

To:

Ms. Anoush Begoyan

PCM Officer

Project Complaint Mechanism

European Bank for Reconstruction and Development

One Exchange Square

London EC2A2JN

United Kingdom

Fax: +44 20 7338 7633

Email: pcm@ebrd.com

From: Green Alternative, Georgia

22 November, 2014

Complaint Regarding

The Dariali Hydro Power Plant Project, Georgia

Contact details of complainant

David Chipashvili

Association "Green Alternative"

Address: 27/29 Paliashvili Str. II fl.

Tbilisi, 0179, Georgia

Email: dchipashvili@greenalt.org

Tel: (+995 32) 229-27-73; 222-38-74

Fax: (+995 32) 222-38-74

Mobile: (+995 558) 27-72-83

Shota Buchukuri

“Stepanstminda”

Address: 26 Al. Kazbegi Str. Stepantsminda, Georgia

E-mail: info@stefantsminda.org.ge eco_shota@yahoo.com

Tel: (+995) 345251000

Mobile: (+995 599) 32-11-70

This complaint is not submitted by an authorised representative and we are not requesting our complaint to be kept confidential.

Background of the project

On May 7, 2014, the EBRD approved up to USD 80 million to JSC Dariali Energy for the 108 MW Dariali HPP project on the river Tergi, Kazbegi Municipality. The project envisages construction of a derivation tunnel in order to divert water from a place close to the town of Stepantsminda towards the powerhouse close to the Russian-Georgian border.

Green Alternative has on many occasions expressed its concern regarding the project development: inadequate appraisal of the environmental and social risks and inadequate mitigation measures, social impacts and impacts on a protected area, lack of public participation, and violation in the decision making and permitting procedures. The violations and faults which have taken place represent not only a violation of Georgian legislation, but also contradict the environmental and social policy of the EBRD.

Communication with decision makers

Green Alternative and local non-governmental organization Stepantsminda have been involved in the project preparation from an early stage of the project development (the scoping process) and regularly provide their opinion on the project not only to JSC Dariali Energy, but also to the Ministry of Environment, Ministry of Energy, Members of Parliament of Georgia and EBRD staff by preparing and sending comments on project documentation. We also prepare fact sheets and issue papers and other publications as well as organizing roundtable and face-to-face meetings with decision makers in order to clarify and resolve the questionable issues related to the project. Green Alternative participated in all the public hearings organized by the project developer.

Communication with the Investor and Ministry of Environment and Ministry of Energy:

