



European Bank
for Reconstruction and Development

Independent
Project
Accountability
Mechanism

MAP Monitoring Closing Report

Nenskra HPP

EBRD Project Number 46778

Case 2018/08

June 2026

The **Independent Project Accountability Mechanism (IPAM)** is the project grievance mechanism of the EBRD. It reviews environmental, social, and Project disclosure-related concerns raised by Project-affected people and civil society organisations. IPAM can address concerns through two avenues: i) Problem-solving, which supports dialogue between Requesters and Clients without attributing blame or fault; or ii) Compliance, which determines whether the EBRD has complied with its Environmental and Social Policy and Access to Information Policy in relation to the Project.

For information about IPAM, please contact us at ipam@ebrd.com or visit [the IPAM webpage](#).

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How to submit a Request to the IPAM

Concerns about the environmental and social performance of an EBRD Project can be submitted by email, post, or via the online form at:

<https://www.ebrd.com/project-finance/ipam.html>

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List of abbreviations

Abbreviation	Long Form
CIA	Cumulative Impact Assessment
CSO	Civil Society Organisation
Bank (or EBRD)	European Bank for Reconstruction and Development
EPC	Engineering, Procurement and Construction Contract
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESD	EBRD Environmental and Social Department
ESP	EBRD Environmental and Social Policy
GBHV	Gender Based Harassment and Violence
GIP	Good International Practice
IFI	International Financial Institution
IPAM	Independent Project Accountability Mechanism
LALRP	Land acquisition and Livelihood Resettlement Plan
MAP	Management Action Plan
PAP/Policy	Project Accountability Policy (2019)
PCM	Project Complaint Mechanism (IPAM's predecessor)
PR	Performance Requirement
Project	Nenskra Hydro Power Project (46778) in Georgia
PSDs	Project Summary Documents
TC	Technical Cooperation

Executive Summary

This report records IPAM's closure of monitoring of the Management Action Plan for Case 2018/08 concerning the Nenskra Hydro Power Project in Georgia. The case arose from a complaint submitted on 31 May 2018 by community members of Chuberi, Georgia, together with CEE Bankwatch Network and Green Alternative. The Compliance Review found EBRD non-compliant with five Performance Requirements of the 2014 Environmental and Social Policy and made eleven recommendations to address project-level and systemic issues. Management prepared a Management Action Plan, which was approved in August 2020 and monitored by IPAM through document review, engagement with Management and meetings with the Complainants.

The reason for closing MAP monitoring is that IPAM has been informed by Management that the Project has been cancelled, and the remaining open MAP actions are project-specific in nature. In the absence of an active project cycle, continued monitoring would not provide a meaningful basis for assessing implementation of actions that depend on renewed project preparation, disclosure, consultation, due diligence or Board consideration. The closure therefore reflects a practical limitation arising from the Project's cancellation, rather than a determination that all MAP commitments have been completed or that the underlying Compliance Review findings have ceased to be relevant.

The closure is conditional. If the Project is revived, materially restructured, or resubmitted to the EBRD Board for approval or support, the relevant MAP obligations should be reactivated and addressed as part of renewed environmental and social due diligence. Any future consideration of the Project should take account of updated policy requirements, changes in the Project context, the concerns raised by affected communities and their advisers, and the outstanding project-specific actions identified through the Compliance Review and MAP monitoring process.

The monitoring process generated important lessons for future Management Action Plans. It demonstrated the need to distinguish clearly between systemic actions that can be implemented independently of project progress and project-specific actions that depend on client action, project milestones or financing decisions. It also underlined the importance of realistic timeframes, clearly defined dependencies, transparent reporting to the Board when implementation schedules become unrealistic, and completion criteria that specify whether an action requires preparation of a document, disclosure, consultation, implementation or evidence of outcomes.

The case also highlights the centrality of meaningful stakeholder engagement and timely disclosure. During monitoring, the Requesters raised concerns that affected communities and their advisers had not been sufficiently informed or consulted on studies and reports prepared under the MAP. This was significant because disclosure and stakeholder engagement were among the issues identified in the Compliance Review. Future MAP implementation should therefore ensure that affected people receive timely, accessible and relevant information and that consultation processes are planned to enable meaningful participation.

The principal challenges encountered during monitoring included significant project delays, Covid-19 restrictions, replacement of the EPC contractor, the dependence of several MAP actions on project milestones, delays in completing certain systemic actions, uncertainty over how to treat technically completed but undisclosed or unimplemented studies, and the need to preserve accountability where a project is cancelled before all remedial actions have been completed.

