



**Request for Compliance Review
on the Regional Gasification Project in North Macedonia**

1. Requesters

CEE Bankwatch Network

[Redacted text for CEE Bankwatch Network]

**Center for environmental research and
information “Eko-svest” - Skopje,**

[Redacted text for Center for environmental research and information “Eko-svest” - Skopje]

2. The project concerned

The request relates to the proposed Regional Gasification Project in North Macedonia.¹ This consists of a 66 km gas interconnection pipeline from Greece and two gas transmission pipelines within North Macedonia: Gostivar to Kicevo (34 km; Section 1) and Sveti Nikole to Veles (28 km; Section 2). The project has passed Final Review at the EBRD, and is pending approval, with a projected Board date of 24 April.

We understand that according to the Project Accountability Policy, IPAM can only register the request once the project is approved, however based on our communications with Bank management (outlined below), this seems highly likely to happen in April.

We therefore ask the IPAM to inform Bank management about the request and notify the Requesters and the Board via the Audit Committee accordingly, as outlined in point 2.2 of the Project Accountability Policy. If the project is indeed approved by the Board, we then ask IPAM to proceed with registration and Compliance Review.

3. The Requesters’ standing according to the Project Accountability Policy

The Requesters are non-governmental organisations specialised in environmental and social issues. According to the Project Accountability Policy, IPAM will accept, and consider the

¹ <https://www.ebrd.com/work-with-us/projects/psd/51747.html>

registration of, Requests submitted by Organisations that are not directly or personally affected by a Project, which is the case here.

As stated by the Policy, in these cases, IPAM will take the circumstances of the Request into account, and proceed with registration if the Request presents satisfactory information on: a. proof of efforts made by the Requesters to engage with Project-affected People on the issues of concern, if such Project-affected People exist, and any feedback provided by Project-affected People in relation to the Request; and b. the reasons preventing any such Project-affected People from submitting a Request themselves. Requests submitted by Organisations that are not directly or personally affected by a Project, if registered, may be considered under IPAM's Compliance function.

While the project itself will certainly have environmental and social impacts, these have not yet occurred. Rather, our Request relates to issues concerning the project appraisal, which do not in themselves produce environmental and social impacts, but have nevertheless infringed the right of Eko-svest and other interested parties in North Macedonia to participate in environmental decision-making on specific activities that may have a significant environmental impacts, as enshrined in the Aarhus Convention:

- a) breaches of the EBRD's Environmental and Social Policy, national and EU law during the environmental impact assessment procedure, and
- b) lack of assessment of the project's main impacts, i.e. greenhouse gas emissions.

Moreover, on 4-5 December 2023, Eko-svest and Bankwatch visited the route in order to reach out to people potentially affected by the project, particularly those whose land may be expropriated, as well as non-governmental organisations active in the affected area.

The findings are discussed in more detail below, but overall, land expropriation is not at an advanced stage, so in most cases it is not yet clear whether the EBRD's Environmental and Social Policy has been breached. The Request therefore does not intend to cover potential complaints from directly affected people, but rather concentrates on points of the EBRD's Environmental and Social Policy which have, in our view, already been breached and which can no longer be rectified before the currently planned Board date.

4. Chronology of previous communication with the project developer and the Bank

The EBRD disclosed an ESIA package in October 2022 for the project.² This came as a surprise to the Requesters, as the project was not visible in the media in North Macedonia and no public consultation had been carried out on any environmental impact assessments (EIAs) for the project as a whole or its constituent parts.

On further inspection, however, it became clear that the EIA for the Greece - North Macedonia interconnector had been approved in January 2021, without any public consultation taking place. Therefore on 23 December 2022, the Requesters sent comments to the EBRD regarding the lack of national-level public consultations (**Annex 1**). The EBRD

² <https://www.ebrd.com/work-with-us/projects/esia/regional-gasification-project.html>

responded on 10 January (**Annex 2**), however its response was not satisfactory for the reasons outlined under section 5 of this complaint.

On 25 January 2023, the Requesters also submitted comments on the ESIA package (**Annexes 3-5**). The EBRD replied promptly, on 13 February 2023, but as its response (**Annex 6**) contained several gaps and unsubstantiated information, on 14 February, the Requesters sent a request (**Annex 7**) for the background documents mentioned in the response which contained environmental information.

On 15 February 2023, the Requesters held a meeting with Bank staff at the EBRD's headquarters in London regarding the project and the question of how to access information on the assumptions behind the environmental claims made by the EBRD on the project, for example the assumptions about how the gas would be used and how this would impact on the country's overall greenhouse gas emissions and air pollution.

The Bank staff explained that this is part of a very complex economic analysis carried out as part of the project appraisal, and suggested that the Board document would provide sufficient information. However, as this is only published only after the project is approved, and not at a stage where the project can still be substantially influenced, the conclusion of the meeting was that the Requesters should submit a formal access to information request to the Bank, which they did on 17 February 2023 (**Annex 8**).

The Bank responded to the information request on 13 March 2023 (**Annex 9**), giving a run-down of different relevant documents, but saying that some documents belong to the project promoter, Nomagas, and should be requested from them. The Bank's response further indicated that, should the EBRD decide to move forward with the project, summary information outlining the Bank's approach and reasoning would be disclosed in a project summary document. It also again referred to the Board document, but underlined that it could not be disclosed before Board approval of the project.

On 21 March 2023, an event was held at the North Macedonia Ministry of Economy to discuss the interconnector project and the pipeline between Sveti Nikole and Veles. The invitation, sent to the Requesters and several other civil society organisations by Nomagas, stated that it was a 'public consultation' but it was in fact an informal meeting: It was not advertised publicly, and it was not part of the project permitting process. A representative from Eko-svest attended and commented that the EIA process was not clear.

This was followed by a formal request on 29 March 2023 by Eko-svest to the relevant Ministry and NOMAGAS JSC Skopje to revoke the validity of the EIA permit for the Macedonian section of the Greece-North Macedonia Gas Interconnector and to repeat the procedure (in Macedonian, available on request). The request explained, among other things, that the EIA approved by the Ministry is insufficient because the implementing company NOMAGAS JSC had made adjustments to the project and the construction practices since the national-level EIA was approved.

A response (in Macedonian, available on request) was received from the Ministry of Environment and Physical Planning on 17 May 2023 stating that the EIA process was already conducted according to the law and the study was published on the website of the Ministry.

None of the other concerns raised in the letter were addressed by the response, so it was clear that the national-level EIA procedure would not be repeated.

The Requesters also wrote to Nomagas to ask for the cost-benefit analysis and feasibility study for the project on 22 March 2023. Nomagas responded that it would not share the full documents but that the Requesters could visit its offices to inspect the documentation, which they did on 2 May 2023. During this visit it became clear that the project documents had not been updated since the increased gas prices of the last 2-3 years and that there were no plans to do so. The Requesters did send a follow-up request on 14 November 2023, to which there has been no response so far, but given the nature of our concerns, Nomagas is also not the most relevant body for dialogue as it is the government's job to decide on energy policy and enforce the law and the EBRD's to enforce its ESP.

Also in May 2023, Bankwatch representatives attended the Annual Meeting of the EBRD in Samarkand, and discussed the project several times with Bank management. Bank staff stated that the project would likely be approved directly before or immediately after the summer break, and no further agreement was found on tackling the issues of the national-level EIA procedure or the lack of assessment of greenhouse gases resulting from fugitive emissions and from burning the gas transported by the pipeline.

