



Европейска инвестиционна банка
Evropská investiční banka
Den Europæiske Investeringsbank
Europäische Investitionsbank
Euroopa Investeerimispank
Ευρωπαϊκή Τράπεζα Επενδύσεων
European Investment Bank
Banco Europeo de Inversiones
Banque européenne d'investissement
Banca europea per gli investimenti
Eiropas Investīciju banka

Europos investicijų bankas
Európai Beruházási Bank
Bank Ewropew tal-Investment
Europese Investeringsbank
Europejski Bank Inwestycyjny
Banco Europeu de Investimento
Banca Europeană de Investiții
Európska investičná banka
Evropska investicijska banka
Euroopan investointipankki
Europeiska investeringsbanken

CEE Bankwatch Network

Green Alternative

Luxembourg, 29 May 2020

IG/CM
EIB-Corporate Use

Ref: SG/E/2018/32

Dear _____:

The Management of the EIB acknowledges the receipt of the Conclusions Report of the Complaints Mechanism in reference to the above-mentioned complaint. EIB Management takes the concerns raised in the report seriously and acknowledges the Complaints Mechanism's value as an independent forum to address concerns from external parties on EIB financed projects.

EIB Management would like to make the following observations:

We would like to reassure the complainants that a detailed review was carried out with regards to the applicability of EIB's Environmental and Social Standard 7. In accordance with its policy and procedural requirements, the Bank's review concluded that the Svan, in the project affected communities, were indeed vulnerable as defined in Standard 7 due to their geographical location, being cut off and separated from the mainstream Svan population in Mestia and in the valley. This means that the Svan in the affected communities have weaker adaptive capacity for coping with the project risks and impacts. The Bank therefore required the Project to ensure that project benefits will accrue to the communities to mitigate any adverse impacts. As such, the affected communities were empowered and participate actively in the decisions, design and implementation of the livelihood restoration and community development plans.

The EIB duly carried out its own independent environmental and social assessment of the project in line with the Bank's requirements. There was a comprehensive due diligence in collaboration with ADB, EBRD and AIIB, with the engagement of social consultants, Georgian anthropologists, and two international consulting teams with permanent consultants on the ground. An independent international panel of experts was also put in place. The wider E&S appraisal included project site visits, meetings with village representatives and community members and various stakeholders (local and national government, NGOs, contractors, EU Delegation and EEAS, other international donors), which assisted in forming the Bank's assessment on the application of Standard 7, as required by the EIB's due diligence procedures.

To provide reassurance to the complainants that EIB has indeed carried out its due diligence with respect to the applicability of the IP criteria in Standard 7, the EIB has taken on board the CM's recommendation of hiring an independent IP expert, who will review the assessment carried out by the

EIB against the eligibility criteria set out in Standard 7 and identify any areas of improvement to be aligned with Good International Practice.

On the matters raised by the complainants with respect to the impacts associated with the influx of labour, the EIB would like to note that the different elements and mitigation measures of what an influx management plan would contain are described in a number of different plans prepared by the promoter such as the local recruitment and procurement plan, the community health and safety and security plan, site management and labour management plans. The EPC contractor will also be required, as detailed in the Environmental and Social Management Plan (ESMP) and the Environmental and Social Action Plan (ESAP), to develop all the plans related to mitigating the impacts and risks of labour influx. At the request of the Lenders, the promoter has put in place a monitoring system to manage any impacts and risks associated with in-migration and the EIB is providing close oversight of the promoter's effective implementation of all agreed actions and measures put in place to prevent and remedy any harm to the affected communities. The EIB will carefully review the relevant plans dealing with influx management to be prepared by the EPC contractor to ensure that mitigation of the project impacts on the Svan population adequately reflects the appropriate cultural dimension of the Svan culture. These plans will be consulted upon with the affected communities.

On the matters raised by the complainants regarding the assessment of meaningful alternatives, the EIB notes that Section 2 of Volume 2 of the Supplementary Lenders Information Package (pages 7 to 30), disclosed on the EIB and the Project websites, contains a detailed description of the assessment of alternatives with respect to alternative technologies, design options (which include location, type of dam, height of dam, construction methodologies), as well as the no project alternative. The preferred option and an indication of the main reasons for the selection was described in detail in Section 2.5 of said Volume. The alternatives analysis, together with the feasibility studies and option analysis were reviewed as part of the assessment by the EIB as well as the Independent Lenders Environment and Social Consultants. The Bank has satisfied its obligations to ensure that the Nenskra Project alternatives were sufficiently assessed in line with the principles of the EU EIA Directive as well as EIB Environmental and Social Standard 1.

The Project Promoter is committed to the implementation of EIB's E&S Standards and will respond and continue to address concerns of the affected communities. Finally, and in cooperation with its partners, the EIB will continue to closely monitor the progress and adherence by the project to the EIB E&S Standards and international good practice.

Yours sincerely,

EUROPEAN INVESTMENT BANK

