

**Progress in Implementation of Certain Areas of ENP EU -  
Georgia Action Plan in Georgia for a Period  
December 1, 2011-October 31, 2013**



Striving for environmental and  
social justice in Georgia

## Introduction

This document shortly describes progress in implementation of certain priority areas defined under the ENP EU-Georgia Action Plan for the period of November 1 2012 – October 15 2013<sup>1</sup>.

The Parliamentary elections 2012, October 1 had an impact on environmental protection and sustainable development fields in Georgia, due to the fact that incumbent coalition “Georgian Dream” announced environmental protection as one of the major priority, in its election platform and confirmed it after election.

Despite of some improvement that includes re-established ministry of Environment and Natural protection, the situation is still critical in an area. The decision making process does not comply all required steps under the legislation. In addition, Georgian society requires fast and drastic changes from newly elected Parliament and newly formed government. In order to show results, the new government may also rush to implement the reforms in the environmental protection sector. The only way out is wider discussions and consultations, revision of proposed reforms, full transparency and wide public participation in order to avoid the mistakes of past.

## Priority Area 3

*Encourage economic development and enhance poverty reduction efforts and social cohesion, promote sustainable development including the protection of the environment; further convergence of economic legislation and administrative practices.*

*Including:*

- Strengthen administrative structures and procedures to ensure strategic planning of environment issues and coordination between relevant actors

Despite the fact that the convergence of environmental legislation is set by the Partnership and Cooperation Agreement, as well as EU-Georgia Action plan and the convergence of horizontal environmental legislation will be central in environmental chapter of Association Agreement, negotiated by EU and Georgia, the assessment conduct by Green Alternative in its 2013 report “**Assessment of the Convergence of Georgian Legislation with EU Law \_ horizontal legislation**”<sup>2</sup>, **concludes number of deficiencies including that EIA procedure needs** significant improvement, does not contain any concept of strategic environmental assessment and its procedural regulation, that legal means for public participation have been restricted significantly because of legislative amendments in recent years and etc. The legislative amendments implemented over the past years significantly distanced Georgian environmental legislation from the EU environmental principles and key priorities. As a result of the mentioned legislative and institutional changes, the influence of the Ministry of Environment Protection over the sphere of environmental protection and natural resource management has significantly decreased.

Another problematic area is that there is still quite low level understanding the approximation processes in general, as well as Environmental acquis itself, among the state authorities, as well as Parliamentarians, CSOs and other related stakeholders. With the entrance in force of DCFTA the process of convergence of legislation in environmental field will become urgent therefore its important that all new laws passed by Parliament has been complied with major EU environmental directives.

In Spring 2013 the legislative changes proposed by the ministry of environment and adopted by Parliament of Georgia, tries to improve the mistakes and faults of previous government; It includes the reestablishment of ministry of Environment and Natural Resources and its enhancement through Environmental control and monitoring functions.<sup>3</sup>

<sup>1</sup> For previous years reports please visit [www.greenalt.org](http://www.greenalt.org)

<sup>2</sup> [www.greenalt.org](http://www.greenalt.org)

<sup>3</sup> The most drastic changes happened in spring 2011, that decrease the capacity of ministry, and almost all functions de facto.



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The one of the most controversial issues in 2012, was the introduction of so called new model for environmental damage compensation, that results in conclusion of an agreement of unlimited duration between interested party and the Ministry of Energy and Natural Resource. In exchange for paying compensation in favour of the state the interested person is exempted from liability for the violations committed in the sphere of environmental protection and natural resources. In March 2013, the constitutional court of Georgia founds noncompliance of the Agreement Against Nature” with the Constitution of Georgia.

#### From Action Plan

##### Promotion of sustainable development

- **Identify steps to establish and implement the national strategy on sustainable development;**
- **Ensure strategic planning of sustainable development and coordination between relevant actors;**
- **Take steps to improve integration of environmental considerations into other policy sectors.**
- **Take steps to ensure that conditions for good environmental governance are set and start implementing them”;**

The environmental policy integration in other sectoral policy is still problematic issue in Georgia. The only attempt to ensure integration of environmental issues in development strategy was elaboration of Georgia’s regional development strategy 2010—2017 under ENPI sectoral support program. However, due to the weakness of the environmental legislation and procedures during the implementation of regional development strategy there were number of the problems that undermine the integrity of the plan.

