

24. July, 2018

Subject: Recommendations towards the EBRD's strategy for the Republic of Macedonia

Submitted by: Citizens' Initiative Ohrid SOS

Dear EBRD representatives,

Although Ohrid SOS is unable to attend/In addition to Ohrid SOS's attendance at the public consultation for the EBRD's review of its Republic of Macedonia strategy on 24th July 2018, we hereby submit 15 recommendations, which we believe are necessary for the bank to fulfil both its Environmental and Social Policy and ethical responsibility to the country.

The Ohrid SOS recommendations emerge from the following pre-considerations:

- a) The Republic of Macedonia is one of the most species rich countries in all of Europe, containing a disproportionately high volume of world-unique flora and fauna alongside regional endemics and numerous other taxa¹. The full extent of its natural values has not yet been investigated and discoveries of species new to science are not uncommon.
- b) Ecosystem services emerging from Macedonia's ecological resources are substantial in terms of air and water filtration, erosion prevention, flood defence, food provision, eutrophication buffering, research, recreational opportunities, energy provision, carbon sequestration, health and medicine, technological innovation and others, yet remain unquantified and even, in some cases, unrealized to date. The EBRD has a responsibility to protect and enhance such ecosystem services both for present and future generations.
- c) The Republic of Macedonia contains several known and suspected refugium areas¹ which harbour a wide variety of species during times of environmental—particularly climate—flux. As global temperatures rise due to climate change, ensuring the ecological integrity of these areas as well as migration routes to and from them may be essential to the survival/adaptation of species on a local, regional or even worldwide scale. EBRD strategy must incorporate this opportunity.
- d) Compared to the wealth of biodiversity in Macedonia, protected area coverage is low, with several areas known to meet preconditions for designation yet failing to achieve it due to a suite of awareness, institutional, financial, political and legislative shortcomings. Mount Jablanica and Shar Planina, for example, have been waiting 15 and 20 years respectively² for recognition as national parks despite overwhelming evidence to justify their designations. The vast majority of ecologically important areas identified by the Macedonian Ecological Society under the [MAK-NEN framework](#) also lack formal protection.
- e) Those protected areas that do exist in Macedonia are undermined by human and financial resource shortfalls; politicization; inappropriate management; political intransigence; poorly

¹ Ministry of Environment and Physical Planning (2003) [Country Study for Biodiversity of the Republic of Macedonia \(First National Report\)](#), Skopje, Macedonia.

² Ministry of Environment and Physical Planning (2014) [Fifth National Report to the Convention on Biological Diversity of the Republic of Macedonia](#), Skopje, Macedonia.

- integrated economic and environmental strategies; environmentally deficient decision-making by international financial institutions; legislative gaps; and sub-standard application of existing laws³. It is therefore wholly unrealistic to expect neutral environmental outcomes from large-scale infrastructure projects within their boundaries or in close proximity to them.
- f) When projects with impacts on high value natural environments have taken place in Macedonia, mitigation measures have been poorly implemented⁴, including within the framework of EBRD projects⁵, while reforestation attempts for other purposes have also been badly designed. More robust strategic boundaries are therefore necessary to determine when, where and how mitigation and biodiversity offsets can be applied in the country.
 - g) Mismanagement of hydroelectric dams in the Republic of Macedonia is evident⁵ with seemingly little sanction on the behaviour of power companies, even when their actions are thought to endanger Lake Ohrid⁶, one of the most biodiverse inland waters on Earth. Meanwhile, the Ministry of Environment and Physical Planning has raised concern about the economic benefit relative to the environmental cost of small hydropower units⁷ and other countries are dismantling dams to reconnect rivers⁸. The effectiveness of mitigation such as passageways for fish migration is debatable; Macedonia already suffers adverse effects from river fragmentation⁹; and dams are often placed in/planned for species rich or refugium areas⁴. In consequence, the EBRD must rethink its energy strategy.
 - h) Due to a culture of politicization and corruption, there is widespread concern in the environmental community about the independence of certain ecology experts. Strategic mechanisms are therefore required to guarantee the integrity of opinions and data sourced for EBRD policy planning and environmental assessments.
 - i) As highlighted by both Boskov Most in National Park Mavrovo and the Citrus Partners LLP SEA for National Park Galichica, Strategic Environmental Assessments in the Republic of Macedonia are not yet adequately calibrated with real-world conditions, leaving their conclusions speculative and risking widespread degradation of natural resources. For example, Citrus Partners completely omitted drainage of an entire wetland at Studenchishte Marsh from its cumulative impact assessment for road and resort plans in National Park Galichica despite the fact that both loss of the marsh and the road/resort project would have all impacted Lake Ohrid simultaneously. Likewise, both the Bern Convention¹⁰ and UNESCO⁶

