

An aerial photograph of a rural landscape. In the foreground, a river flows through a valley. The middle ground shows a cluster of houses and buildings, some with smoke rising from them, surrounded by fields and roads. The background features rolling hills and mountains under a clear sky.

Bankwatch

2021 annual report

CEE

Bankwatch
Network

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Cover photo: The Neretva valley (Bosnia and Herzegovina) is threatened by Corridor Vc, a motorway that will connect Hungary with Croatia. The valley is home to many who grow crops and have jobs in local tourism, as well as precious rivers; if built through the valley, Corridor Vc will destroy this. Bankwatch is supporting locals in their fight for their homes and livelihoods. Photo by CEE Bankwatch Network.

Executive Committee

Peep Mardiste
Piotr Trzaskowski
Jana Maussen
Dora Sivka

Review Committee

Greig Aitken
Anna Roggenbuck
James N. Barnes



Letter from the executive director

It is more than safe to say that 2021 was a year full of challenges. First and foremost, it was time for us to take stock of what we had achieved and what we had left to do from our previous five-year strategic period, as well as to formulate our plans for the next five years. The result of this process is an ambitious new plan to take us through to 2026. The plan builds on the work and strengths of the past period and takes us into newer territory as well with expanded work coming up on biodiversity and green cities.

The COVID-19 pandemic proved to be persistently problematic, despite some indications of a return to normal, as we confronted on-going difficulties with meeting in person, travelling to our project sites and managing public participation and consultation processes.

Also, it is safe to say that Bankwatch's work has never been more important than it is now. The impact of long-term failed policies and harmful habits is becoming clearer every day as we see more and

more reports of climate-change-induced weather events, melting icecaps, diminishing biodiversity and so forth.

Fortunately, we have achieved successes in every area of our work to combat these problems. Here are just a few examples.

- The end of coal is closer than ever in the Western Balkans, with the Energy Community launching infringement cases against Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia for failing to reduce air pollution.
- We continued to submit and follow up on complaints, as well as support local groups to submit complaints, against projects that will harm the environment and human rights with European public finance institutions. This included a complaint against gas projects at the Energy Community and complaints against a highway



Mark Martin, executive director

in Bosnia and Herzegovina and a resettlement from a landfill in Serbia at the European Bank for Reconstruction and Development.

- We supported Uzbekistan's first independent trade union.
- Our advocacy had a wide range of effects, from getting better gender policies at the European Bank for Reconstruction and Development to cancelling European funding for nature-harming projects in Bulgaria, Hungary, Latvia and Poland.
- We helped to effectively stop work on two hydropower plants in Georgia and helped improve laws on hydropower in Bosnia and Herzegovina and Serbia.

The unprecedented amounts of money for recovery from the COVID-19 pandemic that have begun to flow, both within the European Union and outside of it, represent a significant opportunity for positive impact. Bankwatch will indeed be watching where this money goes in 2022, stopping harmful projects, calling out false solutions and proposing viable alternatives.


Mark Martin

Executive director


Who we are

Bankwatch is the sum of its members

1
Za Zemiata
Bulgaria



2
Zelena Akcija
Croatia




3
Centre for
Transport
and Energy
Czech Republic




4
Friends of the Earth
Estonia



5
Green
Alternative
Georgia



6
MTVSZ, Friends
of the Earth
Hungary



7
Latvian Green
Movement
Latvia




8
Ekosvest
Macedonia




9
Polish Green
Network
Poland



10
CEKOR
Serbia



11
CEPA, Friends
of the Earth
Slovakia



12
Ecoaction
Ukraine



13
National Ecological
Centre of Ukraine
Ukraine



Affiliated members

14
Hnutí DUHA/Friends
of the Earth
Czech Republic

15
Sakhalin Environment
Watch
Russia

16
Atgaja
Lithuania

Branches

Bankwatch
Romania



**Where we made a
difference in 2021**

Uzbekistan's first independent trade union

After years of poor working conditions in Uzbekistan cotton company Indorama Agro, workers had had enough. In March 2021, they met to establish the first-ever independent trade union in the country.

Indorama had failed to respond to employees' complaints about massive job cuts, poor working conditions, unfair payment, gender discrimination and retaliation against those who spoke up.

Bankwatch has supported Uzbek civil society, and particularly those individuals speaking out against the injustices at Indorama – a company which has received large amounts of funding from the European Bank for Reconstruction and Development and the International Finance Corporation and is expecting to receive an additional loan for cotton production. The policies of both financial institutions require that their clients respect employees' rights to organise in order to protect their rights.

Bankwatch, alongside 11 other civil society organisations, called on the government of Uzbekistan and international development banks to ensure that the trade union could register and exercise its rights, without fear of retaliation from the company.

The union has now been recognised by the company and Uzbek authorities. Bankwatch and Uzbek Forum for Human Rights also made a significant contribution to Indorama's action plan to mitigate environmental and social risks in the upcoming cotton project.

