BANKWATCH MAIL

Newsletter of the CEE Bankwatch Network on International Financial Flows
ISSUE 36
MAY 2008

Why is the EBRD tacitly backing Ukraine's nuke-centric, inefficient energy plans?

In March 2006 the Government of Ukraine released its 'Energy Strategy of Ukraine up to the year 2030', a highly controversial document that has been criticised by the Ukrainian public, the National Agency for Renewable Energy and, moreover, by the International Energy Agency. Such widespread criticism is not surprising when you consider that the strategy envisages not only the construction of 22 new nuclear reactors but also that by 2030 Ukraine's energy efficiency will only be at the same level as Poland has already achieved to date. As it looks on, the EBRD's position vis-a-vis this Frankenstein-esque strategy is causing concern.

Ukraine's economy today is highly energy intensive. After the collapse of the Soviet Union in 1991, general energy consumption in Ukraine decreased substantially, but much less in comparison with the level of economic recession in the country. Since then, up to the present day, Ukraine's economy is still extremely energy intensive, being three times more wasteful than the average level in OECD countries.

Over the years there have been no financial incentives for the energy sector and industry to work on increasing

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Football and PPPs do not mix

On becoming the president of UEFA in January 2007, Michel Platini was eager to put forward his football gospel: "It is a game before a product, a sport before a market, a show before a business."

Once the spectacle of the Euro 2008 football championships is over, alas Platini will be urgently getting to grips with the business side of the game: the so far atrociously implemented planning for the Euro 2012 championships to be co-hosted in Poland and Ukraine. Having been critical of the slow pace of preparations in January, the UEFA boss plans to visit the two countries in July to assess progress.

Ukraine in particular must resolve problems over the construction or upgrade of stadiums, accommodation, airport, rail and road transport. And it is against this

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energy efficiency; neither have there been the conditions for the development of renewable and alternative energy. Up to 2002 electricity prices grew very slowly and remained unreasonably low as the government continued subsidising nuclear and thermo power. At the same time Ukraine was buying natural gas, a major chunk of the country's energy supply, from Russia for prices much lower than market prices. Electricity prices started to increase only after those energy supplies that are not under the Ukrainian government's control – namely Russian gas and oil and also uranium for nuclear fuel – started to grow increasingly expensive.

In recent years energy efficiency issues drew more attention due to the appearance of some financial incentives. The increased gas prices became one of the most effective key factors for improvements in energy efficiency, for example in private steel mills and district heating. Much more could be done but it requires sufficient attention and consistent support from governmental agencies.

Yet governmental support is precisely what is missing here. Energy efficiency is in fact absent from the government's strategic priorities in spite of the high profile and urgent necessity of the issue. The same is true with the (non-) development of renewable energy sources. A look at the Energy Strategy shows how.

The 'Energy Strategy of Ukraine up to the year 2030' is leading Ukraine's energy sector in the opposite direction from that being taken by the rest of Europe. It reflects true governmental priorities: to solve the problem of increasing energy consumption in the country through increasing overall energy production but at the same time cutting gas consumption. This is expected to be achieved through the unprecedentedly wide and thus tremendously costly and risky development of the nuclear sector with 22 new reactors, an increased share of energy production for coal-fired thermo power plants, and by switching the heating system from gas to electricity. The target for energy efficiency improvement, however, is more than modest – by 2030 it is expected to reach the level that neighbouring Poland has achieved already.

Such a quasi-ambitious Energy Strategy requires huge investments for its implementation. Appropriate infrastructures, such as high-voltage transmission lines and pumped storage plants (PSPs) need to be constructed to enable the functioning of this kind of enlarged energy system. This is even before factoring in the funds needed for the actual construction of 22 planned nuclear reactors, the development of a closed nuclear cycle and the reconstruction of thermo power plants. As most of the energy generating facilities and infrastructure in Ukraine are still state owned, there is no easy way to involve private investment.

