

Bankwatch

2019 ANNUAL REPORT



DESTINATAR:

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& Vasile Lângă

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CEE

Bankwatch
Network

BANKWATCH EXECUTIVE COMMITTEE

Magda Stoczkiewicz
Istvan Farkas
Piotr Trzaskowski
Peep Mardiste
Desislava Stoyanova

MEMBER GROUP REPRESENTATIVES

Barbora Urbanová
Desislava Stoyanova
Mihkel Annus
Heoriy Veremiychyk
Juraj Melichar

Centrum pro dopravu a energetiku, Czech Republic
Za Zemiata, Bulgaria
Friends of the Earth Estonia, Estonia
National Ecological Centre of Ukraine
Friends of the Earth-Center for Environmental
Public Advocacy (FoE-CEPA), Slovakia

David Chipashvili
Ola Antonowicz-Cyglicka
Istvan Farkas
Nevena Smilevska
Zvezdan Kalmar
Bernard Ivcic
Iryna Holovko
Selina Vancane

Green Alternative, Georgia
Polish Green Network, Poland
National Society of Conservationists, Hungary
Eko-svest, Macedonia
CEKOR, Serbia
Green Action, Croatia
Ecoaction, Ukraine
Green Liberty, Latvia

ASSOCIATED MEMBERS

Dmitry Lisitsin
Linas Vainius
Romana Kaclikova

Sakhalin Environment Watch, Russia
Atgaja, Lithuania
Hnuti Duha, Czech Republic



LETTER FROM THE EXECUTIVE DIRECTOR

Dear friends,

I have been the interim executive director of Bankwatch for more than a year now. The position has given me the unique opportunity to fully experience the organisation that we have built. Bankwatch continues to be one of the strongest and longest-standing networks of environmental civil society organisations in central and eastern Europe, and it serves as an inspiration and role model for many in the region.

The staff and member groups that form the network are skilled, effective and committed. Together they work to ensure adherence to a common maxim: public money is for the public benefit. From supporting local battles against agribusiness conglomerates that threaten livelihoods to advocating with bankers in London and Brussels boardrooms for stronger policies to promote gender

equality and human rights, our work produces results and commands the attention of the institutions that we seek to hold to account.

A special acknowledgement of our approach came in Spring 2019, when Ana Colovic, director of our North Macedonian member group Ekosvest, was awarded the Goldman Environmental Prize, the ‘green Nobel.’ Her work to protect the habitats of the last remaining Balkan lynx, threatened by bank funding for hydropower plants in the Mavrovo National Park, earned her and Bankwatch its third Goldman prize.

Ana’s award recognises not only her success but pays tribute to the organisation as a whole: from the leadership of the executive committee, the operations oversight of the

management team, the commitment of the staff working for a socially and ecologically just world and the membership that guides our focus across the region. This foundation will provide the incoming executive director, Mark Martin, who will take the helm in May 2020, a solid basis to lead the organisation through a period of growth and forward thinking as it pursues a new, five-year strategic plan.

