

MAP Monitoring Report II
Monitoring Period: November 2023 - April 2024

Shuakhevi HPP (Request # 2)
EBRD Project Number 45335
Case 2019/01

July 2024

Note: This case was received under the Project Complaint Mechanism (PCM) - the former accountability mechanism of the EBRD - in accordance with the [2014 PCM Rules of Procedure](#).

Effective 1 July 2020, the Project Complaint Mechanism was replaced with the [Independent Project Accountability Mechanism](#) (IPAM), brought into effect through the [2019 Project Accountability Policy \(PAP\)](#). Pursuant to Section V on Transitional Provisions of the Project Accountability Policy the IPAM Head determined in July 2020 that the assigned PCM Expert complete the compliance review process under the 2014 Rules of Procedure of the Project Complain Mechanism. Following completion of the Compliance Review in November 2022, this case has been processed as per the requirements of the [2019 Project Accountability Policy](#).

IPAM is the independent accountability 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 Complainants and Clients to resolve environmental, social and public disclosure concerns without attributing blame or fault; or ii) Compliance Reviews, which determine whether the EBRD has complied with its Environmental and Social Policy and Access to Information Policy in relation to the Project.

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

<p>Contact information The Independent Project Accountability Mechanism (IPAM) European Bank for Reconstruction and Development 5 Bank Street London, E14 4BG Email: ipam@ebrd.com</p>	<p>How to submit a complaint to the IPAM Concerns about the environmental and social performance of an EBRD Project can be submitted by email, or via the online form at: https://www.ebrd.com/ipam</p>
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Unless otherwise indicated capitalised terms used in this report are those as set forth in the 2019 Project Accountability Policy.

List of Abbreviations

Abbreviation	Long Form
AGL or Client	Adjaristsqali Georgia LLC
BREC	Blue Rivers Environmental Consultancy
CAO	Office of the Compliance Advisor Ombudsman
CEE	Central and Eastern Europe
CSO	Civil Society Organisation
EBRD	European Bank for Reconstruction and Development
ESP	EBRD Environmental and Social Policy
IPAM	Independent Project Accountability Mechanism
LEC	Lenders' Environmental Consultant
MAP	Management Action Plan
O-BAP	Operational Biodiversity Action Plan
PAP	2019 Project Accountability Policy
PCM	Project Complaint Mechanism
PR	Performance Requirement
Project	Shuakhevi Hydro Power Project (45335) in Georgia
SEP	Stakeholder Engagement Plan

Executive Summary

In July 2018, the Project Complaint Mechanism (PCM) received a Complaint from civil society organisations Green Alternative and CEE Bankwatch Network relating to the [Shuakhevi HPP \(45335\) project in Georgia](#). The Request was registered on 18 February 2019 as [Case 2019/01 Shuakhevi HPP \(Request #2\)](#).

The Requester raised concerns regarding the robustness of the environmental and social impact assessment and due diligence, project implementation and project monitoring. Concerns regarding the adequacy of stakeholder engagement, measures for safeguarding women as a vulnerable group and the adequacy of biodiversity offset measures were also cited.

The PCM conducted a Compliance Review following allegations of non-compliance with the 2008 EBRD Environmental and Social Policy (ESP). Documents relating to this case are shared in the [IPAM case registry](#).

PCM's [Compliance Review Report](#) (conducted by an external expert) identified non-compliance across 3 ESP Performance Requirements (PRs) and provided 8 Project-level and systemic recommendations to address said non-compliance.

The [Board-approved Management Action Plan \(MAP\)](#) includes 10 actions to be implemented between December 2022 and December 2025.

The Project Accountability Policy establishes that IPAM will consider an action completed when the committed tasks are carried out within the indicated timeline¹. Per the [MAP monitoring report](#) covering the first monitoring period (December 2022 – October 2023) 3 actions were completed and closed, 3 were incomplete (with due date December 2022 and June 2023), and 4 actions required ongoing review.

