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Is the EIB considering jumping into the vat of lies surrounding the Zagreb incinerator?

After a summer of excuses and procrastination about the Zagreb incinerator project and its prospective ash disposal sites, the start of October should see the re-start of Zagreb county assembly's focus on the disputed projects. At the coming meeting Green Action and the local initiative committees are expecting the over-turning of the illegal permissions allowing exploratory works to take place on the potential ash landfill, proposed to accommodate 100,000 tons per year. The controversial issue was notably absent from the assembly's agenda during two meetings in July.

Initiated in early 2002 the Zagreb Incinerator project is intended to burn 385,000 tons of municipal waste per year, thus producing 100,000 tons of partly toxic ashes. The total investment for necessary infrastructure development on the project has been estimated at around EUR 180 million, and the EBRD and EIB are both seen as prospective financiers.

The planning and preparation of the project has been scandalous from the beginning: it has seen the breaching of several legislative documents and the approval of an environmental impact assessment without adequate public participation.

In late April 2007 decisions were made by the heads of Gradec and Dubrava district councils to give permission for exploratory works on the potential ash landfill of the planned Zagreb waste incinerator. Coming without the approval of other council members, these decisions were adopted in Zagreb County Assembly as legal ones, even though both of the district councils had canceled them almost as soon as they found out about them.

After uncovering the facts about these illegal decisions, in May and June local NGO "SOS Gradec District" organised five radio shows featuring public



debate about the future ash landfill in the Vrbovec area. Local and national politicians promoting waste management via incineration as a treatment method made several clear statements about their awareness of the illegal decisions and publicly promised to cancel the exploratory works in that area on the next Zagreb County Assembly, which was held on 3rd July in Zagreb. The decision for canceling the Gradec/Dubrava site was on the meeting's agenda but after seven hours of debate just a vague compromise agreement was arrived at, as officials still failed to prepare papers for canceling the illegal decisions.

In fact, this agreement only freezes the illegal decisions until the County makes its own waste management plan (see below). The public was tricked again - and county prefect Kozic succeeded in buying more time until the next assembly (on July 17) where intentionally he avoided putting the ash landfill topic onto the agenda. The tactics have been far from subtle, and show clearly that the decision to clear the Gradec/Dubrava site from its spatial planning was never intended to be made.

The positive impact of the NGO coalition's campaigning against the proposed incinerator and its ash landfill has become visible in the media, with most newspapers carrying articles that describe the agreement between Zagreb City Council and Zagreb County as seriously flawed. The articles have pointed to the fact that it is socially and environmentally irresponsible to accept 100,000 tons of ash, part of which is extremely toxic, when the County itself has no programs in place for reducing waste yet currently manages to produce 80,000 tons of waste.

Zagreb County waste management plan

The following period until the end of 2007 is crucial for Croatian waste management because both national and local waste management plans should be formulated and adopted.

However, for one thing the national plan raises again the question of poor public participation when it states that several public discussions have been organised. Green Action suspected that this statement was false and submitted an information request to the Ministry of Environmental Protection and Spatial Planning for details about said public discussions. State secretary Nikola Ružinski answered that there is no legal requirement for this plan to be publicly shown at all

and that presentations have been held only for county prefects. This response only confirmed that public participation is only used to fulfill requirements for possible European project financing.

The good news in this draft waste management plan is that no other mass burn incinerators in Croatia are planned for the period 2007-2015. On the down side, the new waste management plans are handicapped by a serious lack of prevention and recycling measures and a complete lack of kitchen biodegradable waste separate collection and composting. The lack of any focus on composting is the most serious considering that more than 40 percent of Croatia's total waste comes from kitchen biodegradable waste.

While the plans for the other 20 regions in Croatia are quite clear and mechanical - biological treatment is chosen to prevent the landfilling of biodegradable waste - the prospects for the Zagreb County waste management plan is still unclear. On July 16 Green Action submitted an official request to be involved in the process of preparing the waste management plan. So far Green Action has received no response from the County offices responsible for its preparation, and we believe we will not be receiving any calls for participation as the public has so far been effectively excluded from any decision-making processes in Zagreb incinerator case.

What are the banks' intentions?

In the meantime, Green Action commented on the EBRD's country strategy for Croatia, asking the EBRD once again not to consider financing the incinerator project because of the series of legal violations and immature planning process. In a letter sent to Green Action on September 20, the EBRD confirmed that the Zagreb incinerator case won't be one of their focuses for at least some time.