One of the best example of the rehabilitation of the road in Kazbegi region.

*In May 2013, travertine (terrestrial sedimentary rock formed by precipitation of carbonate minerals from solution in ground and surface waters and/or geothermal heated hot springs) located near Kobi-Gudauri road was in fact excavated by the Mamisoni company during tunnel rehabilitation. The road to the remaining travertine on the slope in fact no longer exists. It will take hundreds of years to produce new travertine since water coming up from the ground was up until now divided over a fairly large area, but now no longer has sufficient space to run.*

*It should be mentioned that travertine does not have the status of a Protected Area. In summer 2012 there was attempt to entitle the mentioned territory with the status of natural monument, based on suggestion of the Commission established the Agency of Protected Areas at the Ministry of Environmental Protection of Georgia. However, Ministry of Energy and Natural Resources of Georgia refused to submit specific amendments to the law.*

After destruction of the travertine’s, the Ministry of Regional Development and Infrastructure, claimed that as that travertine in Kazbegi is not included in the list of Protected Areas and that sanctions were not imposed on the construction company for the damage it caused.

However, that destroying travertine envisages criminal responsibility. “This activity is determined by Sub-Paragraph K of Paragraph 1 of Article 4 (construction of engineering protection building of viaduct tunnel) under the Law on Environmental Impact and Paragraph 2 (changes in exploitation conditions) and is subject to ecological expertise. Accordingly, a criminal case should be filed under Article 306 (activity without an environmental impact assessment) and the Article of Ministerial Negligence, also Under Article 287; this is the violation of the environmental protection rule.

#### From Action Plan

- **Strengthen administrative structures and procedures to ensure strategic planning of environment issues and coordination between relevant actors;**
- **Adopt legislation and establish procedures regarding access to environmental information and public participation, including implementation of the Aarhus Convention;**
- **Continue preparing regular reports on the state-of-the-environment;**
- **Reinforce structures and procedures to carry out environmental impact assessments;**
- **Establish communication strategies on the benefits of environmental policy; support civil society actors and local authorities.**

Georgian legislation recognizes public participation in environmental decision making as one of the key environmental principles (see Framework Law on Environmental Protection). However, declared principles are not reflected in specific procedures. In particular, most of the licenses and permits are issued under the rule of simplified administrative procedure that rules out active public participation in a decision-making process. In addition, a developer is in charge of providing for public participation in the EIA process/system (entire cycle is meant – from screening to implementation of the activity).

This latter circumstance is especially important as it does not comply with the requirements declared in the EU horizontal legislation, according to which a public authority, rather than a private person, is obliged to provide for public participation. The Law on Permit for the Impact on Environment provides for public consultation during drafting an Environmental Impact Assessment study.

Furthermore, a public authority, and not any investor, is obliged to fulfill the key principles declared in Georgian legislation. The only positive change in legislation was obligation that Ministry notifies the public regarding the issued permits. However, in practice we saw general improvements as since April 2013, the ministry is publishing the notifications regarding the opening of administrative procedure on the projects that have interest from public side on web site. Also in cases of the high public interest organizing the public hearings for those that are requesting to be the part of administrative process.

As the positive step should be assessed the establishment of legal entity of Public law, Environmental Information and Education Centre.

The goals of the Centre among others are:

- To organize and administer environmental information system in cooperation with the state organizations, academic, non-governmental, international organizations and business sector having the relevant competence;
- To collect and share the environmental information;
- To collect the information on ongoing and completed environmental projects in Georgia, to create the data base and to ensure its publicity;
- To collect statistical data related to the field of environmental protection;
- To establish and maintain environmental library;
- To facilitate the access to environmental information through the website and other information sources (internet-information network, media, etc);

However, it is quite earlier to judge about the effectiveness of the center on this stage.

Another step undertaken by government that assessed positively is adoption the Decree N: 219 of the Government of Georgia "About Electronic Requests and Proactive Disclosure of Public Information". The Decree contains seven sections, defining standards of Public information disclosure, rules of request of electronic request of public information and the List of Information to be Published Proactively. That would also have the positive impact on environmental governance.