In order to try to address the EIA process breaches in the national-level permitting process, in September 2023 the Requesters submitted a complaint to the Energy Community Secretariat (**Annex 10**). As a Contracting Party to the Energy Community Treaty, North Macedonia has been obliged since 2006 to apply the EU EIA Directive when permitting energy sector projects, and since 1 January 2019 has been obliged to apply the 2014 version of the Directive.³ At the time of writing, the complaint is being processed by the Secretariat.

On 24 October 2023, the Requesters once again wrote to the EBRD, this time to inform them about the EIA complaint and two other complaints not related to this Request (**Annex 11**). On 13 December the EBRD responded (**Annex 12**), claiming that if the EBRD carries out its own ESIA on a project then the requirement for national legislation to be adhered to is superseded (see section 5 for the Requesters' response to this).

On 12 February 2024, the Requesters responded to this claim in a further letter (**Annex 13**), as well as informing the Bank about a study commissioned by Eko-svest and carried out by the REKK consultancy, which casts doubt on the feasibility of widespread household gasification in North Macedonia. Eko-svest and REKK also presented the study to EBRD staff on 31 January in Skopje.

The Bank responded to the Requesters' letter on 12 March 2024 (**Annex 14**), listing several activities that *'were also conducted in line with national EIA requirements and legislation.'* However, none of these except the two online hearings for local people took place in the period between the EIA study being completed and its approval.

The letter also stated that *'Regarding the alleged noncompliance of the MoEPP with national EIA disclosure requirements, EBRD's due diligence did not identify any material gaps. Furthermore, EBRD does not have a direct relationship with the MoEPP or the authority to audit*

³ For more information, see here: <https://www.energy-community.org/legal/acquis.html>

its compliance with EU acquis approximation. Any concerns in this regard should be raised through appropriate channels.'

Meanwhile, on 19 February 2024 the EBRD had published its project summary document on the project, which did not resolve any of the points previously raised with the Bank. The Requesters therefore decided to turn to IPAM with a request for a Compliance Review.

5. Alleged breaches of the EBRD's 2019 Environmental and Social Policy

Our request centres around three main issues:

- Breach of national and EU EIA legislation with regard to public consultations.
- Failure of the EIA and ESIA's to identify the main impacts resulting from the project - greenhouse gas emissions from burning the gas transported by the pipeline and fugitive methane emissions.

5.a. Breach of national and EU EIA legislation

No period for written comments was advertised online during the national EIA process, as required by both the national legislation and EU EIA Directive. Nor was a public hearing event organised, as required by the national legislation. The EBRD's subsequent consultation period cannot substitute this as it is not part of the national permitting process.

Article 2.2 of the EBRD's Environmental and Social Policy states:

'As a signatory to the European Principles for the Environment, EBRD is committed to ensuring that projects are structured to meet EU environmental principles, practices and substantive standards,⁴ where these can be applied at the project level, regardless of their geographic location. When host country regulations differ from EU substantive environmental standards,⁵ projects will be required to meet whichever is more stringent.'

'EU substantive environmental standards' include Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, as amended by Directive 2014/52/EU.

Article 2.3 states: *'The EBRD will not knowingly finance projects that would contravene national laws or country obligations under relevant international treaties, conventions and agreements, as identified during project appraisal.'*

This is backed up by Article 2.9, which states that the *'EBRD is committed to the principles of transparency, accountability and stakeholder engagement, and promoting adoption and implementation of these principles by its clients. **EBRD requires its clients to comply with the***

⁴ 'The European Principles for the Environment (EPE) were adopted by the Council of Europe Development Bank, EBRD, European Investment Bank, Nordic Environment Finance Corporation and Nordic Investment Bank. The EPE is an initiative launched in response to the drive for increased harmonisation of environmental principles, practices and standards associated with the financing of projects. The EPE commitments are reflected in PRs 1, 3, 4 and 10.'

⁵ 'Substantive environmental standards of the EU are comprised in EU secondary legislation, e.g., regulations, and directives. Procedural norms directed at Member States and EU institutions and the jurisprudence of the European Court of Justice and the Court of First Instance which applies to Member States, EU institutions and EU legal and natural persons, are excluded from this definition.'

applicable requirements of national law with respect to public information and consultation, identify stakeholders potentially affected by and/or interested in projects, and to develop and implement a grievance mechanism. Proportionate to the nature and scale and environmental and social risks and impacts of the project, EBRD requires its clients to disclose sufficient information about the risks and impacts arising from projects, engage with stakeholders in a meaningful, effective, inclusive and culturally appropriate manner and take into consideration the feedback provided through such engagement.'

PR1.9 also requires that '*...The assessment process will also identify: (i) applicable environmental and social laws and regulatory requirements of the jurisdictions in which the project operates, **including those laws implementing host country obligations under public international law**; and (ii) applicable requirements under the PRs. Central to this approach is the application of the mitigation hierarchy and GIP.'*

And PR10.25 again confirms the need to comply with national law: '*The consultation and disclosure process shall meet any applicable requirements **under national environmental impact assessment laws** and other relevant laws. (...)*'

In the case of North Macedonia, compliance with both EU and national standards **should have been ensured during the project permitting process on the national level**. This is because, since 1 January 2019, North Macedonia, as an Energy Community Contracting Party, has been obliged to apply Directive 2011/92/EU as amended by Directive 2014/52/EU when permitting network energy projects.⁶

This obligation exists irrespective of the fact that North Macedonia has not yet properly transposed the provisions of the updated EIA Directive: In 2021, the Energy Community Ministerial Council confirmed that North Macedonia was **in breach of the Treaty** by failing to fully transpose the Directive,⁷ and this breach has so far not been rectified.

However, it should be noted that North Macedonia's EIA legislation, although generally weaker than the EIA Directive, is in some aspects more stringent. For example, it requires a public consultation event to be held as part of the EIA process, which is not obligatory under the EU Directive.

Thus, a satisfactory national EIA process **should have combined the most stringent requirements from the existing national legislation and the EU EIA Directive**. We have not identified any contradictions between the two sets of legislation that would prevent this. Rather, the EIA Directive provides additional requirements on issues such as the minimum length of the public consultation period and study contents.

What happened in reality, however, was that the national-level EIA process **did not even comply with existing national legislation** (as required by Article 2.3 of the EBRD ESP 2019), **let alone the EU EIA Directive** (Article 2.2 of the ESP).

