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"We see none of the money; none today and none tomorrow"

While the EBRD looks forward to providing up to USD 525 million in funding for the Baku-Tbilisi-Ceyhan (BTC) main export oil pipeline connecting the Caspian Sea Coast to the Mediterranean coast of Turkey, the issue of the pipeline's benefit to the local people of the region is still questionable.

The construction of the 1730 km pipeline would cost at least USD 3 billion.

An Inspection Mechanism for the EBRD?

Richard E. Bissell

Nine years ago the Executive Directors of the World Bank took a significant step towards more open governance of the international financial system: the establishment of the independent Inspection Panel to investigate complaints from intended beneficiaries of Bank projects that they had instead been damaged as a result of violations of Bank policies. Today, there are similar proposals that the EBRD should have a comparable inspection mechanism. Is that a good idea, and how would one do it? When I and two colleagues from Costa Rica and Germany were appointed as the first

members of the World Bank Inspection Panel, there was no precedent to follow. Procedures had to be written. Interpretations of the founding resolution had to be made, both in theory and in practice. Stakeholders needed to be contacted. Bank management and staff were given briefings on their responsibilities to share information with the Panel members. A series of cases, from Nepal and India to Brazil and Argentina, molded the practice and perceptions of the Bank Inspection Panel in subsequent years. The resolution was re-interpreted to strengthen the openness and development effectiveness of the Panel. Today, the Panel receives hundreds of inquiries each year, and actually investigates less

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Everything is now in place except the financing: government-to-government agreements, operating agreements, rights of way and tariffs have already been finalised. Supporters argue that BTC and the Baku-Tbilisi-Erzrum Gas pipeline will bring economic prosperity to the region, while British Petroleum Amoco (BP) argues that the project is not economically viable without support from International Financial Institutions (IFIs) and Export-Credit

Agencies. The United States National Energy Policy directly advocates the continuation and expansion of export routes, specifically recommending that the Administration "support the Baku-Tbilisi-Ceyhan oil pipeline as it demonstrates its commercial viability."

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EBRD, IFC and Export Credit Agencies trying to save an economically sick project

An Inspection Mechanism for the EBRD?

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than a handful. The EBRD is quite fortunate in addressing the possibility of an inspection mechanism now, rather than in 1993 as the World Bank did. First, the EBRD can learn from the experiences of the World Bank, the Inter-American Development Bank, the Asian Development Bank, the International Finance Corporation, and the Multilateral Guarantee Investment Authority in establishing and operating their inspection mechanisms. No two mechanisms are identical, and there are thus many lessons to be learned from their experiences.

Secondly, the inspection mechanisms at the other banks have strengthened their common policies on transparency – so essential for public institutions in an increasingly democratic age – and become effective channels for civil society, NGOs, and concerned beneficiaries of bank-financed projects to express their views about projects to the financial institutions. Before the existence of such mechanisms, the public stakeholders could only protest in the streets to get

their views across. Today, inspection mechanisms give the interested public another constructive channel through which to maintain a dialogue with the banks.

Third, inspection mechanisms help multilateral development banks to maintain their mandates as public institutions. In an age when international finance is increasingly dominated by the private sector, it is important for us to remind ourselves of the uniqueness of public financial institutions such as the EBRD. If the EBRD operated in the same manner as a private bank, there would be little reason for it to exist. The public accountability that results from an inspection mechanism is an essential aspect of the *raison d'être* of the EBRD and similar banks. The price of being a public institution, of course, is that public views much be taken into account. If the inspection mechanism is created properly, it will accomplish that purpose.

Fourth, inspection mechanisms encourage better projects with stronger develop-

ment outcomes. In most cases before the World Bank Inspection Panel, the ultimate impact of an investigation was that the project had stronger economic, environmental and social outcomes than before the investigation. Only rarely was a project abandoned as a result of an investigation.

It is impossible to design an inspection mechanism for the EBRD in an abstract fashion. It will be successful only if it results from a broad set of dialogues with all the stakeholders: management, shareholders, civil society, borrowers and investors, and partners in the financial community. But it is none too soon to start – other public financial institutions have instituted this kind of change, have become stronger as a result, and have ideas to share with the EBRD.