1. Participation of Green Alternative and Stepantsminda in the scoping meeting of the Dariali HPP project, held in Stepantsminda; **August, 12, 2011**;
2. Comments by Green Alternative and Stepantsminda regarding the scoping report of the Dariali HPP project and Stakeholder Engagement Plan were sent to JSC Dariali Energy; **September 15, 2011**; See Georgian comments:
http://www.greenalt.org/webmill/data/file/Comments_on_draft_scoping_report_and_publication_plan_15_Sept_2011.pdf
3. Comments by Green Alternative and Stepantsminda on the Environmental and Social Impact Assessment Report of the Dariali HPP project were sent not only to the JSC Dariali Energy, but also to the Ministry of Energy and the Ministry of Environment; **November 14, 2011**; See comments in Georgian:
http://www.greenalt.org/webmill/data/file/GA_comments_on_Dariali_HPP_draft_ESIA.pdf
4. A collective letter of 56 national and international non-governmental organisations was sent to the President of Georgia, Mikheil Saakashvili, calling for suspension of large and other hydro-power development projects, including Dariali HPP, that pose a serious threat to the environment and livelihoods; **December 21, 2011**; See
In Georgian: http://www.greenalt.org/webmill/data/file/Letter_to_president_HPP_geo.pdf
In English: http://www.greenalt.org/webmill/data/file/Letter_to_president_HPPs_ENG.pdf
5. Green Alternative issued and disseminated the fact sheet “How Tergi River is Being Killed”; **July 13, 2012**; See in English:
http://www.greenalt.org/webmill/data/file/Dariali_HPP_Fact_Sheet_July_2012_ENG.pdf
In Georgian: http://www.greenalt.org/webmill/data/file/fact_sheet_re_Dariali_hpp_july_2012.pdf
6. Roundtable meeting: “Derivative Types of (Run-of-River) Hydro Power Plants (HPPs) in Georgia – Current Practices and Challenges”; The representatives of the Ministry of Environment, the Ministry of Energy, non-governmental, international and consultancy organizations, as well as other interested stakeholders participated in the discussion; **December 19, 2012**; See results in English:
http://www.greenalt.org/wp-content/uploads/2013/08/follow_up_18_December.pdf
7. Roundtable meeting with the chair of the environmental protection and natural resources committee of the Parliament of Georgia, where together with other important issues problems related to the Dariali and Shuakhevi HPP projects were also discussed; **January 22, 2013**;
8. Green Alternative participated in working group meetings within the Ministry of Energy (2 meetings were held) in order to work on problematic issues related to derivative types of HPPs on the example of Dariali and Kazbegi HPP projects; **February, 2013**;
9. Green Alternative together with the organizations from the Third Working Group of the Eastern Partnership Civil Society Forum, Georgia, organised a roundtable meeting dedicated to ensuring face-to-face dialogue between the local population and decision makers regarding the HPP projects in Georgia with a focus on Dariali HPP; **March 14, 2013**;
10. Green Alternative’s statement on the natural disaster in the Dariali gorge, 17 May 2014; **May 19, 2014**; See

In English: http://greenalt.org/wp-content/uploads/2014/06/Dariali_Statement_eng.pdf

In Georgian:

http://greenalt.org/wp-content/uploads/2014/05/Position_statement_GEO_DARIALI_19MAY2014.pdf

Communication with the EBRD Bank staff:

1. Meeting regarding the Shuakhevi and Dariali HPPs with Mr. Sam Walker, the Senior Advisor from the Environment and Sustainability Department of the EBRD, Mr. Giles Bishop, environmental consultant from AMEC and Ms Diane Brown, OPIC, in Tbilisi, Georgia; **September 26, 2013;**
2. Following up from the meeting in Tbilisi Mr. Sam Walker sent an email letter to Green Alternative regarding Dariali HPP and asked for feedback; **January 20, 2014;**
3. Response email letter and feedback from the Green Alternative to Mr. Sam Walker, Mr. Pierre Biedermann, Mr Darius Prasek from the EBRD; The letter was copied to the PCM of the EBRD regarding the Dariali HPP project; **April 15, 2014;**
4. Response email letter from the EBRD staff to the Green Alternative regarding Dariali HPP; **April 16, 2014;**
5. Clarification email letter to the EBRD staff from the Green Alternative regarding the Dariali HPP; **April 17, 2014;**
6. Open letter to the executive directors of the EBRD from the Green Alternative regarding the Dariali and Shuakhevi HPPs; **April 28, 2014;**
7. Response email letter from the EBRD staff to Green Alternative regarding the Dariali HPP; **May 6, 2014;**
8. Green Alternative participated in Annual Meeting and Business Forum of the EBRD in Warsaw during **May 14-15;** During the event Green Alternative presented issue papers on Dariali (See: <http://bankwatch.org/sites/default/files/briefing-DarialiHPP-Georgia-2May2014.pdf>) and Shuakhevi HPPs (See: <http://bankwatch.org/sites/default/files/briefing-ShuakheviHPP-Georgia-2May2014.pdf>) to the Bank staff, Executive Directors and the President of the Bank.
9. Email letter of the Green Alternative to the EBRD staff regarding the Dariali and Shuakhevi HPP projects after the May 17 accident on Dariali HPP project; **June 2, 2014;**
10. Response email letter of the EBRD to Green Alternative regarding the Dariali and Shuakhevi HPPs; **June 4, 2014;** Response email of the Green Alternative to the EBRD regarding the Dariali and Shuakhevi HPPs; **June 4, 2014;**

Inadequate assessment of the environmental and social impacts

Improper HPP site

The one of the main problems raised in the complaint involves the improper site selection for the hydropower plant, that has resulted in the death of around 6 workers and 4 truck drivers (in May – 8

people died; in August – 2 workers died)¹ at the working place after the two consecutive landslides on Devdoraki glacier in May and August 2014.

