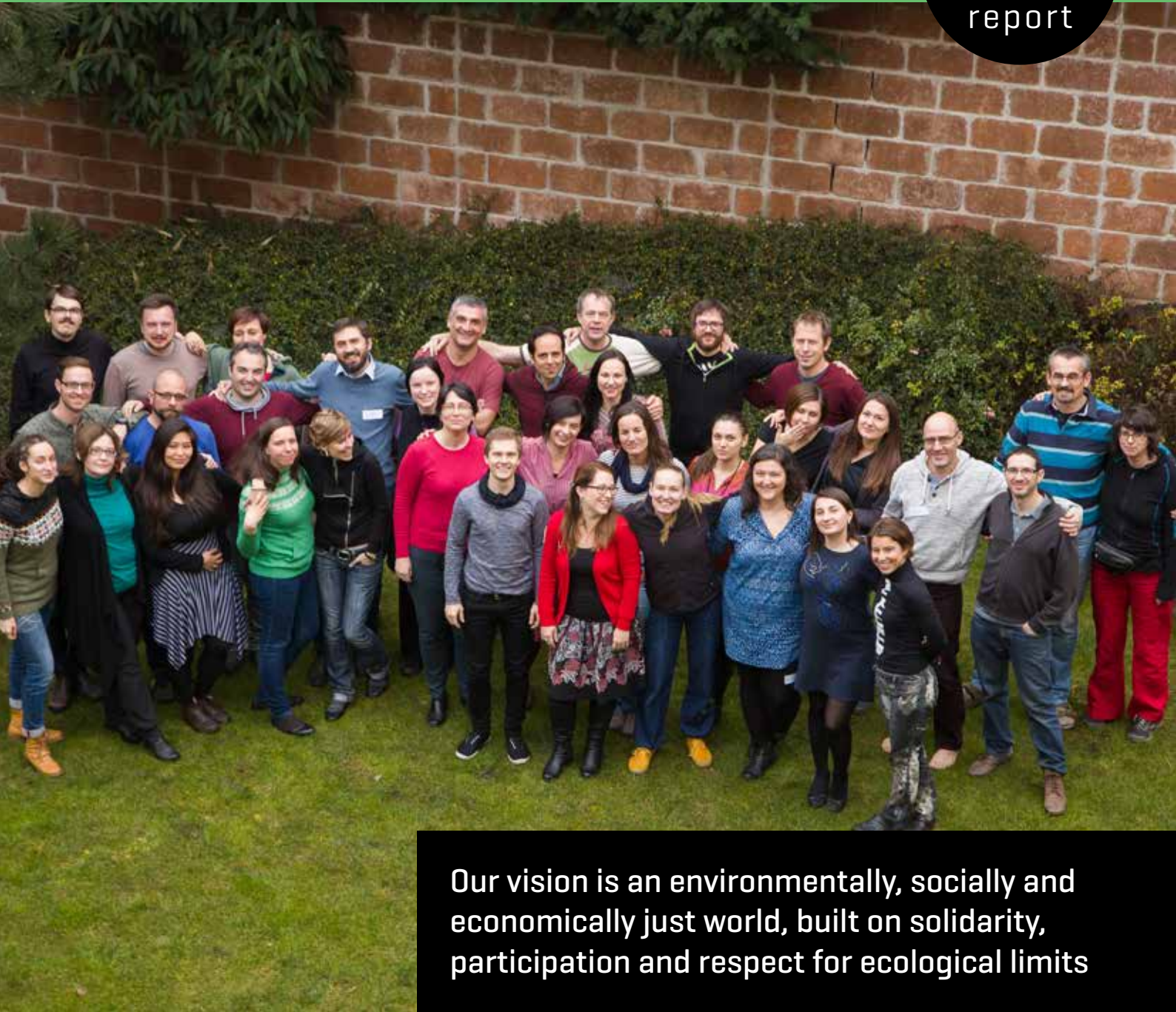



Bankwatch

2015
annual
report



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



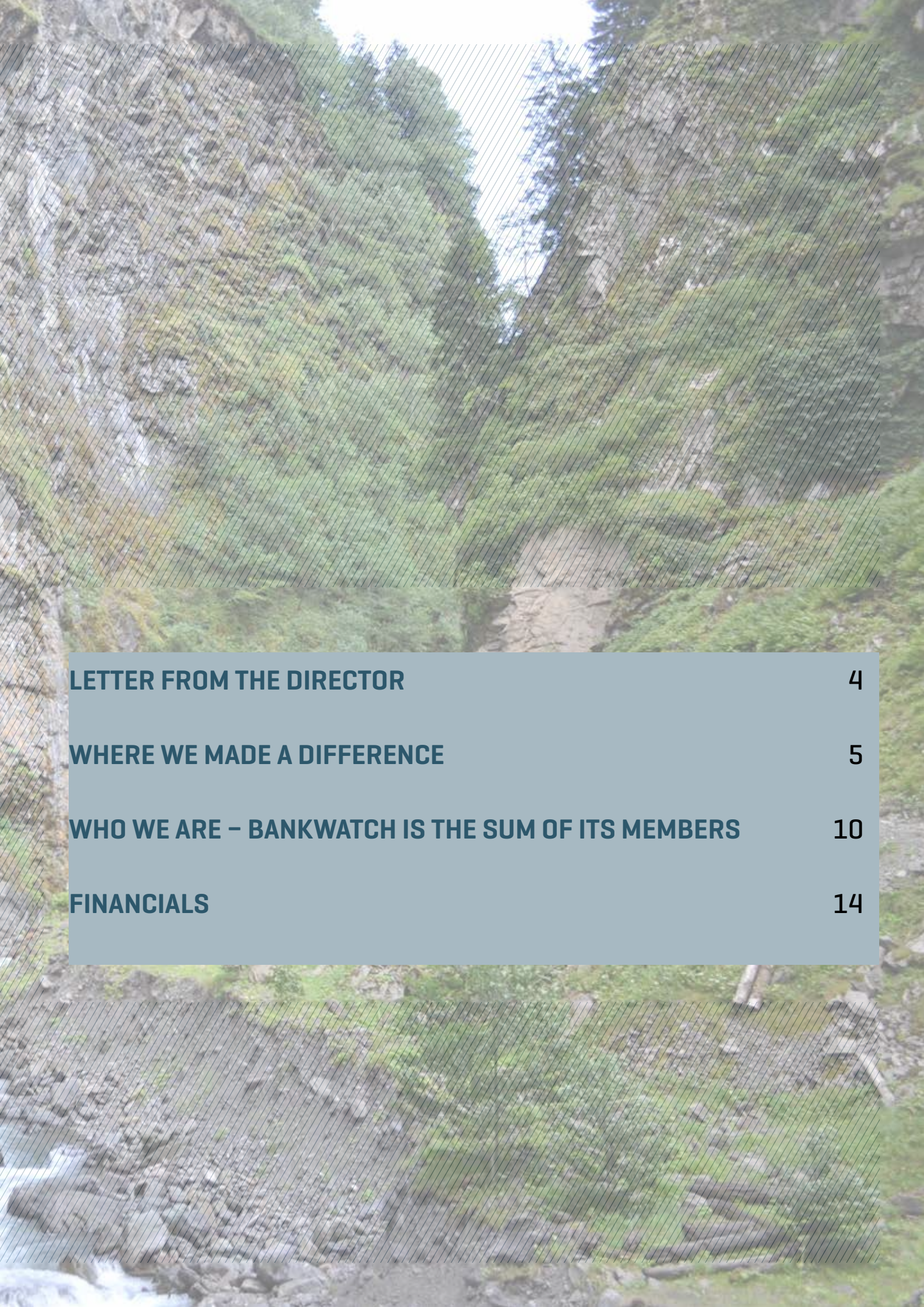
Working across central and eastern Europe to monitor the activities of international financial institutions and propose constructive environmental and social alternatives to the policies and projects they support

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
Huub Scheele, Both ENDS, Netherlands
Robert Cyglicki, Greenpeace Poland



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LETTER FROM THE DIRECTOR



Dear reader,

While leaders from around the world sat down in Paris to discuss measures to tackle climate change over the coming decades, Europe and the Middle East/North Africa found itself having to deal with its consequences today. The war in Syria and Iraq and the resulting migration crisis are considered by many to be a consequence among others of a climate change. At Bankwatch we continued in our struggle to push Europe's key financial enablers of climate change to stop their harmful investments. We were not without success: throughout South Eastern Europe - we left our mark, stopping or stalling investments in coal in Romania, Croatia, Bosnia-Herzegovina and Serbia. For the EU as a whole, we successfully pushed for the greening of the European Fund Strategic Investment, which now has the potential a major role in combatting climate change in the Union. Bankwatch also continued to monitor and expose to EU-level decision-makers the major deficiencies throughout in Central and Eastern Europe in the use of EU funds to combat climate change.