Author: Richard E. Bissell was a founding member of the World Bank Inspection Panel from 1994 to 1997, including one year as Chair.

The voice of nature has been heard!

For more than five years, the Kresna gorge in Southwest Bulgaria has been struggling for its existence. The Bulgarian government plans to destroy the natural value of the gorge by constructing the Struma Motorway, part of the N4 Trans European Corridor, through the gorge. But the voice of nature was heard by the Environmental Committee of the European Parliament. The committee, in their opinion on the state of the enlargement negotiations, “expresses concern that the proposed motorway across the Kresna Gorge could severely damage a site which would be protected under EC environmental legislation.”

The territory of the gorge is a future NATURA 2000 site and is currently in the process of being designated a Protected Area. Since the beginning of

the Struma Motorway design process, Bulgarian environmental NGOs have demanded that alternative routes outside the Kresna gorge be designed. In 2000, PHARE Cross Boarder Cooperation granted funds for preliminary design according to EU standards. But only after the active involvement of the European Parliament and the European Commission more than year ago did the consulting company start thinking about alternatives. Unfortunately, the routes outside the gorge were investigated poorly, putting them in a disadvantageous position in comparison with the routes inside the gorge.

Representatives of the Bulgarian Academy of Science and a Bulgarian NGO group, campaigning to save the Kresna gorge, visited Brussels during Green week. A series of meetings with the European Parliament (EP) and European Commission were conducted. The main aim was to inform the decision

makers about the development of the case and to demand that sufficient steps be taken for the protection of the territory. Taking into account the scientific and public arguments, the opinion of the members of the EP also “calls for a full environmental impact assessment of the plan, in line with the Habitats and EIA Directives, and a re-assessment of alternative options which would avoid damage to the site.”

“We would like to thank the Environmental Committee for their understanding and support for saving the biodiversity of Bulgaria. We are starting to feel more positive now about the future of the Kresna gorge site and we hope that the European Parliament will approve the Environmental Committee resolution and will include the full text in the final position on enlargement negotiations,” stated Anelia Stefanova, representative of the NGO group campaigning to save the Kresna gorge.

"We see none of the money; none today and none tomorrow"

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Unfortunately, the construction of pipelines has become, and remains, very much a political issue. And when politics prevail, other matters such as sound economic, competence, technological skills, environmental considerations and especially common sense are often, even usually, swept aside.

The project promoters are trying to convince the people of Azerbaijan and Georgia that oil and gas pipelines, and the prosperity that they claim will come with it, will bring democracy and equity to their societies. However, there is a strong belief, based on the past five years of oil development in the Caspian, that public money will flow directly to the pockets of transnational corporations and governmental officials, rather than to improve the livelihood of ordinary citizens. According to an Azerbaijan oil worker, plenty of money is coming into the country. "But we see none of it; none today and none tomorrow." Furthermore, the design of the pipelines makes it clear that overcoming the energy crisis will rely on the voluntary behaviour of BP, rather than on binding agreements with governments.

The hope that the projects will foster a new emphasis on human rights, pluralism, freedom and democracy and an increased role of the people in decision-making, is also a dubious thing. The statement of the US Department of State that the "government's human rights record remain[s] poor" applies to both Azerbaijan and Georgia. Meanwhile, the transnationals have refused even to be interviewed regarding violations of human and labour rights, suppression of independent media and freedom of speech, harassment of opposition parties and social protesters, and holding of political prisoners or other potentially controversial issues, arguing that they are "in the oil business, not politics."

The people of the region have been out of the decision-making process for years, and they have no power to impact the disbursement of oil revenues. There are strong signs that in the near future they will be locked out of the process even more. When people have difficulty to access even the main documents (Production Sharing agreements, Host Country Agreements) signed by their own governments and ratified by their own Parliaments, no further comment is needed.

