

Georgia swept by protests against EBRD-backed hydropower

[For more information](#)

Contact

David Chipashvili
Green Alternative
Georgian campaigner
dchipashvili@greenalt.org

Protests have in recent weeks broken out across rural Georgia after construction resumed on several large hydropower projects financed by the European Bank for Reconstruction and Development (EBRD). At the sites of the Shuakhevi, Nenskra and the Dariali hydropower plants (HPPs), demonstrators have complained that the projects were repeatedly decided behind closed doors, and that poor assessments of the social and environmental consequences mean their livelihoods are under threat.¹

While frustrations with a lack of action by officials has tensions running high across Georgia's villages, the EBRD annual meetings are an opportunity to discuss how best to prevent the escalation of this situation in Georgia and to reflect critically on the bank's involvement in the development of the country's energy sector.

While the EBRD has a role to play in enhancing Georgia's energy security in line with the country's EU Association Agreement², it should do so only if the Georgian government respects standards of transparency and sustainable development.

Georgia has already awarded more than 100 concessions for new hydropower projects,³ of which 65 have been granted since the signing of the Association Agreement in June 2014. Many of these projects, including those financed by the EBRD, contradict EU law and principles of the Association Agreement.. As the contracts for the Shuakhevi and Nenskra HPPs are confidential, the EBRD has implicitly violated Energy Community principles related to transparency. The EBRD is also oblivious to the fact that the projects fail to meet the requirements of the EU's Water Framework Directive.⁴

Yet the EBRD has pledged to continue investing in new hydropower plants over the next three years.⁵ Moreover, the upcoming country strategy for Georgia and its renewable energy priorities do not reflect the fact that the hydropower boom is happening without any strategic plan for the energy sector and a thorough assessment of the environmental costs and socio-economic risks.

Georgians affected by the hydropower boom and civil society organizations have repeatedly raised concerns that the assessments of large hydropower projects located in remote mountainous areas are insufficient and do not examine geological hazards, impacts on people's livelihoods and the environment. Because of the number of plants planned for particular regions, people fear that the cumulative impacts will be even more severe if not assessed collectively.

While some plans may have seemed unthinkable a few years ago, with political will they can be realised. Such was the case with a hydropower master plan for the Western Balkans that the European Commission has recently supported.⁶ The EBRD, together with other international financiers, should take similar responsibility and a long overdue critical

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.

www.bankwatch.org

stance towards hydropower in Georgia.

Nenskra

Developments over the past year related to the 280 megawatt Nenskra HPP have significantly changed public acceptance for the project by the local Svan ethnic group. The Svans are an ethnic subgroup that has maintained its own language, laws, traditions and customary ties to the land. Given their socioeconomic status and unique cultural heritage, Svans should be treated as an indigenous group and thus afforded the same level of safeguards. However the EBRD has yet to acknowledge Svans as 'indigenous'.

Since the project's Environmental and Social Impact Assessment (ESIA) report was released in June 2015, Svans have voiced concerns about economic displacement, physical relocation and the geological risks of the project. These issues were either not assessed or poorly evaluated and then not communicated to residents in the area. While the EBRD is in the process of preparing supplementary studies to the ESIA, locals are clear about not wanting a dam in their backyard.

On 18 April, residents of the hamlet of Chuberi addressed national authorities and international financiers with a collective letter signed by 400 residents demanding an end to preparatory works on Nenskra until all project alternatives and geological risks are properly assessed, and an open public debate takes place.⁷ On 26 April, in response to the lack of official reaction to their letter, the Chuberis blocked the access road and prevented construction vehicles from entering the village. As a result preparatory works were put on hold.