Our work however went beyond climate. We sought out to support communities affected by large and problematic investments across our region. In Ukraine, we looked to support a community against the devastating impact of an industrial poultry farm, while in Georgia we worked several communities in helping them challenge the construction of dams for hydropower that would leave much of their land and livelihoods flooded.

We continued to be relevant and to have an undeniable impact on people's lives and the environment - but the struggle is definitely set to continue. Every five years, we sit down and try to figure out what we are to do in the five coming years and 2015 was our strategic planning year. This is what I would consider one of the most exciting events in the development of any organisation: while it is partly about looking back and taking stock, it is also very much about challenging ourselves to think big and to think differently about where we go. A strategy is just as much about harnessing the enthusiasm in the organisation to reassert our joint purpose as it is about delving into the diversity of opinion and experiences to help redefine who we are. I am convinced that the 2016-2020 strategy will not only help us keep pace with the times; it will also help ensure that Bankwatch will continue to be the most relevant and most powerful network challenging international public finance in the Central and Eastern European region.

Our 2016-2020 strategy while it continues to focus heavily on preventing international public finance from contributing to climate change, we've agreed that we need to set the bar higher. In the coming period, we will also open the door to challenging false and unsustainable responses from these same institutions and working on driving European public finance towards truly sustainable solutions owned and driven by the communities themselves. A core principle reflected in our new strategy, an area of work that we are for the first time defining as a standalone area is a notion we are calling democratisation of international public finance. Bankwatch has long fought to have impacted communities rights recognised by the financiers and to support and empower those same communities in their struggles for their rights. Our message now to European public finance is clear and simple: development FOR the people can only work if it is development BY the people.

I would like to take this opportunity to thank those of you who have supported the wonderful Bankwatch team in 2015 and look forward to having you join us in the new challenges we have set out for ourselves for the next five years.



Mark Fodor
Executive Director

WHERE WE MADE A DIFFERENCE

The impact of our work was felt far and wide in 2015. 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.



The Balkan lynx are back again, this time protesting at the Bern convention secretariat in Strasbourg



The force is strong with this bale home in Hungary, a project which received EU funds - more examples of this kind are needed.

BANKING ON THE BALKAN LYNX

The Balkans are facing a hydropower tsunami. According to a landmark study we authored in 2015, of 75 hydropower plants in the region to be financed by the public banks, 30 of these are planned for protected areas. But thanks to the efforts of our member group Eko-Svest in Macedonia, at least some of these will not see the light of day.

After several years of campaigning, Eko-Svest persuaded the World Bank to drop plans for the Lukovo Pole project in the Mavrovo national park, home to the critically-endangered species of Balkan lynx. Combining direct advocacy, legal challenges, and public outreach, Eko-svest is also preventing another environmentally-destructive dam planned in Mavrovo, the Boskov Most hydropower plant. Its most recent success was a recommendation from the United Nation's Bern convention, suggesting that the Macedonian government halt all of its plans for new hydropower in Mavrovo and that the public banks consider a strategic assessment of all planned projects before moving ahead with any new developments.

LES ENFANTS TERRIBLE

The climate summit in Paris marked a new era in tackling climate change. Big promises were made in December 2015 but they are not likely to gain traction, if the countries continue business as usual with taxpayers' money. Our annual publication on EU funding "Climate's Enfants Terribles" revealed that CEE governments have invested peanuts of the billions of euros available for regional development and cohesion into renewables, energy efficiency and smart grids.

The study conducted in nine countries was covered in 130 articles in major European dailies and led to many requests for discussions with officials and new allies. We planned multiple interventions to amplify the report's findings and to keep it longer in the spotlight. This is the publication that truly showed which way the wind blows. Judging by the reaction of officials and the public, we could hope for better scrutiny over national EU funds spending and more ambitious climate commitments in the next EU budget.



EBRD headquarters at Liverpool street in London are a progressively more transparent place.



Speaker addresses participants from across Europe during the VOLT tour, a critical look at energy infrastructure projects across Spain, part of the Train of Development campaign.