From this point of view, it should not be surprising that the project sponsor will only publish the national EIAs and those documents dealing with the cumulative environmental, social and economic project impacts and the economic and political assessment of regional alternatives if they will not be made public.

IFIs themselves have failed to improve the socio-economic conditions in resource-rich countries like Azerbaijan, as well as in transit countries like Georgia, through the transparent allocation of oil revenues to high priority expenditures and diversification of country's economy beyond petroleum. It is already recognised by the IMF and the World Bank that the oil sector itself will not provide a significant share of income or employment for those countries, particularly the poor.

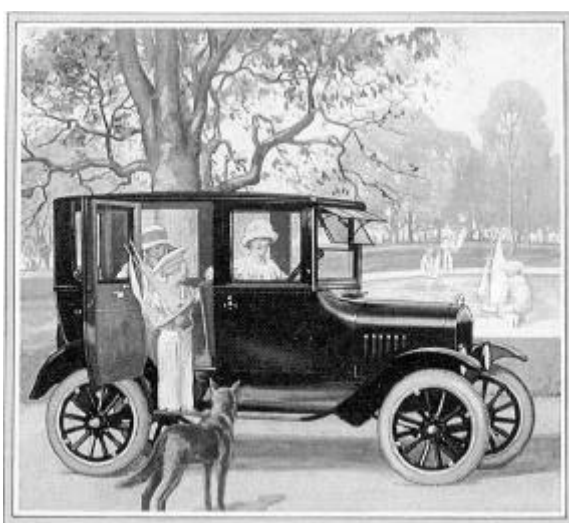
The EBRD, as well as other IFIs, should guarantee the public of the region that the money they will provide will work to benefit the poor population of the region, will not destroy the fragile environment of Caucasus and the livelihood of its people, and will have positive impacts of further development of countries economies. Otherwise, they should clearly detach their support from project.

You know, investors like greenfields...

Czech environmental NGOs, having serious concerns about NEMAK Co., who wants to build an aluminium processing plant in the middle of Czech farmland, are taking their message directly to the project's sponsors. They are urging the European Bank for Reconstruction and Development (EBRD), who is considering a loan for the project, and Ford Motor Company, the parent company of NEMAK, not to invest in the facility unless serious problems connected to the project - its location on agricultural land and the insufficient risk assessment of toxic releases - are solved.

In April 2002, Environmental Law Service, Friends of the Earth Czech Republic and a dozen other environmental NGOs addressed Ford Motor Co., which controls 25% of NEMAK's shares, with an appeal not to allow NEMAK to make a profit from the expected annual output of 1,6 million engine heads at the

expense of the Czech public health and natural environment. Ford has stated that



Ford drives its way to environmental friendliness

it plans to become the world's most environmentally responsible automaker. If the company is serious about this, then accountability shouldn't stop at its own

doorstep. In the NGO letter to Ford CEO W.C. Ford, Jr., it was stressed that Ford's daughter company NEMAK had chosen a project site amidst prime agricultural land

despite the availability of adequate brownfields in the district. "Investors like greenfields. There are brownfields [in the district], but why would we build a factory in the middle of a former coal pit?" NEMAK spokesman Pavel Kucera told the media. "They would have to pave the roads with gold for us to go there."

The influence of NEMAK on the Czech authorities, who are racing to the bottom in their efforts to attract foreign direct investment, can be seen in the fact that the project has continued despite the fact

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EBRD: from Democracy to Uzbekistan



The EBRD was set up in 1990, following the fall of communist regimes in Europe and Central Asia. The EBRD's founding members gave it a mandate to foster the "transition in central and eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics." (Article 1 of the EBRD Charter). But nowadays the Bank seems to have forgotten about democracy and pluralism. The EBRD is proposing that its 2003 Annual General Meeting be held in Tashkent, Uzbekistan - in a country that is recognised by number of international bodies as a country that does not respect multiparty democracy or pluralism. It is clear that the Uzbek Government will use the EBRD AGM to legitimise their behaviour both domestically and internationally. The current political elite, which has its roots in communist times, is well trained in the use of propaganda.

