

EBRD Delays Financing Georgia's Largest Power Plant

messenger.com.ge/issues/4061_january_22_2018/4061_tea.html

The Messenger Online

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Monday, January 22

European Bank for Reconstruction and Development (EBRD) has again delayed its decision over financing Georgia's largest strategic power plant Nenskra Hydropower Plant (HPP) in Svaneti western mountainous region.

The bank will make its decision over granting Georgia USD 214 million loan on January 31 instead of the agreed date, January 17. First, the EBRD was going to discuss the issue in April 2017, but postponed it until September. Now the official webpage of the bank reads the target board date is January 31.

In order to implement this strategically important project, which is worth of around USD 1.040 million, Georgia is waiting for 70% of financing from the banks, including USD 214 million from EBRD.

Davit Chipashvili, a member of an environmental Non-Governmental Organization (NGO) Green Alternative, says that the reason of the delays is unknown. He doubts this might be connected to the protests and complaints of locals, claiming the HPP construction might be harmful to the environment.

"The delays of discussions over the issue shows that the researches, based on which the project implementation was about to start, are not sufficient," he stated.

Chipashvili says that without the financing from banks, the project will not be fulfilled, adding delaying discussions over the financing from EBRD also involves delays in construction.

The construction phase of the Nenskra HPP project is due to end sometime in 2021, however the Nenskra HPP will start producing electricity from 2019.

The HPP is expected to annually produce 1.2 billion kilowatts of electricity per hour. The construction is based on a Build-Operate-Transfer (BOT) structure, according to which the investor is obliged to build the HPP, operate it for 35 years then transfer ownership of the HPP to the state.

The implementation agreement package of the Nenskra HPP was signed in early September 2015 by state-owned Georgia's Partnership Fund, the Georgian government, Korean company K-Water, Commercial Operator of Electro-Energetic Systems, and JSC



Georgia Electric System.

Environmental NGOs claim if the Nenskra HPP is constructed it will result in the cutting of 400 hectares of forest in Svaneti and will change the natural landscape of the western Georgian region, which is especially attractive for tourists.

They warn the change of the climate of the area will cause worsening of health of locals and melting of icy slopes.