



To:

The Board of Directors

European Bank for Reconstruction and Development

December 15, 2015

Dear Sir/Madam,

We would like to share with you our new report entitled *Financing for hydropower in protected areas in Southeast Europe*, which examines sources of financing for hydropower plants in the region, with a focus on those in protected areas.¹

The research shows that the EBRD has financed no less than 21 hydropower plants² in protected areas. In Macedonia alone, the EBRD has financed 17 small hydropower projects in national parks, protected areas and nominated candidate Emerald sites as well as approving financing for Boskov Most. In Albania, two plants are located in Kuturman-Qafe Bush Nature Reserve which is also a nominated candidate Emerald site. We have also recorded an EBRD-financed project in Albania – Ternove - which has reduced people's access to water resources for irrigation.

Additionally, the EBRD has contributed EUR 14 million for 8 plants through commercial banks in Croatia, Bosnia and Herzegovina and Macedonia. As the EBRD Management was not willing to share with us the list of final beneficiaries it was impossible to assign them to particular projects and locations in order to assess their impact on protected areas.

In light of these findings, we ask you to take measures to improve transparency and environmental soundness of EBRD-financed hydropower facilities in Southeast Europe and other countries of operation.

While Southeast Europe is clearly in need of investment into its renewable energy sector, this must not happen at the expense of an even more fundamental resource: water. Numerous problematic hydropower projects in the region so far – some financed by the EBRD – are giving a bad name to hydropower and renewable energy more generally. Such a development is in none of our interests. If we are to successfully promote renewable energy this must be done carefully and cautiously, with a maximum level of public participation.

Namely, we ask you to ensure, for both small and large projects:

- ¹ The report examines plants in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Montenegro, Serbia, Slovenia and the Vjosa/Aoos basin in Greece. It examines, where possible, financing for plants which have either entered operation during the last ten years or are now planned but already have financing approved.
- ² 'Hydropower plants' refers to individual installations on a river, thus there may be several 'plants' financed together within one EBRD 'project' but they are counted separately in the report.

- Better implementation of the EBRD's environmental and social policy and hydropower sustainability criteria and establishment of clear no-go zones in protected areas and rivers of outstanding quality.
- Disclosure of project information - both to the public and to the Board of Directors about hydropower projects (and other projects with a clear environmental impact) which are financed through financial intermediaries. If necessary, a disclosure clause should be included into finance contracts with the final beneficiaries.

We believe the proposed measures would reinforce the Bank's commitment to promoting sustainable renewable energy and countering climate change.

Sincerely,



Ms Pippa Gallop

Research Coordinator

CEE Bankwatch Network



Mr Gabriel Schwaderer

Executive Director

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Mr Ulrich Eichelmann

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