

**In the line of fire:  
How international post-conflict aid billions are  
failing Georgia's people and environment**



Coalition Transparent Foreign Aid to Georgia  
Association Green Alternative

Tbilisi, 2009

# In the line of fire: How international post-conflict aid billions are failing Georgia's people and environment

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*This paper was prepared as part of the project “Mitigation of Environmental Impact of the Projects Implemented with Financial Aid Allocated to Georgia on Overcoming the Post-August 2008 Crisis.” The project is being implemented by Association Green Alternative with the financial support of Open Society – Georgia Foundation, as part of the framework of the coalition Transparent Foreign Aid to Georgia.*

*The project aims to reduce and mitigate the environmental impact of projects implemented with the financial aid allocated by the international financial organisations and donor governments to Georgia. It also aims to offer sustainable environmental alternatives and to promote compensation for the damage caused to the environment by the conflict that erupted in Georgia in August 2008.*

*This paper aims to present the potential environmental threats of those projects being implemented with foreign aid, to identify the weaknesses of Georgia’s legislation vis-a-vis such threats, and also to determine ways for reducing negative impacts.*



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## Executive summary

The military conflict that took place between Georgia and Russia in August 2008 caused a range of negative impacts on Georgia's natural environment, both directly (damage caused by hostilities) and indirectly (the extraction of natural resources for urgent needs).

As a response, the Government of Georgia, the World Bank and the United Nations developed the Joint Needs Assessment (JNA) Findings, which determined the post-conflict financial aid priorities. The process of the JNA preparation and the defining of priorities appeared absolutely closed to civil society. The document itself (in its incomplete form) became available only a day before the holding of a conference to discuss it. Based on this document, during the donors' conference held in Brussels on October 22, 2008, international financial institutions (IFIs) and donor countries pledged assistance totaling USD 4.55 billion to Georgia<sup>1</sup>.

Based on the JNA findings, the international aid will mostly focus on and be devoted to projects related to the construction and rehabilitation of Georgia's road infrastructure and its energy sector. Projects of this nature and scale, particularly when they are connected with the extraction of large amounts of natural resources in a short period of time, can result in serious impacts for the natural and social environment: both in terms of constructing said projects, and in how they ultimately function.

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<sup>1</sup> According to the Georgian Ministry of Finance up to USD 1.2bn has already been committed to the Georgian State budget, while 53% of the funds have been disbursed as of 1 October 2009.

There is a very real threat in Georgia that those projects initiated with foreign aid may further impoverish the local population that depends on forests and other natural resources. Moreover, these projects may further aggravate their living environment and cause their forceful migration. The deforestation or mining of construction aggregates, if allowed to continue without any limits, will cause land erosion and landslides. This is particularly an issue in Georgia's mountainous regions where there are already thousands of ecological refugees as well as IDPs.

During the implementation of these projects, along with environmental threats (and in close connection with them), there is the threat of the population's social-economic rights being violated. This threat is created, on the one hand, due to the weakness of Georgia's environmental legislation and institutions and, on the other hand, by the experience associated with the implementation of large scale projects in Georgia for some years already.

Green Alternative's analysis presented here in focuses on several projects financed following the Brussels conference of October 2008. These projects may have a negative impact on the environment and population (due to environmental degradation, loss of biodiversity, depletion of resources, possible migration of the population, improper compensation, etc.). Moreover, particular emphasis in this analysis is placed on the damage caused to the natural environment by the August war and on compensation measures.

Based on this general assessment of the compensation for damage caused to the environment by the August 2008 war, as well as the environmental impacts of donor-funded projects, it is apparent that the financial aid allocated for the post-war rehabilitation of Georgia is not being directed to the rehabilitation of damaged ecosystems.

Moreover, the scale of the environmental impact of donor-funded projects is extensive and may cause irreversible damage to the country's natural environment and cultural heritage; it may have a negative influence on the socio-economic state of the population, who fall under the influence of the projects. Projects that would balance this influence are not envisaged in the donor aid.

The international aid pledged does not focus on long-term environmentally and sustainable projects, such as the promotion of agricultural development, the construction of small hydro power plants, energy efficiency and other similar initiatives that have great potential to eradicate poverty, especially for Georgia's thousands of IDPs (internally displaced persons).

Georgian legislation fails to provide for the reduction or avoiding of environmental and social threats. State institutions are either not ready or have no willingness to take into consideration the environmental and social threats that inevitably accompany large energy and infrastructure projects. The quality of public participation in the decision making process is extremely low – this is caused by the absence of legislative mechanisms providing for public access to information and participation in the decision-making; by the low level of the public's environmental awareness, and; by the lack of environmental watchdog organisations.

In order to minimise these trends and to settle the existing problems, we consider it vital:

-  To introduce legislative changes in order to strengthen the environmental instruments and improve public involvement; to improve the environmental obligations set by licenses and permits and to reinforce control over them;

- ✎ That donors should focus on strengthening the capacity of Georgian state institutions in terms of natural resource inventory, environmental quality monitoring and environmental control, as well as the prevention and combating of natural disasters; special attention should be paid to the recommendations reflected in the JNA and OSCE-UNEP findings in respect of the rehabilitation of war-damaged ecosystems;
- ✎ That the IFIs and the Georgian government should immediately commence a strategic assessment of the impact of the country's energy sector development on the natural and social environment; there should also be a strategic assessment of the impact of aggregate mining (sand, gravel, rock) on the environment;
- ✎ That in order to balance the damage caused to the environment by the projects implemented with foreign aid, the IFIs and donors should commence environmental (conservation) projects and provide funds for shore protection works;
- ✎ That the aid allocated to Georgia promotes not only post-war recovery, but also more long-term goals such as the country's democratic development and its integration into Euro-Atlantic structures. To achieve this, donors should especially focus on the development of civil society and a free media, as well as local self-government. In order to prevent conflicts of interest – including the promotion of so-called 'GONGOs' (Government-operated non-governmental organisations) – it is essential that the IFIs, donor countries and organisations do not allow the financing of projects and their 'independent' monitoring from one and the same source;
- ✎ That the IFIs and donor countries should acknowledge the fact that there is almost no funding allocated within the international aid framework for environmentally and socially sustainable

projects, such as, for instance, the promotion of agricultural development and the construction of small hydro power plants;



That the IFIs and donor countries should provide more justification when supporting government-demanded projects; special emphasis should be placed on what particular positive impacts these projects will have on the country's economy, whether it will be possible to repay the loans through the implemented projects and whether the projects will have a positive effect on the livelihood of local communities directly affected by these projects. War-affected communities, local government, non-governmental organisations, experts and vocational groups should be actively involved in defining urgent needs and relevant spending priorities.

# Introduction

In 2004 the UN released a report "A more secure world: Our shared responsibility"<sup>2</sup>. It analyses all global threats facing mankind, which threaten international security and peace and the eradication of which the world community should work within the next decades. According to this document, one of the key global threats is environmental degradation, considered to be much more serious than nuclear, radiological, chemical and biological weapons, terrorism and transnational organised crime<sup>3</sup>. Over the last decade, two billion people have been affected by natural disasters, while the associated economic damage has exceeded the similar parameter for the previous four decades.