#### From Action Plan

- **Take action for prevention of deterioration of the environment, protection of human health and achievement of rational use of natural resources in line with the commitments of Johannesburg Summit".**
- **Take action for prevention of deterioration of the environment, protection of human health and achievement of rational use of natural resources in line with the commitments of Johannesburg Summit**
- **Develop framework legislation and basic procedures and ensure planning for key environmental sectors, air quality, water quality, waste management, nature protection;**
- **Enhance administrative capacities, including for the issuing of permits as well as for enforcement and inspection;**
- **Implement existing national plans and programmes (e.g. on integrated coastal zone management, forest management, and water management);**
- **Take measures to strengthen control of all types of radioactive sources.**

#### Energy Sector

In January 2013, Georgia submitted a full membership application to the European Energy Community, but the major areas of progress in the energy sector have been achieved through internationally funded initiatives rather than country-driven initiatives, and the elaboration of a law on energy efficiency and renewable energy has again been postponed.

**During November 2011-June 2013, Georgia made no significant progress in approximation of its energy and climate legislation, although a package of legislation was adopted that will allow a strengthening of the administrative and control capacity of the Ministry of Environment, and the introduction of approximation legislation might still be submitted to parliament in 2013.**

The major problems stayed unchanged in Georgia's energy sector.

In general, Georgia's has no strategic development plan for energy sector and since 2001 energy balance has not been prepared. Despite certain positive changes over the past years, the sustainability of energy system is still problematic in Georgia. Among the key problems we can distinguish the safety of supplies; integration of environmental standards both in the process of energy generation and consumption; also development of competitive systems with the purpose of supplying power to consumers at moderate prices. Today Georgia is completely dependent on imported organic fuel creates danger of economic and political dependence for the country, while the parameters of energy intensity exceeds the parameters of EU member states 2-3 times.

Without proper analyses to address the legacy of the past, both old and new Georgian Government works to position the country as a future regional renewable energy hub and develop number of the HPPs, including both highly controversial large dam cascades mainly in the mountainous areas of Georgia, including the Khudoni HPP (702MW, annual output 1.5 TWh) on Enguri, the Namakvani cascade (450 MW, annual output 1.6 TWh), Nenskra Cascade (438 MW, annual output 1.2 TWh), as well as divert ones such as Paravani (87 MW) and Dariali HPP (109 MW), as well as small HPPs all around the country with almost 1000 MW installed capacity.

The planned projects do not comply with the principles of sustainable development, and they may have serious negative impacts for the environment, drastically change the social and demographic situation in Georgia's mountainous regions and also lead to the destruction of cultural heritage.

Simultaneously those newly developed HPPs will hardly address the problems of seasonal imbalance and excess of energy (Experts estimate the amount of excess energy to be approximately 700-800 GWh annually, or about ten per cent of total in-country electricity generation), as well as affordability of electricity prices and energy intensity.

The trend of 2012 has been continued in 2013 by government without significant changes in models. As it was before government continues to provide Build, Owned, Operated, BOO Model for construction of the dams. In August 2013, the Ministry of Energy adopted the new regulation for construction of new Hydros under the Renewable energy 2008 program without any public discussion.

The requirement for the hydro owners to ensure provision of 20% of annual electricity output to be purchased by ESCO through guaranteed purchased agreement during first 10 years of operation is considered as step forward. However, it does not regulates the seasonal imbalances as it does not specifies when this 20% should be provided to energy system.

In addition, Ministry of Energy keeps malicious practice of defining and adopting the list of potential hydropower stations and announcing the expression of the interests, that specifies the name of the potential hydro station, potential location place, scheme and all major technical parameters (that are usually subject of EIA process). The winner company will sign the memorandum of understanding with Ministry of Energy and ESCO. The regulation itself does not implies public participation<sup>4</sup> neither in case of preparation of Potential List of Hydros, neither in case of the expression of the interests, while before the EIA specifics all relevant technical parameters as it was in previous years.

