EBRD and EIB forging ties with military junta in Cairo, out of touch with public demands

Bread, freedom, dignity, social justice. These were core demands articulated during the democratic and inspirational Egyptian revolution in Tahrir Square at the beginning of this year. Beyond this, there was widespread support for improved public services to the poor, a shift from subservience to US foreign policy, a reduction in Egypt’s foreign debt and an end to and reversal of privatisation policies.

Now, under the mantle of “supporting democracy”, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are working with the military junta-appointed government – an increase in Egypt’s debt burden and the promotion of privatisation as a necessity both look inevitable.

Reading statements from the banks and speeches made by the EBRD’s president Thomas Mirow, it feels like bank officials should spend some time in Tahrir learning about the democratic demands and desires of Egyptians that toppled Mubarak, before driving on with their lending plans.

But, instead, a lot of the dialogue taking place is with the same old tired elites, including with the remnants of Mubarak’s NDP apparatus: the “fluul”.

In late October and under the banner “A big day for EBRD in Egypt”, the EBRD reported on a conference it organised in Cairo, declaring that: “It was with a sense of optimism that Egypt’s minister of planning and international cooperation, Fayza Aboul Naga, summed up the mood in her country as she talked about the many challenges ahead for the economy. ‘We are now in the tenth month of our revolution and we can say that the worst is behind us,’ she said.”

Aboul Naga is widely recognized as fluul, a pre-revolution minister still in the cabinet, playing the same role as before. The fluul are widely despised in Egypt for robbing the country of its wealth and the repression before and during the revolution, and are in the process of being banned from participation in upcoming elections. Just the day before the EBRD’s event in Cairo, Aboul Naga released a statement slamming Egyptian NGOs for accepting funding from abroad, in a direct attack on civil society that revealed her paranoid perspective on politics. Even at the conference itself she complained that there were still “various demands from civil society”, although “the worse is behind us”.

Hence, when an EBRD press release quotes Aboul Naga claiming the Egyptian revolution as “our revolution”, it reveals just how detached the bank is from both public opinion and the political situation in Egypt. But the problematic engagement doesn’t stop with one particular minister. Egypt is ruled by a military junta that aims to entrench its rule beyond any “transition”. To defend its power, the Supreme Council of the Armed Forces (SCAF) is using political repression against anyone who criticises it. Twelve thousand civilians have been court-martialed, including bloggers, journalists and activists charged with defaming or insulting the military. The torture of prisoners remains normalised, alongside impunity for the police and military forces. High profile attacks such as the Maspero massacre, where 28 civilians were killed in October in downtown Cairo, weaken civil society. The military prosecutor has since charged the victims – including one of those killed by the army – with causing the violence.

These are not accidents or “failures” in policy, but pragmatic and conscious steps taken to ensure that the SCAF junta maintains control over Egypt’s future. At the same time as repressing popular demo-

G20 infrastructure plans kick some bombs down the road to world’s poor

Amidst the backroom shenanigans, bad blood and anti-democratic diktats that marked this month’s G20 summit in Cannes, France, the G20 leaders did find themselves able to sign off on a set of recommendations from a High Level Panel (HLP) on Infrastructure that has been heavily influenced by the World Bank and other multilateral development banks (MDBs), though not by the “Several billion poor people across the developing world” blithely referenced in the document’s introduction.

Continued on page 2
**Cratic movements for change, the military is continued disenfranchisement and repression banks' stated aims achievable. Without the of democratic accountability that make the create an investment-friendly environment. Also clear that it aims to continue investing transport sector, aiming to assess potential against a petrochemical-fertiliser plant built junta or previous Egyptian governments. As this article is being written, the port is? How is this arrogance different from the flaunting the UK's health service with crippling debts and almost bankrupting it."

The exemplary regions include:

- **The Grand Inga Hydropower project** in the Democratic Republic of Congo, with an estimated capacity of 4,000 MW, making it the world's largest dam. Concerns have been raised that this mega project, conceived under the guise of "development", would primarily benefit westem multinationals and see African energy serving EU energy consumers via a proposed 6,000 kilometer electrical transmission line.

- **Scaling up solar energy in MENA for export to European Markets.** The Desertec mega project proposed by a consortium of Union to build any a host of solar and wind energy plants in the deserts of North Africa and the Middle East to supply mainland Europe with up to 15% of its electricity demands, at a cost of €573 billion. The project requires huge volumes of water to cleanse the solar cells and heat up the solar collectors, thereby depleting local people access to water, while host countries, such as Morocco, see it as a distraction from the morality of supplying clean energy to their own citizens.

