[TRANSLATION]

Investigation Report

The Project for Improvement of Water Supply in Pokhara

In

Nepal

September 2024

The Examiners for the JICA Guidelines for Environmental and Social Considerations

About the Objection Procedures and the Examiners for the Guidelines

To ensure compliance with the "Guidelines for Environmental and Social Considerations" published in April 2010 (hereinafter referred to as the "Guidelines") of Japan International Cooperation Agency (hereinafter referred to as "JICA"), the President of JICA (hereinafter referred to as the "President") appointed external examiners for the Guidelines (hereinafter referred to as the "Examiners"), who are independent from the departments of JICA responsible for individual projects and environmental review (hereinafter referred to as the "Operational Departments") and are to report their findings directly to the President.

The two (2) primary objectives of the Examiners system are as follows:

- 1. To investigate the alleged non-compliance by JICA to establish the facts of the case and report the results to the President, aiming to ensure JICA's compliance with the Guidelines.
- 2. To encourage dialogue between the parties concerned, such as the parties that submitted requests to raise objections (hereinafter referred to as the "Requesters") and host country governments related to the project including local governments, borrowers and/or project executing agencies (hereinafter referred to as the "Project Proponents"), with their mutual consent, to promptly resolve disputes concerning specific environmental and social problems caused by the projects for which JICA provides assistance, which have arisen due to JICA's non-compliance with the Guidelines.

The Examiners are required to perform their duties to achieve the objectives in compliance with basic principles set forth in the Guidelines—independence, neutrality, efficiency, promptness and transparency.

Procedures regarding the Request

JICA's objection procedures are explained in "Objection Procedures Based on the Guidelines for Environmental and Social Considerations" published in April 2010 (hereinafter referred to as the "Objection Procedures"). Upon receipt of a request (hereinafter referred to as the

"Request"), the Examiners shall engage in the following procedures:

 Acceptance of a Request and Notifications to the Requesters and the Project Proponents

The Examiners shall, so long as the names and the contact information are stated in the Request, notify the Requesters, the Project Proponents, and the Operational Departments of the acceptance of the Request within five (5) business days after the receipt of the Request.

2. Preliminary Investigation

The Examiners shall check the Request, by means of writing, as to whether it includes the contents required in the Objection Procedures. Unless there are any special circumstances that prevent the Examiners from doing so, a preliminary investigation will, in principle, be completed approximately one (1) month after the acceptance of the Request, and a decision whether to commence the Objection Procedures will be made.

3. Decision to Commence the Procedures

Upon the confirmation that the Request satisfies the requirements set out in the Objection Procedures and the descriptions in the Request allege facts that give reasonable cause to commence the Objection Procedures, the Examiners shall decide to commence the Objection Procedures, and send a written notice of said decision to the President, the Requesters, the Project Proponents and the Operational Departments.

When the Examiners have decided to reject the Request, a written notice that includes the decision and the reasons for the said decision shall be given to the President, the Requesters, the Project Proponents and the Operational Departments.

4. Investigation of Facts of Alleged Non-compliance with the Guidelines
In order to establish the facts behind JICA's alleged non-compliance with the
Guidelines, the Examiners may meet with the Requesters and interview them on the
issues concerning the Request. The Examiners shall interview the relevant persons in
the Operational Departments and establish the facts regarding the environmental and

social considerations taken as well as the facts regarding the subsequent monitoring performed prior to the relevant decisions. The Examiners are entitled to access any and all materials used by the Operational Departments in confirming environmental and social considerations and the monitoring. In addition, in order to resolve the disputes, the Examiners may mediate for the purpose of encouraging dialogue among the residents who have been adversely affected by the project, including the Requesters, and the Project Proponents.

5. Report to the President

Within two (2) months after the commencement of the Objection Procedures, the Examiners shall prepare a report on the results of the investigation of the facts behind JICA's alleged non-compliance with the Guidelines, the progress of dialogue, and the agreement reached between the parties concerned, if any, and shall submit the report to the President. If the Examiners believe that more time is required for the investigation or for encouraging dialogue, the Examiners may report to the President the reasons why an extension is indispensable. When the President judges that there is a suitable degree of unavoidable reasons to extend the period, the President may extend the period up to two (2) months. Immediately after the submission of the Examiners' report to the President, the report shall be sent to the parties concerned. The parties concerned may then submit to the Examiners their opinions on the contents of the Examiners' report.

6. Opinions from the Operational Departments

Within one (1) month after the receipt of the report, the Operational Departments may, if deemed necessary, present their opinions on the Examiners' report in writing to the President, and if a non-compliance decision has been made in the report, the measures to achieve compliance with the Guidelines should be set forth in their opinions.

Preface

This investigation report (hereinafter referred to as this "Report") was prepared in response to the objection request (hereinafter referred to as the "Request") regarding the Project for Improvement of Water Supply in Pokhara, Nepal (hereinafter referred to as the "Project").

As stipulated in the Objection Procedures, the objectives of an investigation by the Examiners are (i) to find the facts as to whether or not JICA has complied with the Guidelines and (ii) to encourage dialogue between the parties concerned, to promptly solve specific environmental and social disputes of the projects for which JICA provides assistance, thereby ultimately encouraging JICA's compliance with the Guidelines. Therefore, the object of investigation is JICA, while the persons, parties and/or organizations concerned with the project, regardless of whether they are for or against the project, are not subject to the investigation. The Objection Procedures require the Examiners to report the investigation findings to the President of JICA within two (2) months (or four (4) months at the longest, if extended), after the commencement of the procedures. Thus, within the limited timeframe and based on the information made available to them, the Examiners prepared an investigation report, which includes the results of fact-finding as to whether there was JICA's alleged non-compliance, the status of dialogue, and suggestions for encouragement of dialogues between the parties concerned.

The Request was submitted by the residents who provided their plots of land for the Project and were directly affected by the Project as well as other local stakeholders, and the Requesters requested for the construction of roads and a bridge accessible by vehicles in the community as "the people have given up their land to the Project with the hope and understanding that the Project will support various activities...."Although these requests are not included in the scope of the Project funded by JICA under the grant aid, the Examiners made the decision to commence the procedures after considering the Request and its supporting documents in good faith and assessed the content of the Request in the preliminary investigation.

Because, in addition to the above-described characteristics of the Request, the Requesters requested for strict confidentiality, thus, the utmost care was taken when conducting

interviews with relevant individuals and handling information which was obtained. Through the process of this investigation (hereinafter referred to as this "Investigation") in response to the Request, the Requesters' intentions were fully respected and the efforts were made to collect the necessary information from the broad perspective in order to confirm the facts

which are to examine non-compliance with the Guidelines and to encourage dialogues.

related to the Requests based on the purpose of the system and the role of the Examiners,

The Examiners would like to take this opportunity to thank those who cooperated with us in conducting this Investigation and preparing this Report. In particular, we express our sincere appreciation to the Requesters, the Government of Nepal, the City of Pokhara, Nepal Water Supply Corporation, the local stakeholders, and JICA's personnel for their cooperation with

us during this Investigation, respectively.

