure that affected people are informed about the census activity and its purpose in a timely manner; • Implementation of Census of affected people and assets inventory through field surveys (October 2015); • Valuation of land and assets; • Disclosure of the preliminary findings during public information meetings in December 2015 and subsequent meetings with affected people; • Further discussions with the affected people to validate the impact assessment and compensation strategy, in particular on Pasture issues (from February 2016 and on-going), and • Additional Socioeconomic data collection aiming at collecting more precise data on sources and levels of income, targeting the people affected by loss of pasture area at the dam and reservoir site and at the Nakra water intake site (October 2016), as well as the people affected at the powerhouse site (December 2016). • Specifics regarding the compensation details is in progress and given that the compensation hasn’t been completed in Nenskra it is possible that people have not been provided with the details yet. The project will progress the compensation program, all people that are impacted due to land acquisition and assets will be informed and

Ref	Subject	Issues raised in the Report	JSCNH Position
			<p>compensated in due course. It is possible that during the asset surveys, the Project might have done a mistake in the identification of PAP or missed an asset. Although we try to avoid this, unfortunately, this can happen due to human error. To minimize this risk, JSCNH has put in place a grievance mechanism to manage this risk and allow the communities to discuss with JSCNH their issues, so that remedial action can be implemented.</p>
GA.LALRP.2		<p>No one we spoke with was informed about all compensation instruments, in particular in Nakra.</p>	<ul style="list-style-type: none"> • As explained in section 10 of the LALRP, the following information activities have been done in both valleys: <ul style="list-style-type: none"> - information meetings were held 25 and 26 October 2015 before the start of the asset inventory. The compensation process was explained. (The Minutes of meetings and list of participants are annexed to vol.7.SEP). - on the 16 and 17 December 2015, information meetings were held to present the preliminary findings of the impact assessment, including the results of census of people affected by the land acquisition. (The Minutes of meetings and list of participants are annexed to vol.7.SEP) - on the 16 and 17 February and 6 and 7 April 2016, meetings were held with people affected by the land take at Nenskra Dam and reservoir and at the Nakra water intake site. Compensation principles and options for livelihood restoration were discussed. - from 12 to 18 October 2016, individual interviews and focus groups were conducted with farmers affected by loss of pasture areas, to assess impacts of loss of pasture areas on income at a household level, and to conduct a participative identification of technically and socially feasible livelihood restoration measures. - collective meetings were held in February and March 2017 with people affected by the loss of pasture areas at the Dam and reservoir site. The compensation details have been disclosed individually to the Project Affected People in Nenskra valley. • Open houses and information meetings were held in April, May and August 2017, and included compensation principles and methodologies. • In Nakra, the negotiation process for the compensation hasn't started yet. • All people that are impacted due to land acquisition and loss of assets will be informed in due course.
GA.LALRP.3		<p>Several respondents feared repercussions and asked us not to communicate their problems with the land loss and compensation scheme.</p>	<p>There are no repercussions and there will be no repercussions. All community members can and should raise their concerns. We want to establish a good and transparent communication and engagement with the population. We encourage all NGOs and other stakeholders to motivate communities to raise their concerns directly with us. There is a Grievance Mechanism available for local stakeholders.</p>

Ref	Subject	Issues raised in the Report	JSCNH Position
GA.LALRP.4	Unrecorded co-use of pastures and assets	LALRP lists only one household as the owner/user of the pastures and cabin structures.	This is not correct for the pastures, co-use of the pastures is recorded and explained in the LALRP (see section 4.3.7). For the cabins, this has been corrected after the impacted people raised this issue, see response below LALRP 6 and 8.
GA.LALRP.5		Socio-economic surveys undertaken in 2015 and 2016 did not record co-use of the pastures and cabins.	This is not correct for the pastures, co-use of the pastures is recorded and explained in the LALRP (see section 4.3.7). For the cabins, this has been corrected after the impacted people raised this issue, see response below LALRP 6 and 8.
GA.LALRP.6		Co-use of a cabin and pastures has not been recorded in the case of a female headed household in Sgurishi.	Compensation agreements have already been signed for cottages located at Memuli pasture area. 17 affected families already received compensation, it includes 3 vulnerable families, identified as women-headed households. In addition, they also received an additional allowance for vulnerability.
