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Media Briefing: CEE Bankwatch Network and Crude Accountability disappointed at EBRD enthusiasm for Nabucco pipeline

On June 17 it was widely reported that the European Bank for Reconstruction and Development (EBRD) had indicated its readiness to take a senior role in financing the planned Nabucco gas pipeline. EBRD Energy Business Group Director Riccardo Puliti was quoted as saying "We would like to be a substantial financier within the context of an international consortium consisting of international financing institutions and hopefully commercial banks."

CEE Bankwatch Network and Crude Accountability both believe that the EBRD's interest in the project represents a step backwards from the promising statements made by bank staff at this year's Annual General Meeting on 15 and 16 May in London.

I. Disconnect between rhetoric and actions

The EBRD's president Thomas Mirow stated to representatives of non-governmental organisations at the May 2009 annual meeting that one of the problems with the growth model that has been promoted in the Central and Eastern European region is over-dependence on commodities. The president further stated there is a need to increase sustainability through reducing energy intensity.

The EBRD previously also committed in its Turkmenistan country strategy not to get involved in investments in the country that would support the Turkmen government because of its appalling human rights record, which among others has made every effort to silence independent civil society - according to human rights organisations and people on the ground, the situation has not changed since the EBRD drafted this strategy. It is worth noting that the human rights situation in Iran and Iraq, also seen as potential sources for gas for Nabucco, is also far from satisfactory. Finally Azerbaijan is currently attempting to introduce a new law that would essentially silence independent civil society in its own country.

Financing of a project such as Nabucco, as is, would directly contradict these commitments of the EBRD by further promoting dependence on commodities in the source countries, and increasing gas supplies to Europe would also discourage a reduction in energy intensity. In order to obtain enough gas to fill the pipeline, at this stage it appears that the EBRD would be making a significant contribution to a project that would essentially provide financial support to the repressive Turkmen regime, since it is already clear that Azerbaijan alone would not be able to provide enough gas.

II. An option in line with the EBRD's rhetoric: improving energy efficiency

Based on data from the European Insulation Manufacturers Association, EURIMA, for the cost of Nabucco, 3.5 times the amount of gas that Nabucco would bring could be saved by retrofitting buildings in 8 new EU member states (the Baltic States, the Visegrad Countries and Slovenia). At a time when there is consensus that tackling greenhouse gas emissions is very much needed this option makes sense environmentally, economically and politically, and it is clearly in line with EBRD policy.

The financing would be more complex in that it would go through financial intermediaries who would provide financing for home-owners and businesses. It would however be a more long-term viable option in terms of energy security by decreasing overall dependence on gas and would cost significantly less than bringing in that same amount of gas into the region.

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