

Zagreb, 03. September 2007

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Dear Sir/Madam,

Thank you for the responses to the NGO comments submitted in response to the EBRD's draft Country Strategy for Croatia. We particularly welcome the EBRD's commitment to address our concerns on public participation during discussions with the Croatian authorities.

We are a little surprised, however, that the comments from Green Action and other NGOs appear to have led to only one small adjustment in the Country Strategy itself. Whilst we are aware that the EBRD does not share our views on all the issues raised, we would expect that in more areas some adjustments to the strategy would have been made in order to address our comments.

The Strategy criticizes certain aspects of Croatian legislation but does not express concern about public participation issues and we would have expected to see specific recommendations to the Croatian government related to this issue on page 5 of the strategy. Public participation in Croatia is seen only as a legitimizing device, without any real understanding of its need and usefulness, and it is necessary to give it a stronger emphasis in the Strategy in order to avoid later problems with public opposition to individual projects.

We would also expect to see additions to the Strategy in the transport sector, where we felt that the Country Strategy emphasises regional transit transport infrastructure but does not set out the EBRD's intentions regarding:

- Local, particularly urban public transport
- Non-infrastructure measures such as traffic management systems
- Maintenance of 2nd and 3rd class roads and other existing local transport infrastructure.

In addition our comment on the need for Croatia to adopt an updated national transport strategy taking into account the aims of the 2001 EU White Paper on transport did not receive a response. Whilst it is clearly the responsibility of the Croatian authorities to prepare transport strategies, we would expect that the EBRD would set out in its Country Strategy its own framework and priorities according to EU policy.

This also goes for the waste sector, where Croatia does have a more up-to-date national strategy, but where, for example, the Zagreb waste incinerator and the burning of Refuse-Derived Fuel in the Koromacno cement kiln, which would be produced as part of the Istria waste management project, represent anomalies, as they had been decided upon before local waste management plans had been prepared and in the case of the Zagreb incinerator, before the national strategy had been prepared. Due to the existence of such cases and the need for the Croatian authorities to receive a clear signal that the waste hierarchy needs to be adhered to, we believe it is necessary for the EBRD to lay down its own priorities in its Country Strategy.

Finally we would like to point to the section on energy, where our comments on hydropower were slightly misquoted in the summary of comments. Our position is that *in general* hydropower in Croatia should be approached with caution and that *the EBRD should not finance hydropower projects at all in protected areas or potential protected areas.*

We look forward to your response and hope that our comments will be adequately addressed.

Yours faithfully,

Mr Marijan Galovic