

Comments on the draft of the Compliance Review Report and the Management Action Plan on the EPS Emergency Power Sector Reconstruction Loan, EPS Power II and EPS Kolubara Environmental Improvement projects

The PCM received a complaint from Centar for Ecology and sustainable development (CEKOR) representatives on 1st October 2013.

After checking eligibility of Complaint and following acceptance, Compliance review process was recommended in April 2014

CEKOR alleged non compliance relating to earlier EBRD loans given to the same client Elektro Privreda Srbije (EPS), and the cumulative impact of the loans

Complainants made following allegations:

1. That EBRD failed to properly define area of influence and the scope of its due diligence (objection that due diligence was defined too narrowly)
2. Therefore due diligence excluded the village Vreoci from its stakeholder engagement
3. EBRD should have undertaken strategic assessment of Kolubara basin
4. EBRD didn't appropriately apply requirements of GHG assessment methodology

After undertaking compliance report investigation, PCM provided certain recommendations.

PCM analysis (relative to the components of the Complaint set out above) has concluded that:

- 1.

Compliance review report

CEKOR welcomes the findings of the PCM Compliance Review, which

confirm our allegations in a number of areas. Having now established the findings in the case, the key question now is what can be done to repair the damage.

The findings cover four main issues:

2. That the EBRD inappropriately set the **boundaries of the Project area of influence** and its own due diligence, therefore EBRD was non-compliant in its application of the ESP general requirements and the requirements of PR1, in determining the scope of its Environmental and Social due diligence on the Project
3. That the EBRD was also non-compliant with the general commitments of the ESP and PR1, 3, 5 and 10 with respect to its **exclusion of Vreoci** from its due diligence (and application of the PR) on the Project
4. Whilst no new **strategic assessment** was necessary for Kolubara due to the existing strategic information available, EBRD should have been more strategic itself in how it applied that information to its due diligence on the project.
5. EBRD was non-compliant with the general requirements of its ESP and the specific requirements of PR3 with respect to the assessment of **greenhouse gas emissions** on the

Project.

While the recommendations seek to address the issues around the area of influence, strategic assessments and greenhouse gas emissions, the issue of **what can now be done to help to repair the damage caused to the people of Vreoci remains to be addressed by the recommendations**. We as complainants, don't find enough strength in the PCM's recommendations to address the repair of those wrongdoings.

For example, the Compliance Report states that (p.26): *“Management did however commit (to NGO groups and its Board) to investigate the issues and facilitate a discussion between the Company and local groups with the objective of attempting to facilitate a solution to outstanding resettlement issues.... a meeting was held between the Company, 11 local people, EBRD staff and the consultants on 24 August 2011. A number of key locations related to complaints from the village were also visited.... The resulting consultant’s report makes some recommendations to EPS relating to the cemetery relocation (which was ongoing at the time and subsequently completed), specific pollution issues, and screening of Barosevac from activities at Field B. It further concluded that they could not determine whether the people attending the meeting were actually representative of the affected communities or were simply pursuing their own personal interests. Subsequent actions are unclear.”*

It would be appropriate to make recommendations to the EBRD management to follow up on this report, either through monitoring EPS' implementation of the recommendations or through a repeat meeting or a series of meetings in Vreoci. The doubts raised about whether people attending were actually representative of the affected communities or not should not be allowed to be used as an excuse for further inaction. If the bank is able to understand local contexts well enough to make investments worth millions of Euros then it can certainly understand local contexts well enough to facilitate discussions with affected people. If not, then it should reconsider its operations.

That is the main reason why we address PCM to pressure EBRD to take an active role in making positive and concrete actions on the ground, such as higher quality of monitoring, identification and adequate compensation of people damaged during the process, etc., instead of dealing with just inner bank regulations without addressing the reality of outer world. The EBRD should take more concrete steps towards its Client, and pressure EPS to engage on different levels and try to fix all wrongdoings in Vreoci and other affected villages.

Of course it is more difficult to carry out activities which were not included in the original loan agreement. It should therefore also be made explicit that in case of further loans to or equity investments in EPS the EBRD needs to make up for the deficiencies in the project boundaries of the currently ongoing 2011 “Environmental Improvement Project”.