#### **Actual Projects implementation and problems related to it.**

##### **Paravani HPP**

It should be also mentioned that Green Alternative submitted the complaint re: the EBRD financed greenfield Paravani HPP in February 2011. While the final report of PCM is not available, as it should be adopted by the EBRD Board of directors, According to letter of PCM officer, the preliminary findings of PCM expert is that project is non-compliant with PR 1 "Environmental and Social appraisal and Management", PR 6 "Biodiversity Conservation and Sustainable Management of living Natural Resources" and PR 10 "Information Disclosure and Stakeholder Engagement."<sup>5</sup>

The conclusions of the PCM will have impact not only on the Paravani HPP but rather broader, as the Paravani HPP model served as the models in almost all later developed EIA's for derivation and run off river HPPs.

##### **Khudoni HPP**

The Khudoni HPP has been considered by the Ministry of Energy of Georgia as strategic project. However, the relevant documents that would proved above mentioned, as cost benefit analysis of the project, as well as Resettlement action plan and number of other specific studies requested by Dutch Commission on Environmental impact assessment is still not available.

#### **Social issues**

The project impact on local communities is the most important and painful issue and keeps environmental and economic risks in the background. If the project is implemented as proposed, the villages of Khaishi and Chuberi communities, agricultural plots, pastures, forests, two churches, graves, significant historical monuments, including a medieval castle of Khaishi, yet to be studied archaeological monument discovered in Khaishi dated back to the 1st century, as well as Jvari-Mestia road will directly (flooding area) or indirectly be affected by the project; Over two thousand people will face resettlement that will create increased political risks for the country in a long-term perspective. Moreover, even excluding the difficulties related to involuntary resettlement, such fragmentation (which the Svan people have already suffered in the recent past because of natural disasters) will have a devastating impact on a small ethnographic group of Svan people. In addition, Trans Electrica company still tries to conceal real magnitude of impacts on the local communities and neglect the interests of those affected villages, which are left beyond the flooding area.

No resettlement plan has been released along with the Environmental Impact Assessment (EIA) Report that makes reviewing of the EIA documents absolutely senseless. The project developers speak about the use of the World Bank policies and its standards;

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<sup>4</sup> As it required by Aarhus Convention

<sup>5</sup> Email of the EBRD PCM officer Anoush Begoyan "I am writing to let you know that the PCM finalised the Compliance Review on Paravani HPP Project; Compliance Review Expert Mr Glen Armstrong made finding of non-compliance with PRs 1, 6 and 10 of the Environmental and Social Policy of EBRD

however, the methods used by them are very far from both the World Bank policies and international human rights law, according to which detailed, targeted consultations should be held with the population likely to be resettled due to the project and the latter should have an opportunity to participate in planning and implementation of the resettlement programme. It should also be emphasized that 1500 hectares of land and real estate located on it, including the property of the local population, as well as the works estimated at USD 178 million carried out during the Soviet period in Khudoni HPP project area, were transferred to Trans Electrica company at a symbolic price of USD 1 without any consultations with general public and/or project-affected communities.

The absolute majority of the population likely to be resettled due to the project is against resettlement. It should also be noted that a part of the population had already been relocated during the Soviet period, but their significant part was unable to adapt to new location and returned to original housing. Repeated resettlement of these families is even more difficult and unacceptable. Furthermore, it should be emphasized that Georgia has no national policy and legal procedures for development induced involuntary resettlement that would have ensured appropriate standard of living for the relocated population as required under international law.

### **Economic issues**

It is unclear how Georgia will benefit from the project implementation. Obviously, the project is profitable for the investor, but it does not automatically mean that it will be profitable for the country too. The assertions made by project proponents about annual 10% growth of electricity demand are extremely questionable. Moreover, the statements about high significance of Khudoni HPP for the country's energy independence is also very doubtful and tendentious: the state will annually receive from Khudoni HPP only 133m kWh of electricity at US 5.84 cents (that is about 7% of entire electricity generated by Khudoni HPP), while in case of additional need, the state will have to purchase electricity at an international price. Hence, it is obvious that the mentioned project has export purposes. The project does not discuss any alternatives to fill power shortage, such as energy efficiency and complete rehabilitation of existing hydro power plants. Moreover, it provides insufficient discussion of economic, social and environmental consequences of alternative design solutions. It is absurd to claim the special role of Khudoni HPP for Georgia's energy sector since the country still has no national development strategy and plan, while the Ministry of Energy has not yet developed the strategic energy development plan; moreover, no energy balance has been drawn since 2001.