There are at least three well known mudflow rivers Devdoraki, Khuro, Chkhere on the project site, that has been chosen in a way that the Dariali Hydro derivation channel portal is located exactly at the convergence of the Devdoraki and Tergi rivers and the Dariali dam, tank and headwork - just at the convergence of the Khuro and Chkhere rivers.

The Devdoraki river begins at the Devdoraki glacier, which is known in the Caucasus as a glacier with lower hypsometrical position. It belongs to the category of hanging glaciers, meaning that it is impulsive and ice calving can cause disasters. One such disaster took place in 1832, when ice and debris moving at high speeds from the Devdoraki glacier blocked the Tergi river for three days; when the river broke through the blockage, it flooded Vladikavkaz (Russia) located downstream. The glacier ice then took seven years to melt. Moreover, in 2007 a landslide of Devdoraki killed one person.

The same threats are forecasted from the Kuro and Chkheri Rivers. The Kuro river intensively saturates avalanche material with water, turning it into a mudslide before carrying it into the Tergi. The flow of materials created by the Kuro destroys everything in its path; a onetime deposit contains hundreds of cubic meters, which has already blocked the Tergi river multiple times. The flow of materials from the Kuro occurs several times per year.

It should be also noted that in an interview with Liberali magazine the Director of Dariali Energy Zurab Alavidze said that the capacity was increased up to 110 MW just upon the request from the Ministry of Energy while the company itself wanted to build a 70 MW HPP². In 2008 in the list of proposed projects available on the ministry of Energy website, the capacity of Dariali HPP was only 50 MW. There was a gradual increase of hydro capacity justified through the “optimization of the scheme of river hydropower potential”³ by the Minister of Energy. It is clear that decision was not based on a detailed study and that the option chosen has not been proven to be the most technically feasible. This represents a violation of PR1 of the environmental and social policy of the EBRD: The project, as a Category A project, falls under paragraph 9 of the PR, requiring special formalised and participatory assessment processes including an environmental and social impact assessment. While this has been carried out, it is only partial and does not include the following provision: “This assessment will include an examination of technically and financially feasible alternatives to the source of such impacts, and documentation of the rationale for selecting the particular course of action proposed”.

1 <http://m.amerikiskhma.com/a/georgia-glacies-mudflow-in-dariali-gorge-georgia/1917479.html>

2 <http://www.liberali.ge/ge/liberali/news/113451/>

3 Order 10 of the Minister of Energy; February 17, 2010;

Inadequate assessment of the geodynamic risks

Another problematic issue of the project relates to the inadequate assessment of the risks of the development of dangerous geodynamic processes within the project site and proper mitigation measures.

The company has been provided with information about the improper assessment of the risks regarding the development of geodynamic processes in the EIA. It was warned several times by different geological experts and Green Alternative but unfortunately the company did not take it into account.

For example in 2012 Green Alternative in its fact sheet “How the Tergi river is being killed” was indicating that “...the calculations for suspended solid flow of the Tergi River (solid and bottom sediments) are based on the data of 1928-1940. No data about the tributaries of the Tergi River, as well as average annual flows and suspended solid flows of the Chkheri and Kuro Rivers have been studied or provided at all. The lack of hydrogeological data, taking into account that under the project only 10 percent of water flow will remain in the river, increases risk of harmful damages to the Dariali Gorge and its biodiversity, **as well as occurrence of natural disasters**. Moreover, it is established that due to climate change, the glaciers which feed Tergi and its tributaries, are reduced by several meters every year. **The issue of changing the water and solid flow caused by accelerated melting of glaciers was not taken into consideration while developing the HPP project.**”

In September 2013 Prof. Otar Duduari, also warned that the construction site has been chosen inadequately⁴. More recently, Duduari stated that a construction of a hydropower plant anywhere in the Dariali gorge would increase the risk of natural disasters⁵.

