

Bankwatch

2014
annual
report

Our vision is an environmentally, socially and economically just world, built on solidarity, participation and respect for ecological limits

CEE bankwatch
network



Working across central and eastern Europe to monitor the activities of international financial institutions and propose constructive environmental and social alternatives to the policies and projects they support

Bankwatch Executive Committee

Istvan Farkas, National Society of Conservationists, Hungary

Yury Urbanski, National Ecological Centre of Ukraine

Pavel Pribyl, Czech Forum for Development Cooperation

Julijana Daskalov, Eko-Svest, Macedonia

Natasa Dereg, CEKOR, Serbia

Bankwatch Review Committee

Fidanka Bacheva-McGrath, Bankwatch, Bulgaria

Huib Scheele, Both ENDS, Netherlands

Robert Cyglicki, Greenpeace Poland

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LETTER FROM THE EXECUTIVE DIRECTOR



Dear reader,

I feel a bit like the protagonist in the film 'Groundhog Day', waking up and reliving the same day over and over again, and each time trying something new to escape the cycle.

2014 has been yet another turbulent year for our region. From behind the former Iron Curtain, an undeclared war erupted as Russia took Crimea and invaded Ukraine, resulting in thousands of deaths and hundreds of thousands displaced. National security is now elevated on the EU agenda higher than it has been since the end of the Cold War. In countries like Azerbaijan and Hungary, governments are closing the space for civil society to function. In Brussels, the new European Commission's push for 'better regulation' has many worried about plans to slash the safeguards that are in place and designed to protect people and the environment across Europe. At the same time, Commission President Juncker is driving forward proposals to spend hundreds of billions of euros on new infrastructure across the EU, but which lacks the strategic guidance necessary to deliver on the much-needed transformation of the bloc's economy.

But as the saying goes 'never let a good crisis go to waste': we have responded to these developments with agility, adjusting our strategy if and when deemed necessary. At the same time, I am proud to say that in spite of these turbulent times, we have yet again remained true to our mission – that is, to ensure that public finance in our region best serves the public needs.

As you will see, be it in support of activists across the Balkans fighting the development of coal power plants or pushing the EU to increase its investments in energy efficiency, we continue to be a major civil society force to be reckoned with in the region.

Onwards,

A handwritten signature in blue ink, which appears to read 'Mark Fodor'. The signature is fluid and cursive.

Mark Fodor
Executive Director

WHERE WE MADE A DIFFERENCE

The impact of our work was felt far and wide in 2014. Here we highlight a few examples of where we helped save hundreds of millions of euros from fuelling environmental destruction and climate change, resulting in a better deal for the people, environment and economies of central and eastern Europe and beyond.



Staging a demonstration with plush lynx in the corridors of the EBRD annual meetings in Warsaw



Bankwatchers interview locals on the streets of Aliaga

BANKING ON THE BALKAN LYNX

The tireless work of Bankwatch member group in Macedonia Eko-Svest to save the last of the endangered Balkan Lynx from destructive dam developments has taken many forms. Most recently the lynx appeared on the streets of downtown Skopje to hand out flyers and even held their own picket demonstration on the sidelines of the annual meetings of the EBRD in Warsaw. But one of the biggest boosts for the campaign came in December, when the Standing Committee of the Bern Convention, a legal instrument in the field of nature conservation, opened a case file to address the complaints lodged by Eko-Svest against the government's plans to construct more than 20 dams in the Mavrovo National Park, the only remaining reproductive grounds for the lynx.

The battle continues against one of the largest dams, Boskov Most, for which the EBRD provided a loan of 65 million euros, even though the bank's own investigation found that project failed to properly assess the biodiversity risks of the project [another outcome of Eko-Svest's work.]

MORE PUBLIC MONEY SAVED FROM CLIMATE TIME BOMB IN TURKEY

Coal power plants are mushrooming all over rapidly-developing Turkey. For an industrial city like Aliaga on the Aegean coast, additional pollution from coal will be disastrous. Locals estimate that eight out of ten people in the area have some form of cancer, and even two year olds have died from throat or lung cancer. So when the EBRD and the World Bank's International Finance Corporation each pulled the plug on separate loans of 150 million euros for an oil refinery and coal power plant, it was a small step towards helping residents breathe a bit easier.