The above-mentioned UN document describes the global tendencies which trigger irreversible environmental degradation. It also gives general recommendations to contain these tendencies. The document emphasises that ecological problems are rarely taken into consideration when security and development strategies are elaborated and humanitarian aid strategies are defined. It expresses concern over the fact that poverty, infectious diseases and environmental degradation are discussed as separate problems, while coordination among donors is weak.

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<sup>2</sup> A more secure world: Our shared responsibility. Report of the High-level Panel on Threats, Challenges and Change, UN, 2004.

<sup>3</sup> Environmental degradation is explained as damage caused by human activities to the biosphere that occurs when a human extracts natural resources more quickly than their self-recovery is possible; when pollution causes irreversible damage to the environment; or when people damage and destroy natural ecosystems in the process of economic development.

The UN calls on the IFIs to pay more attention to fighting disasters and to render assistance to countries vulnerable to hazards. The scientists claim that one of the major factors behind provoking natural disasters is incorrect human activities – non-systemic reclamation of lands without proper assessment, construction and reconstruction of transport facilities, the mining industry, uncontrolled logging, so called "accelerated anthropogenic erosion" of river banks, etc. Due to extremely high anthropogenic pressure, it is almost impossible to differentiate between natural and human-induced catastrophic processes.

# 1. The environmental impacts of Russia's military incursion into Georgia in August 2008

**H**undreds of Georgian citizens died, dozens of villages were destroyed and thousands of people were forced to leave their homes as a result of Russia's military incursion into Georgia in August 2008. In the post-war period, the socio-economic problems in the country were further deepened by the global financial crisis.

The war had a negative impact on Georgia's natural environment, both directly and indirectly. 'Direct influence' means the damage caused by the hostilities to the natural environment. Various episodes can be distinguished: damage caused to the environment in the Tskhinvali and Gori districts during hostilities; fires raging in the Borjomi and Ateni Valleys after signing ceasefire agreements, as well as small fires in the Surami, Kharagauli, Kojori and Khaishi forests. According to Georgia's Ministry of Environment Protection and Natural Resources, 1100 hectares of forests were destroyed; environmental pollution resulted from the blowing up vessels in the Poti territorial waters (pollution with oil products – about 50 tons of oil products were spilled in the sea; noise pollution); air and land pollution caused as a result of the explosion of railway vehicles carrying oil products in the village of Skra of the Gori district (720 tons of crude oil were spilled in the ground), etc.

'Indirect influence' means the rapid extraction of natural resources due to urgent needs caused by the war – for example, in order to

build houses for IDPs, it became necessary to cut great quantities of wood and to extract large amounts of natural aggregates.

### ***The Joint Needs Assessment Findings***

The Government of Georgia, the World Bank and the United Nations (with the participation of ADB, EBRD, EIB, IFC, EC) developed the Joint Needs Assessment Findings (hereafter, JNA)<sup>4</sup>, which determined the financial aid priorities for Georgia. The document reviews a three-year plan of compensation for damage caused to the country by the August 2008 hostilities. Civil society, including non-governmental organisations, scientific-research institutions and other stakeholders had no opportunity to participate in developing the document, which was prepared in about two weeks. All those threats, including environmental issues, which may accompany the implementation of large-scale projects in a short period of time, were not taken into consideration.

The JNA document was submitted to the donors' conference held in Brussels on October 22, 2008, where the IFIs and donor countries pledged USD 4.55 billion assistance to Georgia.

A significant portion of donor-funded projects were agreed for projects related to road infrastructure construction/rehabilitation and to the energy sector. Some of these are already under implementation, while preliminary and preparatory works are underway for the remainder. Such projects may have serious impacts on the natural and cultural environment at different stages of their implementation (construction, operation).

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<sup>4</sup> Joint Needs Assessment Findings Prepared for the Donors' Conference of October 22, 2008 in Brussels, The United Nations – The World Bank.

The impacts from extraction of the natural resources necessary for these projects should also be noted. It is important not to permit such extraction of natural resources that will make their self-recovery impossible. Otherwise, these donor-funded projects may cause the further impoverishment of the local population dependant on natural resources; moreover, it may further aggravate their living environment and cause their forceful migration (eco-migration). Moreover, during the implementation of such large-scale projects, along with environmental threats (and closely associated with them), there is the threat of the population's socio-economic rights being violated. Such risks are grounded, on the one hand, on the weakness of Georgia's national environmental legislation and institutions (see below), and, on the other hand, on the experience from the implementation of previous large-scale projects in Georgia.

Green Alternative is focusing on a number of infrastructure and energy projects, to be financed as a result of the Brussels conference, which may have a significant negative impact on the environment and population (environmental degradation, loss of biodiversity, depletion of resources, possible migration of population, improper compensation, etc.). These projects are<sup>5</sup>:

-  Black Sea Regional Energy Transmission Project
-  Khudoni Hydro Power Plant Project
-  Eastern-Western Highway Project  
(Tbilisi-Senaki-Leselidze Highway)
-  Construction of Samtskhe-Javakheti Highway
-  Adjara Bypass Road Development Project.
-  Vaziani –Gombori-Telavi Highway Project

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<sup>5</sup> See information about the projects in a special digest (N1) on the website:  
<http://www.greenalt.org>

- ✎ Adjara Solid waste Management Project
- ✎ Oni Hydro Power Plant Cascade Project
- ✎ Rustavi Municipal Landfill Project
- ✎ Tbilisi Railway Bypass Project

In addition, this report focuses on the conflict-related damage to the natural environment, especially to forests, as well as on compensation measures.

## 2. Transparency and public participation

**A**s we have already mentioned, the process of the JNA preparation and the defining of priorities appeared absolutely closed to civil society. The document itself (in its incomplete form) became available only a day before the holding of a conference to discuss it<sup>6</sup>.

Transparency International Georgia has commented that "the document was created and revised so that the Parliament of Georgia, political parties, research organizations, interest groups and media have not participated in the process of elaboration of Georgia's development strategies. Because of secrecy of the document, the Parliament and the civil society groups have no opportunity to effectively participate in discussion on how the donor aid should be distributed, how this process should pass and what kind of monitoring should be imposed on it... It [JNA] has not been submitted to the Parliament for approval. As a result, the possibility of observing the accountability principle in the process of receiving the aid has been reduced and the Parliament's supervisory role has been weakened."

In contrast to Transparency International Georgia's sentiments stated above, EBRD President Thomas Mirow relates in a letter<sup>7</sup> sent to Green Alternative that the EBRD, along with other IFIs, continues

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<sup>6</sup> The World Bank staff said that it was the Georgian government's request to prepare the document confidentially and to disseminate it only among the participants of the conference.

<sup>7</sup> EBRD president's letter to Green Alternative, sent on July 29, 2009, related to energy sector projects.

participation in discussions with civil society groups, as for example in the case of the JNA preparation.

