Earlier this year, Serbian media reported that the EBRD was considering providing a new EUR 200 million loan for the financial restructuring of the state-owned electric utility power company of Serbia, EPS. The EBRD Director for Serbia, Mateo Patrone, was quoted by B92.net saying that the loan is aimed at helping the financial restructuring of EPS. Meanwhile, the EBRD's country strategy for Serbia, approved by its board of directors last April, highlights the bank's "key role in promoting energy efficiency and renewable energy" for the country.

However, before considering another loan to the Serbian utility, the preliminary recommendations of an analysis being undertaken for Bankwatch by resettlement expert Roger Moody – to be published next month – urge the EBRD to publicly acknowledge its responsibility for the environmental damage and human rights violations caused in the Kolubara mine basin since 2011. The analysis assesses the Serbian state authorities' inability or even unwillingness to conduct proper resettlement resulting from the expansion of Kolubara's Fields C and D, as well as the EBRD's obligation to mitigate problems which the communities in the Kolubara basin are facing.

The paper argues that in spite of the EBRD's declared mission to reduce greenhouse gas emissions at the point of burning the lignite, in reality what EPS was doing on the ground was promoting a major expansion of lignite extraction, which clearly entailed involuntary resettlement.

With equipment covered by the 2011 EBRD loan, EPS has actually been expanding the mining fields. The bank ignored the reality that the Kolubara Mining Basin is effectively one field, integrally managed by a single enterprise – MB Kolubara, controlled by its client, EPS. Since the project was designated to effect "Kolubara Environmental Improvement", then simply advancing coal mining efficiency could only ever have made a minor contribution to achieving that objective – and a highly dubious one at that.

The research also presents grave inconsistencies and contradictions related to a proper environmental and social impact assessment study that should have been carried out by a consultancy commissioned by the EBRD. In reality, this document is nowhere to be found. As the excavations and overburden wastes began creeping towards peoples' gardens and doorsteps, hundreds of residents came onto the streets to protest or petitioned the authorities to intervene. Ultimately a consensus developed that the only way to fight such mounting external pressure was to escape from it altogether, and to try to forge new lives elsewhere. Unfortunately, this has not happened to the standard which should have been guaranteed, as compensations were inadequate and proposed relocation sites were not chosen with the consent of the communities. The relocation of family homes, gardens, allotments, businesses, graves and burial plots, along with pastured animals, may appear to have been conducted judiciously, but it has certainly not been done justly.

On disbursing their funds in 2011, no doubt the EBRD considered that a fairly straightforward, time-bound task lay ahead of them. At the end of it, they could walk away from Kolubara, neatly tying up any loose ends, and declaring the “environmental improvement” project completed. Had they performed proper due diligence and a full social impact assessment, enhanced by a human rights equivalent, before dispersing the funds, they should have understood that this project was far more challenging and complex than it initially appeared to be, and then walked away.

Source; Bankwatch