This report will be disclosed in the IPAM case registry under web file Case 2018/06 in both English and Georgian, after submitting it to the EBRD Board of Directors and the President for information. Upon disclosure of the report, the processing of this case will be formally concluded.

1. Background

The case was originally received under the Project Complaint Mechanism, IPAM's predecessor, and was processed in accordance with the 2014 PCM Rules of Procedure. On 1 July 2020, the 2019 Project Accountability Policy became effective and replaced the PCM framework. Under the transitional provisions of the Policy, monitoring of the Nenskra Management Action Plan continued under IPAM.

Following completion of the Compliance Review, the Compliance Review Report and the Management Action Plan were submitted to the EBRD Board of Directors in July 2020. The MAP was approved in August 2020 and disclosed on the IPAM case registry, establishing the basis for subsequent monitoring of Management's commitments.

The Request

The Request was submitted on 31 May 2018 by community members of Chuberi, Georgia, together with CEE Bankwatch Network and Green Alternative. The Request concerned the Nenskra Hydro Power Project and alleged that the Project could cause significant environmental and social impacts in the Nenskra and Nakra valleys, including impacts on local communities, livelihoods, cultural heritage and the surrounding natural environment.

A central concern raised in the Request related to the Svan communities in the Project area. The Requesters alleged that EBRD had not adequately assessed whether the Svans met the eligibility criteria for application of Performance Requirement 7 on Indigenous Peoples and had not ensured meaningful consultation with affected communities on that issue. They also raised concerns that the Project could affect the cultural identity, traditional practices, social cohesion and way of life of Svan communities.

The Request also challenged the adequacy of the environmental and social assessment process. It raised concerns regarding the assessment of cumulative impacts, including the need to consider other reasonably foreseeable activities in the Project area; the adequacy of the analysis of Project alternatives, including site selection and design; and whether the environmental and social studies provided sufficient information to affected people to understand and comment on Project risks and impacts.

Additional concerns related to land acquisition, livelihood restoration and stakeholder engagement. The Requesters alleged shortcomings in the approach to livelihood restoration and raised concerns regarding information disclosure, consultation processes and the capacity of the Client to conduct engagement in a manner consistent with EBRD's environmental and social standards. They also raised concerns regarding potential gender-related risks and the adequacy of assessment and mitigation of impacts on tangible and intangible cultural heritage.

Taken together, the Request raised both project-specific concerns and broader questions regarding EBRD's appraisal and supervision of the Project under the 2014 Environmental and Social Policy. The issues subsequently assessed through the Compliance Review included Indigenous Peoples requirements, cumulative impacts, alternatives assessment, gender-related risks, land acquisition and livelihood restoration, cultural heritage, information disclosure and stakeholder engagement.

The Project

The Project is the Nenskra Hydro Power Project, EBRD Project Number 46778, in Georgia. It concerned the development and construction of a 280 MW hydropower plant on the Nenskra and Nakra rivers in the Svaneti region of north-western Georgia, including a large dam and associated infrastructure. The Project was located in the Nenskra and Nakra valleys, in Mestia Municipality, within the Samegrelo-Zemo Svaneti region.

The EBRD Board approved the Project on 31 January 2018. The EBRD financing comprised a senior secured loan of US\$214 million to JSC Nenskra Hydro, a special purpose vehicle established in Georgia for the development and construction of the Project. The Project was developed by Korea Water Resources Corporation, with JSC Partnership Fund also involved in the project company structure.

The Project was categorised as Category A under the EBRD 2014 Environmental and Social Policy. This classification reflected the scale and complexity of the proposed greenfield hydropower development, including the construction of a large dam and the potential for significant environmental and social impacts. As a Category A project, it required a formal and participatory Environmental and Social Impact Assessment prepared in line with EBRD Performance Requirements.

The Project impacts covered the Chuberi and the wider Svaneti area, including Project-affected Svan communities in the Nenskra and Nakra valleys. The Requesters alleged that the Project had not adequately assessed or addressed potential impacts on Svans as Indigenous Peoples, including impacts on culture, livelihoods, health, general wellbeing, living conditions and social fabric.

The Project status is now recorded as cancelled in the publicly available EBRD project information and IPAM case registry. IPAM has been informed by Management that the Project has been cancelled.

Summary of compliance review findings

The Compliance Review found the Bank to be non-compliant with Performance Requirements 7, 1, 5, 8 and 10 of the 2014 Environmental and Social Policy. The findings concerned shortcomings in the Bank's appraisal and follow-up of the Client's assessment and management of key environmental and social issues.

