

Fallout and failures

EIB's East–West Highway investments in Georgia amid authoritarian takeover



The European Investment Bank (EIB) has not issued new public sector loans to Georgia since the country's authoritarian crackdown in 2024. However, major transport projects approved by the Bank prior to this shift remain active. Over the past decade, the EIB has invested more than EUR 1 billion in Georgia's transport sector, including almost EUR 400 million for upgrades to the perilous Rikoti Pass stretch of the East–West Highway – part of the extended Trans-European Transport Network (TEN-T) – and a further EUR 107 million for two new East–West Highway extensions in the south of the country.¹

Project-related risks vary significantly depending on the country context and the capacity of institutions to either mitigate these risks or provide redress in line with international donor standards. With the deterioration in Georgia's civic and human rights environment, the risks associated with these investments have increased. However, the EIB can still take decisive steps to ensure the safety and security of impacted communities.

¹ European Investment Bank, [Support for Georgia's road infrastructure](#), *European Investment Bank*, accessed 10 October 2025.

For more information

Mariam Patsatsia
Georgia community support
coordinator
CEE Bankwatch Network
mariam.patsatsia@bankwatch.org

Learn more: bankwatch.org



Rustavi–Red Bridge and Algeti–Sadakhlo road projects (FL 20170159)

In 2021, the EIB approved a EUR 107 million loan for two major road projects in southern Georgia –Algeti–Sadakhlo and Rustavi–Red Bridge – covering more than 60 kilometres of East–West highway upgrades. Procurement is now underway, with construction expected to start by late 2025.

The projects cut through Marneuli, one of Georgia’s largest municipalities and home to an ethnic Azerbaijani population long affected by structural discrimination and social exclusion.² Historically, this community has faced restricted political participation, inadequate access to basic public services, and major challenges related to unresolved land issues and language barriers.³ Women in particular are exposed to intersecting vulnerabilities, including high rates of early marriage, limited educational and economic opportunities, and a lack of protection from state institutions.

Project documents indicate that neither the EIB nor the Roads Department of the Ministry of Infrastructure – the project promoter – has acknowledged these vulnerabilities.⁴ The projects affect 26 villages and more than 3,300 people. Field research conducted by Bankwatch and Green Alternative in 2025 identified widespread impacts, including problematic cases of physical resettlement and significant disruptions to agriculture and local businesses.⁵ Residents stated that they were only informed about the projects after land acquisition had begun and felt pressured into accepting unfavourable terms, often through coercive tactics by Roads Department officials.⁶

Before any funds are disbursed, the EIB should ensure that the projects comply with the Bank’s Environmental and Social Standards. To do so, at a minimum, the following actions are required:

- Conduct a thorough, high-level analysis of the nature and extent of discrimination and vulnerability experienced by communities in the Marneuli and Rustavi municipalities, and carry out a comprehensive social assessment.
- Develop stakeholder engagement plans based on the findings of the vulnerability analysis, paying particular attention to the meaningful participation of women.
- Review and update the land acquisition and resettlement plans to align the projects with the EIB’s Environmental and Social Standards.
- Strengthen project monitoring by engaging social and environmental specialists to comprehensively oversee the projects throughout the life cycle.

² Publika, [როგორ და რატომ არიან ეთნიკური უმცირესობები საქართველოში გარიყულები?](#), Publika, 14 December 2022.

³ Nargiza Arjevanidze, [კულტურული დომინაციის და უმცირესობების კულტურის წაშლის ნიშნები ქვემო ქართლის რეგიონში](#), Social Justice Center, 2020.

⁴ Mariam Patsatsia, [Highway of injustice: How EIB-financed East-West road projects in Georgia impact local communities](#), CEE Bankwatch Network, October 2025.

⁵ Ibid.

⁶ Ibid.

Chumateleti–Khevi and Ubisa–Shorapani road projects (FL 20160404)

The Ubisa–Shorapani section of the East–West Highway in Georgia opened on 28 October 2023, with final works on the Chumateleti–Khevi section of the Rikoti Pass now nearing completion. Both projects are financed by the EIB. However, their legacy is proving far removed from their original promises. Instead of delivering safer and faster travel, the projects have left behind a trail of unanswered questions over shoddy construction, destabilised slopes, altered rivers, reckless waste disposal, and structural damage to local homes. Collectively, these failures have exposed both communities and commuters to serious safety risks.⁷

The social costs are rising, too. As the new highway diverts traffic away from towns and villages, local businesses, markets, and roadside economies are collapsing, with a number of communities cut off from vital transport links. Some roadside vendors have been relocated to new locations along the highway, but for many others, promises of relocation and recovery have largely failed to materialise. Consequently, communities have been left to bear the burden of progress – of which they were never truly a part.⁸

The EIB Group Complaints Mechanism is currently investigating the compliance of both projects with the EIB’s Environmental and Social Standards along with its other relevant policies and procedures. It is also investigating two adjacent sections that, while not financed directly by the EIB, form an integral part of the Highway upgrades on the Rikoti Pass and are therefore subject to the EIB’s Environmental and Social Standards.

The myriad of issues plaguing highway projects in Georgia also casts a shadow over the international donors backing these projects.⁹ This underscores the necessity for the EIB to re-evaluate how decisions on the financing and monitoring of road infrastructure and transportation projects in Georgia are made. Following the compliance review investigation, the EIB Board of Directors should:

- ensure implementation of a mitigation and remedial action plan; and
- increase the scrutiny of the EIB Management Committee’s project monitoring efforts before, during, and after project implementation.

⁷ Mariam Patsatsia, [The promise and perils of Georgia’s East–West Highway project](#), CEE Bankwatch Network, 2 May 2024.

⁸ Mariam Patsatsia, [Bypass: The hidden social toll of Georgia’s East–West Highway on its towns and villages](#), CEE Bankwatch Network, 5 May 2025.

⁹ Mariam Patsatsia, [Georgia’s highway dilemmas and the Asian Development Bank](#), CEE Bankwatch Network, 5 May 2024.