



European Bank
for Reconstruction and Development

Mr Greig Aitken

2 November 2009

Dear Sir,

Thank you for your letter of 19 October addressed to Thomas Mirow, the President of the EBRD and Philippe Maystadt, the President of the EIB, in which you share your concerns regarding the Black Sea Transmission Line project. Mr Mirow has referred your letter to me for attention and reply.

Please be assured that the EBRD is fully aware of the issues you are raising and has been working with the Georgian authorities throughout the preparation of this project to address them in a manner that satisfies our policy requirements. Please also note that the EBRD's Board of Directors have approved the financing of this project on 21 October under the condition that resolutions acceptable to the Bank are found with respect to relevant environmental issues, some of which you raise in your letter. Please see below our responses to these issues.

The Gardabani Managed Reserve

The pylons in this area have already been erected during Soviet times and impacts will be absolutely minimal.

The Ktsia - Tabatskuri Managed Reserve

The team in charge of the Environmental and Social Impact Assessment was able to identify an alternative route that minimises the length of line in the Reserve and avoids the most sensitive areas of the Reserve from both a biological and tourism attraction standpoint.

The Borjomi - Kharagauli National Park

Two routing alternatives were identified in the Borjomi - Kharagauli National Park and compared in terms of potential environmental impacts, construction constraints and cost, (i) the initially selected route, which is partly constructed, and (ii) an alternative route that reduces the length of line within the current boundaries of the Park but is overall significantly longer.



The conclusions of the Environmental and Social Impact Assessment are that the longer route (but shorter through the Park) is preferable in terms of impacts to the National Park.

As comprehensive information regarding construction constraints and cost were not available for both routes at the time of finalising the Environmental and Social Impact Assessment, the Georgian authorities were requested by the Bank to conduct a pre-feasibility assessment of both routes, to obtain a more accurate estimate of technical constraints and costs associated with both options. The KfW have adhered to this approach. We understand that the Georgian authorities have also agreed.

As it was not possible to obtain the conclusions of the pre-feasibility study prior to the Project submission to the EBRD's Board, the implementation of this study to the satisfaction of the Bank has been listed as one of the commitments of the Georgian government under the Environmental and Social Action Plan (ESAP) currently under discussion. The Georgian party will be required to present a convincing comparison of both options on technical, economical and environmental grounds and a fully justified choice of route.

Whichever route is finally selected within the National Park, the Georgian authorities will have to present a Biodiversity or Conservation Action Plan to mitigate and/or compensate impacts in the National Park in line with international best practice.

Please contact Laurent Chabrier (chabriel@ebrd.com) in the Power and Energy team or Frederic Giovannetti (giovannf@ebrd.com) in the Environment and Sustainability Department should you need further information.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Riccardo Puliti', with a long horizontal flourish extending to the right.

Riccardo Puliti
Business Group Director
Energy and Natural Resources