

New Georgian dam plans poised to hit the environment and people's pockets

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Tbilisi, Georgia - A roundtable discussion organised in Tbilisi today by Association Green Alternative and CEE Bankwatch Network marks the first step in the mobilisation of Georgian society to stop a destructive joint Georgian government-World Bank plan aiming to construct the 700 MW Khudoni Hydro Power Plant (HPP) at a cost of at least USD 500 million in Georgia's Upper Svaneti region. The meeting also discussed opposition to a number of other big dams (Tobari, Nenskra cascade) planned upstream of the River Enguri in Georgia's high mountains and questioned whether these proposals are a credible step towards achieving energy security for Georgia.



Svan children by the Enguri river, already badly affected by work on Khudoni HPP in the 1990s

Since summer 2005 the World Bank has been negotiating with the Georgian government about the Khudoni HPP. The World Bank agreed last month to give the Georgian government a USD 5 million technical assistance grant, of which around USD 2 million is needed for preparatory works for the Khudoni HPP. [\[1\]](#)

However, neither the World Bank nor the government intends to consider any other alternatives to the dam, as according to the Safeguard Framework provided by the Bank there is no provision of clear guarantees that the dam construction will be the subject of an adequate environmental assessment. Best international practice requires the execution of a strategic environmental assessment to study alternative energy scenarios that might generate the 700 MW capacity envisaged for the Khudoni HPP project. This means that the safeguards of international best practice and the recommendations of the World Commission on Dams will not be met, including such aspects as community consent, adequate scoping, studying the full range of feasible alternatives, full public participation, the transparency of information and project reviewing.

The Khudoni HPP site is located in Zemo Svaneti (Upper Svaneti), an area of unique beauty. The implementation of the Khudoni project was blocked by environmentalists in the early 1990s. Its planned construction was shown to be extremely risky both in terms of potential ecological disaster and the need to resettle a number of unique villages. Preserved on account of its long isolation, the Upper Svaneti region of the Caucasus is an exceptional example of mountain scenery with medieval-type villages and tower-houses.

Georgian writer Naira Gelashvili, one of the most prominent activists against the proposed dam, stated: “The Khudoni HPP construction was stopped before as a result of the serious findings of ecological analysis. If there are plans for Khudoni renovation, it should first of all be proved that it would be beneficial for Georgia. Georgia is located in an ecologically sensitive area and there is a need for a discussion about what type of the country we want to have and how we are developing. From here we should calculate how much energy we need, rather than blindly commissioning hundreds of new dams and still not having enough energy for domestic needs.”

While the Georgian government is trying to present the Khudoni project as the cornerstone for Georgia’s energy security, according to the World Bank the project – that could generate 10 percent of annual consumption – would be structured as an export oriented sale of power to neighbouring countries, and an electricity export contract could be the guarantee for the Bank to invest USD 50 million and support the mobilisation of private investments. According to a leaked World Bank document, the basic costs of the project would be at least USD 780 million, while it would increase the tariff by 4 US cents per kw (the current tariff is 6-7 US cents), and economic return on the project would be only five percent.

Manana Kochladze, of Green Alternative/CEE Bankwatch Network, said: “It is very troubling that the new government which came to power in 2003 after the Rose Revolution is going forward with this ‘old destructive plan’ without any consultation with the Georgian public. It seems that our government and the World Bank have successfully forgotten that energy security results from two things – energy supply and energy accessibility. Nowadays Georgians struggle to pay 5-6 US cents per kw, yet has anybody asked them how they will pay for an increased energy tariff even though the additional supply will be exported outside of the country?”

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