

For more information

**Ana Colovic-Lesoska**  
Macedonian campaigner  
ana@bankwatch.org

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# The Boskov Most hydropower plant (Macedonia) and the EBRD's Project Complaint Mechanism

## Description

The Boskov Most project involves the construction of a 33 metres-high accumulation dam and hydropower plant (HPP) with a total capacity of 68MW. The plant's annual generation is forecasted at 118 GWh. The project will use water from one of Macedonia's main rivers and its 6 tributaries in the northwest part of the country. The total project cost is EUR 84 million, with the EBRD providing a loan of EUR 65 million and the remaining EUR 19 million in equity comes from the state-owned Macedonian Power Plants (ELEM). The EBRD approved the project in November 2011 and signed the finance contract the same year.

## PCM process

Just days before the EBRD approved the project, the civil society organization Eko-vest from Macedonia submitted a complaint to the Project Complaint Mechanism (PCM). The complaint stated that the Environmental and Social Impact Assessment study for the Boskov Most project was incomplete, and important biodiversity facts about the project area were unknown. This lack of data might result in the unintentional destruction of valuable species and ecosystems during project construction. One species the ESIA did not identify is the Balkan lynx. The Macedonian Ecological Society has monitored the movements and reproduction of the Balkan lynx for the past five years with photo traps and a GPS-collared lynx who lives in the area of Tresonce and Selce where the Boskov most project is planned. Last year another lynx was tagged just a few kilometers from the Boskov Most area. In 2012, in response to the incomplete ESIA study, the project promoter began a 12-month bio-monitoring process in order to gather more data about biodiversity in the area and to propose new and improved mitigation measures.

A PCM expert was appointed in early 2012 to assess the eligibility of the complaint, meeting with the complainant and partner organisations in Skopje to discuss the details and gather facts and data. The complaint was found eligible and the eligibility report was published in May 2012. While there was regular communication between the PCM officer and the complainant, there was no communication with the PCM expert appointed to carry out the compliance review. On several occasions the complainant was given false information, mainly

in relation to the timing of the PCM expert's visit to Skopje (which eventually never took place). The complainants were surprised that the PCM expert did not visit or ever contact them. Such practice shows neither openness nor a genuine engagement with the complaint. It is not clear whether the expert contacted the project promoter ELEM, but if so, this leaves space for doubting the expert's impartiality.

Additionally communication between the complainant and EBRD management was prohibited, a difficult situation given that ongoing issues needed to be discussed with management. On one occasion the complainant sent a letter to the management but was asked by the PCM officer to withdraw it or the complaint process would be stopped. Four months later, bank management responded to the withdrawn letter, causing confusion about the possibility of communicating with bank staff while a complaint is under investigation.

## Eko–svest proposals

In light of the announced review of the PCM and the Boskov Most case, Eko–svest has the following proposals:

- Visits of PCM experts to a project site or with complainants should be standard practice. In cases where it is deemed unnecessary to visit the site eg if the case is mainly related to a legal issue, a telephone call should be held.
- Communication with EBRD staff during an ongoing PCM process should be allowed in order to maintain the flow of new and relevant information. There could be a mechanism to ensure that the PCM expert is always included in the communication, and aware of the exchange of information;
- The length of the eligibility assessment should not take longer than four months from the submission of the complaint and not more than eight months for the PCM review.

- The current practice that allows the complainant to comment on a) the eligibility assessment, b) the bank and client's response to the complaint c) the terms of reference for the investigation and d) the final report before publication should be continued and stipulated in the PCM rules of procedure.
- The possibility to file a complaint to the PCM should be promoted during public hearings for EBRD-financed category A and B projects, especially among local populations.