Our forays into Turkey began in 2013 with a field visit to other coal projects in the country. When we heard that the EBRD hid details in the scoping documents for the Aliaga refinery project about a massive, 1350 megawatt coal plant, we took action together with local groups to ensure that the banks pulled out. At EUR 5.5 billion, however, the project still has a number of financial suitors, so the project is moving ahead at full steam, and the locals' fight will continue to prevent as much pollution as possible in Aliaga.



Pollution emitting from industrial facilities near Tuzla, Bosnia & Herzegovina



Villagers in Jagodina share concerns about the EBRD-financed Patos Marinza oil project during a Bankwatch visit to Albania.

HELPING OTHERS HELP THEMSELVES

An integral aspect of Bankwatch work has always been capacity building. Since its inception, the network has grown from the premise that different organisations have different experiences to share with one another about how best to challenge the lending of international financial institutions. The same is true today, as a big step in the campaign against a coal plant near Tuzla shows for the people of Bosnia and Herzegovina.

With the support and knowledge of Bankwatch, local NGO Ekotim spotted a mistake in the environmental permit for the Banovici lignite plant near Tuzla. When the ministry failed to properly address the situation, Ekotim took the case to court, resulting in the cancellation of the permit. Bankwatch continues its support for groups across the Balkans against dirty energy projects.

BLOCKING A BACKSLIDE AT THE EBRD

We reported last year on three successful complaints lodged at the EBRD in which the bank's internal investigation body found that it had broken rules for nature protection and public participation, at Boskov Most in Macedonia, Ombla in Croatia and Paravani in Georgia. We knew then that the review in 2014 of the bank's safeguards would be a test of whether the bank was committed to strengthening its policies or rather would seek to roll them back.

So mustering together joint work with different partners like the Green 10 network of leading environmental organisations and collaboration with animal welfare organisations, Bankwatch blocked a backsliding of transparency, accountability and environmental and social protection and even achieved some important policy gains. In particular, the EBRD became the first of the international financial institutions to adopt binding criteria for clients that house animals on factory farms.



Outside the Chinese embassy in Sarajevo



NECU staff on tour in Kalush, western Ukraine, promoting energy independence through efficiency gains

EXPLORING NEW AVENUES FOR STRATEGIC CAMPAIGNING

That China's role in the global economy has grown exponentially in the last decade or so is not especially newsworthy. But the arrival of Chinese energy, construction and financial firms to southeast Europe, often in the absence of or in competition with 'traditional' public banks that finance dirty fossil fuels in the region, remained under the radar of most NGO watchdogs. Picking up on this important trend, Bankwatch began monitoring Chinese investments early in 2013, and throughout 2014 was successful in opening doors and establishing dialogue with Chinese banking institutions and authorities. This approach will pay dividends for our work in the Balkans, particularly when it comes to monitoring the plethora of coal plants planned across the region and which Chinese firms are keen to finance.

WORKING WITH WHISTLEBLOWERS

The disclosures by organisations such as Wikileaks and Edward Snowden of classified information that the public has a right to know about has heralded a new era in the campaign for transparency and good governance. The same holds true for Bankwatching, and a case in point is made evident by our work in Ukraine to ensure the safety of the country's nuclear industry. The National Ecological Centre of Ukraine, Bankwatch's member group in Kiev, has long argued that a 300 million dollar loan from the EBRD for safety upgrades at Ukraine's ailing reactors is instead being used to keep the country's Soviet-era fleet running for longer than they are designed. Using information provided in a leaked, confidential bank document and working together with investigative journalists, NECU helped break the story that in addition to the lifetime extensions, the loan also envisions the doubling of electricity tariffs, meaning that the average consumer would bear the brunt of the safety programme. The exposure brought additional points for debate in regards to the much-needed reforms of the country's energy sector.



CEPA is promoting sustainable biomass projects, like this one in Polana, as an integral part of Slovakia's energy mix



We launched the site localeconomies.eu to present cases where a little EU funds can go a long way. Here children at a traditional school in Latvia.

WHEN IS GREEN NOT REALLY GREEN

Much has been made in recent years of the 'financialisation' of development, one aspect of which is when public financial institutions lend to commercial banks to carry out projects on their behalf, oftentimes under less transparent conditions and bound by weaker standards to protect people and the environment. The EBRD and EIB are no exception to the trend, with ample amounts being invested in entities like private equity funds, while the results of this lending remain unclear.