[Read more](#)



Photo: Uzbek Forum for Human Rights

Building back biodiversity

Photo: Antal Molnár

In order to respond to the climate and biodiversity crisis, we need to look not only at eliminating greenhouse gas emissions, but also at protecting and restoring nature. After the risks Bankwatch identified for the EU's COVID-19 recovery money to be misspent by Member States, we launched a full campaign to monitor how the funds were being used for this purpose. The EU's Recovery and Resilience Facility offered an excellent opportunity for countries to meet the goals of the Biodiversity Strategy for 2030, but it seemed that countries were leaving nature by the wayside.

We monitored the recovery plans of nine countries in coalition with other environmental organisations and exposed the fact that only less than 1 per cent of recovery money was used for nature. We advocated for more recovery funds to be spent for biodiversity

related projects, while at the same time trying to prevent funding for projects that would harm nature.

Our advocacy on the basis of this monitoring and research led to several changes in the countries' plans. For example, in Latvia, potentially hazardous commercial forestry actions were excluded from the recovery plan. Hungary's government adopted two biodiversity-related suggestions made by our member group MTVSZ, dropped the idea of using the recovery plan to develop irrigation infrastructure and shifted the focus of the plan to water retention.

In Bulgaria, the initial plan included a project for the rehabilitation of state-owned irrigation systems, without assessing their impact on Natura 2000 sites – which are supposed to protect designated areas from habitat destruction. This project was not included in

the final version of the plan, and instead a new biodiversity project was added as a direct result of our efforts. And in Poland, after public hearings where our member group Polish Green Network actively participated, decision makers withdrew from new investments in harmful waste incineration plants. They also improved some norms on pellets and changed some investments in railway transport.

[Read more](#)

Chipping away at coal phase-out

In the Western Balkans, our steady advocacy with the Energy Community and governments made progress on coal phase-out. North Macedonia and Montenegro joined the Powering Past Coal Alliance and committed to coal phase-out dates – 2027 and 2035 respectively. The Energy Community Secretariat launched infringement cases against five countries (Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) for not complying with the Large Combustion Plants Directive, which sets ceilings on the amount of harmful emissions power plants are allowed to release.

We have steadily tracked breaches of these emissions in our report *Comply or Close*. The third edition, released in September 2021, has been mentioned in the media nearly 300 times, including by the BBC, Euronews, Bloomberg and Al Jazeera. This edition was particularly notable because we worked with

the Centre for Research on Energy and Clean Air (CREA) to link data on dangerous emissions with the health consequences of such emissions – showing how these emissions don't just exceed the limits, but actually kill us.

In a striking blow to Bosnia and Herzegovina's future coal plans, the Energy Community confirmed that a loan guarantee for the planned Tuzla 7 coal plant was illegal. We hope that this will be another nail in the coffin for coal in the region.

In addition, Serbia's Kolubara B coal power plant was cancelled, and Romania's comments to Serbia's 10-year spatial plan incorporated all of Bankwatch's recommendations on coal.

[Read more](#)



Photo: RTV Pljevlja for Green Home

Roadblocks on Corridor Vc give communities a chance

The pan-European Corridor Vc will connect the Adriatic coast of Croatia with Budapest, Hungary, via Bosnia and Herzegovina (BiH). Since 2007, the European Investment Bank and the European Bank for Reconstruction and Development have signed loans totalling EUR 1.7 billion for the BiH section of the Corridor. The European Union has also provided EUR 214 million in grants through the Western Balkans Investment Framework.

Local opposition against the route chosen for the area south of Mostar, BiH has been ongoing since 2007. In recent years, it became apparent that the road would be built through the Neretva valley, important land for agriculture and tourism, as well as critical habitats for important river species. Yet no public consultation was held on this route change, and proper environmental and social assessments have not been undertaken. Furthermore, the

construction of this route will have a particular effect on war returnees who have rebuilt their lives in the valley.

Bankwatch resumed work on this case in 2020, and in 2021 our cooperation with local activists helped effectively block construction of the South Mostar section of the road by instigating investigations into the compliance of construction plans with the European Bank for Reconstruction and Development's policies.

[Read more](#)



Photo: CEE Bankwatch Network

Stalling the fossil fuel lock-in of the Western Balkans

Fossil gas has increasingly been put forth as an indispensable bridge fuel to move away from coal by the gas industry. Yet Bankwatch campaigners have been working to show that investments in this costly fuel source will either lock gas into existing energy systems and lead to rising emissions, or it will result in the construction of infrastructure that cannot be used for more than a few years – a bad economic and environmental deal for countries.

Thanks to their advocacy, the EU Ombudsman opened an inquiry into the European Commission's maladministration concerning the assessment of new gas projects in the Energy Community countries. Several of these projects were included on the most recent lists of priority projects known as the Projects of Energy Community interest (PECI) and Projects of Mutual Interest (PMIs). This means they enjoy fast permitting procedures and can receive

public funding for studies and construction.

Bankwatch's complaint claimed that the European Commission failed to properly assess the sustainability of these gas projects. The methodology they used could not even account for the negative sustainability impacts of proposed projects and may well result in the displacement of renewable energy in the region.

