

The [European Investment Bank](#) (EIB) breached its environmental standards during the approval of the **Komalj** small [hydropower plant](#) in Serbia, the Bank's Complaint Mechanism has concluded, in a report published today.

The finding comes as a result of a complaint submitted in January 2022 by CEE Bankwatch Network and the Ecological Association "**Rzav**" from Serbia on the **Beli Kamen and Komalj plants**, both on the Crni Rzav river. The plants are in the Zlatibor candidate Emerald site, first proposed in 2006, and in Zlatibor Nature Park, established in 2017. Yet no environmental assessment was done before they were built.

By failing to ensure that at least a decision had been taken on whether the Komalj plant needed an environmental assessment, the Complaint Mechanism established that the **EIB** had failed to abide by its own standards requiring such projects to adhere to both national and EU law.

According to the Complaint Mechanism, 'The lack of evidence of at least a screening determination for the Komalj (...) sub-project, is in breach of the EIB's environmental and social standards.'

The projects, which started operating in 2016 and 2018 respectively, were financed by the EIB via loans for small and medium enterprises channelled through Banca Intesa Beograd and Crédit Agricole Srbija. In 2020, after the plants had started operating, **WWF Adria** organised hydrobiological studies of eight rivers in Serbia, including the Crni Rzav, which showed that the river's status was graded 'poor' in sections.

An October 2021 report by Bankwatch found that in southeast Europe, the EIB had provided at least 27 loans for small hydropower plants through financial intermediaries since 2010, though the exact number and many of the names of the plants remain unknown due to a lack of transparency by the Bank.

Andrey Ralev, Biodiversity Campaigner at Bankwatch - 'In July 2022, the EIB published a new exclusion list that virtually stops intermediaries from financing high-risk projects like hydropower. This was highly welcome as they often aren't able to properly assess compliance with EU law. But the [EIB](#) needs to help mitigate the damage caused by the projects it already financed as well.'

Nataša Milivojević, Rzav Ecological Association - 'Even now, Serbia's environmental impact assessment legislation is nowhere near compliant with that of the EU - in breach of the Energy Community Treaty. **If they want to make a positive impact, international donors can't just pretend that EU standards are being applied here** - they need to stick to low-risk, no-regret investments instead of high-risk ones like [hydropower plants](#).'



EU's house bank breached environmental standards on Serbia hydropower project

Source: [Bankwatch network](#)