The Uzbek government tightly controls the media through Soviet-style pre-publication censorship. Criticism of government policy, corruption, waste, unemployment, the crackdown against independent Islam, and other topics is not tolerated. Those who print or distribute unsanctioned newspapers or bulletins are subject to heavy criminal penalties.

Since joining the EBRD, the Uzbek government has done everything possible to prevent the emergence of multiparty democracy and has stifled the voices of pluralism. Opposition political parties are banned; their activists and leaders exiled, jailed, harassed, or beaten in Uzbekistan and abroad.

The EBRD is well aware of this situation. The Bank's most recent Country Strategy, adopted in March 2001, noted that economic reforms are slow or stalled and that "[t]he pace of democratic transition is also slow, and serious concerns remain regarding development of genuine multi-party democracy, a pluralistic society and respect for human rights."

For example, eight years after Uzbekistan joined the EBRD, the Organisation for Security and Cooperation in Europe refused to send observers to the 1999 parliamentary elections because they were neither free nor fair. Instead, they featured five pro-government parties that voiced no disagreement with government policies; even President Karimov admitted that he could not tell the difference between them. The sole permitted opposition candidate in the 2000 presidential elections was a public supporter of the president's policies and leadership, and was quot-

ed during the campaign as stating that he intended to vote for the incumbent, President Karimov.

When it joined the EBRD, Uzbekistan committed itself to upholding the rule of law. The most troubling example of the government's failure in this respect is the widespread use of torture throughout the Uzbek criminal justice system. In a December 2000 report, Human Rights Watch documented dozens of cases of torture and fifteen deaths in custody that apparently resulted from torture.

The situation in Uzbekistan has led over 40 NGOs from 20 countries to send a letter to the EBRD President with a request that the venue for the 2003 EBRD AGM be changed unless the Uzbek government makes substantial progress towards fulfilling the principles of Article 1 of the EBRD Charter. The current plan to hold the 2003 Annual Meeting in Tashkent would undermine the efforts of those within Uzbekistan and the international community who have been seeking to send a coordinated message to the Uzbek government about the urgent need to abandon authoritarian practices and uphold the rule of law.

On the night of April 14, 2002, a group of policemen and close to forty unidentified men in civilian dress burst into the Usmonov household, searched the premises and, though they found no illicit materials, took Musharraf Usmonova to an undisclosed location. For seven days police refused to inform her relatives of her whereabouts or even confirm that she had been detained. Usmonova's "disappearance" ended on April 22, the day that the judge in the Uzakova case announced Usmonova's upcoming trial, and when her lawyer finally learned of her whereabouts.

The authorities continue to deny Usmonova access to her lawyer, and her conditions in custody are not known. "It's hard to imagine a more dangerous situation for Usmonova," said Andersen. "There's a real threat of torture during pretrial custody in Uzbekistan, particularly when the detainee is held incommunicado."

Five of Musharraf Usmonova's children (ranging in age from four to sixteen) were detained into the evening following their participation in a protest on April 23.

Usmonova's family has been devastated by the official crackdown on independent Islam. In June 1999, police detained and tortured to death Usmonova's husband, Farkhod, the son of a well-known imam. Also in June 1999, Usmonova's then seventeen-year-old son was arrested and sentenced to six years in prison for "anti-state activities;" he was later released. Farkhod Usmonov's youngest brother, Muhammadjon, was sentenced to eleven years in prison, for alleged possession of a religious magazine; he was also released. Usmonov's brother Ravkhat was sentenced to fourteen years on a variety of charges related to alleged religious and "anti-state" activity. Usmonova's brothers, Shukrullo and Faizullo Agzamov, were sentenced to seven and seventeen years in prison, respectively. Abdukarim Rashidov, also a relative, was sentenced to eleven years.

Source: Human Rights Watch

Our tranquillity will be eternally lost: local citizens fight against Skopje Bypass route

In an effort to preserve their communities, citizens from Volkovo and Orman, two villages near Skopje, Macedonia, have organised themselves against the proposed route of a highway Bypass of Skopje. The citizens are highly concerned that construction of the Bypass, whose proposed route would pass between the two villages, will break apart these two communities which effectively live as one, in addition to damaging important local sites.

