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Press Releases

Giant Georgian dam no solution for Georgians, says new report

A new report released today from Bankwatch's Georgian member group questions whether the solution for the troubled Georgian energy sector is the Khudoni Dam, a project which has already received World Bank grants for feasibility studies. The report also highlights the likely severe negative impacts of the dam construction on people in Georgia.

The report – entitled ‘The Khudoni Dam – A necessary solution for the Georgian energy crisis?’ [\[1\]](#) – examines the proposed 201 metre Khudoni hydro power plant (HPP) planned in Upper Svanetia, an area of unique beauty and history on the River Enguri. According to Georgian government calculations, construction of the Khudoni HPP will cost USD 500 million and will last 4-5 years, with planned installed capacity of 700 MW with a 1.7 billion kw output.

The construction of the dam would require the flooding of a number of unique villages and the resettlement of around 2000 Svans. Preserved by its long isolation, the Upper Svaneti region of the Caucasus is an exceptional example of mountain scenery with medieval-type villages and tower-houses, where people still continue to live based on a mixture of ancient traditions and Christianity.

Manana Kochladze, Bankwatch's Regional Coordinator for Caucasus, said: “The Svans, an ethnographic group of the Georgian people, are a race apart. The pace of life is different there, they have their own language and traditions, their own architectural styles, and for them ancient customs are still very much a part of everyday life. The Khudoni Dam construction threatens this way of life that first took root in the region in 3000 BC.”

The Khudoni Dam construction would also accelerate the devastation of the region, through the destruction of sub-alpine forests, meadows and wildlife habitat, the loss of river species populations and the degradation of upstream catchments areas owing to the flooding of the reservoir area in one of the most stunning highland regions of Georgia. [\[2\]](#)

The report underlines that the financing of the Khudoni dam – or any other large dam – would not represent effective investment for the Georgian power sector. Instead it would lead its development along an unsustainable path. The Khudoni construction would also significantly reduce the opportunities for critical evaluation of other investments for the rehabilitation and construction of small- and medium-size HPPs, as all government focus would switch towards securing funds to complete Khudoni.

In addition, Khudoni Dam represents an unfortunate step forward for the Georgian government's desire, instead of satisfying local needs, to rather become an energy-exporting country via huge HPPs directly connected to export possibilities.

Manana Kochladze continued: “This construction continues the old Soviet tradition of gargantuan projects that may potentially have drastic cumulative impacts on the biodiversity and landscape of Georgia, with no benefits for the Georgian energy sector. Yet, as our report demonstrates, Georgia has tremendous potential to develop its sustainable energy sector and we offer solutions by exploring alternatives and potentials that could ensure a stable energy supply, poverty eradication and economic development for Georgia.”

The report underlines that the government of Georgia, as well as the international financial institutions playing a role in Georgia’s development such as the World Bank and the European Bank for Reconstruction and Development, should ensure the sustainability of the national power sector’s development path through the attraction of investments for the rehabilitation of existing generating capacities, energy efficiency and the development of small local renewable (hydro, wind, solar) resources.

For more information

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Notes for editors

[1] The report “The Khudoni Dam – A necessary solution for Georgian Energy crisis?” is available to download at: http://bankwatch.org/documents/khudoni_dam_study.pdf

[2] The upper part of the River Enguri basin combines sub-alpine forests and meadows, rocks and alpine tundra, and the area is well known for its endemic wildlife – birds, mammals and amphibians.