³ Ibid, but see also International Union for the Conservation of Nature (IUCN) (2017) [IUCN Conservation Outlook Assessment 2017: Natural and Cultural Heritage of the Ohrid region](#), Gland, Switzerland; and PrespaNet (2017) [Transboundary Prespa—Review of Conservation Efforts](#), Agios Germanos, Greece.

⁴ Ministry of Environment and Physical Planning (2014) [Fifth National Report to the Convention on Biological Diversity of the Republic of Macedonia](#), Skopje, Macedonia.

⁵ Vejnovic (2017) [Broken rivers: The impacts of European-financed small hydropower plants on pristine Balkan landscapes](#), Save the Blue Heart of Europe Campaign, EuroNatur European Heritage Nature Foundation and Riverwatch, Radolfzell, Germany.

⁶ UNESCO, ICOMOS and IUCN (2017) *Reactive Monitoring Mission Report Natural and Cultural Heritage of the Ohrid Region (Former Yugoslav Republic of Macedonia)*, World Heritage Centre, Paris, France.

⁷ Ministry of Environment and Physical Planning (2016) [Draft National Strategy for the Protection of Nature \(2017-2017\)](#), Skopje, Macedonia.

⁸ Schiermeier, Q. (2018) [Europe is demolishing its dams to restore ecosystems](#), Nature Journal (news section).

⁹ PrespaNet (2017) [Transboundary Prespa—Review of Conservation Efforts](#), Agios Germanos, Greece.

¹⁰ Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention) Standing Committee (2015) *Recommendation 184 on the planned hydropower plants on the territory of the Mavrovo National Park (Former Yugoslav Republic of Macedonia)*, Strasbourg, 4 December 2015.

have highlighted the need for more robust cumulative impact evaluations in other contexts related to the bank's activities. Highlighted by the Citrus document for National Park Galichica, other noteworthy SEA oversights include failures a) to gauge political will, awareness, application of law and previous experience with mitigation measures as indicators of likely environmental outcomes; b) to understand how methods applied in other countries may not satisfactorily transfer to the local context for a variety of socio-politico-ecological factors; c) to calculate ecosystem services for zero-change scenarios over multiple timescales; d) to provide thorough, quantified monetary forecasts when economic benefits are put forward in justification for projects; and e) to realize how climate change may affect both impacts and mitigation, especially in terms of locations for biodiversity offsets. These oversights disenable informed decision-making by the Republic of Macedonia's people.

- j) Public consultations are deficient in the Republic of Macedonia. Invitation processes are haphazard and do not ensure timely notification to and participation from relevant NGOs¹¹. Likewise, Ohrid SOS comments to the aforementioned Citrus Partners' SEA were substituted with another document and thereby totally omitted from the consultation. No explanation was offered by any of the relevant parties for the omission; no method of resubmission was provided; and no clear mechanism to escalate was in place. Meanwhile, the domestic legal framework is often inaccessible to CSOs due to prohibitive costs, capture of judicial instruments to facilitate private or party political interests, and a dearth of specialists in relevant fields of law. As such, the bank must take greater responsibility to ensure that full stakeholder and public opinions are incorporated within planning decisions for projects that it will finance.
- k) By its own tacit admission¹², the EBRD has made mistakes with the Republic of Macedonia in the past, notably at Boskov Most in National Park Mavrovo. These have been compounded by the UNESCO-blocked attempt to finance the A3 express road through National Park Galichica. Such aborted projects have been wasteful of public, bank and CSO resources. Any repeat of controversial infrastructure plans for protected, species rich, or key habitat areas is therefore undesirable on all sides.