ACCOUNTABLE ONLY TO THE MARKET NO MORE

The road to opening up the operations of the public banks to increased scrutiny has been a long and winding one to be sure. After all it was the European Investment Bank that notoriously declared in a meeting with civil society organisations that, ‘The bank is accountable only to the market.’

Fast-forward a decade or so, and the campaign to improve transparency at Europe’s largest public financiers has made marked strides. Each year, Bankwatch contributes research to the annual publication of the Publish What You Fund International Aid Transparency Index. According to the rubric, the banks made a move from the ‘poor’ to ‘fair’ in scoring, indicative of our efforts advocating for more openness in their operations.

BANKWATCH AND THE EUROPEAN YEAR OF DEVELOPMENT

2015 marked the completion of the UN’s Millennium Development Goal and the inauguration of the Sustainable Development Goals.

To coincide with this new era in public financing, the European Union launched a flagship campaign in the area of development co-operation known as the European Year of Development. In parallel to this campaign, Bankwatch, together with more than a dozen partners from around the EU, held its own ‘Catching the train of development’ campaign, to challenge the role of the public banks in financing the future architecture of the Sustainable Development Goals. Through more than 80 public events across the Union, together with media and public outreach initiatives, an estimated 2.6 million Europeans heard about this campaign, marking it as an unique effort for Bankwatch in terms of awareness-raising.



Worker at the Zaporizhska nuclear power plant in Ukraine



A local in Shuakhevi details the damage the construction of a nearby hydropower plant is having on the foundation of his home

POSTCARD FROM CHERNOBYL

Twenty nine years after the Chernobyl disaster, Ukraine continues to operate its dated nuclear energy. Instead of weighing up much safer alternatives, the government is plotting the refurbishment of its Soviet-era reactors, and EU taxpayers will be paying the bill.

Bankwatch, its member in Kyiv National Ecological Centre of Ukraine and civil society in the neighbouring countries that would be impacted by the new, old nukes marked the notorious anniversary with commemorative events. Participants organised an international mission to the exclusion zone and the ghost town of Pripyat, resulting in international media attention to the government's risky energy business. A dynamic social media campaign, together with exhibitions in several EU countries reminded Europe about the tragedy of the nuclear and the fragility of human life. The campaign brought successes on a political level: the European Commission forced Ukraine to prepare a transboundary impact assessment and consult with its neighbours about its Nuclear Safety Upgrade Programme. Also, European parliamentarians questioned the loan for this programme provided by a EU-based financial institution.

OVER TROUBLED WATERS BETTER DAYS FOR GEORGIAN COMMUNITIES

Blessed with majestic mountains and an abundance of water resources, Georgia has significant potential to generate energy from hydropower. However this same advantage has come with a price, with the aggressive expansion of dams without a clear plan in place for its development. The cascade of hydro investments has brought little for those living in the vicinity of the plants and has caused despair as they cope with resettlement, loss of livelihood and a host of environmental degradation.

To counter this trend, Bankwatch continued to support movements against big dams. Spearheaded by Georgian member Green Alternative, we led an investigative report with the broadcaster Al Jazeera to critically explore the Shuakhevi project that the EBRD is considering for financing. Together with a protests action during the bank's annual meetings in Tbilisi, we raised the profile of the project and continued to make hydropower development one of the most debated topics in the country. Eventually the Ministry of Energy finally took to heart the task of devising an energy strategy and an energy efficiency action plan for Georgia – however vigilance is required to ensure that the plan delivers for the people.



Locals in Vreoci look on at the ever-expanding Kolubara mining complex



Demonstration by Green Action outside the French embassy in protest of Credit Agricole's support of the Plomin C coal power plant

ANOTHER ONE BITES THE DUST

Our work to reverse the legacy of polluting coal power in the Balkans and to advocate for cleaner energy futures scored several important wins this year. In Romania, the European Bank for Reconstruction and Development suspended and then later cancelled a loan for the refurbishment of the Turceni coal power plant, one which had been plagued by a variety of legal issues and for which a full environmental assessment had not been conducted.

In Serbia, our campaign against dirty forms of energy and for the rights of the communities on the margins also made strides. The compliance mechanism of the EBRD found that the bank had breached its own environmental and social policies in the case of its loan to the Kolubara coal project, validating ours and locals claims that the bank failed to properly assess the impacts of mines expansion on communities near the project. Further work in Serbia, this time on state aid to coal mines, also made waves, with the government's actions at the Kolubara and Kostolac power plants now subject to investigation by the Energy Community. The construction at Kostolac was also found in breach of the Espoo convention.