The state owned company, the Fund for National and Regional Roads, has proposed the construction of a Skopje Bypass with the purpose of decreasing the heavy amount of transport in the town and to reduce pollution. The state has requested a loan from the European Bank for Reconstruction and Development (EBRD) of EUR 25 million and is willing to ask for more since the total financial support for the project has not yet been finalised. The EBRD has conducted a study on the economic justification of the project and seems likely to approve support for the road.

The residents of Volkovo and Orman have formed an Initiative Board to combat construction of the Bypass, as currently proposed. The President of the Initiative Board, Mr. Dragoljub Ristovski states, "This bypass will not contribute to our economic growth as Project Sponsor says. On the contrary, as we have witnessed before,

it will only bring pollution and trouble and financial problems for the locally affected people and their environment."

Less than 20 meters from the proposed route stands a water reservoir which holds drinking water for the people of Volkovo and is connected to the Skopje water supply system. The community itself built the reservoir and is worried that construction could cause physical damage to the reservoir, and that pollution from the highway could contaminate the water. The President of the community of Volkovo, Mr. Dragomir Panovski says, "We all personally paid for this reservoir and that means it is ours. We cannot afford to allow anything to happen to it because it would not only leave 15 000 citizens without water but would also affect the entire city of Skopje."

The local church and cemetery are located less than 10 meters from the proposed route of the highway. The graveyard would be crossed by the highway bypass and the small space currently used for burials would be decreased even further. States Igor Pacovski, a local priest, "The construction of this road across our cemetery and its operation afterwards will prevent the Church from performing daily ceremonies and the holy peace and tranquillity will be eternally lost by the terrible and unbearable noise."

From an economic standpoint, the pro-

posed route of the highway would destroy much of the agricultural land which the local people use for production. The people are financially dependent on this land because they make their living by selling the food which is grown there. In this area from the total amount of land which will be used for construction of the bypass, 40% will represent first class land and 28% will be other agricultural land.

In 2001 the local people of Volkovo and Orman proposed a different route which would use state owned land, away from critical local sites. In response, Mr. Naste Spasovski from the Fund stated, "We appreciate all of your concerns and we will do our best to mitigate the negative impacts during construction. But we will not change this route." This determination to not change the route has frustrated the local population. It is therefore up to the EBRD to insure that alternatives are studied and that the projects which it funds do not do more harm than good.

If the Fund for National and Regional Roads receives the loan from EBRD for the Bypass, the citizens of Macedonia will be the ones to pay it back through taxes. If they must pay back the loan, then they have the full right to ask for a Bypass which would be suitable and would bring no harm to their lives or environment. For that reason EBRD should suggest to the Fund for National and Regional Roads that this route be changed immediately. Or the bank should not finance this project at all.

You know, investors like greenfields...

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that the Czech Farmland Protection Act forbids siting industry on greenfields; the Ministry of Environment can issue exceptions, but only when such siting is best environmentally. In the case of NEMAK, however, the Ministry stated that its decision was based on its assessment of the project's expected economic/social benefits.

NGOs have lobbied the EBRD regarding the project's violation of the Bank's Environmental procedures: lack of public participation and toxic risk assessment in the project. The EBRD recently sent a mission to the project site to hear the arguments of both sides. Although the mission itself was a good move, an expert from Environmental Law Service, who accompanied the bankers during their visit, remains cautious: "The Banks' representatives didn't seem very interested in our arguments about

NEMAK violating Czech legislation. Nevertheless, the poor quality of the EIA process was recognised by the Bank and we expect its experts might require new consideration before putting the project into the pipeline."

It is up to Ford Motor Co. as well to back up their claims of environmental friendliness and insure that one of their subsidiaries doesn't contaminate fertile land simply because its managers prefer a nice green surrounding for their work.

EBRD in the Slovak Republic: ambiguity leading to unsustainability?

