

EBRD, EIB Say Nenskra HPP Non-compliant to International Standards

 civil.ge/archives/366669

September 11, 2020

Photo: nenskra.ge

News

The Nenskra Hydropower Plant (HPP) Project in the mountainous Svaneti region has been found to be non-compliant with the 2014 Environmental and Social Policy of the European Bank for Reconstruction and Development (EBRD) following a two-year review.

In May 2018, community members of Chuberi village, Georgia and CSOs, CEE Bankwatch Network and Georgian Green Alternative, co-submitted a complaint against the construction of the Nenskra HPP through the EBRD Project Complaint Mechanism and the European Investment Bank (EIB) Complaint mechanism.

The EBRD Complaint Review reads that given the overlapping issues mentioned in the complaints submitted to the EBRD and the EIB, “in the interest of efficiency”, the two banks jointly conducted a field visit to Georgia and collaborated in assessing the validity of the complaints that were issued.

The complaints alleged that Nenskra HPP project had violated the following Environmental and Social Policy performance requirements:

(I) Indigenous Peoples: According to the complaint the bank management did not appropriately “categorize Svans (the impacted group) as Indigenous Peoples,” and thus, failed to “provide the Svans with the right to determine their development.”

(II) Cumulative Impacts: The complaint states that the environmental and social impact assessment for the Nenskra Project lacked an assessment of cumulative impacts.

(III) Land Acquisition, Involuntary Resettlement and Economic Displacement: According to the complaint, the client failed to provide a plan that “effectively mitigates economic displacement caused by the Project through the loss of resources, assets, income and livelihoods.”

(IV) Cultural Heritage: The document states that the environmental and social impact assessment of the Project “does not address potential Project impacts to the Svan culture and language.”

(V) Information Disclosure and Stakeholder Engagement: The complaint alleges that engagement and consultation with the local population affected by the project “was not proportional to the nature and scale of the Project or its potential impacts on communities.”

The EBRD Complaint Review, despite the banks' efforts and achievements in ensuring that the Nenskra HPP Project met international standards, has determined non-compliance with all of the Environmental and Social Policy performance requirements that the complaint alleged the shareholders of violating.

Both, the EBRD and EIB, have approved a loan of USD 214 million and USD 150 million respectively for the Nenskra HPP Project; however, the banks have not yet signed contracts finalizing the loaning process. The Asian Development Bank (ADB), the Korean Development Bank (KDB), the Korea Trade Insurance Corporation (K-Sure) represent the remaining members of the lender group for the Project.

The Nenskra HPP Project is being developed by JSC Nenskra Hydro, founded in 2015 as a result of cooperation between K-Water, Korean Water Resource Corporation and JSC **Partnership fund**, Georgian Government-owned investment fund. On August 31, 2015, the Georgian government, South Korean K-Water and Italian builder Salini Impregilo signed a series of contracts, **finalizing the deal** and paving the way for the plant's construction, which is to be "the largest strategic hydropower plant in the history of independent Georgia."

This post is also available in: [ქართული \(Georgian\)](#) [Русский \(Russian\)](#)