This report covers the **second monitoring period**, which runs from November 2023 to April 2024, and provides an overview of the activities undertaken by IPAM to verify implementation of 3 pending actions (all of which overdue) and 4 ongoing actions. The overdue actions are: 5a, 6a, 6b. The ongoing actions are: 5c, 7a, 7b, 8b. Below is the summary of the actions monitored in this report:

Management action 5a: The updated SEP is publicly available in both English and Georgian – Deadline: December 2022

Management action 5c: The SEP is implemented during the operational phase – Deadline: Bi-annually, starting in December 2022 and completing in December 2025 (ongoing)

Management action 6a: The non-technical position paper on historical rock testing methods is made publicly available in English and Georgian – Deadline: June 2023

Management action 6b: Project-affected people are informed of the possibility of requesting rock testing data – Deadline: June 2023

Management action 7a: Management to provide IPAM with updates on water availability monitoring findings – Deadline: Bi-annually, starting in December 2022 and completing in December 2025 (ongoing)

¹ As per para. 2.8 of the Project Accountability Policy, "Management Action Plans will be considered implemented if they fulfil the following criteria: i) the implementation plans and commitments set out thereunder [in the MAP] are being effectively carried out; and ii) implementation timetables are being met.

Management action 7b: Management to provide IPAM with updates on water availability complaints raised in the grievance mechanism – Deadline: Bi-annually, starting in December 2022 and completing in December 2025 (ongoing)

Management action 8b: Implementation updates of the O-BAP are provided to IPAM for inclusion in monitoring reports – Deadline: Bi-annually, starting in December 2022 and completing in December 2025 (ongoing)

Compliance process outputs and timeline to date:

No.	Activity	Timeline
1	Compliance Review completion	October 2022
2	Management Action Plan approval	October 2022
3	MAP Monitoring Plan	December 2022
4	1st monitoring report covering period December 2022 – October 2023	February 2024
5	2nd monitoring report covering period November 2023 – April 2024	July 2024

At the end of this monitoring period, IPAM reports that: action 5a is completed and can be closed (albeit with delay), actions 7b and 8b were completed for this monitoring period but will be subject to ongoing monitoring going forward. As for actions 6a, 6b, 5c, 7a, these were not completed in the current monitoring period.

For the third monitoring period, covering MAP implementation from June 2024 – November 2024, IPAM will continue its monitoring of actions 6a, 6b, 5c, 7a, 7b, 8b.

The next monitoring report is scheduled for disclosure at the end of December 2024.

1. Introduction

In July 2018, the Project Complaint Mechanism (PCM) received a Complaint from civil society organisations Green Alternative and CEE Bankwatch Network relating to the [Shuakhevi HPP \(45335\) project in Georgia](#). The Request was registered on 18 February 2019 as [Case 2019/01 Shuakhevi HPP \(Request #2\)](#).

The Requester raised concerns regarding the robustness of the environmental and social impact assessment and due diligence, project implementation and project monitoring. Concerns regarding the adequacy of stakeholder engagement, measures for safeguarding women as a vulnerable group and the adequacy of biodiversity offset measures were also cited.

The PCM conducted a Compliance Review following allegations of non-compliance with the 2008 EBRD Environmental and Social Policy (ESP). Documents relating to this case are shared in the [IPAM case registry](#).

PCM's [Compliance Review Report](#) (conducted by an external expert) identified non-compliance across 3 ESP Performance Requirements (PRs) and provided 8 Project-level and systemic recommendations to address the non-compliance.

The [Board-approved Management Action Plan \(MAP\)](#) includes 10 actions to be implemented between December 2022 and December 2025.

In December 2022, IPAM produced and disclosed a [monitoring plan](#) for this case, followed by the [first monitoring report](#) in February 2024.

This is the second monitoring report, which covers IPAM monitoring activities in relation to relevant Management actions for the period November 2023 – April 2024.

2. Monitoring activities undertaken during the period.

The current monitoring period includes:

- **Actions 5a, 6a, 6b.** These actions were not completed within the timeframe established and remain pending from previous periods. These were originally due, respectively, by December 22 (the first) and June 2023 (the remaining two);
- **Actions 5c, 7a, 7b, 8b.** Recurring actions to be reviewed on an ongoing basis until the Monitoring Stage ends.

IPAM has had late contact with the requesters. Their input could therefore not be integrated into this monitoring report but will be going forward.

It is also relevant to mention that the Makhalakidzebi Village (Rabati district) of the Shuakhevi Municipality have issued a statement outlining the impacts of the Shuakhevi HPP project and asking to take action.

In addition, the Office of the Compliance Advisor Ombudsman (CAO) will soon be disclosing a Compliance Review. IPAM has been in contact with them and will continue to do so in the next monitoring period.

