

Submission date: 8 April 2019

To: European Bank of Reconstruction and Development (EBRD)

Submitted by: Citizen Initiative Ohrid SOS

Recommendations to European Bank of Reconstruction and Development (EBRD) Republic of North Macedonia Country Strategy 2019-2024

Based on the current draft (April 8th) of the European Bank of Reconstruction and Development (EBRD) Republic of North Macedonia¹ Country Strategy 2019-2024, Citizen Initiative Ohrid SOS

- Praises the intention to support digitisation and ICT skills development, especially with the focus on youth, women and underserved areas;
- Highlights that of 6 key messages recorded from civil society by the EBRD, 4 relate directly to environmental and ecological concerns;
- Welcomes the intention in the bank's strategy to improve wastewater treatment, solid waste management, recycling, resource efficiency, and pollution control;
- Points out that improvements in the environment for CSOs noted in Annex 1 are not yet reflected in full and timely provision of/access to information in all cases; decision-making processes remain opaque and arbitrary; the Ministry of Environment and Physical Planning is functionally absent; and environmental inspectorates regularly fail to execute their responsibilities in the full spirit of transparency;
- Believes that the omission of an evaluation of nature and ecology management from Annex 1 of the draft strategy constitutes a failure to comprehend their intrinsic value to the Republic of Macedonia's health, wellbeing, and economic progress;
- Notes with dismay the growing share of infrastructure investments, which are proceeding despite a) continued public consultation inadequacies, the weakness of environmental assessments, and the lack of full access to information in the Republic of Macedonia; b) the country's poor existing record of mitigation, which has been described as "insufficient quality" by the Ministry of Environment and Physical Planning (MoEPP, 2014) in its most recent report to the Convention on Biological Diversity (MoEPP, 2014); and c) the EBRD's ongoing failure to respect protected areas by formally establishing them as no-go zones in line with IUCN Motion 26 from the IUCN's World Conservation Congress, Hawai'i 2016;

¹ The Republic of North Macedonia will henceforth be referred to as the Republic of Macedonia.

- Appreciates the EBRD recognition of the civil society request for the establishment of environmental criteria yet observes with disappointment that this stops far short from the practical establishment of public, objectively quantified measures of environmental performance in the Republic of Macedonia by which ecological responsibility can be calculated, monitored and reasonable baselines leveraged as a **precondition** for future finance;
- Believes the Bank's conclusion that the Republic of Macedonia's framework of legislation is basically sound yet poorly implemented to be insufficiently researched given the multitude of conflicting laws and the recent removal of several environmentally minded provisions (Ohrid SOS, 2019);
- Notices that a) the Transition Gap assessment on page 4 neither agrees with its stated source material for green transition, i.e. EBRD Transition Report 2018-2019, nor adequately traces back to an explanation of how it has been calculated, b) the section titled North Macedonia Context Figures omits key parameters such as Transparency International's Corruption Perception Index, and c) important supplementary material such as details of the ESCO agreements or substantive evidence of so-called green transition/green technologies are not provided;
- Struggles to comprehend that no key lessons have been learned by the EBRD with respect to the conclusions of both the Bern Convention and World Heritage Committee regarding Boskov Most and the proposed A3 Ohrid-Pestani road section respectively;
- Deems the indicators proposed for Green Economy Transition to be an insufficient evaluative tool for the asserted strategy goals;
- Marks the disproportionate Grant Funding Needs for green projects;
- Realizes the increasing damage that has been caused to Macedonia's habitats and species by hydropower, including small installations financed by the EBRD, which is out of proportion to their economic contribution (MoEPP, 2014, 2014b, 2018; PrespaNet, 2017; Vejnovic, 2017);
- Condemns the EBRD's stubborn and ecologically reckless hydropower trajectory, which has been questioned through public consultations in the Republic of Macedonia since at least 2013 and whose legitimacy is challenged in legal, economic, environmental and scientific terms by a growing swathe of literature including journal articles, NGO reports, and government documents (MoEPP, 2014b; Bern Convention, 2015; Demeer, 2016; PrespaNet, 2017; Vejnovic, 2017; Schiermeier, 2018; Weiss, 2018);
- Considers that the presentation of hydropower as green energy in EBRD literature is at best controversial, at worst deliberately misleading;
- Suspects from the lack of engagement with Ohrid SOS comments submitted in July 2018 that the public consultation for the Republic of North Macedonia Country Strategy 2019-2024 has not been performed with an honest intention to incorporate the views of civil society, particularly where they diverge from the bank's prior intentions; and
- Reminds that stimulation of the economy, particularly in sectors such as tourism, must be mindfully balanced with effective, long-term capacity building in nature protection and tailored ecological awareness training across all sectors both to achieve sustainable outcomes and avoid massive loss of ecosystem services.

