

Strasbourg, 10 March 2021  
[files12e\_2021.docx]

T-PVS/Files(2021)12

CONVENTION ON THE CONSERVATION OF EUROPEAN WILDLIFE  
AND NATURAL HABITATS

**Standing Committee**

41<sup>st</sup> meeting  
Strasbourg, 30 November – 3 December 2021

---

**Complaint on stand-by: 2016/9**

**Possible threat to Svaneti 1 Candidate Emerald  
site from Nenskra HPP (Georgia)**

**- REPORT BY THE COMPLAINANT -**

*Document prepared by  
Green Alternative and Balkani Wildlife Society*

---

To:

Ms. Ursula Sticker - Secretary of the Bern Convention  
Mr. Marc Hory - Project Manager  
Mr. Eoghan Kelly - Project Assistant  
Ms. Véronique De Cussac - Administrative Assistant

**Subject: Complaint No. 2016/9 - Possible threat to “Svaneti 1” Candidate Emerald Site (GE0000012) from Nenskra Hydro Power Plant development (Georgia)**

DEAR MS. STICKER,  
DEAR MR. KELLY,  
DEAR MR. HORY,  
DEAR MS. DE CUSSAC,

Hereby we send you an update by the complainant relevant to the Complaint No. 2016/9 - Possible threat to “Svaneti 1” Candidate Emerald Site (GE0000012).

**1. Nenskra Hydro Power Plant does not comply with the EIB and EBRD environmental and social standards**

After more than two years of investigation, the accountability mechanisms of the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) came up with final reports in the summer of 2020. Both mechanisms found a serious number of non-compliances of the project with the environmental and social policies of the Banks, relating to the protection of cultural heritage, gender impacts, the assessment and management of environmental and social impacts, labour influx, information disclosure and participation of local communities and other stakeholders.

The Compliance Review of EBRD finds “*Bank Management to be non-compliant with paras. 4, 5, 6 and 36 of the 2014 Environmental and Social Policy with respect to Performance Requirement 1: Assessment and Management of Environmental and Social Impacts and Issues*”. In particular regarding cumulative impacts, Bank Management ultimately approved the Project without adequate research into the identification of all reasonably foreseeable extractive or forestry activities. Regarding project alternatives, the 2015 Environmental and Social Impact Assessment (ESIA) and the Supplementary E&S Studies did not provide an analysis of alternatives with due consideration to environmental and social impacts as required by PR 1 para. 10. This means that the Nenskra HPP could have significant cumulative impacts on the environment, including on the Svaneti 1 Emerald Site, and not all project alternatives were considered in order to reduce those impacts. For example, forestry and mining activities could have significant impacts on old-growth forests, whilst the building of Nenskra Dam floods some of the best conserved primary forests in the Caucasus.

The EIB Compliance Mechanism findings are similar: “*The EIB’s acceptance of a problematic alternatives analysis without sufficient documentation of the rationale for selecting the particular course of action proposed is troubling. The EIB-CM considers that the Bank should have drawn appropriate attention to the risks inherent in accepting a restricted assessment of alternatives not fully consistent with the applicable EIB requirements. (...) The EIB-CM considers both the assessment of risks and impacts as well as the measures defined in the project ESMP to address such problems are insufficient at this time.*”

**2. Green light to construction companies with corruption track record**

In November 2020 EIB published an article on its website granting green light to Korean Hyundai to participate in the bid for the Nenskra HPP project, raising concerns in Georgia about the company’s

murky background. The article confirmed that together with the “Nenskra Hydro” and Hyundai Engineering and Construction Co. (Hyundai E&C) the EIB reached an agreement to participate in the Nenskra project by making ‘certain omissions in disclosing relevant information’ by Hyundai. This agreement raises serious concerns as the EIB allows a company with corruption and bribery track record to construct highly sensitive Nenskra HPP. It is noteworthy to mention that another Nenskra constructor Limak holdings has also been involved in corruption schemes concerning gas pipelines, water channels and other large scale infrastructure projects.

### **3. No progress in 2020 on actions requested by the Bureau in April 2020**

As requested by the Bureau in April 2020, the Georgian Government should follow Recommendation No. 208, carry on mapping on freshwater habitats and complete the studies of the 12 Emerald Network sites removed from the list of candidate sites during the 39th Standing Committee. No progress has been made on these issues and large rivers (including Nenskra and Enguri in Svaneti) are still not protected in the Emerald Network.

Furthermore, we report ongoing threats to the 12 sites. For example in March 2020 Shuakhevi Hydropower Project started operation, located in the "Goderdzi" Emerald site (GE0000026) with enormous social and environmental risks.

Between the Emerald sites “Surami 2” (GE0000049), “Surami 4” (GE0000052), “Surami 5” (GE0000053) and “Surami 3” (GE0000050) the East-West Highway is currently being built.

There is also a threat of construction of wind farms in “Kvernaki” Emerald site (GE0000046), where two companies plan to construct the wind farms and none of them have normal cumulative assessment, but both have passed scoping procedure.

### **4. Incompliance with the Association agreement EU - Georgia**

Georgia doesn't comply with the deadlines in the Association agreement between the European Union, the European Atomic Energy Community and their Member States, of the one part, and Georgia, signed in 2014 and fully entered into force in 2016. In relation to the Habitats Directive 92/43/EC, Georgia should have completed the inventory of Emerald sites, designation of these sites and establishing priorities for their management within four years of the entry into force of the Agreement. In relation to the Water Framework Directive 2000/60/EC identification of river basin districts should have been implemented also within four years and analysis of the characteristics of river basin districts within five years. This has not been accomplished. Additionally, no national plan for the protection of water courses we are aware of has been prepared in accordance with the request by the Bern Convention Bureau.

Best regards,

Mr. David Chipashvili - Association Green Alternative – complainant

Mr. Andrey Ralev - Balkani Wildlife Society - biodiversity expert