The EBRD, according to its mandate and environmental policies, aims to "promote in the full range of its activities environmentally sound and sustainable development" and "help to strengthen demand for environmental goods and services." Using some of the Bank's activities as examples, we will examine how the bank implements these principles in the Slovak Republic.

The Bohunice International Decommissioning Support Fund, a European Commission initiative that the EBRD administers, is one activity worth appreciating. The V1 Nuclear power plant in Bohunice will never be able to be upgraded to the necessary safety standards and therefore the plant should be decommissioned as soon as possible. Although the present Slovak government, in its energy strategy, finally ceased to support the use of nuclear energy, official representatives (as a result of pressure from those who would like to see V1 conserved and later re-commissioned) asked the EBRD to replace the term "decommissioning" in the text of the agreement with the term "shut down." Surprisingly, on the 22nd of October, 2001, the speaker of the Ministry of Economy, P. Bencurik, announced on Radio Free Europe that "based on the preparatory consultations, the EBRD has agreed to omit the term "decommissioning" from the preamble of the agreement." It is worth mentioning that in the first half of the 90s, the EBRD attempted to support the completion of two units of the Nuclear Power Plant in

Mochovce, until the Slovak side withdrew the proposal under growing pressure from domestic and international civil society in 1995.

Should the old and dangerous nuclear power plant in Bohunice be decommissioned as planned, but under the conditions that no or only a few low-capacity new plants would be built, then the energy needs in Slovakia would have to decrease substantially. But in reality we are seeing just the opposite. The Slovalco company (according to the EBRD, one of its best investments) is expanding its extremely electrical energy-demanding aluminium production by approximately 40%. This expansion, as the majority of the aluminium is produced for export, will significantly deepen the dependence of the company on the unstable international aluminium market and indirectly on the unstable international car market. Expansion will also result in the increased dependence of the region on one single company and will increase the country's electrical energy needs substantially. But how does Slovakia cope with its electricity demands? At present, more than 50% of electricity is produced in nuclear power plants and the vast majority of the rest in either old coal plants or in huge dam hydroelectric plants that have caused a lot of environmental damage and have displaced many people from their homes. The country is now dependent on fossil fuels and on the import of nuclear fuel from Russia more than ever.

The Slovak monopoly Slovenske elektrarne (SE) is producing electricity at rather high costs and has had continuous financial problems (thanks in part to large loans that it took out to develop its nuclear program). The EBRD, being aware of this fact, on the one hand provided SE with the loan, but on the other hand secured the loan by a long-term contract between SE and Slovalco about electricity purchase under the special conditions. The necessity to fulfil this commitment (to provide Slovalco with electricity at a low price) will place SE in front of another problem and it would be quite natural if the company would insist on the prolonged operation of the nuclear power plant in Bohunice which produces electricity at significantly lower costs than all of the other plants (thanks to ignorance of any externalities). This would knit up the "miracle circle," a way out of which is always extremely difficult to find.

In Slovakia, the EBRD performs various activities, of which its support for medium and small enterprises particularly bear the signs of sustainability. But on the other side are the activities just described - activities that deepen the region's dependence on one company, a company which is by its nature environmentally unfriendly and also dependent on unstable international aluminium and car markets. And as the same company is the main electricity consumer in the country, the whole situation is helping to prolong the operation of the nuclear power plant that we would all like to see decommissioned.

World Bank Extractive Industry Consultation planned for June

World Bank President James Wolfensohn, during the World Bank Annual Meeting in Prague, managed to surprise his staff. At a meeting with NGOs he suggested that the Bank should organise a review of its involvement in the Oil, Mining and Gas sector. It was a reaction to the NGOs' campaigns which were able to show that the World Bank has concentrated on helping large transitional corporations,

instead of people in developing countries. There is evidence that the industry has large environmental and health impacts (climate change being one of these), and does not lead to poverty eradication, as the World Bank has claimed.

