

**Re: Destroying future NATURA 2000 sites in the Balkans – EC role in steering the EBRD's investments**

**28 February 2012**

**Bulgaria:**

Centre for Environmental  
Information and Education  
(CEIE)

Za Zemiata, For the Earth

**Croatia:**

Green Action

**Czech Republic:**

Centrum pro dopravu a  
energetiku (CDE)

Hnutí DUHA

**Estonia:**

Estonian Green Movement–FoE

**Georgia:**

Green Alternative

**Hungary:**

National Society of  
Conservationists – Friends of  
the Earth Hungary (MTVSZ)

**Latvia:**

Latvian Green Movement

**Lithuania:**

Atgaja

**Macedonia:**

Eko–svest

**Poland:**

Polish Green Network (PGN)

**Russia:**

Sakhalin Environmental Watch

**Serbia:**

Center for Ecology and  
Sustainable Development  
(CEKOR)

**Slovakia:**

Friends of the Earth – Center  
for Environmental Public  
Advocacy (FoE–CEPA)

**Ukraine:**

National Ecological Centre of  
Ukraine (NECU)

CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

Dear Commissioner Potočnik,

The EU, its member states, and the EIB together hold around 60% of the shares of the EBRD, a public bank aimed at promoting transition to market economies and environmental sustainability, and a signatory of the European Principles for the Environment. The EP and Council decision on the EBRD's 4<sup>th</sup> Capital Resources Review in November last year explicitly asked the EU Governor at the EBRD to ensure the Bank contributes to EU objectives.<sup>1</sup>

We regret to see that the EU does not make full use of its shareholder role in the Bank and allows approval of the projects that contravene EU principles and standards. We would like to bring to your attention two projects recently approved by the Bank:

1) EUR 84 million worth of financing (EUR 65 million loan, EUR 19 million equity) for the **Boskov Most HPP in Macedonia** was approved on 8 November 2011. The project involves the construction of a 33 m high dam and a hydro power plant with a total capacity of 68MW. It is mostly located in the territory of the Mavrovo National Park, one of the oldest and most valuable protected areas in the country, home to 50 mammal species, of which 11 are listed in Appendix II of the Bern Convention. The most notable inhabitant is the endangered Balkan Lynx (*Lynx lynx martinoi*). The area is part of the Emerald Network and a proposed Natura 2000 site. However the whole question of mammals was covered in 1 page in the EIA. Additional bio-monitoring has been proposed as part of the environmental action plan, however it is not clear why the EBRD approved the project *before* this takes place, and it appears that preparatory works may begin before the monitoring is complete.

Since this is only one of several hydropower projects planned in the country, civil society organisations are also calling for an assessment of the cumulative effect of all HPPs planned in the Mavrovo National Park before any further steps are taken.

Most recent paper <http://bankwatch.org/sites/default/files/Briefing-BoskovMost-Nov2011.pdf>

<sup>1</sup> Decision No 1219/2011/EU of the European Parliament and of the Council of 16 November 2011 concerning the subscription by the European Union to additional shares in the capital of the European Bank for Reconstruction and Development (EBRD) as a result of the decision to increase this capital (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:313:0001:01:EN:HTML>):

*Non-binding part:* (12) The Governor of the EBRD for the Union should report annually to the European Parliament on the promotion of the Union's objectives with particular regard to the Union's external action as laid down in Article 21 of the Treaty on European Union, the Europe 2020 Strategy, and the significant increase of the transfer of renewable energy and energy-efficient technologies.

*Binding part:* Article 3: The Governor of the EBRD for the Union shall report annually to the European Parliament on the use of capital, on measures to ensure transparency of operations of the EBRD through financial intermediaries, **on how the EBRD has contributed to the Union's objectives**, on risk-taking and effectiveness in leveraging additional financing from the private sector, and on cooperation between the European Investment Bank and the EBRD outside the Union.

2) A EUR 123.2 million loan for the **Ombla hydropower plant** (also 68 MW) near Dubrovnik in Croatia was approved by the EBRD on 22 November 2011. The plant would be underground in a karst rock formation behind the Ombla spring, and threatens to harm the Vilina Cave, which is part of a proposed Natura 2000 site due to its valuable cave fauna, including the so-called human fish (*proteus anguinus*), five species of protected bats, and several endemic species of aquatic cave snails. The EIA study was approved in 1999, and much of the baseline environmental information is still missing. Likewise the karst rock formations and corresponding water flows are not well understood. Consultants for a Nature Impact Assessment process are just being selected now, several months *after* the EBRD approved and signed the project.

In response to an access to documents request regarding the EC's opinion on Ombla we have been told that no documents can be disclosed on this topic<sup>2</sup>. We consider this unacceptable considering that environmental information covered by the Aarhus Convention is at stake.

We would like to request your engagement to ensure that EBRD's lending will be aligned with EU policy objectives. In a time of financial shortages and climate and resources crises EU money cannot be allowed to be used for projects that go against EU objectives. We appeal to you to ensure that DG Env:

- pay special attention in assessing EBRD projects and developing a functioning procedure to ensure EU votes at the bank achieve maximum benefit for EU policy
- engage in EBRD sectoral, country and safeguard policy revision processes to ensure their coherence with EU policy
- request the EU's Executive Director at the EBRD to rigorously monitor and report on the EBRD's outputs and results as regard EU policy objectives and global commitments.

We are looking forward to establishing a dialogue for appropriate mechanisms that will address the above mentioned concerns.

Sincerely yours,

Anelia Stefanova  
Campaigns Director  
CEE Bankwatch Network

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<sup>2</sup> The exact extract from the EC letter of 09 February 2012 is: "*I would like to confirm that there is no formal or informal result of an interservice consultation of the European Commission for the Ombla hydropower plant project to be financed by the EBRD. As for documents laying out the views of different Commission Services about this project, please note that these are for internal use only and cannot be disclosed as this would undermine the Commission's decision-making process.*"