

Macedonia's Mavrovo national park is the largest and richest national park in the country and home to the critically endangered Balkan Lynx. The Macedonian government, however, has plans to also make Mavrovo the home for two large and around 20 small hydro power plants, one with financial support from the EBRD.

One of the large hydro power plants, Boskov Most, involves a 33 metre accumulation dam and a power plant with total capacity of 68MW. The project is being financially supported by the EBRD with an initial EUR 65 million. The total project cost had initially been assessed at EUR 85 million, but soon after project preparations began the project sponsor and the bank realised that the project costs were set to almost double. Another large accumulation project, the Lukovo Pole project is under consideration for financial support by the World Bank.

In 2011, when approving the Boskov Most hydro power plant for financing, the EBRD failed to realise that the location of the planned project is in fact a critical habitat vital for the survival of the fragile lynx population in the Balkans. An in house EBRD project complaint mechanism (PCM) report, prepared after a complaint was submitted in 2011 by the Macedonian civil society organisation Eko-vest, claimed that the bank did not follow its own procedures in the assessment of the project's impacts before approving it. The EBRD's Environmental and social policy indeed states that it should not invest in critical habitats unless project impacts can be fully mitigated.

Could the EBRD simply cancel the project upon realising this had happened?

Environmentalists believe that the PCM report findings should have sent a clear message that protected areas, such as national parks, are no place for large dams. Currently, project construction has yet to begin, and the bank has not disbursed any financial tranche to the project sponsor. The reason for this was the need to belatedly ensure both that all additional biodiversity analyses were carried out and that all impacts to wildlife and habitats can be mitigated.

The International Union for the Conservation of Nature stated that parks are no place for dams in an official statement from 2014, underlining that the sole purpose of declaring national parks is the conservation of nature. In early 2014, almost 120 scientists from around the world sent an open letter to the EBRD requesting it to step away from the Boskov Most project. However, the plans of the EBRD and the project sponsor were not deterred by these requests from the scientific community and project preparations continued.

In late 2014, the Council of Europe Standing Committee of the Bern Convention decided to open a case file regarding the ongoing construction plans for hydro power plants within the territory of the Mavrovo national park. An on-the-spot appraisal to be organised by the Secretariat of the Convention in late June 2015 will collect additional information in order to prepare draft recommendations that are to be submitted to the Standing Committee at its

next meeting in 2015. As a signatory to the Bern Convention, Macedonia would be expected to follow these recommendations.

As too would the EBRD. In its Environmental and social policy, the EBRD is committed to operate in line with international regulations for the protection of nature and the environment. Thus it is expected that the bank ensures the implementation of the recommendations from the Bern Convention Secretariat in the case of Mavrovo national park, even if this would entail stepping out of the Boskov Most project.

A final question remains: is the Bank ready to give up on this energy insignificant project and finally listen to citizens and scientists who consider Mavrovo to be the home of the Lynx and not of dams?

It has been stated by the project sponsor that the Boskov Most hydro power plant would produce electricity primarily for export and, therefore, the project would not bring any benefits by way of decreasing Macedonia's energy dependency. Moreover, the project is intended only for peak energy production, which is already supplied by existing power plants in the country. Compared to a photovoltaic power plant, Boskov Most costs more, but produces less energy, which will anyway be partially lost in transmission.

Concretely, Boskov Most would produce 117.5 GWh of electricity annually and would cost at least EUR 140 million, out of which the EBRD stake is - for now - the aforementioned EUR 65 million. For EUR 65 million Macedonia could gain 97.5 GWh of electricity from solar power.

Is the EBRD ready to admit that major mistakes have been made regarding the Boskov Most project and invest in new renewables instead, which would make a real difference to the country? For now there remains a real risk of initial mistakes begetting more in the future.

Source; Bankwatch