

# Social Impacts of Nenskra Dam Georgia

Briefing paper  
February 25, 2016

## Introduction

The European Investment Bank (EIB) is in the early stage of assessing a loan for the 280 megawatt Nenskra hydropower plant, which is to be built by a Korean investor in the northwest of Georgia. The project is located on the Nenskra and Nakra rivers in the Caucasus mountain valleys inhabited by ethnic Svans. Nenskra is one of the 34 hydropower plants slated for development in a region the size of Mallorca<sup>1</sup>. The intense exploitation of water power has happened despite no national energy strategy and with a record of unsatisfactory environmental impact assessments and minimal engagement of the affected population.<sup>2</sup>

The failure to recognize the rights of Svans and identify the impacts on their livelihoods has created opposition to a previous Khudoni hydropower project among the downstream communities. The poor quality assessment of the Nenskra project, together with the neglect of the opinion of locals, threatens to aggravate the fading public acceptance of hydropower. With this project, the EIB and other potential international financiers have a chance to insist on changes to the imprudent course hydropower developments have taken in Georgia and to request tighter environmental and social regulations.

## Socioeconomic profile of the Svan residents

The Nenskra dam is to be sited in the vicinity of the villages of Chuberi and Nakra, which total around 400 Svan households. The Svans are an ethnic subgroup that have maintained their own language, laws, traditions and customary ties to the land. They rely on subsistence agriculture, animal grazing and forestry. The harsh living conditions and isolation have harnessed a strong sense of community cohesion and sociocultural integrity. Over the last two decades, residents in Chuberi and Nakra have shared their homes and resources with Svans displaced from war-torn Abkhazia.

---

<sup>1</sup> For details, see a map of planned hydropower plants in Upper Svaneti, Georgia:

<http://bankwatch.org/our-work/projects/hydropower-development-georgia/map-upper-svaneti>

<sup>2</sup> A review of 20 hydropower project environmental impact assessments conducted by the Norwegian Norsk Energi rated the studies as "poor". Details available from: Georgian Hydropower Environmental Assessments Hidden from Public. 04/02/2016. <http://ocrcpcaucasus.org/project/462-2/>



Striving for environmental and  
social justice in Georgia



For monitoring of activities of  
International Financial Institutions

27/29, Paliashvili Street, II floor,  
0179, Tbilisi, Georgia  
Tel: (995 32) 292 773  
Fax: (995 32) 223 874  
E-mail: [greenalt@greenalt.org](mailto:greenalt@greenalt.org)  
Web: [www.greenalt.org](http://www.greenalt.org)

## Neglect of social impacts and public opinion

Given the vulnerability of the local population, a robust screening for the Nenskra project should have taken place to gather socioeconomic baseline data, to assess the impacts of the project on the downstream communities and to propose how to handle the social risks. Yet the Nenskra Environmental and Social Impact Assessment (ESIA) study does not even meet the low requirements set by Georgian environmental law. It completely fails to present a profile of the local communities; it does not explain how the company will tackle the loss of customary lands, the impacts on vulnerable people (internally displaced people, women) and economic livelihoods and physical resettlement.

The investor's approach to public consultations reflects a similar disregard for the communities as the technical ESIA report. During the first week of June, a delegation of state officials and representatives from the Korean investor organised meetings in Chuberi and Nakra to discuss the project ESIA. Villagers would later recall that no one received an official notification about the meeting and that only one ESIA was available for both communities, who are separated by a mountain range. The company's presentation focused solely on employment, and it did not address how the project would impact people's lives.

## Land appropriation

The Nenskra reservoir will flood pastures and forests that the Svans have used for generations to earn their living. The villagers have yet to be informed about the fate of their customary lands. The implementation agreement with the company has not been publicly disclosed, and Georgian ministries are unclear about the ownership of the land, which was once owned by the state and then taken out of a forestry fund under the administration of previous President Saakashvili. While the developer promised to discuss land use with the villagers and the public consultations, no such topic has been raised.<sup>3</sup>

## Involuntary resettlement and economic displacement

Villagers have concerns about economic displacement and physical relocation generated by the plant. The ESIA brings more confusion than clarity to the topic. On the one hand, it claims that the project developer foresees neither physical nor economic resettlement of the registered real estate during project implementation. Conversely, the study contains an action point to "inform one family living within the project influence zone about the physical and economical resettlement issues". Bankwatch has identified at least two households to be affected by the construction of the power house. Residents say that they have been kept in the dark about the planned resettlement and complain about seeing no documents dealing with displacement.

---

<sup>3</sup> Nenskra JSC Project on the Construction and Operation of Nenskra HPP. Environmental and Social Impact Assessment Report. By Gamma Consulting. 2015. p.394

## Risks of landslides and mudflows

The developer has also done little to settle people's fears that the dam will lead to environmental problems, decreased water flows, landslides and exacerbated effects of mudflows. The last point is of a particular concern in Nakra, which was hit by severe mudflows in 2001 and 2010. The debris brought by the mountain river tributaries covered a cemetery and agricultural plots inside the village. Similarly, people in Chuberi fear that deforestation linked to the construction of the reservoir will contribute to soil erosion, destabilise mountain slopes and trigger landslides. These are abundant and have already left scars on the valley landscape.<sup>4</sup>

## Conclusions

When deliberating over the project, the Ministry of Environment commissioned an external review of the ESIA. In May 2015 the German reviewer deemed the study in need of "substantial revision" and identified among other things, shortcomings in the handling of socio-economic issues and natural hazards<sup>5</sup>. Several months onwards, the preparatory works have commenced and the project received a green light from the government, despite no significant improvements to the ESIA study being made. While an Environmental and Social Management Plan is missing, the developer has made no effort to make up for the flawed engagement of those affected by the dam.

In light of these facts, international development financiers should suspend consideration of the Nenskra project and any other hydropower project until the Georgian government adopts a comprehensive strategy for the hydropower sector and raises the bar of environmental and social regulations so that they are in line with the EU laws.<sup>6</sup>

## For more information, contact:

David Chipashvili  
Green Alternative/CEE Bankwatch Network  
Georgian Campaigner  
[dchipashvili@greenalt.org](mailto:dchipashvili@greenalt.org)

---

<sup>4</sup> Natural hazards have been of concern on other Georgian hydropower plants, including the Larsi and Dariali HPPs that were affected by a landslide. For details: One Dead, Several Missing in Dariali Landslide. Civil Georgia. 18 May 2014. <http://www.civil.ge/eng/article.php?id=27240>

<sup>5</sup> Review of Nenskra HEP ESIA Study. By Prof. Dr. Frank Schrader. For the Ministry of Environment and Natural Resources of Georgia. 13 May 2015.

<sup>6</sup> Namely, the compliance is sought with the EU SEA and EIA Directives, Water Framework Directive and the Habitats and Birds Directive.