The Chairman of the Expert Commission⁶, Teimuraz Tbelishvili, that provides the state ecological expertise conclusion regarding the Environmental Impact Assessment (EIA) in 2011 stated that “potential for mudslides at Khdistskali and Kurostskali have not been properly reflected in the EIA⁷ document.” Chapter 7.5 of the EIA report was dedicated to the risks of development of dangerous geodynamic processes such as ravine formation, landslides, debris flow, rockslide, mudflow that might be caused or activated only by the project itself. The risks of development geodynamic processes independently from

4 <http://www.icmm.ge/ka/site/articles/4868/%E1%83%93%E1%83%90%E1%83%95%E1%83%90-%E1%83%AE%E1%83%93%E1%83%98%E1%83%A1-%E1%83%AE%E1%83%94%E1%83%9D%E1%83%91%E1%83%90%E1%83%A8%E1%83%98-%E1%83%90%E1%83%A1%E1%83%90%E1%83%A8%E1%83%94%E1%83%9C%E1%83%94%E1%83%91%E1%83%94%E1%83%9A-%E1%83%B0%E1%83%94%E1%83%A1%E1%83%96%E1%83%94-%E2%80%93-%E1%83%A1%E1%83%90%E1%83%99%E1%83%A0%E1%83%94%E1%83%91%E1%83%A3%E1%83%9A%E1%83%9D%E1%83%A1-%E1%83%95%E1%83%94%E1%83%A0%E1%83%93%E1%83%98%E1%83%A5%E1%83%A2%E1%83%98-%E1%83%AA%E1%83%9C%E1%83%9D%E1%83%91%E1%83%98%E1%83%9A%E1%83%98%E1%83%90.htm>

5 <http://www.radiotavisupleba.ge/content/meckeri-darialis-kheobashi/26543484.html>

6 According to Georgian legislation the Expert commission is created by the Department of licensing and permitting within the Ministry of Environment of Georgia in order to review EIAs of the project and issue its recommendations to the decision maker;

7 <http://www.ebrd.com/english/pages/project/eia/45542esiag.pdf>

the project and their impact on the project was not studied at all. Accordingly the proper mitigation measures such as early warning systems have not been determined, resulting in the death of around 6 workers (a total of 10 people died out of which 4 were truck drivers) on the construction site after the two consecutive landslides on Devdoraki glacier in May and August, 2014.

By approving and signing the project in its current form the EBRD violated its own environmental and social policy, as according to PR1: “9. ...Greenfield developments, or major expansions of activities, with potentially significant and diverse adverse environmental or social impacts, such as those listed in Appendix 1, will require a comprehensive environmental and/or social impact assessment, to identify and *assess the potential future environmental and social impacts* associated with the proposed project, identify potential improvement opportunities, and *recommend any measures needed to avoid, or where avoidance is not possible, minimise and mitigate adverse impacts.*”

Accordingly the Bank also bears part of the responsibility for the results of the tragedies that happened already and those that may happen in future.

The project poses risks to Stepantsminda settlement

The EIA does not study the impacts of the project on the settlement of Stepantsminda located upstream of the water intake site of the project. The project development in its current form will cause accommodation of the sedimentation from the multiple tributaries of the river Tergi at the mouth of the Kuro and Chkheri rivers and result in a rise of the Tergi riverbed.

In addition, according to the project design, up to 90% of the average annual flow of the Tergi river will be diverted, therefore the river Tergi will not be able to transport materials brought by the Kuro river. As a result, it will result in accumulation and filling of the already-narrow Kuro valley, posing a threat to the settlement of Stepantsminda upstream. The same processes will be developed with respect to the Chkheri river, which joins Tergi from the left side and which is also a mudflow river as was indicated above.

