Are Georgia’s hydropower plans really the road to prosperity?
Georgia is blessed with water and with mountains, the ideal combination for hydropower. For supporters of Georgia’s hydropower projects building an additional 100 dams in the country (as the Government suggests) will secure Georgia’s future energy needs and earn much needed revenue. But is Georgia’s government sacrificing the country’s natural assets for little return; and by focusing almost exclusively on hydropower is the Georgia closing the door to the real economic, social and technological benefits of sustainable renewable energy?

Economic Impact:

Dato Chipashvili, an expert on hydro projects at Green Alternative, says for economic reasons alone, the Government’s plans do not stand up to scrutiny.

The project currently at the centre of attention is the Khudoni Dam planned for the region of Svaneti, a region famed for its historic stone towers and its majestic, snow-peaked mountains.

Green Alternative’s analysis of this project suggests the government would gain only $11.5 million US Dollars in tax revenue from the project. For comparison, he sites that McDonalds alone pays $19 million US Dollars in tax revenue in Georgia (it has 5 restaurants in the country).

Furthermore, the loss of forests would be in the millions of US Dollars, if one follows the government’s own logic. After Russia’s war with Georgia in 2008, the Georgian government assessed the damage Russia inflicted on the Borjomi-Kharagauli National Park and the Borjomi region’s forests at $1 billion US dollars. 980 hectares were destroyed or damaged by Russian bombardment. In the case of Khudoni 366 hectares of forest are to be flooded. In total 1500 hectares of land, including 1100 hectares of forest, have been granted to the investors for a symbolic $1 US Dollar, according to Green Alternative. A rather cheap price for a valuable commodity.

The tourism sector also stands to lose given the importance of the natural environment to the tourism industry.

Social Impact:

The social impact on the communities in Svaneti will be negative. Between 2000 – 2500 people stand to be displaced according to Bankwatch.

Georgia’s villages are currently depopulating at a rapid rate. Building dams will only accelerate the process. Revenue and employment for the communities not flooded by the dams will be negligible. They will not be enough to stem the tide of migration to the cities.

In contrast to such a fate, a number of villages in the remote region of Tusheti have been given a boost through solar panels, attracting residents to return and open up guest houses for tourists. For more info see here, here, and here

Bad governance:

The way hydropower projects are currently being planned raises real concerns over the quality of governance in the country. The lack of transparency in the planning process has led to accusations of corruption. According to Green Alternative, contracts are being formulated to the benefit of large investors, whilst affected communities are poorly consulted and offered little or no compensation. Environmental Impact Assessments are done quickly, often after the decision has been made to go ahead with a project.

Furthermore, these dams are being planned without an overall economic and energy vision and strategy for the country. As a country on the brink of signing an Association Agreement with the European Union, such standards are unacceptable.

Closing the door to the real benefits of renewable energy?

The government’s plan for so many dams may have a longer-term negative impact to Georgia’s future.

Heavy investment in hydropower plants deflects resources away from a more sustainable energy
model. A decentralised renewable energy model has the potential for greater economic and social prosperity, without the need for huge investments, and the sacrifice of Georgia’s natural assets.

Local renewable energy production technology (e.g. solar and wind) allows for energy autonomy for every village, town and city because they are cheap to install and easy to maintain. They do not require billions of investment from large self-interested investors. On the contrary, they are small, manageable and community oriented. They can revitalize communities in ways that local economic development projects often fail at, and at a fraction of the cost.

For a country where unemployment is extremely high, where the countryside is depopulating, and its cities become ever more polluted, an energy model that empowers citizens is vital.

Which model will Georgia choose?