

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

STRATEGY FOR ROMANIA

**REPORT ON THE INVITATION TO THE
PUBLIC TO COMMENT**

1. Report on the invitation to the public to comment

In accordance with the EBRD Public Information Policy (PIP), the draft strategy for Romania was posted on the EBRD web site for 30 days from 7 March 2008 along with the invitation to the public to comment. The public was invited to submit comments no later than 9 April 2008 so that they could be taken into account.

One set of comments was received during the public consultation period. The comments were from the ARIN (Association of Supporters of Nature) a Romanian environmental NGO. Details of the comment received and staff response are provided in this Report, which becomes an addendum to the Strategy.

2. Comments received and staff responses

ARIN: With regard to public consultations: as Romanian legislation has been repeatedly amended, almost to the point of distorting the “spirit” of the Aarhus Convention, of Law No. 544/2001 and Law No. 52 (concerning Transparency), EBRD’s rules should specify that the policy and the rules concerning public consultation should at least be in line with the Romanian legislation (as a “minimum” requirement). Equally, the idea of observing “cultural” customs in the domain of consultation should be abandoned, as “cultural” customs are totally opaque and are a barrier in the way of actual consultations.

Staff response: This comment has been passed to the Environmental Policy review team for consideration. A response to all comments on the Bank’s draft Environmental and Social Policy will be disclosed in due course on the EBRD’s website.

ARIN: With regard to project “monitoring”: a provision concerning the obligation of environmental non-governmental organizations to participate in the “monitoring” activity should be also inserted.

Staff response: This comment has also been passed to the Environmental Policy review team for consideration and it will be addressed in response to all comments on the Bank’s draft Environmental and Social Policy which will be disclosed in due course on the EBRD’s website.

ARIN: With regard to the projects concerning bio fuels introduction, we request the exercise of maximum care and consultation of the environmental non-governmental organizations, due to the high risk of affecting bio-diversity (introduction of the single-crop system, intensive farming, decrease of tree-cutting age, etc.)

Staff response: The EBRD, after careful consideration, has come to the conclusion that producing bio-fuels from raw materials that could otherwise be used as food or animal feed is not justified in an environment of fast growing grain and oilseed demand (fuelled largely by China's growth), depleted reserves, increasing climatic disturbances (with resulting crop losses) and limited overall environmental benefit. In particular in the context of globally growing concerns about increasing food prices and their impact on low income populations, it is not ethically acceptable to subtract commodities from the food and feed market for a bio-fuel production that is not economically self-sustainable.

As and when second generation production technologies, using non-food by-products such as straw, wood chips or recycled paper, will be environmentally and economically viable, the Bank may consider financing such operations. These second generation technologies are however yet to be developed for commercial usage and will have to demonstrate their net environmental and climate benefit over other (mineral or renewable) energy sources.

ARIN: Given the [EBRD: perceived] failure of the projects concerning the introduction of drinking water supply networks in rural areas financed by the World

Bank and taking into account the precarious infrastructure, EBRD should not finance any drinking water supply network project before making sure that there are sewerage systems and treatment stations in place so that used water should not pollute the ground, the underground water and the running waters.

Staff response: In all its projects, the EBRD undertakes a thorough due diligence process of any proposed investment plan. One important element of the due diligence is to ensure that water supply and waste water networks are designed and developed in an integrated manner.

ARIN: EBRD should not finance projects of “flood effects prevention and control” that involve “water-course regulation”, reinforcement with concrete, damming, etc., without prior detailed consultation with the environmental non-governmental organizations, Basin Committees, etc. EBRD should ensure that the participating environmental non-governmental organizations are invited to the meetings of the Basin Committees, and the associated documentation is made available to them in due time (at least 2 weeks in advance). Equally, EBRD should make sure that non-governmental organizations that are members of Natura 2000 Coalition are also invited to consultations.

Staff response: In all projects, the Bank is committed to providing information to the general public, within the requirements of its Public Information Policy and its Environmental Policy. When the Bank assesses a new project an environmental screening category is assigned during due diligence which determines the level of information disclosed and public consultation required. The minimum disclosure requirements for any project is the publication of a project summary document (PSD) on the Bank’s website (www.ebrd.com) and that project sponsors must ensure that all national requirements for public consultation are met.

ARIN: The EBRD should make sure that the Ministry of Environment initiate as soon as possible the drafting of a glossary of terms to be used during consultations (and during the implementation of the envisaged projects), which glossary is to be worked out based upon consultation with the environmental non-governmental organizations in order to avoid different interpretations by the authorities, the non-governmental organizations and the project sponsors. Here are some examples of such terms: “sufficient”, “in due time”, “reasonable”, “affected public”, “directly concerned”, etc.

Staff response: The EBRD has no jurisdiction over the Government of Romania’s Ministry of Environment. The Bank would be happy to support the Ministry in this regard, however.

ARIN: In the case of impact studies related to various projects: EBRD should ensure that such studies are not conducted only by companies authorized by the Ministry of Environment and Sustainable Development, and will impose an additional condition: the companies that are to conduct Environmental Impact Studies should be certified (audited) according to ISO standards.

Staff responses: Companies carrying out EIAs and other studies are assessed by a number of criteria including technical expertise; experience of similar projects; experience in the region and local capacity. Whilst the EBRD would encourage

certification under ISO it is not a requirement.

ARIN: Given the huge (direct and indirect) costs involved by floods, earth slips etc., EBRD will pay special attention particularly to any project that involves forestry, including wood or bio fuels industry. No project in this domain should be financed without extensive consultations with the environmental non-governmental organizations, particularly with the ones that are members of Nature 2000 Coalition.

Staff response: The EBRD seeks to finance environmentally sound and sustainable projects. In this respect, it assesses each and every project for the ability of the project sponsor to comply with good internal practice denoted by compliance with applicable EU standards and national regulatory requirements. Where mitigation is required this is built in to the terms of the financing. The EBRD will then monitor the environmental performance and management of the project during the term of its financing.

ARIN: Taking into consideration that the “Super ski in the Carpathians” project is highly disputed by the environmental non-governmental organizations and various communities of persons activating in nature related domains, EBRD should not finance any project related to this project and will have a cautious attitude towards any other projects of this nature.

Staff response: EBRD is not nor has been involved in such a project. Project requirements are explained elsewhere in the responses.

ARIN: EBRD should endeavour to ensure the framework of regular meetings (at least 2 meetings a year) between the staff of EBRD in Romania and the environmental non-governmental organizations.

Staff response: The EBRD has undertaken active and useful consultations and discussions with civil society organisations including environmental non-governmental organisations, in Romania and other countries of its region of operation. Through its office in Bucharest, the Bank will continue to conduct productive discussions with environmental NGOs when needed, applicable and suitable for both parties.