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

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## The EBRD's new Mining Operations Policy

### Critical assessment of consultation process and content

The long awaited EBRD Mining Operations Policy was released last week without much noise. It has taken the EBRD more than 3 years to prepare a document which had raised hopes it could improve the bank's activities in the mining sector.

Most of these hopes, however, have not been fulfilled. Although the new mining policy for the EBRD was "intended to provide guidelines as to how the Bank should be involved in the mining sector for the next few years", it is not doing much more than describing the current situation. While more than 1500 organisations were invited to comment, the final policy fails to address most expectations towards it and instead appears to be retrospective.

Bankwatch's criticism concerns the way it has been prepared and several specific elements of its content.

#### Consultation process

We believe the consultation process raises doubts about how serious the bank has been about engaging in a constructive public dialogue, about its efforts to address the local circumstances of its various mining operations and about improving its governance.

The bank did not publicly communicate the general framework and direction of its mining operations in time. While civil society inputs were collected during a more than three year long preparation process, no response or mere indication was given as to what to expect – until the draft strategy was published.

Neither did the EBRD publish a summary of the comments it received and the staff's responses to them before the final policy was approved. Such a two-stage process was among NGOs' requests expressed in an [open letter](#) to the EBRD's President Sir Suma Chakrabarti.

#### Content of the new strategy

Instead of setting standards itself, the new mining policy refers in many places to other main EBRD policies, including the Environmental and Social Policy, the Public Information Policy and the Energy Operations Policy. These, however, are themselves to be revised next year and need alignment with EU standards and best international practices.

Issues that Bankwatch had raised have been watered down or were neglected within the consultation process. In particular:

### **Coal financing**

Over the last ten years the EBRD financed 26 projects in the mining sector with EUR 685 million, facilitating in total around EUR 2 billion of investments (Source: EBRD draft mining policy). Six out of these projects (almost 25%) were related to coal mining, adding up to EUR 290 million in loans. Loans to the coal mining sector in just two countries – Mongolia and Serbia – constituted at least EUR 216 million out of the total of spent for coal projects – 42 percent of all loans to mining projects in the mentioned period.

Even more worrying is the fact that in the last two years (2010–2011) lending to coal mining projects constituted an even bigger part of all mining projects.

The approved Mining Operations Policy fails to incorporate the link of financing coal mining activities with the obvious climate impacts resulting from burning the coal that is produced in these projects.

### **Diversification**

Bankwatch's comments asked to identify countries which are over-dependent on commodities (or may become so) and de-prioritise them for investments into mining and infrastructure related to mining, in order to allow for the development of other economic sectors and to facilitate long-term sustainability.

The EBRD did not incorporate this aspect into its mining policy but responded that the issue will be tackled on a country-by-country basis.

### **No-go zones**

The protection of critical habitats is covered by the Environmental and Social Policy. However, various examples of the EBRD's practices show that the EBRD is not well enough equipped to avoid and mitigate many associated negative implications to the environment and biodiversity.

### **Resource efficiency**

The Bank understood the request for resource efficiency as the efficiency in ore recovery. In Bankwatch's understanding, the issue should have been rather on the general approach to saving and efficient use of resources. Do to the insufficiently transparent consultation process (see above), this misunderstanding could not be clarified.

### **Transparency, public participation and benefit sharing**

With regards to transparency, the initial public submissions were asking for more inclusive and transparent processes of preparation and reporting on Environmental and Social Action Plans for EBRD mining projects as well as higher transparency standards and requirements for the Bank's clients.

However, the new mining policy considers the Extractive Industries Transparency Initiative as the main tool, although experience shows that the initiative could be more effective, were it expanded to make companies provide disaggregated reporting including on environmental and social responsibility aspects and the transparency of their contracts.

Concerning fiscal revenues of the governments in countries with EBRD mining projects, the policy's only focus is on how transparent governments are, while not facilitating a more transparent reallocation of revenues in particular and government spending in general.