



Don't Dam the rivers

The story of Nenskra Hydropower plant in Svaneti,
Georgia

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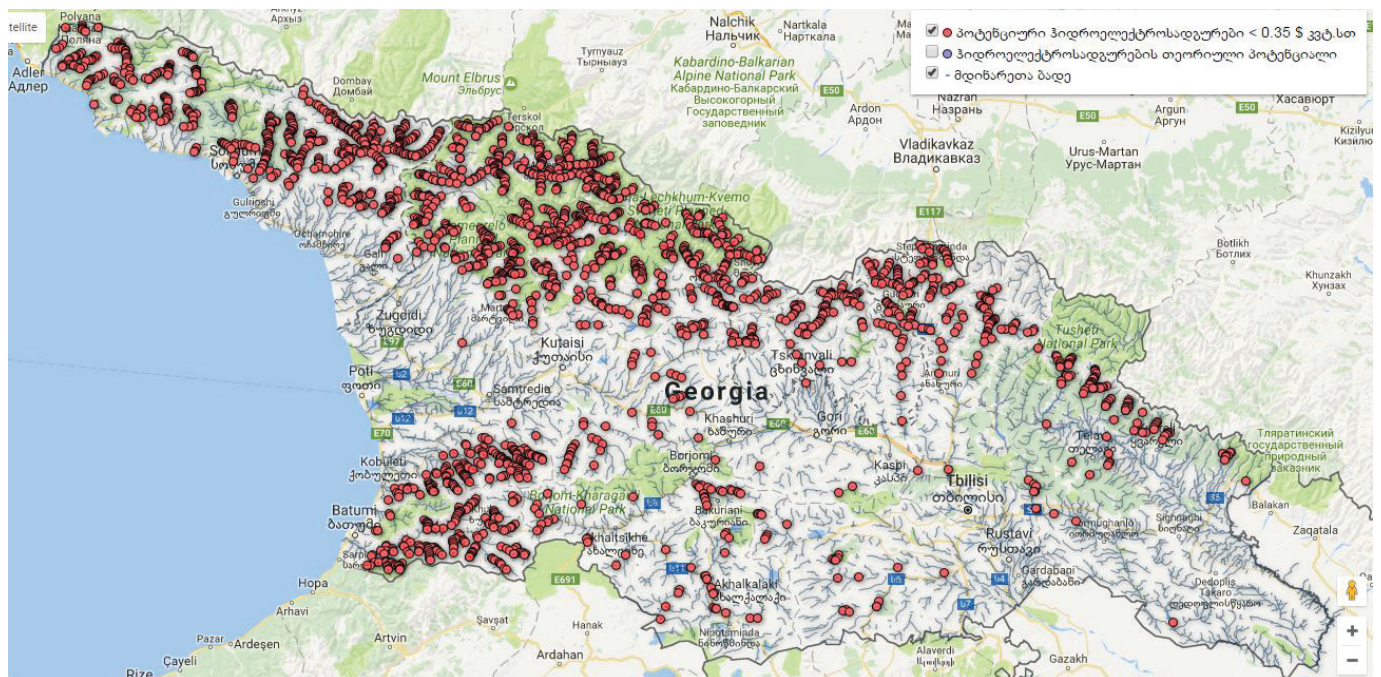
Don't Dam the rivers

The story of Nenskra Hydropower plant in Svaneti, Georgia

General overview

Government of Georgia has promoted hydropower as a way of tackling energy security and turning the country into a regional energy player and introduced plans to construct over 114 hydropower plants (HPPs) in Georgia¹, including Nenskra, Khudoni, Namakhvani Oni Dams, slated for construction. Dozens of additional plants have been identified as potential investment opportunities, resulting in an unclear mix of conflicting projects that may place an excessive burden on the environment and people's livelihoods. The combination of weak environmental legislation and the lack of strategic plans have enabled the Georgian government to rush forward concessions on around 84 plants since the adoption of the EU-Georgia Association Agreement in June 2014.

