

To: Compliance Mechanism of International Financial Corporation

From: Rabati District of the village of Makhalakidzes' of Shuakhevi Municipality

Complaint

We would like to address you with an official complaint regarding Shuakhevi HPP Project financed with support of the European Reconstruction and Development Bank, the Asian Development Bank and the International Financial Corporation as the project had to be implemented in full concordance with environmental and social policy of the abovementioned banks.

In August 2017 we sent a complaint letter with regards to Shuakhevi HPP (Zemo Achara, Municipalities of Khulo and Shuakhevi) to the management of the above banks requesting their response to the hazards resulting from the project and endangering existence of our village.

Unfortunately, there was no reply to our letter either from the company's or these Banks' management. That is why we have decided to send this complaint to you.

As we know, construction of a 187 Mwt Shuakhevi HPP is financed by your bank. Accordingly, construction should be conducted in concordance with your environmental and social standards.

According to Shuakhevi HPP design, they were going to build two dikes (39 meter high on Didachara and 22 meter high on Skhlati) and several derivation tunnels (three tunnels: 5.8, 9.1 and 17.8 kilometers) from different tributaries of Acharistskali river, including the one on the territory adjacent of our village. Construction works implied some drilling and explosion methods. We have raised this issue many time at various occasions/meetings, however, the company's representatives kept assuring us that impulses (shocks) will be so insignificant that we would not even feel them. Even more, in 2014 the company signed a memorandum with the village dwellers according to which, it undertook responsibility to provide compensations in case of any damage.

Construction works by Acharatskali Georgia were conducted without regard of issues such as safety of population, damage caused to natural and social environment, increase of frequency landslides (rockfalls), affect on drinking and irrigation water, damage to rivers and change of the microclimate of the village, caused by the fact that they left only 10% of the river waters, while later the company has completely ignored all problems resulted from this construction and refused to undertake any responsibility.

We have organized series of meetings with the representatives of local government, the company and the Ministry of Energy- however, all our effort were in vain. There was no response to the letter sent to the management of these banks either.

Construction phase of the project is over, however, we have lost our potable water, rockfalls became more frequent, hence, endangering human lives, landslides processes in the village stepped up, trout (that is in the Red Book of Georgia) and other fish species disappeared, volumes of harvest decreased. Living and survival in our village literally became impossible.

During the last two years, geologists from various state institutions assessed our village and published a report stating disastrous geological situation in our village, caused by drilling and explosion works conducted by the company and triggering geological processes.

Due to the grave geological conditions, the government of Autonomous Republic of Achara offered us 25000 GEL instead of assessment of damage caused by the company and compensation in concordance with international standards as it was stipulated in Article 2.7 of the Memorandum concluded between the company and our village in 2014.

We have to mention that construction works started without a prior detailed geological study and mitigating works had not been defined, which we believe, is a major violation of your Bank's environmental and social policy and is the main cause of disastrous situation in our village.

Stemming from the above, we are requesting the company to conclude inventory taking of property of our Rabati district dwellers and define individual compensation packages in concordance with the requirements of International Financial Corporation.

We need to mention herein, that the company refuses to undertake any responsibility and establish real causes. Therefore, we are asking the bank to conduct a compliance assessment of Shuakhevi HPP project, its environmental and social impact report and implemented works in view of your bank's environmental and social policy. We believe that the project has ignored a number of issues (geological, social) and it resulted in the present damage.

Furthermore, on one hand, we are requesting the redress of the problems caused by the project, and, on the other hand, assessment of project compliance in view of your environmental and social standards.

Sincerely,

Signed by seventeen persons. Personal Identification numbers, mobile numbers, emails and signatures handwritten