



The Nenskra hydropower plant, Georgia

For more information

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Introduction

The Asian Development Bank (ADB) is in the process of assessing a loan for the 280 megawatt Nenskra hydropower plant in the northwest of Georgia. The project is under appraisal for co-financing by the European Investment Bank and the European Bank for Reconstruction and Development and is to be built by a Korean investor. The EBRD has a history of cooperation with the ADB on another large hydropower project (HPP) in Georgia – the Shuakhevi HPP.

However the ongoing protests of the affected communities during the construction of Shuakhevi¹ because of damages to their villages demonstrate that the presence of multiple international financiers in a project is not enough to prevent the heavy toll that large dams take. In addition, the inadequate assessment and public engagement on the Nenskra project means that the ADB and other potential international financiers are running the risk of further damages to local people’s livelihoods and to Georgia’s ecosystems.

Overview

The Nenskra HPP is one of 34 hydropower plants slated for development in Upper Svaneti, a region roughly one-and-a-half times the size of Luxembourg². As in the rest of the country, the intensive exploitation of Svaneti’s water resources has happened without a national energy strategy in place, with no master plan for how to balance nature conservation, social costs and market gains, and with a record of unsatisfactory environmental impact assessments and minimal engagement of the affected population.³

Over 70 per cent of the hydropower plants planned for Upper Svaneti would be sited inside or with a direct impact on the proposed protected areas – the Upper Svaneti National Park and the Upper Svaneti Protected Landscape – thus undermining conservation efforts.

CEE Bankwatch Network’s mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.



A map of the hydropower plants planned for Upper Svaneti



Nakra residents send messages to financiers about the planned Nenskra HPP, 23 April 2016

The area is inhabited by ethnic Svans who lead secluded and self-sufficient lives. Svans have known about the developments that could alter their traditional ways of life; the planned 702MW Khudoni dam located 20 kilometres downstream from the Nenskra dam would forcibly resettle around 2000 Svans from local villages. The failure to recognize the cultural and property rights of Svans and properly identify the impacts of hydropower on their livelihoods has created fierce opposition to Khudoni. Similarly, the poor quality assessment of the Nenskra project, together with the neglect of the opinion of locals, threatens to aggravate the fading public acceptance of Nenskra.⁴

Socioeconomic profile of the Svans

The Nenskra dam is to be sited in the vicinity of the villages of Chuberi and Nakra, which total around 400 Svan households. The Svans are an ethnic subgroup that have maintained their own language, laws, traditions and customary ties to the land. They rely on subsistence agriculture, animal grazing and forestry. The harsh living conditions and isolation have harnessed a strong sense of community cohesion and sociocultural integrity. Over the last two decades, residents in Chuberi and Nakra have shared their homes and resources with Svans displaced from war-torn Abkhazia.

Neglect of social impacts and public opinion

Given the vulnerability of the local population, a robust screening for the Nenskra project should have taken place to gather socioeconomic baseline data, to assess the impacts of the project on the downstream communities and to propose how to handle the social risks. Yet the Nenskra Environmental and Social Impact Assessment (ESIA) study does not even meet the low requirements set by Georgian environmental law. It completely fails to present a profile of the local communities; it does not explain how the company will tackle the loss of customary lands, the impacts on vulnerable people (internally displaced people, women) and economic livelihoods and physical resettlement.

The investor's approach to public consultations reflects

a similar disregard for the communities as the technical ESIA report. During the first week of June, a delegation of state officials and representatives from the Korean investor organised meetings in Chuberi and Nakra to discuss the project ESIA. Villagers would later recall that no one received an official notification about the meeting and that only one ESIA was available for both communities, who are separated by a mountain range. The company's presentation focused solely on employment, and it did not address how the project would impact people's lives.

Land appropriation

The Nenskra reservoir will flood pastures and forests that the Svans have used for generations to earn their living. The villagers have yet to be informed about the fate of their customary lands. The implementation agreement with the company has not been publicly disclosed, and Georgian ministries are unclear about the ownership of the land, which was once owned by the state and then taken out of a forestry fund under the administration of previous President Saakashvili. While the developer promised to discuss land use with the villagers and the public consultations, no such topic has been raised.⁵

Involuntary resettlement and economic displacement

Villagers have concerns about economic displacement and physical relocation generated by the plant. The ESIA brings more confusion than clarity to the topic. On the one hand, it claims that the project developer foresees neither physical nor economic resettlement of the registered real estate during project implementation. Conversely, the study contains an action point to "inform one family living within the project influence zone about the physical and economical resettlement issues". Bankwatch has identified at least two households to be affected by the construction of the power house. Residents say that they have been kept in the dark about the planned resettlement and complain about seeing no documents dealing with displacement.