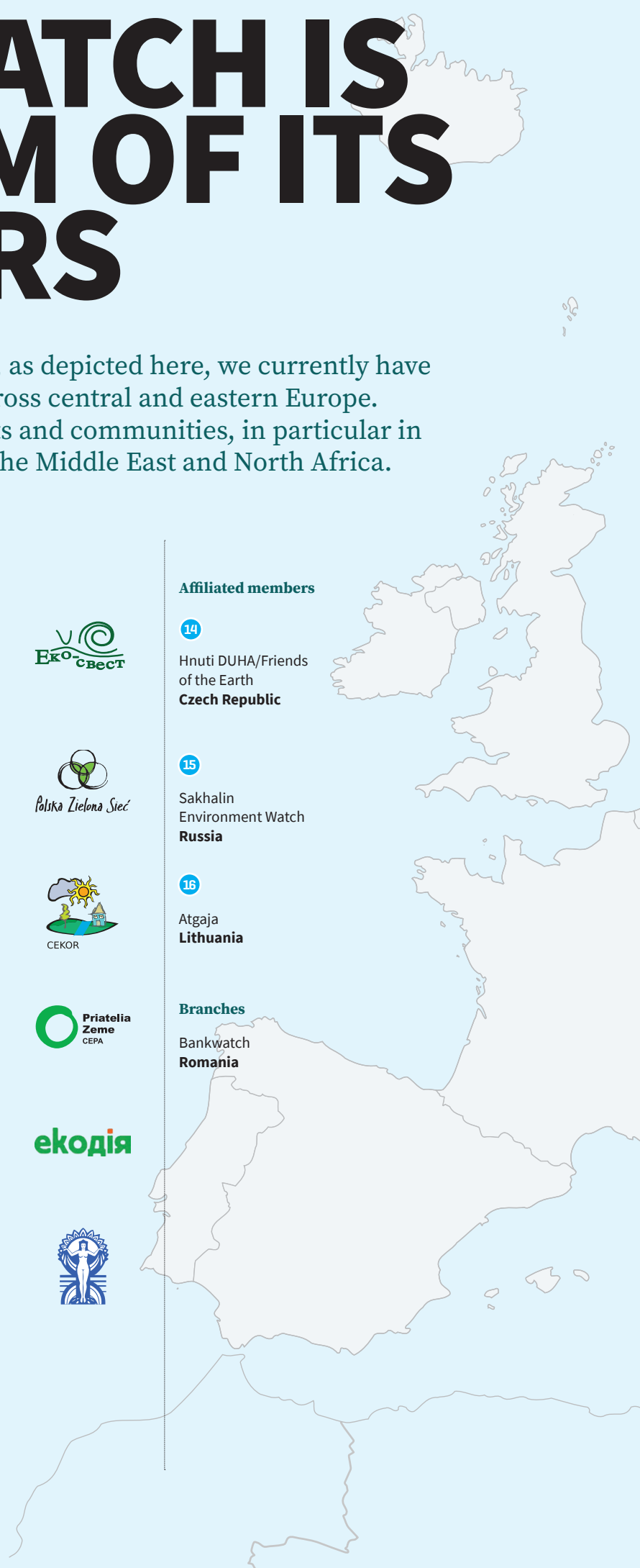
I am grateful to have been given the opportunity to take the reins and see through this transition, and I look forward to following the continued success of the organisation for years to come.