It should be noted that afterwards the Georgian government has carried out certain actions in terms of increasing transparency; for example, the Finance Ministry has posted a database on its website, which reflects the funds approved and transferred as a result of the Brussels conference; the Ministry has also posted those international agreements, which envisage budgetary aid. Deputy Finance Minister Dimitri Gvindadze regularly informs and updates interested civil society organisations. Notably, in March 2009, the European Commission published those conditions under which the Georgian government will receive increased assistance.

Since a significant part of international aid for Georgia comes for infrastructure and energy projects, it is essential that the IFIs and the Georgian government hold an extensive dialogue with society and the local population. Unfortunately, problems related to the transparency of international aid, public involvement and independent monitoring still persist in respect of particular projects.

For example, and strikingly, it seems that before launching the Environmental Impact Assessment (EIA) procedures the government has already decided to build the Oni and Khudoni hydro power plants, although the respective environmental and social impact assessments have not been carried out yet. In both cases the local population is categorically against the construction of big hydro power plants in their regions.

The Georgian government's decisions regarding construction of the Oni and Khudoni hydro power plants, has been negatively assessed by local people. The populations of both regions (in Upper Svaneti

and Racha) have already endured grave experiences and are aware of the negative impacts big dams can have, thanks to the Enguri hydropower plant in Svaneti and the Shaori reservoir in Racha. They know how micro climates change and how this affects their health and everyday life, to say nothing about the damage caused to their cultural heritage.

The local population of the villages (Ujarma, Paldo, Otaraanti, Sasadilo, Gombori) affected by the **Vaziani-Gombori-Telavi Highway Project** had a very narrow conception of the project. They knew about the existence of the project; however, they learned only from Green Alternative representatives that they could express their opinion regarding the project. They had no information about planned public discussions nor did they possess any project-related documents. After meeting with Green Alternative, and despite the lack of information, they expressed their willingness to participate in a public discussion, while a part of the population (from the village of Ujarma) expressed their opinions and attitudes towards the project and submitted them to the Road Department<sup>8</sup>, although a representative of the local government tried to exert influence on them.

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<sup>8</sup> As far as the project is concerned, its preparation process passed with serious procedural violations (namely, World Bank procedures, according to which it merited being a category A project). The necessity of the project's implementation in its submitted form was not proved (the widening of the motor road corridor up to 20 metres and plain land – up to 10.5 metres; the construction of four new bridges, the use of concrete technology). The project consultants did not study an alternative such as the rehabilitation of damaged road without its widening. This issue would be especially serious on those sections, which cross the villages and would prevent involuntary resettlement of the population as well as decrease the project costs. As it consequently emerged, the World Bank remarks have coincided with the Green Alternative comments. As a result, the Bank refused to finance the project in current design.

The public informing and participation component does not stand up to criticism in the case of the **Adjara Bypass Road Project**. The project documentation was prepared only in English; thus, the local population and authorities lacked an opportunity to discuss it thoroughly. The local population does mostly support the project, as they expect serious compensations. However, apparently the issue of compensations will become problematic at the very beginning of the project's implementation. In this context we should recall a statement made by the Asian Development Bank (ADB) safety team at the Sheraton Metechi Palace in April 2009 (the ADB's environmental and social policies were presented at the meeting), where it was variously noted that when granting compensations within bank-supported projects, it would be essential to distinguish the poor from criminals.

The local communities affected by the **Municipal Solid Waste Management Project in the Adjara Autonomous Republic** are categorically against its implementation. The population of the villages of Khali, Chaisubani and Chakvi, to be directly affected by the project that envisages the construction of a sanitary landfill on the area adjacent to these villages, claims that the immediate proximity of the landfill will have a negative impact on their health and economic status. Leisure and tourism-oriented business is their only income source, while the landfill, which should serve the settlements located on the Adjarian coastal line, will make their settlements unattractive for holiday makers and influence the prices of real estate. They have already sent joint letters to the President of Georgia and the Parliamentary Chairman regarding this matter.

In the next chapter we will describe the impacts the proposed energy projects may have on the natural and social environment, in order to highlight existing problems in decision-making processes related to particular projects identified under the JNA.

### **3. Impact of energy projects on the natural and social environment**

The Government of Georgia is supporting the construction of several small, medium and large hydro power plants with total capacity of 3000 megawatts. Several governmental reports, including the Main Directions of State Policy in the Energy Sector, emphasise the country's capabilities and potential to become an energy exporting country.

The key goal of the energy policy – the gradual replacement of natural gas with hydro electric power – is a step in the right direction. However, the planned projects (the Khudoni, Namakhvani and Oni hydro power plants) would be extremely destructive from the social, economic and environmental points of view and do not comply with the principles of sustainable development. These kinds of energy projects may have a serious negative impact on the environment, drastically change the social and demographic situation in Georgia's mountainous regions and also promote the destruction of cultural heritage.

According to a report released by the World Commission on Dams in 2000, the negative impact of great dams/hydro power plants on the natural and social environment (forced migration, loss of traditions, the destruction of natural environment and cultural heritage, landscape and local climate change) is so strong that they are no longer to be considered as a part of renewable energy.

Furthermore, when the construction of major hydro power plants is initiated, the financing of small and medium hydro power plants is

significantly complicated. Notably, Georgia has huge opportunities for developing small hydro power plants that are not only profitable from the economic point of view, but are also acceptable from the environmental point of view.

It should also be noted that hydro power plants do not provide a source of permanent electricity – the operational period of major hydro power plants is about 50 years; a reservoir is gradually filled with river sediments and after the expiry of the exploitation term the dam needs to be repaired or dismantled.

Below, we briefly discuss those energy projects that are supposed to be financed as a result of the Brussels donors' conference in October 2008.

### ***The Black Sea Regional Energy Transmission Project***

The project envisages the rehabilitation/construction of a 500 kV power transmission line, from western Georgia to the Azerbaijani and Turkish borders. It is expected that the project will be financed by the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German Reconstruction Bank (KfW) and aims at strengthening the sustainability of the Georgian energy system and providing the export of extra electricity to Turkey<sup>9</sup>. The project-envisaged power transmission line pass through several projected areas – the Borjomi-Kharagauli National Park, the Ktsia-Tabatskuri Managed Reserve and the Gardabani Managed Reserve.

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<sup>9</sup> It is marked in the project documentation that it is closely connected with the construction of some new big dams in Georgia in order to export as much electricity to Turkey as possible.

The project clearly violates Georgian legislation and, respectively, the regulations of the donors. As far as we know, the Georgian Energy Ministry is attempting to exert pressure on the Ministry of Environmental Protection and Natural Resources and, through harsh violation of the legislation, to insist on using the alternative when implementing the project that is the cheapest, but that may have the greatest impact on the Borjomi-Kharagauli National Park.

The Ministry of Environment Protection and Natural Resources, the administration of the Protected Area and an advisory company hired to prepare an EIA report were all against this position. It should be stressed that, according to the principles given in article 5 of the Law of Georgia on Environment Protection, "an action, which may cause negative impact on the environment and human health, can be changed by other, less risky, even more expensive action. The priority is given to the latter, if its cost does not exceed compensation expenses for the ecological damage caused by less expensive actions".