Judging from the information provided in the project documents, from economic point of view, Khudoni HPP project will bring insignificant benefits to the country that will be reflected in mobilizing property and income taxes to the central and local budgets of the country. Furthermore, the project will generate insignificant macro-economic benefits in terms of GDP growth (not in the amounts mentioned in the EIA report); however, all the project benefits are miserable against the background of the damage incurred to the region and the country, as a whole.

Unfortunately, the Ministry of Economy and Sustainable Development of Georgia has not carried out cost-benefit analysis; neither did it request the investor to carry out such analysis. Generally, when foreign investments are made only in exploitation of natural resources, it does not mean healthy and sustainable economic development; especially when China, India, Turkey and other giant countries express their willingness to exploit natural resources of a small country, like Georgia.

The environmental studies are incomprehensive and do not provide a real picture to assess environmental damage caused by the project. The EIA document lists a number of mitigation and compensations measures, which are usually provided and simply copy-pasted in almost all the EIA reports prepared by various Georgian EIA consultants (plant transplantation in relevant conservation centres ; plant reproduction from seeds collected in nature; creation of live plant collections in conservation centres) but never implemented in practice.

The EIA report reviews only the cumulative impact of Nenskra HPP; however, according to the available information (order #125 of the Minister of Energy dated August 22, 2013), the Ministry of Energy plans to build nine HPPs on the River Enguri, including three HPPs – Khaishi HPP (670 MW), Pari HPP (230 MW) and Tobarı HPP (250 MW), with large reservoirs. Moreover, a couple of days ago the Ministry of Energy signed a memorandum, on behalf of the government, on construction of HPPs on Nenskra tributaries. Construction of hydro power plants is also planned on the River Mestiachala.

It is quite clear from the Energy Ministry's plans and EIA report that neither the investor, nor the state plan to implement compensation, offset measures that, first and foremost, should envisage the establishment of a protected area with high conservation status (nature reserve, national park) on the territory of Zemo Svaneti as well as protection of watersheds. Unfortunately, there is not a single square meter of protected area in Svaneti region. This recommendation was also given by the Netherlands Commission for Environmental Assessment (NCEA), that also requested the additional studies re Khudoni HPP, including Cost Benefits analysis proving the state benefits for Georgia, not for investor.

### **Concerns related to Public participation process around Khudoni HPP**

During the public consultation meeting in Khaishi village, September 17, 2013 number of violations were witnessed. a day before the discussion, on September 16, the director of project sponsor company, Trans Electrica<sup>6</sup> visited Khaishi village together with the deputy chief of Samegrelo-Zemo Svaneti's regional police department; they met with about ten local residents. The

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<sup>6</sup> Transelectrica.com

deputy police chief demanded the locals not to express their opposition to the project during the public discussion and not to display protest posters.

At 17<sup>th</sup> of September, a couple of hours before the discussion, non-local police officers started to gather in the Khaishi police building, with total number of 40, some of them equipped with firearms. Shortly before the launch of the public consultation meeting several police officers entered the meeting room. Such behaviour by police officers can be considered as an attempt to silence people opposing the project.

Half an hour before the public discussion started, Deputy Energy Minister came to the local administration building and told the locals gathered outside the building that Khudoni HPP would be built in any case. He repeated the same words during the meeting that fuelled up tensions.

Taking into account, that the meeting room was extremely small, and could not fit the all interested persons, meeting start in front of the venue. Where instead of Project sponsor and EIA team, the key speaker was deputy minister of energy, who rather to listen the remarks and opinions of the project affected communities, he spoke about the irreversibility of the project implementation arguing with anyone, who dared to express concerns over the project. The local population demand to suspend the meeting after three-hour meeting in the open air, as they found out that mostly the company's representatives, consultants, public officials and police officers were present in the meeting room. Local population considered it unacceptable, because they supposed that such discussion would be used to the detriment of their interests.

According to Georgian legislation, the state must evaluate the advantages and disadvantages of such project, which "affects undefined circle of persons, is characterized with serious danger to human life or health, comprises significant state or social interests or is related to utilization of state resources" (Law on Licenses and Permits). The Khudoni HPP construction and operation project belongs just to this category.