It is within this context that the Ukrainian government is imposing its game on the multilateral development banks (MDBs), among them the EBRD. Even though some MDBs have been openly critical of Ukraine's Energy Strategy (for example, Paul Birmingham, the World Bank's Country director for Ukraine, Moldova and Belarus, has evaluated the Energy Strategy as rather ambitious and expensive) not to mention that the Strategy fails to correspond to the EBRD's own priorities, the EBRD continues to react to requests from the Ukrainian government and is actually supporting the implementation of this dubious strategy.

As evidence, take the EBRD's recent investments into the Ukrainian energy sector. In the 2005-2007 period, the EBRD approved loans for the energy sector totalling EUR 194 million, out of which EUR 175.8 million was for the construction and modernisation of power grids. Such modernisation can, to some extent, be described as an energy efficiency measure. Upon closer inspection, however, the EBRD's EUR 150 million loan for a brand new high-voltage transmission line from the Khmelnytsk and Rivne nuclear power plants has nothing to do with energy efficiency as a priority project goal, but apparently serves to provide necessary infrastructure for the functioning of the nuclear plants and the further development of the nuclear industry.

At the same time EBRD loans to support the development of alternative and renewable energy in Ukraine have up to now been strangely lacking, despite these green energies featuring among the stated priorities in the EBRD's current Country Strategy for Ukraine.

In 2007, within the framework of technical assistance to Ukraine's Ministry of Power and Energy, the EBRD initiated research into renewable energy development in Ukraine. The research concluded that great potential for the development of wind, small hydro and biomass energy production does exist, but also pointed out a number of obstacles to be overcome such as the lack of appropriate legislation, legally fixed tariffs calculated with non-transparent methodology, and the state ownership of all small hydro plants which prevents private investment.

Such a situation seems to present a perfect challenge to be taken up by a development bank like the EBRD: there is potential for the development of a number of renewable energy sources, such a development direction is consistent with the EBRD's strategic priorities and also corresponds with European trends. We would expect the EBRD to start working with the Ukrainian government towards boosting the latter's understanding of the benefits of renewable energy development, removing the existing obstacles preventing private investment entrance, and identifying and supporting projects, for example, the rehabilitation of small hydro plants and wind turbine constructions.

Yet what we see instead is that the EBRD has started its consideration of a EUR 250 million loan for the Kaniv pumped storage plant, an inefficient and technologically outdated facility, only needed as a costly and risky method to enable the further development of nuclear energy in Ukraine. Until recently the World Bank was also considering financing for a similar PSP project at Dniester but dropped it after several years of consideration. Whether the EBRD will take a lead from the World Bank remains to be seen, but the MDB demonstration effect ought to be compelling.

In this context, the EBRD's investments into energy efficiency projects in general industry and municipal heating utilities (the UKEEP EUR 100 million project, the Cherkassy energy efficiency EUR 11.2 million project) look potentially compromised if it comes out as a supporter of PSPs.

The EBRD should be consistent with its priorities and its environmental mandate, rather than blindly follow the direction laid down by the Ukrainian government. The Energy Strategy of Ukraine is highly controversial, does not have wide support among the public and is simply too intensive to be implemented – the EBRD can not be unaware of this.

According to a number of national experts, the Energy Strategy really needs to be revised, and revision is likely to start some time after May 15 when there will be a new public hearing initiated by the Parliamentary Committee on the Fuel and Energy Sector, Nuclear Policy and Nuclear Safety, the State Energy Efficiency Agency and of course the public. If the Energy Strategy undergoes the necessary fundamental changes, the EBRD risks being in a situation where it is involved with projects that do not correspond with its overall priorities, with European trends or, indeed, with the country's needs.

FOOTBALL AND PPPS DO NOT MIX

background that a panel discussion — "The football factor: the private sector in infrastructure" — will take place in the October Palace during the EBRD annual meeting, featuring speakers with public-private partnerships (PPPs) in mind as the solution to Ukraine's Euro 2012 woes.

But what are the dangers attached to going down the PPP path? A World Bank Working Paper from 2007, entitled "Public-Private Partnerships in the New EU Member States. Managing Fiscal Risks", lays out a litany of risks, with significant attention given to the non-transparency of the regulatory frameworks attached to such schemes in this part of the world.