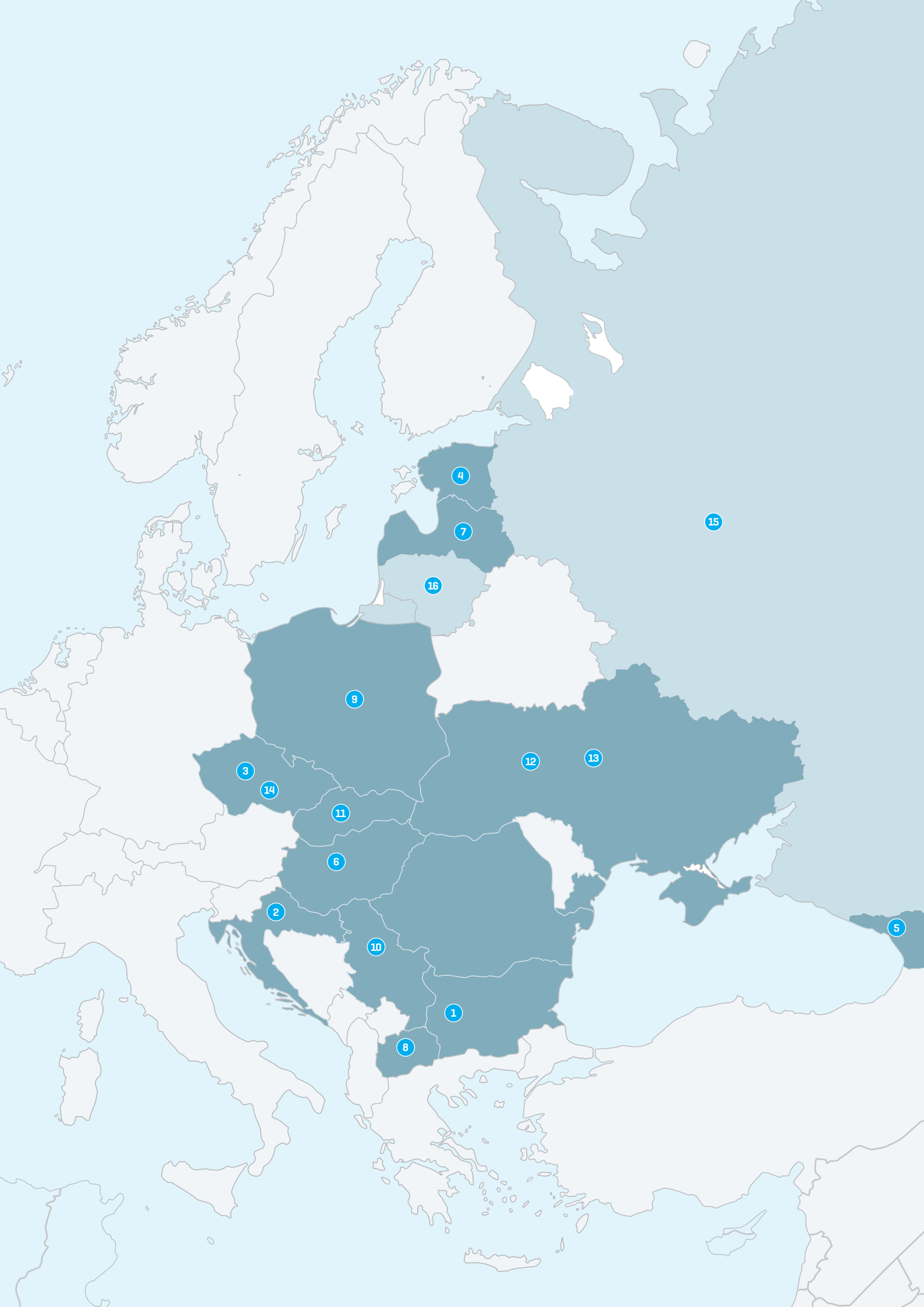
Huub Scheele
Interim Executive Director

BANKWATCH IS THE SUM OF ITS MEMBERS

Bankwatch is its member groups and, as depicted here, we currently have 16 member groups in 14 countries across central and eastern Europe. We also partner with other non-profits and communities, in particular in central Asia, the Caspian region and the Middle East and North Africa.

1	Za Zemiata Bulgaria		8	Ekosvest Macedonia		Affiliated members	
2	Zelena Akcija Croatia		9	Polish Green Network Poland		14	Hnutí DUHA/Friends of the Earth Czech Republic
3	Centre for Transport and Energy Czech Republic		10	CEKOR Serbia		15	Sakhalin Environment Watch Russia
4	Friends of the Earth Estonia		11	CEPA, Friends of the Earth Slovakia		16	Atgaja Lithuania
5	Green Alternative Georgia		12	Ecoaction to Kyiv Ukraine		Branches	
6	MTVSZ, Friends of the Earth Hungary		13	National Ecological Centre of Ukraine Ukraine		Bankwatch Romania	
7	Latvian Green Movement Latvia						





WHERE WE MADE A DIFFERENCE IN 2019



HOPE FOR A JUST TRANSITION IN THE WESTERN BALKANS





In September, after years of campaigning by Bankwatch and local partners, the government of Montenegro finally ended plans for a new lignite power plant in Pljevlja, becoming the first country in the region to cancel plans for a new coal plant. North Macedonia also ruled out any new coal plants via its progressive new Energy Strategy and set two possible dates for a coal phase-out. The two countries have set a precedent in the region on moving to phase out coal. These should serve as good examples for neighbouring Bosnia and Herzegovina and Serbia, as they still push forward new coal plants, against all environmental and economic logic.



WORLD'S LARGEST LENDER GOES FOSSIL FREE

Longtime followers of our work will know that the European Investment Bank, the EU's house bank and the largest multilateral lender in the world, until recently preferred to conduct its business in the shadows and far from the light of scrutiny. Thanks to our many years of campaigning on the EIB, the bank has become a more democratic and transparent institution, embracing its role as an EU institution and guardian of its policies.

In 2019 it took a major step forward in

becoming the first public bank to announce a near total ban on funding for fossil fuels. The bank's fossil fuels financing will end by 2021, and from then on, the EIB's fossil fuels portfolio should be virtually zero. People around the globe, and particularly young people, have been mobilising to demand governments take bold climate action. By no longer wasting billions in European public money on fossil fuels, the EIB – owned by the EU's 28 Member States – is finally acknowledging its responsibility towards future generations.