The major impediments to thoughtful and accountable hydropower development include: Lack of state energy strategy; Absence of a Strategic Environmental Assessment for the hydropower sector; Absence of Cost Benefit Analysis; Inadequate river basin management plans and Failure to assess social impacts and ensure meaningful public consultations.



Potential HPPs planned in Georgia – Ministry of Energy

Lack of state energy strategy

The development of hydropower needs to be backed by a national energy strategy that sets the direction and targets for how hydro power fits together with all renewable energy and energy savings alternatives²;

Absence of a Strategic Environmental Assessment for the hydropower sector

Without a Strategic Environmental Assessment (SEA) of the hydropower sector, Georgia is unable to understand the long-term environmental, social and cumulative impacts of these developments. An SEA of such a strategy was recommended by external experts including the Netherlands Commission for Environmental Assessment³;

¹ <http://www.energy.gov.ge/projects/pdf/pages/Ongoing%20Investment%20Projects%201233%20eng.pdf>

² Such demand is in line with recommendations of the World Commission on Dams that stipulate a strategic energy development plan, which should be based on energy demand assessment process and best scenario of meeting these needs by taking into account not only technical, economic and financial but also environmental and social issues too. http://www.unep.org/dams/WCD/report/WCD_DAMS%20report.pdf

³ When reviewing the assessment on the Khudoni dam planned downstream of the Nenskra HPP the Commission stipulated: "Verification of such large Hydropower project should be based on a national energy demand and supply point of view, supported by a strategic environmental assessment (SEA), typically providing an overview of present and expected future social and economic development, the resulting development in energy demand, an inventory of power generation potential of the country, alternative options to meet the future energy demand based on different sources of energy (fuel mix), the desired level of self-sufficiency etc." Advisory Review of the Environmental

Cost Benefit Analysis missing

Multiple stakeholders have called on the Georgian government to perform a cost-benefit analysis of the hydropower sector. They have warned that freestanding economic assessments are unable to assess the broader implications such as loss of property and livelihood, resettlement, environmental degradation and the effects of a project on national energy supply and demand⁴;

Inadequate river basin management plans

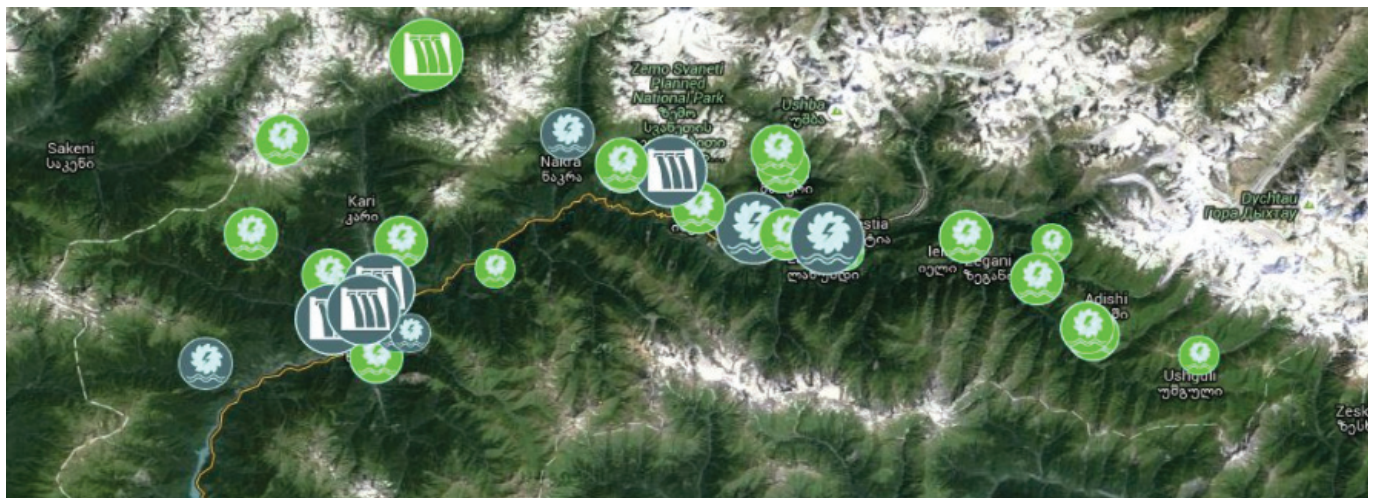
As a country under an EU Association Agreement, Georgia has an obligation to conduct river basin management plans that integrate economic and ecological perspectives into river water management⁵. Such a plan should describe the available water resources, its present users and uses, the development potential 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 principles⁶;

