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## Conference Billions for Sustainability?

On November 25 and 26, the CEE Bankwatch Network and Friends of the Earth International will host a conference titled "How can we do it better - lessons learned from the use of pre-accession funds." The conference will review the results of our three-year Billions for Sustainability projects, in which we tracked the use of the European's pre-accession funds in eight candidate countries.

By their nature these funds also shape the future of the transport, environment and agricultural sectors in the CEE countries. Sustainable development, transparency and public involvement are therefore very important factors in their implementation. A new publication, to be presented at the conference, summarises eight case studies and outlines problems in public participation, corruption, and

environmental impacts.

The conference will present these issues to representatives of environmental groups, parliamentarians and EU officials from particular Directorates such as DG Environment, DG Enlargement, DG Regional Development, DG Agriculture and DG Transport, as well as national officials from the accession countries who will share their experiences. We will also develop proposals for improving structural and cohesion funds to be more transparent and more in line with sustainable development ideas, to shape future aid for the new EU members and their civil societies.

The conference will be preceded by a training for NGOs on pre-accession funds on Sunday the 24th of November.

## EIB Finances, Environment Pays the Price!

On November 7, the European Investment Bank held its 8th EIB Forum, titled "Countdown to enlargement - a practical perspective." CEE Bankwatch Network, GLOBAL 2000 (Austria) and Friends of the Earth organised a demonstration in front of the Intercontinental Hotel in order to call attention to the negative impact of previous EIB loans in the enlargement countries.

We had more than 20 people holding banner saying, "The EIB finances, the environment pays the price!" and colourful posters depicting 'facts and fictions' about the EIB.

One of our members participated in the EIB press conference and asked about preparations for new membership and possible reforms. The EIB spokesperson answered that some structural preparation are being made, and that 20 staff from CEE countries



have been employed. Meanwhile, outside in the freezing Vienna cold, activists presented information about EIB-funded projects to forum attendees.

## **A Fairy Tale for a Modern Airport**

What happens when an airport is situated inside a capital city, the closest houses are 200 meters away, the number of residents exposed to excessive noise levels is 235 000, and aircraft fly over people's heads every day? According to the Bulgarian authorities and International Financial Institutions the rational answer is to expand such an airport.

### **Once upon a time...**

The Bulgarian authorities have considered reconstruction and expansion of Sofia airport a priority since 1996, claiming that an expanded airport will help Sofia become a modern city and important transport centre in the Balkans. Apparently, the Bulgarian government places this priority above people's health, safety, the right to a peaceful night's sleep, and nature protection. Ever since the final Environmental Impact Assessment was completed in 2000 and approved with 20 conditions (terms) added by the Bulgarian Ministry of Environment and Waters, local NGOs and those municipalities nearest to the airport have questioned the quality of this EIA report.

The Bulgarian authorities refuse to designate the NGOs an interested party in the dispute and the municipalities have been given promises that were never fulfilled. The project was such an important priority that the European Investment Bank approved a loan of EUR 60 million in September 1997 before a concrete plan was even drawn up. The project was so urgent that there was no time for developing the alternatives required by both European and Bulgarian legislation.

But the money kept coming. In June 1998, EUR 40 million came from the Kuwait Fund for Arab Economic Development. Then Phare granted EUR 7,6 million for technical assistance in project planning, design and supervision, and for management of the airport. Still, no concrete project existed.

The grant covered only the design of a new passenger terminal and a new

runway. The total project cost was estimated at EUR 184 million. The development of the project continued at low speed until a new financial supplement from the EU was secured. In April 2000 the ISPA program approved a grant of EUR 50 million for the project. At that time, the plans were still in the design process and a final EIA had not been completed. The EIA reports showed that the project plans did not include any plans for meeting environmental standards, which led to underestimating the project price.

### **One step forward, two steps backward**

In fact, an EIA for the operations of Sofia Airport as a whole was never done. The existing two EIA reports assess the new runway and the new terminal separately. Thus, it is impossible to show the cumulative and real impact of the project on human health and the environment.

The NGO Za Zemiata (For the Earth) addressed letters to the responsible European institutions - EIB and European Commission - expressing our concerns that the EIA reports do not fulfil the EU acquis and the Bulgarian legislation on EIA. We were assured by Mr. Peter Carter, on the behalf of the EIB, that the Bank strictly monitors the development of the project to meet EU environmental standards, and he politely advised us to continue our efforts to ensure that our concerns were taken into account by the Bulgarian authorities. At the same time, Mr. Michel Barnier, on the behalf of the European Commission, stated that all public concerns were incorporated in the development consent procedure.