The EIB's website, under the heading "the future of the EIB in Croatia" indicates the bank's interest in financing the incinerator, and it is stated in Croatia's environment operational programme that the money for the Zagreb incinerator will come from the EIB. When approached by Green Action, however, the EIB claimed that it has not been approached to finance the project.

As an ill-conceived project from the start, which has involved a growing list of legal violations and underhand decision-making, the Zagreb incinerator is looking more and more like an environmental and economic disaster in the making. Any financial institution that dirties its hands with the project should expect its name to be muddied when the scale of the deception in the project becomes widely known and the culprits are named and shamed.

Biodiesel booming in Serbia, but at what price?

Victoria Group, a major agribusiness company from Sid in Serbia, has continued to consolidate its lead position in the edible oil sector with the help of a recent EUR 45 million EBRD loan, the largest so far given to a private company in Serbia.

The company is the only large manufacturer of biodiesel across the SEE region, with a designed plant capacity of 100,000 tons of biodiesel and 35,000 tons of cooking oil. The Victoria Oil refinery, a subsidiary of Victoria Group, is situated in Sid, 100 km west of Belgrade near the Croatian border, and produces biodiesel from rapeseed, sunflower and soybean oils.

Sojaprotein, the other subsidiary of the group, is the most important processor of soybeans in SEE, with processing capacity of 300,000 tonnes per annum. Sojaprotein plans to enter the EUR 3 billion market and to become the largest independent European producer of soy isolates used in the meat and health food industry thanks to the construction of a soy protein isolates and concentrates plant to be completed by 2009. This will provide an additional EUR 50 million of revenue per year to the company; it is also poised to issue 50,000 shares at an overall value of EUR 12.5 million, with the EBRD widely expected to acquire a minority stake.

The EBRD recognised the potential of the company already in July 2006 when it signed a EUR 10 million loan to Mladost-Sid, a Serbian edible oil processing company, owned by Victoria Group. The loan was provided under the EBRD Agriculture Commodity Financing Programme (ACFP), "to buy more sunflower seeds to increase production of its main

products, including crude sunflower oil, and sunflower meal".

According to Gilles Mettetal, Director of Agribusiness at the EBRD, this was an example of the EBRD's "innovative way to give local businesses access to finance". In fact, it seems that the loan was crucial support for the initiation and construction of Serbia's first biodiesel plant opened one year later, in spring 2007, as its general manager Borivoj Jovicic explained to the Reuters news agency at the time.

The new EUR 45 million loan signed in September 2007 for the members of Victoria group, Victoria Oil (previously named Mladost Sid) and Sojaprotein also falls under the EBRD's agribusiness sector. EUR 30 million will be used for the purchase of soybean, sunflower and rapeseeds, EUR 10 million for the working capital and the remaining 10 million for the installation of new biomass boilers in the Sojaprotein factory. The EBRD's financing, secured by agricultural commodities, also supports the government initiative to introduce warehouse receipts legislation in Serbia.

Despite the fact there is no national strategy for the development of the sector, the Serbian authorities have proudly announced that the EBRD investment will enable Serbia to save millions of dollars annually on crude oil imports and will cut down environmental pollution. The biodiesel plant in Sid, with its capacity of 100,000 tonnes of biodiesel per year, is enough to make up for two percent of Serbia's annual consumption of fossil fuels. Since the quality of the produced biodiesel satisfies the highest European standards, it is expected to be exported to Europe in the future.

The development of the biodiesel industry is a challenge for EBRD - this underdeveloped sector is seen as one with very significant potential in the EBRD's region of operations. The loan for Victoria group directly targets the need for progress in "establishing the vertical chain from agricultural production to energy generation or fuel production, while support for shifting agriculture to bio crops or utilisation of Biomass", as expressed in the EBRD's energy policy. It also states that establishing appropriate regulatory and tax frameworks for biofuels will form the future of this sector.