Little reassurance on this point was provided recently by lawyers from Wierzbowski Eversheds, a law firm advising the Polish government in its preparations for Euro 2012.

Commenting in the Warsaw Voice, Eversheds' representatives stated alarmingly: "Although the PPP law could be better, I think it's better to try and apply it in practice and only later eliminate any imperfections rather than changing it immediately ... The act should be verified in practice, something which, for the moment, is lacking ... No one is as good at managing money or projects as the private sector. It is also possible to undertake PPP-type projects in Poland without any basis in legislation. What is needed most is a desire to complete a project."

When it comes to PPPs, evidence from around the world has shown time and time again that such desire, such leaps of faith bring in projects neither on time nor on budget yet the same private companies keep winning more PPP tenders and lucrative contracts, without incurring penalties.

Bankwatch asked David Price, Senior Research Fellow at the University of Edinburgh's Centre for International Public Health Policy (renowned analysts and critics of PPPs) for his views on what could be in store for Ukraine and Poland if PPPs are to "come to the rescue".

Price responded: "There are three good reasons to be sceptical about the claims made for PPPs. First, PPPs are not rescue packages and the claim that they provide additional funds is simple nonsense. Second, they are hugely expensive and have to be paid for by the public. There is absolutely no evidence that the extra cost is worth paying and if a government can afford a PPP it can certainly afford public investment, which is much cheaper. Third, PPP advisors to governments are often firms that profit internationally from the policy and so have a commercial interest in promoting it."

Some years ago, in an interview with the French writer Marguerite Duras, Platini enigmatically opined that: "Football is made up of mistakes, because a perfect match is 0-0."

Mistakes have been made so far in the preparations for Euro 2012, and the imminent risk is that these mistakes will only be compounded if the unfettered roll-out of PPP infrastructure schemes gets pushed through without decision-makers insisting on rigorous regulatory oversight at the very least. The looming danger is a final score that reads: **Private sector 10 - Taxpayers 0.**

Renewables continue to get a rough ride in Georgia

For the last decade the Caucasus region has been associated with the rush to vast oil and gas resources connected with the US and EU energy security game, as well as ongoing pro- and anti-democratic political turmoil, with official statistics showing rapid economic growth and increased welfare throughout the Caucasus region. Meanwhile, as a further outcome of the political and economic turmoil, around 50 percent of the population of the South Caucasus countries continues to live below the poverty line, meaning less than two dollars a day.

And while the last couple of years have seen increased GDP and more and more foreign direct investment flowing into the South Caucasus, the economic situation is deteriorating and inflation is growing, with access to energy and fuel poverty one of the major driving forces in the deterioration of economic activities.

In spite of all the attention given to oil and gas, the countries of southern Caucasus are exclusively rich with country specific renewable energy sources. These have the potential to mitigate fuel poverty and support economic development, as well as to increase employment opportunities. Despite the fact that each country is distinct in terms of its energy use and potential for renewable energy, several trends are clear.

First, renewables are clearly under-exploited. Second, of the renewable sources, hydropower is the best known, but at large scale (and hence questionably 'renewable'); at the same time, the massive growth in wind power seen globally is beginning to make itself known in the region. Finally, the patterns of Soviet and post-Soviet energy relations are still clearly influencing countries' persistent heavy reliance on fossil fuels. Historically these have been available at cheaper than market prices, complicating the economic argument for alternatives - but as everyone is painfully aware, oil prices show no sign of falling from the current record highs.

In the specific case of Georgia, that actually survived during the economic crisis of nineties thanks to existing hydropower resources (and not simply large hydro), the development of renewable energy sources (RES) until recently was associated with "environmental schemes" rather than considered as an integral part of an effective energy policy.

An analysis in February this year from World Experience of Georgia, a local energy sector think tank, of the Georgian energy sector's potential shows that the country possesses adequately large resources to establish a sustainable energy system. Georgia is rich with renewable resources, specifically small hydro, wind, geothermal energy sources and solar power. However, only a very small part of this potential is being used. Currently the amount of electricity generated from RES is approximately three percent of the total amount of electricity produced (excluding generation from large hydro of over 10 MW).

