European Bank Gives Go-Ahead to Controversial Georgian Dam

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The Nenskra valley in Svaneti, site of a dam project that has been controversial among locals but which has just received crucial funding from the European Bank for Reconstruction and Development. (photo: nenskra.ge)

The largest hydroelectricity project in Georgia's independent history looks set to go ahead, despite local opposition, after securing crucial funding from the European Bank for Reconstruction and Development (EBRD).

The EBRD board voted unanimously on January 31 to approve a loan of $214 million towards the $1 billion cost of building the Nenskra dam in Georgia's Svaneti region. A $25 million equity investment in JSC Nenskra, the consortium tasked with overseeing the dam's construction, was also approved by the board. JSC Nenskra is jointly managed by a Georgian state partnership fund and the South Korean state company, K-Water.

The dam will be constructed in the Nenskra valley in Svaneti, a mountainous area in the western Caucasus. Svaneti receives more rainfall than Georgia's eastern mountains, making it an obvious choice for hydroelectric expansion: 35 projects are now planned for the region. The Georgian government argue that the Nenskra dam will help ensure the country's energy security. It is predicted to generate 1,200 gigawatt hours of energy annually – around eight percent of the country's domestic electricity consumption.

The Nenskra dam has been strongly opposed by local residents, however, many of whom are subsistence farmers angry at the loss of farming land and the impact of reduced river flow on their crops. Locals also have raised concerns about the effect of deforestation on an area prone to landslides and avalanches. Last month a large avalanche blocked the river and caused damage to the construction camp. Protests in 2016 were broken up by riot police and in December a blockade was set up to prevent consortium staff entering the Nenskra valley.

But the EBRD board were satisfied that the project meets their funding criteria, and have pledged to invest in retraining programs for local residents whose land will be affected. Zaza Vibliani, who lives in Nenskra valley and represents the community of Mestia on the municipal council, told Eurasianet.org that protests will now resume: 'This project is dangerous and most residents of Chuberi [the main settlement in the Nenskra valley] don't want a 130-meter high dam to be built here,' said Vibliani via email.

Human rights group Bankwatch have raised questions about the cost of the project to the Georgian state and criticized the Georgian Ministry of Energy for keeping confidential key elements of the contract with K-Water.

Dato Chipashvili, Tbilisi-based campaigner for Bankwatch, told Eurasianet that the EBRD now bear responsibility for the project's future. "We have warned them [the EBRD] on all issues including natural disasters, social impacts and tensions, environmental impacts, feasibility issues," he said, adding that recent accidents at other hydro power plants (HPP) in Georgia could be repeated in Nenskra. Last September a tunnel at Shuakhevi HPP collapsed just three months after the plant opened and mudslides killed 10 workers at the Dariali HPP in the Kazbegi region in 2014, though the dam's role in the accident is disputed.

Construction of the Nenskra dam is expected to start this year.