

Georgia – Proposed EBRD, IFC and AsDB Investments in Adjaristsqali Georgia for a Hydropower Project

April 30, May 1 and May 19, 2014

U.S. Position

By helping Georgia develop its renewable energy resources, this project will help Georgia become energy self-sufficient while reducing its dependence on fossil fuels. In addition, the project will create jobs and increase private ownership in a sector dominated by state-owned facilities. It also lays the groundwork for cross-border electricity trading, helping contribute to a regional power network in the Southern Caucasus and meet the growing energy demand in Turkey. Finally, the power generated will avoid an estimated 213,500 tCO₂ emissions annually.

Given the inherent environmental and social risks associated with this type of large infrastructure project, the United States appreciated that the environmental and social impact assessments were thorough and well-carried out. The Environmental and Social Impact Assessment (ESIA) considered alternatives, including the “no project” alternative, as well as the cumulative impacts of the project. Of particular note, the ESIA identified that one of the potential hydro concessions was located in a sensitive area of high value biodiversity, and subsequently the project sponsors decided not to proceed with the dam on that segment of the river. For the two remaining dams, the United States understands that project planning incorporated the results of the impact assessment to minimize the impacts on villages, cultural sites, and environmentally sensitive areas.

The team also conducted thorough and timely public consultations, including early disclosure of the ESIA. In response to stakeholder concerns about landslides, the team prepared additional risk assessments and adjusted the project design. Careful consideration was given to the impact on the local communities, and the project includes concrete benefits for communities such as the training of 600 unskilled workers and creation of approximately 850 jobs during construction.

The United States urges the team to continue to engage with stakeholders, especially local communities, throughout the implementation process. Careful plans must be matched with careful project implementation and strong oversight by the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (AsDB), all the more essential for a project of this magnitude. The United States calls on the IFC, EBRD and AsDB to ensure that the Environmental & Social Management Plan is followed in a timely and robust way. Appropriate adjustments should be made to provide sufficient environmental flows to maintain ecosystems of the river. Given the potential to cause significant impacts on biodiversity, the development banks should monitor carefully the implementation of the Biodiversity Action Plan, including the habitat removal and reinstatement plan.

Finally, the United States welcomes IFC’s early participation in this project through its InfraVentures facility. By participating in the development of the project, the IFC has helped shape the project to reflect the good practices noted above in project preparation and consultations.

In conclusion, the United States supports this project and welcomes the strong focus on thorough evaluation and consultations. We wish the team success in implementation.