

MAP Monitoring Report III
Monitoring Period: May 2024 - October 2024

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

May 2025

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 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](#).


Contact information The Independent Project Accountability Mechanism (IPAM) European Bank for Reconstruction and Development 5 Bank Street London, E14 4BG Email: ipam@ebrd.com	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
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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, IPAM's predecessor) 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.

PCM conducted a fact-finding investigation and presented its findings and recommendations in a Compliance Review Report, available to the public in the [virtual case file](#) in IPAM's case registry. The [Compliance Review Report](#) (conducted by an external expert) identified non-compliance with the 2008 Environmental and Social Policy related to Performance Requirements (PRs) 1, 4 and 6.

In order to address the identified non compliances, PCM made a total of **8 recommendations**: **4** recommendations are **specific to the Project** and **four** are **systemic in nature**.

To address PCM's findings and recommendations, Bank Management submitted an **action plan** to the Board. The [Management Action Plan \(MAP\)](#) was disclosed on the IPAM case registry on October 2022 thus initiating the MAP monitoring stage, where IPAM (and previously PCM) is responsible for monitoring the implementation of the MAP based on the criteria set in the Project Accountability Policy.

To guide the monitoring process, PCM produced a [MAP Monitoring Plan](#), specifying the activities it would undertake to assess the completion of each action and ensuring that recommendations are addressed. The document is publicly available in the IPAM case registry.

The Project Accountability Policy establishes that IPAM will issue reports biannually that cover the periods of six months of MAP implementation, until all actions are completed. In addition, it established that IPAM will consider an action completed when the committed tasks are carried out within the indicated timeline¹.

This report covers the **third monitoring period**, which runs from May 2024 to October 2024, and provides an overview of the activities undertaken by IPAM to verify implementation of 2 pending actions (all of which overdue, as the original deadline was June 2023) and 4 ongoing actions (which IPAM continues to monitor every 6 months).

The overdue actions are: 6a, 6b. The ongoing actions are: 5c, 7a, 7b, 8b. Below is the summary:

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

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 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)

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
6	3 rd monitoring report covering period May 2024 – October 2024	Current one

In October 2022, in the Board-approved [Management Action Plan](#), Management had committed to completing a total of 10 actions (some of which of ongoing nature, and the others due in a period going between December 2022 and June 2023). To date, around two years later, only 4 actions have been completed, with the other 6 remaining open far past the due date.

During this monitoring period, Management provided certain documentation in response to the request. After carefully reviewing it, IPAM considers that **four actions** remain **not completed** as the activities undertaken and documents provided do not fully fulfil the commitments made by Management in the **Management Action Plan approved by the Board in September 2022**. The remaining **two actions** will be **closed**.

In further engagement with Management, IPAM was informed that the Bank is no longer actively managing the project at this stage as they are comfortable with its environmental and social performance. This is of concern to IPAM as there are still outstanding actions.

Finally, it is relevant to note that the Office of the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation has recently completed its own compliance review process of the project and is expected to disclose the findings report before the next IPAM monitoring report.

IPAM has engaged with them during this period and will remain attentive to their process and disclosure of findings as they might serve to inform the current state of the project and the communities.

The next monitoring report will be issued in the summer of 2025 seeking to incorporate information of the status of the project and the communities from the CAO compliance review report.

1. Background

In July 2018, the Project Complaint Mechanism (PCM, IPAM's predecessor) 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.

PCM conducted a fact-finding investigation and presented its findings and recommendations in a Compliance Review Report, available to the public in the [virtual case file](#) in IPAM's case registry. The [Compliance Review Report](#) (conducted by an external expert) identified non-compliance with the 2008 Environmental and Social Policy related to Performance Requirements (PRs) 1, 4 and 6.

In order to address the identified non compliances, PCM made a total of **8 recommendations**: **4** recommendations are **specific to the Project** and **four** are **systemic in nature**.

To address PCM's findings and recommendations, Bank Management submitted an **action plan** to the Board. The [Management Action Plan \(MAP\)](#) was disclosed on the IPAM case registry on October 2022 thus initiating the MAP monitoring stage, where IPAM (and previously PCM) is responsible for monitoring the implementation of the MAP based on the criteria set in the Project Accountability Policy.

To guide the monitoring process, PCM produced a [MAP Monitoring Plan](#), followed by the [first monitoring report](#) produced by IPAM in February 2024 and the [second monitoring report](#) in July 2024.