- The Turkmenistan-Afghanistan-Pakistan and India (TAPI) Natural Gas Pipeline, a highly controversial project, and recently inaugurated Nord Stream Pipeline that brings gas from the north of Russia to Europe. These pipelines do put things into perspective, a perspective that would be hard to achieve for addressing urgent climate change activities in central and eastern Europe any time soon.

Bringing environmental and climate issues more to the fore

**"Will CE are the chance to unlock the potential for new green jobs, reap the benefits of prosperity from saving energy, and manage their use of resources more sustainably?"**

The Commission's proposal in fact shows how bucketing when it comes to the oft- mentioned "mainstreaming Sustainable Investment" perspective. Instead, Member states are obliged to track their climate related investments and policies, and priorities should address how environmental concerns are being met. However, this seems to be rather nebulous, as precise requirements are missing.

**The need for targets and indicators guiding sustainable regional development**

This speaks to the need for a more prominent role for targets and accordant indicators. Targets and indicators should serve as a tool for ensuring the commitment to and achievement of the

**Will CE are the chance to unlock the potential for new green jobs, reap the benefits of prosperity from saving energy, and manage their use of resources more sustainably?**

**"Will CE are the chance to unlock the potential for new green jobs, reap the benefits of prosperity from saving energy, and manage their use of resources more sustainably?"**

**The Commission's proposal in fact shows how bucketing when it comes to the oft- mentioned "mainstreaming Sustainable Investment" perspective. Instead, Member states are obliged to track their climate related investments and policies, and priorities should address how environmental concerns are being met. However, this seems to be rather nebulous, as precise requirements are missing.

**The need for targets and indicators guiding sustainable regional development**

This speaks to the need for a more prominent role for targets and accordant indicators. Targets and indicators should serve as a tool for ensuring the commitment to and achievement of the
The state of urgency

Biodiversity and ecosystems services constitute an underlying basis for most social and economic activities. Their delivery depends on a natural capital (e.g. fresh water, air, climate stability, etc.) and raw materials (food, fibre). According to a 2009 study from The Economics of Ecosystems and Biodiversity (TEEB), 16.8 percent of European jobs are indirectly linked to natural assets.

However, the EU target of stopping biodiversity loss by 2010 has been missed, allowing the degradation and over-exploitation of our natural capital. It is projected that by 2030, 55 percent of habitats and 52 percent of species in Europe are under serious threat. Biodiversity loss due to human activity could result in the extinction of 5 percent of the total GDP by 2050.

By 2020, Europe has committed to stop biodiversity loss, improve the conservation status of habitats and species, restore at least 15 percent of degraded ecosystems across the EU, establish Europe’s Green Infrastructure and achieve ‘good status’ for all aquatic ecosystems.

Multiple benefits

Appropriate harnessing of Cohesion Policy is a must if the EU is serious about delivering these commitments. It is important to ensure that the funds spent on biodiversity are following the previously mentioned criteria and not suitable for measuring actual policy results related to agreed targets on sustainable development.

The regulations stipulate that ‘Member States and the Commission shall ensure that environmental priorities such as: resource efficiency, climate change mitigation and adaptation, disaster resilience, and risk prevention and management are promoted in the preparation and implementation of Partnership Contracts and programmes’. They go along with targets and an indication system that puts the overall consideration of inter-dependent aspects of sustainable development into social, economic and environmental goals.

A “European code of conduct” to improve partnerships

The European Commission is also showing signs of wanting to strengthen the partnership principle by introducing a standard code of conduct” under which will provide guidance on how member states should involve partners in the preparation of Partnership Contracts and progress reports, and in the preparation, implementation, monitoring and evaluation of programmes, and access to management and monitoring committees. Without disclosing the elements of this code, it is important to note that the criteria to assess if the code of conduct is being implemented properly, will be in the hands of the member states. Therefore, the quality of this approach will have a real impact. Therefore compliance with the code of conduct should become an ex-ante conditionality, so as to ensure that measures are taken to prioritize these regional development investments. As the current experience in central and eastern Europe testifies, this is perhaps not the best news for the future of Europe’s regions.

