

To:  
Board of Directors  
European Bank for Reconstruction and Development

**CIVIL SOCIETY REQUEST TO VOTE AGAINST THE CMI OFFSHORE PROJECT IN TURKMENISTAN**  
**Open Letter**

20 January 2017

Dear Board of Directors:

We are writing to express our grave concerns about the [CMI Offshore Project](#) in Turkmenistan, currently pending final review and awaiting a Board decision, and urge the Board of Directors to vote against this project. We believe this project is wrongly categorized as 'B' as it poses environmental threats to a RAMSAR Protected Area; is inconsistent with the 'calibrated approach' of the EBRD Country Strategy for Turkmenistan which excludes financing of the hydrocarbons sector<sup>1</sup>; and are concerned that the lender company does not have adequate social and environmental policies to manage associated risks.

Because it is a transportation project, CMI Offshore is labeled as Category B, and thus is not subject to the more thorough environmental assessment and monitoring required for traditional oil and gas projects. Category B classification is an incorrect assessment of the grave environmental risks potentially posed by marine transportation of hydrocarbon resources. While the exact transportation route is not specified in the PSD, it will undoubtedly affect the Hazar Nature Reserve, an internationally protected Wetland of International Importance under the RAMSAR Convention. The Hazar nature reserve provides habitat for 264 species of birds, including 55 nesting species; 37 species of reptiles, including two endangered species of snakes; and 47 species of mammals, 12 of which are endangered. Transportation of hydrocarbons through this fragile ecosystem does not only make CMI Offshore a very high-risk project, but also contradicts the international protection designation of the Reserve. EBRD's Environmental and Social Policy paragraphs 8<sup>2</sup>, 24<sup>3</sup>, 27<sup>5</sup>, call for a more in depth assessment of the associated

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<sup>1</sup> "The Bank will provide financing to privately-owned companies outside the oil and gas sectors, focusing on food processing and distribution, logistics, transport services, packaging, furniture, and hospitality."

<sup>2</sup> "The EBRD will not knowingly finance projects that would contravene country obligations under relevant international treaties and agreements, as identified during project appraisal." EBRD Environmental and Social Policy, pg 2.

<sup>3</sup> "A project is categorised A when it could result in potentially significant adverse future environmental and/or social impacts which, at the time of categorisation, cannot readily be identified or assessed, and which, therefore, require a formalised and participatory environmental and social impact assessment process. A list of indicative Category A projects is presented in Appendix 2 to this Policy." EBRD Environmental and Social Policy, pg 3.

<sup>4</sup> "Projects which are planned to be carried out or are likely to have a perceptible impact on sensitive locations of international, national or regional importance, even if the project category does not appear in this list. Such sensitive locations include, inter alia, nature protected areas designated by national or international law, critical habitat or other ecosystems which support priority biodiversity features, areas of archaeological or cultural significance, and areas of importance for Indigenous Peoples or other vulnerable groups." EBRD Environmental and Social Policy, Annex A, pg 10.

risks, and classification of CMI Offshore as 'A' due to significant environmental impacts to an internationally protected area. We urge the EBRD to refrain from financing this project due to the severe environmental impacts it poses to the unique and internationally protected Hazar Nature Reserve.

In addition to its grave environmental risks, this project is not in line with the EBRD Country Strategy for Turkmenistan, as well as EBRD's Transportation Strategy for the region. The Calibrated Strategic Approach, adopted first in 2010 and carried through into the current [2014 Country Strategy](#), connects investments to political, economic and sector specific reforms. Unfortunately, reform by the government of Turkmenistan has been largely absent and any changes have been purely superficial, designed to appease international institutions without providing any benefit to the citizens of the country. Members of the political opposition inside the country have been pushed into exile or imprisoned, with political prisoners often subject to [torture](#)<sup>6</sup> and [enforced disappearance](#). Freedom House continues to give Turkmenistan its [lowest rating](#) for political rights, and the country [scrapes the bottom](#) of the Reporters Without Borders Press Freedom Index. Widespread corruption is rampant in almost every sector in the economy, including the natural resources sector. Extractive industries in Turkmenistan are [opaque](#) and lack even the most rudimentary public oversight and access to information. The government and state-owned enterprises hold a monopoly on the sector and diversion of public funds is extensive. Only 20% of the revenues from state-owned hydrocarbons end up in state coffers with the rest remaining with the hydrocarbons agency ( [GAN Business Anti-Corruption Portal](#)). The political and economic environments, especially in the extractive industries sector, have not improved at all in Turkmenistan. [Some](#) experts say the situation is getting worse. By investing in CMI Offshore, a foreign company registered in Greece, EBRD is not contributing to the development of the transportation sector in the country or benefitting the Turkmen people in any way. In addition, transportation of hydrocarbons is not included in EBRD's Transportation Strategy, which focuses its approach on efficiency, sustainability and low emissions models<sup>7</sup>. Even though this is a transportation project, it [enables](#) the extractive industries in Turkmenistan, and thus supports the corrupt, dictatorial regime that they fuel.

We urge the EBRD Board of Directors to vote against CMI Offshore as it diverges from the Calibrated Approach of the Turkmenistan Country Strategy and the Transportation Strategy, and does not support Article 1 of the Agreement of the Bank.

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<sup>5</sup> "Initial Environmental and Social Examinations (IESEs) will be carried out where insufficient information is available at the time of categorisation to determine the appropriate category and scope of appraisal." EBRD Environmental and Social Policy, pg 4.