GA.LALRP.7		Family clan consisting of households of five brothers owning a cabin and pastures is recorded as one owner and not co-used.	The agreement for the cabin lists two brothers, following consultation with the family, and based on information that these are the two brothers that live in the area. There is a grievance mechanism in place if the family would like to raise a grievance to discuss this issue.
GA.LALRP.8		Household at Masrichala says assets used by six families but compensation offered only to one family.	At Masrichala there are three cottages, one cottage is used by 2 families, another one is used by 3 families and a third cottage is used by two families. Compensation amount was transferred individually to their bank accounts. There is a grievance mechanism in place if a family would like to raise a grievance to discuss this issue.
GA.LALRP.9		At least two families co-use a cabin located on the left side of the Nakra river, cabin not listed among the affected structures in the LALRP.	This cabin is not located in the land that will be affected by the project. On the left-hand side of the Nakra river, at the Nakra water intake site, only a small strip of land along the river will be affected. Note that the negotiations in Nakra have not started.
GA.LALRP.10	Incorrect data about living in PAP households	An affected household in Nakra valley was not properly assessed, LARLP says 3 women and 3 men, but it is 5 women and 1 man.	The information used to inform the LALRP and the SIA is based on questionnaires and interviews. It is based on the information supplied by the affected people during the surveys and interviews. However, it is always possible that some errors happen during data collection, either because information might be incorrectly recorded by the surveyor or during the data entry process. This type of error can and will be corrected, and does not affect the compensation process.
GA.LALRP.11		A female headed household in Table 25 of the LALRP says there are 4 people living in the household, but there are 7 and family makes no profit from agriculture.	The information used to inform the LALRP and the SIA is based on questionnaires and interviews. It is based on the information supplied by the affected people during the surveys and interviews. However, it is always possible that some errors happen during data collection, either because information might be incorrectly recorded by the surveyor or during the data entry process. This type of error can and will be corrected, and does not affect the compensation process.
GA.LALRP.12		Inadequate compensation for Iso Chkvimiani, compensation will not be awarded to her but to another user of the cabin.	The cottage is owned by four different families, including Iso Chkvimiani's family. The compensation agreement for the wooden cottage was signed by all the families who own the cottage, Eliko Narsavidze, the daughter of Iso Chkvimiani, signed on behalf of her family, as agreed with Iso Chkvimiani. Iso was present during the signing of the agreement. The transfer

Ref	Subject	Issues raised in the Report	JSCNH Position
			of funds has already been provided to this family. Eliko Narsavidze is the daughter of Iso Chkhvimiani
GA.LALRP.13		No compensation offered for the temporary loss of the pasture in Kvemo Memuli, unclear if transitional supply of fodder would be offered and whether it would also be split among the co-users.	Transitional fodder supply has been offered, as explained in LALRP. The compensation will be split among co-users, as this is a collective entitlement.
GA.LALRP.14		Lack of consultation for Ms. Chkhvimiani, information shared with her verbally in July. No document provided and no opportunity to express her opinion.	Iso Chkhvimiani represents one family that will be affected by the project, who will lose access to Memuli pasture area for 7 years and the wooden cottage located on the pasture. She is one of the co-users of the cottage together with another 3 families. Iso Chkhvimiani, through her daughter Eliko Narsavidze, was identified as a co-user, in accordance with additional investigations made by the company's social team. Iso Chkhvimiani agreed to be represented by her daughter Eliko Narsavidze. See response to LALRP 12 above. As of today, the compensation agreement has already been signed and the family received the compensation. The consultations about livelihood restoration program is on-going.
GA.LALRP.15		Ms. Chkhvimiani...the project doesn't register her as a poor HH.	The agreement on the compensation of the wooden cottage was signed by Eliko Narsavize, and the family received an additional allowance for vulnerability. Eliko Narsavidze is the daughter of Iso Chkhvimiani.
GA.LALRP.16	Mapping of the affected structures	Bankwatch' s field visit identified HH whose structures have not been listed among the affected ones, including 2 wooden cabins, approximately 100 m from the only cabin registered in the LALRP as an affected structure in the water intake tunnel area.	These two cabins, located on the left bank of the Nakra river, are not affected by the project.
GA.LALRP.17		Soso Othkvani from Nakra has not been contacted and has submitted a letter to reassess the project impacts.	The company is aware of this grievance and this has been recorded in our grievance log. August 3rd, a company representative contacted Mr. Soso to explain that the design of the Nakra road has not been completed yet and that the company will contact him if his land will be impacted.