Following the advice of Mr. Carter, we asked the airport administration to submit to us all the documents that they had already sent to the European institutions. What we received was a ten-page non-technical summary of the EIA report for the new terminal and a ten-page non-technical summary for the new runway.

The European institutions made their decisions based on these sub-standard documents, and still claim that the project meets all European standards

and has no negative effect on the public and the environment.

As an amendment to the EIA report, a separate study was conducted of the health risks and possible noise abatement measures for people living in a specially determined Public Safety Zone around the airport. It notes that the experts cannot assess the real health risk because there is no EIA on the airport as a whole. According to the report, the assessment of the health risk is based on indirect criteria. The experts state that "the determination of this Public Safety Zone can be possible only if an EIA report for all airport facilities exists, because this is the only way to assess the cumulative effect of all real and potential factors on public health."

Meanwhile, the Bulgarian authorities claim that public participation is a major part of project development and implementation. The Ministry of Environment and Water, in its ruling on the EIA, requires public participation in each stage of project implementation. In practice, we have seen exactly the opposite - NGOs are excluded from the project activities and local people are guaranteed no access to documents.

### **Spending or wasting European money?**

So far, the modernisation of the existing terminal has already been completed. According to independent experts, the current runway fully satisfies passenger demand. The economic benefits of an expanded Sofia Airport as the centre of the Balkan peninsula is further called into question by the opening in Athens, Greece, of a new and modern airport serving ten million passengers a year.

Bearing this in mind, and considering the fact that the existing airport already poses numerous unresolved problems such as its proximity to homes, noise pollution for thousands of people, night flights and aircraft flying over the city (both prohibited) and public safety, how reasonable is it to expand such a facility? These and many other issues remain unsolved. The saga of the airport seems, unsurprisingly, to be a never-ending story.

## EU Transport Aid in the Czech Republic - Mixing Local and Brussels-Based Contradictions



The Czech Republic, the westernmost of EU candidate countries, is at the moment intensively involved in preparations leading up to the use of EU structural and cohesion funds. At this pre-accession stage, however, there all too often is a gap between words and deeds, especially when it comes to environmentally sound economics and environmental protection.

Of the pre-accession funds, the experience with ISPA (Instrument for Structural Policies for Pre-Accession Aid) most visibly shows the contradictions between theory and practice. In each accession country, ISPA funds are divided equally between the transport and environmental sectors. In the Czech Republic, the environmental half is going to address the country's wastewater treatment needs, while the transport half is for the extension of the Trans-European Network in both the rail and road sectors.

The transportation projects, however, may end up harming the environment, thus effectively offsetting any good presumably done by the environmental projects. The most famous example is the highly controversial D8 motorway between Prague and Dresden. The D8 has long been an issue of contention because part is to be planned to run through the protected area of the

Ceské Středohoří mountains and eastern Krusné Hory Nature Park. Because the latter may be included in the NATURA 2000 network, the EC must decide now whether ISPA should support the project. A decision not to fund could send an important signal to the Czech authorities that Brussels does not support poorly designed projects. A yes vote would reinforce the sad heritage of the past: Czech authorities' and road builders' ignorance to the environmental impacts of their plans.

Ironically, even that half of ISPA funds dedicated to the environment is not without problems. It is difficult to argue against clean water; in fact, the problem itself does not lie with wastewater plants as such, but in the kind of wastewater projects implemented. Although sometimes small-scale projects would be better suited, EU funding still tends to favour large-scale projects. With a minimum budget for ISPA proposals at five million Euros, smaller projects are overlooked.

### Will the "Shift from Roads" Strategy Start Another EU-supported Madness?

Another new problem may be lurking on the horizon. There is talk of shifting money from roads and motorways

to more "environmentally friendly" means of transport such as waterways. This, in and of itself, appears to be a good thing - currently the bulk of EU money is put into motorway construction, both through ISPA and co-financing by the European Investment Bank. However, nobody has stopped to consider the environmental consequences of dredging, digging, and canalising - or whether such measures are even needed since it may be easier to limit or decrease the volume of transported materials.

Considering the massive damage inflicted by the 2002 floods - which were caused to no small extent by the Czech landscape's heavily degraded water-retention abilities - plans to alter Czech waterways seem foolish. Unfortunately, the EU does not see it this way. For many years now, the construction lobby has tried to push through plans for a Danube-Oder-Elbe waterway. Czech territory is absolutely crucial for such a project, which would require an immense amount of digging and paving in both natural areas (including potential parts of NATURA 2000) as well as places where the Morava (a tributary of the Danube) and Elbe rivers have already been seriously altered.

