

**Instead of increasing its energy security, Albania is pushing the construction of yet more hydropower, leading to thousands losing their land and the potential extinction of Europe's rarest cat. Will the US International Development Finance Corporation really consider financing Skavica?**

Greenfield hydropower projects bring serious risks for people and nature which very often outweigh the economic benefits. In the worst cases, huge areas of land are flooded, many people need to abandon their homeland, rivers are converted into artificial reservoirs, wild animals are brought to extinction and the country is left with foreign debts and a climate-vulnerable energy system.

Considering all these criteria, the planned Skavica dam in Albania is extremely damaging. Nonetheless, according to the Albanian government, the US International Development Finance Corporation (DFC) is considering financing it, even though the project would fall under the DFC's list of Categorically Prohibited Projects.

Albania relies heavily on hydropower, with 95 per cent of its domestically produced electricity generated this way. Its annual electricity generation has suffered from lack of water due to climate change and it will get even worse according to the World Bank. Albania should invest in energy efficiency, wind and solar plants and reconstruction of existing dams, rather than building more of the same.

### **The Dibra valley under water**

The Skavica hydropower project includes a large dam built in a pristine gorge with high cliffs next to the village of Skavica in the municipality of Kukës. The most significant impacts would be in the municipality of Dibër. The huge reservoir would impact, according to the municipality, up to 15,138 hectares (58 square miles) of land, mostly agricultural land and forests, but also 41 villages. With several thousand people displaced, Skavica may have the worst social impacts of any dam built in Europe in the 21<sup>st</sup> century.

So far, no official information about the design and location of the dam is available, as the environmental and social impact assessment (ESIA) is expected to be completed by the end of 2022. But according to the project promoter, the Albanian Energy Corporation (KESH), the dam will probably be 147 metres high.

### **Decisions made far from the public eye**

In July 2021, seemingly without any tender procedure, a preliminary contract was signed between the state-owned KESH and the US construction giant Bechtel for the first phase of the project which entails carrying out technical investigation, building access roads for construction and carrying out an environmental and social impact assessment (ESIA). This

was preceded by a special law approved in parliament (No. 38/2021), with the name of the company included in the law, therefore eliminating open procurement and competition. Already, a similar special law for the building of the national theatre was deemed unconstitutional by the Albanian Constitutional court.

Bechtel has gained notoriety in southeast Europe for its involvement in several unsuccessful and/or overpriced projects, like in Kosovo, Romania and North Macedonia. This raises the risk of possible corruption and doubts about the value for money of the project, as well as the meaningfulness of the forthcoming environmental impact assessment. If deals for the project have already been arranged behind closed doors, then the ESIA is bound to come up with the 'right' answer, irrespective of its actual findings.

Local people have organised many protests in Albania and the US against the planned plant and the decision-making. In 2020 the police fined two of the organisers of one such protest, 'as a way', they claim, 'for the institutions to scare the people from reacting to official decisions'. The Facebook group Opposition to Skavica Dam has almost 4,000 followers and a petition has been signed by more than 2,000 people.

### **The rarest cat in Europe brought to extinction**

In addition to the inevitable negative impacts on local communities and the violation of their human rights, the dam would also inundate floodplains, forests and pastures around the river where many species threatened in the rest of Europe are common.

But one of the animals is especially endangered, in fact, it is the rarest cat in Europe. The Balkan lynx (*Lynx lynx balcanicus*) has less than 40 individuals remaining in the wild. The gorge of the Black Drin, which has inaccessible cliffs and forests far from villages, is the only area where the lynx can cross between the Mavrovo National Park in North Macedonia and the Munella mountain in Albania. The building of the dam would isolate the only two viable populations and condemn them to extinction.

The Skavica dam would also inundate the most extensive floodplain forest in Albania – the forest along the Black Drin River composed of black alder (*Alnus glutinosa*), black poplar (*Populus nigra*) and willows (*Salix sp.*). It is a priority habitat according to the EU Habitats Directive. Conservation of this forest is necessary to store more carbon in the soil, especially critical in the country with the highest deforestation rate in Europe (which led to a ban on logging being imposed in 2015).

It's surprising that Albania is still pushing hydropower development. Hydropower will not resolve the country's energy crisis, and will endanger not only nature and wildlife, but also the people of Dibra who will be forced to leave behind their homes and the lands on which

they depend. It will only get harder to build new hydropower plants in the future, due to climate vulnerability, the region's unique biodiversity and public resistance. Given the above situation, we expect that the US International Development Finance Corporation (DFC) will refrain from financing the Skavica hydropower plant, Bankwatch writes.