September 2024

The Examiners for the Guidelines:

Ms. Michiyo KAKEGAWA

Professor, Faculty of Economics, SOKA University

Mr. Naoyuki SAKUMOTO

Honorary Researcher, Institute of Developing Economies, Japan External Trade Organization (JETRO)

Mr. Takehiko MURAYAMA

Professor, School of Environment and Society, Tokyo Institute of Technology

 \mathbf{V}

TABLE OF CONTENTS

Preta	ce	1V	
ABB	REVIATIONS A	ND ACRONYMSviii	
MAP	S	ix	
СНА	PTER 1: OUTLI	NE OF THE REQUEST1	
(1)	NAME OF TH	E COUNTRY:	
(2)	AREAS AFFE	CTED BY THE PROJECT:1	
(3)	NAME OF TH	E PROJECT:1	
(4)	OUTLINE OF	THE REQUEST:1	
(5)		OF THE GUIDELINES ALLEGED TO HAVE BEEN IN NON-	
СНА	PTER 2: FINDIN	NGS OF THE PRELIMINARY INVESTIGATION	
СНА	PTER 3: FINDIN	NGS OF THE INVESTIGATIONS OF THE ALLEGED FACTS4	
(1)	INTERVIEWS CONDUCTED FOR FACT-FINDING4		
(2)		GS OF THE INVESTIGATION PERTAINING TO COMPLIANCE OR NON-EWITH THE GUIDELINES	
(3)	GUIDELINES	TION OF WHETHER OR NOT JICA IS IN NON-COMPLIANCE WITH THE BASED ON THE FINDINGS OF THE INVESTIGATION PERTAINING TO E OR NON-COMPLIANCE WITH THE GUIDELINES14	
СНА	PTER 4: CURRE	ENT STATUS ON THE ENCOURAGEMENT OF DIALOGUES19	
CHA	PTER 5: EXAM	INERS' RECOMMENDATIONS TO JICA	
		OF MAIN DOCUMENTS PRESENTING THE RATIONALE FOR THE EXAMINERS	
	Annexes		
	Annex 1	Objection Request (the Original Prepared in English)	
	Annex 2	Results of the Preliminary Investigation	
	Annex 3	Summary of the Interviews Conducted for the Investigation of the Alleged	
		Facts Concerning the Request After the Decision to Commence the Process	

Annex 4 Outline of the Project for Improvement of Water Supply in Pokhara, in Nepal

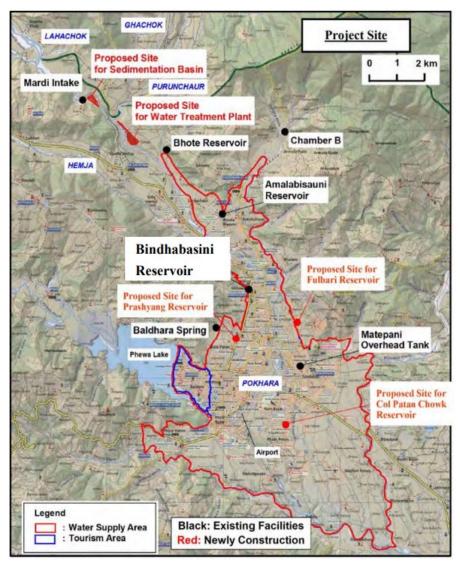
ABBREVIATIONS AND ACRONYMS

EPA 1997	Environment Protection Act 1997
EEP	Environmental Enhancement Program
EIA	Environmental Impact Assessment
JICA	Japan International Cooperation Agency
NWSC	Nepal Water Supply Corporation
RAP	Resettlement Action Plan

MAPS









CHAPTER 1: OUTLINE OF THE REQUEST

An outline of the Request (attached hereto as Annex 1) is provided below.

(1) NAME OF THE COUNTRY:

Nepal

(2) AREAS AFFECTED BY THE PROJECT:

Pokhara City

(3) NAME OF THE PROJECT:

The Project for Improvement of Water Supply in Pokhara

(4) OUTLINE OF THE REQUEST:

The Requesters allege that they provided their plots of land (farmland) for the Project with the expectation that the standards of living of the Local Stakeholders, including the Requesters and other local residents, would improve, and that the project proponent, Nepal Water Supply Corporation (hereinafter referred to as "NWSC"), has not adequately responded to the requests of the Local Stakeholders. In particular, the Requesters allege that although they have requested NWSC to construct roads and a bridge accessible by vehicles, and project personnel have made multiple promises to construct such roads and bridge in meetings with the Local Stakeholders, these have ultimately not been constructed.

In addition, in the annexes to the Request, the Requesters had previously raised the following concerns with NWSC:

• compensation for the loss of farmland due to land acquisition does not meet

¹ The "Local Stakeholders" means individuals or groups affected by the Project (including illegal dwellers) and local NGOs.

- the full replacement cost; and
- a decrease in agricultural yields due to irrigation water leakage from the pipelines and the discharge of pebbles and gravel into the farmland.
- (5) PROVISIONS OF THE GUIDELINES ALLEGED TO HAVE BEEN IN NON-COMPLIANCE:

The Request does not specify the provisions of the Guidelines that the Requesters believe have been in non-compliance.

CHAPTER 2: FINDINGS OF THE PRELIMINARY INVESTIGATION

The Examiners conducted the preliminary investigation of the Request, as follows:

- (i) February 13, 2024: Receipt of the Request.
- (ii) February 20, 2024: Acceptance of the Request.
- (iii) February 21, 2024: Commencement of the preliminary investigation.
- (iv) May 31, 2024: Publication of the results of the preliminary investigation (decision to commence the process) as attached hereto as Annex 2.

CHAPTER 3: FINDINGS OF THE INVESTIGATIONS OF THE ALLEGED FACTS

(1) INTERVIEWS CONDUCTED FOR FACT-FINDING

The Examiners conducted the following interviews for the investigation of the alleged facts concerning the Request after the decision to commence the process (See Annex 3 attached hereto for a summary of the interviews).

(I) DOMESTIC INVESTIGATION

June 10, 2024: Interviews with the incumbent personnel at the

Operational Departments.

July 2, 2024: Interviews with the project consultant for the Project.

July 8 and 9, 2024: Interviews with the then personnel at the JICA Nepal

Office.

August 5 and 9, 2024: Additional interviews with the then and incumbent

personnel at the Operational Departments.

(II) ON-SITE INVESTIGATION

June 17 - 21, 2024: On-site investigation by Examiner Kakegawa (Interviews with a total of 30 persons, including the Requesters. See Annex 3 attached hereto).