Recommendations:

- In light of EU 2030 and 2050 goals EBRD should reconsider **newly proposed** Serbian national strategy and in that line proposals of energy authorities and its client EPS and together with them develop strategy that will reflect both 2030 and 2050 targets including significant reduction of emissions from EPS capacities (much more than 200000tCO₂ annually). ¹For that EBRD should develop action plan and also develop EVALUATION of its involvement from 2000-2015 that would show how EBRD involvement ACTUALLY HAVE HELPED EPS to

¹ Insight in present proposal of strategy shows that CEKOR was completely wight stating that both EBRD and government of Serbia are locking Serbian energy sector in lignite based production in period up to and long after 2050.

increase its CO2 emissions from TPPs and than to PROJECT how will “new” “investments” envisioned by state of Serbia and EPS actually add to the emissions from electricity sector in 2030 and 2050 respectively. IF EBRD has no capacity for such enterprise CEKOR will kindly help.

- EBRD IS REQUIRED To RECONSIDER ITS INVOLVEMENT WITH EPS in all the mining operations in light of Serbian National law on mining and geologically explorations article 58 (official gazette of Republic of Serbia 88/2011)² and to implement DUE DILLIGENCE of all the EPS operations and enable that all the SETTLED (populated) communities, villages etc that are closer than 500m be resettled in line with national and international best practices. Only after that any shadow of responsibility can be taken from EBRD and EPS.
- EBRD to make sure that Vreoci, Barosevac, Zeoke, Medosevac, Junkovac, Radljevo, Kalenic and other villages with direct impact from EBRD investment are resettled according to obligation subsequent from article 58 of Law on mining of Serbia, and after that all the communities around all the mining operations of EPS. Without clear dedication to such action EBRD will be violator of national legislation, social and economically rights of populations and as such NOT WELCOME IN ANY FURTHER INVOLVEMENT with EPS in form of new loans.
- EBRD to **PROVIDE CONTRACTUALL AGREEMENT that ALL THE EQUIPMENT PROVIDED IN THESE LOANS will be decommissioned after exhaustion of B+C fields**

Management Action Plan

The Management Action Plan is missing one crucial ingredient: **Action**. We are able to identify only two minor new commitments that the Management takes on which it many not have done anyway, in points A.1. and points A.4./A.5.

In fact, the Plan rather shows that the EBRD management is following a worrying pattern - Rather than accepting the feedback from the PCM in a mature manner and making a genuine attempt to improve bank operations, the management denies the findings and removes or attempts to remove the offending phrases from the Environmental and Social Policy. In this case the culprit is the concept formerly known as the “Area of Influence”, which has been duly removed from the 2014 Environmental and Social Policy. However as we shall see below, the “problem” is not solved that easily.

Overall, in the Management action plan, as noted above regarding the recommendations, **we would like to see more specific and pre-identified actions towards the local population affected by this inappropriately designed project.** Our comments on individual points of the plan are as follows:

A.1. The guidance for ESDD must be disclosed publicly, otherwise the situation of the public 'misunderstanding' the contents of the Environmental and Social Policy because it does not have access to an unpublished, unconsulted guidance document will be repeated ad infinitum.

A.2. While the issue of clients with dominant positions in a region or sector may not be spelt out word for word in the current ESP, it is clear that larger clients will have larger impacts and larger scope for

² In accordance to Serbian Law on mining and geological explorations from 22. November 2011. published in official gazette No 88/2011 dated 24.11.2011. in article 58 states under point 7: protective area for exploitation fields bigger than 100 hectares should be 500 meters from the border of the field.

improvement. Paragraph 29 of the Environmental and Social Policy states: “*All projects undergo environmental and social appraisal both to help the EBRD decide if the project should be financed and, if so, the way in which environmental and social issues should be addressed in its planning, implementation and operation. The appraisal will be appropriate to the nature and scale of the project, commensurate with the level of environmental and social impacts and issues, and with due regard to the mitigation hierarchy.*” **It is therefore inappropriate for the EBRD to try to claim that the recommendation in A.2. goes beyond ESP requirements, and the bank should follow the PCM's recommendation in developing guidance for such situations.**

A.3. The EBRD management's attempt to resolve the confusion around the term “area of influence” by deleting the term from the Environmental and Social Policy is embarrassing. The confusion around the term was mainly of the EBRD's own making, by developing internal, unconsulted, non-board-approved guidance in which the bank allowed itself not to apply the PRs to activities which were considered to be in the “area of influence” rather than “the project itself”.

