

# Involuntary resettlement in hydropower development projects planned in Adjara

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## Introduction

One of the declared goals of the Georgian state policy is to ensure energy independence. To achieve this goal, the country is striving for maximum utilization of the existing energy potential; special attention is focused on utilization of hydropower potential. Political power changed in the country following the 2012 parliamentary elections – the coalition of opposition parties critical to previous authorities came to the Parliament and the Government. But as it turned out, the new Georgian government, like its predecessor, is carrying out an intensive campaign to attract investments to hydropower projects. Intensive campaign conducive to the implementation of large hydropower projects triggers increasingly negative public attitudes towards such projects. Negative social impacts of the projects is one of the main reasons behind such attitudes.

Frequently, implementation of large infrastructure projects (such as, construction of large dams for hydropower plants) leads to involuntary resettlement of local population. Involuntary resettlement is accompanied by interruption of local production system, disappearance income sources, weakening of community structure and social networks; people may appear in the environment, where fewer resources are extracted or where their social and productive skills can be used to a lesser extent. Involuntary resettlement can have an impact not only on resettled community, but also on the remaining population (a group of people, who did not resettle themselves, but are still suffering losses due to the loss of neighbors and resource availability) and host population (communities receiving resettled people).

Since Georgia has no state policy in the field of involuntary resettlement caused by development projects, practice used in the projects implemented in Georgia is frequently different. As a rule, the approach depends on whether any of the international financial institution is involved in the project or not.

Stemming from project needs, in case of involuntary resettlement, international financial institutions are bounded by their own operational policies that define what particular approaches, rules and procedures should be used in similar cases. If a project is implemented upon initiative of the Georgian President/ Government and if an international financial institution is not involved in it, as a rule, the complexness of involuntary resettlement is not taken into consideration; impact of resettlement on local communities is not properly evaluated; the process of involuntary resettlement is not well-planned and respectively, a number of problems emerge in the process of project implementation; in addition, human rights violations are also quite frequent.

Hydropower plants (HPP) development projects ongoing in Adjara are a clear example for the above mentioned; projects' developer companies have different approaches towards the issues of avoiding and reducing adverse effects of these projects on local population, including resettlement issues.

The Turkish company Adjara Energy 2007 is implementing Kintrisha HPP, Khelvachauri I HPP and II HPP projects on the Chorokhi River. International financial institutions are not involved in these projects. Another group of HPP (Shuakhevi HPP, Koromkheti HPP and Khertvisi HPP projects) are being developed on the Adjaristskali River with the participation of the Norwegian company Clean Energy Invest, Indian Tata Power and International Finance Corporation (IFC). Involvement of the European Bank for Reconstruction and Development in these projects is also under consideration. The following chapters discuss the approaches used by the companies in the above mentioned projects.

## **1. HPP projects planned on the Chorokhi River and the Adjaristskali River**

In 2008 the Government of Georgia and the Turkish company Adjara Energy 2007 signed a Memorandum of Understanding on the construction of hydropower plants<sup>1</sup> on the Chorokhi River in Adjara Autonomous Republic. Presently, only three (Kirnati HPP, Khelvachauri I and II HPPs) of seven hydropower plants mentioned in the memorandum are under construction. The project envisages the construction of three reinforced concrete dams on the Chorokhi River with a total capacity of 113 megawatts (Kirnati – 35 MW; Khelvachauri I – 42 MW and Khelvachauri II – 36 MW). The total area affected by the project is about 2.5 square kilometers with about 2.25 square kilometers to be flooded. Land plots owned by locals from the villages of Erge, Makho, Mirveti, Adjaristskali, Maradidi and Kirnati (about 190 families) will be subject to flooding. 5-7 families may be subject to physical resettlement.

On June 10, 2011 the Government of Georgia and the Norwegian company Clean Energy Invest signed an agreement on the construction of a cascade of HPPs on the Adjaristskali River in Adjara Autonomous Republic. The three-step cascade includes the 185 MW Shuakhevi HPP, the 150 MW Koromkheti HPP and the 65 MW Khertvisi HPP<sup>2</sup>.

The company has obtained a construction permit (and respectively an ecological expertise conclusion) only for the implementation of the Shuakhevi HPP project. The project involves the construction of the 22-meter Skhalta dam (with a 19.4 hectare reservoir) and the 39-meter Didachara dam (with a 16.9 hectare reservoir) on the rivers Skhalta and Adjaristskali, as well as the construction of three diversion tunnels (at lengths of 5.8, 9.1 and 17.8 kilometers) to divert water flows from the upper parts of the Adjaristskali, Skhalta and Chirukhistskali rivers towards the reservoirs and then the powerhouse.

The Shuakhevi HPP will affect the villages of Didachara, Kvatia, Tsablanga, Gurta, Akhaldaba, Chanchkhalo, Pachkha and Makhalakidzebi, approximately 70.5 hectares (705.277 square meters) of land, of which more than a half (355.277 square meters) is owned by local population (369 families). The project does not envisage physical resettlement of local population.

## **2. Mitigation of social impacts – company approaches**

Although the projects described in the above chapters are being implemented in one region and impacts of these projects on natural and social environment are actually similar and closely interconnected, the approaches of project developers towards social issues are absolutely different. It concerns the issue of compensation and registration of lands owned by local population, as well as the issue of communication with local population.

According to the project documents, about 250 hectares of land area will be directly affected by hydropower plants planned on the Chorokhi River, while 5-7 families will be subject to resettlement. Despite it, Adjara Energy 2007 has not so far developed any resettlement action plan that would have substantiated the need of resettlement and outlined particular measures of physical and economic resettlement.