THE FIRST DOMINO

Belgrade's waste management system is in desperate need of an upgrade, not least because Serbia wishes to join the EU, which is adopting ever more stringent rules on resource management. But instead of kick-starting recycling and waste prevention, in 2017 the city of Belgrade signed a twenty five year deal with a Suez-Itchu consortium for the construction of an incinerator that will come at a high cost for the public.

Together with local initiative Ne Davimo Beograd, we successfully pushed the EU's

house bank the European Investment Bank to acknowledge that the project is incompatible with the bloc's plans for a circular economy. Both the bank and the European Commission agreed that the incinerator would hold back Serbia's progress towards higher recycling rates and so dropped it from potential financing.

The fight against unsustainable forms of resource management continues however, as the EBRD, International Finance Corporation and Austrian Development Bank continue to pursue the project.





30 YEARS

THE
GOLDMAN
ENVIRONMENTAL
PRIZE

THIRD TIME'S A CHARM

Known as the 'Green Nobel', the Goldman Environmental Prize is awarded annually to six grassroots environmental activists from around the world. 2019's recipient for Europe was Ana Colovic, Bankwatcher and executive director of North Macedonian member Eko-svest, who received the award for stemming the tide of hydropower projects in the Balkans.



Ana used grassroots activism and international legal mechanisms to cut funding from the European Bank for Reconstruction and Development for the Boskov Most project and the World Bank for the Lukovo Pole project. Despite threats to her safety from the North Macedonian government and ELEM, the national energy producer, she protected North Macedonia's oldest national park and stood up for the critically endangered Balkan lynx.

Ana is the third Bankwatcher to receive the prize, joining Manana Kochladze from Georgian member Green Alternative and Dmitry Lisitsyn of Sakhalin Environmental Watch in Russia. Manana won for her work supporting local communities along the route of BP's Baku-Ceyhan oil pipeline, and Dmitry for the campaign to stop Shell's offshore oil drilling in Russia's far east.



OPENING UP

One of the most secretive forms of funding in international development is the use of financial intermediaries, where instead of providing a loan directly to a certain project, one bank lends to another that then funds a series of investments. More often than not, there is next to no information available to the public about the things these intermediaries are doing.

In recent years our campaigning has shone a light on this particularly acute problem in southeast Europe's hydropower sector. Since most of the hydropower plants there are small - yet with surprisingly large

impacts - they are more likely to be funded by intermediated credit lines. Through an ongoing dialogue with the bank, the EBRD recognised this trend and co-organised a first-of-its-kind summit on hydropower in March, bringing together civil society and representatives from banks including Erste, Unicredit and Societe Generale. This was a prelude to changes in the EBRD's environmental and social policy that were adopted in late April and presented at the bank's annual meetings in Sarajevo, which required the bank's clients to provide an unprecedented level of information about projects it backs.

A LIGHT AT THE END OF THE TUNNEL

Slovakia's coal mining region is proving to be a shining example for other regions across central and eastern Europe that are planning for life beyond fossil fuels. This summer, after several years of efforts, the region approved the 'Transformation Action Plan of coal region Upper Nitra', a stellar example of community-led decision making. The plan places the interests of locals at the heart of any future redevelopment schemes and ensures that their opinions will be considered equally to all stakeholders.

The action plan is a true victory for local

communities in Upper Nitra. In 2018, while the locals were organising working groups, the Slovak government was ready to circumvent their will and choose projects proposed by big companies – including Hornonitrianske bane Prievdzza, the region's coal power house – to support from funds made available via the European Commission's Platform for Coal Regions in Transition. Nevertheless, the locals and civil society pushed back, forcing the central government to include their contributions in planning for the future of the region.





LEADING BY EXAMPLE



Through years of campaigning we've learned that the surest way to strengthen policies is by providing first-hand experience from the ground. Throughout 2019 Bankwatch and its member groups actively supported civil society partners and local communities to bring their voices to international audiences and in bank board rooms with its staff and clients. In Ukraine we negotiated with the country's largest agribusiness conglomerate MHP, to provide increased road safety and reliable information about environmental impacts to villagers. In Bulgaria we're working for the fair resettlement of Beli Briag, a village

in mediation with the Maritsa East coal mines. In Georgia, Bankwatch is helping communities in the Khada valley impacted by road construction, indigenous Svans opposing the Nenskra hydropower project and Adjarans living in fear of the Shuakhevi hydropower project. In Armenia, we support the struggle to protect the Amulsar mountain and the Jermuk spa resort from a planned gold mine. Many of these communities and activists are at serious risk or experiencing reprisals for their resistance, so the utmost care to keep identities confidential and extra precaution is needed when raising their concerns with international financiers.