Action 5a

This action required to make the updated SEP publicly available both in English and in Georgian. During the first monitoring period (December 2022 – October 2023) this action had only been partially completed. In particular, IPAM had found that while the most up to date SEP (version D) was on the English language website, an earlier version (version C) remained on the Georgian language website. Therefore, during this monitoring period, verification by IPAM was focused on ensuring that the latest (version D) translation to Georgian would be produced and disclosed.

Evidence of the document's disclosure on the project website in both languages can be found below (see links), and **this action can therefore be deemed as complete, albeit with delay.**

- Stakeholder engagement plan for Operational Phase (in Georgian): [4d5371e0-19ae-11ef-b2ad-3933d8c3b483.pdf \(agl.com.ge\)](#)
- Stakeholder engagement plan for Operational Phase (in English): [d76f3e00-af8f-11ee-9b9e-9b28970c1a70.pdf \(agl.com.ge\)](#)

Action 6a

This action required the non-technical position paper on historical rock testing methods to be made publicly available in English and in Georgian. During the first monitoring period (December 2022 – October 2023) this action was not deemed complete by IPAM, which considered the report not to provide the information required. IPAM therefore requested Management to ask the Client to revisit the non-technical summary within the following monitoring period.

During the current monitoring period, there have not been any advancements on this, hence why **this action cannot be deemed as complete.**

IPAM will continue liaising with Management and the Requesters during the next monitoring period.

Action 6b

This action required informing project-affected people of the possibility to request rock testing data. During the previous monitoring period (December 2022 – October 2023) this action was not deemed complete by IPAM as Management indicated that evidence of completion would have been provided in the subsequent monitoring period.

During the current monitoring period Management reported that a regular meeting with the Makhalakidzebi community is scheduled to take place in July. AGL has committed to run a session where it will present its new website to the community and various documents including specifically on rock testing. Management will report on this meeting going forward. Nonetheless, for the moment **this action cannot be deemed as complete.**

IPAM will continue liaising with Management and the Requesters during the next monitoring period.

Action 5c

This action required the implementation of the SEP during the operational phase. During the first monitoring period (December 2022 – October 2023) this action was not deemed complete by IPAM due to the lack of evidence, as well as due to the Requesters' concerns expressed about stakeholder engagement. A Social Monitoring Report (September 2022) set out several

recommendations to be implemented by the Client to improve the stakeholder engagement, but this was still pending. IPAM's focus during the current monitoring period was to seek from Management a comprehensive update on implementation of the SEP.

During the current monitoring period, IPAM was provided with a Social Monitoring Report (February 2024), reporting that in line with its commitments, AGL maintains the Operations SEP up to date and tailored to the Project operational activities and impacts, with relevant affected communities being mapped, analyzed and included therein. Management also reported that meetings with the Makhalakidzeebi community had been scheduled.

While there appears to have been some progress, the Requesters have informed IPAM that the community claims that no engagement has taken place. As these inputs were received as IPAM was about to disclose this report, it will keep the action open until it verifies the information received.

This action is therefore reported as not completed during this monitoring period.

IPAM will continue liaising with Management and the Requesters during the next monitoring period.

Action 7a

This action required Management to provide IPAM with updates on water availability monitoring findings. During the previous monitoring period management indicated that the water availability was a concern during construction, but no further monitoring had taken place after that. IPAM did not deem this acceptable, as the MAP committed to "continue monitoring for the lifetime of the EBRD loan to ensure there is no change in the situation".

During the current monitoring period, Management reiterated that spring water monitoring was stopped because no linkage could be established between the project tunnels and springs. It noted that since the operational phase began, no grievances had been filed in relation to spring water levels.

However, the MAP had a commitment to monitor during the lifetime of the loan, therefore it is IPAM's consideration that this action cannot be closed, and Management should ensure that it implements it.

This action is therefore reported as not completed.

IPAM will continue liaising with Management and the Requesters during the next monitoring period.

Action 7b

This action required Management to provide IPAM with updates on water availability complaints raised in the grievance mechanism. During the previous monitoring period Management had indicated that no grievances were received in the period under review. Management has reported the same during this period.

This action has been completed for this monitoring period. As it is an ongoing action IPAM will continue monitoring it in the forthcoming period.

IPAM will continue liaising with Management and the Requesters during the next monitoring period.

Action 8b

This action required that implementation updates of the Operations Biodiversity Action Plan (O-BAP) are provided to IPAM for inclusion in monitoring reports. During the current monitoring period the LEC report indicates comfort on the implementation of the O-BAP. However, it lacks defining how AGL will demonstrate achieving no net loss/net gain for replanting of forest habitats. AGL is therefore required to prepare an exit strategy for each replanting area.