A year later, in July 2001, the Extractive Industry Review process was begun. Under the leadership of Eminent

Person Emil Salim, the process will provide recommendations to the World Bank about its work in this industrial sector. As part of the process, regional consultations are being held in Latin America, Europe and Central Asia, Africa and Asia.

The Europe and Central Asia Consultation is scheduled for June 19-21. On June 18th there will be a testimony session where the citizens, affected communities and NGOs can share their experiences with World Bank projects and operations.

Waving fists after a scuffle

At the end of February Lithuanian President Valdas Adamkus - who earlier in his career worked as an administrator for the U.S. Environmental Protection Agency - said his country could not meet a 2009 deadline to shut down the second unit of the Ignalina nuclear power plant. "We shouldn't yield to any unilateral pressure of the European Union. We shouldn't commit ourselves on any dates of decommissioning of Ignalina NPP... I appreciate nuclear energy as a clean energy of the future and in this field Lithuania should have just the same opportunities to use it as other countries of the world," said Mr. Adamkus during a press conference. The CEE Bankwatch Network group Lithuanian Green Movement (LGM) in their statement commented that efforts to refuse the proposed 2009 shut-down date amounted to the waving of fists after a scuffle.

Lithuania's commitments to shut down two non-upgradeable nuclear reactors at the earliest possible time have been set in different international documents since 1994. Recently, however, members of various parties in the Parliament have initiated changes of the National energy strategy and are seeking to postpone the early closure of unit two at Ignalina Nuclear power plant.

Lithuania signed a Nuclear Safety Account (NSA) Grant Agreement with the European Bank for Reconstruction and Development (EBRD) in 1994, committing itself not to extend the lifetime of two Chernobyl-type nuclear units. Agenda 2000 called upon applicant countries which were operating unsafe nuclear reactors to close them at the earliest possible dates. In 1997, the European Commission stated that fulfillment of the commitments made by the NSA Agreement is a principal condition for Lithuania to start negotiations for accession. The Accession Partnership for Lithuania, signed in March 1998, requires that a decommissioning plan for Ignalina should be established according to the commitments made in the NSA Agreement. In 1999, the European Parliament called on Lithuania to comply with its commitment under the NSA Agreement.

At the end of 1999, the EU welcomed Lithuania's self-determination on closure of unit one and in December invited to the

country to begin negotiations on accession. During the subsequent discussions, Lithuania's determination of the date of closure of unit two was bound with the negotiations on energy chapter, foreseen for mid-2002.

However, in the beginning of 2002, instead of keeping within their earlier commitments, Lithuanian politicians started to look for an extension of the lifetime of the Ignalina plant until the year 2017 or later. Moreover, a few popular politicians started to use "nuclear card" for the upcoming pres-

strong initiative to extend the lifetime of nuclear power in Lithuania among political parties and in governmental institutions.

Lithuanian Green Movement welcomes the efforts of the EU to shut down unsafe nuclear units in the region and urges all political parties and governmental institutions in Lithuania not to act like the heroes of the famous Russian fable, interpreted by Krylov (Swan, Crayfish and Pike all pulling a cart in different directions), but to find a common solution and demonstrate for the whole region a democratic, transparent and well done decommissioning of nuclear units.



Protest in front of Ignalina

idential election campaign, which was strongly criticized by LGM. "According to our estimation, the continuous incitement of candidates 'not to yield to EU pressure' and 'look for beneficial solutions for Lithuania' can be considered to be only a cheap pre-election trick," LGM declared in a statement.

The Danish Prime Minister (Denmark will take over the EU presidency in the second half of 2002) Anders Fogh-Rasmussen, visiting the country at the end of February, said Lithuania must close the Ignalina power plant by the year 2009 if it wants to end negotiations with EU as planned in December and stay on track to join the bloc in 2004. "A firm date on the closure of the Ignalina nuclear plant is crucial for a positive outcome of Lithuania's negotiations," Rasmussen said. Other EU politicians have several times declared exactly the same position. Despite this, there is still a very

Award for NEMAK Media Representative

In April, Pavel Kucera, the media representative of NEMAK Europe was awarded 2nd place in the "Green Pearl 2001" contest in the Czech Republic. "Green Pearl" is an annual competition in the Czech Republic for anti-environmental statements, and is awarded by a board of environmental experts and NGOs. Kucera's second prize award was given for the statement "... it is not important what is going out of the chimney, but what the regional public health officer says." The EBRD is currently assessing the possibility of giving a loan to NEMAK for the construction of an aluminium plant in the Czech Republic. At least once the company is being honest about their approach to environment.

