

Table of Contents

Environmentalists against Nukes	2
Guide to Financial Markets	2
Combating Poverty in Georgia	3
Oil Revenues for Weapons	4
New EIB Information Policy	4
PVC Ban in Slovakia	5
Language Apartheid	5
Two New World Bank Strategies	5
Yugoslavia Gets \$ 1.3. billion	6
New Bankwatch Publications	6
The Campaigners' Guide	6

Increased Opposition Against EIB Project

"We live here, so if we do not want the bridge it will not be built", one angry citizen claimed in a recent public meeting to discuss the building of a new bridge in Bratislava, Slovakia.

On June 22nd, 2001, a meeting was held, which is the second of two discussions organised by the citizen's campaign Bridge no. 5, which is supported by the CEE Bankwatch Network, and demands the completion of further impact studies, including analysis of alternatives, before the project is finalised by the European Investment Bank. Local residents and activists argue that the impacts of the bridge will lead to destruction of community life and

Continued on page 5

Kyoto in Bonn



Friends of the Earth Climate Boat

Climate change makes us aware of the two adverse worlds in which we live. One is the world of our perceptions, convictions and habits; and the other is of the biophysical reality. Obviously, our survival is only guaranteed if the two realities are unified and we understand and accept the limits, threats and possibilities within which we can live. The climate negotiations show little hope for this unison.

The climate negotiations in Bonn brought political agreement on the implementation of the so called Kyoto Protocol, in which industrialised countries promised to reduce their greenhouse gas emission by a bit more than 5 percent by 2012. In 1997, this commitment, the achievement of Kyoto, was already a surprise, as there are so many issues dividing parties that to agree by consensus, the manner usual in the UN, is difficult. It is probably

the most complex issue ever negotiated yet still some agreement could be reached in Kyoto.

We know that the Kyoto agreement covers less than ten percent of the necessary reductions of gases stirring the climate system but it is a small step, necessary for a long journey.

What was achieved in Bonn?

In Bonn, more than 180 countries also achieved a similar small step ahead, having agreed to the details on how to implement the Kyoto targets. Although the process in between moved a bit backwards in that many countries were trying to build loopholes into the implementation of the Protocol which would effectively water down the agreement to nothing or even rubber-stamp growing emissions.

Continued on page 2

Kyoto in Bonn

... continued from page 1

Four years of bitter negotiations were fought behind closed door over these loopholes. Last year in the Hague it resulted in a shocking failure, collapsing negotiations. Some say that this was needed for the political negotiators to face up to the possible outcome of their short-sighted approach. The Hague bore fruit in Bonn, as a delicately balanced political agreement was reached on technical details.

The agreement does not include the US, as they withdrew from the negotiation of the protocol (which could have been beneficial to the speed of the negotiating process). Also, the protocol includes a more than generous loophole grant for the accounting of forest related activities as a tool of reduction for the most difficult countries: Australia, Canada, Japan and Russia. This is the price paid in order to have these countries on board and in this way the commitments are eroded to, most likely, less than 2 percent instead of the original Kyoto targets. On the positive side, the export of nuclear technologies is excluded from the possible solutions for the climate change

problem. Central and Eastern European countries (which managed to form an alliance at the negotiations) and NGOs had a significant role in this achievement. Funds have been established for the adaptation, mitigation and assistance of the least developed countries the EU and Japan already pledged their contribution to fill these accounts.

Probably the most interesting development is that the binding targets of Kyoto are accompanied now with a compliance mechanism and enforcement. This is the first multi-lateral environmental agreement which has such teeth. No wonder that the negotiations that long night in Bonn were about this subject while all other issues were already agreed. The achievement in Bonn is a miracle according to the principles and theories of political science and international relations. Although the political agreement accepted is doing very little for the actual reduction of greenhouse gas emission, it establishes new precedents in global cooperation. Such bold steps are needed on terrain on which it is considered impossible to walk, in order to bend our perceived reality towards the imperative truth of the biophysical world.

What can MDBs learn from Bonn and Kyoto?

The agreement on the necessary steps to combat climate change reached in Bonn must be supported by the International Financial Institutions. It is unacceptable for those institutions to invest into fossil fuel creating global problems while the international community struggles to solve them. Bankwatch together with other environmental groups urge International Financial Institutions to redirect their energy investments from extraction of fossil fuels and outdated technologies to energy saving and renewables.