The obligation under the EIA Directive is to provide a period for **written comments** on the EIA study of **at least 30 days, including via electronic notification**. The North Macedonia Law on

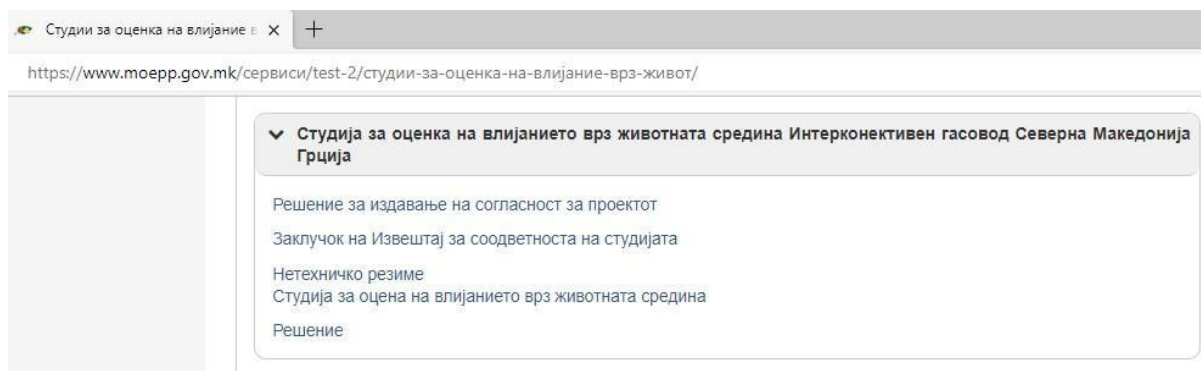
⁶ See <https://www.energy-community.org/legal/acquis.html>

⁷ <https://www.energy-community.org/legal/cases/2021/case2221NM.html>

Environment⁸ is not fully in line with this, as it does not set a minimum period for the consultation to take place. Art. 90 does require a **period to be set for written comments**, and the relevant implementing regulation⁹ also makes clear (Art. 4) that when an EIA is published on the Ministry's website, **the following information**, among others, **must also be published**:

- Information on where comments can be delivered and the deadline for delivering them
- The time, place and location of the public discussion meeting. (Unlike in the EU EIA Directive, where public hearing events are optional, Art. 91 of the Law on Environment requires a public discussion meeting to take place as part of the EIA procedure.)

The above information was not published with the EIA study. The study was published (in a hidden part of the Ministry's website) without any information on how and by when to submit written comments, and with no information about a public discussion meeting.



Screenshot of the section on the Ministry's website with the EIA study but no information on how or when to comment on it.

In fact, no *public* discussion meeting as required by Art. 91 of the Law on Environment was held at all, not even online. As mentioned above, the public discussion meeting should be advertised along with the EIA commenting period, according to Article 4 of the implementing regulation,¹⁰ so this means it should be open to the general public.

⁸ [Law on Environmental protection – Закон за животна средина](#), „Службен весник на РМ“ бр. 53/05 од 05.07.2005 год. as amended in official journals no. 81/05, 24/07, 159/08, 83/09, 48/10, 124/10, 51/11, 123/12, 93/2013, 44/2015 (informal consolidated version).

⁹ [Regulation \(Rulebook\) on the content of the notification of intent to implement a project \(...\) – Правилник за содржината на објавата на известувањето за намерата за спроведување на проект, на ешењето за потребата од оцена на влијанието на проектот врз животната средина, на студијата за оцена на влијанието на проектот врз животната средина, на извештајот за соодветноста на студијата за оцена на влијанието на проектот врз животната средина и на решението со кое се дава согласност или се одбива спроведувањето на проектот, како и начин на консултирање на јавноста](#), „Службен весник на РМ“ бр. 33/06 од 20.03.2006 год.

¹⁰ [Regulation \(Rulebook\) on the content of the notification of intent to implement a project \(...\) – Правилник за содржината на објавата на известувањето за намерата за спроведување на проект, на ешењето за потребата од оцена на влијанието на проектот врз животната средина, на студијата за оцена на влијанието на проектот врз животната средина, на извештајот за соодветноста на студијата за оцена на влијанието на проектот врз животната средина и на решението со кое се дава согласност или се одбива спроведувањето на проектот, како и начин на консултирање на јавноста](#), „Службен весник на РМ“ бр. 33/06 од 20.03.2006 год.

PUBLIC

However, in reality, two online meetings were held, but they were aimed only at people from specific municipalities, as was clear from the announcement posted on the Ministry's website.¹¹ **'Public' means open to all interested members of the public, not only ones from specific administrative areas.**

Moreover, the announcement for the online events did not even link to the EIA study, but only to the notice of intention to apply for a development consent, so even if these had been considered public hearings, the announcement did not satisfy the requirement from Art. 91 of the Law on Environment to *'to ensure availability of information that the public needs for participation in the public hearing'*.

The EBRD management evidently concluded that the EIA contents and/or the public consultation process did not meet EU standards, as it commissioned a supplementary ESIA package and published it for public comments as outlined above.

However, the Bank did not take into account that North Macedonia, as an Energy Community Treaty Contracting Party is itself obliged to apply the EIA Directive. Article 118 of North Macedonia's constitution confirms that: *'The international agreements ratified in accordance with the Constitution are part of the internal legal order and cannot be changed by law.'*¹²

Nor did the Bank take into account that there were breaches of North Macedonia's existing legislation in the process. Whatever additional consultation the Bank carried out was welcome but **not a substitute for compliance with national and EU legislation by North Macedonia.**

The EIA process is part of national legislation for a reason: the EIA is, in certain cases such as for the interconnector pipeline, a **precondition for the issuance of a development consent that sets legally binding conditions and measures** for the implementation of a certain project, against which project implementation is to be monitored and enforced by the national competent authorities.

A substandard national-level EIA leads to an incorrect assessment of the project's risks and whether and how they can be managed. As a consequence, it may be decided that a project can go ahead whereas in reality its risks cannot be adequately managed, or inadequate mitigation measures may be set.

Thus North Macedonia's obligations apply whether or not the project is financed by the EBRD. The EBRD cannot circumvent them.

Measures required by the EBRD but not the national-level EIA may not end up being implemented as they will be monitored by the national authorities, but only by the EBRD or its consultants, who clearly do not have the capacity to carry out very regular site visits.

The situation is even more pronounced for the Sveti Nikole - Veles pipeline, as on the national level only a short 'Elaborat' study was carried out, which is not subject to public

¹¹ Web site of the Ministry of Environment and Physical Planning of the Republic of North Macedonia, Archive/Events 2020 https://www.moepp.gov.mk/2020/page/14/?nastani-tax&post_type=nastani

¹² [The Constitution of the Republic of North Macedonia](#), 17 November 1991.

consultation nor is it publicly available. So it is not clear which of the measures identified in the EBRD ESIA, if any, will be implemented and monitored on the national level.

We understand that for some countries of EBRD operation it may be difficult to combine a national EIA process with the EBRD’s commitment to apply EU substantive law such as the EIA Directive, but this not the case with Energy Community Contracting Parties, as they are in any case obliged to transpose the EIA Directive, as well as most of them being parties to the Aarhus Convention, which implies similar obligations with regard to consultation on individual projects.

The Bank’s responses to the Requesters have varied in whether they admit that the consultation process in North Macedonia was in breach of national legislation but have uniformly failed to reassure us that the Bank has undertaken appropriate due diligence to ensure that it was. In its December 2022 response (**Annex 2**) to our first letter on the project, as well as referring to its own ESIA procedure, the EBRD refers to:

- Direct consultations with six non-governmental organisations from the area of the pipeline route.
- *‘Public hearings were announced on the following websites and dates: website of MoEPP (16 November 2020); websites of municipalities: Gevgelija (16 November 2020), Bogdanci (16 November 2020), Demir Kapija (17 November 2020). MoEPP also organised two on-line public hearings on 19 November 2020 (Gevgelija, Bogdanci) and 20 November 2020 (Negotino, Demir Kapija) to complete the public consultation process required by law. Minutes of the public hearings were also published on the MoEPP website on 21 February 2021 evidencing the participants, presentation of the EIA and discussion with the stakeholders.’*

Neither of these adequately address the Requesters’ contention that the national and EU legislation was breached during the national EIA process:

- The consultations with non-governmental organisations were mentioned in the EIA, but rather as being done in the process of developing the study. They had nothing to do with the legal obligation to carry out a *public* consultation period on the actual study.