Failure to assess social impacts and ensure meaningful public consultations

The current one-stage environmental assessment process required by Georgian legislation fails to assess the social impacts and ensure meaningful public participation in the decision-making process. While international safeguards require scoping processes, an assessment of the impacts on livelihoods and resettlement and meaningful consultations with stakeholders, it has been a standard practice that preparatory and construction works on a plant has started prior to the full identification of stakeholders, the preparation of a stakeholder engagement plan and consultation meetings. This has repeatedly led to untrust of the affected populations and resulted in incorrect and late mitigation measures. What follows is an outline of these major concerns over the flaws in the assessment of the environmental and social impacts of the Nenskra HPP.

Nenskra HPP

The Nenskra HPP is one of 35 hydropower plants slated for development in Upper Svaneti, a region roughly one-and-a-half times the size of Luxembourg. 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.



Planned 35 HPPs in Upper Svaneti region – CEE Bankwatch Network

The 280 MW Nenskra project includes the construction of a 135 metre rock fill dam on the Nenskra river, which would flood up to 400 ha of forests and communal lands. Additionally, a 13 metre dam and 12.4 kilometre diversion tunnel will be built to bring water from the Nakra to the Nenskra reservoir. The scheme will considerably reduce the environmental flow of the Nakra river, leaving just 10 per cent of average annual flow downstream regardless of seasonal fluctuations.

and Social Impact Assessment of the Khudoni Hydropower Project. Netherlands Commission for Environmental Assessment. 3 June 2013. <http://api.commissiener.nl/docs/mer/diversen/os24-b017ar-khudoni.pdf>

⁴ We note that an environmental and social cost benefit analysis has been carried out for the Enguri watershed area. CSOs however were not consulted on the preparation of the document and do not know at what stage of preparation it is. See: Model of watershed based hydropower development in the Enguri watershed area, including assessment of the environmental and social cost. <http://www.eecgeo.org/en/projects.htm>

⁵ The latter are required by the EU environmental directives and the commitments undertaken by Georgia within the Association Agreement (EU Water Framework Directive);

⁶ 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;

The project is planned to be implemented as a joint venture between the state-owned Partnersip Fund and the Korean K-Water company under the BOT scheme (Build-Operate-Transfer). International Financial institutions such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB) are considering a loan for the Nenskra hydropower plant project (HPP), while decision to fund it has not been made yet.

A lack of clarity about the total costs surrounds the project. The International Financial Corporation (IFC), which has provided advisory services for the project, estimates the project at about USD 650- 750 million. On the other hand, the Partnership Fund estimates the costs at USD 1 billion.



River Nenskra, Nenskra HPP project site - Andrey Ralev

Energy Community and confidential contracts

On October 14, 2016, the Energy Community ministerial council approved Georgia's application to join. Membership in the Energy Community is an important step towards EU integration, as the Georgian energy sector must now be a competitive, transparent and accountable system in order to integrate with the pan-European energy market. While the ratification of the Accession Protocol by the Georgian Parliament is still pending, the existing practice of signing contracts between the government and private companies, as well as issuing permits and defining tariffs solely by the Ministry of Energy, will continue to be problems and challenges for Georgia in pursuing the requirements of Energy Community membership.

The Nenskra project proves this point, as the contract with the project sponsor is confidential. Despite the assurance of the company⁷ that negotiations are still underway and parties plan to disclose the contract after finalization, we are concerned that a construction permit and preparatory works were launched already in 2015 without clarity about the roles distribution among the parties. With project costs estimated at USD one 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. As a resettlement action plan and the aforementioned supplementary package have not been disclosed, contract details remain unclear.