While in Europe there is controversy over the biodiesel issue with the recent warnings of an OECD study against biofuel subsidies, in Serbia officials argue there is a need for tax breaks and government stimulation of such production, including regulation for the genetically modified crops necessary for the introduction of the "second generation" crops. The presence of large multinationals like General Motors producing 'environmentally friendly' vehicles, Germany-based Lurgi AG which is supplying the equipment for biodiesel plants, and Dupont, the producer of genetically modified seed of 'second generation' agricultural crops at an international conference held in Belgrade in May 2007 shows the huge interests of the industry for biofuels production in the region. If Serbia follows the example of Brazil presented by the Brazilian ambassador at the same conference, it will mean significant changes for Serbian agriculture. According to some estimates, biodiesel and bioethanol production in Serbia will occupy additional 500.000 ha of wheat, maize and oilseed rape out of 4,2 million ha of Serbia's total area under arable production.

Dejan Urosevic, agriculture journalist for Serbian daily newspaper Dnevnik, doubts if this is realistic in view of the shortfall of one million tons of maize yield this year and only a few thousand hectares under the oilseed rape. The massive introduction of oil crops will certainly mean other agriculture in Vojvodina oriented on oil instead of food production, raising food prices and involving more input of fertilizers in order to increase yields.

Can such production in Vojvodina lower greenhouse gas emission? Is it bringing environmental benefits? What are the real costs for the producers and taxpayers?

For now there are no answers since there have been no impact assessments of this newly burgeoning sector. That is why we ask investors like the EBRD not to 'cheat' in the system, by saying there is no environmental risk, but instead to appropriately classify such projects and demonstrate environmental due diligence.

EIB 'masters' climate change as servant to the world's major polluters

On 27 September environmental campaigners from around Europe held a demonstration in Ljubljana, Slovenia, aimed at ending the climate damaging investments of the European Investment Bank.



As the EIB opened its annual two-day forum - entitled "Financing Energy - Mastering Climate Change" - in the Slovenian capital, the campaigners highlighted the fact that in the last five years the EIB has lent four times as much money for fossil fuel projects as for solar, wind and wood biomass energy sources altogether. More than half of the bank's transport investments between 1996 and 2005 also went to road and air transport, including climate-damaging airport expansions.

During the action people in Ljubljana were invited to write messages on postcards to the EIB regarding its energy lending and place them on a large set of scales - with one side representing renewable energies, and the others fossil fuels and nuclear energy - according to their preferred energy option. The postcards were later presented to representatives from the EIB.

The EIB is being widely tipped to get involved in various pipeline projects across the Balkans, under the guise of increasing Europe's 'energy security' and 'diversity of supply' In reality, however, the EU's house bank is only perpetuating Europe's dependence on

external and sometimes unpredictable fuel sources. While the EIB has recently increased its support for real energy security in the form of reducing energy use and increasing renewables, its continued support for fossil fuels is undermining the positive impacts from these investments.

One example is its planned support for building a replacement block at the Sostanj lignite-fired thermal power plant in Slovenia, where the EIB justifies its involvement with the notion that with 30 percent more energy produced, the overall emissions from the plant will not increase, and hence there will be a reduction in energy intensity. However it seems to have forgotten that the EU has made a commitment to reduce its greenhouse gas emissions in absolute terms by at least 20 per cent by 2020, a target which Slovenia will be hard-pressed to reach given its lack of robust plans for reductions in other sectors.

Recent EIB investments as well as the discussions at the Ljubljana forum show that the bank is being seduced by fraudulent responses to climate change. This summer it became the first publicly owned international financial institution to declare an interest in financing new nuclear power plants and at the forum launched a new carbon fund. Carbon trading is widely seen as a fraudulent scheme encouraging business as usual, which has resulted in little or no greenhouse gas reductions, enriches the very worst polluters, diverts resources away from renewables and perpetuates the 'unlimited consumption' economic model.

If the EU is to reach its greenhouse gas reduction targets, there is still much to be done to ensure that its house bank stops financing the problem and concentrates on the solutions.

Serbian infrastructure: jobs for les garçons

The Belgrade Bypass and the Gazela Bridge rehabilitation on the Pan-European Highway Corridor X are the biggest infrastructure projects currently underway in Serbia. The project promoters and IFIs are pushing for an urgent start to the works on the bridge. However, besides the variety of social and

technical challenges associated with the project, there is also a complicated financial aspect to the process.

These large projects could present a good opportunity for the domestic building sector. However, the pre-tendering processes so far have shown that there is a little place for domestic companies as contractors of works of this size.

Transitional impact on Serbian civil engineering companies, or not?

