

Nenskra Hydropower Plant project

September 2016

Introduction

The Asian Development Bank (ADB) together with the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) is in the process of assessing a loan for the 280 MW Nenskra hydropower plant (HPP) in the Svaneti region of Georgia. The project is proposed to be built by a Korean investor K-Water. Nenskra HPP is one of 34 Hydropower plants planned to be build in Svaneti by Government of Georgia.

For more information

Concerns over the Nenskra project regarding inadequate assessment and public engagement has been raised with IFIs in several occasions. This paper provides updates on recent developments since May 2016. .

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Local population demands

Despite substantial gaps in the Environmental and Social Impact Assessment (ESIA) documentation and lack of communication, preparatory construction works are still underway leading to further frustration within the impacted communities of Nakra and Chuberi. The locals sent a letter to all IFIs on April 18, 2016, however they have not received any substantial response. EBRD sent very general letter to locals on May 6, 2016¹ saying that the Bank has not made yet decision for financing the project and detailed studies are underway while other Banks (ADB, EIB) did not respond at all. According to locals the ADB representatives visited the project site but result of the visit and/or position of the ADB remains vague for the locals.

Thus, demands of the locals still remains the same and are the following:

- To provide an assessment of project alternatives that do not require flooding of the gorge;
- To carry out a cost benefit analysis of the project for the country, region and the community;
- To conduct an independent review of the geological risks by independent experts, not commissioned by the company, and to provide information;
- To arrange open public hearings on the project and to invite all the interested stakeholders including independent experts, national and international NGOs to attend it.

Protest against the Nenskra project

As there were no signals that their legitimate demands were met, locals decided to start protest and blockade the road leading towards the proposed dam site on April 26, 2016. They declared that their protest would continue as long as their demands are fulfilled. On May 20 the situation escalated as the government of Georgia decided to clear the blockade using police Special forces². Confrontation between police and locals resulted in the detention of eight residents of Chuberi and Khaishi communities. Community assessed police act as gesture of provocation and intimidation. Fearing further police repression community called off the road blockade but continue the protest.

In response to the intimidation, Chuberi and Nakra communities called representatives of

¹ goo.gl/DCvZlQ

² <http://bankwatch.org/news-media/blog/eight-arrested-protest-against-georgian-dam>

all 17 communities of Upper Svaneti for coordination meeting of Svans³. In June 12, 2016 coordination meeting was held in Khaishi attended by representatives of all communities of Upper Svaneti⁴. The meeting declared that Svans are an indigenous people with its own language, traditions and culture and that it is necessary to restore the ancient tradition of holding a pan-Svan congress called Ialkhor in order to have more of a say in large-scale infrastructure projects, which are planned in the region. It also concluded that existing model of development in Svaneti should move away from development of hydroelectric infrastructure projects and instead focus on development of ecotourism and agriculture. Moreover Chuberi and Nakra communities announced resuming the protest against the Nenskra HPP project fully supported by the coordination meeting..

The protests action take a place at July 3rd in Chuberi Gorge at Nenskra HPP construction place, Several activists clashed with police who tried to prevent them from entering the site⁵. Another action held at July 16 in Tbilisi in front of ADB's and EIB's local offices in Tbilisi and demanded once again to stop considering any funding to the Nenskra HPP project until their demands are met. The rally continued towards the State office protesting Government's policy regarding the HPP development in Georgia.

Neglected social impacts and public opinion

One of the key concerns of the project related to the lack of communication and underestimating the social risks of the project. 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.

Since ADB Annual Meeting in Frankfurt, were the concerns were discussed with Bank, the K water tries to re-establish the public relations with local communities. However, the meeting was organized by Korea's K-Water on May 15, 2016 without prior notification and it overlapped with local festivities. According to the locals, only 15 people of 320 families attended the meeting, and that participants were brought in from places not affected by the dam. Participants at the meeting also allege that no meaningful discussions took place, and that the choice of mediator was decided without their consent.

Closed contract and displacement proposal

The contract among the K-Water, JSC Partnership fund and Government of Georgia still remains confidential thus it is impossible to clarify what are the roles distribution among the parties. With project costs estimated at USD 1 billion, it is unclear how prices were set to return investments and how the issue of land ownership will be resolved. According to the CEO of the JSC "Nenskra Hydro" dated May 31, 2016, negotiations are still underway and parties are planning to disclose it when finalized.

In addition, its not clear what is the role of Georgian Government in this private sector project. It appears, that two families living within the proposed powerhouse site (Lekalmakhe village, Chuberi community) received compensation proposals for displacement jointly signed by the representatives of the Ministry of Economy, Ministry of Energy, JSC partnership Fund and JSC Nenskra Hydro. According to the notification, the government bearing responsibility to pay certain compensation for the displacement and

³ The major indigenous inhabitants of Svaneti region are Svans, they speak their own original non-written language (dialect) – Svanuri that belongs to the group of Georgian languages (dialects). Svaneti is one of the charming pieces of the multi-ethnic and cultural mosaic of Georgia.

⁴ <http://dfwatch.net/svan-ialkhor-council-convenes-to-stop-hydro-power-plants-43212>

⁵ <http://dfwatch.net/protests-resume-against-the-nenskra-hydro-power-plant-in-svaneti-43561>

sets deadline to the families to respond (Deadline was set by July 5). In the background of absent resettlement action plan and free negotiations. Therefore, sending compensation proposals by the government brings more confusion than clarity to the topic and raises the question around the role and responsibilities of the State.

Svans as indigenous people

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. The Nenskra HPP will impact directly or indirectly the lives of upstream and downstream communities, while restrict the number of local economic activities, in particular forestry, animal grazing and subsistence agriculture. Therefore, the indigenous people's policy should applied in this particular case.

According to the EBRD representative's statement in EBRD AGM in London 2016, the preliminary assessment of Svans not recognized them as indigenous group. On the request to share the preliminary assessment, EBRD sent written response saying that "there is no stand-alone report addressing the Performance Requirement 7 (Indigenous Peoples), the assessment in this regard will be included in the ESIA documentation under preparation."⁶

Request of Political parties

In response to the existing tensions in the rural parts of Georgia regarding the energy projects in July 26, 2016 the meetings between the leading political parties and representatives of local population from Upper Svaneti, Upper Adjara, Kazbegi, Racha and Lechkhumi and civil society organizations held. As a result, two main opposition political parties "Paata Burchuladze – State for People" and "Free Democrats" decided to approach to the Directors of the ADB, EBRD, EIB and KfW and introduce their positions towards the planned energy projects.

Political parties acknowledge the necessity of long term strategic planning of energy sector and need to change existing practice of developing projects in Georgia. Parties request the banks before making decision on the projects to ensure transparency of the project related documentation, public consultations and consideration of environmental and social concerns. In addition, Parties are asking Banks to call Ministry of Energy to provide cost benefit analysis for the country of the planned and ongoing energy projects in Georgia and disclose contract on Nenskra HPP project.

Conclusion

In light of the developments above, the ADB, together with other international development financiers should suspend consideration of the Nenskra project until K-Water together with JSC Partnership Fund (PF) starts immediate consultations with affected communities to address local population's demands.

⁶ EBRD response; May 26, 2016