

**To: Board of Directors**

**European Bank for Reconstruction and Development**

CC: Debbie Cousins  
Environmental Sustainability Department

CC: Sue Barrett

Director for Transport, EBRD

6 November 2014

**Subject: Follow-up communication on the National Roads Programme in Macedonia**

Dear Madam / Sir,

Following the 21 October letter to you on the National Roads Programme, I would like to up-date you about the findings of a Bankwatch fact-finding mission to Skopje and Ohrid on the proposed Raec-Drenovo road section (Tranche 1) and the Ohrid-Pestani road section (Tranche 2).

#### **Raec-Drenovo alternatives**

At a meeting with the Public Enterprise for State Roads (PESR) in Skopje, Bankwatch requested to receive the elaboration of the alternatives for the Raec-Drenovo road section, since the discussion of alternatives in the publicly disclosed documents is sparse and insufficient. The information that PERS kindly provided in response to that request is far from elaborate. However, it becomes clear that the alternatives that were considered were very narrow, in essence defining micro-corridors in the river Raec valley. An alternative to the north of the Raec river is seen as technically and financially unviable, but no elaboration on this option was found.

**Therefore, we urge the Board to raise questions about the alternatives and the efforts of the EBRD's client to ensure that the choice of alternative is based not only on technical, legal and economic criteria but also on ecological criteria, in line with Macedonia's obligations under international biodiversity protection law.**

During the visit to Skopje it also became clear that the EBRD and PERS (the legal successor to the Agency for State Roads) consider the failure of implementation measures in the Corridor X project to be the responsibility of the executive agency – the Central Financing and Contracting Department (CFCD) of the Ministry of Finance. Although EBRD staff has now proposed a site visit to discuss the outstanding issues with regards to Corridor X, our doubt persists about the capacity of the client to ensure 'No Net Loss' of biodiversity. While the executive agency in the Drenovo case is now PERS and not CFCD, the fact remains that national level monitoring systems and EBRD monitoring have not picked up the problems with Corridor X described in our 21 October letter. In our view following a precautionary approach to prevent such problems occurring again in the Raec-Drenovo section would require a better regard of alternatives that avoid the Drenovo Gorge.

#### **Ohrid-Pestani road section**

During our visit to Ohrid last week we identified several issues with regards to the proposed project, namely:

1) Justification of the project: It is deceptive to suggest that the road is either a national park infrastructure improvement project<sup>1</sup>, or a section of a single option for a regional cross-border connection between Macedonia and Albania<sup>2</sup>. As it is well known, there is already a border crossing from Ohrid via Struga to Quafasan. Ohrid is known to suffer from congestion in peak periods in the summer, however if the objective is to resolve this then other alternatives such as better public transport to beaches and improved junctions on the section Ohrid-Shipokno should be examined.

2) Lack of comprehensive planning and cumulative impact assessment: The Galicica National Park and the Ohrid Lake UNESCO World Heritage property of Outstanding Universal Value (OUV) are under severe pressure from several projects including a ski resort, a lakeside tourist resort, Corridor VIII railway and the Ohrid-Pestani road. We were informed by PERS that the second draft of the ESIA was sent for comments to UNESCO, however we would like to draw to the EBRD Board's attention the following expression of concern regarding the Ohrid region from the UNESCO Doha meeting in June<sup>3</sup>:

*"There is some concern about the potential individual and cumulative negative impacts of the planned infrastructure projects on the OUV of the property, and ski developments in the property would be likely to be incompatible with its World Heritage status. The mission's recommendations should be recalled, in particular that a comprehensive action plan for the lakeshore be developed before the projects progress further and that Environmental and Heritage Impact Assessments of these projects be prepared in conformity with IUCN's World Heritage Advice Note on Environmental Assessment, and the ICOMOS Guidelines on Heritage Impact Assessments for World Heritage cultural properties, and submitted along with further technical details of these projects to the World Heritage Centre for review by the Advisory Bodies before any decisions are taken that would be difficult to reverse, in accordance with Paragraph 172 of the Operational Guidelines"*

At the same time we draw your attention to the description of the project on the bank's website<sup>4</sup> where it is stated that "Fifty four hectares on the fringe of the NP are expected to need to be rezoned to accommodate the road". Before actually stating this and even engaging in the process of rezoning, which could be a lengthy process on its own, the national authorities as well as the EBRD should make sure that all alternative are studies and all impacts assessed.

**In view of the above, we consider that any progress with the planning and design of the Ohrid-Pestani road section should be in accordance with, not in precedence to, a comprehensive Management plan for the Natural and Cultural heritage of the Ohrid region-World Heritage site.**

Finally, we would like to raise our concern about the degradation of democracy and participatory decision making in Macedonia. The EU Progress Report from October this year also criticised the "increased politicisation and growing shortcomings with regard to the independence of the judiciary and freedom of expression". The EBRD Board should be aware that in this context meaningful public consultations on infrastructure projects, like the road sections in the National Roads Programme, is not possible due to fear of intimidation of practically everyone who has family members in public jobs. Our concerns in this area were confirmed during discussions we had with key stakeholders in Ohrid. In view of this, we urge for a more concerted effort in ensuring that EBRD standards with regards to information disclosure and public participation in decision-making

1 See EBRD PSD: <http://www.ebrd.com/english/pages/project/psd/2014/45987.shtml>

2 Febr 2014, [State of conservation report by the State Party / Rapport de l'Etat partie sur l'état de conservation \(28/02/2014\)](#) page 20, 6.6. "We have to emphasize that the need for the construction of this road emerges also from the fact that it connects the border crossing Sv.Naum, as a single cross-border communication in that region that is necessary and that should meet certain standards."

3 Analysis and Conclusion of the World Heritage Centre and the Advisory Bodies: <http://whc.unesco.org/archive/2014/whc14-38com-7B-Add-en.pdf>

4 See EBRD PSD: <http://www.ebrd.com/english/pages/project/psd/2014/45987.shtml>

are adequately met.

In conclusion, we urge the EBRD Board for additional scrutiny of the category A road projects proposed under the National Roads Programme in Macedonia before a decision is made.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Ana Colovic'.

Ana Colovic Lesoska  
Eko-svest/ CEE Bankwatch Network