

## Table of Contents

Editor s note	1
Language apartheid	1
EBRD helps Kuchma through K2/R4 loan	1
Bratislava road bridge, Slovakia	2
No funds for public transport	3
Motorway through protected area	3
IFIs eager to support unsustainable projects in Latvia?	4
Espoo Convention - Tenth birthday	4
New study on IFIs in Russian oil sector	4

## Language apartheid

Over the last ten years EBRD has wanted to be seen as the “catalyst for transition” toward economic and political democracy in Central and Eastern Europe (CEE) and former Soviet Union (fSU) countries. In reality, however, the actions of EBRD have not matched its rhetoric. Surprising for the beginning of the 21st century, people in Eastern Europe still need to argue with the Bank for the provision of public consultation documents in their national languages. Even more surprising, the EBRD President has still not made the commitment to change this discriminatory practice.

Eastern European citizens as well as non-governmental organizations already demanded a change in this unfair policy during last year’s consultations on the new Public Information Policy. The EBRD Board approved only the voluntary release of the full environmental documentation (Environmental Impact Assessment - EIA) and the executive summary in national languages.

*Continued on page 2*

## Editor s note

*The EBRD is celebrating its ten anniversary. Do people in Eastern Europe — client countries as the Bank calls them — have reason to celebrate as well?*

The EBRD first appeared in the region when we learned that the Bank spent more on building its marble castle in London than on funding for Eastern Europe. Familiar with the habit of our formal Communist leaders, this practice was not a big shock.

Since then, the EBRD financed a number of projects in Eastern Europe, some of them very positive. However, a lot of them had negative impacts on people’s lives, social standards and the environment. The Nuclear Safety Account, which sought to close down some of the most dangerous nuclear reactors, failed to close even a single one. Oil projects in Caspian Sea lead to the reduction of environmental standards, while a gold mine project in Kyrgyzstan saw hundreds of people poisoned by cyanide.

Where is the EBRD now? It is an institution that largely ignores the interests of the public in “client countries”, supporting oil, nuclear or other lobbies instead. The EBRD revealed its total ignorance in last year when it gave a USD 215 million gift to Ukrainian President Kuchma as a loan for two nuclear reactors that are neither needed nor economically viable. The EBRD disregarded the fact that the project was supported by only 9% of the Ukrainian people.

It should come as little surprise that the EBRD finances so many poor projects. From their ivory tower its members do not want to speak with the people — documents for public consultations on projects are sent in English rather than in local languages. But it is surprising that the EU and USA representatives do not require the same standards on the access to information which are common in their own countries. The new president should make it a key goal that loans reflect the real needs of the common people in Eastern Europe.

## EBRD helps Kuchma through K2/R4 loan

In December of last year, the European Bank for Reconstruction and Development (EBRD) approved a loan for the completion of two nuclear reactors in Ukraine. The loan was approved in spite of large concerns raised by the public and by experts on the reactors’ safety, bankability, and economic and environmental deficiencies.

In January this year, another controversial event occurred when the Ukrainian president, Leonid Kuchma, dismissed the Vice-Prime Minister, Yulia Tymoshenko, who was arrested on corruption charges and jailed for six weeks. At first thought, these two events do not seem related. However, the

reason for Tymoshenko’s dismissal was her active role in an opposition movement against Kuchma since he has allegedly been connected to the death of a critical journalist. Additionally, by attempting to bring order to the Ukrainian energy sector, Yulia Tymoshenko was noticed by oligarches from the president’s circle. Since her service as “energy” Vice Prime Minister, real progress improving electricity payments in Ukraine was achieved. However, such progress decreased the incomes of various intermediaries benefitting from the out of control situation.

*Continued on page 2*

*Continued from page 1*

## Bratislava road bridge, Slovakia

The importance of this issue is not only recognized by citizens and organizations; Pavel Misiga, advisor to the state secretary, Slovak Ministry of Environment, wrote: "Environmental statements for investment projects should be made available in national languages; otherwise a large number of affected people will be excluded from the consultation process. Not providing the statements in national languages is violating the spirit of Environmental Impact Assessment."