Moreover, in December 2023, the Requesters visited the project route and spoke to local people and the local authorities in Demir Kapija and Negotino. We also tried to contact the civil society groups listed as having been consulted during the EIA process and found mixed results:

<p>Eko-Vita, Negotino</p>	<p>Biologist, had taken part in an online consultation on the EIA where some people from the district councils from Demir Kapija and Negotino were present, but could not recall details of dates or stage in the procedure.</p>
<p>Polymath, Bogdanci</p>	<p>Working on species protection, electronic waste. Could not recall or find any evidence in emails of having been informed about the EIA process or having been invited to</p>

	provide input.
ZRAK, Bogdanci	Not active for the last ten years at least, not listed in the national NGO register.
Eko-Kocka, Demir Kapija	We were not able to contact them.
Eko-Čiflik, Čiflik, Municipality of Demir Kapija	Campaigned against small hydropower construction, the founder of the group died so it is not active any more. Other people in the group we spoke to were not aware of the project at all.
Climate Change Center, Gevgelija (Skopje)	TehnoLab did contact them during the EIA development procedure.

Only two of the groups could recall knowing about any kind of consultation meetings during the EIA process. For one of them, the Climate Change Center, it is clear that they were contacted by TehnoLab during the development of the EIA, not when it was ready for commenting, and two of the groups do not appear to exist at all.

Our visit confirmed that whatever consultation had taken place on the EIA was not sufficient or meaningful, as apart from two of the groups above, no-one was aware of the study or any consultations. The local authorities were familiar with the SEA process on the spatial planning documentation, and some people had been approached regarding land expropriation, but no-one except two civil society organisations we spoke to was aware of the EIA study process. The findings from the field visit were summarised in a [short video](#) and an [online story](#).

- The list of ‘public hearings’ cited above might look impressive on first glance, but is misleading. In fact, the invitations for the hearings cited in the first sentence were for the hearings in the second sentence – the word ‘also’ should not be there at all as these refer to the same two events. Again, these were municipality-specific online hearings that do not correspond to either the national level or EIA Directive requirements to publish online information on a public consultation period for written comments.

In the next response to the Requesters from the EBRD, on 13 February 2023, the Bank stated: *‘Last but not least, we note that both an Environmental and Social Impact Assessment and Stakeholder Engagement Plan (SEP) have been disclosed in relation to this project. Both documents, which comply with the EBRD’s standards, remedy any shortcoming of the national EIA disclosure process, and have been disclosed since October 2022. Implementation of the SEP is ongoing, as part of which concerns regarding the potential environmental impact of this project can be raised, and managed.’*

The Bank admitted the possibility that there had been shortcomings in the national process, but again relied on informal, non legally-stipulated processes to resolve them instead of requiring actual national level compliance. This would be legally incorrect in any case, but is especially inadequate considering that the most significant environmental impact of the

project is greenhouse gas emissions (see next section), which certainly cannot be resolved informally at a later stage.

In its next response on this topic, on 13 December 2023, the EBRD claimed that '*Article 2.2 supersedes article 2.3, as host country regulations differ from EU substantive environmental standards and the projects was required to meet the more stringent standard.*'

The ESP 2019 does not indicate that Article 2.2¹³ and 2.3¹⁴ are interchangeable or that one can supersede the other. They are cumulative conditions, i.e. both EU and national standards must be adhered to. The Requesters are extremely concerned by such ad-hoc interpretations of the ESP by EBRD staff and responded to the Bank on this issue on 12 February 2024.

Unfortunately, in over a year there has been no progress in the dialogue with the Bank management on this issue, and we therefore conclude that **the EBRD has breached paragraphs 2.2, 2.3 and 2.9 of the ESP and that it has failed to ensure the application of PR1.9 and PR10.25.**

5.b. Failure to assess the project's most significant impacts

Neither the national-level EIA, nor the ESIA's commissioned by the EBRD, contain information on the greenhouse gas emissions that would result from the combustion of the gas that the project would carry.

The global climate emergency is gathering pace at an unprecedented rate, with 2023 and the first part of 2024 smashing all previous records. Research explained in a recent Bankwatch briefing (**Annex 15**) shows that we have to cut gas use even faster than previously thought, and that there is no more space for investments in fossil fuel infrastructure at all.

As of January 2023, the remaining carbon budget for a 50 per cent chance of keeping warming to 1.5 °C was around 250 GtCO₂—equal to only around six years of current CO₂ emissions. First, this is only for a 50 per cent chance—far from a guarantee. And second, more than a year has passed since then, making it five years instead of six.

Furthermore, we must cut gas use by 84 per cent compared to 2020 levels by 2050 if we are still to stand any chance of keeping global temperature changes to 1.5 degrees Celsius by the end of the century, compared to pre-industrial levels. Even then it seems highly unlikely, as 2023 already reached almost 1.5 degrees.¹⁵ Still, we must fight hard for every fraction of a degree, as the future of civilisation literally depends on it.

¹³ '(...) EBRD is committed to ensuring that projects are structured to meet EU environmental principles, practices and substantive standards³, where these can be applied at the project level, regardless of their geographic location. When host country regulations differ from EU substantive environmental standards, projects will be required to meet whichever is more stringent'. Footnote 3 explains that 'Substantive environmental standards of the EU are comprised in EU secondary legislation, e.g., regulations, and directives. Procedural norms directed at Member States and EU institutions and the jurisprudence of the European Court of Justice and the Court of First Instance which applies to Member States, EU institutions and EU legal and natural persons, are excluded from this definition.'

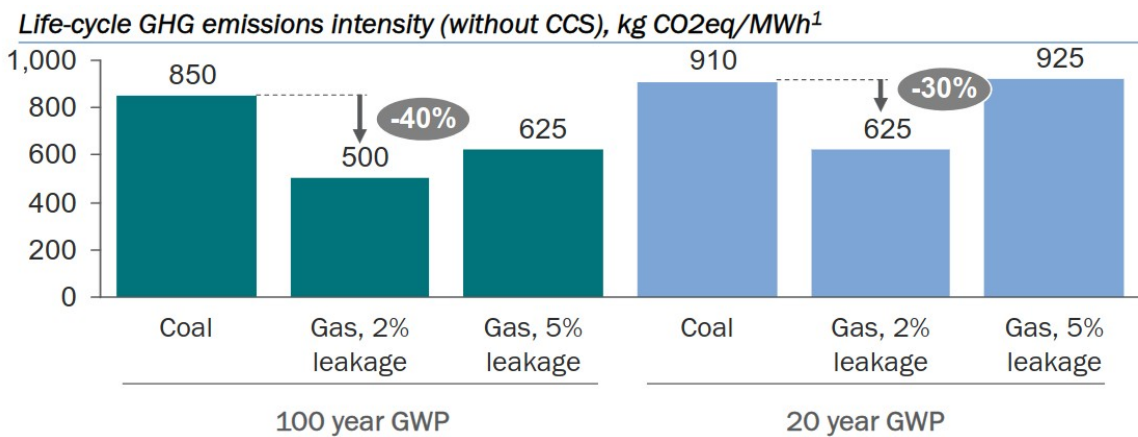
¹⁴ 'The EBRD will not knowingly finance projects that would contravene national laws or country obligations under relevant international treaties, conventions and agreements, as identified during project appraisal.'