Impacts on biodiversity

Impacts on biodiversity are a key concern of the project as it will cause irreversible damage. It is however unclear how the operation of the plant will affect the individual animal and plant species (spring trout, otter, brown bear, lynx) and what mitigation measures the company will take. While the ESIA claims that the project area lies outside of the planned protected area in Upper Svaneti, this is not correct. The project should be coordinated with the Agency of Protected Areas. The importance of nature conservation in the Nenskra and Nakra valleys was highlighted by an international expert who questioned the idea of damming the small mountain rivers and stressed the national importance of conserving the undisturbed high mountain ecosystem⁸.



Nenskra HPP project site – Andrey Ralev

Complaint to the Bern convention

On 24 October 2016, Green Alternative submitted a complaint to the secretariat of the Bern Convention about the Nenskra project. The impacted area of the project falls within the territory of a proposed 'emerald' site (GE0000012 Svaneti 1), which was evaluated at the Emerald Biogeographical Seminar 27-29 May 2015 in Tbilisi. The site was proposed for conservation because of a number of important habitats and species identified in the appendices of the convention (including IUCN Red Book endangered species like the Western Tur). In the beginning of 2016, national authorities excluded a certain number of territories from the initially proposed site, including territories where the HPP is currently planned, without justifying their decision.

⁷ The CEO of the JSC "Nenskra Hydro"; dated by May 31, 2016;

⁸ Review of Nenskra HEP ESIA Study To Ministry of Environment and Natural Resources of Georgia; Paragraph „3.6.5 Impacts on Surface Geology and Morphology and Mitigation Measures“; May 13, 2015;

At the end of 2015, the project received a construction permit in spite of having failed to follow “the necessary protection and conservation measures in order to maintain the ecological characteristics of the candidate emerald sites until their full inclusion”⁹. According to a response from the Bern Convention secretariat, the bureau plans to assess this complaint at its first annual meeting for 2017 in March, and it has requested the official position of the Georgian authorities.

The Svans and indigeneity

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 has 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.

As the release of the supplementary package is delayed, it remains unclear as to whether the banks plan to apply provisions of their safeguard policies related to indigenous people. Initial information from the EBRD suggests that it does not plan to treat Svans as an indigenous group, while the position of other IFIs is unclear. We strongly believe that Svans display characteristics of indigenous people as defined by the environmental and social policies of the IFIs and thus should be treated as such for the purposes of the project’s analysis.

If the Nenskra project proceeds, it will impact a number of economic activities for Svan in Chuberi and Nakra, in particular forestry, animal grazing and subsistence agriculture. It should be noted that the project already has had a drastic impact on locals. Access to pastures located within the project site was restricted for the locals, and the prohibition of logging and access to forestry by the government significantly impacted the income of communities and is actively used as a point of leverage to influence the position of locals towards the project representing clear violation of the rights of locals.



Village Adishi – Rosa Vroom

Neglected social impacts and public opinion

The Nenskra HPP will impact directly or indirectly the lives of downstream communities and a number of local economic activities, in particular forestry, animal grazing and subsistence agriculture. Yet the existing assessment of the Nenskra project completely omits the baseline identification of the affected communities and neglects an evaluation of the impacts on their livelihoods and physical displacement. The ESIA does not cover the loss of customary lands, impacts on vulnerable people (internally displaced people, women), health, resettlement and other issues. The absence of this during the scoping process has also led to the inadequate and untimely engagement of the affected population.



Medieval Tower, village Adishi – Rosa Vroom

It is notable that the Nenskra Environmental and Social Impact Assessment (ESIA) study 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. Since ADB Annual Meeting in Frankfurt, the concerns were discussed with the Bank, the K water tried to re-establish the public relations with local communities. However, the

meeting was organized by Korea’s K-Water on May 15, 2016 without prior notification and it overlapped with local festivities. According to the locals, only 15 people of 320 families attended the meeting, and that participants were brought in from places not affected by the dam. Participants at the meeting also allege that no meaningful discussions took place, and that the choice of mediator was decided without their consent.