One hundred and eighty five countries, Parties of the Kyoto protocol, have recognised that nuclear energy is not a part of the solution to combat climate change. The decision of the climate negotiations demonstrates a growing understanding that nuclear energy does not meet the necessary criteria in order to be a part of sustainable development because it is expensive, unsafe and has significant environmental impacts. Especially EBRD and EURATOM should reconsider their nuclear operations, like the project for the completion of nuclear reactors in Ukraine.

Environmentalists against Nukes in Ukraine

In July this year, Ukrainian environmentalists have sent a letter to the Board of the European Bank for Reconstruction and Development, calling for support of non-nuclear energy investments. The letter has follows resolutions of the Council of Europe, rising concerns over the EBRD plan to support completion of Soviet –designed reactors (K2/R4 project) in Ukraine, rather than developing non-nuclear energy projects.

The Council of Europe has adopted two relevant resolutions this year. On 26 April, 2001, following dis-

cussion on Chernobyl related problems, the Council of Europe stated: "It [The Assembly] harbors serious doubts as to its [K2/R4 project] financing by the international community" and " The Council of Europe hopes that additional projects will be considered to assist the Ukraine to meet her energy needs." In the two months following talks on the EBRD performance, 19th Assembly concluded: "The Assembly expresses its concern over the Bank's activities ... with regard to the financing of projects to create additional power-generating capacities and for the compen-

sation of the fuel deficit following the Chernobyl nuclear power plant shut-down."

The letter to the EBRD Board urged the Bank to facilitate development of non-nuclear energy projects for the Ukraine instead of nuclear proposals. "It is a good time for the EBRD to act", environmentalists say, "since there is no common position as to K2/R4 project in Ukraine itself." The Ukrainian Ministry of Environment also opposes the project, and the new minister will try to promote other, more sustainable solutions in the Government.

Combating Poverty in Georgia

The Georgian Government has been developing a new Poverty Reduction Strategy Paper (PRSP) since March 2000, under the new initiative of the International Monetary Fund and the World Bank. The Strategy should provide a basis for poverty reduction in Georgia, where, according to the official data, 60 percent of the population is poor. The PRSP should also be a guideline for all IMF/WB concessional lending, as well as for other development partners.

In spite of the Government efforts to promote the PRSP process in Georgia, it did not satisfy the core principles of the PRSP such as broad-based public and private sector participation, clarity and certainty of goals and objectives that would benefit the poor, and promotion of sustainable development. Failure to include views of civil society and clear mechanisms that would combat poverty will result with failure of the Strategy.

In November 2000, the Government presented the Interim PRSP document. However, it was not prepared in an „open manner" and it produced quite a shock for the civil society. The document identified Institutional Development Programs of various ministries, supporting creation of new bureaucratic layers rather than poverty reduction. It failed to analyze the social-economic process in Georgia and to clarify the roots of the poverty, which were closely connected with the IMF/World Bank recommendations and Structural Adjustment Programs which restricted development of agriculture and small business, flourished corruption and increased the inequity in society.

In summation, the Interim PRSP document did not identify clear measures and actions for poverty eradication. At the same time, poor were identified as the main actors of Development and Poverty

Reduction, rather than just recipients of some shapeless socio-economic programs.

Public participation in the PRSP process in Georgia ultimately failed. It is not surprising for the country where differences between the information disclosure and public participation have not been recognized by the decision-makers. The scheme was simple; the government would release the final draft and give some time for commenting, but it would decide whether to consider these comments or not.



The NGOs' argument that the conceptual issues addressed in the document were not correct was identified as a threat, which would destroy the smooth process, based on the „open manner". It should be mentioned that, since April 2001, all attempts for discussion with the Government have failed. The main argument was that the new PRSP draft was totally changed. However, the new draft is kept in the PRSP Secretariat, without a hope that it will be released before the Government agrees on the final version.

However, leaked parts of the document clearly show that conceptual changes in the final version cannot be expected. The Government is rushing to finalize and approve the Strategy to get new credits from IFIs as soon as possible. The quali-

ty of the document, including the public participation, does not seem to be important.