So it came as a welcome development when Bankwatch member group in Slovakia, Friends of the Earth - CEPA, was able to report that both banks had pulled out, via the private equity EnerCap Power Fund, 25 million euros each for the development of a greenfield gas project that CEPA had tracked for years. That the money averted funding more fossil fuels was a win for the environment in its own right and should be celebrated. But more worrisome is that the loan was originally accounted for on the books of both bank's as a clean energy investment, raising alarm bells about what other types of fossil investments might be cloaked by the guise of financial intermediaries and passed off as green.

FUNDING EUROPE'S FUTURE

2014 marked the beginning of the EU's seven-year, one trillion euro budget that will fund projects across central and eastern Europe until the beginning of the next decade. For the new Member States in which Bankwatch operates, the EU budget provides crucial investments in the energy, transport and resource efficiency sectors. As the result of a multi-year campaign, Bankwatch ensured that this EU budget would include the greenest Cohesion Policy ever - that is, the nearly 350 billion euros allocated to the new Member States and those underdeveloped regions that most need to modernise their economies.

In addition to an on average fivefold increase in the funding earmarked for energy efficiency, Bankwatch ensured that other civil society partners were included in the negotiations about how the EU budget would be spent, with more citizens participating this year than ever before. This concerted EU-wide advocacy resulted in better protections for the climate and environment in the spending plans, like in Poland, where our efforts resulted in a last-minute about face from the government, who shifted money from carbon-intensive roads to greener urban and rail transport.



Worker at the Dobrotvir power plant, Ukraine



Bankwatch convened a public debate between locals in Turecni and the environmental inspectorate to discuss the ash spill that polluted the town

THE LITTLE-KNOWN INSTITUTION WITH BIG IMPLICATIONS

Not many will have heard of the Energy Community, an international body based in Vienna whose members hail from the Western Balkans and Europe's eastern neighborhood. But the institution, whose official mandate includes extending the EU energy market to the southeast and beyond, made an important decision in 2013 that new power plants must be in line with the EU's Industrial Emissions Directive. However the decision was ill-defined, leaving open the threat that the new wave of new coal plants being planned would not have to comply with the Directive. Bankwatch's detailed analyses ensured that the decision was better defined in a way that means all the new plants now being planned need to be in line with these emissions limits. While more progress can and will be made at the Energy Community, the ruling was an important step for a region that one day aspires to join the rest of the EU.

A RAY OF SUNLIGHT ON AN OTHERWISE CLOUDY DAY

464 football pitches is a lot of land: 232 hectares to be exact. For the small town located next to one of Europe's most polluting coal power plants – Rovinari in Romania – this is the tally to date of forest lands that have been protected to help make the air more breathable, thanks to the efforts of Bankwatchers in Romania.