This is the third monitoring report, which covers IPAM monitoring activities in relation to relevant Management actions for the period May 2024 - October 2024.

2. Monitoring activities undertaken during the period.

To guide the monitoring process, IPAM has published in December 2022 the [MAP Monitoring Plan](#), which outlines the monitoring activities proposed by IPAM to ensure implementation of the MAP.

This report covers the monitoring period running from May 2024 to October 2024 and provides an overview of the activities undertaken by IPAM to verify the implementation of deliverables in relation to Management actions 5c, 6a, 6b, 7a, 7b and 8b (two of which were due in June 2023 and the rest ongoing).

Summary of monitoring activities and findings

In October 2022, in the Board-approved [Management Action Plan](#), Management had committed to completing a total of 10 actions (some of which of ongoing nature, and the others due in a period going between December 2022 and June 2023). At the start of this monitoring period, six actions

were subject to monitoring. IPAM has liaised with Management to request the documentation necessary to get a better understanding of how specific recommendations are being met through the MAP.

Management provided certain documentation in response to the request. After carefully reviewing it, IPAM considers that **four actions** remain **not completed** as the activities undertaken and documents provided do not fully fulfil the commitments made by Management in the **Management Action Plan approved by the Board in September 2022**. The remaining **two actions** will be closed.

In further engagement with Management, IPAM was informed that the Bank is no longer actively managing the project at this stage as they are comfortable with its environmental and social performance. This is of concern to IPAM as there are still outstanding actions.

In engagement with the Requesters, their concerns with the project seem not to have abated². In September 2024, the Requesters reported that there was an activation of landslides in the mountains which fortunately did not reach to the Makhalakidzeebi village. Following the landslide, locals were asked to register as eco-refugees and take a monetary amount as compensation. This alternative was rejected by them and since then they have not been contacted.

Finally, it is relevant to note that the Office of the Compliance Advisor Ombudsman (CAO) of the International Finance Corporation has recently completed its own compliance review process of the project and is expected to disclose the findings report before the next IPAM monitoring report.

IPAM has engaged with them during this period and will remain attentive to their process and disclosure of findings as they might serve to inform the current state of the project and the communities.

Please see below IPAM's analysis for each of the actions.

PCM's Recommendation 5

In connection with the Project, the Bank should work with AGL to compile a definitive list of Project-affected communities, including how the Project affects each such community. The Bank should take particular care to obtain input from affected communities, including women and other vulnerable members of those communities.

Please note that action 5c below is related to PCM's recommendation 5.

Action 5c

As a result of recommendation 5, Management committed to ensure that the Client updated the SEP to address the recommendations of the PCM has been disclosed for the operational phase of the project³ and is being regularly monitored, reviewed, and updated whenever required. The project will continue in monitoring phase for the life of the EBRD's involvement and this aspect will be included in periodic reviews.

² In early 2024, the Makhalakidzeebi Village (Rabati district) of the Shuakhevi Municipality issued a statement outlining the impacts of the Shuakhevi HPP project and asking for remedial actions.

³ The operational phase stakeholder management plan was disclosed in February 2021. [d76f3e00-af8f-11ee-9b9e-9b28970c1a70.pdf](#)

During the current period, IPAM was provided with a list of meetings that were conducted in 2023/2024 by the Client accompanied by meeting minutes.

Action deemed as completed.

PCM's Recommendation 6

In connection with the Project, the Bank should work with AGL to ensure public access to the results of geological testing (without disclosing legally protected confidential information), including slake durability tests, and to document actions taken by AGL to address the result of such tests.

Please note that actions 6a and 6b below are related to PCM's recommendation 6.

Action 6a

This action required a non-technical position paper on historical rock testing methods to be made publicly available in English and in Georgian. In specific, the Management Action Plan states the following: **"During project monitoring, EBRD will work with the client to issue a non-technical position paper on historical rock testing methods although this remains out of scope of the ESP and is therefore beyond compliance with EBRD's policies. However, EBRD will request that the client make available any rock testing data to project affected people should it be requested".**

Upon review, it appears that the paper on historical rock testing methods (both the [version on the AGL website](#) and the revised one provided by Management on 31 January 2025, which is not on the AGL website) present overall findings, without providing information on the specific testing methods applied (as committed by Management in action 6a). The document recently sent to IPAM provides some information on geological testing (strength and durability under wet conditions) and some information on the types of rocks where issues were encountered ("red breccia"). On the other hand, it does not specify where the samples were taken from, how the sampling was conducted. In addition, it does not indicate which testing was conducted (i.e. how did they find about the red breccia? Where were the faults found and why were they not found earlier? Were slake tests or other tests conducted?). For these reasons, the paper does not comply with the commitment made in action 6a.