⁹ <https://wcd.coe.int/ViewDoc.jsp?p=&id=1859645&Site=&BackColorInternet=B9BDEE&BackColorIntranet=FFCD4F&BackColorLogged=FFC679&direct=true>

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 raised¹⁰. In contrary State officially registered all land plots, houses and forests not registered by the locals on its name in November 2016.



Village Nakra, Mestia municipality – Rosa Vroom

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 lines connecting the Nenskra plant to the grid might require displacement in the Lakhmi 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.

In addition, it's not clear what is the role of Georgian Government in this private sector project. It appears that two families living within the proposed powerhouse site (Lekalmakhe village, Chuberi community) received compensation proposals for displacement jointly signed by the representatives of the Ministry of Economy, Ministry of Energy, JSC partnership Fund and JSC Nenskra Hydro. According to the notification, the government bearing responsibility to pay certain compensation for the displacement and sets deadline to the families to respond (Deadline was set by July 5). In the background of absent resettlement action plan and free negotiations sending compensation proposals by the government brings more confusion than clarity to the topic and raises the question around the role and responsibilities of the State.



Village Chuberi, Mestia Municipality – Rosa Vroom

¹⁰ Nenskra JSC Project on the Construction and Operation of Nenskra HPP. Environmental and Social Impact Assessment Report. By Gamma Consulting. 2015. p.394

Geological risks and natural hazards assessment

The project is planned to be constructed in a geologically-sensitive zone with demonstrable mudflows and landslides that could affect the future reservoir area, the village of Nakra and an access road. The project ESIA does not specify and assess the existing landslide-prone areas as within the project site, and the risks are real of new landslide-prone areas emerging as a result of dam construction and operation. A detailed risk assessment about the impacts of avalanches and rock falls on the reservoir has also not been carried out. A special assessment for the village of Naki, which is affected by two mudflows (on the Lekvederi and Leknashera rivers) is lacking. The impacts of the Leknashera mudflow on the village have been totally neglected in the EIA, as well as mudflows in the Nenskra valley¹¹. The landslides triggered by the Dariali and Shuakhevi HPPs have shown the need of proper assessments in order to avoid or minimize the geodynamic risks.

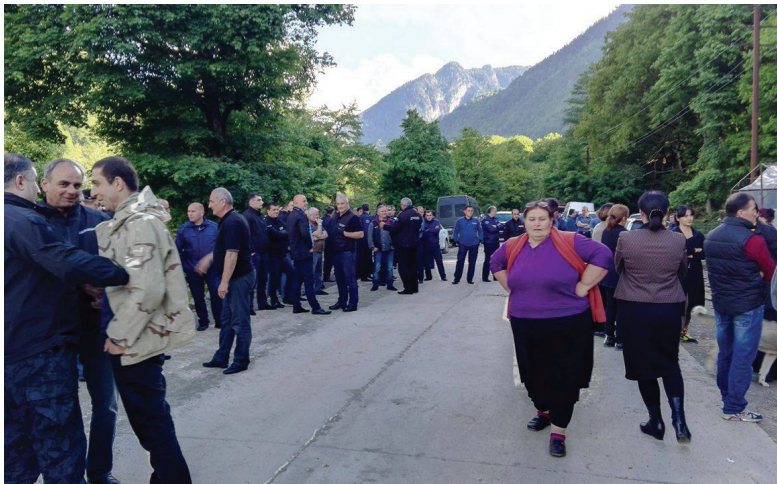


Lekverari mudflow, Village Nakra – Nakra villagers

Protest against the Nenskra project

On April 26, 2016 locals decided to start protest the project and blockade the road leading towards the proposed dam site. They declared that their protest would continue as long as their demands are fulfilled. On May 20 the situation escalated as the government of Georgia decided to clear the blockade using police Special forces¹². Confrontation between police and locals resulted in the detention of eight residents of Chuberi and Khaishi communities. Community assessed police act as gesture of provocation and intimidation. Fearing further police repression community called off the road blockade but continue the protest.