And there's more.

AND ANOTHER ONE'S GONE

The long-standing campaign by Bankwatch member in Zagreb Green Action against the Plomin C coal power plant delivered a huge blow when the French bank Credit Agricole announced in September that it was pulling out of the project. Its statement followed on the heels of a declaration earlier in the May that it would no longer finance coal mine projects or companies that specialise in the sector. As the only international financier currently supporting the 800 million euros project, Credit Agricole's departure from the project is a major step forward in this hard fought campaign.

Elsewhere across the Balkans, in Bosnia and Herzegovina, our efforts led to the successful cancellation of a supplemental environmental permit for the Banovici power plant. This was followed up by legal challenges in Republika Srpska, where the government's environmental permit for the Stanari power plant is currently being reviewed and challenged in court. All in all it was another banner year for the campaign against coal in the Balkans.



Our work uncovered EIB financing for VW as it was embroiled in its emissions testing scandal



Kateryna Onopriienko, a local activist in Moshny, challenges industrial agricultural expansion in her community

UNRAVELING THE THREAD

Following revelations that the German automobile manufacturer Volkswagen had gamed its engines to bypass emissions testing, Bankwatch set out to investigate to what extent the firm had benefitted from the EU's house bank, the European Investment Bank. Working off of an initial hunch – we had monitored previous loans to VW in Mexico and again during the financial crisis of 2008 and 2009 – what we discovered was startling: Volkswagen had received more than four billion euros from the EIB within the last decade, with a lion's share of that financing allocated to research and develop cleaner engine technologies.

Breaking the story via an exclusive with the Politico newspaper, our original research could in part be seen as the impetus for an inquiry by the EU's anti-fraud office into whether the loans were misused, and as well an announcement by the EIB that it too would open its own investigation, potentially taking the extraordinary step of demanding loan repayment.

THE NEW BLACK

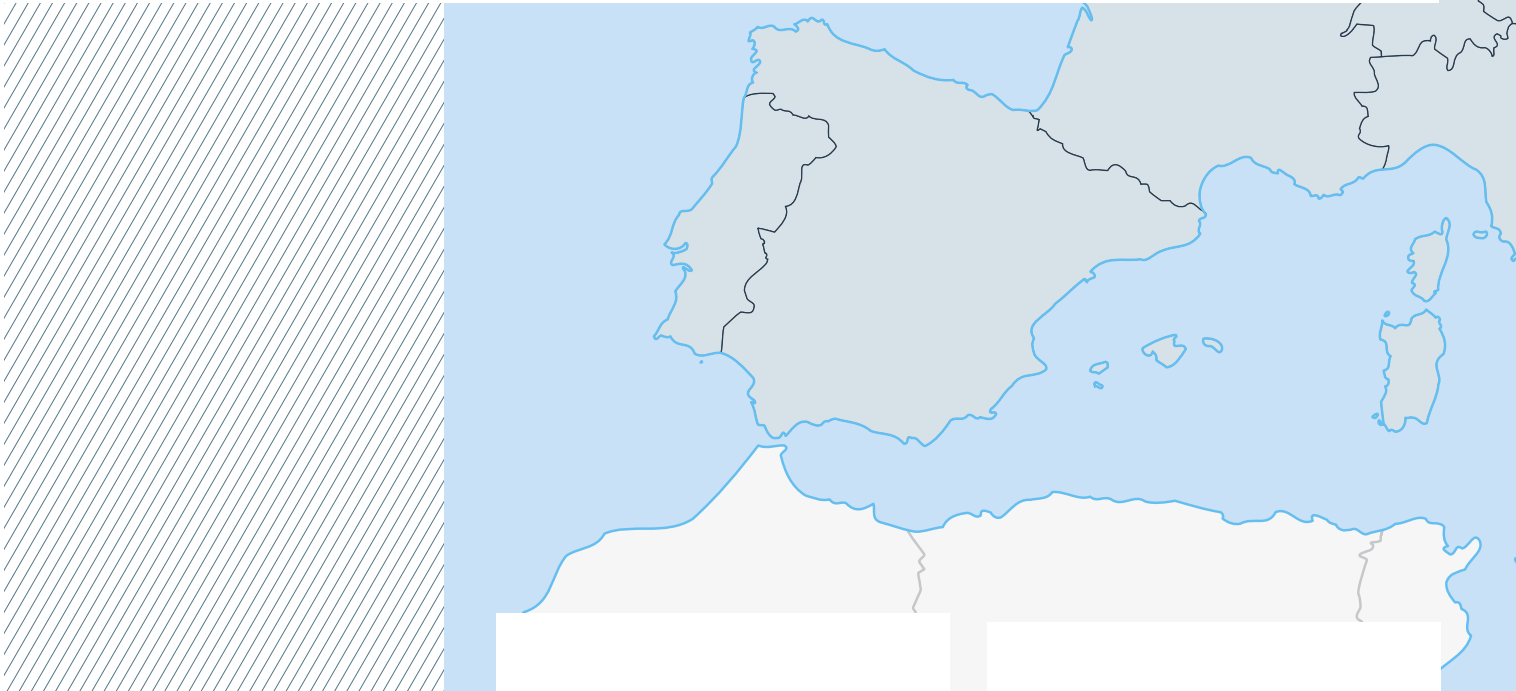
Most of the news out of Ukraine nowadays focuses on the ongoing war initiated by Russia over the Donbass region, or the country's sluggish attempts at reforms in the post-Maiden era. One development that has flown relatively under the radar is the rapid encroachment of industrial agricultural on the rural communities that rely overwhelmingly for subsistence on the country's world-renowned chernoza, or black soil. Bankwatch member group in Kyiv National Ecological Centre of Ukraine, together with partners in the Netherlands, have been working to shine a light on this marginalisation of smallholders.