- With respect to PR7 on Indigenous Peoples, the Compliance Review found that Bank Management did not adequately appraise the Client's examination of the potential application of PR7 eligibility criteria and did not ensure that relevant requests were fulfilled, including consultation with Project-affected communities.
- With respect to PR1 on Assessment and Management of Environmental and Social Issues, the Compliance Review found gaps in the cumulative impact assessment and in the analysis of alternatives, including insufficient consideration of environmental and social impacts.
- With respect to PR5 on Land Acquisition, Involuntary Resettlement and Economic Displacement, the Compliance Review found that Bank Management did not seek to ensure that livelihood restoration requirements were met.
- With respect to PR8 on Cultural Heritage, the Compliance Review found that the Bank approved the Client's assessment without ensuring that important community consultation requirements were met.
- With respect to PR10 on Information Disclosure and Stakeholder Engagement, the Compliance Review found that Bank Management did not adequately address issues relating to the Client's capacity and commitment to implement stakeholder engagement requirements.

2. Closing of Case 2018/08 Nenskra HPP

IPAM has been informed by Management that the Project has been cancelled, as reflected in the publicly available Project Summary Documents (PSDs) (see [here](#)).

Given the project's cancellation and the fact that the pending actions under the [Management Action Plan \(MAP\)](#) pertain solely to project-specific recommendations, IPAM will close MAP monitoring for this case.

Back in 2020, Management listed eleven actions to return to compliance, of which to date five were closed (completed) and six remained open. Those remaining open are of project-specific nature. Should the transaction be resubmitted to the Board for approval, Management would need to conduct a new environmental and social impact assessment and the obligation to implement the actions would be reactivated.

The closing of monitoring is conditional: if Management decides to resubmit the project to the Board, their obligation to implement MAP actions will be reactivated. The Board should ensure that Management remains compliant with such condition.

As stated by Management in their note submitted to the Board in this regard: "In the unlikely event the project seeks financing from EBRD once again, a detailed due diligence period would be required (at least 12 months) which would give ample opportunity to reengage with IPAM regarding the remaining recommendations, updated policy requirements and other factors. Until which time there is no further action possible, however, Management reaffirms the commitment of addressing IPAM and stakeholder concerns at a time when affirmative actions can be taken".

Below is further information to provide context on the recommendations made to address non-compliance following the Case's Compliance Review, as well as the list of actions committed to by Management to address such issues.

PCM's recommendations to address non-compliance

Following a Compliance Review conducted by PCM (IPAM's predecessor) in August 2020, eleven recommendations were made to Bank Management to address non-compliance identified in this Case. Of these, four are of systemic and procedural nature, while seven are project-specific. Below is an overview of these recommendations.

Systemic and procedural recommendations

- Establish a systemic tracking tool for EBRD requests to Clients, allowing Bank Management to better ensure that Project-specific requests are in relation to ESP adherence are effectively implemented;
- Develop clear, step-by-step policy Guidance to direct Clients in the effective assessment of the ESP PR7 Indigenous Peoples eligibility criteria (for the 2014 ESP as well as other ESP iterations);
- Where third parties are responsible for Project siting, design and alternatives assessment, consistently require Clients to approach relevant third parties to request that these decision-making processes include environmental and social considerations;
- Strengthen capacity of the EBRD ESD team on gender issues and ensure the use of external consultants with strong experiences and capabilities in this area.

Project-specific recommendations

- Take steps to ensure that an expanded assessment of the PR7 eligibility criteria is conducted for the Nenskra HPP project, which incorporates all IFI GIP methodologies outlined in the Compliance Review Report;

- Address the identified gaps in the Cumulative Impact Assessment (CIA);
- Address the identified gaps in the analysis of the Project Alternatives;
- Facilitate an additional layer of gender impact assessment to evaluate issues not comprehensively addressed through the Client's environmental and social impact assessment and to ensure that establishment of sufficient mitigation measures;
- Engage with the Client to address gaps in the Land Acquisition and Livelihood Restoration Plan;
- Facilitate a further layer of cultural heritage impact assessment, in order to identify potential impacts of the intangible cultural heritage in the project area not fully reflected in the Client's environmental and social impact assessment, and establish appropriate mitigation measures, in consultation with project-affected people;
- Ensure that in accordance with para. 30 of the 2014 ESP, all members of the Client's environmental and social team possesses the necessary competencies and abilities to manage the complexities and sensitivities of the project in a manner consistent with the Bank's environmental and social standards.

