

The European Bank for Reconstruction and Development announced that it has cancelled a loan to Macedonian power utility ELEM worth 65 million euros intended for the construction of hydropower plant Boskov Most in Mavrovo national park.

According to EBRD's statement, the reason for the cancellation of the loan is that it has expired as conditions for disbursement were not met. The loan was available for five years. Last May, Macedonian court has annulled the license for the construction of HPP Boskov Most, noting that it was issued based on an inadequate and incomplete environmental impact assessment.

The storage type HPP Boskov Most was supposed to be built on Mala Reka River near city of Debar, in western part of Macedonia. The power output of HPP should be 68 MW, while annual production should reach 118 GWh.

In November 2011, EBRD has allocated 65 million euros loan to ELEM for construction of HPP Boskov Most. The EBRD loan is complemented by 340 000 euros in grant financing from the EBRD Shareholder Special Fund for technical and environmental due diligence. By initial estimations, cost of the project would be 84 million euros and ELEM would provide 19 million euros from its own funds. However, recent studies showed that due to increased cost of raw materials final cost of the project would be 90-100 million euros.