

Initial Project Summary

Project Location: Akhaltsikhe and Aspindza Districts, Republic of Georgia on the Mtkvari River

Name of Applicant: Firebird Aurora Fund and Bank of New York

Name of Downstream Investor: JSC Caucasus Energy and Infrastructure

Project Description: The Project involves the construction of a 46 MW run-of river hydroelectric facility on the Mtkvari River near the City of Akhaltsikhe in southeast Georgia. The project consists of a 0.5 km² intake reservoir, a 25 m high dam, a 9.6 km headrace tunnel, surge shaft, powerhouse, substation and a 2.5 km, 110 kV transmission line.

Environment and Social Categorization and Rationale: The Project has been reviewed against OPIC's policy related to dam projects and determined to be categorically eligible for further consideration. The Project has been screened as Category A because potential impacts are diverse and potentially irreversible. The main environmental and social concerns are related to diversion of river flow and subsequent flow reduction in a 27 km reach of the Mtkvari River. Other concerns relate to the potential for landslides and erosion in the area.

Environmental and Social Standards: International Finance Corporation's (IFC) Performance Standards (April 2006) 1 (Social and Environmental Assessment and Management Systems), 2 (Labor and Working Conditions), 3 (Pollution Prevention and Abatement), 4 (Community Health, Safety and Security), 5 (Land Acquisition and Involuntary Resettlement), and 6 (Biodiversity Conservation and Sustainable Resource Management) are applicable to the Project. Based on information currently available, no indigenous people or cultural heritage sites have been identified at the Project location.

Environmental Guidelines applicable to the Project include the IFC's General Environmental, Health and Safety Guidelines (April 2007) and the IFC's Environmental, Health and Safety Guidelines for Electric Power Transmission and Distribution.

Location of Local Access to Project Information: Caucasus Energy and Infrastructure LLC office at 74 Chavchavadze Street, Tblisi, 0162, Georgia; Wings and Freeman Capital LLC office at 6 Marjanishvili Street, Tblisi, 0102, Georgia; Caucasus Energy and Infrastructure LLC website: www.cei.ge