In respect to these observations, Ohrid SOS additionally

1. Requests the word “green” not to be applied to hydropower in any of the bank’s literature or promotions, and hydropower to be removed from any green energy categorizations;
2. Calls upon the bank to redirect finances intended for hydropower infrastructure towards less controversial green energy sources with high potential yield in Macedonia such as solar power;
3. Suggests that any rehabilitation of existing hydropower plants should incorporate a comprehensive, independent strategic environmental assessment overseen by the IUCN that a) evaluates the full cost of rehabilitation versus the benefit of dam removal on a case-by-case basis, covering quantifications of ecosystem services and impacts on protected areas alongside a meaningful, quantified exploration of the alternatives such as solar power; b) addresses known existing problems in the operation and management of hydropower in the Republic of Macedonia, including habitat fragmentation (most notably for eels), unreliable monitoring and inappropriate control of water levels, and severely damaging hydrological manipulations (Ohrid SOS, 2017, 2018; World Heritage Centre/ICOMOS/IUCN, 2017); and c) divides any finance to ELEM into tranches to be delivered in accordance with a strict code of environmental conduct² with punitive provisions including increased repayment rates and discontinued finances if water levels of rivers or lakes fall outside either legally or ecologically defined parameters;
4. Reiterates its request for objective, publicly available indicators for ecological management and condition to be established as explicit preconditions of EBRD finance in the Republic of Macedonia and not merely as “reference material”, which is little better than existing systems;
5. Advises ecological and environmental awareness to be built in to Vocational Education and Training across all sectors;
6. Proposes wetland conservation, construction, protection and rehabilitation, especially with regard to peatlands, as a core component of the bank’s strategy to improve water sanitation and climate resilience;
7. Urges indicators for *Priority 3: Support for Green Economy Transition* to be expanded to include rate of public transport usage, percentages for recycled materials, wetland coverage change, forest coverage change, solar power uptake, and water quality, in order to provide a more genuine and comprehensive appraisal of environmental and climate change goals;
8. Requires the increased awareness-raising of Natura and the ecological wealth of the Republic of Macedonia, including its ancient lakes and high prevalence of endemic species, notably in freshwater and mountain environments, to extend to the EBRD’s own personnel;
9. Invites the establishment of red lines to control the scope of EBRD strategy implementation, especially strict adherence to the aforementioned IUCN Motion 26, which would preclude damaging investments both within protected areas and with degrading impact on protected areas, and specific controls related to envisaged finances in the tourism industry;

² This should include at minimum ecological monitoring; measures to prevent fish-kill due to suffocation such as provision of functional aeration devices in key areas; and water level parameters that are judged according to ecological as well as legal parameters.

10. Recommends the ecosystem services concept to be adopted into all relevant accountancy, including project planning, assessment and evaluation;
11. Demands activities related to the improved connectivity of transport and energy infrastructure (chapter 5, page 14) to include upgraded mitigation measures with an indicator based upon ecological parameters;
12. Requests the implementation of Recommendations 1, 2 and 3 of the 2017 World Heritage Centre, ICOMOS and IUCN Reactive Monitoring Mission to the UNESCO Ohrid region regarding SEAs, mitigation and the evaluation of alternative pathways for Corridor VIII as per World Heritage Committee Decision 41 COM 7B.34; and
13. Resubmits its previous comments (submitted July 24th 2018) to the process of draft strategy development for the Republic of Macedonia, many of which have not been suitably considered.

We believe that adoption of these measures would act as a buffer to the potentially deleterious effects of EBRD activities in the Republic of Macedonia and avoid a repeat of the mistakes that the institution has already committed in the country.

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