

# Georgia: Dariali HPP

REQUEST NUMBER:



Project  
Complaint  
Mechanism

## Compliance Review Management Action Plan

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# 1. Management Response

Management welcome the PCM Compliance Review Report on the Dariali HPP and to provide a number of actions to address non-compliances identified.

We think there are important lessons for us to take into account, particularly on better integration of environmental and technical due diligence, and ensuring better disclosure of technical issues dealing with siting decisions in the Environmental and Social Impact Assessment.

A number of actions related to policy wording were already revised and clarified in the 2014 Environmental and Social Policy.

## 2. Management Action Plan

### Actions to address the Recommendations in the Compliance Review Report

#### PCM Recommendation 1

In order to enhance compliance with PR 1.9, the Bank should ensure that the identification and assessment of potential future environmental and social impacts associated with a proposed project includes not just impacts the project might have on the environment and society, but also impacts that the environment and society might have on the project. This should include identification in the ESIA—and not just the Bank’s due diligence—of environmental and social phenomena that might have an impact on the project, bearing in mind both the severity, likelihood and foreseeability of particular risks.

#### Management Comment on Recommendation 1

The Dariali HP project was subject to the EBRD 2008 Environmental and Social Policy (ESP). The 2008 policy text was reviewed and revised in 2014, and this revision took into account extensive public discussion and comment and changed text on a number of issues that were unclear or confusing in the previous version.

In this regard, the issue of externalities impacting project was considered and explicit text was included in the 2014 ESPs as follows:

PR1, 9: *“The environmental and social assessment process will also identify and characterise, to the extent appropriate, potentially significant environmental and social issues associated with activities or facilities which are not part of the project, but which may be directly or indirectly influenced by the project, exist solely because of the project or could present a risk to the project. These associated activities or facilities may be essential for the viability of the project, and may either be under the control of the client or carried out by, or belong to, third parties. Where the client cannot control or influence these activities or facilities, the environmental and social assessment process should identify the corresponding risks they present to the project.”*

PR4, 31: *“The client will identify and assess the potential impacts and risks caused by natural hazards, such as earthquakes, landslides or floods as these relate to the project,”* which supplements the 2008 ESP language in PR4, 15. *“The client will prevent and avoid or minimise the exacerbation of impacts caused by natural hazards, such as landslides or floods that could arise from land use changes due to project activities.”*

#### Management Action 1

1.1. Management agrees that the 2008 ESP text required more clarity, and believe that this has been already incorporated in the 2014 revision to the Environmental and Social Policy.

Action completed.

1.2. With regard to the clearer identification in the ESIA of external issues that might affect the project, Management will review the general ESIA terms of reference to elaborate on the need to assess and disclose potential external issues which will foreseeably be of relevance to the ESIA.

Deadline: within 6 months of Board Approval of the Management Action Plan

1.3. An information session for EBRD environmental and social staff will be held to discuss updated ESIA materials and to ensure documents contain sufficient information on foreseeable externalities. In

addition, the information session will include a discussion on incorporation of relevant information from other EBRD work-stream (such as technical due diligence) into ESIA materials.

Deadline: within 6 months of Board Approval of the Management Action Plan

## PCM Recommendation 2

In order to enhance compliance with PR 1.5, the Bank should ensure that baseline data include up-to-date information about relevant environmental conditions, including conditions such as river flow that may be affected by other projects and/or the effects of climate change. The Bank should consider whether the ESIA accounts for recent effects of climate change on baseline data, risk and significance of impacts.

## Management Comment on Recommendation 2

The 2008 ESP underwent extensive discussion and consultation, and the 2014 ESP includes more clarity on baseline conditions and on climate change resilience and adaptation.

PR6 on biodiversity now includes paragraph 7, which states *“The assessment process will characterise the baseline conditions to a degree that is proportional and specific to the anticipated risk and significance of impacts. The baseline assessment will consider, but will not be limited to, loss of habitat, degradation and fragmentation, invasive alien species, overexploitation, migratory corridors, hydrological changes, nutrient loading and pollution, as well as impacts relevant to climate change and adaptation. In planning and carrying out biodiversity-related baseline and impact assessments, the client will refer to relevant good practice guidance, utilising desktop and field-based approaches as required. Where further investigations are needed to provide greater certainty of the significance of potential impacts, the client should carry out additional studies and/or monitoring before undertaking project-related activities that could cause irreversible impacts.”*

## Management Action 2

2.1. Management agrees that the 2008 ESP text required more clarity, and believe that this has been already incorporated in the 2014 revision to the Environmental and Social Policy.

Action completed.

2.2. As part of implementing the 2014 ESP, guidance notes have been prepared on specific biodiversity approaches, including baseline information. A separate guidance note has been prepared on PR6 generally, and these notes are all available on the EBRD website.

Action completed.

## PCM Recommendation 3

In connection with the Dariali HPP, the Bank should work with Client to compile and publicly disclose current information about river flow in order to ensure as soon as possible, and preferably before the Project goes into operation, that there is sufficient flow to support aquatic biodiversity, specifically including brown trout.

## Management Comment on Recommendation 3

At the time of project approval by the EBRD Board of Directors, the Client committed to the implementation of a detailed Biodiversity Action Plan (BAP) which included ongoing assessment of the biodiversity value of the River Tergi; review of the measures to conserve the biodiversity status of the river; and ongoing management requirements for the construction and operation of the project.

To date, Management can confirm good progress and full compliance with the implementation of the BAP, including successful commissioning of the fish pass. The BAP includes a Stakeholder Engagement Plan (SEP) which stipulates the requirements for information disclosure. During 2015, the SEP development included consultation with a number of stakeholders and reflected the recommendation of the PCM expert.

### Management Action 3

3.1. A public information meeting is scheduled for spring 2017 to coincide with commencement of HPP operations as part of the planned stakeholder engagement activities. Prior to this public consultation additional baseline information collected since the time of ESIA disclosure and a summary of the effectiveness of the mitigation measures will be disclosed. The Client has committed to ongoing disclosure of information relating to environmental flow; fish pass operation; and biodiversity data obtained.

EBRD will continue to closely monitor the implementation of the BAP and the disclosure of information. The disclosure of information will be an ongoing action item which will be monitored by EBRD. EBRD will report on the continued implementation of this item within 6 months of Board Approval of the Management Action Plan.