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CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

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## Nenskra HPP project, Georgia

The European Bank for Reconstruction and Development (EBRD) is in the process of assessing a loan for the 280 megawatt Nenskra hydropower plant in Georgia. In March supplementary environmental and social impact assessments (ESIA) were released in order to bring the project in line with the standards of the prospective international financiers. Yet the new ESIA is 'too little, too late' for a project that is underlined by no strategic assessments and inadequate evaluations of social and environmental consequences.

### Transparency of the project contract

The key contractual terms of the project remain unclear as the agreement between the government and the investor is confidential. The public is uninformed about the government's guaranteed power purchase agreement, tariffs, taxes, land ownership and other terms that have significant consequences for the individual consumer. This is even more alarming given that the project is developed under a public-private partnership scheme.

According to the ESIA, a power purchase agreement signed by the state and the investor is based on the 'take or pay' model. It guarantees purchase of 1.196 GWh, which equals the Nenskra dam's proposed average annual production. This means that the project will have preferential treatment over other Georgian electricity producers, including the state-owned Enguri dam. Georgia will be responsible for the construction of the related infrastructure, including high voltage transmission lines. This together with the transfer of rights to the land used by Svan indigenous communities raises the questions about the project's benefits. Without contract transparency it is impossible to judge the soundness of the project's social benefits and its cost effectiveness.

## Indigenous peoples

The Nenskra dam area is inhabited by Svans, an ethnic group that leads a unique, self-sufficient lifestyle. The ESIA does not recognize Svans as indigenous peoples, on the grounds that they do not meet all five criteria of indigenous peoples as set in the policies of the prospective international financiers. Green Alternative and Bankwatch find this judgement arbitrary and contrary to the United Nation's definition of indigenous peoples. The UN has not developed a definition or criteria of 'indigenous peoples' and instead it puts forward an underlying principle of self-identification.

- Svans self-identify themselves as Svans.
- The Svan language is different than the Georgian languages that originated in the eighteenth century BCE. According to UNESCO, the Svan language is recognised as endangered and should be protected.
- Svans maintain a traditional justice and governance system. Not only does it define mechanisms for dispute resolution and mediation, it also deals with criminal cases, and laws on ownership and property. It guides the decision-making practices within Svan communities.
- Isolated by its remote geography, the Svaneti region has preserved a strong local identity, rooted in a strong martial tradition that has resisted incorporation into neighboring politics. Baptised in 4–6th century the Svan religion is a syncretic indigenous system, Mazdaism and Orthodox Christianity.
- Svans have kept traditional ways of life predominantly based on subsistence farming and livestock grazing. Svans have a strong cultural attachment to their region.

## Social impact assessment

The ESIA concludes that only 80 families in both gorges would be directly impacted by the project, therefore the social impacts are not that significant. According to estimates from Green Alternative and Bankwatch, the project's impacts will be much broader and encompass segments of population for which social consequences have been unaccounted

for, such as women, the elderly and internally-displaced people. The ESIA also fails to recognize these groups as vulnerable, despite they are to suffer most profoundly from the loss of land and changes to their traditional livelihoods. The major criteria for vulnerability are economic (families living under poverty line) and women-headed families.

While the ESIA claims that the project would have no gender-specific impacts, it is clear that the introduction of a male workforce for construction would impact negatively on women. The ESIA does not take into consideration that as the work for the dam will divert men from subsistence activities like agriculture and cattle breeding, the workload of women will increase.

## Land acquisition

The ESIA recognises that the Svaneti land tenure system is characterised by the co-existence of a legal system and locally-recognised customary land rights. While the project proponents claim that they will reimburse the land in spite of the absence of formal land ownership-status, the ESIA does not specify how the permanent loss of customary land for people who have no formal land titles or recognisable claims will be handled. On the one hand, the project sponsor will assist traditional landowners in registering their land when it is possible. On the other, some of these lands are listed as property of a state forest fund that is characterised as land with non-recognisable claims.

The Land Acquisition and Livelihood Restoration Plan (LALRP) does not provide answers to these questions. Neither has it provided a full compensation scheme that would also cover the associated facilities. The LALRP fails to address the impacts of the 220 kV transmission line, the Nakra road upgrading and widening, 35 kV and 110 kV electric service lines and the locations of the disposal areas and the construction camp at the powerhouse.

## Bern Convention

The project site was originally proposed to be included within the European system of protected areas as the 'Svaneti 1' Emerald site. In January 2016 the Georgian government attempted to exclude all territories to form part of the planned Nenskra

project, without providing any evidence that the Nenskra and Nakra valleys are less important in terms of biodiversity than the rest of the Svaneti region. This resulted in a complaint to the Bern Convention on the Conservation of European Wildlife and Natural Habitats for a violation of a number of articles of the convention. This complaint will be addressed by the convention bodies in September 2017.

## Conclusions

Based on our preliminary review of the ESIA, we ask that the IFIs postpone a decision on funding for the Nenskra project until:

- The full contract between K-Water and Georgian government is released, together with other related documents that would allow a robust cost-benefit assessment;
- Independent experts, like the Dutch Commission on EIA, conduct societal cost-benefit analyses for the project, together with wide public consultations;
- Requirements of the Bern Convention are fully respected;
- The indigenous peoples status of Svans is recognised and the appropriate indigenous peoples policies are applied.



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