(2) FACT FINDINGS OF THE INVESTIGATION PERTAINING TO COMPLIANCE OR NON-COMPLIANCE WITH THE GUIDELINES

(I) The Relevant Provisions in the Guidelines for the Investigation

As stated in Chapter 1, Section (4) above, the Requesters allege that:

• The Local Stakeholders provided their plots of land (farmland) for the Project with the expectation that their standard of living would improve; however, NWSC has not adequately responded to the requests of the Local Stakeholders. In particular, although they have requested NWSC to construct roads and a bridge accessible by vehicles, and

- project personnel have made multiple promises to construct such roads and bridge in meetings with the Local Stakeholders, these have ultimately not been constructed;
- Compensation for the loss of farmland due to land acquisition does not meet the full replacement cost; and
- Agricultural yields have decreased due to irrigation water leakage from the pipelines and the discharge of pebbles and gravel into the farmland.

Additionally, the Requesters allege that although the Local Stakeholders requested the JICA Nepal Office to disclose the environmental impact assessment report (hereinafter referred to as the "EIA Report"), it was not disclosed.

Although the Request does not specify the provisions of the Guidelines that the Requesters believe the Project does not comply with, the Examiners, based on the allegations made by the Requesters as stated above, conducted the investigation into potential non-compliance with the Guidelines on the following three points:

- (A) Disclosure of the EIA Reports: Sections 2.1.1, 2.1.5, 2.1.6, and 3.2.1(2)2 of the Guidelines;
- (B) Consultations with the Local Stakeholders and social acceptability for the Project: Sections 2.4.1, 2.4.5 and 1.6.2, and Appendix 1 of the Guidelines; and
- (C) Compensation for land acquisition in the Project: Section 1.6.2 and Appendix 1 of the Guidelines.

In the following, the fact findings of the investigation pertaining to compliance or non-compliance with the Guidelines are summarized for each of the items (A), (B) and (C) above, were divided into "Summary of the Requesters' Allegations," "Summary of the Operational Departments' Explanations," and "Facts Confirmed Through the Fact-Finding Investigation."

(II) Results of the Investigation based on the related Sections of the Guidelines Pertaining to the Compliance of Non-Compliance of the Guidelines

(A) Disclosure of the EIA Report

- (i) Summary of the Requesters' Allegations
- The Local Stakeholders requested NWSC to provide a copy of the EIA Report, but NWSC did not respond to this request.
- The Local Stakeholders made the same request to the JICA Nepal Office, but the JICA
 Nepal Office did not provide a copy of the EIA Report either.
- (ii) Summary of the Operational Departments' Explanations
- The contents of the environmental impact assessment (EIA) were explained at public hearings.
- The "Preparatory Survey Report on the Project for Improvement of Water Supply in Pokhara in Federal Democratic Republic of Nepal (September 2016)" (hereinafter referred to as the "Preparatory Survey Report") was published on the JICA's website.
- There is no provision in the Guidelines that requires the public disclosure in the host country of the environmental impact assessment reports for Category B projects. Upon receiving requests from the Local Stakeholders for disclosure of the EIA Report, the JICA Nepal Office asked NWSC to respond to this request. Since then, the JICA Nepal Office has been aware, through the project consultant's reports, that the various requests from the Local Stakeholders were made to NWSC, and the JICA Nepal Office understood that NWSC had responded to this request, which is to disclose the EIA Report to the Local Stakeholders.
- JICA has not officially received the EIA Report from NWSC, while JICA obtained the copy.

Status of the Public Disclosure of the EIA Report by the Government of Nepal and the Statutory Requirements in Nepal.

- As of the date of this Report (September 30, 2024), the Examiners have not confirmed that
 the EIA Report for the Project was publicly disclosed on the websites of the Ministry of
 Forests and Environment, and NWSC.
- According to Neupane Law Associates, a Nepali law firm (hereinafter referred to as the "Local Law Firm"), under the Environment Protection Act 1997 (hereinafter referred to as the "EPA 1997"), public disclosure of the EIA Report following its approval through the internet or other means is not required; however, in Nepal, Nepali nationals have the constitutional right to access government information, and if a Nepali national makes a request for disclosure of the EIA Report, NWSC and other relevant government agencies must disclose it.

NWSC's Response

- · NWSC provided the following explanations:
 - NWSC has a system in place where, upon receiving an application for disclosure from a Nepali national, NWSC asks the applicant to fill out an application form and, after verifying the details of the form (such as the reason or purpose of the application), proceed with disclosure (either by providing access to the original document or supplying a copy). Through the process mentioned above, NWSC discloses the EIA Report (upon confirming the purpose and other details of the disclosure application).
 - NWSC is obligated to disclose the EIA Report under the laws of Nepal, and NWSC would not have refused to disclose it, as failure to disclose could have resulted in legal actions against NWSC.
 - NWSC has received a letter from JICA regarding the disclosure of the EIA Report.

Communications Between the Parties Involved in the Disclosure Request for the EIA Report

· According to the documents from that time, the Examiners confirmed that the JICA Nepal Office received requests from the Local Stakeholders to disclose the EIA Report for the Project; that the JICA Nepal Office, in response, advised NWSC to share the requests

from the Local Stakeholders for disclosure of the EIA Report with the relevant agencies and to respond to the requests to disclose the EIA Report; and that the JICA Nepal Office subsequently replied to the Local Stakeholders, advising them to contact the Project Proponents directly.

- (B) Consultations with the Local Stakeholders and Social Acceptability for the Project
- (i) Summary of the Requesters' Allegations
- The Requesters, during meetings between the Local Stakeholders and the project personnel, requested the construction of roads and a bridge accessible by vehicles, and in response, project personnel made multiple promises to construct such roads and bridge; however, even now, as the Project is approaching completion, the project personnel have not paid attention to the concerns of the Local Stakeholders, despite repeated requests and follow-ups by the Local Stakeholders. The Local Stakeholders expected such infrastructure to access the market in return for providing their plots of farmland for the Project, but such infrastructure was never developed.
- The Requesters also requested the JICA Nepal Office to conduct an on-site investigation and engage in discussions with the Local Stakeholders.
- · Additionally, NWSC is proceeding with the Project without consulting the Local Stakeholders.
- The Requesters expected that, since the Project was a large-scale project supported by JICA, community development would be achieved as the compensation amount for providing their plots of farmland was low. In addition, ward members at the time of the investigation conducted prior to the start of the Project, persuaded the Local Stakeholders, believing that community development would be materialized in exchange for the low compensation amount. The Chief District Office also told the ward members to persuade the Local Stakeholders because community development would be achieved if the Project was implemented.
- (ii) Summary of the Operational Departments' Explanations
- The EIA Report proposes, in addition to the mitigation measures for the environmental

- impacts, that NWSC, together with the Local Stakeholders, will implement the environmental enhancement program (hereinafter referred to as the "EEP") to improve the livelihoods of the communities affected by the implementation of the Project.
- The estimated costs for the bridge and paved roads requested by the Requesters are approximately NPR 70 million and NPR 30 million, respectively (Annex 14 to the Request), which are significantly higher than the budget described in the EEP (NPR 5.2 million in total), thus, it would be unlikely that such infrastructure projects would be included in the EEP.
- According to the then personnel at JICA Nepal Office, due to the COVID-19 pandemic, staff were not able to conduct on-site visits at that time. When any issues arose related to the Project, staff at JICA Nepal Office were to consult the issues with the Operational Departments at JICA's headquarters.
- Consultations with the Local Stakeholders (as per Section 2.4 of the Guidelines) were conducted during the preparatory survey and the preparation phase of the EIA, but the contents of the consultation meetings were described only in the Preparatory Survey Report and in the Annexes to the EIA Report, and JICA has no records of any other meetings or discussions between NWSC and the Local Stakeholders.
- (iii) Facts Confirmed Through the Fact-Finding Investigation

Relationship between the Road Improvement / Bridge Construction and the Project
There was no reference in the Preparatory Survey Report, the EIA Report, or the agreed
documents for the Project stating that NWSC's obligations and responsibilities include the
road improvement and bridge construction which were requested by the Requesters.