Of course in a number of problematic cases the project sponsor refused to release the documentation because of fear of public reaction. When Frontera wanted to release the oil extraction project in Georgia and Azerbaijan, they not only refused to provide documentation in a language other than English, but they were also late in providing the executive summary, which is obligatory by the EBRD. Manana Kochladze from Green Alternative in Georgia commented: "I wonder what the French government would say to president Lemierre if the EBRD would release environmental documentation printed in the Georgian language for a project in France."

Language is not the only problematic issue in the Public Information Policy. The Bank should also stop the out-dated practice of differing lengths of consultation for public and private sector projects.

The EBRD should use the revision process, which was announced to be completed in the middle of this year, to change this obsolete policy and allow for documents that will truly serve the needs of the people in Eastern Europe in 21<sup>st</sup> century.

Late last year, the EBRD and EIB announced their joint venture in financing the construction of a road bridge (Kosicka bridge) in Bratislava, Slovakia. This project was first contrived decades ago as an element of the urban transport scheme in Bratislava. It will be the fifth bridge in Bratislava, crossing the Danube on the northern side of the city. Originally, the project was to be funded primarily by the European banks, with the EBRD and EIB contributing equal shares and the remaining one-fourth of the funding coming from local banks.

A closer look at the project reveals several, severe problems related to the environment and community that have been overlooked by the EBRD and EIB. The construction of Kosicka bridge will destroy hundreds of trees in the area, demolish a small park, increase noise beyond regulated levels, impair the safety of some 1,300 children attending the schools located on an intersection which will be affected by increased traffic, and cause additional environmental and social effects that are unacceptable to residents in the community.

Despite the impacts the bridge will have on the lives of local residents, public participation in the development of project has been limited. The EBRD has withheld vital environmental documents including the Environmental Analysis (EA) which, according to the Bank's own policy, is publicly disclosable. After non-governmental organizations (NGOs) had already begun to pressure the EBRD for the EA, the government and the city of Bratislava reconsidered the involvement of the Bank in financing the bridge project. This suggests that there may be ruinous environmental

information about the project that the government does not want released. The EBRD has now suspended work on the project and has still not responded to civil society demands to release the EA.

In addition to environmental information, the EA is to include reactions from the EBRD on public meetings which were held to discuss the project. NGOs involved in consultations did not feel that they were considered in the decision-making process. Public meetings came too late, after project plans were already finalized. There were not proper minutes taken from the two consultations conducted so there is no way to measure the consequence, if any, of citizens' concerns raised at these meetings. Lastly, during the meeting with Bank representatives and NGOs, Metro company, the provider of the project, released misinformation concerning how public consultations were announced to the community.

Since the Slovak government does not require a formal environmental and social assessment of the project, the EIB has also escaped accountability to the public. The EIB is so unconcerned with the impacts of this project on the community that they approved funding for the bridge at the end of last year. Only after a letter signed by twenty-five Slovakian NGOs was sent to EIB officials, did the Bank respond that further actions are planned to acknowledge public concern.

Slovak civil society will not be satisfied until all demands regarding the Kosicka bridge project are satisfied and a sustainable alternative is endorsed. The EBRD must release environmental studies completed on the bridge and the EIB must respond to public concern, to whom they are accountable.

*Continued from page 1*

What happened to Tymoshenko is only one example of the current political crisis in Ukraine. The day following Tymoshenko's dismissal police brutally demolished tent camps of the opposition in the downtown Kyiv and arrested many people. Following clashes with demonstrators on March 9, police arrested hundreds of people, mostly students, accusing them of violent actions. Step by step this country loses

its modest democratic achievements and comes closer to facing dictatorship.

Ukrainian officials never respected public opinion if it was not consistent with official policy. Further, they give little respect to the international community and continuous blackmail in the case of Chernobyl is a clear example of this. Unfortunately, the EBRD accepted this blackmail by approving the loan for K2/R4 project in December last year. One day it could happen that the Bank will give money to the one of most undemocratic regimes in the

region and this would only serve to strengthen Kuchma's position in the country, which is currently unstable. Ukraine does not need a K2/R4 loan, it's president needs it.

There is still time to act! The future of Ukraine depends, among others, on the EBRD. This Bank already invested in Kuchma's family business when it provided a loan to the "KyivStar GSM" company. Should it invest more?

