

„How environmentally friendly and socially just is the AIIB? “

Overview of case studies on AIIB financed projects

1 Investment Name and Timeframe

[280 MW Nenskra Hydropower Plant Project](#) [2017-2021]

2 Investment Country/area

Svaneti Region, northwestern part of Georgia

3 Total investment AIIB (\$)

US\$ 100 million

4 Co-financier (if any)

Total project cost: US\$ 1,083 million; ADB, EBRD, EIB, KDB: for up to US\$ 758 million; (EBRD (US\$ 214 million) and EIB (US\$ 150 million) have not signed final loan contracts yet [Oct. 2020])

5 E&S Category

Category A

6 Project Details

- The objective of the project is to increase the country's power generation capacity year-round, reduce dependency on fossil fuel-fired power plants and thus decrease their associated pollution; and reduce imports of electricity from neighboring countries
- The project is designed to store water during the summer so that energy production can be continued at a sustained pace during the winter months, when it is expected to generate an additional 259 GWh
- The project will construct a dam to impound the Nenskra River in a reservoir, a weir on the Nakra River divert the water to the Nenskra Reservoir, runnels, and a powerhouse

7 Project Concerns

- Decrease of height and length of Nenskra River dam from 135 to 125 meters/ width from 870 to 820 meters, derivation tunnel between the two river valleys shifted closer to glacier, irreversible damage to fragile river and mountain ecosystems, 35 km of Nenskra and Nakra Rivers left with almost no water
- The project deprives the local communities of their ancestral lands and traditional livelihoods
- Landslides and flooding will affect the houses to Nenskra and Nakra River as well as traditional uses of the valleys (agriculture, animal grazing, fishing, and hunting, water mills, forestry)
- Immense impact on the country's fiscal stability: In 2017 and 2018, the International Monetary Fund and the World Bank revealed assessments that pointed at specific threats to the fiscal stability of Georgia's budget providing public funding for the project is not reasonable and needs to be cancelled'
- 2018-20: Complaints submitted to EBRD and EIB by CEE Bankwatch Network, Georgian Green Alternative, and community representatives from the potentially affected areas. Significant failures were found in the project's compliance with the ESP of EBRD and EIB emphasizing the concerns above

8 AIIB Interaction to date

Several times flagged the problems in digital dialogues with the bank

Organization monitoring:

CEE Bankwatch

Links:

- Bankwatch (2019): Nenskra Petition Luxembourg <https://bit.ly/3ppR5ZK>
- Bankwatch (2019): Stop Nenskra campaign <https://bit.ly/3ofAZRN>
- Bankwatch (2019): Nenskra Update <https://bit.ly/2Ir7MTv>
- Bankwatch: Nenskra hydropower plant, Georgia <https://bit.ly/38BRuCd>
- Bankwatch (2020): Georgia's billion dam violates international standards <https://bit.ly/38FepfR>
- Nenskra HPP Compliance Review Report EBRD Project Complaint Mechanism Case 2018/08 July 2020; CONCLUSIONS REPORT 7 February 2020, Nenskra HPP Complaint SG/E/2018/32 Georgia
- Request to the EBRD's PCM on the Nenskra HPP project, May 30, 2018; The complaint to Complaints Mechanism of the European Investment Bank, June 1, 2018