Process of Consultation Meetings in the Project

- In the Preparatory Survey Report and the EIA Report, it was reported that consultations with the Local Stakeholders were conducted from 2015 to 2016, as follows. In addition, the Examiners also confirmed during this Investigation that meetings involving the Local Stakeholders were held before the start of the Project, and that some of the Local Stakeholders actually participated in these meetings.
- In 2015, NWSC held public meetings for the landowners of the potential sites for the grit chamber/sedimentation tank and water treatment plant, to explain the Project outline,

exchange opinions for and against the implementation of the Project and land acquisition, and discuss the potential impacts on the land if the Project is implemented. Additionally, consultations with the Local Stakeholders and focus group meetings to assess the socioeconomic situation were held in 2015, and public hearing for the residents affected by the Project was held in 2016.

(Public Meetings for the Landowners of the Potential Sites for Land Acquisition)

- ♦ September 9, 2015: For owners of the land for the grit chamber/sedimentation tank
 (20 participants)
- ♦ September 10, 2015: For owners of the land for the water treatment plant (34 participants)
- ♦ September 11, 2015: For owners of the land for the water treatment plant (7 participants)

(Focus Group Meetings to Assess the Socio-Economic Situation)

- ♦ October 9, 2015: Pokhara, Hemja (12 participants)
- ♦ October 10, 2015: Pokhara 27, Jhijhirka (12 participants)
- ♦ October 12, 2015: Pokhara Puranchour (10 participants)

(Consultations with the Local Stakeholders)

- ♦ October 8, 2015: Pokhara 27, Jhijhirka (24 participants)
- ♦ October 8, 2015: Lahachok Village (13 participants)
- ♦ October 9, 2015: Purunchaur-09, Purunchaur (21 participants)
- ♦ October 9, 2015: Pokhara 27, Hemja (8 participants)
- ♦ October 10, 2015: Pokhara 2, Bindabasini (5 participants)

(Public Hearing for EIA)

♦ March 18, 2016: For residents affected by the Project (78 participants)

Responses by JICA and the Government Agencies of Nepal to the Requests by the Local Stakeholders

 From 2019 to 2021, the JICA Nepal Office or the Operational Departments continuously requested NWSC and the project consultant to address the requests from the Local Stakeholders, and at the same time, they also informed the Local Stakeholders to directly contact NWSC and other relevant authorities.

- The responses by NWSC and the project consultant to the requests from the Local Stakeholders were as follows:
 - ➤ Since 2019, NWSC and the project consultant have held multiple consultations with the Local Stakeholders, the ward members, and the City of Pokhara regarding the requests from the Local Stakeholders.
 - From around March 2020, NWSC and the project consultant began requesting the relevant authorities, such as the Department of Road under the Ministry of Physical Infrastructure and Transport, and the City of Pokhara, directly or through the Ministry of Water Supply, to respond to the Local Stakeholders' requests.
 - ➤ In 2021, NWSC paved part of the roads (900 m out of the 3 km as requested) leading to the water treatment plant, using its own budget, as part of the road improvement requested by the Local Stakeholders.
- (C) Compensation for Land Acquisition in the Project
- (i) Summary of the Requesters' Allegations
- The owners of the land whose plots of land were subject to acquisition provided their plots of land at a price lower than the prevailing market price.
- The Requesters expected that, despite the low compensation, there would be community development and employment opportunities, given that the Project was a large-scale project supported by JICA, as this was explained to them. Based on comparisons with prices based on information received from other landowners in the neighborhood who sold their land, the compensation paid for the land acquisition in this Project was approximately one-third of the market price, or even lower.
- According to the then ward members, they persuaded the Local Stakeholders, believing that community development would be realized in exchange for the low compensation amount. In addition, the Chief District Office told the ward members to persuade the Local Stakeholders to support the Project because community development would be materialized if the Project was implemented.

(ii) Summary of the Operational Departments' Explanations

- The actual payment details of the compensation amount related to the land acquisition were not included in the reports required to submit to JICA, thus, no reporting was done by NWSC to JICA. On the other hand, any complaints and the status of follow-ups on the complaints are supposed to be reported to JICA through monitoring sheets, which the Operational Departments have been receiving periodically.
- Discrepancies between JICA's guidelines and the laws of Nepal regarding compensation for land acquisition in the Project were identified, and JICA and NWSC agreed that the compensation amount paid by NWSC would be set at the same level as the full replacement cost, and, both sides also agreed that the final compensation amount would be determined by the Land Evaluation Committee. The Operational Departments confirmed at the time of the survey that landowners were able to file a grievance if they were dissatisfied with the price quoted by the Land Evaluation Committee or with land acquisition in general.
- At the time of the preparatory survey, JICA and NWSC confirmed that the compensation amount would be set at the same level as the full replacement cost. The Operational Departments were informed through the project consultant that the land acquisition was completed during the implementation phase of the Project.

(iii) Facts Confirmed Through the Fact-Finding Investigation

- According to NWSC, the Chief District Office conducts the land acquisition process, and the Land Evaluation Committee calculates the compensation amount. NWSC was only notified of the compensation amount determined by the Committee and handled the payment, but was not involved in the compensation calculation process.
- In Nepal, under the Land Acquisition Act (1977), the grievance process for land acquisition allows landowners to appeal against the land acquisition or the compensation amount.
- According to the Local Stakeholders, they could communicate their complaints and requests directly to the ward and NWSC, and according to the interviews conducted during the on-site investigation, the Local Stakeholders explained that they made a request to the ward, claiming that the compensation amount was low, but no objective

- documentation confirming this request was found.
- Two lawsuits regarding the compensation amount involving the same landowner were confirmed. In the first lawsuit, since the plaintiff's name was not listed in the land records, and the land acquisition notice was not issued under the plaintiff's name, any adequate compensation was not made to the plaintiff. The court ordered the compensation amount to be recalculated, taking inflation into account. In the second lawsuit, the plaintiff claimed a further increase in the recalculated compensation amount, but the court dismissed the claim, stating that there was no basis for further increasing the recalculated compensation amount. Neither of these lawsuits addressed whether or not the compensation amount was equivalent to the full replacement cost.
- The Examiners were unable to obtain any objective materials to verify the Requesters' explanation that the compensation amount for land acquisition was one-third of the market price.
- In the Preparatory Survey Report, JICA and NWSC confirmed that the compensation amount paid by NWSC would be at the full replacement cost level. JICA also confirmed with the Ministry of Water Supply and NWSC that the compensation for land acquisition would be paid by referring to the full replacement cost. Furthermore, JICA received the confirmation from the Ministry of Water Supply and NWSC that the abbreviated resettlement action plan (hereinafter referred to as the "RAP") would include compensation based on the full replacement cost. The final compensation amount was, however, to be determined by the Land Evaluation Committee, according to the policy adopted by both JICA and NWSC.
- As of February 2017, it was agreed between JICA and NWSC that NWSC would conduct land acquisition under the RAP for the Project, monitor the process, and report the results to JICA every three months, but JICA had not obtained the RAP itself and had not confirmed whether or not NWSC conducted the land acquisition in accordance with the RAP.

