



Unsolved problems of the North-South Corridor (Kvesheti-Kobi) Road Project

FFM report

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Introduction

The North-South Corridor (Kvesheti-Kobi) Road Project is funded by the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB) and implemented by the Roads Department of Georgia. The 23-kilometre Kvesheti-Kobi Road Project is a new section of the North-South Corridor. The total cost will be up to USD 558 million. The EBRD issued a USD 60 million loan and the ADB a USD 415 million loan to finance the project.

The construction will impact the Khada Valley, also known as ‘the place of 60 towers’, which is rich in biodiversity and cultural heritage. The project envisages the construction of five tunnels over these 23 kilometres, and the longest will be a tunnel of approximately nine kilometres. It also plans for the construction of six bridges: one of them will be an arched bridge 426 metres long and 166 metres high.

A fact-finding mission conducted by CEE Bankwatch Network and Green Alternative in July 2021 revealed that while the Kvesheti-Kobi Road Project is [ongoing](#), the numerous issues and concerns that were reported previously are still unresolved, and proper assessment studies are problematic along with the construction activities.

The project concerns include the construction impact on:

- cultural heritage and archaeological sites;
- biodiversity; and
- local communities.

Cultural heritage and archeological sites

The international significance of the landscape and monuments of the Khada valley is recognised by the International Council on Monuments and Sites (ICOMOS), which is an organisation associated with UNESCO. ICOMOS International declared Khada valley’s cultural heritage at risk due to the Kvesheti-Kobi Road Project in their 2020 [Heritage at Risk](#) report.



The field visit to Khada valley revealed numerous failures.

Photo 1. The village of Tskere in Khada valley and its landscape.
Credit: Natela Grigalashvili

Cultural heritage

The concerns of local communities and experts about the potential impact of the project on cultural heritage were unheard during project preparation. The project sponsor did not study Khada's cultural heritage thoroughly during the project preparation. The field experts were not involved in the baseline studies or during the impact assessment process. Despite this, the authors of the project's environmental and social impact assessment (ESIA) and bank representatives repeatedly state in numerous letters that project preparation was in line with the guidelines of their respective banks.

The EBRD and the ADB stress that the Kvesheti-Kobi Road Project's '[EIA includes a cultural heritage baseline review that identifies 34 cultural heritage \(CH\) sites and objects \(see pages 281 – 292 of the EIA\)](#)'. Based on the EIA, the National Agency for Cultural Heritage Preservation sent [no objection](#) to the Ministry of Environmental Protection and Agriculture before the Ministry issued the [environmental permit](#).

The attitude of the National Agency, project sponsor and bank management has changed recently, since a number of complaints have been raised at international accountability mechanisms, namely EBRD's IPAM and ADB's CRP, and since the incident with the Nagvarevi Church (see below).

Therefore, in the summer of 2020, the National Agency for Cultural Heritage Preservation and the project promoters started a new assessment of Khada's cultural monuments. The study revealed an additional [155 cultural heritage monuments](#) that the project might impact. These monuments were not mentioned in the EIA document. These newly-identified monuments have been submitted for inclusion on the list of Georgia's cultural heritage monuments. The deadline for their review was 1 June 2021, but it was extended till the end of this year without any justification.¹

Meanwhile, local communities claim that many sites – e.g. the cemeteries of the villages of Benian-Begoni and Tskere, towers and churches and their ruins, underground tunnels on the meadow of the village of Beniani, etc. – have not even been included in the list of additional 155 cultural heritage monuments. People are concerned that the reason for their exclusion is the fact that these monuments will be directly affected by the project.²

The cultural heritage monuments, dwellings as well as the majority of the houses in the valley are built with a dry stone method, which makes them more vulnerable to cracking and destruction as result of vibration and nearby earthworks. The project construction will be done through the drilling of the mountains, and the risks of disturbances to these buildings, including possible avalanches and landslides caused by vibrations and some planned blasting, are not well assessed. Unfortunately, the proposed and approved ESIA does not offer either a proper assessment of potential significant adverse impacts, or effective measures to decrease the impact on those buildings.

¹ National Agency for Cultural Heritage Protection, [The list of cultural heritage monuments of Georgia, pp. 290-296](#), accessed 7 October 2021.

² The terms of reference for the ongoing cultural heritage study is not publicly available, nor was it sent to Green Alternative after a request made to the Agency.