¹¹ The 2018 consultation for the EBRD strategy is a case in point. Despite Ohrid SOS's prominent involvement in a recent environmental conflict with the bank, the organization only received notification (indirectly) on July 17th for a meeting one week later. The scheduled time during work hours is also inconvenient for volunteer organizations or working members of the public.

¹² The European Bank for Reconstruction and Development's [*Strategy for the Former Yugoslav Republic of Macedonia*](#) approved in 2013 refers to the need "to take account of lessons learned in the areas of biodiversity assessment and cumulative impacts, as well as public consultation". In other words, some of the points raised here should already have been addressed yet remain unresolved.

RECOMMENDATIONS

For the purposes of avoiding future degradation of ecological processes, conserving the conditions of life for the Republic of Macedonia's unique flora and fauna, and maximizing ecosystem services for the country's people, the recommendations below will therefore be essential components of the EBRD's domestic strategy:

1. All EBRD-financed projects must adhere to [Motion 26 from the IUCN's World Conservation Congress, Hawai'i 2016](#), which a) establishes the 6 IUCN Protected Area Management Categories as no-go zones for environmentally damaging infrastructure and industry development; b) requests development banks to refrain from investing in or funding activities "within, or that negatively impact protected areas or any areas of particular importance for biodiversity and ecosystem services that are identified by governments as essential to achieving the Aichi Biodiversity Targets"; and c) urges a public commitment to these principles from financial institutions.
2. Adherence to the above-mentioned Motion 26 must be extended to incorporate de-facto protected areas within the Republic of Macedonia whose biodiversity, habitats or rare species are known beyond reasonable doubt to fulfil criteria for designation within one of the 6 IUCN Protected Area Management Categories, but which lack formal recognition. In particular, this should apply to Mount Jablanica and Shar Planina.
3. Areas likely to act as important refugium zones during the current period of climate change, including but not limited to high mountains, specific areas of river valleys, and the tectonic lakes, must also be identified; their integrity maintained; and the migration routes to and from them secured.
4. EBRD-financed projects should be cognizant of MAK-NEN, [an inter-connected series of proposed protected areas compiled by the Macedonian Ecological Society](#) and based on movements of the Eurasian Brown Bear. All reasonable steps should be taken to avoid disruption of these areas and to guarantee their meaningful connectivity.
5. Due to the intense cultural and ecological significance of UNESCO Lake Ohrid and the need for a science-based approach to its development, the EBRD strategy for the Republic of Macedonia must formally synchronize with the Society of Wetland Scientists' [Declaration on the Protection of the Lake Ohrid Ecosystem](#) for all bank-financed activities in the region.
6. The EBRD strategy must contain clear details of how it is harmonized with the Republic of Macedonia's National Biodiversity Strategy and Action Plan and related nature protection documentation. Areas of actual and potential conflict between the two strategies should be described alongside the steps that will be taken to resolve them.
7. Future Strategic Environmental Assessments (SEA) for bank-financed projects with environmental impacts must include quantified measures over a fixed, rolling time-period of Macedonia's i) previous mitigation/biodiversity offset performance; ii) ability to implement mitigation/offsets long-term; iii) current ecological performance; iv) project compatibility with the National Biodiversity Strategy and Action Plan; v) implementation and effectiveness of environmental law; vi) political will to ensure environmental integrity; and vii) environmental awareness in the public and private sectors. These indicators should function like a credit system, and values that fall below a certain threshold either overall or for certain critical measures (mitigation performance; long-term mitigation ability; and ecological performance, for example) should automatically trigger a declined finance

application. The methodology used to calculate the indicators should be clearly stated within the SEA.