The fact that the exact term “area of influence” does not appear in the 2014 policy changes very little with respect to this recommendation as PR 1.9 still includes the following:

“The environmental and social assessment process will also identify and characterise, to the extent appropriate, potentially significant environmental and social issues associated with activities or facilities which are not part of the project, but which may be directly or indirectly influenced by the project, exist solely because of the project or could present a risk to the project. These associated activities or facilities may be essential for the viability of the project, and may either be under the control of the client or carried out by, or belong to, third parties....Additionally, the assessment process will consider cumulative impacts of the project in combination with impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location.”

It is still just as unclear as ever whether the PRs apply to “*activities or facilities which are not part of the project, but which may be directly or indirectly influenced by the project, exist solely because of the project or could present a risk to the project*”, or whether the EBRD again has somewhere some internal guidance in which it has unilaterally interpreted that such activities do not have to meet the PRs after all.

The Management's statement that the new ESP has been published on the website is not useful, and the recommendation in point A.3. is still very relevant and important but is just a bit longer now:

The definition of “*activities or facilities which are not part of the project, but which may be directly or indirectly influenced by the project, exist solely because of the project or could present a risk to the project*” (formerly known as “*area of influence*”) and **the applicability of the ESP, International Standards and the PRs to the AoI should be clarified.** Because of the importance of stakeholders understanding how the requirements and standards of the project are applied, **this clarification should be publicly disclosed.**

Ad 3.3 Complaint 2: CEKOR The underlying premise of the CEKOR Complaint is also based upon the EBRD approach to defining the ‘area of influence’ of the Project. The Complainants believe that Performance Requirement 1, and in particular 1.6, make it incumbent upon EBRD to have **analysed the cumulative impacts of the development of the Kolubara basin and the whole mining/energy/industrial complex.**

and Ad 3.3.2 Social Impacts,Specifically the Complainant believes that the complex and inter-related field expansions which have been associated with EBRD investments means that the village of Vreoci and its environs should have been included in the ‘area of influence; for the Kolubara

Environmental Improvement Project.

Comment: Underlying misunderstanding of EBRD and its consultants about demand to assess cumulative impact of EBRD involvement with EPS/Kolubara related to provision of new equipment and machinery is EBRD managements not willingness to understands that cumulative impact is not **only** spatial BUT MOREOVER TIME Dimension of production and especially UTILISATION OF MACHINERY which concretely means that EBRD never provided GURANTEES that machinery purchased within the framework of loans will not be used for other FIELDS exploitation than ONES listed in EBRD project documentation.

IN THAT SENSE both EBRD consultants and EBRD show disregard of serious comments of complainant by failing to provide explanation: WHERE, and WHEN or FOR HOW LONG WILL CONVEYORS, SPREADERS, EXCAVATORS from field B+C of Kolubara Mining Company will be TRANSFERRED AND USED once these fields are exhausted. In 5.4.3. is shown that Board considers that project supports “substantial investment” to increase efficiency etc. It is easy to show that EBRD do not supports nothing like ABSTRACT concept of “substantial” investment BUT that since 2003 EBRD supports **purchasing of very concrete and tangible machinery that is projected to increase production and consequently emissions and pollution.**

By simple transfer and installation (utilization) in western, southern or remaining eastern fields of Kolubara IMPACT OF MACHINERY EXTENDS IN SPACE BUT **MOREOVER IN TIME**, in that sense only and exclusively way how EBRD could solve this clear problem is that EBRD : **PROVIDES CONTRACTUALL AGREEMENT that ALL THE EQUIPMENT PROVIDED IN THESE LOANS will be decommissioned after exhaustion of B+C fields.** IF NOT THAN ANY EQUIPMENT USED IN OTHER PARTS OF MINE COMPLEX SIMPLY INVOLVES COMPLETE RESPONSIBILITY OF EBRD for all environmental (pollution, vibration, emissions of GHGs), economically and social consequences INCLUDING MOST OBVIOUS THAT ALL LOCAL COMMUNITIES that are positioned on the less than 500m according to Serbian law on mining should be resettled.

Same argument GOES FOR EQUIPMENT PURCHASED for the **Tamnava west field**- simple insight shows that EQUIPMENT FROM TAMNAVA WEST will be used for development of Radljevo field, South field OR VELIKI CRLJENI FIELD THAT IS IN PIPELINE OF KOLUBARA MINING COMPANY at the MOMENT! ³

Lack of understanding of EBRD about THE two DIMENSIONS (time, space (with its tree dimensions!!!)) OF “CUMMULATIVE” in CUMMULATIVE IMPACT that IT DOES NOT EXCUSES EBRD from all the listed responsibilities and damages (and emissions) stemming from such multi dimensionality of CUMMULATIVE IMPACTS.