It is paradoxical that via the use of the donor funds allocated as a result of the August 2008 war consequences, the Government of Georgia plans to further damage the National Park that was in fact damaged as a result of Russia's military incursions and activities during the conflict itself.

### ***Oni Hydro Cascade***

A three-stage cascade is planned to be built on the Rioni River in the Oni district of Racha. The total project cost is approximately USD 664 million. It involves the construction of a 115 metre x 739 metre stone dam<sup>10</sup>.

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<sup>10</sup> See: [www.onicascade.com](http://www.onicascade.com).

In 2009 the Government of Georgia announced a tender for the project design and construction/operation of the Oni cascade. According to bidding information, the EBRD and the EIB support the project's development and may allocate financing via loans. According to the same information, the cascade will apparently receive incomes through selling both electricity and greenhouse gas emissions (0.3839 – CO<sub>2</sub>).

The Norwegian company Econ Poyry is interested in implementing the project. According to the written information provided by the company, the terms of reference for environmental and social impact assessment of the Oni cascade project has been developed and it has already been approved by the EBRD's Environment Department. However, the EBRD's president has noted in a letter sent to Green Alternative that no such project is being discussed by his organisation.

### ***Khudoni Hydro Power Plant***

The 201-metre Khudoni hydro power plant is planned to be built in Upper Svaneti on the Inguri River (2010 metres above sea level). According to the government's calculations, the construction of the Khudoni hydro power plant will cost USD 500 million and take four to five years to complete. The annual generation of the 700-megawatt capacity hydro power plant is 1.7 billion kWh, while reservoir capacity is 230 million cubic metres. The Georgian government plans to locate HPP cascades above the Khudoni dam – both on the Inguri River (Tobari HPP cascade – 600 megawatt capacity with a possibility to generate 2.2 billion kilowatts per hour) and on the Nenskra River (Nenskra HPP cascade – 87 megawatt).

According to the analysis of the World Experience for Georgia<sup>11</sup>, "the intent of Khudoni construction was to provide the peaking power for southern Russia and republics of Trans Caucasus. Thus Khudoni can become an attractive project in the environment of open energy trade and cooperation in the region in case there will be a reliable market for its peaking power in the neighboring countries."

Since summer 2005 the World Bank has been negotiating with the Georgian government regarding the Khudoni hydro power plant. The World Bank has approved a technical assistance grant for Georgia of USD 5 million. Out of this sum approximately USD 1.75-2.35 million will be allocated for the Khudoni preparatory works (preliminary and implementation researches), technical researches and the conducting of EIA, as well as for a population accommodation action plan.

Notably, the World Bank research conclusion emphasises that Khudoni does not represent the best option for Georgia's energy security. When commenting on this issue during public discussions, a representative of the Georgian Energy Ministry said that the document was prepared at the request of the World Bank and it does not represent the interests of the Georgian government.

Via such projects, in our view, it is impossible to settle energy problems in Georgia such as infrastructure rehabilitation, energy availability for local consumers and enterprises, energy security, the reduction of the energy system's inefficiency, as well as problems related to competitiveness and sector monopolisation.

In order to improve on the mistakes made in the energy sector and to ensure its sustainable development, it is essential that the

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<sup>11</sup> See [www.weg.ge](http://www.weg.ge).

IFIs announce a moratorium on the construction of big dams in Georgia, unless a Strategic Environmental Assessment (SEA) of the development of the entire energy sector is conducted under a co-participation principle. Such a document should assess the existing hydropower plants and related problems<sup>12</sup>, develop the most sustainable approaches for the sector development, provide financial efficiency of alternatives and assess the impact of the planned projects on the local population as well as the entire population of the country. The SEA should contain the best scenarios not only in terms of generation capacities or infrastructure rehabilitation, but also in terms of ways for developing renewable technologies and energy efficiency. It is necessary to ensure a fair and broad participation of the public in the SEA and the related decision-making process.

Unfortunately, instead of conducting the SEA of the entire energy sector's development, the Ministry of Energy of Georgia is carrying out a similar assessment of individual river basins that lacks rational sense and will not give adequate information for making informed decisions. Thus, it seems that such research aims at scoring points in the eyes of donors and environmental organisations, but on a less than meaningful basis..

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<sup>12</sup> Presently Georgia generates about 1 600 megawatts of hydro energy; however it is capable to generate 2 700 megawatts. Through the rehabilitation of these facilities, it will be possible to generate an additional 2.2-2.5 million kilowatt hydro energy per hour. It is worth noting that according to expert calculations, implementation of energy efficiency measures will reduce Georgia's dependence on natural gas by 10-20%.

## **4. Assessment of environmental damage caused by Russia's military incursion and the compensation measures**

**D**uring Russia's military incursion into Georgia in 2008, along with human casualties and loss of territories, Georgian society was much concerned about the destruction of forests by fire. A range of fires raging in the Borjomi and Ateni Valleys was broadly covered by mass media. Georgians had high expectations that the government would have immediately launched the forest restoration and tree-planting activities. Georgian society also expected that through using the mechanisms of international law, the government would have demanded compensation for the environmental damage from the Russian side as well as the imposing of serious sanctions through international conventions and agreements. Such expectations were derived from statements made by Georgian officials through the mass media, as well as by the Bank of Georgia's PR campaign on the so called Green Deposit.

Under decree 252 of the Georgian prime minister dated August 29, 2008 a special commission was set up to assess the war damage to the environment. The commission, which was led by then Minister of Environmental Protection and Natural Resources Irakli Gvaladze, was composed of the heads of the Ministry's structural units, officials from other ministries and representatives of environmental non-governmental organisations and scientific-research institutions<sup>13</sup>.

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<sup>13</sup> The activities on defining the war-inflicted environmental damage and the work done by the government on developing response measures will be discussed and laid out fully in our next survey.

Under the same order, the commission was instructed: 1) to invite international experts from relevant fields to participate in the commission's activities; 2) to assess the war-inflicted environmental damage and submit a relevant conclusion within a month.

In early November 2008 some members of the commission submitted to the ministry a conclusion of the survey, according to which the war-inflicted environmental damage amounted to GEL 1.214 billion. The findings of this survey were not formalized as the general conclusion of the commission. A presentation of this conclusion took place at the commission's general meeting on November 13, 2008 (the meeting was chaired by new Minister of Environmental Protection and Natural Resources Goga Khachidze) and it was the only meeting of the commission where records were kept.

The commission's final recommendations were included in the recorded conclusion: the conservation of objects of ecological aggression until spring 2009; their isolation (in particular the protection of burnt forests against grazing) with the purpose of their protection against anthropogenic impacts; analysis of remaining issues and elaboration of relevant measures before spring 2009, and the invitation of foreign experts in the near future to assess the damage and to implement ecological balance restoration works through modern and relevant technologies.

It is still unclear whether the assessment of the Russian war-inflicted environmental damage aimed at demanding via international court compensation for the damage caused by the Russian side. It would appear that the Georgian authorities failed to collect the necessary

materials for this. The upshot is that the Ministry of Justice has not prepared a lawsuit related to 'ecocide'<sup>14</sup>.