Photo 2. Dwellings in Khada Valley. Credit: Natela Grigalashvili

Due to the hasty, insufficient planning of the project and the lack of action plans, a cultural heritage monument of national importance, the Naghvarevi Church, was threatened by the construction of a workers' camp for the contractor company China Railway 23rd Bureau Group in June 2020. The construction started without any permission and was thus illegal; therefore, the National Agency for Cultural Heritage Protection stopped it.³

Another issue of concern is that the impacts of auxiliary roads were not stipulated in the ESIA document. The auxiliary road for machinery has already been built on the lower side of the Khada valley. It passes one of the valley's critical cultural and natural heritage sites, a large megalithic stone with a shrine. Due to the active transportation of the machinery in this part of the valley, locals believe that the company plans to blow up part of the monument to widen the existing road.

ICOMOS and several cultural heritage CSOs and experts had intensive [communication](#) with governmental agencies and the banks' management⁴ just before the Bankwatch / Green Alternative fact-finding mission in the area; experts expressed their dissatisfaction with the banks' management and local authorities' response regarding old and newly emerging problems in relation to cultural heritage. They also shared

³ Reginfo, '[Illegal construction near Naghvarevi Church stopped](#)', 11 June 2020.

⁴ National Trust of Georgia submitted the complaint to the EBRD's IPAM. European Bank for Reconstruction and Development, [North-South Corridor \(Kvesheti-Kobi\) Road Project](#), IPAM Case Registry, approval date 2 October 2019. Green Alternative, together with some locals, submitted a complaint to the ADB's CRP. Asian Development Bank, [Georgia: North-South Corridor \(Kvesheti-Kobi\) Road Project](#), Compliance Review Panel, accessed 7 October 2021.

their [concerns](#) during the 23 June 2021 [online event](#) organised by Green Alternative, well attended by representatives from the banks and the Roads Department. During the meeting, the Roads Department representative once again insisted that the project is a well-studied and well-designed project, and its implementation is in line with national legislation and the banks' relevant requirements.

Regular communication with the ADB and EBRD management has led to the ongoing studies to estimate of the historical and cultural significance of the valley, as well as its potential for tourism and local development.

Archaeological studies

The fact-finding mission found that **proper archaeological studies are still pending**. According to the project's cultural heritage monitoring action plan, the contractor hired a group of archaeologists to conduct archaeological research before the actual road construction. However, according to field observations and the local community representatives we talked to, the scope of archaeologists' studies was minimal. Locals have identified numerous additional archaeological sites in the vicinity of the planned road for further detailed studies.



Photo 3. Unstudied archeological site in a meadow in the village of Beniani where the road construction is planned.

Near the village of Beniani, the archaeologists found numerous ruins. The location of these ruins, as well as some underground tunnels in their vicinity and other cultural heritage monuments (a church and old cemetery) indicate that there may be a large, undiscovered historical complex located directly on the road's proposed route. This site needs to be studied carefully before the final routing and design of the road.



Photos 4-5. Unstudied underground tunnel in a meadow in the village of Beniani.

However, exploration of the area stopped unexpectedly. Locals reported that this was unexpected even for the archaeologists. The archaeologists claimed that the discovered objects would be relocated to another area in the valley. However, the locals are not aware of any plan for this. Locals from the village of Zakatkari added that archaeological studies related to the project were also conducted recently on the Diveli Plateau. However, they believe these were done superficially as a formality.

It should be stressed that locals hired by the archaeologists to help with the studies have not been paid months after the studies were halted, and archaeologists could not confirm whether the excavation of the sites would continue.



Photo 6. Unfinished archeological study in Khada Valley, village of Benian-Begoni.

Biodiversity

The Khada valley and the area around the village of Kobi are rich in biodiversity, especially the habitats along the rivers; in forests, meadows and pastures; and in and subalpine and alpine areas. The project area is located very close to the Kazbegi National Park and Emerald site and partially within an Important Bird Area and Key Biodiversity Area. The Bern Convention on the Conservation of European Wildlife and Natural Habitats suggested that the park be expanded during its 2017⁵ and 2019 biogeographical seminars. Still, the project has slowed down or perhaps stopped this procedure.

The most important biodiversity features of the project-affected area are a large population of corncrake (*Crex crex*), nesting vultures, otters, large carnivores and flora. These are not well-studied by the project ESIA. Therefore, adequate mitigation actions are missing. Some measures proposed have been already violated during construction.