In response to the intimidation, Chuberi and Nakra communities called representatives of all 17 communities of Upper Svaneti for coordination meeting of Svans¹³. In June 12, 2016 coordination meeting was held in Khaishi attended by representatives of all communities of Upper Svaneti¹⁴. The meeting declared that Svans are an indigenous people with its own



Protest in Chuberi, Village Lakhmi – Chuberi villagers

language, traditions and culture and that it is necessary to restore the ancient tradition of holding a pan-Svan congress called lalkhor in order to have more of a say in large-scale infrastructure projects, which are planned in the region. It also concluded that existing model of development in Svaneti should move away from development of hydroelectric infrastructure projects and instead focus on development of ecotourism and agriculture. Moreover, Chuberi and Nakra communities announced resuming the protest against the Nenskra HPP project fully supported by the coordination meeting.

The protests action take a place at July 3rd in Chuberi Gorge at Nenskra HPP construction place, Several activists clashed with police who tried to prevent them from entering the site¹⁵. Another action held at July 16 in Tbilisi in front of ADB's and EIB's local offices in Tbilisi and demanded once

again to stop considering any funding to the Nenskra HPP project until their demands are met. The rally continued towards the State office protesting Government's policy regarding the HPP development in Georgia.

¹¹ Review of Nenskra HEP ESIA Study To Ministry of Environment and Natural Resources of Georgia; Paragraph „3.6.5 Impacts on Surface Geology and Morphology and Mitigation Measures“; May 13, 2015;

¹² <http://bankwatch.org/news-media/blog/eight-arrested-protest-against-georgian-dam>

¹³ The major indigenous inhabitants of Svaneti region are Svans, they speak their own original non-written language (dialect) - Svanuri that belongs to the group of Georgian languages (dialects). Svaneti is one of the charming pieces of the multi-ethnic and cultural mozaic of Georgia.

¹⁴ <http://dfwatch.net/svan-ialkhor-council-convenes-to-stop-hydro-power-plants-43212>

¹⁵ <http://dfwatch.net/protests-resume-against-the-nenskra-hydro-power-plant-in-svaneti-43561>

Demands of Chuberi and Nakra communities

One of the key concerns about the project is related to the lack of communication and an underestimation of the project's risks. Despite assurances from the IFIs that abovementioned concerns would be addressed with a so-called 'supplementary package' to be released in July 2016, the document has yet to be disclosed and is delayed several months. While the IFIs claim that additional studies are underway and will be incorporated within the supplementary package, locals do not argue that since the summer, any research works in the valley to study environmental and social issues nor have public consultation meetings been organised. According to villagers, the only research happening in the valley was some drilling works at the project site and since October, the project company stopped drilling and fired a majority of the employees, including local villagers.

Frustration within the two communities is growing. Locals plan to resume protests against the project and continue to reiterate their demands of the company:

- To provide an assessment of project alternatives that does not require flooding of the gorge;
- To carry out a cost benefit analysis of the project for the country, region and the community;
- To conduct an independent review of the geological risks by independent experts, not commissioned by the company, and to provide information;
- To arrange open public hearings on the project and to invite all the interested stakeholders including independent experts, national and international NGOs;



Above the Nenskra HPP project site – Andey Ralev

If these demands are not met, the communities plan to hold protest rallies and not allow any construction works.

Annex

Collective letter of Chuberi community to the IFIs; April 18, 20163

To: European Bank for Reconstruction and Development
European Investment Bank
Asian Development Bank

Prime Minister of Georgia
Mr. Giorgi Kvirikashvili

Public Ombudsman of Georgia
Mr. Ucha Nanuashvili

Political parties of Georgia

National and international organisations in Georgia

Georgian public

From: Chuberi community, Mestia Municipality

S t a t e m e n t

Construction works on the 280 megawatt Nenskra hydropower plant (HPP) project considered for financing by the above mentioned International Financial Institutions (IFIs), is ongoing in the Chuberi community. According to the representatives of the JSC “Nenskra” the project is very important for the country as it will bring huge benefits not only for the Mestia Municipality but for the Chuberi community too. Despite such claims the company has not provided detailed information about the benefits of the project for the community and whether the benefits exceed the damage that the project brings to the natural environment and Chuberi livelihoods.

