



Georgia: GEO: Adjaristsqali Hydropower Project

Project Name	GEO: Adjaristsqali Hydropower Project		
Project Number	47919-014		
Borrower / Company	ADJARISTSQALI GEORGIA		
Country / Economy	Georgia		
Location			
Type or Modality of Assistance	3130	Loan Ordinary capital resources	USD 75.00 million Committed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration		
Drivers of Change	Partnerships Private sector development		
Sector / Subsector	Energy / Large hydropower generation		
Gender	No gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Kumar Saurabh		
Project Sponsor(s)	Clean Energy Invest AS Tata Power		
Description	<p>The Adjaristsqali Hydropower Project (the Project) involves the construction and operation of a 185 MW run-of-the-river hydropower plant in South West Georgia. The electricity will be sold to Turkey for 9 months and to the local market for 3 months in each year. Concessional loan from Canada was used to overcome a wide range of risks and help the project to achieve financial sustainability.</p>		
Objectives and Scope	<p>The project is expected to accelerate development of Georgia's hydropower sector by catalyzing more private sector investment and increasing cross-border energy trading in the region. Concessional loan from Canada was used to overcome a wide range of risks and help the project to achieve financial sustainability.</p>		
Status of Development Objectives	The Project is partially meeting the development goals. XARR was completed in June 2023.		

Status of Operation/Construction	The Project has achieved commissioning in March 2021. Due to missing hydrology and dry hydrology during first year of operations, generation was lower than the budgeted in FY2020 and FY2021. For FY2022, AGL reported higher generation as a result of better hydrology than projected and tariff realization in export sales. For H1 FY2023, AGL reported higher generation but revenues were low as compared with H1 FY2022.
Linkage to Country/Regional Strategy	The project is consistent with ADB's Strategy 2020 namely: inclusive growth; environmentally sustainable growth; and regional integration. The project is in line with ADB's first country partnership strategy (CPS), 2014-2018, which is being prepared for circulation to the board. The CPS mentions importance of upgrading and developing energy infrastructure. The project is also consistent with the country operations business plan (COBP) 2014-2016, which emphasizes financing of renewable energy projects through nonsovereign operations.

Safeguard Categories

Environment	A
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The project is classified category A for environmental aspect under ADB's Safeguard Policy Statement (2009). The Environmental and Social Impact Assessment (ESIA) identified potential risks and impacts associated with construction and operation activities, including impacts on biodiversity, water quality, downstream flows, geology, and health and safety. An environmental and social management plan (ESMP) was prepared, including a series of management plans as part of the construction environmental management plan. AGL and the Lenders agreed on an Environmental and Social Action Plan (ESAP) for construction and operation. In October 2016, an Environmental and Social Impact Assessment (ESIA) for the 35 kV TL transmission line was prepared for the Ministry of Environment and Natural Resources Protection of Georgia; and it was approved on the 20 April 2017. To meet lenders' requirements, a supplemental environmental and social (E&S) Assessment and ESMP for the 35 kV transmission line was prepared and disclosed in August 2017.
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Involuntary Resettlement	The project is classified category A for involuntary resettlement under ADB's Safeguard Policy Statement (2009). Initially, it was assessed that the project would require 44 hectares (ha) of land (9 ha of it privately owned and 35 ha of it are state-owned land used mainly for grazing). A total of 275 affected households were initially identified, of which 72 were losing 10% or more of their land and 7 were losing at least 50%. From 2013 to 2019, a total of 240.22 ha of land was acquired for the project, affecting 515 households. Of these, 115 (22%) lost 10% or more of their productive land. No physical displacement occurred due to the project. The majority of affected households reported incomes below the minimum wage per capita. AGL implemented a detailed livelihood restoration program that addressed the loss of livelihoods. The implementation of the LARLP and the corrective action plan was regularly audited by the external environmental and social monitor, Arup, and the audit reports are available on ADB website.
Indigenous Peoples	The project is classified category C for indigenous people under ADB's Safeguard Policy Statement (2009). Initial information from the ESIA indicates that the project will not have any impact on Indigenous People.
Stakeholder Communication, Participation, and Consultation	A Stakeholder Engagement Plan was developed, implemented, and updated during the construction and operation phases. Consultation has been conducted with relevant stakeholders, including affected peoples, municipalities, and NGOs. Stakeholder engagement continues during operation phase of the project.

Timetable for assistance design, processing and implementation

Concept Clearance	11 Mar 2014
Credit Committee Meeting	31 Mar 2014
Approval	19 May 2014
PDS Creation Date	26 Jun 2013
Last PDS Update	08 Aug 2023

Project Page <https://www.adb.org/projects/47919-014/main>

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