- (3) DETERMINATION OF WHETHER OR NOT JICA IS IN NON-COMPLIANCE
 WITH THE GUIDELINES BASED ON THE FINDINGS OF THE
 INVESTIGATION PERTAINING TO COMPLIANCE OR NON-COMPLIANCE
 WITH THE GUIDELINES
- (I) Facts Related to the Damages alleged by the Requesters

In this Investigation, it was confirmed that in 2021, NWSC paved part of the road (900 m out of the 3 km as requested) leading to the water treatment plant, using its own budget, as part of the road improvement requested by the Local Stakeholders; however, it was also confirmed that not all the requested road section had been paved, and the bridge requested by the Requesters had not been constructed.

Additionally, the JICA Nepal Office received requests from the Local Stakeholders for the disclosure of the EIA Report but did not disclose it.

On the other hand, no objective documents proving the decrease in agricultural yields were found in this Investigation. In addition, it was confirmed that the pipeline where the leakage of irrigation water was occurring was not constructed under the Project, although the pipeline is being used under the Project to supply water. Therefore, even if the decrease in agricultural yields due to irrigation water leakage is confirmed, it is not attributable to the Project.

- (II) Facts pertaining to Guideline compliance or non-compliance
- (A) Disclosure of the EIA Report
- JICA has not disclosed the EIA Report on its website or other platforms; however, under the Guidelines, the disclosure of the EIA Report is not mandatory for Category B projects which is the Category for the Project. In addition, Section 3.2.1.(2).2 of the Guidelines provides that "JICA discloses the following: (1) EIA reports…, when these documents are submitted…" and JICA has not officially received the EIA Report from NWSC, while JICA obtained the copy.

- The Guidelines also provide that "... JICA provides information about environmental and social considerations to third parties to the extent possible in response to requests" (Section 2.1.5 of the Guidelines). In this regard, it was confirmed that, in 2019, the JICA Nepal Office received the requests from the Local Stakeholders to disclose the EIA Report for the Project, and in response to these requests, the JICA Nepal Office advised NWSC to share these requests from the Local Stakeholders to disclose the EIA Report with the relevant authorities, and to respond to the requests to disclose the EIA Report. In the meantime, the JICA Nepal Office informed the Local Stakeholders to contact the Project Proponents directly. Given that the Guidelines provide that "In principle, project proponents etc. disclose information about the environmental and social considerations of their projects" (Section 2.1.1 of the Guidelines), it cannot be said that JICA's response was non-compliance with the Guidelines.
- In addition, the Examiners consulted with the Local Law Firm regarding the legal requirements under the laws of Nepal for the disclosure of the EIA Report by NWSC. Under the EPA 1997, which is applicable to the Project, public disclosure of the EIA Report via the internet or other means after its approval is not required, but Nepali nationals have the constitutional right to access government information, and if a Nepali national requests the disclosure of the EIA Report, NWSC and other relevant government agencies are obligated to disclose it. NWSC also explained that it has a system in place where, upon receiving an application for disclosure from a Nepali national, NWSC would ask the applicant to fill out an application form and, after verifying the details of the form (such as the reason or purpose of the application), proceed with disclosure (either by providing access to the original document or supplying a copy).

Based on the above, the Examiners have concluded that the fact that JICA itself did not disclose the EIA Report does not constitute non-compliance with the Guidelines of JICA.

- (B) Consultations with the Local Stakeholders and Social Acceptability for the Project
- Regarding the consultations with the Local Stakeholders before the approval of the EIA Report (as of February 16, 2017), from 2015 to 2016, small-scale consultations were held for each neighborhood with the Local Stakeholders (such as residents of Hemja, Jhijhirka, Puranchour and other neighborhoods), and subsequently, public hearing was

held with the Local Stakeholders, including residents affected by the Project in March 2016. During this Investigation, it was also confirmed through the interviews with the Local Stakeholders that the meetings involving the Local Stakeholders were held before the start of the Project, and that some of the Local Stakeholders had actually participated.

- The EIA Report includes the implementation of the EEP by NWSC to provide support to communities affected by the Project. It was confirmed that some of the requests proposed by the Local Stakeholders during the consultations conducted before the approval of the EIA Report were reflected to a certain extent in the EEP.
- In this way, it was confirmed that consultations with the Local Stakeholders, including local residents, were conducted as described above prior to the approval of the EIA Report for the Project.
- After the approval of the EIA Report, it was confirmed that (i) from 2019 to 2021, after the JICA Nepal Office and the Operational Departments received requests from the Local Stakeholders regarding the road improvement and bridge construction, they continuously asked NWSC and the project consultant to respond to these requests, and informed the Local Stakeholders to directly contact NWSC and other relevant authorities; and (ii) NWSC took some actions in response to the requests from the JICA Nepal Office, such as holding consultations with the Local Stakeholders from 2019 onward.
- The Guidelines provide that "In principle, project proponents etc. consult with local stakeholders," and that "In the case of Category B projects, JICA encourages project proponents etc. to consult with local stakeholders when necessary." Based on these provisions, JICA's failure to respond directly to requests from the Local Stakeholders does not necessarily constitute non-compliance with the Guidelines.

Based on the above, the Examiners concluded that JICA's response to the consultations with the Local Stakeholders and social acceptability does not constitute non-compliance with the Guidelines of JICA.