The company determined the loss caused by involuntary resettlement and compensation values only by taking into consideration market prices on property and land plots. This principle contradicts the UN International Covenant on Economic, Social and Cultural Rights<sup>3</sup> signed by Georgia in 1994, as well as the World Bank and the EBRD safeguard policies, according to which people have the right to better or similar alternative land and adequate housing, also covering the existence of necessary livelihoods (labor, infrastructure and other means).

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<sup>1</sup> Kintrisha HPP, Kobuleti I and II HPPs, Kirnati HPP, Khelvachauri HPP, Chorokhi I and II HPPs

<sup>2</sup> As it turned out later, the company no more plans to construct Khertvisi HPP, as the project area coincides with the Machakhela planned protected area.

<sup>3</sup> The key principle in the process of resettlement and purchasing project-affected assets should be offering compensation to project-affected population that should be calculated according to market value of the assets plus resettlement and transaction costs.

Unlike Adjara Energy 2007, the Norwegian company Clean Energy Invest used another approach to compensate the loss caused by involuntary resettlement; it was largely due to the involvement of international financial institutions in the project. According to the company's calculations, the project implementation will not lead to physical resettlement and respectively, instead of the resettlement action plan, the company prepared the plan on purchasing land plots and restoration of livelihoods.

As far as the principle of calculation of compensation for incurred losses is concerned, unlike Adjara Energy 2007, the damages caused by the loss of lands (at market value plus 10% of market value), as well as the damages caused by the loss of trees and crops will be compensated (at market value taking into account the age of trees). Moreover, additional one-time compensations (GEL 400-800) will be granted to affected communities to avoid further cultivation of the lands needed for the project. The project also envisages retraining of local communities and giving them an advantage during employment in construction works.

One of the problematic issues, which the both companies faced, is related to registration of lands owned by local population and granting them compensations for these lands. Adjara Energy 2007 refuses to grant compensation for all those lands, which were traditionally owned and used by local residents or to which they had formal rights, though were not registered in public registry by the moment of signing the memorandum. Moreover, after local population managed to register their property in public registry in September 2012, instead of paying compensation for registered property, Adjara Energy 2007 filed a lawsuit against the public registry and that part of local community, which managed to register property in public registry.

Clean Energy Invest used a radically different approach to solve this issue. Although Georgian legislation allows awarding compensation to only registered land owners, the Norwegian company decided to equally award compensations to both registered owners of property and those land owners, who had no property verification documents on land, though traditionally families were using these lands. To receive compensations a person simply had to submit a confirmation on land ownership signed by neighbors. In addition, the company registered at its own expense the property of that part of project-affected population, which was not registered, through owners possessed property verification documents. The same approach was used in connection with the community-owned lands. With the involvement of local authorities and population, community lands were distributed and owners identified.

Communication with the project-affected local population is another area, where the practice used by the companies is absolutely different. Although local population constantly tries to establish communication with Adjara Energy 2007 and to solve persisting problems through negotiations, the company seems to have no desire to reciprocate. Therefore, local population has to hold peaceful rallies to settle the problems both on the project site and in Batumi. The company shuns away from direct communication with the population and tries to exert pressure on locals with the help of law enforcers.

The Norwegian company Clean Energy Invest uses different approach in terms of communication with local population. Locals say that the company regularly holds meetings in the villages with local residents and rural elders that can only be welcomed.

Despite the difference between the above mentioned approaches, unfortunately the both, Turkish and Norwegian companies, use similar approaches towards the method of identifying the project-affected communities. In particular, the companies consider only those people to be affected, who appear directly within the project site and do not consider those people to be affected, who will have limited access to their livelihoods, or, who, in case of project implementation, may incur losses, for example, as a result of intensive natural disasters.

Construction of HPPs planned on the Chorokhi River will cause loss of 181 hectares of agricultural plots and pastures that may result in gradual abandonment of villages. No such impact of the project on local population has been studied so far.

Neither did the Norwegian company study this type of impact on the population in case of the Shuakhevi HPP project implementation. The question is that construction of a 39-meter dam is planned on the territory adjacent to the village of Didachara and a 22-meter dam will be built near the village of Tsubliani. Although the project does not envisage resettlement, local population fears that the project (it envisages construction of twenty-four-hour regulation reservoir) will intensify landslide processes that will further increase the risks of involuntary resettlement of rural population.

During public discussion on the issue, the investor expressed readiness to conclude an agreement with local population – the company would commit itself to pay compensations if the dam posed any threat to the village. However, no similar agreement has been concluded so far. Locals say that eventually the company refused to conclude an agreement with the population.

Besides intensification of landslide processes, local population fears that flooding of the territory adjacent to the villages will change the microclimate in these villages that will significantly reduce land productivity and make their lives unbearable. Existence of a reservoir near the village of Didachara restricts access to about 50 hectares of land owned by the village that will be a great loss for the village with small land areas.

## Conclusion and recommendation

HPP projects planned on the Chorokhi River and Adjaristskali River in Adjara and different approaches of companies towards the issues related to involuntary resettlement caused by these projects demonstrate how important it is for the government to have appropriate policy, procedures and relevant institutions in the field of involuntary resettlement caused by development projects through which it would be possible to protect the rights of energy project-affected population, including their rights to property, adequate housing, living in safe environment and other internationally recognized human rights. Existence of social protection requirements secured by legislation is important as tens of energy projects are planned and being implemented in the country and it is essential to avoid conflicts and expensive mistakes.

The above discussed case is noteworthy to illustrate that although participation of international financial institutions in the project is a guarantee for using a higher standard compared to a local one (host country), it does not always guarantee meeting of these requirements and exerting relevant influence on project developers.

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