Therefore by signing the project the Bank violated PR 1 of the Environmental and Social Policy, as the project area of influence has not been determined in accordance with the policy, that requires, “6. Environmental and social impacts and issues will be appraised in the context of the project’s area of influence. This area of influence may include one or more of the following, as appropriate: (vi) Areas and communities potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The area of influence does not include potential impacts that would occur without the project or independently of the project.”

HPP construction in a protected area

Georgian legislation prohibits the construction of a HPP on the territory of a protected area, particularly national parks. However, JSC Dariali Energy actually requested and received a permit for the Dariali HPP project, covering territories of Kazbegi National Park’s traditional usage zone and roughly violating the law.

According to the EIA report, the "...diversion pipeline, sedimentation basin, and entrance portal of diversion pipeline will be located in Kazbegi National Park traditional usage territory. The area of the mentioned communications and access roads will be 2.64 hectares." By approving the project EBRD accepted the violation of Georgian legislation and therefore violates its own environmental and social policy, namely, PR 1 (Para 5) "...The appraisal should also identify applicable laws and regulations of the jurisdictions in which the project operates that pertain to environmental and social matters, including those laws implementing host country obligations under international law (for example commitments related to land use planning and protected area management)."

Green Alternative raised this issue with the EBRD and provided information about this violation. Unfortunately the EBRD did not provide an adequate response to GA regarding this issue:

"The land required for headwork construction activities has been acquired from the authorities responsible for national parks. The area acquired from park ownership was categorized as "mixed use" and was extensively modified through livestock grazing, pipeline and transmission routing and other human activity. In return the Client acquired an area of land that has been legally transferred into national park ownership as compensation (or off-set). Flora and fauna studies have confirmed that the off-set area is of a greater biodiversity value than that the area removed from the park boundaries, and this will ensure no net loss of critical habitat or species in line with PR6. Independent due diligence completed for the Bank has confirmed that the flora and fauna studies undertaken have been completed in accordance with the EBRD's PRs and that the results are reflected in the ESIA. It is important to note that many of the impacts to the previous park-owned land will be of a temporary nature and will be largely reversible following construction."

First of all it should be noted that information provided by the Bank according to which the three areas were "acquired" by the Dariali Energy and "transferred into the national park ownership" is confusing. These three areas, namely, Abano lake, Sakhiznari Cliffs and Truso travertine were under state ownership and thus it is unclear what does EBRD mean by "acquiring" state owned lands from the state by the company and then transferring it back to the state in order to establish 'natural monuments' .

The explanatory note of the amendments in the law "On the status of the protected territories", that established the above-mentioned three natural monuments: Abano lake, Sakhiznari Cliffs and Truso travertine states nothing about such operation (See attachment: explanatory note of the amendments in the law "On the status of the protected territories"). On the contrary according to the explanatory note the "Project initiator is Government of Georgia" and "author of the law is the Ministry of Environmental Protection of Georgia". Moreover, it directly states that "Neither governmental, non governmental and/or international organisations nor experts have taken part in preparation and assessment of the draft law". Therefore, it is unclear what is the role and function of the Dariali Energy in this process in any form.

It is also notable that ecosystems of newly established natural monuments are completely different from the ecosystems of project impacted Kazbegi National Park and Tergi river therefore these three newly

established natural monuments can not be considered biodiversity off-sets for the project impacted areas on either Tergi river ecosystem or to ecosystem of Kazbegi National Park.

The EBRD has violated its PR6 “Biodiversity Conservation and Sustainable Management of Living Natural Resources” of its own environmental and Social policy: “8. The client will need to identify measures to avoid, minimize or mitigate potentially adverse impacts and, where appropriate and as a last resort, propose compensatory measures, such as biodiversity offsets, to achieve no net loss or a net gain of the affected biodiversity,” through funding of the project.