3. Management Action Plan and action status to date

In response to PCM's findings and recommendations, the Bank prepared a [Management Action Plan](#), approved by the Board and disclosed it in August 2020. The MAP details 11 actions to be implemented. **Out of eleven, four (those of systemic and procedural nature) were closed and seven (those of project-specific nature) remain open.** The last [Monitoring Report](#) was published by IPAM in May 2024 and provides further details on implementation of these actions.

For the purpose of this closing report, list of actions and their implementation status to date are summarised below:

Management action 1: Develop and implement a systemic tracking system for EBRD requests to clients, allowing the Bank to ensure that Project-specific requests regarding ESP adherence be implemented in a timely manner. This system will be included within ESD's Assurance Framework and will be used for all Category A projects to allow recording, tracking and closure of review Comments provided to clients.

Action status: Closed.

Management action 2: Undertake a gap analysis of the revised PR7 in the 2019 ESP and the new PR7 Guidance Note, currently under preparation, in light of this recommendation to ensure all elements are included. Finalise and publish the PR7 Guidance Note.

Action status: Closed.

Management action 3: (i) Define Good International Practice for the assessment of alternatives and adopt this as internal guidance as part of ESD's Assurance Framework. (ii) Prepare internal guidance for disclosing when the analysis of alternatives has already been undertaken prior to the Bank's involvement in the project and the outcomes of the Bank's review of such an analysis against GIP.

Action status: Closed.

Management action 4: (i) Gender Based Violence and Harassment identification and management guidance is currently under finalisation and will be disclosed for use by EBRD and clients. (ii) GBVH risk screening tools have been developed and training on gender based violence and harassment was delivered to ESD staff in 2019. Additional training on GBVH is planned after disclosure of the GBVH Guidance. (iii) Internal guidance on wider gender considerations based on 2019 ESP and associated Performance Requirements will be developed and ESD will be trained to assist in addressing gender issues/risks in projects.

Action status: Closed.

Management action 5: Consult with project stakeholders including the project sponsors, project lenders, relevant Department of the Government of Georgia and internationally and locally recognised experts in the field to define the appropriate next steps in the context of the project ESIA and the broader content of applicability of PR7 in Svaneti.

Action status: Open.

Management action 6: Management will continue to engage with the project sponsors and their advisors to ensure that the Cumulative Impact Assessment (CIA) be updated, and disclosed, to incorporate the recommendations of the PCM Compliance Report.

Action status: Open.

Management action 7: Management will continue to engage with the project sponsors and their advisors to address the alternatives assessment in parallel with MAP Item #3.

Acton status: Open.

Management action 8: Implementation of the proposed Technical Cooperation Project is anticipated to address the findings as they pertain to gender and inclusion. The Terms of Reference for the TC project will be shared with the PCM office and will include a two-stage approach, the first being the additional layer of gender impact assessment and the second, the originally envisaged technical cooperation programme to go beyond compliance with the EBRD's ESP.

Acton status: Open.

Management action 9: Management will continue to engage with the borrower and their advisors to ensure that the LALRP is updated to incorporate the recommendations of the PCM Compliance Review including deletion of the references made to specific thresholds in the entitlement matrix.

Acton status: Closed.

Management action 10: Management will continue to engage with the Client and their advisors to ensure that the cultural heritage impact assessment is updated to incorporate the recommendations of the PCM Compliance Review. The updated assessment will form the basis of the EPC management plans, which will be further revised during the early project implementation period.

Acton status: Open.

Management action 11: Management has engaged with the Client to undertake an environmental and social governance review and assess the project capacity requirements against the various project commitments to ensure full uptake and implementation of the environmental and social requirements. The results of this assessment will be shared with the PCM office as it progresses.

Acton status: Open

4. Lessons learned and challenges

The monitoring of the Nenskra HPP Management Action Plan provides several lessons for the design, implementation and monitoring of remedial actions following a compliance review. The case demonstrates the importance of distinguishing clearly between systemic actions that can be implemented independently of project progress and project-specific actions that depend on the project cycle, financing milestones or client implementation. While the systemic actions were ultimately completed, albeit with delay, several project-specific actions could not be undertaken because the Project was delayed and later cancelled.

