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CONVENTION ON THE CONSERVATION OF EUROPEAN WILDLIFE
AND NATURAL HABITATS

Bureau of the Standing Committee

18-19 March 2024
Strasbourg

Complaint on stand-by: 2016/9

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

- REPORT BY THE COMPLAINANT -

*Document prepared by
Green Alternative and CEE Bankwatch Network*

DEAR MR. POUTIERS,
DEAR MR. KELLY,

Hereby we send an update relevant to the Complaint No. 2016/9 - Possible threat to “Svaneti 1” Candidate Emerald Site (GE0000012). The update is also relevant to Complaint No. 2021/8 - Possible threat to Rioni River from the Namakhvani Hydropower Project (Georgia).

1. The government expects works on hydropower projects Nenskra and Khudoni to resume soon!

On 5 September 2023, Prime Minister Irakli Gharinashvili said at a government meeting that: “Nenskra is already in its final stages and a memorandum has already been signed. We are expecting the [works to resume by the end of the year, 2024 at the latest](#)”. The Minister of Economy and Sustainable Development Levan Davitashvili also spoke about large hydroelectric plant projects, which were paused primarily due to the opposition from the local population: “We already signed the framework agreement regarding Nenskra with the investor company. A detailed contract with K-Water is now in progress, which defines the construction matters. We hope to retain the investor and that the investor will be able to complete the project.”

The state bought the other huge hydropower project in Svaneti, Khudoni HPP in December 2022. Khudoni was initially planned with a 200-metre high dam and a reservoir that would flood the Enguri River and the downstream part of Nenskra HPP to the Nenskra powerhouse. In September 2023, the government said that with the help of the Swiss company Shtuck, changes were made to the project - its capacity, design, and location, and that the state will implement the project under these new conditions. Moreover, the government also claimed that it will move forward with the construction of the Namakhvani project on the Rioni River with state resources.

Local people informed us that work on none of the three projects has started yet. To the best of our knowledge, none has a construction company selected. Nevertheless, the latest signals by the government are worrying. The Emerald Network in Georgia still excludes the Enguri, Nenskra, and Rioni rivers and does not ensure sufficient protection for rivers and riverine species and habitats from Resolutions 4 and 6 of the Bern Convention.

2. Resistance to new hydropower projects in whole of Georgia

Riverside communities living in areas set to be affected by the planned massive hydropower projects [continue to raise their concerns](#) about both the immediate impacts — in terms of resettlement — and also the longer-term and further-reaching implications. Questions regarding construction quality and safety have been a key concern of those objecting to the HPPs. Questions have been raised about the ability of the structures to withstand time, earthquakes, and possible Russian sabotage.

The environmental impacts have also been widely raised as cause for concern: potential adverse effects on the local environment include increased humidity, higher risk of flooding, reduced access to water, negative effects on local fauna, and consequent impacts on tourism, which tends to be centered on the region’s pristine nature.

“No to Khudoni Hydropower Plant” is the [longest continuous civic movement in Georgia](#) with more than 30 years of history. [Protests renewed](#) in December 2022 after the government’s decision to buy back the project.

It is notable that according to the implementation report of the EU Energy Community on Georgia, the Government was obliged to create an electronic platform to enhance the participation process for all interested stakeholders. Unfortunately, all interested stakeholders (CSOs, and locals) are not involved in the platform. Indirectly it has been confirmed [by the Energy Community](#) as well stating that, “an

electronic platform to enhance the participation process became operational in the reporting period, though its efficiency and effectiveness is yet to be assessed.”

3. Illegal crypto-currency mining - creating artificial energy demand

A state program giving free electricity to the Svaneti population creates problems due to the widespread crypto mining activities by the Georgian oligarchs in the regions. While the business is supposed to pay for the electricity consumption, there are thousands of illegal crypto farms that do [crypto-currency mining](#) in the region, leading to electricity shortages and intermittent blackouts for locals. In [December 2021](#) Svan representatives swore that they would switch off their miners, however, the switching from ordinary persons did not play any role. According to Energy Pro Georgia, there is increased consumption of electricity in the region due to mining, that gets and increases company losses. However, it's interesting that during 2023 the finance police and Energy Pro Georgia did not manage to reveal any illegal consumers. Instead of halting the illegal activities, the company started to blame locals for the increased mining. Artificially increased energy demand is being used by the government to promote new hydropower projects.

4. Loans of EBRD and EIB still “approved”

The Nenskra hydropower project funding from the [European Bank for Reconstruction and Development](#) (US\$ 214 million) and the [European Investment Bank](#) (US\$ 150 million) remain approved, besides the [findings of the complaint mechanisms](#) of both banks that the project violating their own environmental and social policies. Moreover, the existing implementation agreement is already outdated and K-Water permanently violates its clauses. E.g. According to the contract in 2023, the project should have been generating electricity already.

5. One more year without the protection of large rivers in the Emerald Network in Georgia

Unfortunately, as expressed by us last year, there is no improvement in the protection of large rivers, as they are almost completely excluded from the [Emerald Network](#) and out of 13 freshwater habitats of concern, 8 are insufficiently protected. Georgia has had very limited progress in tackling the insufficiency after the last biogeographical seminar and many of the areas highlighted as missing continue being unprotected: Rioni, other rivers, Javakheti plateau, Kazbegi mountain.

In addition, It is notable that there is no further information about the status of the draft law on “Water Resources Management” submitted to the Parliament for adoption. While National Energy and Climate Action Plan exists in draft form but lacks information about river basin management plans at all.

We call on the Bureau:

- **To keep the file on stand-by or elevate it to a possible file if any construction in Svaneti starts;**
- **To request the government of Georgia to fulfill the conclusion of the 2021 biogeographical seminar.**

Best regards,

David Chipashvili - Green Alternative – complainant