Currently there are 320 families living in the village of Chuberi located along the border with the Russian Federation and the Upper Abkhazia. The community played crucial role in the evacuation of the population from Abkhazia during the conflicts in 1993 as well as in 2008. Refugees from the both conflicts were hosted by the Chuberi community and were provided free aid during two weeks. Thus we believe that preserving the Chuberi community needs to be priority for the country. Unfortunately, we were not treated in a dignified an inclusive way during the decisions-making process over the Nenskra HPP. We have not had access to the proper scientific project reports examining the geological, seismological, environmental and social issues. We have not been informed about the project related risks by the company either. The Environmental Impact Assessment report (EIA) lacks detailed assessment of the damage that the project brings to our community.

Chapter 6.15.3.2 in the EIA stands as an example of the flawed assessment. The chapter reads:

“Its impact on climate will be essential in spring, when the whole ice cover will start melting-breaking and in the late autumn, before the ice events will start. The significant difference between water and air temperature in these periods and strong wind will activate evaporation. Evaporated moisture in form of snow-ice will lie on buildings, fruit trees and will damage them. The damage caused by early freezes is heavier, because the freezes cause the death of buds and sprouts, due to which the useful plants start premature aging, infertility and death. The population living in the vicinity of the reservoir will get a heavy living conditions, who are sick with rheumatism or/and respiratory and require vascular system treatment.”

In addition, the area to be flooded by the reservoir (400 ha) which includes pastures and forest that are crucial for existence of our community, has been treated as the state owned land and not as the community property. The reservoir area represents customary lands of our ancestors despite the fact that it is not registered in the public registry.

Despite the claims of the Ministry of Energy and the investor company that the project does not require resettlement, according to a map acquired during a meeting around 50 families from the Lakhami village (Chuberi community) will be displaced because of the high voltage transmission line. Such involuntary resettlement is unacceptable either for the Lakhami village or the Chuberi community as a whole. The fact that the transmission line connecting the Nenskra HPP with the grid is not assessed as a part of the HPP project raises serious concerns.

All the villages inside the Chuberi community are located in the landslide prone area and the construction of a tunnel for the HPP will trigger the landslides. In 1976 and 1987 natural disasters caused by the big snow almost halved the community. As a result, the government resettled part of the population to Dmanisi region. The Chuberi residents who stayed were those who could not give up their homeland and despite the harsh winters stayed in the village. Construction of the 135 meters high dam upstream of the village will negatively impact the valley, property, agricultural plots, pastures and community lands. The dam standing behind will have psychological impact on us and will make us leave our lands. Flooding the river that is highly important for the community will dry spring water resources, create deficit of the drinking and irrigation water. These impacts were and not studied in the EIA. We strongly believe that the construction of the HPP with the existing technical parameters will hazard the existence of the village. We will not allow that to happen.

In the light of above, we are approaching the international financial institutions considering to finance the project with a demand to withdraw from the project until:

- The assessment of project alternatives that do not require flooding of the gorge are provided;
- Cost benefit analysis of the project for the country, region and the community is carried out;
- Independent review of the geological risks by independent experts, not commissioned by the company is conducted and information provided;
- Open public hearings of the project is arranged and all the interested stakeholders including independent experts, national and international NGOs are invited to attend it;

In case if our demands are not met, the Chuberi community will start permanent protest action and not allow the company vehicles and staff to proceed with construction works.

We are also approaching political parties to assess our situation and openly state their position to the project and apply the stance in their pre-election program.

We also approach the public ombudsman Mr. Ucha Nanuashvili to assess whether our rights to the property and livelihoods are violated due to the irresponsible actions of the company of starting construction works without proper surveys that are set to damage our property and pose threat to our livelihoods.