Question marks over resettlement have grown since locals found out that the installation of high voltage



Mudslide at the Lknashera river in the vicinity of the Nakra community.

lines connecting the Nenskra plant to the grid might require displacement in the Lakhami village, which includes 50 households. Yet the ESIA report, the only project document available to locals, does not assess the lines and their impacts, adding to the fear of locals.

Risks of landslides and mudflows

The developer has also done little to settle people's fears that the dam will lead to environmental problems, decreased water flows, landslides and exacerbated effects of mudflows. The last point is of a particular concern in Nakra, which was hit by severe mudflows in 2001 and 2010. The debris brought by the mountain river tributaries covered a cemetery and agricultural plots inside the village. Similarly, people in Chuberi fear that deforestation linked to the construction of the reservoir will contribute to soil erosion, destabilise mountain slopes and trigger landslides. These are abundant and have already left scars on the valley landscape.⁶

Conclusions

When deliberating over the project, the Georgian Ministry of Environment commissioned an external review of the ESIA. In May 2015 the German reviewer deemed the study in need of "substantial revision" and identified among other things, shortcomings in the handling of socio-economic issues and natural hazards.⁷ Several months onwards, the preparatory works have commenced and the project received a green light from the government, despite no significant improvements to the ESIA study being made. While an Environmental and Social Management Plan is missing, the developer has made no effort to make up for the flawed engagement of those affected by the dam.

In the meantime, frustration over the information vacuum and minimum opportunities for engagement have motivated Nenskra communities to initiate protests and issue statements calling on national authorities and international financiers – including the ADB – to halt the project.⁸ People are not planning to stop the blockade until their demands related to changing the project's design are fulfilled.⁹

The growth of social conflicts accompanying the rushed expansion of large hydropower across Georgia has demonstrated again that a master plan, developed in consultation with all stakeholders, is essential for the sustainable development of the energy sector.

In light of the facts above, the ADB, together with other international development financiers should suspend consideration of the Nenskra project and any other hydropower project until the Georgian government adopts a comprehensive strategy for the hydropower sector and raises the bar of environmental and social regulations so that they are in line with the EU laws.¹⁰



The residents of Chuberi block an access road and demand the halt of construction works on the Nenskra HPP on 26 April 2016.

Notes

1. On April 21, 2016 the residents of Makhalkidzebi village closed the access road to prevent the construction on the Shuakhevi derivation tunnel. The villagers claimed the blasts and drilling have damaged their houses and let the spring water disappear. On the same day, four villages of the Khulo municipality issued a statement demanding the works on the plant are put on hold until proper geological studies are conducted and locals get compensated for property loss. http://www.gurianews.com/_/left_wide/37675_67_ka/Suaxevi_hesis_proeqtis_winaaRmdeg_mimdinare_saprotesto_aqciis_organizatorebi_gancxadebas_avrceleben.html <http://savemyshare.com/21042016/4/8/1/d/c/d9632dca19bc03bee420c74977acdfdad7/a36ff9de2799fc06c57485066335832dcd777fa2/web/>
2. For details, see a map of planned hydropower plants in Upper Svaneti, Georgia: <http://bankwatch.org/our-work/projects/hydropower-development-georgia/map-upper-svaneti>
3. A review of 20 hydropower project environmental impact assessments conducted by the Norwegian Norsk Energi rated the studies as "poor". Details available from: Georgian Hydropower Environmental Assessments Hidden from Public. 04/02/2016. <http://occrpcaucasus.org/project/462-2/>
4. <http://bankwatch.org/news-media/blog/tensions-are-rising-over-hydropower-and-lack-participation-georgias-mountains>
5. Nenskra JSC Project on the Construction and Operation of Nenskra HPP. Environmental and Social Impact Assessment Report. By Gamma Consulting. 2015. p.394
6. Natural hazards have been of concern on other Georgian hydropower plants, including the Larsi and Dariali HPPs that were affected by a landslide. For details: One Dead, Several Missing in Dariali Landslide. Civil Georgia. 18 May 2014. <http://www.civil.ge/eng/article.php?id=27240>
7. Review of Nenskra HEP ESIA Study. By Prof. Dr. Frank Schrader. For the Ministry of Environment and Natural Resources of Georgia. 13 May 2015.
8. Tensions are rising over hydropower and the lack of participation in Georgia's mountains. March 15, 2016. <http://bankwatch.org/news-media/blog/tensions-are-rising-over-hydropower-and-lack-participation-georgias-mountains>
9. Collective letter of Chuberi community with 400 signatures released on April 18, 2016: http://greenalt.org/wp-content/uploads/2016/04/mimarTva_chuberidan_2016.pdf
10. Namely, the compliance is sought with the EU SEA and EIA Directives, Water Framework Directive and the Habitats and Birds Directive.