It was mentioned in the JNA that the damage caused to Georgian infrastructure and environment as a result of the August war was tangible, though not major. The document makes an assessment, according to which urgent environmental measures need USD 2 million (removal of burnt trees, cleaning of oil-polluted areas), while USD 5 million is needed for environmental rehabilitation, tree-planting, the implementation of anti-erosion measures and the restoration of damaged infrastructure of protected areas, as well as the implementation of anti-landslide measures in the villages adjacent to burnt forests. Even these modest requirements have not been reflected in the donor aid so far, a fact that can also be explained by the Georgian government's inaction. The JNA practically did not focus on the projects that will balance the environmental damage caused by infrastructure projects.

The Ministry of Environmental Protection and Natural Resources requested ENVSEC<sup>15</sup> to study the issues relating to assessment of the environmental impacts of the August war. A joint OSCE/UNEP mission visited Georgia from September 29 to October 3, 2008 with the support of ENVSEC. The mission shared the JNA conclusions and prepared a document, where it thoroughly reviewed the

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<sup>14</sup> The term “ecocide” means the purposeful and mass destruction of ecosystems and is basically used in respect of military actions. Its emergence is linked with U.S. military activities in Vietnam, when 20% of the territory of South Vietnam was destroyed as a result of spraying 77 million litres of defoliants by the U.S. Army.

<sup>15</sup> ENVSEC –Environment Security Initiative – a joint initiative of UNDP, UNEP, OSCE, NATO, UNECE and REC, which was established in 2003 and works on environmental and security issues. See [www.envsec.org](http://www.envsec.org).

environmental problems caused by the war. The document contains recommendations, wherein the greatest attention is paid to the issue of forest fires. The recommendations include such aspects as the safe removal of trees damaged as a result of fires; measures on preventing the spread of pests and future forest fires; anti-landslide measures, and; actions on building capacities for fighting forest fires and other natural disasters.

According to the information provided by the Ministry of Finance, out of the USD 4.55 billion donor aid, EUR 5 million is envisaged for environmental protection. This sum will be allocated by the German Reconstruction Bank (KfW). Out of this sum, EUR 1 million will be allocated to the Transboundary Joint Secretariat (TJS)<sup>16</sup> to implement ongoing activities, while USD 4 million will be spent on the creation of a Kazbegi biosphere reserve (northern slopes of the Great Caucasus Ridge, near Russian Federation border).

Promoting and establishing new protected areas as well as creating the Kazbegi biosphere reserve is extremely necessary and important from the environmental point of view; however, it is difficult to link it with the compensation for the Russian war-inflicted environmental damage.

The TJS for the Southern Caucasus was established by the German government to facilitate cooperation in the field of biodiversity conservation between the three South Caucasus countries – Armenia, Georgia and Azerbaijan – under the auspices of the

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<sup>16</sup> The Transboundary Joint Secretariat (TJS) was established by the German government under the auspices of the Caucasus Initiative and it aims at facilitating cooperation in the field of biodiversity conservation between Georgia, Armenia and Azerbaijan.

German government's Caucasus Initiative. In late 2007, Georgian, Azerbaijani and Armenian experts, as well as the representatives of the ministries for environment protection, of the three countries traveled to Germany and visited biosphere reserves<sup>17</sup>. During the visit KfW and the ministries discussed the possibility of creating biosphere reserves in the South Caucasus. As a result, KfW agreed to finance the establishment of one biosphere reserve in each country: in the areas of Armenia's Shikahogh Nature Reserve, Azerbaijan's Zakatala Nature Reserve and Georgia's Kazbegi National Park. The relevant agreement was signed in the first half of 2008<sup>18</sup>, i.e. well before the August conflict and the Brussels conference. The grant funds will be spent via usual donor procedures. The sums involved will not be transferred to the state treasury. In the near future the donor, along with the Agency of Protected Areas, will announce a tender to study the feasibility of establishing a biosphere reserve.

Based on the results of a study conducted by an OSCE/UNEP joint mission, the Ministry of Environment Protection and Natural Resources of Georgia prepared a project idea related to restoration of forest ecosystems destroyed as a result of forest fires raging in August 2008. In late June 2009 the project idea was approved by ENVSEC, while the Finnish government expressed readiness to finance the project (with approximately EUR 2 million). ENVSEC requested the UNDP Georgia Office, as the project implementing agency, to prepare a comprehensive project.

In conclusion, we should note that in our opinion, the Government of Georgia did not properly study the environmental damage caused

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<sup>17</sup> A biosphere reserve is an international conservation designation given by UNESCO under its programme on Man and the Biosphere (MAB).

<sup>18</sup> Source: TJS website: <http://www.jointsecretariat.org>.

by Russia's military activities in Georgia and failed (or had no will) to be convincing when submitting its needs to international donors. As a consequence, only insignificant work has been done in this respect.

We take into consideration that in that period the country faced more important problems – the aggressive actions of occupational forces, the treatment of injured people, searches for the missing, the housing of IDPs and the settlement of their household problems. However, these factors cannot be used as justifying arguments, because during the same period the government was directing already scarce environmental resources to other needs. With the purpose of issuing 20-year forest use licenses, a large scale auction<sup>19</sup> was announced on September 4-5, 2008 by the Ministry of Economic Development and held on October 7-8. The auction was held indeed with the presence of Russian occupational forces on the entire territory of Georgia; forest fires in the Borjomi and Ateni Valleys were not completely extinguished, while the governmental commission was launching its work on the assessment of environmental damage and was planning rehabilitation works. Instead of involving the Forestry Department and the Ministry of Environmental Protection and Natural Resources in these issues, they were involved in the process of preparing a forest auction. No wonder that as a result of the auction announced under such circumstances, licenses were granted to enterprises owned by former members of the Georgian government<sup>20</sup>.

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<sup>19</sup> The auction was prepared and held with numerous violations of the law. The Tbilisi City Court is discussing Green Alternative's lawsuit demanding cancellation of the auction results.

<sup>20</sup> See detailed information about this issue in Green Alternative's publication "Monitoring of Georgian Forestry Sector, 2007-2008", [www.greenalt.org](http://www.greenalt.org).

## 5. Indirect environmental impacts of the war in August 2008

Wood felling, as well as aggregate mining has become necessary to repair and build houses for the war-affected population. On October 1, 2008, the Georgian government issued decree No 640 "On implementing urgent measures on rehabilitation and construction of houses for the population affected by Russia's military attack on Georgia", which was amended on October 16, 2008 by governmental decree No 674.

Under the mentioned decrees, in order to implement urgent measures, a legal person of public law – the Municipal Development Fund of Georgia (MDF) – was instructed to provide the fulfillment of work to receive 38850m<sup>3</sup> of material timber (22300m<sup>3</sup> from Samtskhe-Javakheti regional forestry and 16550m<sup>3</sup> from Shida Kartli regional forestry).