A.4. and A.5. We welcome that the Bank will provide more clarity in future PSDs on what the Bank funded and what ESDD was undertaken and hope that it will be implemented consistently.

³ Here we especially reflect text on page 23 and paragraphs prior to that like: “The EBRD assertion that impacts from the investment will be isolated within fields Tamnava West and Field C is not entirely credible. Field C is a natural geological continuation of Field B which is now closing and equipment will then go on to be utilised until the end of its working life (which would be beyond the lifetime of Field C).” As we have already pointed in this response EBRD SHOULD PROVIDE GUARANTEE OF DECOMMISSIONING AFTER EQUIPMENT IS USED EXCLUSIVELY FOR B+C and Tamnava west excavation (operations).

WE WILL CHALLENGE EBRD IN PUBLIC IN SERBIA TO STATE THAT OPENLY AND IN FRONT OF MINING AND OTHER EXPERTS OF EPS and Serbian energy sector AND WE WILL BE VERY HAPPY TO REPORT BACK TO EBRD quotes of most respected actors about how REASONABLE (economically) will be to have equipment purchased for such limited and relatively short exploitation.

A.6. It is not true that the EBRD GHG methodology has not been subject to stakeholder criticism. We are aware of at least two occasions when critical points about the methodology have been made in a format which was delivered to several bank staff:

- Bankwatch “Tug of War” study on the energy and energy-related natural resources sector 2012, which was circulated by e-mail and in person to relevant EBRD staff
<http://bankwatch.org/sites/default/files/EBRD-energy-tug-of-war.pdf> p.20 ff
- As part of the Energy Strategy process – comments which were acknowledged in the report on the public input: <http://www.ebrd.com/downloads/policies/sector/energy-strategy-comment.pdf> p.11-12

We welcome the reduction of the threshold triggering the GHG analysis, but this was not part of our complaint. **Management still needs to address the issue regarding baselines and the inclusion of “activities or facilities which are not part of the project, but which may be directly or indirectly influenced by the project, exist solely because of the project or could present a risk to the project” (formerly known as “area of influence”).** Removing the words “area of influence” from the ESP does not change anything in respect to the relevance of this recommendation,

Complainants demand to EBRD to develop strategically impact assessment is also reflecting obligations of Serbia to align with EU 2030 and EU 2050 targets and roadmaps regarding climate change. It is EBRDs OBLIGATION to regard these strategically documents as guidance in its investments since EBRDs own statutory obligation is to align its strategically goals to EU targets. Since those roadmaps and targets were actually already in 2011 in time of EBRD investment in 2011 “Kolubara environmental improvement project” known it would be naturally that Serbia (as interested to become EU member) and EBRD jointly would align its actions to these goals.

In repeated occasions complainant have pointed to both EBRD and government of Serbia systemic and LONG TERM (cumulative) violation of that targets since ENABLING OF EXCAVATION OF about 1-1,5 billion tons of lignite from 2011- to at least 2060 or 2070 with consequently about 1,2-1,7billion tons of CO2 emitted in that period WILL CLEARLY VIOLATE OBLIGATION OF SERBIA TO REDUCE ITS EMISSIONS FROM ELECTRICITY GENERATION SECTOR FOR 80-95% of 1990 levels from that sector.

EVEN IF WE ACCEPT THAT EPS WILL REDUCE FOR 200000annually its relative emissions due to EBRDs “KIND AND VALUABLE” intervention it is clear that in period of 45 years that reduction will be in level of about 9mt of CO2 which is less than 0,6% in 45 years of lifetime of intervention. In that count EBRD didn’t counted that actually HOMOGENISATION actually increases consumption of system so that it is reducing available energy of anyhow constrained electricity system of Serbia.

After reading responses and recommendations it is clear that there is no understanding from side of EBRD that facts about emissions are like we just have pointed and that without addressing these issues in sense to enable long term transition of EPS and Serbian electricity sector from the fossil fuels based production SERBIA will have (as it is formulated in strategy of Serbian government strategy accepted during june 2015) more than 2GW installed capacity of lignite powered thermal plants in 2050 that is about 70% of existing fleet, therefore IT IS CLEAR THAT BOTH EBRD AND EPS (state of Serbia) can not work together further in energy sector unless both make sure that Serbian long term strategy reflects obligations of 2030 and 2050 roadmaps.

