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Background information

Montenegro: risky dam plans on Morača River

Introduction

It has been several decades that the Montenegrin government has wanted to build dams (hydropower plants) on the second most important river in the country, the Morača River, which provides approximately 60 per cent of water to Lake Skadar, the biggest lake in the Balkans. The lake - a wetland of global importance under the Ramsar Convention - hosts one of the most important bird and fish habitats in the Mediterranean region, providing more than 90 per cent of freshwater fish consumed in Montenegro and a winter home to some 150,000 migratory birds.

In December 2007, with the adoption of a national energy strategy, the government approved the construction of four dams for hydroelectric power on the Morača River. But the plan these dams are based on is 40 years old and puts nature, people and the economy at serious risk.

In 2009, the Government of Montenegro contracted an international consultant to carry out a “Strategic Environmental Impact Assessment (SEA) on the Detailed Spatial Plan for Hydropower Projects on the Morača River”. This SEA was released on 19 February 2010 in order to be submitted to a public consultation process, which started in mid-March and will last 30 days. Comments from the public on the SEA must be submitted by April 13 and will then be subject to final approval by the competent authority, the Ministry of Spatial Planning and Environment.

Meanwhile, the Government published a pre-qualification tender inviting interested investors to submit their bids, although the Montenegrin law on concessions requires, before publishing a pre-qualification tender, a concession act to be adopted, after a compulsory public consultation on financial and technical issues – a crucial step which has not yet taken place.

WWF, in close cooperation with its local partner NGO in Montenegro, Green Home, has carefully reviewed the SEA. Both organisations have serious doubts about the conclusions of the official Strategic Environmental Impact Assessment and are asking the government to revise the plan with the goal of protecting the long-term health of this unique river ecosystem.

The consultation process has demonstrated that WWF and Green Home are not alone in their concerns. Several other groups have criticized the plan, which seems not only highly impacting on an environmental, cultural and social side, but also economically unviable.

One of the most important bird and fish habitats in the Mediterranean

Lake Skadar is the largest in the Balkan Peninsula and, with its surrounding wetlands, encompasses one of the most important bird and fish habitats in the Mediterranean region.

The lake is named after the city of Shkodra in northern Albania. Between seasons its water level fluctuates, creating a water surface of between 370 to 540 square kilometres. Some 62 per cent of the lake lies in Montenegro and the rest in Albania.

One of the main characteristics of Lake Skadar is the seasonal variability of its water level due to inflow from the Morača River. It is this variation in water levels that gives the lake its unique ecological characteristics and led to its Ramsar status – including extensive willow groves, reed beds and floating vegetation.

The lake hosts a large diversity of plants and animals: around 1,900 plant species; 54 freshwater mollusks; 54 species of fish; 16 amphibians; 28 reptile species; 282 bird species; and 57 mammals. Skadar Lake is also one of the last nesting habitats on the Adriatic coast for many bird species, of which Dalmatian pelicans have been chosen as the symbol of the lake.

International recognition

Lake Skadar is protected under the Ramsar Convention, and several canyons such as the Mrtvica River canyon and Mala Rijeka, tributaries of Morača River are also listed in the Emerald Network (a selection of sites in countries neighboring the EU deemed appropriate for Natura 2000 protection).

The Ramsar Convention on Wetlands is the only environmental treaty for this particular type of ecosystem and the first global intergovernmental treaty to combine conservation and sustainable use of natural resources. Signed in 1971, it originally focused on the conservation and wise use of wetlands primarily to protect waterbird habitat. Its basic tenets have broadened over the years to recognize wetlands – including coastal areas such as mangroves, coral reefs, and seagrass beds – as ecosystems that are extremely important for both biodiversity conservation and the wellbeing of human communities.

In 1992, EU Member States adopted the Directive on the Conservation of Natural Habitats and of Wild Fauna and Flora (CE/92/43). The Habitats Directive, as it is also known, aims to protect biodiversity by means of a pan-European network of protected areas.