(C) Compensation for Land Acquisition in the Project

• The Guidelines provide that "Prior compensation, at full replacement cost, must be provided as much as possible" (Appendix 1, Section 7 (Involuntary Resettlement),

- paragraph 2 of the Guidelines). Additionally, the Guidelines provide that "When JICA provides support for and examinations of environmental and social considerations, JICA examines the requirements that must be met, as mentioned in Appendix 1" (Section 1.6.2 of the Guidelines).
- During the preparatory survey for the Project, JICA confirmed with NWSC that there
 was a difference between the Guidelines and the laws and regulations of Nepal regarding
 the compensation amount for land acquisition, and agreed with NWSC that the
 compensation amount would be set at the same level as the full replacement cost.
- JICA also confirmed with NWSC and Ministry of Water Supply that the compensation for land acquisition would be paid by referring to the full replacement cost, and the RAP would include the compensation amount based on the full replacement cost.
- During this Investigation, no objective evidence was found to support the Requesters' allegation that the compensation amount for land acquisition for the Project was less than the full replacement cost, although the following facts were confirmed:
 - For the Project, the compensation amount for land acquisition in the Project was, in principle, based on the full replacement cost, and JICA and NWSC adopted the policy that the Land Evaluation Committee would determine the final compensation amount.
 - ➤ Compensation for land acquisition was paid to the landowners of the land subject to the acquisition for the Project.
 - The decisions in the two lawsuits regarding the compensation amount filed by the same landowner of land subject to the acquisition did not determine whether or not the compensation amount was based on the full replacement cost.
 - Apart from the aforementioned lawsuits, although the Examiners heard that the Local Stakeholders were entitled to file complaints regarding land acquisition with the implementing agency or the ward, and that one complaint was filed with the ward, no objective documents confirming this complaint was found, and there was no other information about complaints by the Local Stakeholders found during the Investigation. JICA was not aware of any dispute with the landowners regarding the compensation amount apart from the two aforementioned lawsuits.

As described above, the Examiners did not find any objective evidence to support the Requesters' allegation that the compensation amount for land acquisition in the Project was below the full replacement cost. Therefore, the Examiners concluded that it cannot be said

that there were enough facts and evidence that prove an obvious non-compliance of JICA with the Guidelines with regard to JICA's response in confirming with the Project Proponents that compensation for the land acquisition would be implemented in accordance with the Guidelines.

(III) Final Results

As outlined above, the Examiners conducted extensive reviews and investigations based on the Request and concluded that it cannot be said that there was non-compliance by JICA with the Guidelines.

Having stated that, the Examiners also believe that there are some areas where JICA can improve its operations in implementing the Project and further ensuring compliance with the Guidelines, as there are some aspects, such as, how JICA could have better supported the Project Proponents to disclose the EIA Report, and could have made better efforts to disclose the document in JICA at that time.

In addition, the following points would be important, when JICA considers further improvements in operations: While the requirement for disclosure of the EIA Report, environmental permit certifications, and the RAP is conditional upon submission to JICA for Category B projects under the Guidelines, JICA did not check with NWSC to submit the EIA Report at that time; JICA proceeded with the Project without directly confirming the environmental permit certification for the EIA Report; and JICA did not confirm the contents of the RAP, despite having agreed with the Project Proponents on its preparation before the implementation of land acquisition and resettlement.

Recommendations regarding these points will be discussed in more detail in Chapter 5.

CHAPTER 4: CURRENT STATUS ON THE ENCOURAGEMENT OF DIALOGUES

(1) Differences in Perception Between the Parties Concerned and Their Backgrounds

The Examiners speculate that although a certain number of dialogues and consultations, including public hearings, were held between NWSC and the Local Stakeholders living in the neighborhoods subject to the Project during its early stage of the Project, particularly when the EIA Report was being prepared, the requests and opinions of the Local Stakeholders might not have been fully listened to, or recorded by NWSC, which could have led to the divergence in understandings on the Project between the parties concerned.

As described in Chapter 3, NWSC held consultations with the Local Stakeholders to collect their requests and opinions. For example, at the public hearings hosted by NWSC during the preparation of the EIA Report (March 18, 2016), participants expressed their requests for infrastructure improvements, including schools and roads. Additionally, the EIA Report explicitly mentions the EEP as part of the "effective measures to minimize impacts," and it describes improvements to the public social services and infrastructure in the area, as well as the budget allocation, albeit small, by NWSC for these activities. Nevertheless, there are no records of any discussions addressing the requests and opinions of the Local Stakeholders between the public hearing in March 2016 and the beginning of the Project (February 2017), as a result, some of the Local Stakeholders might have continued to hope that regional infrastructure development and livelihood support would be provided.

The Requesters also alleged in the Request that the construction of roads and bridge accessible by vehicles mentioned in the Request was part of their requests for local infrastructure improvements. Under such circumstances, the Examiners could not sufficiently confirm any records of how NWSC organized the requests from the Local Stakeholders, or how the activities under the EEP, as a form of Corporate Social Responsibility (CSR), as clearly stated in the EIA Report, were selected and formulated from the records available to the Examiners. The cost of all the requested infrastructure construction, such as the roads and bridge, exceeded the budget amount for the EEP, and was beyond the NWSC's roles and responsibilities. As a result, it is likely that a difference in understandings of the Project between the Local Stakeholders' expectations and the feasible assistance by NWSC might

have arisen.

Furthermore, the Request also alleged that the Local Stakeholders had high expectations for the roads and bridge mentioned above in "exchange" for providing their plots of farmland at a lower price, and this position also might have led to the divergence in understandings between the Local Stakeholders' expectations and the infrastructure improvements in the area that NWSC could provide, based on the availability of the budget and the scope of the Project.

- (2) Challenges in Encouraging Dialogues in the Project and Information Sharing Among Parties Concerned During the On-site Investigation
- (I) Issues in Encouraging Dialogues in the Project

While the Local Stakeholders had expectations for the construction of roads and a bridge during the Project implementation, the Examiners point out that there might have been some challenges at NWSC which originated from the various constraints such as the unclear scope and the limited budget of the EEP, their roles and responsibilities, and the number of staff at NWSC in order to encourage dialogues with the Local Stakeholders regarding the requests and complaints described in the Request.

(II) Information Sharing Among the Parties Concerned Through the On-site Investigation

Despite the above situation, based on the statements of senior government officials from the relevant ministries and agencies as well as the Local Stakeholders (including the Requesters) interviewed by one of the Examiners, the Examiner felt that the Government of Nepal and the Local Stakeholders generally have a high level of trust in, and expectations of the Government of Japan and JICA. Through the fact that the Examiner visited the site and requested interviews, the senior officials of the relevant ministries and agencies made efforts to review the EIA Report of the Project, and to re-capture the details of the current situation and other related issues. In addition, regarding the construction of the roads and bridge, the Examiner confirmed the status of budgetary requests made by the Department of Road under the Ministry of Physical Infrastructure and Transport, the City of Pokhara, and the Ministry

of Water Supply, which is the supervising ministry of NWSC. Based on the request from the local ward for paving the roads and constructing the bridge (namely, making the bridge accessible by vehicles by converting a certain existing water pipe), NWSC issued letters in August 2021 and April 2023 to the Ministry of Water Supply requesting it to apply for the necessary budget, and furthermore has been exploring the possibility of the Ministry of Physical Infrastructure and Transport, submitting the budget application to the Ministry of Finance. As of June 2024, when the Examiner conducted the on-site investigation, the Examiner confirmed the fact that the Ministry of Water Supply made a request to the Ministry of Physical Infrastructure and Transport to consider the budget application in April 2023.