The future Cohesion Policy regulations must therefore, include:

- Explicit investment priority for biodiversity.
- Ten percent earmarking for biodiversity in ERP in the two processes of Nature (ERDF 2 ln per year is needed from Cohesion Policy) and green infrastructure.
- Appropriate, clearly defined conditionality on Natura 2000 and water.
- Biodiversity assessment in all sensitive sectors and programmes.
- The tracking of biodiversity spending.

The Cohesion Policy regulations will be a new test of the EU’s credibility to deliver on its own commitments.

While Latvia favours thematic concentration, it is important to recognize that the Latvian government appears to be sticking its head in the sand.

Conclusion

The replacement of persons in leading positions in one Commission department will take place after the election will be a major disruption in the programming of the future Cohesion Policy. Therefore it could take months before some processes are restarted and programming can continue.

Moreover, other things will threaten the systematic preparation of all relevant strategic documents to the policy, which are supposed to be finalized within the next two years.

Two years would appear to be too time-consuming, but considering the size and scope of the Partnership contract and the operational programmes that could be developed and be linked with the assistance of real public participation, it is essential to use the whole period effectively. Any cuts in time and costs would end up to be detrimental.

The Commission’s current legislative proposal could usher in a new epoch of Cohesion Policy funding, opening the door for bold reforms that could make the EU a world leader in terms of biodiversity governance. If the Commission will focus on the roll-out of the European Green Infrastructure, the future Cohesion Policy could provide valuable ecosystem services, e.g. making the existing infrastructure more resilient, less expensive, and more flexible. The future Cohesion Policy must be a stepping stone for a green European economy.
Why is it important to link the Cohesion Policy with the EU 2020 targets? Together with the national reform programme, targets to achieve reductions in GHG emissions, and increases in renewable energy use and energy efficiency. The national reform programme targets will be an essential part of the national reform programme, aiming at achieving the EU 2020 targets for energy efficiency.

The national reform programme targets to achieve reductions in GHG emissions, and increases in renewable energy use and energy efficiency. The national reform programme targets, in turn, will be an essential part of the national reform programme, aiming at achieving the EU 2020 targets for energy efficiency.

Why is it important to link the Cohesion Policy with the EU 2020 targets? Together with the national reform programme targets to achieve reductions in GHG emissions, and increases in renewable energy use and energy efficiency. The national reform programme targets will be an essential part of the national reform programme, aiming at achieving the EU 2020 targets for energy efficiency.

The national reform programme targets to achieve reductions in GHG emissions, and increases in renewable energy use and energy efficiency. The national reform programme targets, in turn, will be an essential part of the national reform programme, aiming at achieving the EU 2020 targets for energy efficiency.

And so it goes – Czech Republic outed as one of the worst offenders on EU funds spending

Earlier this month the European Commission named the Czech Republic, alongside Italy and Spain, as one of the worst managers of EU money, in an audit by the European Court of Auditors (ECA). Revealing growing irregularities in spending on projects intended to reduce disparities in wealth across the EU.

In their annual report on how the EU’s budget was spent in 2010, the ECA re-vealed growing irregularities in spending on projects intended to reduce disparities in wealth across the EU. As a result, the European Commission has halted all spending in the Czech Republic from January 2011 to the end of the spending period. The ECA also disclosed that, overall, these three countries account for “two-thirds of errors identified” in spending on EU funds.

For Friends of the Earth Czech Republic, a Bankwatch member group and close follower of EU funds spending in the country, the ECA report is the latest example of alleged irregularities in the spending of cohesion funds. The ledger of sharp practice in the Czech Republic’s use of EU funds is a long one. With allegations of irregularities rife, the European Commission has halted the reimbursement of projects from Operation Poštovní, a programme financed with funds from the EU’s Regional Fund, in the Czech Republic, and the only consolation is that this recent naming and shaming by the European Commission might lead to some changes.

“All of this of course comes as we are gearing up for the EU presidency of the Czech Republic. EU spending priorities for the next period, so hopefully EU money can boost clean energy off the table. And hopefully the European Union will take the lead and support appropriate investments – there is no getting away from this. It is also noticeable that, overall, these three countries account for “two-thirds of errors identified” in spending on EU funds.”

Why is it important to link the Cohesion Policy with the EU 2020 targets? Together with the national reform programme targets to achieve reductions in GHG emissions, and increases in renewable energy use and energy efficiency. The national reform programme targets will be an essential part of the national reform programme, aiming at achieving the EU 2020 targets for energy efficiency.