In addition, because of the weak management and non-existing intersectoral approach in the PRSP, the Strategy has never been identified as the basic document for further social-economic development of Georgia. Recently, the Georgian President approved the „Program for improvement of social-economic situation and economic growth" which is totally separate from the PRSP process. There is an impression that several people from the Commission and various missions of the IMF/World Bank, without any wider public involvement, elaborated the PRSP.

IFIs claim that the process is driven and owned by the country, but this is far from reality. The Strategy is initiated and financed by the IMF and the World Bank and the Board of Executive Directors should approve it. This means that the IMF and the World Bank should ensure and encourage the Government to take public participation seriously. However, the Interim PRSP was approved with a formal acknowledgement that it was enough if the consultation met the participatory element, when it was presented to the Board. We strongly believe that IFIs, especially the local offices, should facilitate the participation process, setting minimum standards of participation and democracy in a given country. Unfortunately, it seems that the local WB/IMF senior staff in Georgia also does not see the difference between public consultation and participation, arguing that being a new process, it needs time.

However, time is scarce and the Georgian Government plans to start the PRSP implementation in November of this year. Non-existence of the document is more than an unpleasant barrier to receiving further loans from IFIs.

Oil Revenues for Weapons

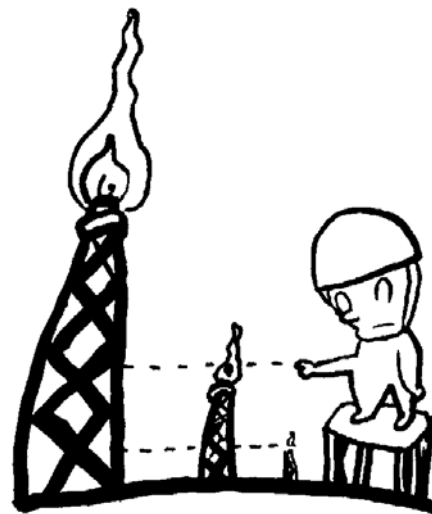
After a long campaigning on one of the most controversial and most expensive private investments in Africa, the Chad-Cameroon Oil and Pipeline Project supported by the World Bank and EIB, NGOs finally got figures about the EIB's involvement in the project at the meeting with the Bank officials in Brussels. The EIB supports the project with Euro 20.3 million for Chad, Euro 35.7 million for Cameroon and Euro 88 million for Consortium, which is made up of Exxon, Chevron and Malaysia's Petronas.

The Banks and project sponsors have stressed the positive impact of the project on government revenues, which would be used for important investments in health, education, environment, infrastructure, and rural development, all necessary to reduce poverty. However, both countries are characterized by political instability and high corruption. Although the World Bank established a detailed Supervision Strategy including a Corporate Oversight Committee with USD 1,5 million budget for the first year of project supervision, Chadian President Idriss Deby used USD 4,5 million of the government's first oil receipts to buy weapons instead of bolstering social programs. The Purchase of weapon is a sign that the project supports the increase of

political instability rather than poverty alleviation.

Moreover, the recent elections in Chad showed serious human rights abuses. People close to the opposition, mainly in the oil production area, have reportedly been threatened by government security forces. In addition, all six opposition candidates were arrested in the Capital Njamena when they wanted to attend the funeral of a student who had been shot by the police. As a response to the violent actions by the Deby Government, 52 international organizations appealed to President Wolferson to „suspend cooperation with the Chadian regime until transparency in the election process is ensured and the population is protected from the abuses of the army and the police"

Many NGOs and major donor governments have warned about adverse impacts of the project. Apart from political instability, the project has serious social and environmental impacts. The pipeline route cuts through farmland and natural forests, including the territory of indigenous peoples in southern Cameroon. The EIA has not addressed key environmental and social concerns and the oil response plan is not without deficiencies as well.



At the meeting with NGOs, the EIB did not want to discuss political or human rights issues saying that responsibility for politics is with the European Commission and the European Parliament. The EIB also claimed that the Bank has the same requirements for the loan as the World Bank, such as the Indigenous People Plan, the Revenue Management Plan and the Environmental Management Plan. In response to the question of how the Bank could sign the loan when all these requirements had not yet been met, the answer was that it was a process and that the EIB had special conditions attached to the loan disbursement.

However, neither NGOs nor the European Commission were allowed to obtain these conditions. Finally, the EIB signed the loan without reconsidering its involvement in the project.