A key lesson is that **Management Action Plans should include realistic implementation timeframes, clear dependencies, and mechanisms for revising timelines where circumstances change**. In this case, the original MAP timeframe was affected by Covid-19 restrictions, delays in project implementation, and the replacement of the EPC contractor. IPAM therefore requested revised timeframes and adjusted its monitoring schedule accordingly. **This experience underscores the value of early identification of actions that are dependent on external project milestones, and of transparent reporting to the Board when implementation schedules become unrealistic.**

The case also highlights **the centrality of meaningful stakeholder engagement and timely disclosure of information in the implementation of remedial actions**. Throughout monitoring, the Requesters repeatedly raised concerns that they and their advisers had not been adequately informed or consulted on studies and reports prepared under the MAP. This was particularly significant because insufficient stakeholder engagement and disclosure had been among the core findings of the Compliance Review. **Future MAP implementation should therefore ensure that affected people and their advisers receive timely, accessible and relevant information and that consultation processes are planned in a manner that enables meaningful participation.**

Another lesson concerns the need for **proactive coordination between Management, the Client and IPAM**. In several **monitoring periods**, IPAM reviewed documents and sought clarifications after key activities had already taken place. In one instance, IPAM was not informed in time to observe consultations related to the Cultural Heritage Impact Assessment and instead had to request evidentiary material after the event. **For future cases, Management and Clients should provide IPAM with advance notice of key milestones relevant to monitoring, particularly consultations, disclosure steps and field activities.**

The monitoring process also shows that **project delays can create a gap between technical completion of studies and completion of MAP actions**. In several instances, IPAM reviewed final or near-final reports and confirmed that they addressed the relevant Compliance Review recommendations, but the actions could not be closed because disclosure, consultation, implementation or project-cycle dependent components remained pending. This points to **the importance of defining completion criteria carefully, including whether completion requires preparation of a document only, disclosure of the document, consultation on it, or evidence of implementation.**

Finally, the case illustrates **the importance of preserving accountability where a project is cancelled or materially changes before all remedial actions are completed**. The remaining open actions are project-specific and cannot meaningfully be implemented while the Project is cancelled. However, if the transaction is resubmitted to the Board, the relevant MAP obligations should be reactivated and considered alongside any renewed environmental and social due diligence, updated policy requirements and stakeholder concerns.

The principal challenges identified through monitoring were:

- significant delays in project implementation, including delays linked to Covid-19 restrictions and the replacement of the EPC contractor;
- the dependence of several MAP actions on project milestones, which limited Management's ability to complete or disclose certain project-specific deliverables;

- persistent concerns from Requesters regarding limited consultation, insufficient information disclosure and limited involvement of affected communities and their advisers in MAP implementation;
- delays in completing systemic actions, including actions that were not necessarily dependent on the project cycle;
- uncertainty regarding how to treat technically completed but undisclosed or unimplemented studies for the purpose of determining MAP completion; and
- the need to maintain conditional accountability where monitoring is closed because the Project has been cancelled, but where project-specific obligations may become relevant again if the Project is revived or resubmitted for approval.

Conclusion

IPAM closes the monitoring of the Management Action Plan for Case 2018/08 on the basis that the Nenskra HPP Project has been cancelled and that the remaining open actions are project-specific in nature. In these circumstances, continued monitoring would not provide a meaningful basis for assessing implementation, as the outstanding actions depend on a project cycle that is no longer active.

This closure does not alter the findings of non-compliance identified in the Compliance Review, nor does it negate the relevance of the outstanding project-specific recommendations. Rather, it reflects the practical limitation that those actions cannot be completed while the Project remains cancelled. The systemic and procedural actions have been completed and provide institutional learning for future operations, while the unresolved project-specific actions remain relevant should the Project be revived, materially restructured, or resubmitted to the EBRD Board for approval.

Should the Project be brought back for EBRD consideration, Management should undertake renewed environmental and social due diligence, taking account of updated policy requirements, changes in the Project context, the concerns raised by affected communities and their advisers, and the outstanding MAP actions. In that scenario, IPAM's expectation is that the relevant obligations under the MAP would be reactivated and addressed before any renewed decision on financing.

Accordingly, the closure of monitoring is conditional and without prejudice to future accountability. It preserves the Compliance Review findings, records the implementation status of Management's commitments, and ensures that the remaining project-specific issues may be revisited if the Project proceeds again in a form requiring EBRD approval or support.

This report will be disclosed in the IPAM case registry under web file Case 2018/06 in both English and Georgian, after submitting it to the EBRD Board of Directors and the President for information. Upon disclosure of the report, the processing of this case will be formally concluded.