The national reform programme targets to achieve reductions in GHG emissions, and increases in renewable energy use and energy efficiency. The national reform programme targets, in turn, will be an essential part of the national reform programme, aiming at achieving the EU 2020 targets for energy efficiency.

Energy efficiency in action – the EBRD financed coal conveyor, excavator and spreader system at a new section of the Kolubara lignite basin

Dirty hands – EBRD’s lignite dealings in Serbia open to multiple questions

Why is the EBRD engaging in a climate damaging project at a time when there are ongoing corruption investigations surrounding the same project? Despite Bankwatch stepping up its monitoring of the EBRD’s loan to Kolubara Mining company in Serbia, answers to this question remain elusive.

Serbia is heavily dependent on lignite. In 2010, 69 percent of the country’s total power generation was derived from this dirtiest of fossil fuels. The electricity market is also heavily dominated by the state-owned company Electric Power Industry of Serbia (Elektroprivreda Srbije, or EPS). EPS generates almost all of Serbia’s electricity. 55 percent of its installed capacity of 7,120 MW is provided by six lignite-fired power stations supplied by two EPS owned mining basins.

The Kolubara basin is already responsible for 75 percent of Serbian lignite production, while power plants within the Kolubara complex produce more than 50 percent of Serbian electricity. So a loan to the lignite mine of Kolubara owned by EPS in Serbia could be environmentally friendly one nor does it seem destined to strengthen the private market in Serbia. No matter how efficient the coal exca-vator, conveyor and spreader system at a new section of the Kolubara lignite basin that the EBRD will finance is, nor how much the process of lignite mining is improved, the very fact of supporting lignite mining in our country should be at the least to stop trying to do it in the first place.

This is not all, however. The methodol-o gy that allows the EBRD to claim that there was no corruption involved leads to unjustified increases in EPS expenditures to the benefit of private companies.

For Friends of the Earth Czech Republic, a Bankwatch member group and close follower of EU funds spending in the country, the ECA report is the latest example of alleged irregularities in the spending of cohesion funds. The ledger of sharp practice in the Czech Republic’s use of EU funds is a long one. With allegations of irregularities rife, the European Commission has halted all spending in the Czech Republic from January 2011 to the end of the spending period. The ECA also disclosed that, overall, these three countries account for “two-thirds of errors identified” in spending on EU funds.

For Friends of the Earth Czech Republic, a Bankwatch member group and close follower of EU funds spending in the country, the ECA report is the latest example of alleged irregularities in the spending of cohesion funds. The ledger of sharp practice in the Czech Republic’s use of EU funds is a long one. With allegations of irregularities rife, the European Commission has halted all spending in the Czech Republic from January 2011 to the end of the spending period. The ECA also disclosed that, overall, these three countries account for “two-thirds of errors identified” in spending on EU funds.

For Friends of the Earth Czech Republic, a Bankwatch member group and close follower of EU funds spending in the country, the ECA report is the latest example of alleged irregularities in the spending of cohesion funds. The ledger of sharp practice in the Czech Republic’s use of EU funds is a long one. With allegations of irregularities rife, the European Commission has halted all spending in the Czech Republic from January 2011 to the end of the spending period. The ECA also disclosed that, overall, these three countries account for “two-thirds of errors identified” in spending on EU funds.

For Friends of the Earth Czech Republic, a Bankwatch member group and close follower of EU funds spending in the country, the ECA report is the latest example of alleged irregularities in the spending of cohesion funds. The ledger of sharp practice in the Czech Republic’s use of EU funds is a long one. With allegations of irregularities rife, the European Commission has halted all spending in the Czech Republic from January 2011 to the end of the spending period. The ECA also disclosed that, overall, these three countries account for “two-thirds of errors identified” in spending on EU funds.
First ever meeting between civil society and EIB board makes some progress

Last month the European Investment Bank’s board of directors met for face-to-face discussions with civil society organisations for the first time. It may be a touch over-optimistic to say that true dialogue took place, but certainly the NGOs were able to send a couple of strong messages to the EIB’s board, and, for a while, it felt like the board was listening.

On October, several Bankwatchers and around 80 colleagues from other organisations such as Counter Balance, Amnesty International, Witness Transparency International and Eurodad attended a meeting with the EIB’s directors in Luxembourg.

Why is this important? Well, the EIB tends to be very unapproachable when it comes to public scrutiny, so this meeting with NGOs was the first ever such meeting organised in the EIB’s headquarters, where our views on the bank’s activities could be heard and answered by the bank’s high level representatives, including not only the board but the management committee.

