



**European Bank**  
for Reconstruction and Development

Aleksey Knizhnikov  
Russia Representative  
Crude Accountability

22 July 2003

Dear Mr. Knizhnikov,

Thank you for your e-mail of 7 July, 2003 in which you attach Crude Accountability's Appeal to the Board of Director's of the European Bank for Reconstruction and Development (the "EBRD"). This Appeal, which was presented to a delegation of Board of Directors during their recent mission to Moscow, calls for the development of a "...basin-wide approach...to regulate all economic development and natural resource management programs."

We very much appreciate the sincere nature of Crude Accountability's Appeal and the importance of ensuring sound economic development and natural resource management, not just in the Caspian Region but in all the regions in which the EBRD operates. All of our projects, wherever they may be, must conform to the EBRD's very stringent environmental policies and procedures. In an area in which the EBRD is undertaking a number of individual projects, the EBRD will not simply look at the incremental environmental impact but will consider the overall cumulative environmental impact.

*The Agreement Establishing the European Bank for Reconstruction and Development* states very clearly that the EBRD shall: "...promote, in the full range of its activities, environmental sound and sustainable development." In the assessment of each project, the EBRD must ensure that the project meets this objective. There is no question that EBRD shares in the objective of Crude Accountability of ensuring that all projects supported by the EBRD contribute to the sustainable economic development of the host country, in an environmentally responsible manner.

However, the means by which you would have the EBRD achieve these objectives, through the regulation of economic development and natural resource management by the EBRD goes far beyond the mandate of the EBRD. It is not within the mandate of the EBRD to dictate economic development policies to the governments of our countries of operation. Rather, our mandate is to work with Governments and to support and encourage those policies which are consistent with our mandate by financing projects which move those policies forward.



Thank you very much for having taken the initiative to prepare your Appeal. As I said above, it is heartening to see that Crude Accountability shares in the objectives of the EBRD to promote environmentally sound and sustainable development.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'B' followed by a long horizontal line extending to the right.

**Bert van der Toorn**  
**Deputy Director**  
**Natural Resources Group**