¹⁵ World Meteorological Organization, [WMO confirms that 2023 smashes global temperature record](#), 12 January 2024.

Gas, or as the gas industry has branded it, ‘natural gas’, is composed mostly of methane, a potent greenhouse gas which remains in the atmosphere for around 12 years -- a much shorter timespan than carbon dioxide (CO₂) but with around 84 times as high impacts as CO₂ over this period. When burned, it produces CO₂.

For many years, the gas industry successfully promoted the idea that burning gas has lower climate impacts than other fossil fuels. But this is true only if one counts the emissions from the point of combustion and ignores the fact that significant amounts of potent methane are inevitably leaked during the extraction and transportation of gas. This is exacerbated by the increasing use of liquified gas (LNG) in Europe, which results in additional emissions from the process of liquifying, transporting the LNG by boat, often over very long distances, and by regasifying it.

The EBRD’s 2018 Energy Strategy recognised that with fugitive emissions of five per cent or more, gas has climate impacts as high or higher than coal, over a 20 year timespan (p.42).



More recent research shows that the situation is even worse, especially for LNG, which is likely to make up part of the gas transported to North Macedonia via the pipeline, if built. A forthcoming research paper concludes that ‘Total greenhouse gas emissions from LNG are larger than those from domestically produced coal, ranging from 27% to 2-fold greater for the average cruise distance of an LNG tanker.’¹⁶

¹⁶ Robert W. Howarth, [The Greenhouse Gas Footprint of Liquefied Natural Gas \(LNG\) Exported from the United States](#), submitted October 24, 2023, Revised January 13, 2024, Subject to further revision before publication as a peer-reviewed article.

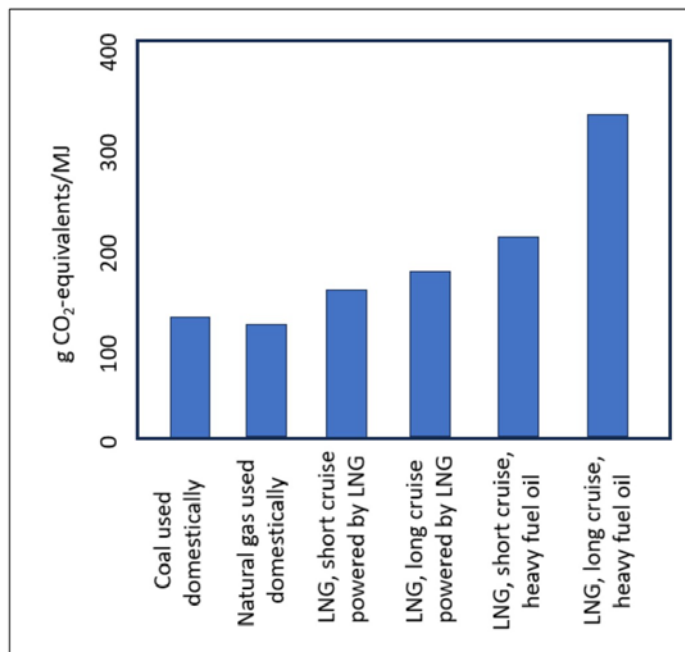


Figure 3. Full lifecycle greenhouse gas footprint for coal and natural gas compared to four scenarios where LNG is transported by tankers that either burn LNG or heavy fuel oil for long or short voyages. Methane emissions are converted to carbon dioxide equivalents using GWP₂₀. See text.

Due to the above, the EBRD should therefore not invest in any more fossil fuel projects at all. But in the absence of clear provisions to this effect in the current ESP, it is crucial to at least ensure the Policy's requirements are applied stringently in order to avoid or reduce harm.

Several provisions of the 2019 ESP stipulate how project assessments should be carried out in such situations, where a specific Bank-financed project either cannot purposefully exist on its own, as in this case, or where it could exist on its own, but where in reality its impacts will cumulate with other planned or existing projects.

First, the Policy provisions applying to the EBRD stipulate that:

*'3.4. The environmental and social appraisal of the project **will include the assessment of the environmental and social risks and impacts of associated facilities.** Clients will be required to ensure that the environmental and/or social risks and impacts arising from associated facilities are managed and mitigated in accordance with applicable law, GIP and the objectives of the PRs. To the extent that the associated facilities cannot be structured to meet the objectives of the PRs, the project appraisal will identify the environmental and/or social risks and impacts that such associated facilities may present to the project.'*

*'3.5. Where potentially significant environmental and/or social risks and impacts are identified from other facilities or activities in the vicinity of the project, existing facilities, and facilities or activities outside the control of the client, to which the PRs do not apply, the client will make reasonable efforts **to assess** and mitigate risks to the project.'*

*'Associated facilities' are defined in the ESP glossary as 'facilities or activities that are not financed by EBRD as part of the project but which in the view of EBRD **are significant in determining the success of the project or in producing agreed project outcomes.** These are*

new facilities or activities: (i) without which the project would not be viable, and (ii) would not be constructed, expanded, carried out or planned to be constructed or carried out if the project did not exist.' (p.4)

PR 1 stipulates that:

9. *'The client's environmental and social assessment will consider the environmental and social risks and impacts associated with the project. When a project involves existing facilities or business activities, and/or **associated facilities, the client's environmental and social assessment will consider the environmental and social risks and impacts associated with such facilities and activities.** The environmental and social assessment process will be based on current and/or recent information, and environmental and social baseline data, including gender disaggregated data, at an appropriate level of detail. The assessment process will also identify: (i) applicable environmental and social laws and regulatory requirements of the jurisdictions in which the project operates, **including those laws implementing host country obligations under public international law;** and (ii) applicable requirements under the PRs. Central to this approach is the application of the mitigation hierarchy and GIP.'*

*'10. The environmental and social assessment process will also identify and characterise, to the extent appropriate, **cumulative risks and impacts of the project in combination with risks and impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location.***

In the case of a gas transmission pipeline, it clearly serves no purpose without associated facilities. Either the gas must be burned in households, industry or heat/power plants, or the pipeline is useless and becomes a stranded asset.

The 2022 supplementary ESIA also recognises this: 'Therefore, natural gas consumption is forecast to significantly increase in both energy transformation (electricity generation) in support of renewables, and as final energy use due to economic growth and conversion of domestic and industrial/commercial use to natural gas'. (p. 14).

In the case of the Regional Gasification Project, however, neither the national-level EIA nor the ESIA's commissioned by the EBRD assessed the most significant impact from the interconnector or the Sveti Nikole - Velestransmission pipeline: the greenhouse gases that would be emitted by burning the gas that would be transported.

Nor did they assess the upstream fugitive emissions from the extraction and transportation of the gas it would transport.

Instead, they assessed only the sections of the pipelines that make up the Regional Gasification Project as if they exist in a vacuum, disconnected from any gas-burning facility. This made the project seem much less damaging than it really is.

The only greenhouse gas emissions counted were those from the construction of the pipeline and fugitive emissions from the North Macedonian section during operation.