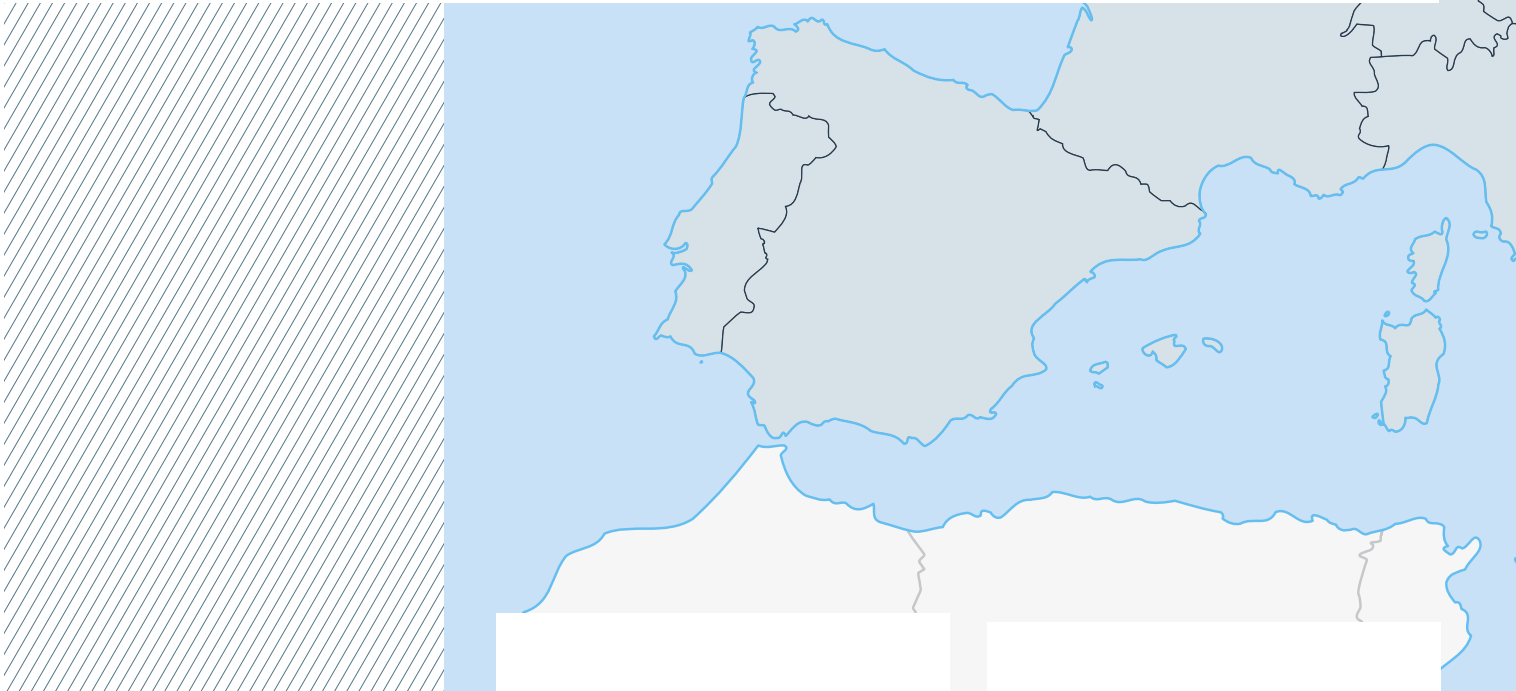
A court in Gorj County [where Rovinari is located] cancelled a permit that had been granted to the mines' owners Complexul Energetic Oltenia to wipe off 700 hectares of forests. Even though the court case was won, there's plenty of work ahead. Fourteen other court cases opened by Bankwatch and Greenpeace concerning expansion of mining in Romania still have to be ruled on, and much more work is needed in order to have the support from Romanian authorities for alternatives to coal. Still, it is a good sign that court litigations on environmental matters can constitute one of the instruments for Romanian civil society to use in their campaigns.

In addition, the European Commission opened an infringement case against Bucharest for the planned expansion at Rovinari, because it said that Romania had breached EU rules on environmental impact assessment because it assessed only the impacts of deforestation, not those of lignite extraction or the effects on people.