Under threat

Maintaining the variability of water levels thanks to Morača's inflow is critical to Skadar Lake's biodiversity and the viability of the fish populations that are in turn crucial for local fishermen.

WWF and their local partners have been closely following the government's project to develop four large hydropower plants on the River Morača for the last two years, and are highly concerned at the evidence that these dams will have significant impacts on both Morača River itself and downstream areas.

The issue

Several stakeholders, including WWF, are concerned by the potential lack of sustainability of this large hydropower project. The dams plan does not taking into account basic international standards, including the EU legal framework (namely the EU Water Framework Directive, the EU Habitats Directive, and the EU Birds Directive), even ignoring in some cases national law (namely the Law on Concessions, and the Law on Cultural Heritage). Other evidence further indicates that this project is far from being environmentally sustainable, socially acceptable or even cost-effective.

If the construction of these dams goes ahead as currently planned, the biodiversity of the Morača River ecosystem – not to mention hundreds of local jobs and livelihoods – would suffer a serious blow. Very rare endemic species of trout could disappear, and the fishery of Lake Skadar could shrink by 30 per cent – with a loss of some € 1.5 million in annual fisheries-related revenue.

Montenegro does suffer an energy deficit. However, huge losses in the electrical power network could be reduced by fixing old infrastructures. Furthermore, the main consumer of electricity in the country, an aluminum plant that according dates from 2008 uses around 50 per cent of the nation’s power, is going through serious difficulties and may close. These two facts alone warrant a review of the dams proposal. Finally, the cost of the project is extremely high; without government intervention, no investor will be interested. Taxpayers will have to bear the cost.

“Before sacrificing the pristine canyon of the Morača River – together with arable land, forests, people's homes, and sites of historic and cultural significance, we need to know that hydropower is actually the right solution for Montenegro. If it is, then every effort must be made to minimize its impact on the environment and people.”
Darko Pajovič, Director of Green Home

WWF and Green Home concerns

WWF and Green Home have hired an independent expert to revise the Strategic Environmental Impact Assessment (SEA) and raise doubts on the legitimacy of this project for a number of reasons. The main conclusions from this expert analysis are summarized below:

> There is no thorough assessment of alternative options: the SEA report just compares the planned project to a “Do nothing” option, drawing conclusions on the benefits of the hydropower scheme despite an admitted lack of data on socio-economic dimensions.

> Good governance is crucially missing: there is an evident lack of transparency in the development of the project throughout all phases, since key affected parties, such as fishing communities, households directly affected by the flooding of their land, but also other interest groups (e.g. the Orthodox Church, local environmental NGOs), are not fully aware of the consequences of this project on their livelihoods, on the country's environment and the national economy.

Example: villagers don't know how much money they will be given to compensate their losses.

> The cost-benefit analysis is unclear: the SEA report or any other document made public so far by the Montenegrin authorities do not include any cost-benefit analysis of the hydropower scheme; thus there is no evidence of the benefit of the dams' construction. Furthermore, the real costs of the project – and who should bear them – remain unclear. There is a risk that citizens themselves, through the investment of tax revenues, may need to bridge any funding gap.

Example: In the Detailed Spatial Plan some 50 millions are allocated to reconstruct 20 km of main roads but this, according to specialists, is way insufficient. In addition, and this is not planned by the government, an additional 130 km of local roads to villages would be needed.

> The environmental and social impacts are underestimated: the independent expert study on the SEA report reveals a constant understatement of foreseeable environmental impacts – and over-enthusiasm regarding future socio-economic benefits for the people affected and the overall economy of the country, despite the admitted lack of data.

Example: The SEA Report seems to consistently stress the importance and benefits associated with the socio-economic objectives of the government's plan (see e.g. Chapter 6.4 of the SEA). But at the same time, the claimed benefits resulting from these economic and social objectives are not convincingly supported by the analysis, and the SEA Report does not provide enough information for a reasonable cost-benefit analysis.