There is a contradiction between the ESP's requirements to examine associated facilities and cumulative impacts and the EIA Directive's requirement to examine impacts, on one hand, and PR3 and the EBRD protocol for assessment of greenhouse gas emissions, on the other hand. The latter stipulate only the examination of direct emissions for pipeline projects and indirect emissions from energy supply for the facility, for example para. 21 of PR3: '*... The scope of GHG assessment shall include all direct emissions from the facilities, activities and operations that are part of the project, as well as indirect emissions associated with the production of energy used by the project. Quantification of GHG emissions will be conducted by the client annually and reported to EBRD.*'

However, the **requirement to assess the cumulative impacts of a project is a fundamental requirement under the EIA Directive** (Annex IV¹⁷), which is binding on North Macedonia, and which the EBRD has committed to apply as part of its own ESP. The EBRD has no right to introduce a derogation to the Directive either for the national level EIA, nor – once it has committed to apply EU substantive law – for its own ESIA.

Missing out the cumulative impacts from the EIA and ESIA meant missing out by far the most significant impact of the project overall.

According to a calculation by Environmental Law Alliance Worldwide (ELAW), the downstream emissions of the pipeline are approximately 3 million tonnes CO₂eq/year. As such, these emissions constitute 50 per cent of the target emission level of 6.058 million tonnes CO₂eq/year by 2030 in North Macedonia's Enhanced Nationally Determined Contribution (NDC) under the Paris Agreement.

There is therefore a substantial possibility that EBRD funding of the interconnector would undermine the target emission level of 6.058 million tonnes CO₂eq/year by 2030.

Furthermore, it is reasonable to assume that in following years the Republic of North Macedonia would adopt more ambitious targets as part of further updated NDCs. If the interconnector continues to generate 3 million tonnes CO₂eq/year of emissions, it becomes less likely that such emissions would be consistent with future NDCs and other long-term strategies of the Republic of North Macedonia.

The Bank, in its responses to the Requesters, has not adequately responded to this issue. At various times, it has claimed the following:

¹⁷ Paragraph 5: '*(e) the cumulation of effects with other existing and/or approved projects, taking into account any existing environmental problems relating to areas of particular environmental importance likely to be affected or the use of natural resources;*
(f) the impact of the project on climate (for example the nature and magnitude of greenhouse gas emissions) and the vulnerability of the project to climate change;
(g) the technologies and the substances used.
The description of the likely significant effects on the factors specified in Article 3(1) should cover the direct effects and any indirect, secondary, cumulative, transboundary, short-term, medium-term and long-term, permanent and temporary, positive and negative effects of the project. This description should take into account the environmental protection objectives established at Union or Member State level which are relevant to the project.'

- 1) That the 'Project is consistent with, and is considered an essential part, of the NECP¹⁸ and enhanced NDC (April 2021) which targets a 51% gross reduction in GHG emissions (81% net reduction) by 2030 versus 1990 levels.'

However, this is not sufficient to address the following issues:

- As these extend only to 2030, it does not tell us anything substantial about the project's coherence with reaching net zero by 2050 at the latest.
- North Macedonia's gas expansion ambitions have expanded significantly since the NECP and enhanced NDC were developed. For example, the NECP¹⁹ does not foresee any new gas power plants unless the Cebren pumped storage plant is not built, in which case it says that North Macedonia should consider building a (i.e. **one**) gas power plant.²⁰ However, the government is both trying to move forward with Cebren and expanding its gas plans far beyond what was mentioned in its NECP or the currently valid Energy Strategy.

It is currently planning an 800 MW gas plant in Bitola, a plant of unknown capacity in Negotino and a 90-105 combined heat and power plant in Skopje. (For more details on the country's gas plans, please see **Annex 16**, a recent briefing on gas in North Macedonia). The whole NECP and NDC are therefore based on plans which do not correspond to the current ones, and compared to these documents, significantly higher greenhouse emissions are expected in reality if the pipeline is built, as it would enable the construction of these power/heat plants.

- 2) That including indirect emissions would lead to double-counting.

Based on previous discussions with EBRD staff related to other projects, we understand that the rationale behind counting only direct greenhouse gas emissions from gas pipelines is to avoid double-counting emissions that would also be assessed as part of other projects (e.g. if a power plant is built using gas from the pipeline).

However, this argument does not stand, as double-counting would only be an issue for countries' reporting to the UNFCCC, not for the assessment of individual investment projects and their impacts. Moreover, the fact that the EBRD greenhouse gas accounting protocol includes the calculation of emissions from energy generation for a certain project also renders this argument invalid, as does the following extract from the protocol:

¹⁸ National Energy and Climate Plan.

¹⁹ National Energy and Climate Plan, 2022, [English version](#) and [Macedonian version](#).

²⁰ P. 18, English version: 'The sensitivity analyses were done and they show that if Cebren and other hydro PP are not built, the construction of a gas power plant should be considered.' (PP = power plants). There is also an addition on p.85 (English version)/p.92 (Macedonian version) which does not match the rest of the text and was not included in the [draft NECP submitted to the Energy Community Secretariat](#) (p. 76) but implies the construction of gas plants at the sites of the current coal plant in Bitola and/or the heavy oil plant at Negotino: 'If by 2025 there is no conversion of TPP Bitola and/or TPP Negotino on natural gas or build a new power plant on natural gas, TPP Bitola needs to continue for some time so as not to disrupt the security of electricity supply, but this will be reflected in increasing GHG emissions and potentially failing to meet the targets set out in the National Climate Change Contributions. If it happens that there is no coal for TPP Bitola, and the gas power plant does not start operating, the need for electricity import will increase, which will directly affect the GDP and the security of electricity supply.'

*'In some cases a project may have impacts on GHG emission upstream or downstream in a supply chain or in the market that it serves. These would typically be considered as Scope 3²¹ and excluded from EBRD's project boundary. However, if these impacts have significant mitigation benefits that underpin the rationale for the EBRD's investment in the project, **the Bank may choose to extend the boundary of the assessment to include these benefits.**'*

In other words, if including Scope 3 emissions makes a project look better, the Bank can include them, but if not then it should exclude them. This is pure cherry-picking and cannot be a substitute for properly assessing the cumulative impacts of a project and its associated facilities.

3) That it is hydrogen-ready.

This is a catch-all excuse to build new fossil fuel infrastructure using a theoretical claim, not based on any economic reality, that it may one day be used to transport renewable hydrogen instead of fossil gas.

In reality, it is highly unlikely that a 1.5 bcm pipeline will ever be used for carrying hydrogen from Greece to North Macedonia, renewable or not. North Macedonia has negligible if any demand for hydrogen currently, and this is not likely to change in the future, due to hydrogen's very high costs.

Still, even if North Macedonia does use some renewables-based hydrogen, its consumption will be limited to hard-to-decarbonise sectors. It makes no economic sense to burn such an expensive energy carrier in e.g. household heating or urban public transport when alternatives such as heat pumps and electric vehicles are available which use the electricity directly instead of using it to make hydrogen.

Moreover, manufacture of renewables-based hydrogen can and should be carried out as near to the point of consumption as possible. It is not like gas that is only found in certain locations and needs to be transported for long distances, so it is very unlikely that today's gas transmission network will correspond with the transportation needs of hydrogen.

Moreover, almost all hydrogen manufacturing in the world today uses fossil fuels (coal or gas),²² which means it is a more energy- and emissions-intensive energy carrier than gas itself. The switch to renewables-based hydrogen has been heavily promoted in recent years, but is so far still mostly theoretical.

4) That upstream emissions cannot be quantified because it is impossible to know where the gas will really come from in the end.