In the case that EBRD continues such policy it become clear that EBRD works in interest of some foreign factors with aim to put burden of payment of emissions or in worst case to make sure that Serbia STRANDS ITS INVESTMENTS in lignite based TPPS and makes sure that Serbia becomes IMPORTER of most of its electricity.

B.4. The **outcomes of the 2015 environmental audits should be published**, considering that EPS is a public company.

Detailed comments on the EBRD response:

Ad 4. EBRD Management Responses on page 13 point 5: That the EBRD funded Project will not cause any harm to the village of Vreoci as it is 8km distant and will have extensive environmental management and monitoring requirements attached to it.

Comment: As pointed in previous comment CUMMULATIVE means spreading in time and space. While discussing with CEKOR and its partners how far is VREOCI from C+B and Tamnava west fields EBRD is directly affecting homes and LIVES in JUNKOVAC (land slide from DUMP SITE THAT IS DIRECTLY DUMPING OVERBURDEN FROM EBRD FINANCED FIELDS with criminal charges in court of justice), BAROŠEVAC (less than 60 meters from EBRD financed fields), MEDOŠEVAC,ZEOKE, RADLJEVO,KALENIĆ.

MORAL and MATERIAL responsibility of both EPS and EBRD (Both management, directly involved personnel, consultants, BOARD OF DIRECTORS AND PRESIDENT OF BANK) remains clear and visible to anyone who is having consciousness and is involved in this project INCLUDING PCM MECHANISM of the Bank. Corrupted justice system in Serbia is attempting to block prosecution of JUNKOVAC CASE while we are writing this and similar is happening in Radljevo (Tamnava west) Vreoci, Baroševac etc. EBRD cannot hide behind speculation about distances.

As pointed in multiple occasions: Attachment of Vreoci to WHOLE KOLUBARA MINING and moreover to overall electricity production in OBRENOVAC TPPs is visible to anyone that wants and is capable of understanding complex industrial systems. For simplified presentation to EBRD that is obviously not able to understand more complex systems⁴ we will just say that LEG is if compared to SHOULDER much further to the HEAD BUT OF SAME IMPORTANCE for integrity of the body and especially for movement⁵ (walking, running, spatial movement, orientation FUNCTIONNING IN GENERALLY). Body is not body if it is not consisted of all its LIMBS in same way KOLUBARA IS NOT KOLUBARA if it is not able to mix lignite from different fields in boilers of Obrenovac based TPPs.

In future if Kolubara will not be able to mix lower calorific values of Tamnava west lignite with D⁶ field lignite it will mean that HOMOGENIZATION failed and that EBRDs main point of involvement

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⁵ Here we especially reflect upon comment of EBRD that: "2. That much of the Complaint(s) content is due to a 'misunderstanding of the policy wording' on the part of the Complainant. In particular that the elements of a Project deemed to comprise the 'area of influence' are not 'subject to the performance requirements'."(page 13) and especially in light of INTERNAL GUIDELINE OF EBRD related to defining of area of influence.

We would just like to point again spatial and temporarily dimension of EXTENDING OF WORKS (from now to let say 2050!?!?) and from there it would be highly interesting to have representatives of EBRD showing us in 2030/2040/2050 THAT ACTUALLY EQUIPMENT OF EBRD did not participated in any operation "beyond/space –AND- BEYOND/time "of EBRD own scope of involvement.

LOOKING AT THE NEWEST INTEREST OF EBRD to GET INVOLVED EVEN IN TO THE OWNERSHIP OF EPS it becomes quite literally that EBRD actually plans to become fully entitled OWNER OF what we list here.

⁶ in this sense of cumulative impact/ mixing of "D field lignite" with "EBRDs lignite from Tamnava west and C+B fields" means that whatever happens while excavating "D field lignite" is fully connected with what happens while digging "Tamnava west and C+B fields" . Therefore insignificant, irrelevant and irresponsible responses of EBRD that C+B field is 8 km far from Vreoci is response of kids from elementary school not people with millions in their pockets that are MICRO MANAGING ENVIRONMENT AND HUMAN LIVES. Repeating false arguments does not make it TRUTH.

to unify calorific value of lignite will fail. If you mix lignite you are mixing technologically processes that have led to the production. If EBRD makes sure that “C+B” lignite and “Tamnava west” lignite are never mixed with lignite from other fields in transport OR IN THE burning in boilers of TPPs EVEN SO ARGUMENT OF REMOTNESS WILL FAIL since geographically, geologically, technologically fields are completely connected and cumulative impact means much more than just how close or far is the field in question.