The fact-finding mission revealed that the new road will significantly negatively impact a large and healthy population of corncrake, as it will pass through well preserved wet meadows. Many corncrakes will be killed by traffic when trying to cross the road to get from one part of the meadow to the other, thus serving as a biological trap. The new road will also destroy endemic and protected plant species. The impact assessment study in this regard, although recognising the presence of the species, significantly underrates the impacts.

The new infrastructure will risk the disruption of bear, wolf, Caucasian lynx and possibly Caucasian chamois (in winter) populations, yet the impacts of collisions with traffic are not assessed. Additionally, easier access to alpine areas could mean more poaching of these mammals, of the East Caucasian Tur (*Capra cylindricornis*) and of endemic bird species such as the Caucasian grouse and Caucasian snowcock.



Photo 7. Ongoing construction works of a 9 kilometre-long tunnel from the village of Kobi.

⁵ Council of Europe, [Ecological Networks - Meetings 2015: Emerald biogeographical evaluation Seminar for Armenia, Azerbaijan and Georgia](#), Bern Convention: Convention on the Conservation of European Wildlife and Natural Habitats, 2015.

In the Kobi area, the construction of a 9 kilometre-long tunnel and a technical tunnel has started. There has been a severe impact on large biodiversity-rich areas: the excavation of building material in pastures at the entrance to the Truso valley, the placement of a workers' camp, new factory, construction machinery and construction material in the Tergi river valley (see [photos/videos](#)).

Even though the project construction started just a few months ago, it has already had a significant impact on the river ecosystems – which provide a habitat for fish and otters. The river Tergi and its tributaries (Baidara and Narvani) in the area of Kobi are seriously polluted from muddy water coming out of the tunnel, the daily passing of heavy machinery over the Narvani River without any bridge, and the cleaning of heavy machinery in the rivers (see a video [1](#) and [2](#)). This is already impacting the local trout population, and it is likely that the otter have disappeared from the area around Kobi. Boards providing information about how to protect otter placed by the construction company are meaningless in such a situation. Furthermore, it is possible to expect similar impacts on the Khada and Aragvi Rivers when construction starts close to these. During the fact-finding mission, we found recent otter scat in the lowest part of this river.



Photo 8. Operation and cleaning of heavy machinery for the project in the right tributary of the Tergi River.

The construction of an auxiliary road to the Didgori Plateau was done during the breeding season of the Egyptian vulture (*Neophron percnopterus*), and during the field visit, no vultures were observed in their nest or anywhere in the project area. The road was constructed only 10 meters from the nest (see photo 9), yet the appropriate distance for avoiding disturbing the nest as stated in the project's Biodiversity Action Plan is 850 meters. The species is globally endangered according to the International Union for

Conservation of Nature (IUCN), and even this one nest is important for its survival. There are no other suitable nesting sites close by for the species to build another nest, as the basalt cliffs lack caves and ledges. All this is in clear violation of the Bern Convention and EU Birds Directive regardless of whether experts hired by the project promoters have observed any birds or not. The mitigation/compensation measures in the Biodiversity Action Plan would not be viable now that the nest site is completely unusable. The Plan states: *'If at any time, an active nest is abandoned following the start of construction, the Project will implement biodiversity offsets measures'*, but because nothing has been implemented before construction begins, the probability that the Egyptian vulture will return to the area is minimal, and most probably this pair is lost.



Photo 9. Construction works on Didveli Plateau next to the Egyptian vulture nest.

The project's impact on biodiversity is challenging. First of all, the construction practices should adhere to the EBRD's and ADB's standards. In order to ensure the protection of biodiversity, the Kazbegi National Park and Emerald site needs to be extended to areas around Kobi and in Khada valley.

Impacts on the Didgori Plateau are also underestimated. The ongoing construction of the road and supporting infrastructure (workers camps, auxiliary roads) has also affected land that has not been identified by the ESIA, including the meadows of the plateau. There is no finalised compensation process for them.

Alternative Development of Khada

The development visions of locals, experts and the state for Khada valley do not coincide with each other. Although the state only sees the prosperity the project will bring Khada (despite not having concrete action plans for it), locals and experts see various dangers. According to Green Alternative's [publication](#): Locals highlight project risks such as a complete change in the landscape of the Khada Valley, increased pollution, intensification of seismic processes, increased threats to cultural heritage and the loss of sustainable development prospects for the valley. Locals believe that because of the project, they will no longer be able to grow clean agricultural products or collect and process medicinal plants.