## Motorway through protected area

The third Environmental Impact Assessment (EIA) on the proposed Struma motorway was rejected recently by the Ministry of Environment in Bulgaria. The Ministry recommended further investigation of possible options in order to avoid damaging sensitive areas. The Struma motorway is part of the Trans European Corridor No. 4. One of the areas that will be adversely affected by the construction of the motorway is the Kresna gorge.

The Kresna gorge is a CORINE Biotopes site of outstanding biodiversity and landscape value, and is planned to be included in the EMERALD and NATURA 2000 networks. The route through the gorge will directly affect habitats and species protected by the Bulgarian Nature Conservation Act, EU

Directives and the Bern Convention.

Specifically, in the area there are four types of wildlife habitats, 123 species of nesting birds and 17 bat species that will be adversely affected.

The motorway will also have serious impacts on the population of Kresna, the town situated at the entrance to the gorge. The route is planned to go through the outskirts of the city. This will cause destruction of houses, loss of agricultural

land, and a general deterioration in the local air quality and safety conditions. The negative environmental impacts of the motorway on the town and its surrounding communities will eliminate current local incomes and long-term possibilities for sustainable development based on ecological tourism.

Since the beginning of the project in 1997, Bulgarian environmental organizations have demanded that the responsible authorities consider alternatives for this part of the Struma motorway. The proposals made by NGOs have been totally ignored. Most of the NGO letters requesting

## No funds for public transport

Most cities in Hungary have been struggling with an increasing number of private cars, while the use of public transport has been declining significantly. This trend is especially evident in Budapest. The public transport company received loans to upgrade lines, but at the same time the company had to start to operate on a profit-making basis. This meant increasing fares, cutting operation costs

information have never been answered. Local people from Kresna have never been asked for their opinions or involved in any consultation process.

The European Commission financed, the preparation of the feasibility study and the EIA of the Struma motorway under the Phare CBC Program. Thus, NGOs consider that all rules of the EU on

The route through the Kresna gorge, a CORINE Biotopes site of outstanding biodiversity and landscape value, will directly affect habitats and species protected by the Bulgarian laws, EU Directives and the Bern Convention. Since the Struma motorway is a part of the Phare Program, all rules of the EU on access to information and public participation should be applicable to the case. However, local population have never been involved in any consultation process and most of the NGO letters requesting information have

access to information and public participation are applicable to this case. This means that there should be full public participation throughout the process of project design and preparation. However, the feasibility study has been undertaken with complete disregard both for the public participation procedures as outlined in the

framework of the EU's social and economic cohesion policy, which Bulgaria is supposed to adopt in view of its accession to the EU, and Art. 6 and 7 of the Aarhus Convention, an agreement to which both the EU and Bulgaria are signatories.

Bulgaria is also a signatory to the Convention on EIA in a Transboundary Context. Thus, it has legal responsibilities regarding projects with transboundary impacts. As a motorway leading to the Greek border, not only Bulgarian but also Greek citizens have the right to access EIA documentation and to be part of the public participation process.

by laying off personnel and cutting less frequently used, nevertheless crucial lines in the outskirts.

Higher prices and less frequent service were two of the reasons why inhabitants switched to private cars. As a result, the air is heavily burdened with exhaust gases, which causes an increased number of lung diseases in the population, especially children suffering from asthma.

Some inner city trams were equipped with noise reduction equipment and "green buses" with low emissions were put into operation, but it does not help much if the use of public transport is not encouraged.

In spite of the problems the cities are faced with, neither the government nor the municipalities are willing to support modes of transport that differ from priorities set up by the international financial institutions and EU pre-accession funds. The EU ISPA fund is supposed to devote half of its resources to transport infrastructure development. However, no funds for public transport investments are available.

Expelling traffic from Budapest's inner city is impossible. However, the burden of cars could be reduced if a passenger-friendly public transport system were developed instead of building parking lots in the most vulnerable parts of the city, like parks with hundred-year old trees. Civil society, together with NGOs, strongly promotes the maintenance and development of public transport in the cities.