Transportation of MOST OF LIGNITE THOROUGH OR DIRECTLY NEXT TO VREOCI, drying of lignite within Vreoci and moreover fact that VREOCI IS DIRECTLY CONJECTION OF D field, Tamnava west field, Veliki crljeni field and future South field is proof of attachment of Vreoci to the WHOLE KOLUBARA COMPLEX. Lignite from B+C Fields IS DIRECTLY TRANSPORTED THOROUGH VREOCI, Equipment from B+C and D fields is being utilized in BOTH FIELDS. Ironically comments of Management of EBRD that EBRD is not able to considers during due diligence procedures WHOLE OPERATION OF SOME COMPANIES since some of them are functioning globally remains one of most problematic in whole response to CEKOR. We just would like to point to EBRD that we never pointed about same practices of EPS in Kostolac mining complex, that we never spoke about EPS practices related to Hidro energy planning, or what ever other part of operation of EPS. Our main and constant topic was focused on region of about 30x30km with few main fields and about 3000 families. **Therefore ironic responses from EBRD will be one more action point for us in our communication to EU institutions related to EBRD involvement with PUBLIC (including NGOs) in Serbia.**

It is clear that HIDING BEHIND WORDS WILL NOT HELP EBRD “washing of consciousness” simply because EBRD was detailed, timely, repeatedly warned about destructive consequences of EPS-EBRD destruction of environment and properties in Kolubara complex. If EBRD is not able to fulfill its obligation we will make sure that European institutions take serious steps towards EBRD. That will be one of our proposed actions in our action plan towards EBRD management.

Therefore : Any involvement in purchasing of any EXCAVATION equipment does means that WHOLE SISTEM IS RELYING ON THAT PART OF THE SISTEM THEREFORE as response to reflections on page 16: “Directors specifically requested confirmation that the Project would not increase lignite production or power generation capacity, which was provided by management.”, - IS CLEARLY in collision with both strategically documents of Serbian ministry of energy, Kolubara own strategically documents, BUT MOREOVER WITH EBRD OWN PROJECT EPS II (that has clear objective of increase of volume of production of lignite). EPS objective in taking both 2003 and 2011 loans from EBRD was to increase its production in line with its strategically documents that are available In public domain.

In multiple documents that we have listed to EBRD we have even shown that EPS main and single goal in Kolubara is steady and constant increase of production up to the 2020 and then later up to 2030 to volume between 35-40 mt/a. Floods in 2014 do not change that objective just put it a bit further in the future (Second dimension of CUMMULATIVE IMPACT).

Ad 5.1:

This whole chapter shows that CEKOR was 100% right to demand that EBRD can not be involved in EPS without developing together with its partner EPS cumulative impact assessment and moreover strategically assessment of national strategy for energy development since simple and dismissive responses of EBRD and its narrow understanding are showing that EBRD is either not able to understand negative impacts or is trying to avoid it by manipulating with names and terms like “environmental improvement project”.

What is actually “environmentally improvement” in mixing lignite, extending fields we have shown in complaint and our systemic communication with EBRD BUT here we would like to repeat that both actors (EBRD and EPS) and ministry for energy are not completely aware what does it mean to assess

alternative scenario, to assess externalities of BAU and alternative scenarios, financial and economically and environmental viability and integrity of existing Business as usual scenarios of energy strategy and of potential alternative scenario.

Since EBRD, IMF, WB are very detailed and insitive in supporting Serbia in its transition, privatization, privatization of banking sector, very detailed micro management⁷ of macro and micro finances, public procurement and especially systemic demand to Serbia to consolidate its public finances and service debts to foreign and domestic financial institutions etc etc; it is very hard to understand WHY IT WOULD BE IMPOSSIBLE to consider EBRD and other financial and politically actors as responsible for such strategically questions like future energy strategy?

This especially since it is clear that EBRD willingly supports Serbia in its effort to LOCK ITS ENERGY SECTOR IN FOSSILE FUEL BASED PRODUCTION which is clearly violating targets of EU that are demanding that MS and future MSs de carbonize its electricity production up to 2050 which will be impossible to Serbia since EBRD is supporting its technologies that will support further exploration and utilization of lignite in future.