Serbian construction companies have been pushed out from any significant construction work on the country's bridges and highways for the last five years. Serbian companies are facing a systematic trend of being hired as sub-contractors, while seemingly not eligible to be main contractors.

Reconstruction of the Gazela Bridge and the building of a new bridge near to the Gazela will cost more than EUR 230 million. More than EUR 140 million will be provided by EBRD and EIB loans to Serbia.

The tendering for the reconstruction of the Gazela Bridge was foreseen to begin in late September 2007; this has not yet happened. The pre-tendering procedure for the reconstruction of the bridge shows that works worth EUR 77 million will be given to a multinational company again, as no national company has passed the selection.

The building of the new road and light railway bridge near the existing Gazela Bridge, work valued at EUR 161 million, will also be given to some of the eight foreign companies that have successfully gone through the preliminary tendering process.

The highly controversial case of the Mostogradnja company's bid for the EBRD-financed reconstruction of the Beska Bridge last year was the most alarming signal to national companies looking for opportunities in the new market. The EBRD then accused the company of "forging the financial documentation", which was based on a formality rather than a true violation. Ultimately the conflict over the Beska Bridge was settled behind the scenes, with a mutual agreement to keep things quiet and to give to domestic companies some minor jobs and the position of sub-contractors to bigger works, on the condition that discretion was applied.

It is true that national companies in Serbia can not show such large volumes of work in recent years as can foreign companies - that is why they need to form consortia like in the case of Beska Bridge tender. Many of them have in fact been expecting to reap additional rewards from projects funded by IFI loans, like for example the opportunity to improve their corporate performance.

In this context it is very hard to estimate the expected transitional impact of IFI involvement on the national economy. One of the most important roles of IFIs in transitional countries is to provide their economies with the opportunity to regain lost markets, improve skills and expertise, and improve the profile of the work force and the social profile of the companies. The civil engineering sector in Serbia is surely one that is in dire need of repair after the negative impacts of war in the recent past.

Unfortunately, the Serbian government also has a role in discrediting domestic companies. One of the most important national companies in this field, Gosa from Smederevska Palanka, which 40 years ago built the original Gazela Bridge, is now out of the running for the new Gazela reconstruction. This is widely seen as a result of the political 'war' between the current government and the public road company over some past jobs. On one hand the government is putting pressure for privatization as the company has large tax debts, but on the other hand, the government also owes several construction companies a total of more than EUR 100 million for previous works. It is expected that Gosa will be one of the subcontractors for the Gazela job, with minor stake in the welfare of this project.

"Insolvency in Serbia is frightening, and companies, especially from the civil engineering sector, are on the verge of giving up all activity," says Ratomir Todorovic, general manager of the Planum company. "We are very much engaged in the building of the Belgrade bypass, but we are unable to collect the debts from responsible financiers, such as the public company Roads of Serbia, the National Investment Plan (NIP), and the Ministry for Infrastructure.

The outstanding debt to Planum and Mostogradnja for the completed and formally accepted positions on the Belgrade bypass route is close to EUR 4 million. "We do not see any need for some negotiations about

speeding up the work on the bypass until the debts are recovered," adds Mr Todorovic. "The companies are able to respond to an even higher tempo of work, but without debts getting covered it will be impossible to proceed with any work."

Velimir Ilic, the Minister for Infrastructure, recently announced that the reconstruction works on the Gazela Bridge are being postponed because the project money from the NIP went already to some projects in Kosovo and is expected to be returned to the NIP later this year.

From the other side the officials managing the money from the NIP (which is in the 'hands' of the political party opposed to Ilics' party) are stating that they have provided the ministry with a sufficient quantity of money for infrastructure.

The sums don't seem to add up

The domestic company Intermost, together with Mostogradnja, Gosa, Planum and others in the national consortium lost the bid for the Beska Bridge last year. Interestingly, following privatization by the French Vinci company, it has immediately become eligible for a number of works along Corridor X, in building bridges in Serbia, but also potentially for securing the job of reconstruction of the Gazela Bridge.

Does this indicate that in the future domestic companies will be able to compete for works only as small parts of huge foreign companies mostly originating from the countries that are among the biggest donors of the loans given to Serbia for the building and rebuilding of the country's infrastructure? Bear in mind that if Serbian companies do not develop, who will pay the taxes required to cover the debts to the IFIs financing new Serbian infrastructure in the first place?