Unfortunately, environment is low on the political agenda and it is hard to address environmental problems among the wider public. In general, people support the idea of environmental protection, but only to the point when it does not require extra expenditures. Western-type consumerism has gained ground during the past ten years to the point where it is hard for people to accept a modest lifestyle. In spite of that, the currently low number of ecologically conscious people who put these principles into practice is constantly growing.

## IFIs eager to support unsustainable project in Latvia?

Discussions about building a huge pulp mill in Latvia started more than a year ago. This would be the biggest investment project ever in Latvia and the Baltics and therefore would affect all of society. Lobbyists for this project have already tried to convince the public that this mill will have extremely positive economic implications.

However, calculations made by several scientists prove that the pulp project worth close to one billion Euro will be environmentally unsustainable and the positive economic effect on society and state as a whole is very doubtful. The project is far too big for Latvia with its output of 600 thousands tons of bleached pulp per year. If it is built, the pulp mill will have a significant impact on the environment in terms of increased cutting of forests, intensified heavy road transport and discharge of waste water containing chlorine into an inlet of the river Daugava, which is the source of drinking water for 40% of the inhabitants of the Latvian capital city of Riga. Just 20 km from planned location of the pulp mill is a swamp that is protected by Latvian law, but sulphur emissions from the mill could easily result in acid rains over the swamp, which could lead to a breakdown of sensitive bio-systems.

The planned operation of the pulp mill is very "one-sided" as extracting cellulose fibers from recycled paper and

agricultural residues will not be part of the project. On the contrary, all chemicals, clear-cut forests and pollution will stay in Latvia; however pulp will leave country and Latvia would still need to import paper.

The first official project application was released at the end of March and is now the object of discussions. On March 27 a scoping meeting was held with the local public. Due to public concerns and active discussions about the usefulness of the pulp project, a second scoping meeting was organized in Riga. This meeting was organized upon request of the EIA State Bureau that tried to bring in more transparency to this huge project. Although the public, media and scientists were critical about this pulp project, unfortunately almost all questions were left unanswered.

Meanwhile the EBRD and IFC have shown a strong interest in financing the pulp project. Both IFIs even said they wish to become more deeply involved in project. Although project owner JSC "Baltic Pulp" has not commented, surely they would agree as they seek financing for this project.

EBRD and IFC also organized meetings with two national environmental groups to find out their opinion about the pulp mill project. This meeting was not announced at all, but participants were personally called.

## Espoo Convention Tenth birthday

In February 2001, the Second Meeting of the Parties to the Convention on Environmental Impact Assessment in a Transboundary context – the Espoo Convention – was held in Sofia, Bulgaria. The meeting marked the tenth year anniversary of the signing of the Convention, which came into force in 1997. Bulgaria is one of the 33 countries that agreed to enforce its implementation.

The experience of countries in applying the Convention is still scarce. The application is still formal, difficult and complicated in many countries. Major concerns include the difference in national EIA procedures and Information Disclosure legislation, establishing the responsibilities in the procedure and costs sharing, and links at the regional level. It is still not clear who will take the initiative to apply the Convention, and what is the role of the international financial institutions.

Some countries have not used the Convention at all because of the slow process of ratification. However, Bob Connelly of Canada, "the father of the Espoo Convention," stated that "the Convention is a living document, as illustrated by the proposal of governments to conduct a review in the coming year with a view of updating and strengthening its provision in areas such as compliance".

In the Second Meeting of Parties, decisions were made on a more effective application of the Convention such as the use of the Convention as a guideline for public participation in EIA procedure, and the establishment of the database on EIA. The Convention will broaden its application with the Protocol for Strategic Environmental Impact Assessment, which will be prepared in time for the fifth Ministerial Conference in 2002, Kiev.

## New study on IFIs in Russian oil sector

The issue of environmental impacts of multilateral development bank-supported operations has drawn a lot of attention and resulted in a strong critique. However Russia is a terra incognita from this aspect as very little is known about the environmental impacts of international financial institution sponsored projects. The study by Irina Baranova, titled Leaking

Operations, aims to introduce such operations in the Russian oil sector.

It shows that the investments EBRD and World Bank Group in the Russian oil and gas sector caused serious environmental problems. Two case studies demonstrate the damage done to the fragile ecosystems, trying to gain short-term economic benefits.

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