<sup>6</sup> Committee against Torture, Concluding Observations on Turkmenistan, available online: [http://tbinternet.ohchr.org/Treaties/CAT/Shared%20Documents/TKM/INT\\_CAT\\_COC\\_TKM\\_25984\\_E.pdf](http://tbinternet.ohchr.org/Treaties/CAT/Shared%20Documents/TKM/INT_CAT_COC_TKM_25984_E.pdf).

<sup>7</sup> "The Bank's strategy will be to support sustainable transport, which applies energy efficient technologies and standards and encourages lower-emission modes to reduce energy consumption in the sector

" <http://www.ebrd.com/downloads/sector/transport/transport-strategy.pdf>

We are particularly worried that CMI Offshore does not appear to have a social and environmental policy, especially when operating in the fragile ecology of the Caspian Basin. As a multilateral institution positioned to promote the highest standards of social and environmental accountability, EBRD must ensure that its lenders have the necessary safeguards systems to implement their projects. As you may remember, in 2011 EBRD financed a similar project in the Caspian, [Circle Maritime Invest](#), to transport oil from the Kashagan field in Kazakhstan. Agip KCO, the contracting company for Circle Maritime Invest in this project, has been responsible for the [deaths of thousands](#) of endangered Caspian seals, due to neglect and mismanagement of environmental impacts of breaking sea ice. Unfortunately, EBRD has absolved itself from the heavy environmental damage and social impacts that the Kashagan project spread ([Crude Accountability](#)). The PSD for that project stated. *“The acquisition of three new tug boats is associated with limited environmental and social impacts that can be readily identified and mitigated. Therefore, the project is categorised as B.”* Kashagan is one of the greatest environmental, financial, and political extractive industries disasters in the region, and certainly EBRD bears some responsibility for this. We cannot let this tragedy happen again and request that EBRD refrain from financing companies without sound social and environmental policies and management systems.

Identifying a project as in the transportation sector, rather than in the hydrocarbon sector, does not absolve the Bank from responsibility from the environmental and political damage that may arise from the project. In fact, supporting this project would enable corruption, and cause negative environmental and social impacts, which arise from extractive industries in poor governance frameworks like those in Turkmenistan. We therefore urge you, as stewards of public money and high international standards, to vote against this project.

Kind regards,

Signatories:

1. Erida Skendaj, Albanian Helsinki Committee (Albania)
2. Valery Brinikh, All-Russian Society for Nature Conservation, Adygian branch (Russian Federation)
3. Katie Morris, Article 19 (International)
4. Antanina Maslyka, Barys Zvozkau Belarusian Human Rights House (Belarus)  
Alexey Zimenko, Biodiversity Conservation Center (Russian Federation)
5. Tolekan Ismoilova, Bir Duino (Kyrgyzstan)
6. Petr Hlobil for CEE Bankwatch Network (International)
7. Olexandra Matviichuk, Center for Civil Liberties (Ukraine)
8. Yuri Dzhibladze, Center for the Development of Democracy and Human Rights (Russia)
9. Galina Chernova, Center Globus (Kazakhstan)
10. Sonia Zilberman, Crude Accountability (US)
11. Vadim Ni, Ecoforum of Civil Society Organizations (Kazakhstan)
12. Muazama Burkhanova, Ecological Organization "Foundation to support civil initiatives" (Tajikistan)
13. Inga Zarafyan, EcoLur NGO (Armenia)
14. Robert Kugonza, Friends with Environment in Development (Uganda)
15. Artur Sakunts, Helsinki Citizens' Assembly – Vanadzor (Armenia)
16. Avetik Ishkhanyan, Helsinki Committee of Armenia (Armenia)

17. Eldar Zeynalov, Human Rights Center of Azerbaijan (Azerbaijan)
18. Matthias Hui, humanrights.ch (International)
19. Jurate Guzeviciut, Human Rights Monitoring Institute (Lithuania)
20. Nafisa Mingazova, Hydrobiological Society of Russian Academy Science (Russian Federation)
21. Tinatin Tsertsvadze, International Partnership for Human Rights (International)
22. Svet Zabelin, International Social-Ecological Union (International)
23. Yevgeniy Zhovtis, Kazakhstan International Bureau on Human Rights and Rule of Law (Kazakhstan)
24. Alban Muriqi, The Kosova Rehabilitation Center for Torture Victims (Kosovo)
25. Pepijn Gerrits, Netherlands Helsinki Committee (The Netherlands)
26. Ivar Dale, Norwegian Helsinki Committee (Norway)
27. Freddy KASONGO, The Observatoire d'Etudes et d'Appui à la Responsabilité Sociale et Environnementale (OEARSE) (Democratic Republic of Congo)
28. Mirvari Gahramanli, Oil Workers' Rights Protection Organization Public Union (Azerbaijan)
29. Sukhgerel Dugersuren, OT Watch (Mongolia)
30. Emma Hughes, Platform (UK)
31. Alex Postica, Promo LEX Moldova (Moldova)
32. Natalia Taubina, Public Verdict (Russian Federation)
33. Sukhgerel Dugersuren, Rivers without Boundaries Mongolia (Mongolia)
34. Askhat Kauymov, Russian Social Ecological Union (Russian Federation)
35. Alexandra Demelchuk, Ukrainian Helsinki Human Rights Union (Ukraine)
36. Regine Richter, Urgewald (Germany)
37. Miguel Martín Zumalacárregui, The World Organisation Against Torture (OMCT) (International)