GA.LALRP.18		Guram Gvarmiani, informed Bankwatch about his ownership of a second cabin located on the right side of the Nakra river inside the land take area.	All assets located inside the land take areas have been inventoried in October and November 2015. The project will verify if any asset was missed during the negotiation process. Note that the resettlement implementation process in Nakra has not started.
GA.LALRP.19	Mapping of the affected crops and number of animals	Small mountain plots adjacent to cabins and pastures and used mostly for potato growing have not been recorded.	All assets located inside the land take areas have been inventoried. The project will verify if any asset (including crops) was missed.

Ref	Subject	Issues raised in the Report	JSCNH Position
GA.LALRP.20		Malkhazi Chkvimiani, the LALRP fails to record that the household's practices agricultural activities on part of the pasture land to be affected by the project.	The team is aware of this grievance and it has been logged, a team went to the area to determine the status of the land and it is true that there is a small area in the pasture land that is used to grow potatoes. A negotiation process with this affected person will begin shortly and this issue will be resolved with the affected person. Note that during the LALRP survey this small plot of land used to grow potatoes was not there.
GA.LALRP.21		Lack of data on and consideration of the number of cattle that people graze in the pastures area to be taken by the project.	The information used to inform the LALRP and the SIA is based on questionnaires and interviews. It is based on the information supplied by the affected people during the surveys and interviews. The number of cattle owned by affected people was estimated based on the responses given by affected people during the surveys.
GA.LALRP.22	Vulnerability mapping	It is not clear how the LALRP analyzed who falls into the categories of vulnerability.	The vulnerability criteria are presented in section 3.3.6 of the LALRP. Households are considered vulnerable if they are: <ul style="list-style-type: none"> • Registered as poor in the local social services; • Women-headed households; • Elder-headed households (≥ 70 years old) without any other bread-winner in the household, and • Households headed by people with disabilities.
GA.LALRP.23		LALRP does not recognize the vulnerable status of IDP.	Vulnerable groups are those that may be directly and differentially or disproportionately affected by the project because of their status. The Project recognizes the specific status of the IDP (see SIA section 2.4.1), but the IDP will not be differentially or disproportionately affected <i>because they are IDP</i> . Approximately 20% of the PAP households that are IDP are considered vulnerable.
GA.LALRP.24		Consultant classification classified people by category rather than analyzing the surveyed households on a case by case basis.	Vulnerability criteria have been defined (see section 3.3.6 of the LALRP), and each affected household was then considered individually to see which one fit these criteria. Please see response to GA LALRP 22.
GA.LALRP.25	Internally Displaced Persons	The project considers the IDPs to have settled well and concludes that their refugee status is not considered as a vulnerability criterion in relation to the project's impacts.	<p>Vulnerable groups are those that may be directly and differentially or disproportionately affected by the project because of their status. The Project recognizes the specific status of the IDP (see SIA section 2.4.1).</p> <p>The IDP are those individuals that moved to the Nenskra and Nakra valleys during the Abkhazian conflict in the 1990's, they are Svan and have settled in the local communities with whom they have kinship ties.</p> <p>There are currently 86 households that will be affected due to the project's land requirement (PAP – Project Affected People), of this number 5 households are families that moved to the Nenskra valley during the Abkhazian conflict and 5 more households that include at least an IDP (through marriage). Therefore, in total there are 10 PAP households that include at least one IDP. The project will be conducting regular monitoring of the PAP, during this evaluation and</p>

Ref	Subject	Issues raised in the Report	JSCNH Position
			special monitoring will be undertaken with the IDP to ensure the project does not contribute negatively to their social and economic status.
GA.LALRP.26		Bankwatch firmly believes that IDP status needs to be taken into account as a vulnerability criterion.	Please see response to GA LALRP 25. During operations and construction, the project will be monitoring the Project Affected People, including the IDP and vulnerable households. Additional measures will be taken by the project if the monitoring reveals discrepancies with the baseline results.
GA.LALRP.27	Possible underestimate of vulnerable HH and overestimates of income	Vulnerable HH have been selected by categories, not through a case by case assessment.	Vulnerability criteria have been defined (see section 3.3.6 of the LALRP), and then each affected household was considered individually to see which one fit these criteria.