There is no proof or any official documentation that would prove that the company was involved in creation of the three natural monuments as compensation measures. These areas should have been declared natural monuments irrespective of the project, and the declaration of their protected status should not be conflated with mitigating the project’s impacts. Since their biodiversity value is already existing, declaring them natural monuments, while welcome, is not an offset, as it will not simply stay the same, not replace any destruction caused by the project.

Quality of the additional studies

There are also problematic issues regarding the quality of the additional studies of the project, that have been provided by the Bank as additional measures in order to ensure the compliance of the project with the Bank’s environmental and social policy. e.g. the document “Expert advice on Terrestrial Biodiversity Conservation Land Take and Compensation” directly states that:

“The zoological (in particular, ornithological and herpetological) investigations on 4-7 October 2013 were carried out in not proper time and in not favorable weather conditions. During all working days the weather was changeable, mainly windy, cold +5 - +15 °C, cloudy, with snow at night and light rains during the day time. Only, 5th October was sunny day.”

It turns out that for a supposedly detailed study the experts had only 4 days and because of the bad weather conditions they conducted the study only in one day showing the quality of additional studies. This violates PR6, which requires “In planning and implementing impact assessments where biodiversity issues are a key focus, clients should refer to best practice guidelines on integrating biodiversity into impact assessments. The appraisal also needs to take into account climate change and adaptation issues. When requirements of paragraphs 13, 14 and 15 apply, the client will retain qualified and experienced external experts to assist in conducting the appraisal.” And PR 1.58: “... The appraisal process will be based on recent information, including an accurate description and delineation of the client’s business or the project, and social and environmental baseline data at an appropriate level of detail.

⁸ “[Through appraisal activities such as risk assessment, auditing, or environmental and social impact assessment, the client will consider in an integrated manner the potential environmental and social issues and impacts associated with the proposed project. The information gained will inform the EBRD’s own due diligence related to the client and project and will help to identify the applicable PRs and the appropriate measures to better manage risk and develop opportunities, in accordance with the applicable PRs.]

Violations in the decision making procedures

The process of decision making regarding the project on the national level was also characterized with legal violations.

Green Alternative applied to the Ministry of Environmental Protection (MOE) on September 21, 2011, and requested to be involved in administrative proceedings on issuing a conclusion of the “ecological expertise” concerning the Dariali HPP project.

On November 28, 2011 Green Alternative received the notification dated November 18th from the MOE that the EIA report on the project was submitted for obtaining a positive conclusion. The letter includes the date of launching an administrative proceeding (November 17, 2011), not indicating the date of its completion.

On the same day of receiving the notification, Green Alternative familiarized itself with the EIA report posted at www.aarhus.ge. The information about the terms of administrative proceedings was also indicated: according to the source the administrative proceedings should have been held from November 17, 2011 till December 2, 2011.

Green Alternative prepared its remarks and comments on the report and submitted them on December 1, 2011. As appeared later, the MoE made a decision on issuing a positive conclusion on November 28, 2011 – before the announced date (December 2) and on the same day, when Green Alternative received a notification on launching the administrative proceedings and availability of the report. Therefore the MoE violated the Georgian legislation, including a number of requirements of the Aarhus Convention on ensuring public participation in the process of making environmental decisions.

Information regarding the violations in the public participation process were provided to the EBRD. However, the bank accepted the existing violations and signed the project without requiring the client to ensure compliance of the project with the environmental and social policy of the Bank (2008), namely, PR 10 “Information Disclosure and Stakeholder Engagement” (Para 7): “...As part of its own due diligence, the Bank will assess the level of information disclosure and consultation conducted by the client against the requirements of this PR and may require additional engagement. The requirements of national law with respect to public information and consultation, including those laws implementing host country obligations under the international law (E.g. Aarhus and Espoo conventions) must always be met.”

Illegal construction of Dariali HPP and inaction from the EBRD side

In addition, Dariali Energy started construction before it received a construction permit.