This was claimed by the EBRD staff at the meeting held in London in February 2023. But still an analysis should have been done, based on the most likely supply sources of the gas and providing a range of likely emissions. Without this, it is impossible to know the project's climate impacts and whether burning the gas transported by the pipeline would even be less

²¹ Using the definitions adopted by the GHG Protocol of the WBCSD/WRI, direct emissions are called 'Scope 1', emissions from grid electricity used are 'Scope 2', while other upstream and downstream emissions are 'Scope 3'.

²² For example, see International Energy Agency, [Hydrogen](#), or US Department of Energy, [Hydrogen resources](#).

climate-damaging than coal at all. And even if it is, North Macedonia has committed to phase out coal by 2027 due to a lack of viable reserves, so comparisons should be made not only with coal, but with other alternatives such as heat pumps and renewable energy.

The Requesters' efforts to ensure the identification of the project's most important impacts by commenting on the ESIA and engaging in dialogue with EBRD management have unfortunately not succeeded, and **we therefore conclude that the EBRD has breached paragraphs 3.4 and 3.5 of the ESP 2019, as well as failing to ensure adherence to PR1.9 and PR1.10** during the project preparation.

6. Outcomes sought

As the issues are a matter of compliance with the ESP, and cannot be tackled by a problem-solving approach, we ask IPAM to carry out a Compliance Review on the Regional Gasification Project, particularly the following:

- **paragraphs 2.2, 2.3, 2.9, 3.4 and 3.5 of the ESP**
- **PR1.9, PR1.10 and PR10.25.**

We thank the IPAM in advance for its attention to the issues raised.

7. Annexes

1. 23.12.2022 - Letter from the Requesters to the EBRD on lack of national-level public consultations
2. 10.01.2023 - EBRD response on lack of national-level public consultations
3. 25.01.2023 - Requesters' comments on Environmental and Social Impact Assessment for Sveti Nikole-Veles gas transmission line
4. 25.01.2023 - Comments on Initial EIA for the gas interconnection
5. 25.01.2023 - Comments on Supplementary ESIA for the gas interconnection and accompanying documents
6. 13.02.2023 - EBRD response to ESIA comments on Regional Gasification Project
7. 14.02.2023 - Request to the EBRD for disclosure of environmental information
8. 17.02.2023 - Formal request to the EBRD for disclosure of environmental information
9. 13.03.2023 - EBRD response to request for information
10. 13.09.2023 - Requesters' complaint to the Energy Community on the Gas Interconnector EIA
11. 24.10.2023 - Requesters' letter to the EBRD about complaints
12. 13.12.2023 - EBRD response to Requesters on EIA complaint
13. 12.02.2024 - Letter to EBRD NMK gas pipeline REKK study and EIA process
14. 12.03.2024 - EBRD response on REKK study and national EIA process

- 15.** 14.12.2023 - Briefing: Paris-alignment - why there is no more space for European public money to finance fossil fuels
- 16.** 15.02.2024 - Briefing: North Macedonia must ditch its unrealistic gas plans.



Answers to additional questions from IPAM, 26 April 2024

Could you please unpack the alleged harm caused by the project or any future harm that the project is believed to be causing?

The project would cause harm on three levels:

- 1) **The gas transported by the pipeline would contribute to the global climate emergency, which North Macedonia is also affected by.** These include increased extreme weather events which we are already seeing, including floods, droughts, wind and hail damage, and resulting damage to buildings, decreased availability of fresh water, loss of agricultural production, forest fires, sea level rise, increased spread of pests and diseases, fish die-offs, increased deaths from heat stroke and so on. For more information, see also [here](#).

Since these impacts are the result of massive quantities of carbon dioxide, methane and other greenhouse gases emitted into the atmosphere during the whole industrial era, it is not possible to quantify the precise contribution of this specific pipeline to the *impacts* of climate change, but it is possible to roughly quantify the emissions and assess how they match North Macedonia's obligation to reach net zero greenhouse gas emissions by 2050 at the latest (see below).

In addition, the climate emergency is unfolding much faster than scientists expected. Part 5.b. of our request to IPAM underlines the extremely limited carbon budget we still have left, which does not allow for any new fossil fuel infrastructure. And judging by the climate records smashed in 2023 and early 2024, in reality we must cut emissions even faster.

- 2) **National impacts on North Macedonia's economy, energy transition and ability to reach net zero greenhouse gas emissions by 2050 at the latest.** These are highly diffuse. In addition to the impacts and major financial costs of climate change, they include, for example:
 - o **Higher than necessary energy bills** due to the fluctuating prices of imported gas,
 - o **The costs of the gas network's construction and maintenance** will be paid first by the public sector company Nomagas but either transferred to consumers or to the government budget (as the REKK analysis cited in one of our letters to the EBRD shows that consumers mostly cannot afford to cover the full costs),

- **Subsidies for households to connect to the gas network** will have detrimental impacts on the government budget,
- **Crowding out the public sector's limited credit capacity** and the government's limited ability to provide state loan guarantees. Every loan for gas infrastructure taken by public sector companies like Nomagas or every undermines the government's ability to provide additional loan guarantees for renewable, electricity grid or energy efficiency projects,
- **Crowding out the public sector's limited human resources capacity** to speed up renewables construction, grid improvements needed for renewables integration, or energy efficiency improvements.
- **Stranded asset or gas lock-in:** New fossil fuel infrastructure that will either become a useless stranded asset in a few years (and thus all the costs above will be wasted) or will further lock North Macedonia into fossil gas use at a time when it should be phasing out fossil fuels.

The EBRD management disputes that a lock-in will be created by claiming the project is hydrogen-ready, but this is an empty promise. North Macedonia will almost certainly never need, nor be able to afford, hydrogen in the amounts that this pipeline would carry. Moreover, almost all hydrogen manufactured globally is still made using fossil fuels. If North Macedonia uses renewable-based hydrogen at all, it should be made as close to the site of consumption at all, using additional renewable energy, not transported hundreds of kilometres through pipelines from Greece.

- **Unnecessary carbon costs:** If further fossil fuel infrastructure is built and additional gas lock-in is created, this will also cost Macedonian consumers and industries more than necessary due to the cost of carbon pricing.

Currently the country does not apply carbon pricing, but it will need to do so at the latest when joining the EU, and in reality much earlier in order to avoid the impacts of the EU's Carbon Border Adjustment Mechanism. In order to avoid import taxes for electricity exports to the EU, North Macedonia will need to be part of an emissions trading scheme by 2030 at the latest.

Although it is not a net electricity exporter, it is the Western Balkan country with the highest percentage of electricity exported to the EU because of its small size and the fact that it neighbours Greece and Bulgaria.

Proponents of the pipeline at the EBRD seem to be claiming that without the gas pipeline, current coal use will continue, but this cannot be the case for long as the country has very little lignite left, and importing it is highly expensive due to its high moisture content. In addition, the idea that gas would make a significant contribution to the power sector is not supported by the green scenario of the national energy strategy, nor the national energy and

climate plan. In fact, in a few years the competition will be between renewables and gas, not coal and gas.

- **Inability for the country to reach its climate targets.** As explained in section 5.b. of our request, North Macedonia, as an EU accession country and Paris Agreement signatory, needs to meet increasingly stringent greenhouse gas emissions reduction targets.