The meeting was divided into three panel discussions on the topics of climate and energy, lending to small and medium-sized enterprises (SMEs) through financial intermediaries and development finance.

Each panel was moderated by Jacqui Davis, a foreign policy campaigner for Witness (also on the panel, including NGOs and academics, to make a short background statement for wider discussion. Although civil society participation on the panels was represented by a number of organisations, the EIB was represented by panels of more than 50 members, and the audience, although it was noted that the board should take into account the absolute emissions from EIB projects, as well as the fact that still the majority of its portfolio does not support the de-carbonisation of economy – in short, what the EIB is doing is a total mess.

The EIB’s role in the implementation of the EU’s energy climate policy is significant. The activity of the EIB staff on the other hand insisted that their institution is primarily an investment bank, and therefore puts the ‘bankability’ of projects on a par with the ambitions of the world, yet, on the whole, a lot of differences, there was also a clear sense that the EIB is acting in a way that it can no longer change without opening up more to civil society inputs and, also, that it may learn from these groups.

Climate and energy

During the climate and energy panel, regarding the call to shift the EIB’s energy investment portfolio significantly towards measures addressing the challenge of climate change, the bank’s attitude remained in line with an earlier discussion that Bankwatching is looking to forward. Bankwatch also raised the huge discrepancy between the Climate Action and Development Policy (ClimAd) and the energy, energy efficiency and sustainable transport) investments between western and eastern Europe. The meeting was met by an EIB board about its intention to support more lending in spite of repeated calls from NGOs to do so. It, however, admits the need to start discussing this issue and, in contrast to the other panels, the panellists and, in particular, in its Eastern European members – on corruption, human rights and vital infrastructure projects. A concern that emerged that the EIB can be a leader and catalyst for investments that mitigate climate change and can and should build the markets for renewable and other climate action type projects.

Financial intermediaries and SMEs

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Announcing the rankings, Publish What You Pay Managing Director Karen Morley said “Given that the EIB wants to play an increased role in development finance it must really act now on demands made by MPs and civil society to be more democratic, transparent and accountable.”

G overnment policies are often more revealing for what they leave out and don’t say than for what they actually do say. The European Union’s 2008 Energy Security and Solidarity Action Plan is no exception. This article will briefly highlight some issues that the panelists did not discuss, because it is the omissions that are the more telling.

Omission one: Conflict

A key proposal in the EU’s Energy Security Action Plan is the introduction of new electricity grids and transit routes, through new pipelines as the Southern Gas Corridor infrastructure is being at risk for a number of reasons. The main one is that many of the pipelines have a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was plain that it has done during the financial crisis, choosing to support projects that address the real needs of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.

The NGO presence on the panel devoted to support for small- and medium-sized enterprises was limited by many questions from the audience, though it was noted that the EIB's position of 10th saw it a moderate ranking.

Another of its foreign policy (indeed it was a very uncertain impact at least for central and eastern Europe. This energy security plan, being at risk from Russia’s decision to abandon the South Stream project and from the very uncertain impact of the EBRD’s role in the implementation of the EU’s energy climate policy is significant.
The Action Plan fails to address the three Millennium Development Goals:


The EU Energy Security Action Plan states that "energy infrastructure is the central nervous system of our economy. But energy security is not an inalienable right. Once the EU has nationalised energy, governments are free to target energy for poorer people is likely to be still further undermined by the EU’s unilateral claims to exclusive control over energy security. If the global economy is perceived as a series of interconnected energy systems, energy policy must be reviewed to ensure that it is sustainable and inclusive. This means ensuring that energy policy is not used to dominate other policy sectors, but rather to support them.

The EU Energy Security Action Plan is...
Delayed and outdated – EBRD policies at the bottom of the bank’s to-do list

The cyclical nature of policy making and policy revisions at any bank such as the European Bank for Reconstruction and Development has a simple purpose – to review the successes and failures of policy implementation, to systematise and internalise feedback from various interested stakeholders about the operations of the EBRD in certain sectors, and ultimately to improve the bank’s policies.

Considering the delays to its planned policy revisions in recent years, the EBRD might be said to be satisfied with its sectoral policies, some of which were approved five or more years ago – indeed its Natural Resources Policy, dating from 1999, mentions the word ‘climate’ just twice, once in reference to ‘investment climate’. The additional failure of the EBRD to take on board recommendations for improving its horizontal safeguard procedures – for example, the recently revised Public Information Policy (PIP) – only raise further concerns among NGOs about the bank’s willingness to absorb critical feedback and make genuine improvements.