DEFENDING HUMAN RIGHTS AND ENVIRONMENTAL ADVOCATES



Our fieldwork across the region provided fact-based evidence for stronger policies at the development banks. In 2019 the EBRD improved its policy to protect human rights and address reprisal risks, taking a public stance of zero tolerance for reprisals and clarifying how it would deal with such threats. Based in part on our experience in Georgia and Ukraine, the EBRD prepared internal guidelines for its staff about how to handle such threats to defenders, resulting in clients cleaning up their act and dropping litigation against activists. In April the bank adopted a new access to information and safeguards policies, which emphasised a commitment to address gender based violence and vulnerable groups, as well as important clarifications

to the requirements on indigenous peoples, resettlement and livelihood loss.

In spite of some policy gains, we still had to rely on the bank's Project Complaints Mechanism to assist communities impacted by EBRD financing. Fortunately, the bank took lessons from the resolution of these grievances, as we made a convincing case for greater independence of the mechanism within the institution, more consistency and predictability of the complaint process, and for safe handling of requests from people at risk. As a result, the bank approved a new policy that puts safety of complainants first and introduces direct reporting lines to the board.



TRANSFORMING THE NARRATIVE

On the EU stage, countries in central and eastern Europe are often portrayed (and for good reason) as climate laggards holding back the bloc's progress towards a greener future. But the narrative is shifting, thanks to the work of our member groups and their energy transition taskforces. Since 2017, we have mobilised a cross-section of constituents to advocate for progressive commitments within the EU funds so that we can achieve climate and energy ambitions.

In Latvia, Poland, Czechia, Slovakia, Hungary, Romania and Bulgaria, climate-progressive voices from local communities and energy transformation stakeholders are essential to this conversation. Some

of our key successes include convincing the Hungarian government to adopt the EU's climate neutrality target for 2050 and raising the ambitions of the country's climate ambitions. We also played an integral role in opening the European Commission's Platform for Coal Regions in Transition to be a more inclusive body that involves stakeholders beyond business as usual. We advocated for a participative, just transition action plan for the transformation of Slovakia's Upper Nitra coal region, and we facilitated meetings between mayors from Romania's Jiu Valley coal region, the Commission and the Romanian Ministry for European Funds, resulting in the Jiu Valley Memorandum for Just Transition.



A TWENTY FIRST CENTURY BUDGET FOR PEOPLE AND PLANET

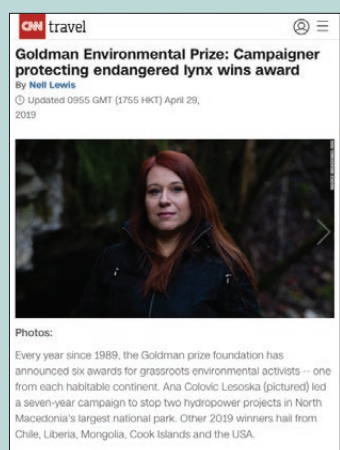
2019 was an important year for the formulation of the EU's seven year, one trillion euros multiannual financial framework. The post-2020 EU budget is a significant source of investments especially in central and eastern Europe, where the cohesion with the rest of Europe and transformation of our regions' economies in line with the bloc's long term climate agenda is sorely needed.

For all the transformational potential of the EU budget, there are still some who see the pot of money as a chance

to continue business as usual, funding polluting fossil fuels and unsustainable forms of energy. So our effort paid dividends in March, when the European Parliament took an important step by blocking fossil fuels as an eligible form of funding from the EUR 320 billion European Regional Development Funds. While the formulation of the budget is still one of the hottest items in Brussels, the vote was an important first signal to the Commission and the Council that the elected representatives of Europeans see no place for fossil fuels in the EU's future.

OUR WORK IN THE SPOTLIGHT

Success on the campaign trail involves engaging in the public discourse. Our presence in shaping a narrative for public finance to work in favour of people and planet is highlighted by these select quotes from international news outlets.