The MDF has selected a contractor and financed the relevant measures. Under the decree, cutting areas were allocated in the forest areas of Khashuri, Gori, Adigeni, Akhaltsikhe and Aspindza. According to the information at our disposal, the volume of timber designated for felling was not calculated correctly upon the allocation of cutting areas. As a result, more timber was marked and cut than mentioned in the decree. Consequently, a part of the timber logs has remained unused. Moreover, the cutting rules were not observed during the timber preparation. Cutting areas were not cleaned, closed and handed over to the Forestry Department. Over a large area the forests were not cleaned from remains, neither household waste (cans, bottles, etc) produced by workers was properly disposed off.

It should be noted that the territories where wood felling took place are prone to forest fires. In Samtskhe-Javakheti, large fires have occurred in past years (2004 – Atskuri; 2006 – Abastumani; August 2008 – Borjomi-Bakuriani). This means that there is a real threat of the resurgence of fires at those places, if special measures are not implemented urgently. Presently, only rainy weather protects these forests against this danger. Neither the Forestry Department, nor the Emergency Response Department of the Ministry of the Interior or local fire brigades possess adequate technical means for fighting fires. As for the forest fire prevention measures, which are considered as compulsory under Georgian legislation (Forest Code), no such measures have been implemented over the past decades.

Besides the fact that, based on the above-mentioned decree, timber was allocated for the houses of war victims, the government issued another decree related to meeting the primary requirements of the war-affected population (decree No 655, dated October 8, 2008, On measures of providing the Georgian population, including the compactly living population affected by Russia's military aggression, with firewood in connection with the upcoming winter season of 2008-2009). As a result, based on these two decrees, much more wood was cut than was burnt as a result of the Russian army's activities. The legitimacy of those two decrees, as well as the results of the implementation monitoring will form the subject of our separate study.

## 6. The state of environmental instruments in Georgia

In order to ensure sustainable development and to provide mitigation and reduction of environmental degradation, there are particular instruments which are formalised by legal procedures. Among such mechanisms there are, for example, Environmental Impact Assessment, and quotas and rules for natural resource extraction. Below we briefly review how effective these mechanisms are in modern Georgia and also assess their deficiencies.

### ***Environmental Impact Assessment (EIA)***

Georgian legislation regulating the current EIA system does not recognise the screening and scoping stages formally. In Georgia the Law on Permit for Impact on the Environment performs a screening function. It strictly defines a list of those activities for which the implementation of EIA is necessary. This list does not contain many of those activities that have a significant impact on the environment, for example: the removal of legally protected species from nature; mining of minerals; the construction and functioning of agricultural and food enterprises, nuclear power plants, paper, leather, textile and wood processing enterprises, etc.

Georgian legislation also includes such provisions which downplay the significance of EIA or simply neglect its necessity. For example, according to the Law on Licenses and Permits, if the state agency plans to carry out activities (most EIA-subordinated activities can actually be planned only by the state agency), it is released from the obligation to conduct EIA; Moreover, the Law on State Promotion of Investments

enables the conducting of activities without EIA and permits on condition that a permit will be acquired in future. Such a provision leads to an absurd situation – an investor has to make an EIA report on ongoing or already completed activities, and discuss in it the possible impact of activities as well as the implementation of alternatives.

Recent practice shows that the quality of the EIA reports is usually low. According to the Aarhus Center<sup>21</sup>, most EIA reports either do not contain or lack such important components as discussion of alternatives, environmental management plan and enterprise liquidation plan; they do not identify potential emergency situations and proper response measures; they also do not contain the economic and social assessment of activities; the description of baseline situation is often imperfect – the context of the given activities is not considered.

Practice shows that project proponents, in most cases, fail to have a correct conception about the goals of EIA; this relates also to the project implementing state agencies (for example, the Energy Ministry, the Railway of Georgia, the Road Department, the Ministry of Economic Development). For them the EIA process is a formal, bureaucratic procedure, as the decision on carrying out the activities as well as on the ways of carrying out these activities is made in advance (before starting the EIA process); the EIAs in such cases are conducted only for satisfaction of donors, rather than used as a tool for informed decision-making.

Therefore, it is inconceivable for such agencies to seriously work on such a report, which may theoretically conclude that, because of environmental considerations, the activity (project) is not expedient

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<sup>21</sup> See “Observer Reports”. T. Gugushvili, N. Baramidze, N. Gvazava at [www.aarhus.dsl.ge](http://www.aarhus.dsl.ge).

or should be carried out with certain restrictions. Hence, under the influence of the organisation interested in carrying out the activities, no relevant study of alternatives takes place during the preparation of EIA reports (although it is a compulsory legal requirement). The advisory companies themselves, instead of identifying all alternatives as unbiased arbiters, try to prepare the EIA report so that it corresponds to the preliminary decision (i.e. the cheapest alternative, which from the environmental and/or social points of view may not be acceptable) made by a client (a private investor or a public agency). Very often during public consultation meetings a consultant hired to prepare an EIA report tries to justify this illegality.

The central aspect of the EIA process should be to provide the public with information and to ensure its involvement in the decision-making process. However, under the current legislation, introduced in 2005, the public informing and participation is possible only at the stage of preparation of the draft EIA report (i.e. before the administrative procedure of the decision making starts) and this obligation of the state is completely delegated to a project proponent. The latter is obliged to provide published information about the planned activities and to organise a public consultation meeting on the draft EIA report at the administrative centre of that self-government unit, where the implementation of a project is planned.

The competent authority (Ministry of Environmental Protection and Natural Resources) is neither obliged nor entitled to ensure public participation in the decision-making on granting the permit for impact on the environment. The ministry is also not obliged to inform public on the decisions on granting the permits. As the Netherlands Commission on Environmental Impact Assessment noted in its advisory report of 2006, it is not aware of any country in which the project developer is responsible for organising the public

hearing and for considering the comments made by the public as well as for informing the public what has been done with their comments. The Netherlands Commission underlines that usually these are the responsibilities of the competent authorities<sup>22</sup>.

Hence, the level of public participation in the decision making process is extremely low because of various factors including, first and foremost, the absence of formal procedures providing for public access to information and participation in decision-making. Public awareness in environmental matters, as well as knowledge about the health and social risks related to carrying out various activities, is also extremely low. The population affected by planned projects, as a rule, does not know about the opportunity of expressing their opinions (namely, at the stage of the preparation of the draft EIA report). Primarily this is caused by irrelevant legal requirements for informing the public.

It is also a significant problem that there are very few environmental watchdog organizations in Georgia. Most environmental non-governmental organisations are also involved in advisory activities that are usually incompatible with advocacy. It is regrettable that there are such quasi-watchdog organisations, whose activities are directed towards receiving contracts for advisory services; their watchdogging ends up with concluding a contract with the project proponents. Such unethical actions harm environmental movement generally as well as the reputation of the non-governmental sector as a whole.