Meanwhile, according to sound scientific research, "in total the estimated achievable RES potential in Georgia amounts to 10-15 TWh, which is about 30 percent of Georgia's total primary energy supply." (see: http://ebrdrenewables.com/sites/renew/countries/Georgia/profile.aspx)Nowadays, with energy consumption in Georgia of around 8.3 billion kWh, local production accounts for 7.8 billion kWh. Hydro power provides 5.6 billion kWh, with 14 medium and large hydro power plants accounting for around 80 percent of electricity generation. Thermal power plants account for 2.2 billion kWh and estimations reveal that thermal provided around 30 percent of total demand in 2007.

So aren't RES desperately needed to tackle Georgia's energy problems, because in spite of some progress achieved in recent years the state of the energy sector still remains unsustainable. The years of energy deficit in Georgia, after the break up of the Soviet Union and the actual collapse of the energy sector, contributed heavily to the breakdown of the state's economy and to the increase of poverty among the population.

It also had a disastrous impact both on the environment (degradation of forests, erosion, etc) and the health of the population (for example, via the use of low quality oil products, indoor pollution). Indeed the 2006 increase in electricity prices (by 66 percent per kWh) mostly hit the rural population, who were forced to intensify their use of cheaper energy sources such as fuel-wood and kerosene, especially in those districts not supplied by gas.

So how are much-needed step changes in the Georgian energy sector to take place? One answer could be via the EU-Georgia Action Plan under the Neighborhood Policy. This plan requires "energy policy convergence towards EU energy policy objectives" through elaboration and implementation of "a coherent long-term energy policy converging gradually with the EU energy policy objectives including security of energy supply." Thus it will be important for Georgia to take the right steps to ensure security of supply that conforms with the EU's corresponding policy (energy efficiency, development of renewable energy, reduction of emissions, etc.).

More fundamentally, RES development in Georgia has the potential to support decentralised energy supply and to operate in isolated networks, in such a way that can directly address the needs of local industry and communities. Bearing in mind the slow tempo of development of the Georgian economy and non-existent energy efficiency, a decentralised energy system based on RES can be developed step by step to respond to the needs of local communities and industry, while bringing energy to the market quicker compared to traditional energy sources.

Conflicting signals in Georgia's energy development

While in the last few years, and especially since the end of 2007, the Government of Georgia has shown increased interest in RES and especially small hydro power plants and wind farms, due to the lack of a clear state strategy and action plan for RES development, the activities carried out have been chaotic, raising doubts that the development of RES will really kick in.

A document setting out the "Main Directions on State Policy in the Energy sector" developed in 2006, declares that the country's main long-term objective "is full and gradual satisfaction of the demand on electricity resources on the basis of its own hydro resources ... first with the help of import, then by its substitution with thermal generation." Another, longer-term objective is also iterated here, namely: "Gradually Georgia should transform from a country importing power resources to a competitive, sustainable and flexible country having its own independent power resources."

With the onus on the primary promotion of large hydro, this greatly increases the risks of negative impacts on Georgia's environment and population.

Since 2005 the government has been working to develop a number of large hydro projects, like the Namakhvani Cascade (installed capacity of 700 MW), Khudonhesi (Khudoni hydropower plant with installed capacity of 638 MW) and the Oni Cascade (installed capacity 272 MW). Currently the government is at the stage of finalising technical-economic research and environmental feasibility studies for the Khudoni (with the support of the World Bank) and Namakvani dams, and is actively seeking around EUR 1.5 billion for their construction via public-private partnership schemes.

Other concerning indications that the Georgian government is intent on contradicting the Policy document's officially declared goals and priorities include: in summer 2007 the Ministry of Energy expressed an interest in building a coal power plant in Georgia and asked interested companies to present the terms, dates, presumable tariffs and technical-financial documentation of the construction works; and a governmental commission has already been set up to study the rationality of building a nuclear power plant. According to press reports, the government has already started negotiations with the French company Areva about building a nuclear power plant.