> The project's effects on the local human population and health are not clearly identified: according to the independent expert study on the SEA, these aspects are not thoroughly assessed in the SEA.

Example: The SEA indicates as an adverse social factor of the construction of four hydropower plants "stress from fear of living below dams", but such adverse effect to human wellbeing is not included in the evaluation.

WWF and Green Home asks

WWF and Green Home urge the Montenegrin government to revise the plan and ensure that the following questions are answered:

- Is this project a viable economic choice?
- Will displaced people be resettled properly? How much will that cost and who will pay?
- Is there no alternative to ensure a lower financial and environmental cost?
- Is it possible to mitigate the high impacts on the environment? Can the risk of a landslide be removed at a reasonable cost? What will happen to historic and cultural sites?
- What is the real benefit to the citizens of Montenegro? Will they get cheaper electricity?
- Is the seismic risk under full control?
- Why has cutting the high transmission loss (currently at 22 per cent) of the existing national electrical power network not been considered as a viable alternative?

- What will be the economic impact of the opening of the energy market in 2015?
- Will the energy produced be used exclusively in Montenegro or exported? Who will benefit from that export?
- Who will pay for the additional works required (reconstruction of flooded roads, fixing landslides, repairs to the Morača Monastery, relocating people, environmental mitigation measures, seismic risk management, etc.)?
- What is the estimated electricity price which will make the project profitable to investors?

WWF and Green Home position

The project is a story of losing and gaining. The losses are clear while the gains are totally unclear to the most. WWF and Green Home ask that the gains are clarified and that if these gains override the losses and the Montenegro people agree to pay such a price all possible measures to mitigate the impacts are undertaken. Furthermore the government should clarify why they plan to invest on hydropower dams rather than fixing the huge energy transmission loss which is depriving Montenegro of approximately 22% of the energy produced.

Montenegro consumes 5 more times electricity than the European average (source: energy strategy efficiency of the Montenegrin government) and the loss in energy transmission is approximately 22 % in Montenegro, versus 7% in Europe (source: EPCG and A2A).

If time will come to look at mitigation measures some considerations are important. It will be impossible to mitigate some of the impacts, like the flooding of important natural assets. Yet, there will be room to avoid the maximum damage for example ensuring environmental flow downstream the dams. The identification of effective mitigation measures is a complex and long process. If the project is approved we ask that WWF and Green Home are included in a team of experts that will identify, together with engineers, the measures to be taken in the design and construction of dams. This implies that the government and the investor will be willing to allocate resources and have a genuine intention to look at possible technical solutions to mitigate the impacts. The Berg dam in South Africa is a prove that with genuine will and a multistakeholder process the process can bring important results. The key words are time, resources and will.

About WWF and Green Home

WWF has been working for many years in the Balkan region, in particular in Montenegro, on water infrastructure development. Montenegro has indeed a huge potential to develop hydropower, a clean source of energy, which is of interest to Montenegro as well as many neighboring EU countries.

WWF Mediterranean Programme Office (MedPO)

WWF MedPO has been active in the Dinaric Arc ecoregion for over 10 years, and currently has employees in every country in the region.

Montenegro was chosen by WWF MedPO as a priority area of action since various analyses had demonstrated its importance both globally and regionally. The area features in WWF's Global 200 most

important ecoregions of the world and further analysis has highlighted its natural asset as a priority for conservation.

WWF MedPO has formed a partnership with the Montenegrin NGO Green Home to try to address this danger through the “Sharing Waters” project.

Green Home

Green Home was founded by biology graduate students in 2000 and arose from the need for citizens to take part in protecting and conserving the environment, and help foster biodiversity and sustainable development. Its chief aim is environmental protection, especially of water and plant resources. Green Home has focused on education and training, ecological advocacy, public representation and legal action, field work, urban and natural management, and contributing to the development of local and international strategies for sustainable development.