Non-transparent Operational "Road" Programme in Macedonia

When Macedonia received the status of EU candidate country in December 2005, the country became eligible for EU funding through the new Instrument for Pre-Accession (IPA) that will be distributed to candidate and pre-candidate countries from 2007. The

use of these funds is only possible if the country has developed various operational programmes (for transport, environment, agriculture and other sectors).

In Macedonia the Ministry of Transport and Communications has been coordinating the development of the operational programme for transport and environment. According to a European Commission representative from DG Regio, Patric Paquet, who participated at a conference in Skopje jointly organised by UITP and Skopje Public Bus Company in June, "The EC is planning to allocate EUR 92 million for all components till 2010. From this total amount, for transport the EC is expecting to allocate 8-30%. For the period of 2007-2009 the programme dedicated to transport and environment will certainly allocate 70-80% for transport, since the EC believes that Macedonia's transport conditions on corridor VIII and X need improving before the EU starts to focus on environmental problems in the country. In this respect EC plans to allocate EUR 40 million for the Demir Kapija-Smokvica highway, a part of Corridor X for this and next year."

According to its statement, the Ministry for Transport and Communication released the draft operational programme for public comments in May 2007. Even if so, no NGOs were informed or asked to provide comments to the programme.

In communication with the Ministry of Environment and Physical planning in July 2007, Eco-sense learned for the first time that the programme had been prepared and complained to the Ministry officials about the non-transparent and non-participative approach to creating the programme. Two weeks later, Eco-sense and a large number of environmental NGOs received an official request to submit comments to the operational programme for transport and environment.

Why non-transparent and non-participatory?

The programme was published on the website of the Ministry for Transport and Communication only in English. A Macedonian version was never provided to NGOs, with the explanation that after it is finished it will be translated into Macedonian. Nevertheless, comments from non-English speaking NGOs were impossible to submit.

The request for providing comments to the programme was sent to NGOs on the first week of August, during



the holiday season, and the deadline for comments was August 31st. The short commenting period resulted in having only one NGO (Eco-sense) provide comments to the operational programme, illustrating the non-participatory approach of the Ministry.

The Operational programme's major focus on roads

The programme lists priority projects for financing for the 2007-2009 period. It outlines that railways in Macedonia have a significant deficiency of funds for maintenance. Yet the table listing the needs for investments does not contain a special item "maintenance", whereas things are different in the table for road investments, where EUR 63 million has been allocated for the maintenance of national and regional roads.

If we compare road and railway infrastructure in Macedonia, we can easily conclude that the road system is far better developed than the railway system. However, the railway sector does not receive sufficient funding for its development. In the operational programme the government has allocated EUR 97.25 million for the railways and EUR 348.67 million for roads. Although in recent years there has been a noticeable increase in passenger transport by rail, a lack of sufficient funding has resulted in the inadequate scheduling of trains, low speeds, low hygiene and comfort inside the trains etc, which in the long term will not allow rail transport to develop and may lead to its complete deterioration. It is obvious that if Macedonia considers rail transport and Corridor VIII to be a priority, it should start investments in this

sector. And where to find such major sources of funding, if not from the European Commission?

One of the tables in the operational programme, that lists investment needs per project, contains an interesting detail. The rehabilitation of the line from Bitola to the border with Greece is on the list, but no funds are needed for this project. This particular line is one of the oldest in the country, it is in extremely bad condition (trains can reach a speed of maximum 30 km/h) but it is an essential link between Bitola and Greece and, if rehabilitated, would benefit a large number of people who travel to Greece regularly (for work, school, holidays etc).

Zivko Nikolovski from the "Independent rail union" in Macedonia has stated: "This project was always intended to receive funding from the EU, but the absence of a figure in the table obviously means the issue is stuck within our institutions, for whatever reason. We already posed this question with our partner organisation ETF (European Transport Federation) in Brussels, and we intend to continue demanding that this project is financed by the EU."

The Macedonian Ministry of Transport and Communications developed the operational programme for transport and environment in May 2007. For the following three months the public and NGOs were unaware that the programme existed and so were unable to comment on it. An operational programme should be treated as a public document and its availability after it is prepared should not be confused with the availability of this document in its preparatory phase, where all interested members of the public and NGOs are able to provide input and thus help create a better document. As far as transport is concerned, the Macedonian government should be consistent with its statements before the European Commission and when stating that Corridor VIII and the railways are an absolute priority, the investment needs outlined in the operational programme should directly reflect this.