These indications may be rooted in a fundamental contradiction within the 2006 Policy Document. While it acknowledges that the "Natural potential of Georgia makes

▲ Where there's a will... irresistible clean energy takes on the status quo

it possible to achieve significant development of alternative power sources", it also underlines the "utilisation of alternative sources of energy on the conditions that application of traditional and alternative sources of energy shall be treated equally", which in principle limits the opportunity for the wide development of renewable energy and absolutely contradicts the EU's practice and principles of alternative energy development.

So, alternatives should be treated equally, but clearly are not being so treated. Up to now no strategic vision exists in Georgia when it comes to RES development, not to mention a complete legislative vacuum in this regard. Since 2006 there have been only a few positive changes in legislation addressing the small hydro plants connected to the grid.

Ways out of the green energy void

The barriers to RES development have been known for some time and urgently need to be addressed by the state, including the need to develop a comprehensive and sound state policy for renewable energy, with clearly defined priorities and quantitive targets, consistent and clear energy legislation supporting RES, including tax incentives and preferences for RES, as well as measures to overcome the absence of a market for RES electricity in the summer period, due primarily to excess hydropower supply.

Yet more can be done to increase the existing organisational and human capacity for RES development, including the reworking of the institutional and legislation framework, the development of state programs, as well as support in the implementation of further technical studies, that will involve the development of a more accurate solar assessment in Georgia, that will study the current conditions and parameters of geothermal resources and develop a more accurate energy balance for Georgia that includes reliable statistics on wood consumption.

But the political will appears to be missing in action. The EU-Georgia Action Plan, signed in 2006, requires Georgia

to “adopt legislation addressing energy efficiency and renewable energy”. Very similar requirements were undertaken by the Georgian parliament in 2007, when it ratified a second EBRD loan agreement for the rehabilitation of the Enguri hydropower plant and committed that, by January 1, 2008, Georgia would have a complete legislative package on energy efficiency and renewable energy. However, none of these pledges have been kept.

The non-existence of a sound and reliable legal framework for RES, of an overall state strategy and plan for sustainable development of the Georgian energy sector is also undermining the efforts of different international organisations and is significantly delaying the implementation of projects in the field of renewable energy. Organisations like OECD, USAID, EBRD and KfW are supporting some interesting initiatives in the field, including feasibility studies, the rehabilitation and construction of a number of small hydro plants, the development of geothermal sources for Tbilisi, and the removal of key barriers to renewable energy development in the legislative and regulatory fields.

Yet these activities, and also similarly the ongoing construction of a 24MW wind farm close to Tbilisi, are hampered by the fact that there is no wide involvement of the banking sector in RES financing, again due to the non-existent state and municipal programs for RES and energy efficiency development.

The Georgia-EU action Plan under the Neighborhood Policy requires Georgia to “take steps to develop an action plan including a financial plan for improving energy efficiency and enhancing the use of renewable energy”, as well as “reinforce the institutions dealing with energy efficiency and renewable energy sources”.

According to the detailed action plan-matrix for 2007-2010, elaborated under the guidance of the Office of the State Minister for European and Euro-Atlantic Integration, the Ministry of Energy plans to start elaboration of “a working document in order to refine the extant legislative and regulatory base” and to prepare “relevant legislative initiatives.” Regretably, neither the plan-matrix nor the 2007 strategy for implementing the European Neighborhood Policy mentions the elaboration of an action plan on energy efficiency and RES.

This is perhaps not completely surprising since the government believes that practical measures, including the implementation of pilot projects, are “matters for the market”, and that the market itself will regulate and develop energy efficiency and renewable energy. However, it should be underlined that the Policy Document is clear on this: in the absence of a concrete state policy and law on RES development, it is not clear what incentive will remain for the private sector to develop these two crucial directions.

International pressure and support can bring results

Taking into account the latent potential of Georgia’s energy sector, the growth of energy consumption and the energy balance structure should be based on the use of local, mainly hydro and wind resources, which should be developed in line with sustainable development principles.