The project's economic background raises serious doubts, as it seems that it might end up draining both national and EU public money without bringing any benefit. No wonder, then, that technical experts working for the Danube-Oder-Elbe promoter are ready to put anything in the project documentation to make it look technically viable. Still, the representative of the EU Delegation in Prague has said that projects such as the Danube-Oder-Elbe are very likely to receive EU financing because the EU is now singing the praises of non-road transport. Without first taking into consideration potential negative effects on natural waterways and the landscape's water-retention abilities, however, support for such projects should not be rushed into.

Definitely, there is a long way ahead if the EU is to harmonise its financial mechanisms with the needs of the environment and to address also the hoped-for shift to a greener economy.

## Join Active Bankwatchers!



At the end of September, the CEE Bankwatch Network launched a new website, Active Bankwatchers, with the aim of increasing co-operation with

people and groups outside of Central and Eastern Europe. We especially hope to actively involve activists and environmentally-minded people in Western Europe and North America. Why? First, these countries have the most voting power in the financial institutions we follow and second, when their citizens petition decision-makers (elected representatives or bank board members), we can be more effective in promoting reform and sustainable development.

We focus especially on Western Europe since many of our members will soon be in the European Union and we want to match the political integration process with integration on the civic sector level. The Active Bankwatchers website will increase our contacts with NGOs and ordinary citizens with whom we will soon share a common European identity.

We will use the site to alert our Active Bankwatchers about our ongoing campaigns. They will receive monthly or twice-monthly action alerts with information about one of our focus issues and instructions on what they can do to help. For instance, we may send sample letters to send, email or fax to bank directors, European Union representatives, or politicians from their home country.

The project is being advertised through announcements in NGO newsletters, web banners, and on our home page. And through the word of mouth of fellow environmentalists. Sign up, and tell your friends. [active.bankwatch.org](http://active.bankwatch.org)

## EBRD Invites Public Comments

The EBRD has invited public comment on three important draft documents - its Public Information Policy, its Environmental Policy, and a proposed Independent Recourse Mechanism. The Public Information Policy and Environmental Policy are currently being revised, and we encourage everyone to submit their comments. The proposed Independent Recourse Mechanism would be for people adversely affected by EBRD-financed projects to appeal to the EBRD. All three documents are posted on the EBRD website ([www.ebrd.com](http://www.ebrd.com)). Members of the public can comment on the drafts until December 6.

Following the comment period, the Board of Directors will receive a summary of the comments, along with staff responses, before making its final decision on each document. The final approved versions of the documents will be posted on the website, along with the summary of public comments and staff responses. Comments can be submitted by e-mail. If you have comments on more than one document, please send a separate e-mail for each document to the following addresses:

Public Information Policy Review: [PIP@ebrd.com](mailto:PIP@ebrd.com)  
Environmental Policy Review: [EPR@ebrd.com](mailto:EPR@ebrd.com)  
Independent Recourse Mechanism: [IRM@ebrd.com](mailto:IRM@ebrd.com)

For further information regarding the comment process, please contact Doina Caloianu, the EBRD's Manager of Outreach and NGO Relations at [ngo@ebrd.com](mailto:ngo@ebrd.com).

## World Bank Rejects Controversial Gold Mine Project

The IFC has announced that it will not fund the Rosia Montana gold mine project (see Bankwatch Mail 15). World Bank President James Wolfensohn, in what the Wall Street Journal called an 'unusual intervention', directed IFC Executive Vice President Peter Woicke to drop loan negotiations during the World Bank's annual meeting in Washington, DC. An unnamed bank official cited by the Journal stated that this was "an example of how we're seeking to have an open dialogue with all our development partners."

Later, the World Bank seemed to back-pedal; whereas it had first claimed that its decision was based on social and environmental factors, it now stated that "we chose not to proceed because they [Gabriel Resources] had private finance available for the project, which we are not allowed to compete against, and also they wanted to proceed more quickly than we were able to."

Although World Bank withdrawal of a possible USD 100 million loan is a victory for environmentalists, the project is far from defeated. Canadian-based Gabriel Resources, the main project partner, says it will go ahead with private financing.

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CEE Banwatch Network is an international NGO network with members in 12 countries of the CEE and CIS region. The Network monitors the activities of International Financial Institutions.

### Bankwatch Mail

Issue 16, November 2002

### Electronic version:

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