Fate of Bulgarian Natura 2000 network still hangs in the balance

The list of Bulgaria's network of Natura 2000 sites is still not ready, in spite of European Commission discontent with the delay and its request for finalisation by September.

In March 2007 the Bulgarian government decided to postpone its decision until autumn due to the National Forest Agency objecting to the inclusion of Habitat sites with forest ecosystems of too high commercial as well as nature conservation value. For reasons that were not formally brought up, the fate of a number of Birds sites was postponed as they appeared to interfere with certain energy infrastructure projects (eg. the Bourgas-Alexandroupolis oil pipeline), as well as the construction of seaside and mountain resorts.

The good news is that on the recent September 13 meeting of the National Biodiversity Council the proposal of the Bulgarian Forest Agency to cut 21 habitat sites from the network was rejected. The bad news is that two of the most controversial ones - the buffer zones of the Rila and Central Balkan National Parks - are still in question. While the decision is still pending, the illegal construction of a chair lift in the buffer zone of the Rila National Park has raised a great deal of public discontent resulting in a 'symbolic' fine of 10,000 leva (approximately EUR 5,000) being handed out by the Regional Inspectorate for Environment and Waters to the local authorities of Separeva Bania.

A parallel decision over the delayed Natura 2000 Birds sites has been postponed further still. As a result of this, on September 18 the Bulgarian member of Birdlife International submitted yet another complaint to the European Commission. Most of these sites are situated along the Via Pontica birds migration route along the Black sea coast; they have attracted the insatiable appetite of the tourism construction business. Several of them are already being destroyed while the decisions continue to be postponed.

'Flash mobbing' for Bulgarian nature

The delays in finalising the Natura 2000 lists and the parallel illegal - or semi-legal - mutilation of sites on the unconfirmed list have produced a powerful wave of protests during the summer and autumn. These protests have mobilised a mass of people who have little relation to the environmental NGOs' movement

and have united old and young alike from various background and interests, who are simply calling themselves 'civil society'. This mobilisation has resulted in weekly (and sometimes daily) protests including street blockades, walking demonstrations and art actions.

The 'flash mob' concept, a new form of crowd mobilisation facilitated by internet blogs, e-mails and SMSs, has taken the state authorities by surprise. This new form of protest bypasses the usual official announcements (regularly misinterpreted as 'requests for permission') for an organised protest, which gives the institutions the possibility to prepare and the name and contacts of responsible organisations or persons. In the case of a 'flash mob' there is no official announcement and no single responsible organiser to be held accountable.

The initial reaction of the state police was to dish out mass arrests. Subsequently this developed into 'interviews' and the intimidation of bloggers and environmentalists by Bulgaria's Chief Directorate for the Fight with Organised Crime.

These inadequate and misdirected approaches have backfired nationally, as has been reported in the national media. Meanwhile real organised crime elements have gone uninterrupted and unpunished for their vital role in destroying Bulgarian nature, as in Rila and on the Black sea coast.

NGOs meet to tackle Balkan oil pipeline escalation

On 28-30 September environmental and human rights groups from fourteen South East European and other affected countries met in Sisak, Croatia, to develop responses to the rash of oil pipeline projects being proposed to bring Russian and Caspian oil to Europe and the US.

Organised by Croatian NGOs the Human Rights Centre, Eko-Kvarner and Sisak Eco-Action, with support from the Zagreb office of the Heinrich Boell Foundation, the meeting brought together experienced and new campaigners as well as legal and marine experts. It resulted in the establishment of an informal network and concrete plans for strengthening current campaigns on pipeline projects.

Presentations highlighted the successful campaign against the Druzhba-Adria pipeline integration in Croatia, which threatened the crucial tourist industry with oil spills and invasive species introduced in ballast waters, as well as MAMA 86's victory against an oil tanker cleaning station in Odessa, Ukraine, which regularly flooded the district of Luzanovka with oily water, until the authorities were forced to address the problem.

An analysis of the current Burgas-Alexandroupolis pipeline plans, which threaten to be massively subsidised through tax exemptions, inspired participants to examine the dubious economic claims made by pipeline promoters as well as the human rights and environmental aspects. Representatives from CEE Bankwatch Network outlined the possible involvement of the international financial institutions in pipeline projects. A look at the numerous problems in previous pipeline projects financed by the EBRD, EIB and IFC, such as the Baku-Tbilisi-Ceyhan and Chad-Cameroon pipelines, showed that the IFI's safeguard standards are no match for the social and environmental dangers of oil pipelines.