A few days earlier, on 23 April, the villagers of Nakra, another area potentially affected by Nenskra, demonstrated against the plant's impact on the valley's inhabitants. On previous occasions, they had expressed concerns of the geological risks from the project, as mudflows repeatedly damaged the village in 2001 and 2010.⁸

Additionally, Georgian civil society organisations are alarmed about the unavailability of the contract between the project sponsor and the government. With

project costs estimated at USD 1 billion, it is unclear how high tariffs have been set to ensure a return on investment and how issues of land ownership are being resolved. This may pose an additional burden on the local communities and the wider population. Groups have also been disturbed by the fact that the Italian company Salini Impregilo, implicated in controversial water projects such as Gibe 3 dam in Ethiopia and the Lesotho Highland Water Project, will engineer and construct Nenskra. They fear that with its history of disrespect for human rights, the company is not able to handle a project that would impact the vulnerable Svans.

Dariali

Shortly before independent experts from the EBRD's Project Complaint Mechanism conducted an inspection in mid-April into Dariali's compliance with bank policies, the village of Tsdo on the Tergi river woke to construction on a 220 KV transmission line connecting the 109 MW Dariali HPP with a planned substation near the town of Stepantsminda. The new line will run 100 metres from the existing 110 KV transmission line, which does not have the capacity to transfer the power produced at Dariali.

Even though the lines will cross village lands and agriculture plots, locals were excluded from the decision-making process. Georgian legislation allows for public consultations to be bypassed on projects of 'national interest'. While the line will transmit power mainly from Dariali and two other hydropower plants, the assessment of the Dariali project did not include the construction of the greenfield line.

On 20 April residents of Tsdo held a protest in front of the Kazbegi town hall, demanding that construction be suspended.⁹ While the deputy energy minister assured protestors that the electricity posts would be installed on the outskirts of the village, locals claim that the installation falls within the village boundaries and crosses farmlands.¹⁰ Tsdo residents proposed an alternative route to pass along the river Tergi. But the limited space in the narrow river gorge is already reserved for a planned 500KV transmission line to connect Russia with Armenia and turn Georgia into an electricity hub.

In addition to the criticism over the

impacts of the transition lines, Dariali has been the subject of protests by people in Stepantsminda because of inadequate hydrological and geological assessments. While the ESIA report determined geological risks to be minimal during the operation phase, the construction works have already faced delays and technical difficulties due to mudflows.¹¹ In May and August 2014, two large mudflows hit the Dariali gorge, resulting in casualties and the destruction of the Larsi HPP that is located immediately downstream from Dariali. Also the disappearance of the river bank at Dariali is now approaching the nearest households.

Shuakhevi

Since the 185 MW Shuakhevi HPP ESIA was made public, local communities have argued that the project's area of impact is actually larger and should therefore include villages prone to damages from construction works and later operations. When drilling works on a tunnel commenced in October 2014, residents in the village of Chanchkhalo, located in a geologically unstable area that suffers from landslides, noticed cracks in their houses, and later documented landslides and changes in the terrain triggered by works on the tunnel. When the villagers sought compensation for the damages from the Norwegian project operator, the company denied a link between the blasts and erosion. Since then, these impacts have been the subject of multiple protests and complaints, with people arguing that the company did not properly estimate the true hazards associated with the plant and assess the direct and indirect impact area.

On 22 March, protests broke out in villages¹² of the Khulo municipality.¹³ People called for a halt to construction until detailed geological studies by independent experts are done, and the impacts to houses and farmland in the villages outside the official project area are evaluated and a compensation plan is agreed.

On 20 April, in response to a lack of official reaction to their complaints about the works on Shuakhevi, the residents of Makhalakidzebi blocked access roads to the construction site.¹⁴ As a result, the blast works in the drilling tunnel stopped. Besides cracks appearing in house walls, people complained that the local water spring has disappeared. Villagers have also said that they would bring

their protests to the administration of the Adjara Autonomous Republic in Batumi.

Conclusions

In light of the above, the EBRD should:

- suspend consideration of the Nenskra project and any other hydropower project until the Georgian government adopts a comprehensive strategy for the energy sector and raises the bar of environmental and social regulations so that they are in line with the EU legislation
- take a critical stance towards social and environmental costs related to hydropower in Georgia in its upcoming country strategy.
- actively advocate for a Georgian energy master plan that is developed with the public and involves potentially impacted communities.
- promote Strategic Environmental Assessment of hydropower to assess the cumulative environmental impacts
- acknowledge the indigenous status of the Svans and treat any hydropower projects that affects them in line with the respective safeguards on indigenous peoples.
- advocate for contract transparency in hydropower projects in Georgia

Demands from local communities:

On Nenskra

- Carry out robust assessments of project alternatives;
- Provide a cost benefit analysis of the project for the country, region and communities of Nakra and Chuberi;
- Conduct a thorough assessment of geological risks;
- Organise inclusive and informed consultations with affected villages.

