

Nenskra HPP project



In 2020 the accountability mechanisms of both the EBRD and the EIB found that the banks' policies regarding indigenous peoples' criteria were violated. According to the indigenous people's expert consulted by the PCM and CM, the good international practice is to '*consult a self-proclaimed indigenous community concerning the application of any eligibility criteria that will be used in the determination of whether the group constitutes an indigenous people*'. Such consultation would be part of project due diligence, and will demonstrate good faith in the question of determining whether the eligibility conditions are met'.

EBRD Management has started new project assessments even before the banks Accountability Mechanism published the Compliance Review Report (CRR) and a Management Action Plan (MAP) was approved by the Board of Directors. These new projects assessments have not been participatory and do not show a departure from the business-as-usual approach to impact assessments – namely, the impacted people and interested stakeholders have not been involved and consulted from the early stage of designing the methodology. As such, the new assessment fall short of good international practice and cannot remedy the non-compliance.

Other instances of noncompliance include the protection of cultural heritage, addressing gender impacts and risks, the assessment and management of environmental and social impacts, labour influx, information disclosure, and engagement of local communities and other stakeholders. The PCM found that the project is incompatible with five out of ten of the EBRD's social and environmental performance review requirements.

For more information

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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.

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The findings regarding indigenous peoples and negligence of project alternatives, which should be core elements of any Environmental Impact Assessment but were absent in the case of Nenskra, were underlined in both redress mechanism reports. The reports make clear that Nenskra still has a long way to go until it can be transformed into a project that is acceptable for Svans and that offers a sustainable solution to the country's energy challenges (if possible at all).

Independent from the costs associated with resolving the Svans' request, the costs of the Nenskra HPP are expected to increase, due to other problems the project has experienced. These include the year-and-a-half-long search for a new major construction partner for the project.

In December 2019, South Korean media reports celebrated the fact that Hyundai Engineering & Construction (Hyundai E&C) and Limak won a USD 737 million tender to realize the Nenskra project. However, the news was never confirmed. This announcement is also concerning due to the fact that Hyundai E&C and Limak have been connected with a series of financial and corruption scandals.

In addition, the Bern Convention Standing Committee in its April 2020 meeting reexamined a complaint made about the possible threat posed by the Nenskra HPP to Svaneti 1 as a Candidate Emerald Site. In their decision, the Committee noted *'the concerns of the complainant on the reduced scale and scope of the proposed Emerald Network sites, which exclude areas where hydropower plants are planned to be constructed, the lack of protection of large rivers and the lack of strategic planning for hydropower development in Georgia'*. It also *'invited the authorities to envisage a national plan for the protection of water courses to avoid the situation replicating in other Emerald Network sites'*.

While the governments of Georgia and Korea, as well as the management of the EBRD and EIB, attempt to convince Georgian and EU citizens that the Nenskra project will be done in the near future, the prospect of the fast construction of the Nenskra HPP dwindles. Meanwhile, the belief that Nenskra will be the energy security cornerstone for Georgia's economic development has been questioned by both the IMF and the World Bank.

In conclusion, the EBRD, EIB, ADB and AIIB should not consider financing the Nenskra HPP, given all of the problems mentioned and its long standing bad reputation. In order to support Georgia's energy security, they should instead finance more feasible and less harmful projects that benefit the communities and citizens of Georgia.

EBRD's Board of Directors should ensure that the bank's accountability mechanism will publish a robust monitoring plan for the implementation of the Management Action Plan. IPAM's monitoring should ensure that the new project assessments will not fall short of good international practice. While the Nenskra HPP will likely never be fit for purpose, impacted Svan communities and interested stakeholders must participate in the future decision-making on this project.