Yet according to a calculation by Environmental Law Alliance Worldwide (ELAW), the downstream emissions of the pipeline are approximately 3 million tonnes CO₂eq/year. As such, these emissions constitute 50 per cent of the target emission level of 6.058 million tonnes CO₂eq/year by 2030 in North Macedonia's Enhanced Nationally Determined Contribution (NDC) under the Paris Agreement. There is therefore a substantial possibility that EBRD funding of the interconnector would undermine the target emission level of 6.058 million tonnes CO₂eq/year by 2030.

Moreover, these were based on a pipeline capacity of 1.5 billion cubic metres (bcm) per annum, whereas the EBRD's [project summary document](#) mentions a total supply of 3.6 bcm, which would equal new capacity of 2.8 bcm, given the existing pipeline is 0.8 bcm.

Furthermore, it is reasonable to assume that in following years the Republic of North Macedonia would adopt more ambitious targets as part of further updated NDCs. If the interconnector continues to generate 3 million tonnes CO₂eq/year of emissions, it becomes less likely that such emissions would be consistent with future NDCs and other long-term strategies of the Republic of North Macedonia.

- 3) **Local level impacts on people whose land is expropriated for the pipeline route or used temporarily for construction.** Although the project sponsor claims it has adjusted the route to minimise the share of private land parcels required, significant land acquisition and temporary use is still required. This will have impacts on individual landowners, especially those who use the land for farming. Those who have irrigation systems or viticulture will be particularly affected due to the cost of equipment replacement and/or the time needed for vines to re-grow.

In addition to the impacts of the actual project, we would like to specify the **impact of the specific alleged breach** of the EBRD's Environmental and Social Policy, the EU EIA Directive and North Macedonia's Law on Environment and its implementing legislation.

Namely, had a mandatory public consultation been organised, Eko-svest and other concerned groups or individuals could have raised their concerns regarding the impacts of the project listed above, as well as other concerns relating to the EIA study itself, such as:

- the lack of quantification and analysis of the downstream greenhouse gas emissions discussed in the complaint;

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- the lack of clear and quantified information about how much gas from the pipeline would be used for what (power generation, households, which industries etc) and how much would be carried further to Serbia if the planned Macedonia-Serbia interconnector is built.
- the very limited alternatives analysis, which to some extent analysed alternative routings but did not analyse alternatives to gas, different possibilities for the capacity of the pipeline, or the potential to free the remainder of the existing pipeline from contractual obligations to transport Russian gas,
- the unsubstantiated claims regarding the advantages of the project (mainly a reduction in air pollution, but without details of how and where this is expected to occur. These claims seem to be mainly based on inflated expectations about the level of gasification of households and plans for new gas power plants which are not even included in official strategic documents but are being pursued by the government).
- both the Boshava and Doshnica rivers fall in the territory of the future protected site of Demir Kapija so the project poses additional risks for the site during implementation and operation which were not analysed in the EIA. The study for valorisation of the values of this future site is in the preparatory phase and will be implemented during a four season period starting autumn 2024.
- additionally, the updated ESIA document (published by the EBRD) proposes a new mitigation measure that would assist the construction of the pipeline under the two aforementioned rivers. The so-called HDD method however, requires special planning, additional costs as well as trained staff and expertise on the ground in order for it to be properly implemented. Risks for pollution of groundwater during construction as well as inability to detect and repair future defects of the pipeline under rivers remain serious disadvantages to this method. This mitigation measure is not proposed or analysed in the EIA approved by the Ministry of Environment and Physical Planning. Therefore, its implementation is not guaranteed, and is also not subject to oversight and inspection by the national authorities.

The comments should have resulted in an improved EIA document which properly analysed all impacts and their seriousness, as well as whether and how they could be managed.

One of the legitimate outcomes of the process is that the competent authorities decide that a project's impacts cannot be managed and that the project should not go ahead.

Given the very high increase in gas consumption and resulting greenhouse gas emissions that the project would entail, its other negative economic impacts listed above, and the lack of publicly available evidence for the project's alleged positive impacts, we believe that this would have been the correct conclusion for this project.

Had the authorities not duly taken into account the public input given during the (theoretical) process, Eko-svest or other organisations or members of the public should have had access to justice to challenge the decision to approve the EIA and allow the project to go ahead.

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However, as there was no national-level public consultation process, Eko-svest and other organisations and members of the public were denied the right to participate in decision-making. Since they did not know the process was going on, they also did not know the approval decision had been issued and were not able to adhere to the legally stipulated deadline for appealing against the decision in court.

Thus, the right to public participation in decision-making on specific activities and the right of access to justice as guaranteed by the Aarhus Convention were both breached in this case. Had these rights not been denied, the competent authorities could have decided that the project's impacts are indeed unmanageable and declined to approve the EIA, thus avoiding the impacts described above.

It should be underlined again that the EBRD's posting of its own ESIA documentation on its website cannot be a substitute for a national-level process as it merely (in the best case) informs the Bank's decision-making – it does not have an influence on the permitting for the actual project. As shown above with the drilling issue, it also creates ambiguity about what measures are actually mandatory for the project promoter and will be monitored by the national authorities.

One of the conditions for IPAM to accept Requests from an Organization that is not directly affected by a project is for you to provide proof of efforts to engage with communities on the issues raised, if such Project affected people exist, and any feedback shared by them. Would you please be able to provide this to us?

The above wide range of impacts, from individual to global, raise the question of who can be considered project affected people.

Globally, everyone is or will be affected by climate change, and can be considered affected.

In North Macedonia, everyone, including Eko-svest as an organisation and as a group of individuals, is affected by reduced availability of government funding or unnecessarily high power bills, while only gas consumers are affected by the gas bills.

Eko-svest is also affected by the specific breaches in question as it was denied the rights to public participation in decision-making and access to justice. Thus, in our request we consider Eko-svest affected both by the project and by the specific breaches. In addition, Eko-svest is affected as a party in the proclamation of the Demir Kapija area as a protected site. The organisation is investing funds, human and intellectual capacity in this process. If the pipeline causes damage to any area, Eko-svest's work will be affected as this would alter the initiative, valorisation study and zoning of the future site.

In addition, regarding directly affected people on the route, as stated in the complaint, Eko-svest and Bankwatch visited several villages along the route in December 2023 and found that, unsurprisingly, land acquisition is the main concern in the villages nearest the route. Some people knew nothing at all about the project, some had vaguely heard of it but

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did not know where the route would go, some had been invited to a large meeting about land acquisition but not got any specific information about the affected plots yet, while a few people at the northern end of the route had already received expropriation papers.

As such, it is not yet clear how many people are satisfied with the compliance of the expropriation process with the North Macedonian legal requirements, while most probably do not yet have any idea that the EBRD is involved and that it has its own requirements for land acquisition.

If IPAM requires evidence such as photos or notes from the visit, we can provide them, however they are not directly related to the topic of the complaint so we feel that this might add more confusion than clarity at this stage.

Would you be able to explain the reasons preventing the affected people in submitting a Request themselves?

As mentioned above, we consider Eko-svest affected both by the project and by the breach.

But regarding people living along the route, they did not directly express interest in the topics we are raising, rather about expropriation, so it did not make much sense to include them in the request. And as stated above, it seems to be too early to assess whether there are significant problems in the land acquisition process that would require problem-solving or a compliance review based on PR5.

If any of the affected people living on the project route decides to submit complaints about their own concerns related to land acquisition in the future, we would be happy to assist them or find someone else to assist them, however this has not yet been the case.