However, there is the signs of the pressure on competent authorities – Ministry of Environment and Natural Resources that should issue the positive ecological expertise conclusion and Ministry of Economy that issues the construction permit. September 16<sup>th</sup>, 2013, the Ministry of Environment and Natural Resources issued preliminary comments on Khudoni HPP<sup>7</sup>, that requires the significant geological and seismic studies, as well as Resettlement Action Plan and Cost Benefit analysis of the project.

Unfortunately, this process is passing with violation of legal requirements: while the entire process should be carried out by the project developer, top officials from the Ministry of Energy actively interfere in the process of assessment/consultations, answer the questions of various stakeholders instead of the project developer during public consultation meetings or through media outlets, and make promises on behalf of the company. In addition, top officials from the Energy Ministry claim that the interests of the project-affected communities would be fully taken into consideration, but at the same time, they do not demonstrate even a minor readiness for it. The key demand of the local communities to discuss the project alternative, under which the villages will not be inundated, is categorically unacceptable for the ministry. The representatives of the ministry (as well as the Georgian Prime Minister) try to assure the society without any substantiation that the implementation of the Khudoni HPP project in its proposed form is inevitable.

The neglecting of legal procedures on decision-making over the planned project, as well as exerting pressure on competent authorities and project-affected communities should be considered as continuation of the practice of former government - when the top leaders of the country were making decisions on implementation of various large-scale projects without any assessment of economic, social or environmental implications, whereas the competent authorities were simply required to fulfil these decisions, i.e. to issue the permits.

In addition, the given pressure is coupled with the campaign against the persons and organizations critical to the Khudoni HPP project aimed at undermining their reputation; project opponents are portrayed as the agents of hostile countries and opponents of the country's development. e.g. the Georgian Prime Minister's remarks made on September 16, when he directly called on the society not to listen to the opponents' statements ("It is impossible to hamper the implementation of the country's development strategy; do not believe the opponents, who only make a noise and cannot do anything more", he said). By this, Prime Minister demonstrated that any remark or opinion, which even slightly opposes the decision he already made - "Khudoni HPP must be built, like many other hydro power plants" - is a priori unacceptable for him.

It is also alarming that project proponents claim that Resettlement Action Plan will be prepared and executed in compliance with World Bank 4.12 policy on involuntary resettlement however, on this stage all WB procedures are violated, including the fact that Government of Georgia already sell 1500 ha to the project sponsor for 1 USD, that also includes the non registered lands of Khaishi villagers. The company agreed to return the lands to the owners, only in case of signing agreement on resettlement.

## Transport Sector

<sup>7</sup> [http://greenalt.org/wp-content/uploads/2013/10/MoE\\_Khudoni\\_HPP\\_Comments.pdf](http://greenalt.org/wp-content/uploads/2013/10/MoE_Khudoni_HPP_Comments.pdf)

During 2013 the number of large infrastructural projects in transport sector has been significantly reduced, especially in railway sector. While Baku-Tbilisi-Kars new railroad construction project development was ongoing, the railway stops implementation of two other massive projects as . Tbilisi by-pass railway and central railroad rehabilitation projects

### **Tbilisi By Pass Railway Project**

In May 2010 Georgian Railway LLC (100% of its shares are state-owned) receives 200 mln Euro worth loans from the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) for financing the Tbilisi Railway Bypass Project. The main goal of the project is to relocate transit of hazardous good (crude oil and oil products) from the densely populated area outside the capital with the purpose of increasing the efficiency and safety of railway operations. The project envisages the construction of a new railway section bypassing the central area of the capital city and modernization of the Didube and Navtlugi railway stations. According to the project, the redevelopment of freed-up territories will promote the development of the northern part of the capital.

The project was problematic already since beginning. It envisages the construction of 18-20 meter high embankments in the densely populated Avchala district, where the trains loaded with hazardous freights (crude oil and oil products) will be moving. The project does not discuss adequate safeguard measures for the population living along the route, while left around 900 families without proper compensation for their land. Neither has it studied the negative impact of brake fluid on living conditions in the area. The minimal distance of the railway project from the Tbilisi Sea is 900 meters. Even in case of spilling half a cistern, i.e. 30 thousand liters, about 50% of useful capacity of the reservoir will become useless that will leave the population of three districts of Tbilisi as well as about 20 thousand ha of agricultural lands of the Gardabani district without water.