For this to happen the international financial institutions and bilateral donors should ensure the sustainability of the Georgian energy sector’s development path through the attraction of investments for the rehabilitation of existing generating capacities, energy efficiency and the development of local renewable resources. Georgia has an abundance of rivers, excellent wind and solar potential and confirmed geo-thermal reserve riches. The opportunity to exploit this potential ought to be a no-brainer for anyone not obsessed with colossal, prestige projects.

Other transitions are out there – but not as the EBRD knows it

The EBRD-sponsored transition process in central and eastern Europe has sprung on the region a wide array of familiar western economic effluent: privatisation, deregulation, downsizing, anti-union practices, to name but a few.

Well here’s a new western economic concept that could do with urgent transplanting to the EBRD’s transition frontier: the Transition Initiative.

Leading the way is Transition Town Totnes, a town in Devon, England with its very own ready-made, exportable acronym – TTT. According to TTT’s website, it has a two-fold mission.

“1. To explore and then follow pathways of practical actions that will reduce our carbon emissions and dependence on fossil fuels.

2. To build the town’s resilience, that is, its ability to withstand shocks from the outside, through being more self reliant in areas such as food, energy, health care, jobs and economics.”

In an age of growing economic uncertainty, dwindling fossil fuel reserves and acute anxiety about climate change, TTT’s message is clear: “Change is coming whether we like it or not – and a planned response to the change will leave us in a much stronger position than if we wait until change is upon us.”

Totnes is one of over 50 UK communities that are signed up to the Transition Network (http://transitiontowns.org/TransitionNetwork/TransitionNetwork), with another 700 communities around the world eyeing the concept.

Such trends present much more than localised blips, and questions have to be asked of the EBRD as to what it plans for central and eastern Europe in such a ‘peak oil’ imminent future. A 2007 report from the US government Accountability Office on Crude Oil did not shy away from recommending a US peak oil strategy. Equally, on May 1 this year, the Scottish parliament passed a landmark motion on food security which includes for the first time a call to take account of peak oil when planning our future food economy.

With global food shortages biting hard, the EBRD is looking closely at crop volume development in Ukraine, Russia and Kazakhstan. While the sentiments may be laudable, as usual the means to achieving short-term food security remain very much open to question. The EBRD would do well to heed the words of Scottish Green parliamentarian Patrick Harvie when commenting on the recent Scottish parliamentary motion: “Modern industrial agriculture has been described as a system that uses land to convert oil into food, whether as fertiliser, fuel for transport, or energy for refrigeration.”

How the EBRD approaches this and inter-related environmental and social factors will present serious challenges. A simple run through – as has been the norm to date – of the conventional western economic playbook should be resisted. There are available short-cuts and smart diversions to get on the right path. There are other transitions out there.

Wake up and smell ArcelorMittal – global case studies reveal who picks up the tab for steel giant

With an estimated net worth of USD 45 billion, ArcelorMittal CEO Lakshmi Mittal is the fourth richest person in the world, and last month once again topped the Sunday Times Rich List for people residing in the UK. Many regard his strategy of buying ailing steel mills and transforming them into profitable plants as a great business success story.

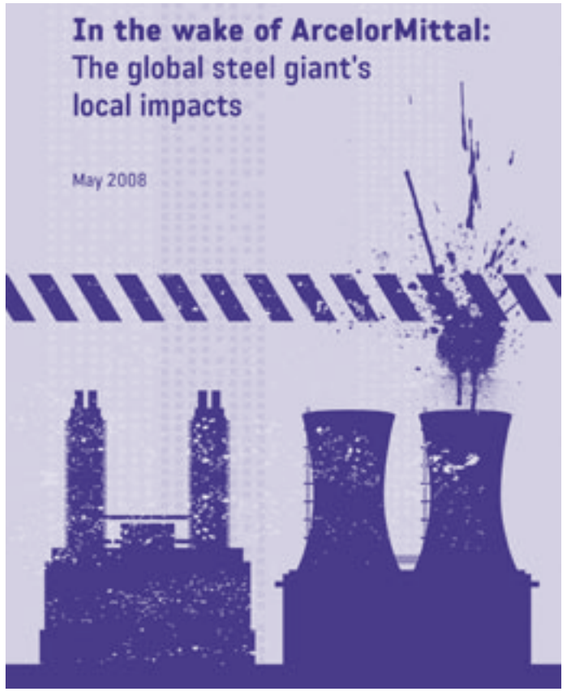
Despite being so flush with cash, in the last ten years the IFC and the EBRD have provided loans and equity worth a total of USD 692 million for Mittal’s companies.