WHO WE ARE –

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
CEIE
Bulgaria



2
Za Zemiata
Bulgaria



3
Zelena Akcija
Croatia



4
Centre for Transport
and Energy
Czech Republic

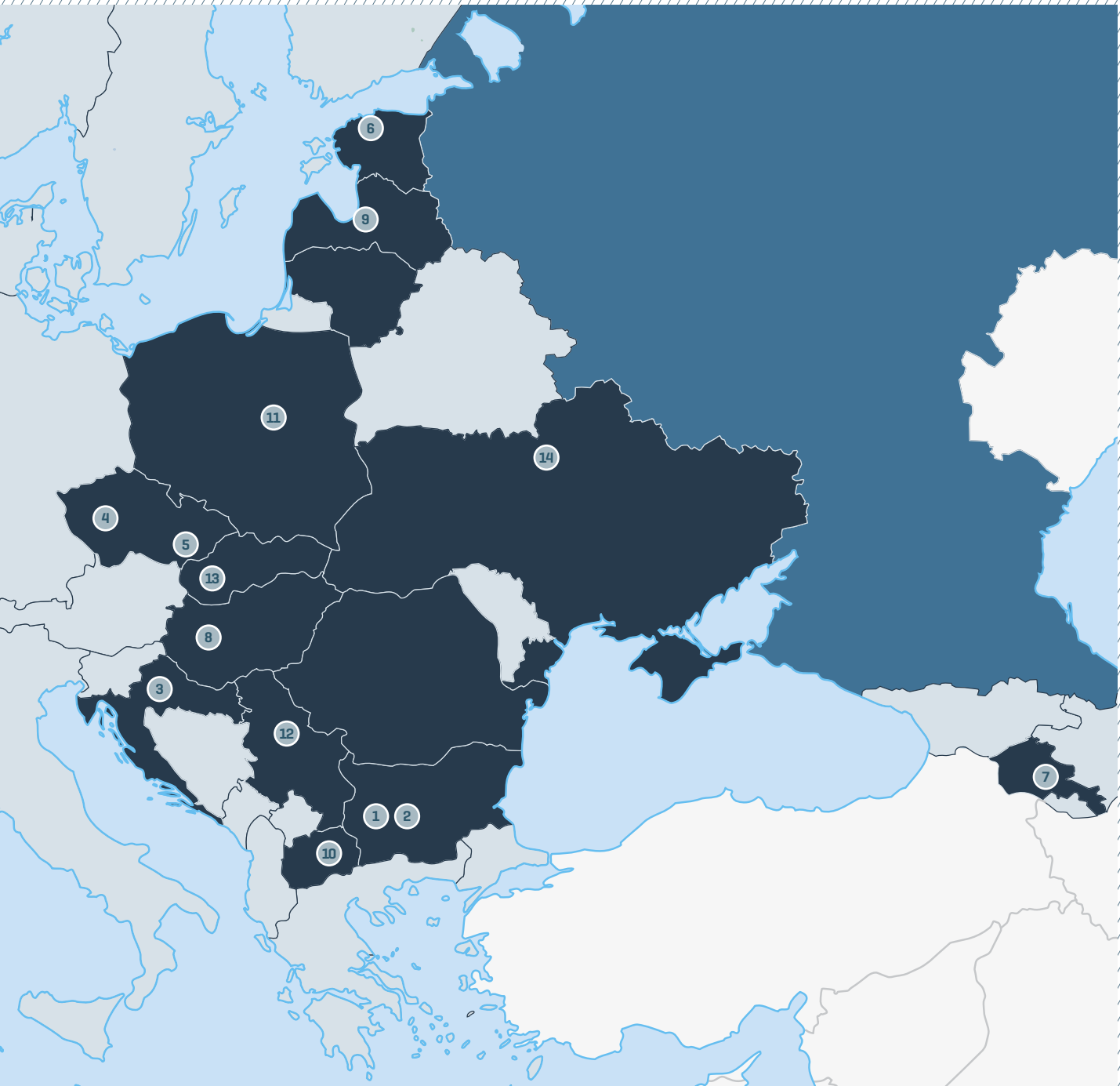


5
Hnutí DUHA/Friends
of the Earth
Czech Republic



6
Friends of the Earth
Estonia





7

Green Alternative
Georgia



8

MTVSZ, Friends
of the Earth
Hungary



9

Latvian Green
Movement
Latvia



10

Ekosvest
Macedonia



11

Polish Green Network
Poland



12

CEKOR
Serbia



13

CEPA, Friends of
the Earth
Slovakia



14

National Ecological
Centre of Ukraine
Ukraine



Affiliated members and branches

- Sakhalin Environment Watch, Russia
- Atgaja, Lithuania
- Bankwatch Romania

BANKWATCHERS

OUT AND ABOUT

From advocacy in the boardroom to activating the front lines, Bankwatch engagement in a number of different settings helped fuel our achievements in 2014.



Journalists participating on the training 'Where are we after 25 years of transition?' prior to the EBRD annual meetings in Warsaw

2014 marked the 25th anniversary of the fall of the Berlin Wall, and to coincide with the occasion, Bankwatch organised a training for journalists from countries of the former Soviet Union prior to the EBRD annual meeting in Warsaw. With 14 participants from Ukraine, Azerbaijan, Moldova, Armenia, Georgia and Kyrgyzstan, the training provided a critical reading of how far the region has come in the last quarter century and further demonstrated our commitment to build capacity in Europe's eastern neighbourhood.



Syrian children at a refuge camp along the proposed route of the Red Sea - Dead Sea canal in Jordan

Bankwatch visited Jordan in November to investigate two IFI-financed projects, a power station outside the capital and a proposed multibillion dollar exchange of water between the Red and Dead seas. With the support of local partners, the mission was an integral part of deepening engagement in the region, following the move of the IFIs after the Arab Spring.