There are many factors evidencing and confirming the view that the EIA process is a formal procedure. Among them is post decision-

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<sup>22</sup> The advisory report is available at: [http://www.commissierner.nl/ncea/pdfs/adv\\_scert/2006-04.pdf](http://www.commissierner.nl/ncea/pdfs/adv_scert/2006-04.pdf).

making control and monitoring of commitments undertaken by permit conditions and the EIA report. These issues are not clearly regulated by Georgian legislation and are not practically implemented. Therefore, both the EIA report and environmental permit are nothing but simple papers.

It is no wonder that under such conditions the EIA system fails to perform its function – the preservation of a safe and healthy environment, the promotion of sustainable use of natural resources and the fair distribution of benefits and losses. Hence, the existing EIA system needs immediate legislative, institutional and staff changes.

### ***Setting the quotas and rules of natural resource extraction***

The post-war reconstruction, including provision of shelter to IDPs and providing them with essential livelihood maintenance, as well as the implementation of large-scale infrastructure and energy projects, require the extraction of a certain amount of natural resources.

When it comes to the issue of setting quotas on natural resource extraction the situation is rather complicated. The amount of wood designated for cutting is basically defined on the basis of outdated data. According to the law, the norms and quotas for forest use are defined on the basis of forest inventory, which should be renewed once every ten years. The quotas on mining of minerals are also set with a very approximate accuracy.

A significant proportion of donor-funded projects envisages the construction and rehabilitation of roads and highways. Roads are constructed with cement-concrete and/or asphalt-concrete technologies, which need a great amount of aggregate (rock, sand,

gravel, etc.); aggregate is primarily extracted in Georgia from river-beds. Generally, nine cubic meters of aggregate is needed for one metre of cement-concrete highway. Taken together this may have a negative impact on those rivers from the beds of which thousands of cubic metres of sand and gravel are extracted without any preliminary study; it may also trigger the natural disasters. Asphalt production is also connected with serious impacts on the environment. The extraction of aggregates from the rivers causes the change of physical parameters such as the geometry (trajectory) of river-beds, bottom depth, the structure and stability of layers, flow speed, the amount of influent, temperature, clarity, etc. These changes cause the degradation of water biodiversity, coastal erosion and other negative consequences.

Thus, we believe that the state should pay more attention to the environmental issues related to the construction aggregates. As a rule, EIA reports prepared for receiving a construction permit either do not discuss this issue at all, or include only general records: it gets noted that aggregates will be extracted on the basis of the licenses issued by the Ministry of Environmental and Natural Resources and this is enough to ensure that the impact will be mitigated and that "the regional services of environment protection and natural resources and the Inspection for Environmental Protection control the issue of legal exploitation of pits".

In reality the mechanisms set by the law (the extraction quotas set by the license on mining of minerals) fail to meet ecological requirements for mining. The EIA instrument can serve this purpose. Unfortunately, in 2005, the mining of minerals was withdrawn from the list of those activities, the implementation of which required the conducting of an EIA to make a decision on issuing a license.

Today the mining of minerals is not subjected to EIA procedure and does not need an environmental permit<sup>23</sup>. As for monitoring the fulfillment of license requirements on using entrails of the earth, the regional services of the environment protection and natural resources have been deprived of the monitoring function, while the Inspection for Environmental Protection has very scarce control possibilities (it concerns itself particularly with pollution control; there is no organisation in Georgia capable of measuring the level of noise; practically no monitoring of air pollution quality takes place, etc.). At the same time, citing that licenses are issued only in one copy, which is handed over to a licensee, the Ministry of Environmental Protection and Natural Resources does not keep copies of licensees. No form of reporting on the implementation of a license conditions has been developed so far. In most cases the Inspection for Environmental Protection does not keep copies of EIA reports.

When selecting road construction companies, no attention is paid in the tender conditions for submitting a license on the mining of minerals or on the existence of preliminary contracts with a licensee. Hence, very often a construction company appears in a 'force-majeure' situation, wherein it has no natural resources necessary for construction; consequently, by governmental decree the company is exempted from a license on mining of minerals.

Exemption from a license may be acceptable if we have to deal with force majeure – for example, when it is necessary to urgently reconstruct a bridge or highway damaged as a result of natural disaster or to build/rehabilitate houses for a war-affected population. When we deal with the planned construction of roads, however, we consider

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<sup>23</sup> Such practice is typical only in colonial and undemocratic countries (such as colonial African regimes, Pinochet-era Chile, etc.).

exemption from a license to be unjustified. At the same time, while some contractors are exempted, others very often receive licenses or buy raw materials from a licensee that puts entrepreneurs/investors under unequal conditions.

## Conclusions and recommendations

In our assessment, following the environmental impacts of the Russian military incursion in August 2008 and the development of donor-funded projects aimed at the post-war recovery of Georgia, the following problems have arisen:

- ✎ Failure to study issues associated with the environmental impacts caused by Russia's military incursion and the compensation measures;
- ✎ The country failed to use the evidence of environmental damage caused by the military incursion and abuses to demand the imposing of international legal sanctions against Russia;
- ✎ The JNA assigns only USD 7 million for post-war environmental rehabilitation; however, in reality even that amount has not been allocated by donors; to date, not a single project to restore damaged ecosystems is underway;
- ✎ The sum (a EUR 5 million grant from KfW) allocated to environmental protection in the USD 4.55 billion international aid, as is stated in the documents published by the Ministry of Finance of Georgia, has nothing to do with the August 2008 war and the clean-up of its consequences;
- ✎ The scale of the environmental impacts of the road infrastructure and energy projects submitted for international aid is extremely large and may cause irreversible damage to the country's natural environment and cultural heritage and have a negative impact on the socio-economic situation of the population affected by the projects; The donor aid does not envisage any such projects that would balance this impact;

- ✎ The government is attempting to use donor funds allocated for post-war recovery to finance a Black Sea Transmission Line project that is suggested to pass through the Borjomi-Kharagauli National Park, which has been severely damaged as a result of Russia's military operations in Georgia;
- ✎ In order to meet the requirements of the war-affected population, large quantities of wood have been cut in serious violation of Georgian legislation; this has caused the destruction of resources and may trigger even greater forest fires than were observed last year;
- ✎ Georgian legislation fails to provide for the mitigation/prevention of environmental and social threats; the state institutions either are not prepared or have no willingness to take environmental and social threats into account;
- ✎ Environmental monitoring in Georgia in practice is not being carried out, neither in terms of natural resource inventory nor environmental pollution control, nor, further, activities for the biological conservation of forests, restoration-afforestation, the prevention of forest fires and natural geological disasters;
- ✎ There are no mechanisms for informing the public and ensuring their involvement in the decision making process. Public awareness about environmental issues, as well as knowledge about health and social risks related to carrying out various activities, is extremely low. The lack of environmental watchdog organisations also aggravates this situation.

Hence, based on this general analysis of evident problems, we can state that the financial aid allocated for the post-war recovery of Georgia is not being spent on the rehabilitation of ecosystems damaged as a result of the August 2008 war. Moreover, the projects financed with donor funds may further promote the degradation of

the country's natural environment that will in turn impact negatively on the population's socio-economic conditions.