A new collection of case studies by civil society groups from Europe, the US, India and South Africa entitled “In the wake of ArcelorMittal” shows that across the world it is local residents and workers who are paying the price for ArcelorMittal’s success. The case studies indicate that the pollution, low health and safety standards and poor labour relations dogging many of the company’s plants are a logical consequence of its cost-cutting policies combined with poor law enforcement by local decision-makers.

The case studies examining ArcelorMittal’s IFC- and EBRD-financed plants in Romania, Ukraine, Bosnia-Herzegovina, the Czech Republic and Kazakhstan show that the loans doled out by the public banks have not brought sufficient improvements in the company’s environmental performance, and thus public finance backing for these projects has not been justified.

As well as demanding serious action from the company and governments, the report highlights the need for the international financial institutions to halt their support for multinational companies like ArcelorMittal, which can surely afford to finance their own improvements.

“In the wake of ArcelorMittal. The global steel giant’s local impacts” is available at CEE Bankwatch’s website: www.bankwatch.org/publications



PIP squeaks again: no end in sight to info disclosure constipation at the EBRD

Once again the EBRD is limping to another uninspiring finale as it hastens to finish a review of its Public Information Policy (PIP) for the annual meeting in Kiev.

With its second revision in as many years, Bankwatch expectations for a significantly improved policy were dashed by a draft that seemed more like a public-relations exercise than any meaningful attempt to bring the EBRD in line with disclosure best practices at other international financial institutions (IFIs).

The major draft shortcomings feature broad exceptions to disclosure, no progress on board transparency, a lack of an internal appeals system for refusals to provide information and the transfer of responsibilities for disclosure of project-specific environmental information from the bank to clients as introduced by the draft Environmental and Social Policy's performance requirements.

With no significant improvements in this draft over previous iterations of the policy, it appears that the EBRD is immune to the trend towards openness about their operations that other IFIs are slowly beginning to embrace.

But this is certainly not for lack of better behaviour from some of the EBRD's very own shareholders.

Take for instance the disclosing of a record of board member votes as part of minutes from their meetings. Bankwatch has long argued that citizens should have the right to see how taxpayer money is being doled out by the EBRD's board and to hold directors accountable for their decisions.

A common riposte from the EBRD is that "confidentiality of Board proceedings is considered to be in the best interests of the Institution and needs to be preserved so that deliberations at the Board can be open, comprehensive and candid."

But the US and Canadian governments, bound by national legislation, already disclose voting records for some of the multilateral developments banks in which they are shareholders, including the EBRD. Moreover, the Spanish government produces an annual report setting out, among other things, the Spanish position on decisions taken by the International Monetary Fund and the World Bank.

The Canadian and US governments also offer qualitative reasoning in instances where their executive directors abstain or vote against a particular project. Back in early 2007 when the EBRD subsidised the expansion of operations in Romania for the anti-union Kaufland retail chain to the tune of EUR 100 million, the Canadian government rightly disapproved, citing asymmetry with the EBRD's core operating pillar of additionality. The US also voted against the project on the basis of economic and policy considerations.

Rather than regurgitate previous inputs to reviews of the PIP, Bankwatch decided to sit this one out in the hope that the EBRD's management and certain sectionspart of the board would take a nod from some of the bank's shareholders and finally get the EBRD's act together when it comes to the information it discloses.

THE SLOW WALTZ TO FULL TRANSPARENCY CONTINUES

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