75 new coal-fired stations are to be built in Turkey alone. Find out more online at kingsofcoal.org

In April we launched the website Kings of coal [kingsofcoal.org], an online toolkit for campaigners that provides practical guidance on what kind of standards different financing institutions have committed to, how to contact them in a culturally-appropriate way, and handy tips to avoid mistakes. The mobile and user-friendly resource is the latest example of using technology advances in our campaigns and capacity building.



The human chain stretched between the village of Grabice in Poland to Kerkwitz in Germany.

Over 7000 people, Bankwatchers included, joined together to form a human chain in opposition to the expansion of lignite mines in the border area between Poland and Germany. The action was meant to show solidarity with villagers whose homes and livelihoods are to be destroyed if plans to expand coal mines by PGE in Poland and Vattenfal in Germany are to go ahead.



Still image from the documentary film 'The ash remains', available on the Bankwatch [YouTube channel youtube.com/Bankwatch](https://www.youtube.com/Bankwatch)

After an accident in late 2013 in which coal ash from a power plant spewed over a small community in Turceni, Romania, locals were left without access to potable water. While pressuring the owner of the Turceni coal plant and local authorities to take action, Bankwatch and Greenpeace Romania fundraised for ten water filters in order to help nine families and the local school have safe drinking water.

FINANCIALS

Bankwatch is grateful to all of the foundations and organisations that have supported and made possible our work in 2014. The information above derives, as every year, from an official audit of our accounts – conducted by the Czech authorities in March 2015.

BALANCE SHEET

Assets	EUR
Fixed Assets	2,526
Claims - Advances provided	89,833
Claims - Financial Support	252,421
Claims - Business	19,392
Cash in Hand	2,341
Bank Accounts	188,963
Valuables	349
Interperiod Active Clearances	3,527
Total Assets	559,353

Liabilities	EUR
Basic Capital	2,526
Reserve Fund	220,971
Grant Fund	111,411
Committed Transfers 2014	102,660
Accumulated Financial Result of Current Year	-1,974
Short Term Liabilities	99,077
Interperiod Passice Clearances	24,682
Total Liabilities	559,353

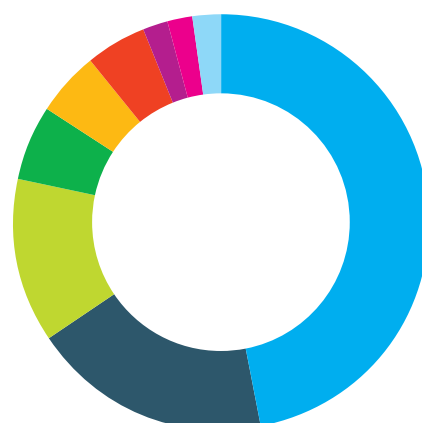
BUDGET

Income	EUR
DG Development	830 222
DG Environment	329 596
European Climate Foundation	224 706
Partners cofinancing	103 242
C.S.Mott Foundation	82 550
International Visegrad Fund	79 580
Other [Various reimbursements, France Liberte]	35 021
Intelligent Energy Europe	34 377
Postcodeloterijn	26 603
Total income	1,745,897

Expenditures	EUR
Salaries	645,058
Running costs	116,174
Travel and meetings	279,482
Equipment	13,235
Consultants and legal assistance	246,047
Publications	120,473
Network overheads	69,535
Support for partners	255,892
Total expenditures	1,745,897

BUDGET BREAKDOWN BY FUNDER

- 48% DG Development
- 19% DG Environment
- 13% European Climate Foundation
- 6% Partners cofinancing
- 5% C.S.Mott Foundation
- 5% International Visegrad Fund
- 2% Other [Various reimbursements, France Liberte]
- 2% Intelligent Energy Europe
- 2% Postcodeloterijn





Investments in the region are much needed, especially in energy efficiency and renewable energy, but transparency needs to be improved, both in choosing the projects and in the project contractors. It's alarming to see so many coal plants on the table at a time when southeast European countries should be moving towards decarbonisation.



Bankwatch research co-ordinator Pippa Gallop quoted in the Financial Times



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