We hope to close the door on the influx of gas infrastructure projects in EU neighbouring countries that are not connected to the international gas network (Albania, Montenegro, Kosovo) or are only partly connected (North Macedonia and Bosnia and Herzegovina), which may be publicly financed as a result of this. If constructed, these projects will undermine any efforts to decarbonise the already lagging energy sectors of these countries.

As a direct result of Bankwatch's work, the Energy Community decided to postpone the next PECI/PMI cycle until the revised EU legislation that governs PECI/PMI projects is adopted in the Energy Community.

[Read more](#)

Hope for displaced families in Serbia landfill project

Photo: Emily Gray

Bankwatch and our Serbian partner A11 have been cooperating to improve outcomes for families involuntarily resettled from the Vinča landfill in Belgrade. These families, who were living and working on the landfill, have lost their livelihoods and have been rehoused with differing levels of success as a result of a project to rehabilitate the landfill and build a waste incineration plant there, financed by the European Bank for Reconstruction and Development.

Some residents were relocated to social housing in different municipalities across Serbia, and others, who were not included in the census, were not offered any housing at all. Many of them also lost their main source of income, which came from picking waste on the landfill for the public sanitary service. Those who were offered jobs found the short-term, poorly paid work insufficient and below the standards of their previous work.

We helped them open a case with the Bank's independent accountability mechanism to ensure that the families receive proper redress from the city and the company responsible for the project. The complaint was accepted, and problem-solving is ongoing. There is already progress with housing solutions for half of the evicted households.

[Read more](#)



Making a splash against harmful hydropower

We have consistently demonstrated the dangers of hydropower for people and nature. In 2021, our work reverberated in Georgia, Ukraine and the Western Balkans. Project company ENKA withdrew from the controversial Namakhvani hydropower project in Georgia, leaving the project's future uncertain. The equally controversial Nenskra hydropower project remained in limbo, raising hopes that it will not go ahead.

In Ukraine, authorities refused to issue an approval for the environmental impact assessment for the damaging Tashlyk hydropower project extension.

The Bern Convention agreed to carry out an on-the-spot appraisal on the Ulog and Upper Neretva hydropower plants in Bosnia and Herzegovina in response to a joint non-governmental organisation complaint.

Serbia introduced a renewable energy law with more restrictive conditions on subsidies for hydropower plants than was previously the case. With local groups, we successfully resisted an attempt to reintroduce feed-in tariffs for small hydropower in the Federation of Bosnia and Herzegovina during spring 2021.

As far as we know, no new greenfield hydropower plants in our region have entered the European Investment Bank or European Bank for Reconstruction and Development pipelines within the last two years.

[Read more](#)



Focus on gender

Bankwatch's campaigning to improve the European Bank for Reconstruction and Development's gender policies has made an impact.

The Bank released several guidance notes for gender in various sectors, which will support the implementation of its 2019 Environmental and Social Policy. The Bank's new gender strategy improved significantly, and now includes a target for projects with gender elements (40 per cent of the portfolio by 2025) and a focus on addressing gender-based violence and harassment.

Although the COVID-19 pandemic contributed to the widening of the gender gap and the deterioration of women's and gender rights, the Bank is making a serious effort on gender in its countries. The dedication of the growing inclusion team, support from key shareholders – combined with constant feedback

and pressure from Bankwatch – has been effective and there has already been some progress in projects on the ground (Turkey, Uzbekistan).

[Read more](#)

Our funders

We thank each of our donors, past and present, for making our work possible and for their trust and confidence in the job we do to bring international finance to account.

Assets	EUR
Fixed Assets	352
Claims	352 465
Cash in Hand	228
Bank Accounts	1 246 392
Valuables	0
Interperiod Active Clearances	15 494
TOTAL ASSETS	1 614 931

Income*	EUR
Swedish Intern. Develop. Agency	676 326
European Climate Foundation	576 073
European Commission	559 992
EuroNatur	207 002
German Ministry of Environment	161 208
Foundation Open Society Institute	41 615
Swedwatch (DEAR)	34 864
Partners cofinancing	32 939
Schwab Charitable Fund	31 074
Europe Beyond Coal	26 366
Both ENDS	24 546
Various	27 814
TOTAL INCOME	2 399 819

Liabilities	EUR
Reserve Fund	177 104
Grant Fund	1 237 042
Committed Transfers	51 362
Accumulated Financial Result	-77 123
Short Term Liabilities	217 847
Interperiod Passive Clearances	8 699
TOTAL LIABILITIES	1 614 931

Expenditures*	EUR
Salaries	1 520 305
Running costs	108 645
Travel and meetings	92 366
Equipment	22 412
Consultants and legal assistance	189 742
Publications	49 312
Network overheads	80 916
Support for partners	336 121
TOTAL EXPENDITURES	2 399 819

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

It is safe to say that Bankwatch's work has never been more important than it is now. The impact of long-term failed policies and harmful habits is becoming clearer every day as we see more and more reports of climate-change-induced weather events, melting icecaps, diminishing biodiversity and so forth.

— Executive Director **Mark Martin**

CEE Bankwatch Network

Heřmanova 1088/8

Prague 7, 170 00

Czech Republic

www.bankwatch.org

www.twitter.com/ceebankwatch

www.facebook.com/ceebankwatch