8. Strategic Environmental Assessments must also include thorough financial details when economic gain is used to legitimize environmental impact, including estimated revenues, details of how much said revenue is likely to filter through to local communities, and the mechanism by which this filtering is expected. These must be compiled over various time-scales, including those that stretch inter-generationally. For comparison, robust calculations of direct and indirect ecosystem services under zero-change conditions must also be made over the same time periods. Again, the methodology by which all such estimates are gauged should be clearly stated.
9. Cumulative impacts for SEAs must routinely incorporate all other activities that will simultaneously affect relevant natural resources, even those that fall outside the scope of specific EBRD projects. In the event of non-disclosure or non-incorporation of such activities, the SEA must be deemed invalid and completed again with appropriate public consultation.
10. Climate change must also be factored in to both cumulative impacts and economic forecasts within SEAs¹³. When biodiversity offsets are suggested, consideration must be given to how changing weather patterns may affect their success and appropriateness.
11. The teams comprised to develop Strategic Environmental Assessments should be disclosed and discussed with appropriate CSOs as part of consultation processes. The EBRD must also demonstrate a framework by which the expert data and opinions upon which assessment conclusions are based can be independently audited.
12. Mechanisms for notification of public consultations to CSOs, stakeholders and members of the public must be improved via enhanced visibility, better identification of relevant parties and active invitation to them.
13. Clear, step-by-step guidelines must be established by the EBRD which describe how CSOs and members of the public can pursue and escalate complaints about public consultation processes within the framework of the bank. These should include unambiguous details of both the actions that the bank will take under specific conditions, such as when comments are removed from official processes, and the feedback that CSOs/members of the public can expect to receive.
14. A review of the EBRD's hydroelectric strategy for the Republic of Macedonia should be undertaken by a team of independent experts approved either by the IUCN or WWF and the bank bound to accept their recommendations. In the meantime, non-hydro green alternatives must be prioritized.
15. The bank's strategy must consider both direct investment in natural development infrastructure such as wetland rehabilitation and appropriate reforestation, and entwinement of these opportunities with existing/future investment plans. It must also reconfigure its strategy to prioritize public transport over road-building enterprises. As a precondition to investments or finances for projects that will have indirect ecological consequences, the bank must ensure that appropriate physical and personnel infrastructure for environmental protection, such as effective sewerage and waste disposal systems, is functionally in place.

¹³ Despite citing economic benefits as a justification for projects within National Park Galichica, the Citrus Partners LLP SEA completely failed to consider how climate change may affect the financial stability of a low-elevation ski-resort in southern Europe. This kind of omission does not allow for balanced financial conclusions.



Attached for your reference are Motion 26 from the IUCN; the Declaration on the Protection of the Lake Ohrid Ecosystem; and an Ohrid SOS form by which we respectfully invite you to demonstrate how our recommendations are addressed by the reviewed EBRD strategy for the Republic of Macedonia.

We thank you for your attention and communication on this topic, and anticipate a new era of environmental responsibility from your institution.



EBRD STRATEGY 2018: Record of Environmental Accountability

Please fill in the form below outlining how the EBRD strategy incorporates each of Ohrid SOS's 15 recommendations, including page numbers/references/links to where this information can be found in writing. If cases arise in which recommendations are not fully accepted, please provide explanations. Where necessary, edit or reproduce the table to increase space. When completed, please return the form via email to ohridsos@gmail.com. Thank you.

| RECOMMENDATION NUMBER | DETAILS OF INCORPORATION WITHIN EBRD REPUBLIC OF MACEDONIA STRATEGY | PAGE NUMBER / LINK / REFERENCE |
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