In addition, the project does not include money to clean up the freed territories from hazardous wastes, as well as does not includes any real costs of this exercise, that undermines possibility to assess whole economic viability of the projects.

It should be mentioned that in September 2010, Government of Georgia refused to take subsidized loan from EIB, and refused the EBRD loan in November 2011. In order, to finalize the project, Georgian Railway issues 250 million USD obligations (interest rate 9,875% - per coupon), as well as hopes to receive money from state budget.

In January 2013, the project were stopped and investigation started by prosecutor.

According to the statements of new management of the railway company claims that finalization of the project will require the extra costs, but also have number of concerns in terms of increased costs of operation of railway, including

1. Annual maintenance and operational costs for given part will increase from 8.1 mln USD to 12.2 mn USD
2. The operational costs for train movement will increase from 3.8 mln USD to 5.1 mln USD (+35 %)
3. The distance for carriage trains increasing by 50% (daily from 1280 km to 1920 km), and duration by 150% (daily from 1302 minute to 3242 minute)
4. The costs significantly increases due to the increased cost of electricity from 15.998MW/h to 32.940 MW/h per annum
5. During the next 10 years the costs for maintenance of infrastructure will increase from 126 mln USD to 198 mln USD

### **Central railway rehabilitation project**

In 2010 the central railway rehabilitation project implementation started. The project aims modernisation of Tbilisi-Black Sea direction Railway line – of Tbilisi-Batumi line (315km) electrification, as well as 40 km of modernisation of 40 km of mountainous pass to ensure the increase of the train speed (to reach 80 km /h on the pass and 120 km/h on the other sections of the line). Nowadays, the average speed on mountainous pass is around 55 km/h, and on other sections of the line is around 65-90 km/h.

The construction of the railway gets negative outcry among the communities living along the railway line due to the noncompliance with environmental standards. Particularly, the villages of Kharagauli municipality protest that that construction company illegally disposed construction waste on village pastures, valleys and river beds. Despite the numerous requests of local villagers, the waste illegal disposal was continued. In addition, company changed the route, that creates treat to Zvare mineral water deposit. Ministry of Environmental protection starts case against of Railway Company in February 2013. The local people, whose lands, that have been recognized by government as state owned, had problems in receiving of compensation.

### **Concerns related to the urban planning and green areas of the cities.**

The problems of Green Areas continued to be problematic issues for all major cities of Georgia, including Tbilisi, Kutaisi, Batumi, Zugdidi. Local population is complaining against the activities of local municipalities that leads towards cutting of the trees, squares and parks in the middle of the cities. As a response to the local governments inaction the Partisan Guerilla movement has been established, the group of citizens in Tbilisi, Kutaisi and Mestia start to plant trees and flowers in areas, where local municipality issued permit for cuts.

It should be noted that 16 September, 2013 the Tbilisi local authorities issued the permit for construction of the restaurant in neighborhood area of Turtle Lake, despite the harsh opposition from the people, numerous petitions and meetings with local

Sakrebulo. In addition, the permission for construction of the Hotel in Vake Victory Park has been given to developer, despite the fact that park has status of the cultural heritage.

The local public, as well as CSOs are not involved in decision making process and decisions made by local government is available post factum.

The local authorities undermine the signed Covenant of Mayors, on local sustainable energy initiative, that commits towards of Aalborg Commitments, as the basis of many ongoing urban sustainability efforts and Local Agenda 21 processes; The Sustainable Energy Action Plan City of Tbilisi For 2011- 2020<sup>8</sup>, developed by Tbilisi's municipality under the Covenant of Mayors also commits, development of Green Spaces, including the creation of “Environmental Islands” and extensive tree-planting exercise. However, till now the implementation of the Action Plan has not been started. While the behavior of Tbilisi's municipality, including ignoring of public participation and widespread tree cutting all around city raises our concerns also towards implementation of the plan.

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<sup>8</sup> [http://helpdesk.eumayors.eu/docs/seap/1537\\_1520\\_1303144302.pdf](http://helpdesk.eumayors.eu/docs/seap/1537_1520_1303144302.pdf)