

FROM:

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TO:

Mr Thomas Mirow,
President
EBRD
One Exchange Square,
London EC2A 2JN,
United Kingdom

Bulgaria:
Centre for Environmental
Information and Education (CEIE)
For the Earth

Czech Republic:
Centrum pro dopravu a energetiku
(CDE)
Hnuti Duha

Estonia:
Estonian Green Movement-FoE

Georgia:
Green Alternative

Hungary:
National Society of
Conservationists (NSC)

Lithuania:
Atgaja

Macedonia:
Eko-vest

Poland:
Polish Green Network (PGN)
Institute of Environmental
Economics (IEE)

Serbia:
Center for Ecology and
Sustainable Development
(CEKOR)

Slovakia:
Friends of the Earth - Center for
Environmental Public Advocacy
(FoE-CEPA)

Ukraine:
National Ecological Centre of
Ukraine (NECU)

CEE Bankwatch Network's
mission is to prevent
environmentally and socially
harmful impacts of international
development finance, and to
promote alternative solutions and
public participation.

21 June 2010

Dear President Mirow,

On behalf of CEE Bankwatch Network I would like to thank you for the meeting held with civil society representatives after the EBRD's annual meeting on 15 May in Zagreb. It provided a useful opportunity to discuss issues of particular interest or concern to civil society organisations, and we very much appreciate your willingness to take time in your busy schedule to meet with us.

We would particularly like to highlight the useful follow-up carried out by the EBRD after the 2009 annual meeting on several of the issues highlighted at the meeting, and the resulting progress in resolving issues with some of the projects such as the Atash Bautino Marine Base, the Gazela Bridge Rehabilitation, and the Corridor Vc motorway. **We hope that similar follow-up this year will also bring progress in resolving some the outstanding issues raised at the meeting.**

In particular we welcome your commitment to examine alternatives for the Moscow - St. Petersburg motorway, rather than only mitigation measures, and your confirmation of the need for the Sostanj thermal power plant Unit 6 project to comply with EU and Slovene legislation by examining alternatives to the project.

More broadly we welcome the EBRD's commitment to tackling climate change and would encourage further dialogue on how this can best be achieved. Of particular importance, in our opinion, is not only what the overall energy mix of the transition countries will be, but **what the role of public financing is in promoting a transition not only to energy efficient economies, but also to non-nuclear, low-carbon ones.** As discussed during the meeting we are concerned that the EBRD's CRR4 document indicates an increased interest in the coal sector in several countries, at a time when **limited public resources need to be confined to energy efficiency and renewable energy in order to avoid increasing the competitiveness of fossil fuel projects.** The EBRD's new mining strategy presents a useful opportunity to continue dialogue on this issue and we look forward to further communication with the bank about it.

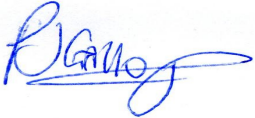
As the EBRD moves further South and East according to its CRR4 strategy, **we also see an increased need for assessment of the bank's relations with the Central Asian countries and the impact of its operations on the regimes and ordinary people.** This has been visibly highlighted by the new EBRD Country Strategy for Turkmenistan, the bank's potential involvement in the Nabucco gas pipeline project, and, most recently, by the tragic events in Kyrgyzstan. As our colleagues have already followed up with you on Turkmenistan and Nabucco in their letter of 19th May it remains only for me to thank you for your prompt response.

Due to time constraints in our meeting we did not raise the issue of the EBRD's support for power grid development, however we would like to mention it here, as it was a key topic during bilateral meetings we held with the Executive Directors during the annual meeting. According to the project summary on the EBRD

website the South Ukraine Transmission Lines project is due to be approved by the Board on 14th September. However, **we are seriously concerned by the performance of Ukrenergo, a repeat client of the EBRD in Ukraine, for its unauthorised changes to the Adjalyk - Usatove project and its poor stakeholder engagement.** We appreciate the Bank's prompt and decisive reaction to Ukrenergo's misconduct last November and urge the EBRD to put on hold any further financing for the company until the flaws in the previously approved projects are eliminated and Ukrenergo demonstrates compliance with the EBRD's and EU requirements and best practices in addressing social and environmental issues.

I would like to thank you once again for meeting us and look forward to continuing dialogue with the bank throughout the year. We look forward to meeting you next year in Kazakhstan, if not before.

Yours sincerely,



Ms Pippa Gallop