By holding meetings with senior government officials who are overseeing the Project, the Examiner contributed to draw their attention to the Project, thus they recognized that some of the Local Stakeholders were dissatisfied with the support for local infrastructure improvements originated from the consultations between NWSC and the Local Stakeholders, and that there is a need for the relevant ministries and agencies to make efforts toward coordination and further consideration. The Requesters, who are very much concerned for their safety due to the submission of the Request, requested that their personal information remain confidential, and therefore, the Examiner was not able to set up a meeting with all parties concerned in one occasion; however, the Examiner met individually with officials of central government agencies and the City of Pokhara, NWSC, ward members, and the Local Stakeholders, and listened carefully to their respective opinions, collected the information of their respective situations, and then provided feedback to the parties concerned, and thereby contributed to the information-sharing, particularly regarding the current situation at the local resident level, and promoted awareness among the parties concerned. A senior official of the Ministry of Water Supply stated that he/she would consult with the City of Pokhara and the Ministry of Physical Infrastructure and Transport for follow-up, and the Examiners expect that dialogues and coordination among the relevant ministries and agencies will continue.

CHAPTER 5: EXAMINERS' RECOMMENDATIONS TO JICA

Based on the above background and the results of this Investigation, the Examiners make the following recommendations to JICA with respect to the Request. Please consider ensuring that these will be implemented.

(1) Information Disclosure: Promoting Efforts to Facilitate Proactive Information Disclosure

The Local Stakeholders have a strong interest in the impacts of the Project and effective measures to mitigate impacts, and the EIA Report includes such information. Therefore, the Examiners recommend that JICA make efforts to actively support information disclosure by the Project Proponents, and to disclose such information itself in a timely and appropriate manner without delay, in accordance with the Guidelines.

Likewise, it is desirable that JICA make further efforts to disclose environmental permit certifications and the RAP, which are listed as information to be disclosed in Section 3.2.1(2)2 of the Guidelines, promptly and to the extent possible, after consultation with the Project Proponents. In particular, as in the Project, when JICA has confirmed that an environmental impact assessment is conducted during the environmental review stage, the Examiners recommend that JICA make efforts to disclose, at least, the environmental permit certifications, since it is assumed that the permit certifications based on the environmental impact assessment will be verified before JICA makes any agreement with the host country.

Prompt disclosure of monitoring results is also very important. The Examiners recommend that, in accordance with Section 3.2.2.7 of the Guidelines, efforts be made to disclose monitoring results in a timely and appropriate manner without delay. The Examiners also recommend that JICA make effort to encourage NWSC to promptly disclose the monitoring results.

(2) Consultation with the Local Stakeholders and Social Acceptability: Confirming that Meaningful Participation of Stakeholders is Ensured and that Stakeholders' Opinions are Adequately Reflected in Decision-making

Meaningful participation by and consultation with residents, as described in "Policy" (Section 1.1 of the Guidelines), "Basic Principles on Environmental and Social Considerations" (Section 1.4 thereof), and "Consultation with the Local Stakeholders" (Section 2.4 thereof) in the Guidelines, are required. In particular, sufficient consultations with the Local Stakeholders at an early stage (*i.e.*, during the implementation of EIA) before the implementation of the Project is important. The Examiners recommend that JICA make efforts to confirm whether or not NWSC is carefully conducting consultations with the Local Stakeholders whose means of livelihood have been affected by the provision of their plots of land during the Project cycle (*i.e.*, until the post evaluation is completed), and to support NWSC's consultations as necessary.

(3) Land Acquisition: Confirming the Compensation Process (Full Replacement Cost) for Land Acquisition

According to Appendix 1, Section 7 (Involuntary Resettlement), paragraph 2 of the Guidelines, "Prior compensation, at full replacement cost, must be provided as much as possible," and it is very important for JICA to confirm if the Government of Nepal has ensured the implementation of this requirement. Specifically, the Examiners recommend that JICA make efforts to verify, based on the documents of the Project Proponents, whether or not compensation was actually provided at full replacement cost.

According to the Preparatory Survey Report, JICA had confirmed that the RAP² was to be prepared in accordance with the Guidelines, and that NWSC agreed to carry out land acquisition based on the RAP; however, in this Investigation, the Examiners could not confirm the existence and the content of the RAP. In view of the foregoing, the Examiners

² In the Preparatory Survey Report, it is stated that "Since the number of persons subject to the RAP is fewer than 200, the Project will prepare an abbreviated RAP for the effective implementation of resettlement activities in accordance with the Guidelines."

recommend that JICA make efforts to ensure that the environmental and social considerations are duly implemented based on the documents agreed upon between JICA and the Project Proponents.

CHAPTER 6: LIST OF MAIN DOCUMENTS PRESENTING THE RATIONALE FOR THE DECISIONS OF THE EXAMINERS

No.	Title of the Documents		
1	Guidelines for Environmental and Social Considerations, JICA, April 2010		
2	Objection Procedures based on the Guidelines for Environmental and Social		
	Considerations, JICA, April 2010		
3	the Request, February 26, 2023 (including 21 annexes)		
4	Response from the Operational Departments, June 10, 2024		
5	Preparatory Survey Report on the Project for Improvement of Water Supply in		
	Pokhara in Federal Democratic Republic of Nepal (September 2016)		
6	Environmental Impact Assessment (EIA) POKHARA WATER SUPPLY		
	IMPROVEMENT PROJECT Kaski, Gandaki Zone Nepal (November 2016)		
7	Environment Protection Act 1997, English Translation		
8	Land Acquisition Act 1977, English Translation		
9	Agreement Documents in relation to the Project		
10	Environmental Monitoring Reports (monthly/quarterly, from September 2019		
	to June 2024)		
11	Minutes of Meeting among Local Stakeholders, NWSC, the project consultant		
	et al. dated November 16, 2021		
12	Memorandum titled "the Project for Improvement of Water Supply in Pokhara,		
	regarding the situations of residents' requests" (updated on November 25, 2021)		
13	Related correspondence between the JICA Nepal Office and NWSC/the project		
	consultant and between the JICA Nepal Office and the Local Stakeholders		

Annexes	
Annex 1	Objection Request (the Original Prepared in English)
Annex 2	Results of the Preliminary Investigation
Annex 3	Summary of the Interviews Conducted for the Investigation of the Alleged
	Facts Concerning the Request After the Decision to Commence the Process
Annex 4	Outline of the Project for Improvement of Water Supply in Pokhara, in Nepal

Date: 26 February 2023

To: The Examiners for the JICA Guidelines Japan International Cooperation Agency (JICA)

Names of the Requesters

Contact information of the Requesters:

Address:

TEL:

FAX:

E-mail:

Our names should be kept confidential and not passed to the Project Proponents, government agencies, or JICA's Operational Departments.



Yes) No (Circle one.)

- 1. Project with respect to which the objections are submitted
- · Country name: Nepal
- · Project name: Project for Improvement of Water Supply in Pokhara
- · Project site: Pokhara Metropolitan City
- · Project outline
- 2. Substantial damage actually incurred or likely to be incurred by the Requesters:

The people have given their land to the project with the hope and understanding that the project will support through various activities for the upliftment and enhancement of living condition of local people. But the project personnel did not give appropriate attention to solve the issues of local people.