The lack of adequate recourse when things go wrong on these snaking projects was vividly illustrated by the legal battle of families near the Croatian town of Slavonski Brod, where leaking oil pipelines have turned three gardens into black-smudged wastelands.

A similar saga is running in Sisak itself, the most polluted town in Croatia, where residents are subjected to cumulative pollution from an oil refinery, thermal power plant, pesticide incinerator and traffic, resulting in a high number of respiratory illnesses, allergies and cancer. Government indifference to the situation resulted in protests in early 2007 and the formation of Sisak Ecological Action, which is continuing to fight for Sisak residents' rights.

Empowered with environmental success stories and reams of new information, participants issued a declaration at the close of the meeting outlining their joint conclusions and demanding that national governments and the EU take a number of crucial steps before considering any new oil pipeline projects. The declaration is available at:

<http://www.bankwatch.org/newsroom/documents.shtm?x=2045462>

Eco-sense helps to break the mould on the Skopje Bypass

The construction of the second section of Skopje Bypass, a road with numerous environmental and social problems, has been financed by the European Bank for Reconstruction and Development. The highway is currently under construction and should be finished by the end of 2008. Most of the construction work has been finished - the paving is 90 percent done. This project is a clear illustration of how a lack of public participation in the preparatory phase can lead to a project causing numerous problems to local inhabitants and the environment. At the same time it demonstrates how public participation in the latest stage of project construction can ensure taking the maximum measures to protect the environment and settlements near the highway.

Coming out of the Environmental Impact Assessment Study, the Environmental Management Plan (EMP) for the Skopje Bypass project construction phase envisions the implementation of mitigation measures for noise (such as noise protection walls), for animals (such as special animal culverts), and for flora and fauna biotopes (such as revegetation). These measures are intended for the construction phase, during which maximum impact on the environment is expected.

In Macedonia there is very little practice of preparing and implementing environmental management plans for the construction phase of a project. Moreover, there has yet to be a management plan for an operational phase of a project developed and implemented. Such a plan would ensure that the potential impacts to the environment and people are mitigated even while the project is operating.

The tasks of the Environmental Monitoring and Advisory Group (EMAG) set up by the Macedonian government feature ensuring the implementation of the EMP during the project construction and developing an EMP for the operational phase of the highway. The EMAG at this stage is functioning well, yet many issues depend on the administrative capacities of the Road Fund (the project sponsor). For example, the Plan for revegetation and protection from erosion has been awaiting approval from the Road Fund for three months and it is still unclear when it will be approved.

The task of preparing the operational EMP has been voluntarily taken on by Eco-sense, and the plan so far covers:

- Noise control and monitoring during the first year, to ensure that the level of noise from the highway is within allowed values
- Air emission measurements and control, to ensure that the levels of CO, SO₂, NO₂ and NO_x, Pb, benzene and particulate matter (dust) is within the allowed values and in line with EU directives
- Management of solid waste, to ensure that the Lepenec river banks are clear of waste and thus enable free water flow (waste previously caused frequent flooding of the area)
- Erosion and sedimentation measures and monitoring
- Oil and grease in surface water, to ensure regular cleaning of sediments of oil and grease from accidents and during heavy rains
- Use of land and revegetation; and monitoring of amphibians and small animals, to verify whether they cross the highway using the projected culverts.

The reason why Eco-sense took on the task of preparing a draft EMP for the operational phase of the Bypass is that the organisation believes that the capacity of the whole EMAG is insufficient to start the preparation of an EMP. The group consists of ministry representatives, Road Fund representatives and local inhabitants. The frequency of the meetings - held once every three months - does not provide enough space for the group to work on an EMP.

The EMP is intended to be a "living" document and will be upgraded and improved in time. Its implementation should start on January 1, 2009, once the highway has been constructed. Many of the tasks for monitoring and carrying out mitigation measures are in the hands of the Investor, the Road Fund and the maintenance agency of Macedonian roads.