Not only organic farming but also ecotourism development opportunities in the valley will disappear.



Photo 10. Khada Valley, village of Beniani. Credit: Natela Grigalashvili

The development of tourism in Khada valley is considered to be one of the outcomes of the project. However, the tourism sector imagines a very different pathway to enhance the touristic potential of Khada. According to a [letter](#) from the tourism sector:

- ✓ Instead of roads, tunnels and large infrastructure projects, the Khada Gorge should be declared a protected area, be included in the UNESCO List of Cultural Heritage, receive the status of a geo-park and become a unique eco-tourist destination! Twenty thousand tourists are enough for the economic growth of the valley and sustainable tourism development.

During online event⁶ tourism experts once more announced that after the project, the development of ecotourism in Khada will be impossible. Only mass tourism might be developed, which will bring various challenges to the valley. In addition, the chance of benefiting neighbouring valleys from Khada's tourism will also die. Currently, for example, Khada has the potential to be linked with the Gudauri ski resort, making the resort an attraction for visitors to Khada even in the summer. This and other such opportunities have never been evaluated, and a cost-benefit analysis, including one for tourism, has not been made. , has not been made.

Specialists from different fields and locals believe that the project was planned without any transparency, the involvement of stakeholders or proper research. Consequently, the project does not meet the needs of the local population, and on the contrary poses many dangers to them. According to the ADB Compliance Review Panel's [Report on Eligibility](#) of the complaint of local people and Green Alternative:

- ✓ The CRP finds evidence of ADB noncompliance with its operational policies and procedures regarding the assessment, avoidance, and mitigation of social impacts and the maximisation of social benefits and enhancement of positive social impacts. Critical elements that will determine whether the social benefits of the project will be maximised are not yet in place.

The ADB's project management group announced in spring 2021 that they intend to develop a Master Plan for the project that will help the Khada local community with socio-economic development. The ADB Georgia published [news](#) on social media in June 2021 that the environmental CSO, REC Caucasus, held a survey on local community needs in the project area. The study's report has not been disclosed to the public yet.



Only one meeting regarding Khada's development was held in Gudauri in June, with restricted participation of locals and interested stakeholders due to COVID-19 regulations. During the fact-finding mission, we saw announcements for a public meeting organised by the project contractor China Railway 23rd Bureau Group in Tskere (see [photo](#)).

Photo 11. Khada valley, village of Mughure. Credit: Natela Grigalashvili

⁶ Online workshop, [The Khada valley potentials and development perspectives](#), Green Alternative, 23 June 2021. The meeting was attended by cultural and tourism experts, local communities, the road department and ADB local mission representatives.

Unfortunately, the company chose one of the most important religious festivity days celebrated by the local community, 13 July, for the meeting. As a result, the meeting was later cancelled. The Social Monitoring report does not describe any meetings between the project team and local community representatives after 2019. This is quite unfortunate, as permanent communication between the project and locals could at least help to address issues of land compensation, gravel extraction near the village roads and others that raise huge concerns among communities.

The board with information regarding the project grievance mechanisms has been presented in a number of the villages. The information includes both project grievances, as well as the banks' relevant available resource mechanisms. However, [the project's](#) social monitoring report reveals that from 21 individuals interviewed, three had not even heard about the project grievance mechanism. Given the number of problems people have experienced in different villages, including problems with land compensation, it appears that the project grievance mechanism does not respond in reality to the needs of the local communities.

The goal of moving the project out of the valley at the lowest possible cost is becoming increasingly difficult. The project is being implemented, and more and more problems are gradually emerging. The Roads Department's [Social Monitoring Report](#) mentions that the project will only affect the residential buildings of seven households. Yet it turns out that the whole village of Rostiantkari will need to be resettled. The report also does not state anything regarding the land expropriation processes – meanwhile, three household properties have been already expropriated through the court.



Photo 12. Resident of the village of Tskere, Khada valley. Credit: Natela Grigalashvili

Project implementation and its impacts

The Turkish company UBM was hired by the Roads Department to monitor the implementation of the project. In their 2019 [report](#), the following important recommendations were stated which have still not been resolved:

- Ensure that all locals who live in the project area will receive full compensation before project implementation;
- Restore community utility systems on time;
- Avoid the division of owners' land;
- Attention should be paid to the protection of slopes, and their reinforcement must start before any construction activities;
- Water pipe systems should be considered and removed safely before starting any construction works;
- The volume of excavated soil from tunnels needs to be calculated to know the size of their disposal site;
- The highway will make access to villages and churches more difficult. Therefore, underground or other passages should be constructed, etc.