GA.LALRP.28		The SIA and LALRP present logging as the key income-generating activity, but omits to acknowledge the sharp decline in the local forestry as a result of a new logging license system. Consultants did not conduct any further survey to explore thoroughly the systems' economic impacts on the communities in 2016 and 2017. Economic mapping should be revised to ensure correct baseline data.	As explained in the SIA and LALRP, a new legislation on logging was enforced when the social surveys started. Therefore, and despite all efforts, there was a reluctance from the local people and affected households to declare their logging activities, simply not possible to collect baseline data of this issue at a household level. However, at a community level, the SIA mentions 15 sawmills in Nakra valley. In the Nenskra valley, the estimate in 2015 was between 32 and 75 sawmills (see section 2.3.4.2 in Vol 3. SIA), which is significant. Visual evidence of logging—supported by the aforementioned presence of numerous sawmills in the valley, and the standard living of households—have led the study to conclude that some of the affected households probably do have revenues from illegal logging even if they claim otherwise.
GA.LALRP.29		The mapping of contributions of farming in the HH budgets should be revised. Careful distinctions should be made between subsistence agriculture and farming generating a saleable surplus. HH with poverty-level incomes should be classified as vulnerable whether or not they are receiving poverty allowance payments.	The information used to inform the LALRP and the SIA is based on questionnaires and interviews. It is based on what affected people declared during surveys and interview. Contributions of farming in the HH budgets have been assessed based on affected people declarations during the surveys. To assess poverty levels, the project had to use the formal government classification to align with the national classification, i.e. poverty allowance payments.
GA.LALRP.30		The ESIA surveys have neglected to map the indepthness of HH and micro-credit as a possible source of domestic appliances. Additional research into indepthness should be carried out as part of the ESIA.	Indeptness was covered during the survey. Questions about the indepthness have been asked as part of the socioeconomic survey (see socioeconomic questionnaires annexed to Vol. 3 SIA of the supplementary E&S studies)

Ref	Subject	Issues raised in the Report	JSCNH Position
GA.LALRP.31	Associated facilities not included	LALRP does not cover land issues related to the associated facilities of the project such as the 35, 110, and 220kv....it is not clear whether such studies are ongoing.	<p>The principles adopted for the LALRP will also be applied to the land acquisition required for those components for which at the time of writing the LALRP were still being designed, these include the electric service line between the powerhouse and the dam site and the power supply line extending from the Khudoni substation to the powerhouse required to provide power during construction. The project will proceed with further consultation and will prepare an updated LALRP once the designs have been completed.</p> <p>The 220 kv transmission line will be the responsibility of the Government and will be designed and implemented in accordance to Georgian regulations and potential lender requirements. The government has not started this process yet.</p>
GA.LALRP.32	Disposal areas	The LALRP does not cover the disposal sites' location.	<p>This will be covered at a later stage, once the project has identified the exact footprint of the disposal areas.</p> <p>The LALRP covers Project components for which the design is sufficiently advanced for land acquisition requirements to be defined and which comprise (i) temporary and permanent infrastructure at the dam site and the reservoir area, (ii) temporary and permanent infrastructure at the powerhouse (though excluding spoil disposal areas), (iii) temporary and permanent infrastructure at the Nakra diversion weir area; (iv) the operators' village area, and (v) widening of the existing Nenskra road.</p> <p>Once the designs have been completed, the Project will proceed with further consultation and work and an LALRP update will be prepared for review and approval by the potential lenders. LALRP updates will be disclosed to the affected people and on the ADB website.</p>
GA.LALRP.33	Systemic disparities in Compensation - Land Acquisition	The tables with affected HH and the entitlement matrix do not define the specific compensation the HH are entitled to for the land take. This generates a non-transparent situation and poses risks to accountable implementation. It is unclear who is entitled to compensation for land itself, and not only for pastures lost as a result of the project.	<p>The land that the project will occupy permanently will be purchased at the full replacement cost. The project will provide assistance to the affected families for registration of unregistered land plots.</p> <p>In addition, the project recognizes traditional ownership, consequently for land that cannot be registered with the current legislation, the project will compensate traditional land similarly to legalized land, as per the land category established in the Entitlement Matrix.</p> <p>Grazing pastures are state property and cannot be registered as private property in accordance with applicable legislation. However, the project recognizes the traditional use, and households that use the pasture will receive the relevant compensation of the product (hay) or the appropriate amount in cash, equivalent to 7 years of loss of pasture. The project will also provide access to alternative pasture land by improving/constructing access roads.</p>

Ref	Subject	Issues raised in the Report	JSCNH Position
GA.LALRP.34	Affected structures compensation	4 to 5 households will have to share compensation for the loss of the wooden cabins that are co-used, meaning that the sum of 2000 gel is not adequate to make up for the loss of the subsistence resources for the affected people.....they should be assessed individually and also screened for vulnerability.	<p>A socio-economic study was undertaken for all Project Affected People (PAP) at the household level. These households were screened individually for vulnerability and will be compensated accordingly, if they meet the vulnerability criteria.</p> <p>Assets are compensated based on their replacement costs. There are some assets that are co-owned, such as the wooden cabins, this compensation is shared amongst all the co-owners according to their share and agreement with the co-owners.</p>
GA.LALRP.35	Affected structures compensation	THE LALRP fails to provide accurate information regarding the amount of compensation granted for each structure lost.	For each cottage and / or various types of buildings, the company used the services of an independent expert to determine the compensation rates. This information is available in annex of the compensation agreements signed by affected families. Annex 2 of the LALRP provides the Valuation Methodology and the parameters used for calculating the replacement costs.
