

President Thomas Mirow  
European Bank for Reconstruction and Development  
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Dear President Mirow,

Thank you very much for meeting with civil society organizations during the EBRD AGM. We appreciate your time and interest in the issues we raised with you, and agree with you that acknowledgement of the complexities of the issues facing the Bank and civil society makes for a much more productive discussion than seeing things in black and white.

We wanted to take this opportunity to follow up with you on the specific concerns we have related to the new Turkmenistan Country Strategy as well as the connections between Turkmenistan's political and economic situation and the Nabucco Pipeline.

On Turkmenistan, as we mentioned in our discussion with you on the 15<sup>th</sup> of May, we are grateful to the EBRD for being the first international financial institution to set out specific demands of Turkmenistan for engagement. We believe that setting such benchmarks is a critical component for successful engagement and for any potential improvements in the human rights, social and environmental situation in the country, or moving toward a market oriented and pluralistic society. While we believe that democratic reforms are unlikely to be forthcoming under the current leadership, it is critical that the Bank establish benchmarks for further engagement with Turkmenistan. The calibrated approach takes some meaningful steps toward making this happen.

However, we remain concerned that the Turkmen government will continue to capitalize on the new Country Strategy by maintaining, as it has in the press, this means the EBRD "expressed its full support to the large-scale political and economic reforms implemented in Turkmenistan." ([http://www.turkmenistan.ru/?page\\_id=3&lang\\_id=en&elem\\_id=16818&type=event&sort=date\\_desc](http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=16818&type=event&sort=date_desc))

While it is clear to us from meetings with yourself and the Bank's Directors that this support is not forthcoming, we are concerned that Turkmenistan will continue to spread such propaganda, harming not only the reputation of the EBRD, but also placing at risk civil society activists who have pushed for real reform and positive change inside the country.

We ask you to please actively solicit the comments of genuine civil society activists during the annual review of the new Turkmenistan Country Strategy in 2011.

We also ask you to continue to follow closely the human rights and civil society situation inside the country as our colleagues have spoken out about the situation in their country at great personal risk. We trust the Bank will honor and acknowledge that risk.

With regard to Nabucco, as we stated during our discussion with you, we are concerned about potential EBRD financing of the project for a number of reasons. Among those are:

1. Financing Nabucco will likely lead to the transport of Turkmen gas through the pipeline. This will result, as we stated during our meeting, in the de facto support of an authoritarian regime. Discussions about energy security beg the question—energy security for the west at whose expense and at the disregard of how many European principles of democracy and good governance?
2. Turkmenistan has no transparent financial system through which loan monies, revenues or profits can be tracked. The new Stabilization Fund has not been fully verified, and serious questions exist about the institutional capacity to monitor funds going into the country. We are concerned about public financing going into such a financially complicated system, especially in the oil and gas sector, which has been plagued by questions about corruption and mismanagement of funds.
3. We ask that any consideration of Nabucco include an environmental impact assessment that includes all potential supplier countries, including Turkmenistan. We also ask that any environmental impact assessment include the Caspian Sea. Taking into consideration the lessons from the Baku-Tbilisi-Ceyhan Pipeline, it is incumbent upon us not to repeat the mistakes associated with that project, including the failure to include the Caspian Sea in the EIA because, ostensibly, Kazakhstani oil was not to be included in BTC. We now have documentation from 2001, which shows clearly that Kazakhstani oil was always a part of the equation, despite BTC Co.'s comments to the contrary. We would be happy to share this documentation with you if you would like. Inclusion of Turkmen natural gas in the Nabucco pipeline would necessitate the construction of a pipeline across the Caspian Sea, which would create additional environmental and social problems. These would need to be considered in any environmental assessment for the Nabucco Pipeline.
4. Questions of social equity are also critically important when considering any potential financing of the Nabucco Pipeline project. When the BTC pipeline was constructed, a significant amount of land was improperly taken from people who lived along the pipeline route. Questions of fair compensation were raised in many countries, and this issue is of critical importance for Nabucco as well.

5. As the EBRD moves forward with goals of energy efficiency and support for sustainable development, we wonder how support for a natural gas pipeline, especially one as long and complicated as Nabucco, fits with those needs. It seems a better use of public money to support non-petroleum sources of energy for a Europe working to mitigate climate change.

Thank you for the opportunity to speak with you about our concerns. We hope to be able to continue this dialogue, and look forward to discussing the issues further.

Best regards,

Kate Watters, Executive Director, Crude Accountability

Piotr Trzaskowski, Climate and Energy Coordinator, CEE Bankwatch Network