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National society of Conservationists**Lithuania:**
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Economics**Romania:**
TERRA Mileniul III**Russia:**
Sakhalin Environmental Watch**Slovakia:**
Center for Environmental Public
Advocacy - FoE**Ukraine:**
National Ecological Centre of
Ukraine**NATIONAL ECOLOGICAL CENTRE OF UKRAINE**PO Box 89, Kyiv, 01025, Ukraine; Tel.: +380 44 4940354, Fax: +380 44 4940355
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Date: Kiev, November 13, 2007

To: Kamen Zahariev
Country Director
The Ukraine resident office of EBRD
27/23 Sofiyvska Street, Kiev, 01001, Ukraine**Cc: Ricardo Puliti, Business Group Director;**
Nandita Parshad, Director, Power & Energy Utilities Team;
Louis Borgo, Senior Banker, Power & Energy Utilities Team;
Elizabeth Smith, Senior Environmental Advisor
Robert Adamczyk, Principal Environmental Specialist, Environment
Department;
Olga Yeriomina, Banker for energy sector projects, EBRD Resident
Office in Ukraine.

Dear Mr. Zahariev,

Let me bring to your attention a report prepared by the National Ecological Centre of Ukraine in April and updated in October this year containing an analysis of potential environmental, social and economical impacts of the Kaniv Pumped Storage Plant (PSP). The findings of the report raise concerns with the project and EBRD involvement in it.

As indicated in our previous communication, the Kaniv PSP is a project of a national importance and huge estimated cost but it is being developed in the informational vacuum with no public access to official documents, such as project feasibility study, Environment Impact Assessment, Scientific environment assessment report. The articles of the Law of Ukraine "On Information", "On Appeals of Citizens" and Aarhus convention concerning public access to the information are being violated constantly by the project sponsor.

At the same time, Kaniv PSP project raises serious questions regarding its economical and technological efficiency. High social and ecological risks are additional reasons for the EBRD to stop considering support for the project. A list of the major problems connected with the Kaniv PSP, described in a detail in the report, follows:

- Low efficiency of the PSP technology;
- Doubtful economical feasibility of the project regarding the high investments and unknown profitability;
- Project sponsor's failure to respect the EIA procedure, including legal violations in the procedures for public hearings and access to information;

- Neglecting the Recommendations of the World Commission on Dams;
- Significant geological and construction risks such as dangerous exogenous geological processes, high seismic activity, risk of sliding of slopes, soil underflooding;
- Hydrodynamic changes such as secondary radiological contamination of the Dnipro river and damage to its shores;
- Irrevocable changes to the hydro ecosystem of the Dnipro river;
- Destruction of numerous sites of archeological significance;
- Significant social consequences, such as resettlement, changes in the community lifestyle and wellbeing caused by soil underflooding, change of the water level in wells and radiological contamination of the drinking water.

We request the EBRD to consider carefully this report and to drop the Kaniv PSP project from the consideration.

Sincerely,
Iryna Holovko

National Coordinator for Ukraine
National Ecological Centre of Ukraine / CEE Bankwatch Network