Even more, how comes that EBRD can very precisely tackle different issues related to open market, macro economically issues, public procurement etc BUT IS NOT ABLE TO UNDERSTAND THAT SERBIA DID NOT YET ASSESSED ALTERNATIVE SCENARIO FOR ENERGY SECTOR, THAT SERBIA DO NOT HAVE PRECISE DATA ABOUT CONSUMPTION OF ENERGY, POTENTIAL FOR INCREASE OF RENEWABLE ENERGY SOURCES (forestation, insulation of homes) demand from households etc.

EBRD methodology of counting emissions from EBRD involvement with EPS is wrongly presenting real and connected impacts of EBRD involvement. In same time it is clear from responses of EBRD that it at all don't counts its projects since 2000 since those are essentially supporting Serbia in its increase of emissions from electricity production to the record levels since 2000 up to date.

It is impossible to say that EBRD have no IMPORTANT CHUNK of EPS emissions in its count. In this sense CEKORS comments about reliance of operations on each other and moreover that EPS

⁷ On page 16 of response: The Project is deemed (*to whom, and based on wht methodology and asesment???*) supportive of key strategic objectives for the Bank in terms of its Energy Strategy and its role within Serbia. It is clear that the Project was seen as of some significance for EPS, Serbia and for the Bank in furthering its **transition objectives within the Country and sector**. The 'business activities' funded by the Project are quite broadly drawn in terms of process efficiencies, environmental improvement and in preparing the business for private investment in the sector and achieving contractual integrity.

Simple question: Based on what assessment EBRD concludes that Serbia needs private investment in energy sector to achieve "strategic objectives (What would be "strategically objective" ? to increase prices?, to privatize?, to provide business opportunities for main global energy utilities??) "? Mentioning TRANSITION: Why would anyone accept any strategically "TRANSITION OBJECTIVES" without PRESENTING VERY CLEARLY TARGETED SOCIO-economically structure that would be GOAL OF SUCH TRANSITION, HOW PRIVATIZATION OF ENERGY SISTEMES IN WORLD HAVE ACTUALLY IMPACTED ON respective countries where such privatization took place,

Why would anyone accept that private owner can (in the end EBRD works in that direction to enable such privatization) at all work in favor of public interest and improvement of economically condition of country etc. It is obvious that without clearly STRATEGICALLY ASESSMENTS such questions could not be answered and EBRD can not hide behind TACIT acceptance of GLOBAL IDEA THAT PRIVATE OWNERSHIP IS BETTER since it is far from proven. Repeating something (without proving) does not make it truth. Same line of argument is going for the TECHNOLOGICALLY DECISIONS ABOUT ENERGY SECTOR OF SERBIA- if bank is not able to align with EU goals than it is highly problematic HOW IT CAN HELP SERBIA ACHIEVING SUSTAINABILITY TARGETS for its long term development.

Without responding on such crucially questions like: How much energy Serbia can save, How much Serbia can increase its bio mass availability, improve its hidro energy balance by improvement in water management, how Serbia can improve its de centralized energy production/ simply there is no way that anyone INCLUDING EBRD can say that ALTERNATIVE SCENARIO IS ASSESSED and that we can rely on strategically documents SINCE THOSE ARE QUESTIONABLE.

operations would even be much smaller, that EPS emissions would be smaller if there would not be EBRD support for Tamnava west and also reconstruction of EPS TPPs in 2000 and later with “help” of EBRD in framework of emergency loan is correctly describing level of involvement of EBRD and systemic and cumulative importance and impact of EBRD in to the EPS operation. It is arguable that if EBRD would be able to establish situation where EPS starts transition towards greener and decentralized electricity system starting with 2000 and 2003 loans BASELINE OF 2011 loan would be MUCH GREENER than it was especially to large impact of EBRD in helping to increase lignite mining in Kolubara mine.

Therefore CEKORs demand that EBRD considers cumulative emissions since 2000 up to 2015 including difference of emissions thanks to CONTINUATION OF WORK OF SOME OF TPPs that are still operating thanks to EBRD involvement and also increased lignite production thanks to EBRD finance of Tamnava west and also other fields will actually correct wrongly formulated idea of EBRD that its intervention is actually helping in reduction of emissions in Kolubara mining company and overall Serbian energy sector. In that sense EBRDs assessment of emissions is more amateur attempt than serious assessment, also EBRD impact assessment in this sense is very limited and willingly/ voluntarily manipulative.