Meeting on the new EIB Information Policy

The EIB organized a debate with NGOs on the Bank's new Information Policy at the end of June. Although the meeting was set up as a panel discussion for NGOs, initially, all the speakers were from the Bank, the European Parliament and the European Commission. After pushing for an official speaker from the NGOs, the EIB agreed and Martin Koehler from Campagna per la Riforma della Banca Mondiale, presented NGOs' comments on the

EIB Information Policy".

Altogether, 35 groups, including Friends of the Earth International, Friends of the Earth Europe, CEE Bankwatch Network and World Wide Fund, signed the comments. One of the main requirements from NGOs is to have a consolidated draft of the new Information Policy and a clear process of commenting. In addition, NGOs continued to advocate for more transparency,

since the Bank still justifies confidentiality for the private sector projects. Other issues, such as controversial Chad-Cameroon Oil and Pipeline Project and Bratislava Bridge, were discussed as well.

The EIB vice-president, Peter Sedgwick promised to take NGOs' comments into account. However, Mr. Sedgwick refused to promise a consolidated draft of the policy and timelines for further comments.

PVC Ban in Slovakia

The Society of Friends of the Earth successfully pushed a ban on all PVC products in Slovakia, as a part of the new waste law from May this year. The organization influenced the decision to ban all PVC products, starting from January 1, 2008.

Additionally, the Society succeeded in including the prohibition of waste import for „incineration with use of energy“ into the new law. The Slovakian NGO also pushed for higher recycling measures, including the number of products which require recycling contributions.

In spite of the great success, the struggle is not over yet. Hard reactions from the PVC industries are expected. Therefore, the Society is trying to get support from other NGOs, which would help to prevent pressure from PVC industries threaten the achievements of environmental groups, the Ministry of Environment and the Environmental Committee of the National Council.

Two New World Bank Strategies Environment

The World Bank adopted a new environmental strategy, which addressed a number of issues, but the concerns regarding its implementation, particularly with regard to the Bank's shift to programmatic lending, still remain. Further, it is again unclear who would be held accountable for mainstreaming environmental issues into the Bank's core work.

Private Sector Development

The World Bank Group is expected to approve a new Private Sector Development Strategy (PSD) in late 2001 or early 2002. The PSD Discussion Document, posted on the web, lists objectives of the new Strategy, describes new proposals, reviews trends in PSD activities of the World Bank, and challenges the theoretical perspectives underpinning PSD activities.

both documents are available from www.worldbank.org

Council of Europe on Language Apartheid

In the end of June the Parliamentary Assembly of the Council of Europe adopted the resolution which calls for the release of EBRD project related documents in local languages as well as the establishment of an appeal mechanism. The CEE Bankwatch Network and other NGOs from Central and Eastern Europe have been asking for these changes for many years. "The regulatory environment for funding projects must be more transparent, democratic and non-discriminatory", said Ms Natela Patarkalishvili, a member of Georgian Parliament involved in the debate. Ms Patarkalishvili added, "People, who are affected by large and expensive projects supported by the EBRD, have the right to give their opinion about the investment."

More than 190 NGOs from 20 countries asked for changes in the

Information Policy during the EBRD Annual Meeting that was held in London in April. "We are happy that country representatives of the Council of Europe support the NGOs in stopping Language Apartheid", said Petr Hlobil from CEE Bankwatch Network.

However, in a letter, dated July 26, from the EBRD reacting to NGOs demands, the EBRD Secretary General Antonio M. Costa did not make any clear commitment to incorporate the recommendations in the EBRD information policy. Petr Hlobil comments on this letter: "We are very disappointed that EBRD management continues to neglect public demands. The fact that they also ignore the Council of Europe, that has a parliamentary supervisory function, could be a signal that the EBRD is trying to escape from public control."

Increased Opposition Against EIB Project

... continued from page 1

alternatives in public transport have not yet been explored.

Julius Satinsky, a famous Slovak actor and satirist, has joined the Bridge #5 campaign. At the June 22 meeting, he challenged: "Are you willing to stop bulldozers by your bodies? I am." Satinsky is the father of one of the pupils attending one of the two large schools located in the area which will be harmed by increased traffic.