New Publications:

Decade of Independence, Effects of Economic liberalization in Georgia

Published by Green Alternative and Friends of the Earth (May 2002)

The study aims to analyze undergoing reforms in Georgia, implemented by International Financial Institutions (IFI) and the Georgian Government. The study also evaluates how the Georgian population has benefited from the rapid integration into global economy systems, especially in the fields of agriculture, energy and environment, which have experienced the most significant transformation. The report lists recommendations and actions needed to be executed. It concludes that the main precondition to improving the socio-economic situation of Georgia is wide-ranging stakeholders' involvement in the decision-making process, public control over the financial mechanisms and incorporation of the principles environmental protection as one of the key macro-economic policy areas.

www.greenalt.wanex.net/report%20final.pdf

Pocketing Caspian Black Gold: Who are the Real Beneficiaries of Oil Infrastructure Development in Georgia and Azerbaijan

The report raises doubts that oil development projects will bring prosperity to ordinary people in Georgia and Azerbaijan, the majority of whom live far below the poverty line. Instead, the real beneficiaries of oil development are more likely to be Transnationals, Multilateral Development Banks (MDBs), Export Credit Agencies (ECAs) and some high-level governmental

officials. The Caucasus and Central Asia were a hotbed of corruption and nepotism during the Soviet era – a trend that has continued even as the region has become the energy industry's most promising frontier. While the presidents of republics are signing new oil deals worth billions of dollars, there is a confident belief, already evidenced by several facts, that this wealth will not be shared. According to an Azerbaijan oil worker, plenty of money is coming into the country. "But we see none of it; none today and none tomorrow." So far, people's lives have not been improved by the oil boom. While the benefits for the local population are almost zero, those same natural resources that offer "great economic potential for the region" also have great potential to play a main role in the further destruction of livelihoods and the environment.

www.bankwatch.org/downloads/oilrevenues.pdf

Sustainable Theory – Unsustainable Practice.

(Billions for Sustainability? - 3rd briefing, April 2002)

While EU pre-accession funds were intended to be a learning process for candidate countries for the future utilisation of structural and cohesion funds, it seems that the investments themselves have become the most important aspect of the process. This report, the third briefing by CEE Bankwatch Network and Friends of the Earth Europe in the "Billions for Sustainability?" project, poses the question: is the spending of money the ultimate goal of the pre-accession funds? Studies in the report, written by environmental NGOs in candidate countries, point to major deficiencies in the implementation of pre-accession funds. Changes are needed to

improve the implementation of pre-accession funds and future utilisation of structural and cohesion funds. None of this can happen, however, without a serious commitment by the candidate countries and the EU towards sustainable development and democracy.

www.bankwatch.org/downloads/billions3-susttheory.pdf

Mountains of Gold: Kumtor Gold Mine in Kyrgyz Republic

The mining sector was considered to have a great potential for boosting economic development in Kyrgyz Republic after the collapse of the Soviet Union. Both International Financial Institutions and the Kyrgyz Government assumed that gold exploration would bring economic benefits to the country's declining economy. However, the use of heavy machinery, ex-mining sites, tailings and toxic substances in the mining process are just some of the problems that a country has to face in calculating the total cost of a mining operation.

The Kumtor gold mine showed again all the weaknesses and risks associated with the mining sector. This study points out the weaknesses of the environmental management system and vague monitoring of the company's performance. In Kyrgyz Republic, environmental policies of the IFIs have proven to be inefficient in the ongoing monitoring of lending projects.

www.bankwatch.org/downloads/kumtor-gold.pdf

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