With the Netherlands being a top destination for exports of Ukraine's poultry, NECU's work with Dutch partners Both Ends and SOMO has successfully engaged a number of investors to ask for more transparency and stakeholder engagement from the country's largest producer, MHP. Site visits and subsequent reporting from the field have helped raise the profile of the project through the media in both the Netherlands and internationally. NECU's work for the sustainable development of the country's agrarian regions continues.

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

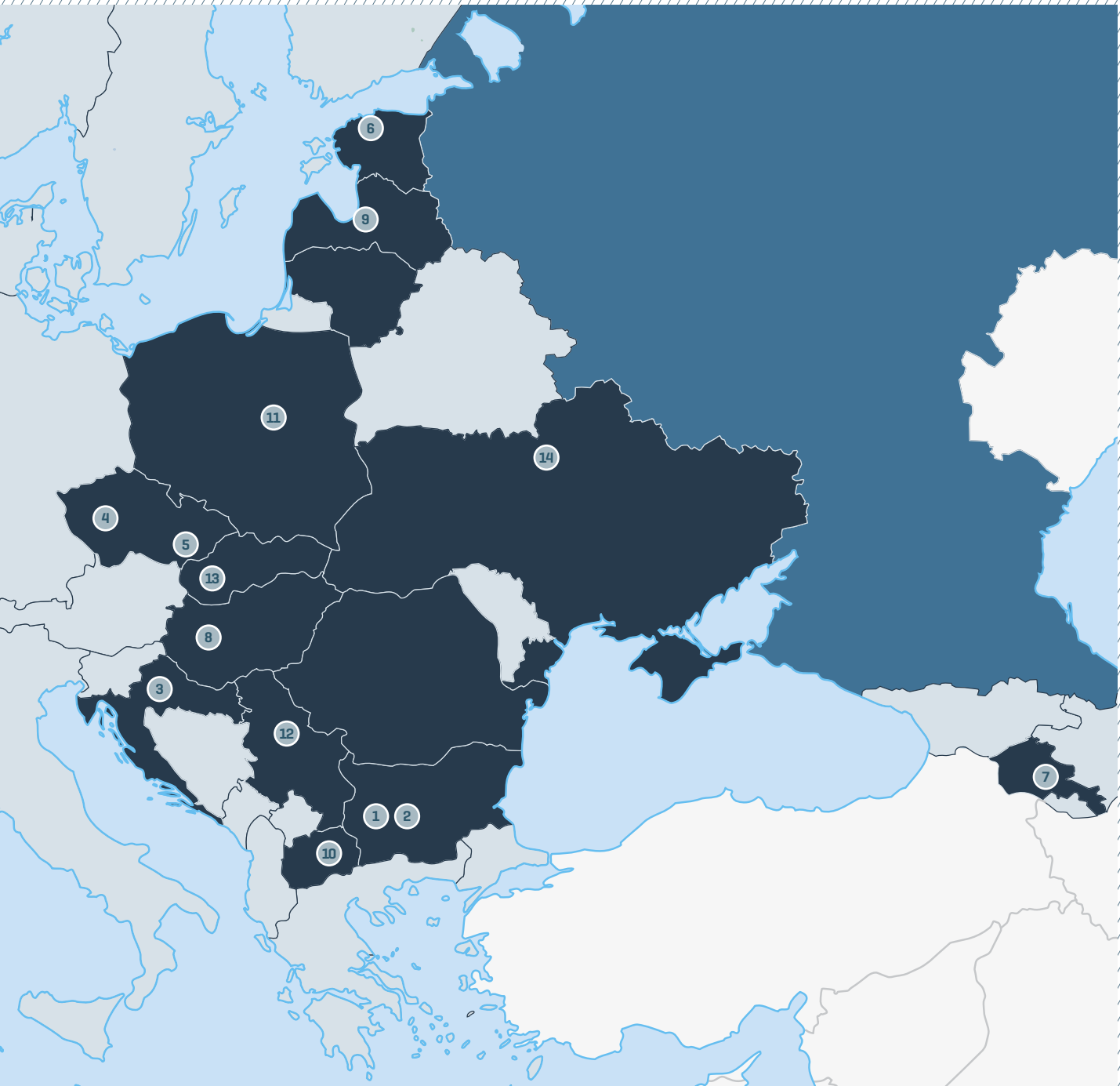


5
Hnutí DUHA/Friends
of the Earth
Czech Republic



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

FINANCIALS

Bankwatch is grateful to all of the foundations and organisations that have supported and made possible our work in 2015. The information above derives, as every year, from an official audit of our accounts – conducted by the Czech authorities in March 2016.

BALANCE SHEET

Assets	EUR
Claims - Advances provided	75 002
Claims - Financial Support	322 614
Claims - Business	6 569
Cash in Hand	2 108
Bank Accounts	487 401
Valuables	570
Interperiod Active Clearances	76 014
Total Assets	970 278

Liabilities	EUR
Reserve Fund	224 242
Grant Fund	333 251
Committed Transfers 2015	293 671
Accumulated Financial Result	-25 873
