

**25 August 2017; e-mail from Civil Society Engagement Unit at the EBRD; to: Igor V, Bankwatch
Subject: RE: Ternove HPP.**

OFFICIAL USE

Dear Mr Vejnovic,

Thank you for your several follow-up requests in relation to hydropower plants in the Western Balkans.

Please find below the replies to your questions in relation to the Rapuni and Ternove hydropower plants in Albania.

- **Project documentation related to environmental and social impact assessment (ESIA, incl. cumulative impact assessment, ESAP and SEP).**

Both the Rapuni and Ternove projects were categorised B and hence were not subject to environmental and social impact assessment under EBRD requirements.

- **Monitoring reports conducted by EBRD staff related to environmental and social performance of the project in 2015 and 2016, or a summary of the findings.**

Monitoring of these projects has been undertaken through the provision of written annual environmental and social reports by the two Companies and through site visits either by EBRD staff or by independent consultants. The latest monitoring visit was undertaken by independent consultants in July 2017 a direct response to the issues raised by local communities and concerned civil society organisation (CSOs). The results of that visit are as follows:

Ternove:

Responsibilities: There is a need to establish clear responsibilities for reforestation and irrigation management. The Company should consult the Ministry of Forestry and the Ministry of Agriculture about the scheme.

Erosion control and revegetation: Erosion control and revegetation measures have not been adequately applied during both the construction and operational phases. Revegetation of the areas around the penstock and lake Fushes e Zogut is required, as well as better supervision of further construction works either by the Company or their contractors.

Protected area status: The understanding is that the area is not officially designated as a protected area, but that the glacial lakes are of ecological interest. The hydro power scheme is judged to have minimal impact on the ecological quality of the lakes, except for some possible limited sediment inflow (see below).

Sediment management: The lakes are of good ecological quality and of ecological interest, and any modification of their sediment regimes should be avoided. Channels 4 and 5 could bring sediment in Lake i Zi. Sediment should be monitored in the channels and in the lakes, and sediment traps should be built at the channel outlets.

Irrigation: The scheme is not expected to reduce the availability of irrigation water in the current situation, but monitoring is necessary. Monitoring should be done in cooperation with the local authorities responsible for irrigation. The local authorities are responsible for the maintenance of irrigation channels. Nevertheless the company will be requested to work with the local authorities to investigate any poorly constructed or damaged irrigation infrastructure and to define who is responsible for improving it.

Communication: The company should set up a formal communication mechanism with stakeholders, and a grievance mechanism. A person should be responsible for communication with external stakeholders at the power plant.

Rapuni 1 & 2:

Infrastructure: The scheme has strongly modified the landscape of the left bank of the river valley, with significant earthworks and construction of concrete structures of poor quality. An assessment by suitably qualified engineers is required to review stability of offtake structures and any improvements that may be required.

Irrigation: The scheme is also providing water for irrigation. The operators try to accommodate requirements from different water users on request.

Fish pass: Fish are present in the river. The company has tried to improve the intakes and the fish passes since 2016 but further work is required to ensure full effectiveness of fish passes

Cornflour mill: A cornflour mill is located downstream Rapuni 2 powerhouse. The owners have been complaining of not having enough water for the mill when Rapuni 2 is in operation. The lack of water has occurred since the construction of Rapuni 3&4 and is due to the fact that all the tailwater from Rapuni 2 is now led to Rapuni 3. However, if the environmental flow from Rapuni 1&2 was released, the mill would be able to operate. It is therefore the Rapuni 1&2 scheme which has the responsibility of releasing enough water for the mill to operate. The environmental flow of about 300 l/s has not been confirmed by ecological studies, but seems appropriate for this river. This environmental flow should be left at all times at intake 2. If the environmental flow is left in the river, then the mill issue will be solved. It is recommended to compensate the owner for past lost incomes.

For both the Ternove and Rapuni project updated or new ESAPs have been developed to address the issues identified and these will be agreed with the clients and then be the subject of on-going monitoring by the Bank.

- **The relation between Rapuni 2 and Rapuni 3 & 4, including definition of the project's boundaries and sharing of resources.**

Rapuni 1&2 and Rapuni 3&4 are owned and operated by different entities. EBRD has only provided finance to the developers of Rapuni 1&2. It is clear, however, that the four power schemes have a cumulative impact particularly since all the tailwater from Rapuni 2 is now led to Rapuni 3. One option to have more water in the downstream part of the river would be to release part of the tailwater at Rapuni 2 HPP back into the river. This option would allow to share some responsibility between Rapuni 1&2 and Rapuni 3&4. The presence of the large Rapuni 3 dam without an environmental flow and without a fish pass is unacceptable and shows a deficit of control by the Albanian authorities. Leaving flow in the river at the outlet of Rapuni 2 would leave some water in the river section short-circuited by Rapuni 3&4. Rapuni 3 may also have some responsibility for the water deficit at the mill, as it probably lowers the groundwater table in the area. However, the Bank has no influence over the activities of Rapuni 3&4 and is not in a position to alter the already permitted water usage agreements between the authorities and the hydro power developers.

- **Alleged delays in workers' compensation and monitoring of PR2 on labour and working conditions.**

The Bank monitors compliance of all clients with the PRs. In the case of Ternove, monitoring has not revealed any issues in respect of payments to workers.

**30 June 2017 e-mail from Igor V, Bankwatch; to: Civil Society Engagement Unit at the EBRD;
Subject: Ternove HPP.**

Dear [REDACTED],

I am writing you in relation to Ternove project in Albania, which has received a loan from the EBRD.

CEE Bankwatch Network's team has visited the facility on 3 June and 4 June 2017.

Via interviewing the locals we have been informed that the workers of the company haven't received a compensation for the last six months.

While we are not able to verify these allegations at this moment we would like to enquire if the EBRD is monitoring the implementation by its client of PR2 on labour and working conditions, and if your monitoring has revealed similar issues?

At the same time we have noticed a numbers of potential breaches of the Performance Requirements related to nature protection. We have been repeatedly asking EBRD for a meeting or a video conference to discuss this issues before making any further steps.

Therefore we are requesting access to

(1) project documentation related to environmental and social impacts

assessment: ESIA, including cumulative impact assessment, Environmental and Social Action Plan and Stakeholder Engagement Plan

(2) monitoring reports for from 2015 to 2017 conducted by EBRD staff related to environmental and social performance of the project or a summary of results from monitoring.

Kind regards
Igor Vejnovic