GA.LALRP.36	Pasture compensation	In the case of multiple-user pastures, the monetary or fodder compensation is offered to only one of the users. Iso Chkhvimiani has been offered no fodder/compensation.	Iso Chkhvimiani's family, was one of the users of pasture and cabins. She has been identified by the company's social team on the basis of additional surveys. The family has already received the compensation. Please see response to GA LALRP 12 and 14.
GA.LALRP.37		The failure to properly apply all the users of the summer cabins and of the affected pasture areas has created a chain of effects leading to either unequal compensation for fodder.....or complete lack of compensation.	As of today, the compensation for the cottages located on Memuli pasture has already been paid. The exact number of beneficiaries was correctly defined after the draft LALRP was prepared, this new information will be added to the updated LALRP.
GA.LALRP.38		The selected households have been offered universal compensation despite the number of cattle owned by individuals.	The compensation for the pasture as fodder was based on the existing users of pasture and number of cattle owned, the compensation is drawn exactly as per the needs to provide food for the cattle. Pasture is a common use asset.
GA.LALRP.39		Not all PAPs have been informed about the pasture compensation measures.	Pasture compensation measures have been presented and discussed at several occasions from December 2015 to August 2017. Consultations on pasture compensation started already and it is on-going and if any family is not informed yet they will be informed in the near future.
GA.LALRP.40	Vulnerability allowance	It is unclear how it has been decided that 3 months is a relevant length of time for vulnerability allowance.	Vulnerability allowance aims at helping the vulnerable households deal with the disturbances from land acquisition. This allowance is paid in addition to the compensation package and livelihood restoration measures. It targets specifically the vulnerable households which may have more difficulties than other households to cope with the compensation process. The

Ref	Subject	Issues raised in the Report	JSCNH Position
			compensation period was based on benchmarking with other projects complying with IFIs policies in Georgia.
GA.LALRP.41		No consultations or compensation agreements have been signed with a HH at Kvemo Memuli for additional vulnerability.	As of today, families that will be temporarily restricted from accessing the Memuli pasture have been compensated for wooden cottages. In addition, those households identified as vulnerable have already received monetary assistance, in accordance with the LALRP. The agreements signed with the project affected people are confidential and cannot be shared publicly.
GA.LALRP.42	Livelihood restoration program	People have no information about the measures included in the livelihood restoration plan.	Initial consultations were held with the project affected people to define the livelihood restoration plan included in the LALRP. (see JSCNH Position on GA.LALRP.2 and LALRP section 10.2.3) An action plan providing further details will be defined in consultation with the project affected people in the near future.
GA.LALRP.43		Lack of consultations with the groups.	See JSCNH Position on GA.LALRP.2 and LALRP section 10 for past consultation activities. Further consultation activities are on-going and will continue until LALRP implementation completion.
GA.LALRP.44	Grievance mechanism	Community members are largely unaware of the existence of the grievance mechanism.	The grievance mechanism is in place. JSCNH will provide more information and notification regarding the availability of the grievance mechanism. Information sessions will be held with the communities.
GA.LALRP.45		No information in the information boards regarding the grievance mechanism	JSCNH is working with a communication advisor and this person will ensure that the information boards are regularly updated and that additional information regarding the grievance mechanism is available to the communities.