

Mr. Thomas Mirow
President
European Bank for Reconstruction and Development
1 Exchange Square EC2A EJA
London, UK

August 7, 2009

Dear President Mirow:

We are writing to express our concerns about the EBRD's apparent interest in the Nabucco Pipeline project and hope to receive some clarification regarding the institution's intentions. We are confused by what we see as mixed messages coming from the leadership of the EBRD.

At the EBRD AGM in May, civil society activists from Europe, Turkmenistan and the United States met with you and your senior staff. We also met with the Board of Directors. In both meetings we discussed our concerns regarding the Nabucco pipeline and Turkmenistan's appalling human rights record.

We were pleased to hear you and the Board articulate the EBRD's interest in engaging in discussion with civil society on these topics, as well as your concerns about the ongoing human rights problems in Turkmenistan. Our colleague from Turkmenistan was very clear in these meetings that although the EU has lifted the trade ban with Turkmenistan, the human rights situation there has not improved.

We understood from our discussion at that time that the EBRD was not considering any project financing for the Nabucco pipeline, and that the institution would carefully consider the project, including engaging in further dialogue with civil society prior to making decisions about Nabucco and Turkmenistan. This position was reiterated in a recent letter from Mr. Juneau, in which he stated, "No decisions have been made at the EBRD regarding the financing of the project. Of course, the Bank follows these matters - as you know, there are a number of alternatives under consideration in order to improve energy security in Europe - but does not participate in commercial negotiations....Should the EBRD get involved in financing this project, all relevant conditions would apply including environmental and public consultations requirements. I can assure you that the Board of Directors takes this aspect of its work very seriously." (Letter from Mr. Andre Juneau to Kate Watters and Andrey Aranbaev, July 24, 2009)

However, the EBRD has indicated publicly that it is considering financing Nabucco, and we have heard no further discussion regarding the human rights situation in Turkmenistan with the exception of assurances the country strategy review will include civil society consultation. Recently, EBRD Business Group Director Ricardo Puliti was quoted saying, "I think that the *EBRD* should be playing its role as a catalyst of commercial banks so it should play its role to put a substantial amount of money and be able to attract commercial banks to participate as well." He also stated the EBRD "aimed to have at least three projects financially sealed by mid-2010 and all four could be filled by the winter of 2010/2011," according to Reuters. (<http://www.upstreamonline.com/live/article181028.ece>) This and other

statements from EBRD management indicate that there is an internal discussion already going on about EBRD's financial role in Nabucco. We call upon EBRD to broaden the terms of this discussion to include non economic factors, especially the human rights situation in supply countries. Civil society organizations are ready to contribute to such a discussion. At the same time we urge EBRD to abstain from informal discussions with project promoters about Nabucco until the new Turkmenistan Country Strategy is ready. Without this document, the EBRD does not have clear indicators on how to approach the question of Turkmenistan.

In addition to our concerns regarding human rights and Turkmenistan, we question the EBRD's plan to finance a project that goes against Europe's targets for clean energy and reducing its impact on climate change. Using public financing to support Nabucco raises serious questions about the EBRD's commitment to sustainable and environmentally sound development. The EBRD should carefully consider other possibilities to provide energy security for Central and Eastern Europe, namely energy efficiency. There are indications, based on data provided by the European Insulation Manufacturers Association, that simple and cost effective energy efficiency measures in buildings can save much more gas than Nabucco claims to deliver. It would make these countries more independent from any gas supplier and, simultaneously, lower their CO2 emissions.

Should the EBRD consider financing this project, at a minimum, it should require a Strategic Environmental Assessment of the project, including impacts on supply countries and the Caspian Sea.

It should also carry out an assessment to confirm whether energy efficiency improvements could save more energy than Nabucco would deliver.

We look forward to hearing from you, and to a clarification about the EBRD's intentions regarding Nabucco, particularly given the outstanding human rights concerns in Turkmenistan. Finally, we would welcome a timeline for the EBRD's plans for consultation with Turkmen civil society organizations and an invitation to participate in discussions about the broad implications of Nabucco.

Sincerely,

Kate Watters
Executive Director
Crude Accountability
P.O. Box 2345
Alexandria, VA 22301 USA
Email: kate@crudeaccountability.org
Web: www.crudeaccountability.org

Mark Fodor
Executive Director
CEE Bankwatch Network
Na Rozcesti 1434/6
190 00 Praha 9 – Liben Czech Republic
Email: mark.fodor@bankwatch.org
Web: www.bankwatch.org