“I felt that it was a matter of injustice. It’s not as if a meteor dropped on the middle of the park and destroyed the lynx, it’s a decision by the banks to contribute to the extinction of the Balkan lynx.”

Ana Colovic,
CNN



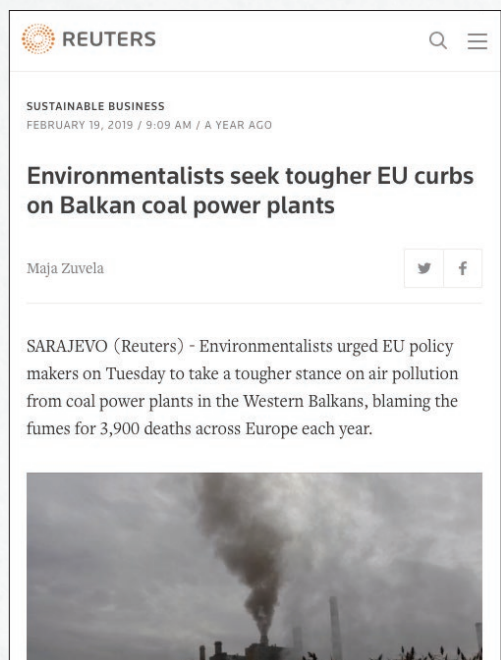
“Central and Eastern European countries must create solid plans through meaningful public participation and by exploring every possibility to fund a more just energy transition. A surge in ambition is in their interest and absolutely necessary if the EU wants to achieve the 2050 net-zero objective that is awaiting approval.” -

Raphael Hanoteaux,
Forbes



“At the moment, a Europe in which most countries are moving towards a coal phase-out is being run by a country whose government refuses to let its dying coal industry die – and make no mistake, this is happening because of a company lobby. The European Commission would be well advised to look carefully into how Bucharest is propping up its coal sector. Sadly, far from being ready to steer the EU, Romania still needs to steer itself in the right direction.”

Alexandru Mustatu,
Euractiv



“Rather than investing in yet more outdated coal power plants, Western Balkan leaders need to increase the share of sustainable forms of renewable energy,”

Ioana Ciuta,
Reuters



“It is only a few Eastern European countries like Bulgaria and Poland that still want to postpone a decision on increasing the EU’s climate action, despite the fact that it is in their best interests.”

Anelia Stefanova,
Parliament magazine



“The public perception of the transition to a sustainable and efficient energy system is being damaged by the perception that renewable energy subsidies benefit the wealthy and fuel environmental damage. Introducing more transparent schemes based on auctions and premiums could help ensure affordable and proportionate incentives and support the development of wind and solar.”

Pippa Gallop,
PRI



“The impetus for a proactive approach is coming from mayors and other community leaders. For while central governments and the miners themselves may be resistant to change, many community leaders recognise that the days of the coal industry are numbered, so planning the transition and making it just is the only sensible approach.”

Petr Hlobil,
The Banker

2019 FINANCIALS

THE ORGANISATION'S LIFELINE

We are grateful to all those who have financially supported our work past and present. Here we present a summary of our financial accounts.

Funding*	EUR
Swedish International Development Agency	496 733
DG Environment	350 233
German Ministry of Environment	337 179
European Climate Foundation	238 539
DG Development	112 696
BothENDs	53 944
Open Society Foundation	27 638
Euronatur	23 142
Partners co-financing	22 718
Various	50 156
Total Funding	1 712 979

Expenditures*	EUR
Salaries	1 048 771
Running costs	100 504
Travel and meetings	197 052
Equipment	10 748
Consultants and legal assistance	72 587
Publications	27 102
Network overheads	72 232
Support for partners	183 983
Total expenditures	1 712 979

* Funding and expenditures relate to transactions reported to donors and include also data for participating member and partner organisations.

Assets	EUR
Fixed Assets	1 771
Claims	277 851
Cash in Hand	2 397
Bank Accounts	211 109
Valuables	0
Interperiod Active Clearances	1 511
Total Assets	494 638

Liabilities	EUR
Reserve Fund	152 519
Grant Fund	148 882
Committed Transfers 2016	77 484
Accumulated Financial Result	-30 400
Short Term Liabilities	132 826
Interperiod Passice Clearances	13 328
Total Liabilities	494 638





CEE

Bankwatch Network

CEE Bankwatch Network

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