In order to reduce these tendencies and to address the existing problems, we consider it necessary that:

-  For the purpose of strengthening the environmental instruments and improving public participation, the Parliament and Government of Georgia should adopt amendments to the laws and by-laws in order to improve the EIA procedure and bring it into line with international conventions and agreements, as well as with EU directives<sup>24</sup>. The mechanisms for informing the public and for ensuring their participation in the decision making process, which were abolished in 2005, should be restored as well;
-  The role of the Ministry of Environment Protection and Natural Resources, when it comes to decisions on natural resource use, should be increased – environmental obligations should be precisely defined by licenses and permits and control over them should be strengthened;
-  Donors should focus on building the capacities of state institutions when it comes to natural resource inventory, environmental monitoring and environmental control;
-  When setting funding priorities, donors should pay more attention to the recommendations given in the JNA and OSCE/UNEP findings regarding the rehabilitation of the war-affected

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<sup>24</sup> Under the Georgia-EU Action Plan under the European Neighborhood Plan and a number of documents, Georgia takes responsibility to harmonise its legislation with EU directives. Georgian legislation requires that an explanatory note of draft normative acts is prepared for adoption, contains evidence that proposed laws/amendments do not contradict the EU directives. Moreover, bringing the country's procedures into line with these directives means the introduction of the best practice in the decision making process.

ecosystems. Special attention should be paid to the measures related to building the country's capacities in respect of preventing and fighting forest fires;

✎ It is essential to start urgent works aimed at preventing fires and cleaning forests from the remains left at the territories where wood felling took place to meet the needs of the war-affected population;

✎ In order to compensate for the damage caused to the environment as a result of the aggregate mining from the rivers and to prevent natural disasters, it is essential that donors and international financial institutions finance riverbank reinforcement works<sup>25</sup>, as well as those projects aimed at promoting river fauna rehabilitation/fish resource restoration. Conducting SEA for aggregate mining in Georgia is also urgently required;

✎ In order to balance the environmental damage caused by infrastructure projects, international financial institutions and donors should assist the starting of the implementation of environmental (conservation) projects (such as, for instance, the building of capacities of the protected areas affected by the war and infrastructure projects, the promoting of ex-situ conservation measures, conservation centre's, plant nurseries etc.);

✎ The IFIs and the Georgian government should immediately commence a strategic impact assessment of the Georgian energy sector's development;

✎ It is essential that the donor aid allocated to Georgia promotes not only compensation the damage caused by the August 2008 conflict, but also longer term goals such as Georgia's

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<sup>25</sup> According to the Ministry of Environmental Protection and Natural Resources, in 2009 GEL 8.5 million was spent on riverbank reinforcement works, exceeding the previous year's parameter five times. [www.moe.gov.ge](http://www.moe.gov.ge).

democratic development and its integration into the Euro-Atlantic structures. To achieve this, donors should pay special attention to the development of civil society, a free media and local self-government. Donors should support projects aimed at increasing public awareness, the public's involvement in the environmental decision making process, public monitoring and advocacy. At the same time, it is urgent to take into account the experience gained during the Baku-Tbilisi-Ceyhan project, when the project sponsors were themselves setting up the so called monitoring groups/coalitions. The existence of such groups did not lead to either development of the civil sector or improvement of environment and social protection mechanisms. Their activities were basically directed towards confronting those watchdog organisations that were deemed as 'undesirable' to the government and the project sponsors. Thus, in order to prevent a conflict of interests and to avoid stimulation of the so called GONGOs<sup>26</sup>, it is essential that the IFIs, donor countries and organisations do not allow the financing of a given project and its "independent" monitoring from one and the same source;



The IFIs and donor countries should request more request clear justification for government-demanded projects; special emphasis should be placed on what particular positive impact these projects will have on the country's economy and its long-term development; whether it will be possible to repay the loans through the implemented projects and whether the projects will have a positive effect on the life of the local population who directly fall under the influence of these projects. To promote benefits for local populations, it would be better to finance

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<sup>26</sup> GONGO – Government-operated non-governmental organisation.

certain projects such as the promotion of small business for the population living near rehabilitated roads;

✎ The IFIs and donor countries should acknowledge the fact that there is almost no funding allocated within the international aid framework for environmentally and socially sustainable projects, such as the promotion of agricultural development, the construction of small hydro power plants and other potentially beneficial schemes.

We hope that the Georgian government, as well as the IFIs and donor countries, will undertake all possible means, not only limited to the above-mentioned recommendations, to ensure that during the disbursement of donor funds allocated for Georgia's post-conflict recovery, the quality of considering the public interest will improve and have a major influence on reducing the tendency towards ecosystem degradation.

Healthy dialogue between donors, government and society is essential to ensure informed decision-making, to gain society's trust for the donor countries/organisations and the government, as well as for effective, meaningful definition of Georgia's priorities. War-affected communities, local government, non-governmental organisations, experts and vocational groups should actively participate in defining urgent needs and relevant spending priorities. They should have a decisive vote at the planning and implementation stages in order to avoid the interests of private groups having an overwhelming prominence above the interests of the Georgian public.

**A**ssociation Green Alternative is a non-governmental, non-commercial organisation that was founded in 2000. The mission of Association Green Alternative is to protect the environment, biological and cultural heritage of Georgia through promoting economically sound and socially acceptable alternatives, establishing the principles of environmental and social justice and public involvement in the decision making process.

*Since the day of its foundation, the organisation has monitored the activities of the international financial institutions in Georgia; moreover, the organisation works on particular issues, such as: the improvement of environmental policy and instruments; the conservation of biodiversity; energy/climate change and poverty reduction; the protection of environmental, social and economic rights of the local population in the state property privatisation process; the eradication of illegal wood cutting and illegal trade in fauna species; the promotion of the availability of environmental information and full public involvement in the process of making important decisions.*

*Association Green Alternative cooperates with non-governmental organisations both in Georgia and outside Georgia. In 2001 Green Alternative, along with other local and international non-governmental organisations, founded a network of observers devoted to developing a poverty reduction strategy in Georgia. Since 2002 Green Alternative has been monitoring the Baku-Tbilisi-Ceyhan oil pipeline project implementation, its compliance with the policies and guidelines of the International Finance Corporation and the European Bank for Reconstruction and Development, the project's impact on the local population and the environment. Since 2005 the organisation has been a member of the Monitoring Coalition of the ENP (European Neighborhood Policy) Action Plan. In 2006 Green Alternative founded an independent forest monitoring network.*

*Green Alternative is a member of CEE Bankwatch Network; it closely cooperates with Friends of the Earth International, an international network of environmental organisations, as well as Central and Eastern European Network of Climate Change, International Network for Sustainable Energy, and various international and national organisations working on environmental, social and human rights issues; Green Alternative is a member of the Coalition Transparent Foreign Aid to Georgia, which was founded in 2008. In 2009 Green Alternative started setting up the Georgian Advocacy Network for Environmental and Social Justice. In 2004 Green Alternative was awarded with the Goldman Environmental Prize for successful activities conducted for environmental protection, social justice and equality related to the Baku-Tbilisi-Ceyhan oil pipeline campaign.*

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