On Dariali

- Undertake a thorough geological assessment;
- Advocate for the preparation of a new, comprehensive ESIA that would cover the cumulative impacts of the hydropower project and the transmission line.

On Shuakhevi

- Undertake a thorough geological assessment;
- Develop a compensation plan for construction-related damages in line with

the World Bank's policy on resettlement and in consultation with affected communities.

Notes

1. In Georgia, protests against large hydropower precede development bank meetings. April 30, 2016. <http://stories.bankwatch.org/georgia-dam-protests>
2. EU-Georgia Association Agreement. Title VII. Financial Assistance, and Anti-fraud and control provisions. Chapter 1. Financial assistance. Article 383. http://eeas.europa.eu/georgia/pdf/eu-ge_aa-dcfta_en.pdf
3. <http://www.energy.gov.ge/projects/pdf/pages/Ongoing%20Investment%20Projects%201233%20eng.pdf>
4. As a country under an EU Association Agreement, Georgia has an obligation to conduct river basin management plans that integrate economic and ecological perspectives into river water management. Such a plan should describe the available water resources, its present users and uses, the development potential based on for example an ecosystem services assessment, and the identification of sites of unique natural or cultural heritage in need of protection. Despite this obligation, EIA reports have so far ignored river basin management principles. The same issue was highlighted by the external review of the Nenskra ESIA, stating that "The EU WFD is not only listed at the very end of a table with main European legal and regulatory documents but moreover is not considered from the river basin point of view. Review of Nenskra HEP ESIA Study To Ministry of Environment and Natural Resources of Georgia; Paragraph „3.4 Legislation“; May 13, 2015
5. In the EBRD Country Strategy Concept presented in Tbilisi on April 6, 2016, the Bank pledges to catalyse private sector investment in renewable energy and to continue to support hydro (small, medium and large).
6. Opening Remarks of Commissioner Hahn at the WB6 Ministerial (Foreign Affairs) in DURRÉS on 30-31 March 2016. 31 March 2016. https://ec.europa.eu/commission/2014-2019/hahn/announcements/opening-remarks-commissioner-hahn-wb6-ministerial-foreign-affairs-durres-30-31-march-2016_en
7. Collective letter of Chuberi community released on April 18, 2016: http://greenalt.org/wp-content/uploads/2016/04/mimarTva_chuberidan_2016.pdf
8. The concerns were shared in public meetings in June 2015; later at a rally on Nenskra HPP organized on 13 October, 2015: <http://www.netgazeti.ge/GE/105/News/50940/>
9. <http://1tv.ge/en/news/view/123647.html>
10. Watch the netgazeti.ge video with the Tsdos resident Zaza Tsiklauri explaining the local concerns (in Georgian) <https://www.facebook.com/netgazeti/videos/10154294500137044/> Due to his April protest actions, Zaza Tsiklauri was arrested by police and released a day after with a penalty ordered by the court.
11. Tough success at Dariali hydro scheme. Water Power magazine. 14 April 2015 <http://www.waterpowermagazine.com/features/featuretough-success-at-dariali-hydro-scheme-4553450/>
12. The villages of Khinchauri, Zmagula and Cheri.
13. Watch the Telearkhi25 TV coverage of the protest: <https://www.youtube.com/watch?v=QeFs4MNYR18>
14. <http://batumelebi.netgazeti.ge/news/42841/>; http://www.gurianews.com/_/left_wide/37675_67_ka/Suaxevi_hesis_proeqtis_winaaRmdeg_mimdinare_saprotesto_aqciis_organizatorebi_gancxadebas_avrceleben.html