Zakatkari and the Didveli Plateau

The land compensation process is still problematic in the village of Zakatkar. The auxiliary roads are already constructed, and workers' camps are also almost done at the Didveli Plateau. However, locals have not received full compensation yet. Another problem locals face is that the company has shown disrespect to the locals' property and its work is affecting those lands which were not considered in the project. Locals said that when moving, the workers exceed the maximum speed limit. This means the construction company either does not have proper rules for workers' behaviour, or they do not enforce them.

Tskere

The entrance to a 9 kilometre-long tunnel is considered for construction in the village of Tskere. This is one of the oldest villages in Georgia. Locals have raised various concerns regarding the project: the activation of hazards, destruction of dwellings and towers/churches, destruction of livelihoods, etc. Despite various promises from the banks and the Roads Department, these problems still have not been solved or their resolution is in progress. However, the locals already see company workers trying to rent houses in the village. Their main demand is that the project design changes and the road is built further from the village, because according to the current plan it will definitely destroy the village.

Mughure

The Roads Department's representatives claim that the waste disposal site for the 9 kilometre tunnel will be located outside of the valley, which is not true. The locals of the village of Mughure reported that the Roads Department has been negotiating with locals the lease of their lands to organise a temporary waste

disposal site. Locals use these lands as pastures. The EIA does not consider possibilities for arranging infrastructure in Mughure, neither temporary nor permanent. Therefore, its impacts are not assessed. A number of households use those lands as summer pastures for their farms and cattle. If the project uses these lands as a waste disposal site, it will leave villagers without land and income.

Rostiantkari

The village of Rostiantkari is situated in a landslide- and avalanche-prone zone. However, people do not want to abandon the village and continue to live there. Auxiliary roads will be built on the top of the village, and a tunnel and the project's longest bridge next to it. Locals are afraid that even the auxiliary road construction works, which have already started, will activate hazards and destroy the village. The resettlement procedures for locals recently started. People have various concerns, including the inadequacy of the compensation, **alongside the fact that resettlement means abandoning the village.**

Benigni

Despite the resistance of locals from the village of Benigni to selling their lands, the state has started land expropriation procedures. The process is going through the court. Locals are not still aware of whether the road will cut the village's cemetery next to the church or not. They believe that Beniani meadow requires in-depth archaeological study before any construction works begin.

Recommendations

1. The construction works should be stopped to avoid irreversible damage to nature and communities. If finding an alternative route is impossible, the project's design needs to be changed to minimise impacts on cultural heritage, landscape, biodiversity and villages (especially Tskere and Rostiantkari).
2. In-depth archaeological and cultural heritage studies must be conducted in the valley by qualified international experts. The transparency of these studies is essential in this case. A wider expert group should be involved in the process, and changes to the project's design should be carried out based on comprehensive consultations, inventory and other studies.
3. All construction work affecting the habitats of the corncrake, the otter and the Egyptian vulture should be halted until proper mitigation and compensation measures are in place. Only when these measures have shown scientifically-proven positive results for these species should construction continue. The project should not threaten the integrity of the Kazbegi National Park and Kazbegi Emerald site, nor the expansion of these sites as required by the Bern Convention.
4. The project should ensure proper geological and seismic studies, the protection of mountain slopes, and adequate measures and modelling of vibration, air pollution, and noise. Those studies should be properly integrated into the project EIA and serve as the basis for project improvement.

5. The consultation process with locals is still problematic. The consultations should be organised with affected villagers at appropriate and suitable times. The meetings with bank and the Roads Department representatives should address the concerns from the ground. Furthermore, consultation meetings should be carried out with experts in various fields, especially tourism, cultural heritage and biodiversity.
6. Construction companies should also be strictly monitored to prevent harm to high-biodiversity areas and to locals and to properly address and mitigate any potential or actual harm caused.

Publications regarding the problems and threats of the Kvesheti-Kobi road project:

1. ICOMOS International, [Heritage at Risk](#), World Report 2016-2019 on Monuments and Sites in Danger, 2020;
2. Green Alternative, [Potential Socio-Economic and Gender Impact of the Kvesheti-Kobi Road Project on the Local Population](#), 2020;
3. Gvilava M., [Expert analysis of EIA documents \(Lot-1 and Lot-2\) of Kvesheti-Kobi Road project](#), 2020.