3. Resolution desired by the Requesters: (In addition to the desired resolution, the Requesters may indicate whether they wish the Examiners to put more focus on conflict resolution or on compliance review, or both in equal measures.) We requested to construct motor able road (about 4.0 km) with Blacktop from Water Treatment Plant to Purunchaur (the area where most project affected people live) and construction of motorable bridge over Seti River near Puranchour baura to Marenghat Hemia.

Proposed road and bridge are equally important to NWSC (Water Supply service provider) which is being ignored. Project personnel promised several times to provide road and bridge facilities during meeting and discussion with local community. But now, at the time of completion of project, project officials have not given attention to local people grievances despite regular request and follow up.

Please refer to several communications in this regard Construction in the Annexes.

4. Requesters' efforts to engage in dialogue with the Project Proponents (including grievance redress

Mechanisms):

(If the Requesters are being prevented from having a dialogue with the Project Proponents due to Uncontrollable circumstances, describe the obstacles faced by the Requesters.)

We could not understand why even JICA also not responding our emails to address our issues despite continuous follow up from our side. Please find the email in the Annex.

5. Requesters' efforts to engage in dialogue with JICA's Operational Departments: (If the Requesters were not satisfied with the response of JICA's Operational Departments, the Requesters may describe the reason for their dissatisfaction.)
This corresponds to our response on #4

6. If the Request is submitted by a representative, explanation on the necessity for submitting the Request through the representative, with an attachment of evidence that the representative has been duly authorized by the Requesters:

In addition to the above, it is desirable to include the following information in the Request:

7. Provision of the JICA Guidelines breached by JICA and facts constituting the JICA's noncompliance,

as alleged by the Requesters.

People of this village agreed to give up their agricultural land (where project infrastructures are constructed and laid) for the project with the hope that the community would get support in developing necessary infrastructures for improving the marketability of their agricultural products. As the project did not construct the road and motor able bridge over Seti River, it is the breached of understanding with the poor people who sacrificed their land for the good of the city dwellers benefit. This has affected their rights to have the access to the market and bring improvement in their wellbeing.

8. Cause-and-effect relationship between JICA's non-compliance with the JICA Guidelines and the damage.

Unfulfillment of the request of the community will ultimately tarnish the image of JICA in general and Government of Japan in particular amongst the families that were negatively affected by the project. In addition, it also breaches JICA's commitment of the development project to be socially equitable. While JICA is helping the city population to meet their water shortages, it should not be done at the cost of loosing the farm lands of the poor people. Some people would argue that the government has paid compensation for the land accusation, but it has used the state power to forcefully vacate the land for the development.

The Requesters hereby certify that all the matters described here in are true and correct.

May 31, 2024
The Examiners for the Guidelines
Japan International Cooperation Agency (JICA)

Results of Preliminary Investigation

1. Formal requirements of the Request

All items are written in English.

- 2. Requirements to commence the Procedures
- (1) Requirements regarding the Requesters

The Request has been submitted by two or more residents of the country where the project is implemented.

(2) Project with respect to which the objections are submitted

After identifying the project from the Request, it was confirmed that the project is supported by JICA.

(3) Period

The Request was submitted after JICA disclosed the result of the categorization of the project and before the project is completed.

(4) Actual damage incurred or likely to be incurred by the Requesters as a result of JICA's non-compliance with the Guidelines

Actual damage incurred or likely to be incurred is described. However, further investigation is needed.

(5) Relevant provisions of the Guidelines considered to have been violated by JICA and the facts constituting JICA's non-compliance alleged by the Requesters

Provisions not complied with and facts of non-compliance are reasonably described. However, further investigation is needed.

(6) Causal nexus between JICA's non-compliance with the Guidelines and the substantial damage

Causal nexus between JICA's non-compliance with the Guidelines and the actual damage incurred or likely to be incurred is described. However, further investigation is needed.

(7) Facts concerning the Requesters' consultations with the Project Proponents

It is described that the Requesters have endeavored to have dialogues with the Project Implementing entities.

(8) Facts concerning the Requesters' consultations with JICA

The Requesters have communicated with JICA's Operational Departments.

(9) Prevention of abuse

There is no concern that the Request was submitted for abusive purposes.

[END]

Summary of the Interviews Conducted for the Investigation of the Alleged Facts Concerning the Request After the Decision to Commence the Process

In accordance with the Objection Procedures, the Examiners conducted the following investigations:

- Interviews with the incumbent personnel at the Operational Departments (June 10, 2024)
 Interviewees: The incumbent personnel at Financial Cooperation Implementation Department,
 and Credit Risk Analysis and Environmental Review Department of JICA
- 2. Reviews and examinations by the Examiners of the responses and related materials, provided by the Operational Departments, as of June 10, 2024, in relation to the first interview mentioned above 1.
- 3. On-site investigation by Examiner Kakegawa (June 17 21, 2024) Interviewees: The Local Stakeholders including the Requesters, NWSC (Headquarters and Pokhara office), Ward members, the City of Pokara, Department of Road under the Ministry of Physical Infrastructure and Transport, the Ministry of Water Supply, the Ministry of Forest and Environment, and JICA Nepal Office
- 4. Interviews with the project consultant for the Project (July 2, 2024)
- 5. Interviews with JICA Nepal Office (July 8 and 9, 2024) Interviewees: The then personnel at JICA Nepal Office
- 6. Additional interviews with the Operational Departments (August 5 and 9, 2024) Interviewees: The then personnel at Global Environment Department, the then and incumbent personnel at Credit Risk Analysis and Environmental Review Department, and the then and incumbent personnel at Financial Cooperation Implementation Department

Outline of the Project for Improvement of Water Supply in Pokhara, in Nepal

Project Name	The Project for Improvement of Water Supply in Pokhara
Exchange of Note date	February 15, 2017
Date of Grant Agreement	February 15, 2017
Grant Aid Amount	4,813 million yen
Client	Nepal Water Supply Corporation: NWSC
Executing Agency	Ministry of Water Supply
Consultant	Yachiyo Engineering Co., Ltd.
Contractor	HAZAMA ANDO CORPORATION
Objective of the Project	The objective of the Project is to improve water supply service in Pokhara Sub-Metropolitan city and to increase revenue of Nepal Water Supply Corporation Pokhara Branch by/through construction of water treatment facilities, improvement of distribution systems including reservoirs, and procuring customer meters, thereby contributing to
	improvement of livelihood of residence in Pokhara Sub-Metropolitan City.
Scope of Work	[Facility Construction] Water Transmission Pipe (about 2km), Grit Chamber/ Sedimentation Tank (capacity: 42,000 m³/day), Water Treatment Plant (capacity: 41,000 m³/day), Clear Water Transmission Pipes (about 8km) Water Reservoir Distribution Pipes (about 89km) [Facilities Rehabilitation] Rehabilitation of existing reservoir, and Existing Tube Well (3 locations) [Equipment] Procurement of water quality analysis equipment, small size excavator, pipe detector, and valve detector
Completion Date of Construction Work	Completion and taking over on August 12, 2024