Action 6b

As according to action 6a the information would be available to project affected people upon request, IPAM is requesting evidence that the Client has informed the communities or has posted it on the AGL website.

IPAM has received a statement from the Client that this has taken place, but with no supporting evidence. In the previous monitoring period, Management mentioned a meeting with the Makhalakidzebi community scheduled for July 2024, during which AGL had committed to presenting various documents, including those related to rock testing. The minutes from this meeting do not appear to address this matter.

Given these points, these actions are considered as not completed.

PCM's Recommendation 7

In connection with the Project, the Bank should work with AGL to arrange a thorough hydro-geological review (or to augment existing reviews) that includes gathering historical information regarding water availability and use, as well as proper validation of inferences and conclusions based on physical analysis, not confined to desktop analysis.

Please note that actions 7a and 7b below are related to PCM's recommendation 7.

Action 7a

This action required Management to provide IPAM with updates on water availability monitoring findings. This action was due on an ongoing basis, meaning that PCM, and after that IPAM, would review and assess the progress every six months.

IPAM's information request to Management for this action included details on the baseline analysis conducted for spring water and evidence supporting the assertion made in previous monitoring periods that "water availability was a concern during construction, but no further monitoring had taken place after that, as changes to water availability were not attributed to the Project". No information has been provided.

Action 7b

In this action, Management to provide IPAM with updates on water availability complaints raised in the grievance mechanism.

Regarding grievances on this matter, the Client mentioned that none had been received. . However, some of the meeting minutes provided (e.g., dated 26.06.24) indicate that issues such as the "disappearance of water sources", "people losing spring water", and "water not suitable for drinking" were raised as concerns.

We further noted that a water supply project is being implemented to provide water to two villages and an additional 80 households, which suggests that water availability is being recognized as a concern. Management suggested this being a community development project rather than a mitigation to spring water impacts.

Given these points, these actions are deemed as not completed.

PCM's Recommendation 8

In connection with the Project, the Bank should work with AGL to establish a protocol for systematic biodiversity monitoring and reporting, including timelines and content requirements, which enables AGL, the Bank and other interested parties to determine during all phases of the Project whether the Project is achieving no net loss of biodiversity.

Please note that action 8b below is related to PCM's recommendation 8.

Action 8b

Management committed to ongoing monitoring of the effectiveness of the O-BAP of the project by EBRD and the lender E&S consultant, and that future evolutions of the O-BAP would be disclosed by the company as is good practice.

During the current monitoring period the Lenders Environmental and Social Consultant monitoring report indicates comfort on the implementation of the O-BAP. It notes that an update of the Biodiversity Statistical Trend Analysis is not scheduled until after the 2025 monitoring period. and therefore, request to undertake a preliminary analysis in advance of the one scheduled.

This action can be deemed as complete for this monitoring period. Given it is an ongoing action IPAM will continue monitoring it in the forthcoming period.

3. Monitoring Conclusions

This report covers the monitoring period from May 2024 to October 2024 and reflects the status of the MAP implementation.

During this monitoring period, IPAM has liaised with Management to request the documentation necessary to get a better understanding of how specific recommendations are being met through the MAP. Management referred to IPAM that they are no longer actively managing the project at this stage as they are comfortable with the environmental and social performance.

IPAM has analysed the documentation against the commitments made in the Management Action Plan and considers that **four actions have not been completed and remain open**. The remaining **two actions will be closed**.

Annex I. MAP Implementation Progress – Actions due in the third monitoring

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.	(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	Action completed	IPAM was provided with a list of meetings that were conducted in 2023/2024 by the Client accompanied by meeting minutes.
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	The evidence provided does not entirely support the assessment of progress.
	(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	The evidence provided does not entirely support the assessment of progress.
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 for this monitoring period (action to be reviewed on an ongoing basis)	The evidence provided does not entirely support the assessment of 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
	(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	Not completed for this monitoring period (action to be reviewed on an ongoing basis)	The evidence provided does not entirely support the assessment of progress.
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)	This action can be deemed as complete for this monitoring period. Given it is an ongoing action IPAM will continue monitoring it in the forthcoming period.