Of course no policy can ever be perfect. Moreover the positive outcomes of its implementation and the successful achievement of policy goals depend not so much on the content of the policy – on the tweaks and layers of meanings and interpretations of the policy articles – but rather on the working culture of those who are responsible for the policy enforcement. The new trends at the EBRD suggest that the bank is now focused primarily on its core business – banking – with development and democracy objectives taking a back seat.

More than two years ago at the EBRD’s annual meeting in London, we heard for the first time that the bank had started the preparation of a new Mining Policy. According to a 2009 Annual Evaluation Overview Report, “the evaluation of a mining project in Russia alerted Management to develop a new Operation Policy to cover all forms of non-energy related extraction of natural resources (mining policy).” In November 2009 at a workshop in London the EBRD started its preliminary consultations with businesses, consultants and civil society organisations, and expectations were raised that the consultations on draft texts would take place in early 2010.

Come the EBRD’s annual meeting in Zagreb in May 2010, however, we heard that due to the financial crisis and the increased demand for EBRD finances, bank staff was too busy shoveling money out of the door and had thus not managed to finalise the draft of the Mining Operation Policy (MOP). Another year passed, with more assurances that the EBRD’s Natural Resources Department was on the job. Yet at the bank’s Astana annual meeting in May this year there was still no sign of a MOP draft – the justification this time being the Arab Spring and the EBRD’s major new occupation with moving to the North Africa region.

Again we were assured that the MOP was, nonetheless, being urgently prepared, and moreover we saw a new schedule, according to which the MOP draft was supposed to be out by mid-September.

It is not clear what the reason for the ongoing delay is now, but we are being told that the consultations are expected to take place at the end of the year. It may well turn out to be just like the last policy consultation on the PIP, falling inconveniently over the Christmas holiday period.

The MOP is not the only policy that the EBRD has delayed in recent times. This year the bank was supposed to review several policies, namely the Energy Policy (last updated in 2006), the Transport Operations Policy (2005) and the Municipal Environmental Infrastructure Policy (MEI, 2004). During a recent visit to the bank’s London headquarters, we were told not to expect the Energy Policy review before the end of next year, and to date the Transport and MEI policy reviews have not materialised.

In summary, the EBRD seems to be heavily preoccupied with growing geographically and in keeping its lending volumes ticking over, but at the same time it appears not to regard it as a priority to update its policies in order to reflect new circumstances and arising needs and challenges to its operations.

Yet are the EBRD’s policies even worth the paper they are written on when, as with so much else, they are so broad as to allow the bank to invest in almost anything (with the exception of certain egregious categories such as arms and tobacco)?

To ensure credible policy outcomes, Bankwatch proposes two ways to improve the EBRD’s policies:

1. EBRD policy revisions should aim to define clearer and more specific policy goals and priorities – the policies should then exclusively focus on these, rather than producing good justifications for doing business as usual, and for permitting the EBRD’s apparent ‘finger in every pie’ approach. If you’re a bank that is seeking to do the utmost for promoting sustainable energy, why should your energy policy permit simultaneous and substantial investments in fossil fuel projects at a time when even a conservative organisation like the International Energy Agency is warning that a failure to move away from fossil fuels now will prevent our chances to avoid dangerous climate change inside the next five years?

2. The EBRD’s new policies should shift from a market economy focus to a sustainability focus, or at least a balancing of the two. Banking on the competitive advantages of its countries of operations may be the most logical choice in the short term. However, supporting the dependence of resource-rich countries on exports of oil, gas, coal or gold is ultimately exposing resource-rich countries on exports of oil, gas, coal or gold is ultimately exposing them to vulnerabilities related to the fluctuating demand and prices of these commodities, and thus threatening economic instability in the longer term. So if you are a bank promoting sustainable development and diversification of the economy of a country, why should your mining policy permit more than 90 percent of your investments in a country like Mongolia going to support mining?

Ultimately, it can be argued that in a storm, like the deepening economic crisis, that’s where the EBRD’s focus should be – on helping financial institutions and businesses to keep the economy afloat. However, the economy does not exist in a vacuum – and as we have seen, the roots and ongoing momentum of the economic crisis lie exactly in the deficit of democracy, transparency and consideration of critical feedback from taxpayers and electorates.