The initiative to have the first EMP for an operation phase developed comes at a crucial time, when Macedonian institutions are building their capacities to implement legislation and follow EU Directives. The current set up of Macedonian institutions and legislation will unfortunately not help the implementation of the plan. In order to have the EMP functioning, many changes need to take place within the administrative practices of Macedonia's institutions. For example, there could be a new agency

established to deal with environmental issues from the transport perspective, which will ensure that registered vehicles in Macedonia emit only the allowed concentration of air pollutants.

Only with the necessary changes and developed capacities can Macedonia start the real implementation of EU transposed legislation that is necessary for the country's development and prosperity.

New name, new website - but environmental and social justice in south-east Europe remains our goal

CEE Bankwatch Network groups monitoring and campaigning on the investments made by international financial institutions (IFIs) and the European Union in SEE are pleased to announce the relaunch of their co-operation and website.

Under the new name South East Europe Development Watch (SEEDW) - formerly Stability Pact Watch - we intend to step up our scrutiny of IFI and EU investments in the SEE region.

Fidanka Bacheva-McGrath, CEE Bankwatch's Network's Coordinator for south-eastern Europe, commented, "With the focus moving away from post-

war reconstruction to EU accession, the flows of public funds into our region are still huge. In 2006, the European Investment Bank, one of our prime targets, provided loans of over EUR 3 billion to SEE countries and it and other IFIs are gearing up for involvement in these various controversial Balkan pipelines. The expertise we have developed over the last few years has brought some important results and we intend to capitalise on that and encourage other groups and communities in the region to stand up to very often dubious uses of taxpayers' money."

Zvezdan Kalmar, of SEEDW group CEKOR in Serbia, pointed out that, "Across the SEE region, due to the lack of public participation and sufficient environmental legislation, we tend to see priority being given to large-scale prestige infrastructure and to privatisation projects, which all too often cause negative environmental and social impacts, as well as benefiting trans-national corporations more than the local population. SEEDW intends to keep on bucking these trends while piercing the IFI-sponsored myths that economic concepts that have had their day in the west can somehow still be relevant for our region."

The new SEEDW website (www.seedw.org) provides rolling news, analysis and an extensive archive of the group's campaign and advocacy activities aimed at securing economic and social justice for the SEE region. RSS feeds are available to news items and publications, including the quarterly SEEDW Bulletin.



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[Highlight] Resistance to the Balkan pipeline carve up is growing

(October 2, 2007)

Bankwatch staff members have just returned from an invigorating and productive meeting with environmental and human rights groups from 14 countries aimed at developing responses to the rash of oil pipeline projects being proposed in South East Europe to bring Russian and Caspian oil to Europe and the US.



The meeting organised by Croatian NGOs including Zagreb office of the Heinrich Böll Foundation, Human Rights Center and Eko Kvarner took place in Sisak, the most polluted town in Croatia, thanks in no small

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About Us

South East Europe Development Watch (SEEDW), formerly known as Stability Pact Watch, is a coalition of South East European environmental non-governmental organisations (NGOs) monitoring and campaigning on investments made by International Financial Institutions (IFIs) and the European Union (EU). SEEDW is a project within CEE Bankwatch Network and includes For The Earth (Bulgaria); Terra Milleniul III (Romania); Eco-Sense (Macedonia); CEKOR (Serbia) and Green Action (Croatia).

Formed in September 2002, the group's focus was originally on ensuring transparency and public participation during the reconstruction process led by the Stability Pact for South East Europe. One of the Stability Pact's main tasks has been to co-ordinate reconstruction, infrastructure development and structural reforms in the region. However, due to the lack of public participation, sectoral policies and environmental legislation within SEE countries, priority has often been given to large-scale prestige infrastructure and to privatisation projects, which too often cause negative environmental and social impacts, and benefit trans-national corporations more than the local population.

The Stability Pact is to be transformed into the Regional Co-operation Council (RCC) in 2008, and the main focus of development has shifted from post-war reconstruction to EU accession, but the need for scrutiny of IFI/EU investments in the SEE region is as great as ever.

SEEDW focuses on:

- monitoring and campaigning on IFI/EU-financed projects: Belgrade bypass, Cernavoda NPP, Chelopech gold mine, Zagreb municipal solid waste incinerator;
- monitoring the development of the TEN-T network to neighbouring countries and the Energy Community of SEE;
- ensuring that investments are oriented towards those with clear public and environmental benefits;
- ensuring the introduction and implementation of environmental legislation and public participation processes in SEE countries;
- and promoting sustainable energy and transport models in SEE countries.

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