On September 2011 the Mtskheta-Mtianeti Information Center published information about launching the implementation of the Dariali HPP project. The Director of Dariali Energy confirmed that the construction had really been launched, according to the Information Center. Since the company had not obtained the necessary permit documents to launch the construction, referring to this information by the

Information Center, Green Alternative applied to the Ministry of Environmental Protection and demanded to investigate the legality of works ongoing on the project territory as well as to take relevant measures in case of detecting any wrongdoings⁹.

In response, Green Alternative was assured that it would receive information about the legality of ongoing works after the planned inspection¹⁰. Almost a month and a half after the promise was given, Green Alternative applied to the Ministry of Environmental Protection again and requested information about the response measures. The Ministry answered that by that period Dariali Energy had already obtained the conclusion of ecological expertise necessary for the project implementation.

The Ministry of Environmental Protection did not react to the notification regarding the wrongdoing; moreover, it rapidly issued a permit document (conclusion of ecological expertise) trying to turn illegal construction into a legal activity. Besides the Ministry of Environmental Protection, Green Alternative also notified the Ministry of Energy and Natural Resources about illegal construction (because one of its departments was in charge of monitoring environmental issues) and asked the latter to investigate the legality of ongoing construction. A month after notification the organization received an answer, according to which a letter has been sent to the relevant regional unit (Agency of Natural Resources) of the Ministry for the purpose of taking relevant measures. A month after this response, as in case of the Ministry of Environmental Protection, Green Alternative requested information about the implemented measures. Finally, two months after the organization received an answer from First Deputy Minister of Energy and Natural Resources, Mariam Valishvili, stating that the company had already obtained all necessary permit documents.

Both the Ministry of Environmental Protection and the Ministry of Energy and Natural Resources should have been obliged to suspend illegal construction and react in line with the requirements of the Code of Administrative Offences and/or the Criminal Code of Georgia.¹¹

EBRD commits that all its projects "are designed and operated in compliance with applicable regulatory requirements and good international practice", however the Dariali HPP project does not fit "good international practice related to sustainable development".

Additional information

Despite the fact that regarding the Paravani HPP project the PCM found non compliance with the EBRD's environmental and social policy regarding the selection of the flow regime, EBRD ignored the finding of the PCM and accepted a similar practice in Dariali HPP by signing the project with the same conditions as it was in case of Paravani.

9 Letter 04/06-38 sent by Green Alternative to Minister of Environment Protection Goga Khachidze on September 15, 2011

10 Letter 133 of September sent by head of public relations Department of the moE , Ekatherine Bendeliani.

11 The Criminal Code of Georgia, Article N306; "Activity without Environmental Impact Permission";

In case of Paravani HPP project PCM found that:

"In the case of the Paravani River, the selection of a flow regime model such as the 'Tennant' methodology was not in itself flawed, but that the %AAF to be adopted should have been validated through calibration against local conditions established through an appropriate baseline assessment of the River ecology, morphology and flow rates in advance of the EBRD investment decision, at least to the point where EBRD could be confident that the plant could operate at sanitary flow rates which would not irreversibly damage the river ecosystem.

That EBRD is therefore in breach of Performance Requirement 6.6 with respect to the potential impact on biodiversity in that it did not fully characterise the risks and impacts, consistent with a precautionary approach and reflecting the concerns of relevant stakeholders in advance of the EBRD board decision to invest.. It is also in breach of Performance Requirement 1.5 in that at the time of board decision the appraisal was not based on an accurate delineation and description of the environmental baseline data at an appropriate level of detail."

Desired outcomes

We expect that with the complaint the PCM will perform a compliance review of the Dariali HPP project and examine whether the aspects above comply with the Performance Requirements and general commitments of the EBRD's Environmental and Social Policy and provide recommendations for how to resolve or mitigate the issues raised.

Best regards,

David Chipashvili

Association "Green Alternative"



Shota Buchukuri

"Stepanstminda"