Residents of the locality to be affected by the bridge are afraid that their neighbourhood will be just another senseless victim of the unsystematic and unsustainable traffic policy of the city of Bratislava. The transport plan of Bratislava includes projects from the seventies which do not meet the current needs of residents of the city. "Support of public transport is declared a preference in official documents yet, the amount of money dedicated to support other means of transportation

does not comply with this kind of preference," publicly opined one representative of the city hall, Vladimir Lunacek. "We have a chance to get money for the bridge project from EIB, so this project is just now under preparation," he continues.

The investor (Metro company) and city hall representatives argue that the preparation of the bridge project is in such an advanced stage that discussion about the realisation of some alternative solutions has no purpose. However, local residents strongly disagree. The statement of the School Board given at the meeting is: "Because the proposed project of Kosicka Bridge will have significant negative impact on the environment of our school and also because of requirements of the school in the field of Environmental Impact Assessment were not fulfilled, the School Board of Elementary and High School at Kosicka street is against the realisation of this project."

Yugoslavia Gets USD 1.3. billion

The donors' conference held in Brussels at the end of June pledged USD 1.28 billion to Yugoslavia as a reward for handing over former President Slobodan Milosevic to the Hague tribunal, reports the Financial Times. "The money is badly needed in Yugoslavia, especially for social assistance programs since approximately 12 % of the population lives in absolute poverty", noted World Bank Vice President for Eastern Europe and Central Asia, Johannes Linn.

The European Commission pledged USD 449 million; the World Bank pledged concessional grants of USD 150 million for this year and further USD 540 million for the next three years. The US, hesitant to attend the conference, finally pledged USD 181.6 million, after Belgrade decided to fully cooperate with the tribunal.

Reforms, which are planned by Yugoslavia's Government, include privatization, modernization of energy and transport sector, and development of the private sector. However, the country will need a relief of foreign debt, which amounts to USD 12.2 billion, before it becomes ready to take over additional burdens. Therefore, most private investors will wait until Serbia ends negotiations on its debt owed to the Paris and London clubs of creditors. Additionally, large-scale foreign investment may also require legislative changes, because current Serbian law limits majority foreign ownership.

New Bankwatch Publications

Billions for Sustainability Second Briefing

This study is the Second Briefing on the use of EU pre-accession funds and their environmental and social implications, written by environmental NGOs in pre-accession countries. Although the process of enlargement should be carried out in accordance with principle of sustainable development, it often remains empty rhetoric.

www.bankwatch.org/downloads/billions2.pdf

Kolkhety Lowland Towards Sustainable Development?

This study shows how the promotion of oil development projects, combined with policy reforms and private sector risk mitigation by International Financial Institutions have given rise to a situation in which the Georgian Government is supporting all oil related projects, without calculating the cumulative environmental,

economic and social impacts. The new oil terminals, ports and oil exploration projects have appeared like mushrooms after the rain even in national protected areas.

www.bankwatch.org/downloads/kolkhetilowlands.pdf

Empowering People: The Need for an EBRD Appeals/Compliance Mechanism

This document argues that the European Bank for Reconstruction and Development (EBRD) must establish a mechanism that will allow people, who feel that they have been negatively affected as a result of the EBRD not following its procedures or policies, to have their complaints heard and investigated independent of EBRD staff and management.

www.bankwatch.org/downloads/ebrd-appealsmech.pdf

Coming Soon

Russian version of the Leaking Operations: Environmental Consequences of World Bank and EBRD involvement in the Russian Oil Sector, published in April this year.

The Campaigners' Guide to Financial Markets

By Nicholas Hildyard and Mark Mansley

This Guide arises from the international campaign, led by environmental and human rights groups, which stopped the construction of the Bakun hydroelectric dam in Sarawak, Malaysia. The key to the campaign's success was the lobbying of potential investors in the dam - and of the financial analysts who advise these investors. Since the Bakun campaign, both authors have been working on other campaigns where lobbying was a major tool in stopping environmentally and socially damaging projects - or at least lessen their impact. A key lesson from such campaigns is that their effectiveness is greatly enhanced where activists understand the culture and psy-

chology of the financial institutions that they are seeking to influence.

This Guide focuses on the financial institutions that dominate the UK markets. It summarizes the arguments that are most likely to make an impact on these institutions; the approaches to campaigning that have proved most effective; and the areas in which a campaign is likely to have the most political purchase. It is also intended to provide campaigners with some of the „nuts-and-bolts" of financial market campaigning - where they can find the information they need, how they can identify key personnel to lobby, and so on.

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