This action can be deemed as complete for this monitoring period, but IPAM will continue monitoring it in the forthcoming period. Attention will be on the preparation of the exit strategy, as well as on the concerns relating to the “decline in some fish species” noted in the statistical trend analysis.

IPAM will continue liaising with Management and the Requesters during the next monitoring period.

3. Monitoring Conclusions

IPAM was able to confirm the updated SEP was made publicly available both in English and in Georgian on the Project website. We therefore consider **action 5a as completed**.

Action 7b can also be **deemed as complete** for this monitoring period, given Management's updated to IPAM in relation to water availability complaints raised in the grievance mechanism. Nonetheless this is an ongoing action and will therefore continue to be monitored on an ongoing basis in the next monitoring periods.

As regards to **action 8b**, IPAM considers this action as **completed for this monitoring period** given the positive assessment of the LEC in their report but will continue monitoring it on an ongoing basis in the next periods.

As regards to actions **6a, 6b, 5c, 7a**, IPAM **does not consider these as completed** during the current monitoring period and will continue liaising with Management and the Requesters during the following monitoring period.

Annex

Table 1: MAP Implementation Progress

Action No.	EBRD Management Action Plan Commitment and Proposed Deadline for Completion	IPAM Proposed Monitoring Activity	IPAM monitoring activity due date	IPAM Requirement for determining completion	Status of Management Action Plan Commitment	IPAM Comments
5.	(a) The referred updated SEP is publicly available in both English and Georgian	Check if the updated SEP is publicly available in English and Georgian	December 2022	Confirmed that updated SEP is publicly available in English and Georgian	Completed	The SEP was disclosed on the project website both in English and in Georgian
	(c) The SEP is being implemented during the operational phase	Request update from the Management on how the SEP is being implemented, what activities have taken place and what stakeholders are included	Bi-annually, starting in December 2022 and completing in December 2025 ²	Update provided and its summary disclosed in the IPAM monitoring report. Local stakeholders confirm participation	Not completed	While there seems to have been some progress, IPAM needs to further review additional evidence ahead of closing this action.
6.	(a) The non-technical position paper on historical rock testing methods is made publicly available in English and Georgian	Confirm if the position paper is available publicly in English and Georgian	June 2023	The position paper is available publicly in English and Georgian	Not completed	IPAM will continue liaising with Management and the Requesters during the next monitoring period.
	(b) Project-affected people are informed of the possibility of requesting rock testing data	Request from Management evidence that Project-affected people have been informed about the possibility of requesting rock testing data	June 2023	Notices and messages to Project-affected people provide information about possibility and process of requesting the data	Not completed	IPAM will continue liaising with Management and the Requesters during the next monitoring period.

Action No.	EBRD Management Action Plan Commitment and Proposed Deadline for Completion	IPAM Proposed Monitoring Activity	IPAM monitoring activity due date	IPAM Requirement for determining completion	Status of Management Action Plan Commitment	IPAM Comments
7.	(a) Management to provide IPAM with updates on water availability monitoring findings	Request update from Management on water availability monitoring findings	Bi-annually, starting in December 2022 and completing in December 2025	Update provided and its summary disclosed in the IPAM monitoring report	Not completed	IPAM will continue liaising with Management and the Requesters during the next monitoring period.
	(b) Management to provide IPAM with updates on water availability complaints raised in the grievance mechanism	Request update from Management on water availability complaints raised in the grievance mechanism	Bi-annually, starting in December 2022 and completing in December 2025	Update provided and its summary disclosed in the IPAM monitoring report	Completed for this monitoring period (action to be reviewed on an ongoing basis)	Management reported no complaints were received in relation to water availability. IPAM will be continue monitoring this in the following periods.
8.	(b) Implementation updates of the O-BAP are provided to IPAM for inclusion in monitoring reports	Request update from the Management on implementation of O-BAP	Bi-annually, starting in December 2022 and completing in December 2025	Update provided and its summary disclosed in the IPAM monitoring report	Completed for this monitoring period (action to be reviewed on an ongoing basis)	The LEC report indicates comfort on the implementation of the O-BAP. However it lacks defining how AGL will demonstrate achieving no net loss/net gain for replanting of forest habitats. AGL is therefore required to prepare an exit strategy for each replanting area. IPAM will be continue monitoring this in the following periods.