Short Term Liabilities	101 150
Interperiod Passice Clearances	43 838
Total Liabilities	970 278

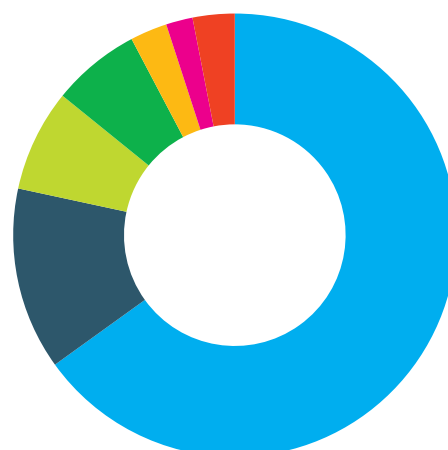
BUDGET

Income	EUR
DG Development	1 711 949
DG Environment	350 284
European Climate Foundation	195 989
Partners cofinancing	169 925
CS Mott Foundaton	71 126
Open Society Foundation	51 237
Various reimbursements	38 155
International Visegrad Fund	17 595
France Liberte	12 832
Inteligent Energy Europe	11 926
Total income	2 631 018

Expenditures	EUR
Salaries	881 608
Running costs	118 404
Travel and meetings	493 769
Equipment	34 943
Consultants and legal assistance	304 178
Publications	213 786
Network overheads	59 603
Support for partners	524 726
Total expenditures	2 631 018

BUDGET BREAKDOWN BY FUNDER

- 65% DG Development
- 13% DG Environment
- 7% European Climate Foundation
- 7% Partners cofinancing
- 3% C.S.Mott Foundation
- 3% Other (International Visegrad Fund, France Liberte, Inteligent Energy Europe, various reimbursements)
- 2% Open Society Foundation





We expect the EIB ... to make transparent how its loans were used by the VW group, whether these loans really contributed to the development of engines which meet agreed emission standards.



*Bankwatch EIB co-ordinator
Anna Roggenbuck quoted in Politico,
breaking the EIB-VW story*



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