



Bankwatch Romania

Annual Report 2017-2018

Who we are

Bankwatch Romania was set up in 2012, with the goal of monitoring large infrastructure projects which are financed by International Financial Institutions, especially in the energy sector, in order to prevent harmful environmental and social impacts. We have been campaigning successfully to prevent the construction of new coal capacities (2 cancelled - Galați and Brăila), a EUR 200 million loan for modernisations at Turceni power plant unit 6 (cancelled in 2015), illegal operation of coal power plants and lignite mines expanding, in a blend of legal and economic approaches. Starting with 2016, developments in the energy sector worldwide, echoing also in Romania, have taken our work towards mining regions redevelopment and just transition.

Our strategy includes informing and empowering local communities in the coal regions in Romania, research, litigation in national courts and at the EU level and media outreach on national and EU-level.

The members of the board are Cătălina Rădulescu (lawyer), Crisanta Lungu (Greenpeace Romania), Ioana Ciută (CEE Bankwatch Network) Mihai Stoica (2Celsius) and CEE Bankwatch Network (www.bankwatch.org).

Our Team

Ioana Ciută, president,
#CoalInTheBalkans, #AirPollution,
#EnergyCommunityTreaty,
ioana.ciuta@bankwatch.org
www.bankwatch.org
@unaltuser 

Alexandru Mustată, energy campaigner,
#JustTransition, #CoalInRomania,
#LigniteMining,
alexandru.mustata@bankwatch.org
www.faracarbune.ro
@AlexandruBW 

Ana-Maria Seman,
development finance campaigner,
#ZombieReactors, #Mongolia, #EBRD
@anna_seman 

Cătălina Rădulescu, lawyer,
#EIA, #IndustrialPollution,
catalina.radulescu@gmail.com

Laura Nazare,
energy transformation campaigner,
#EUFunds, #EnergyEfficiency, #NECP
laura.nazare@bankwatch.org
@nazare_laura 

Gabriela Stătescu, office administration,
financial & legal assistance,
gabriela.statescu@bankwatch.org

Coal in Romania



Lignite mining

The lignite open-cast mines in Gorj County, operated by Oltenia Energy Complex (CEO), are running out of coal so the company has decided to expand them. Romanian legislation requires assessment of the impact on air, water, soil, fauna and

flora before the environmental permit is issued by the Environmental Protection Agency (APM). Realising that these permits issued for mine expansions do not meet legal requirements, underestimating how the environment and communities would be affected, we have challenged them in court, requesting both suspension and annulment for nine such permits. In March 2017, the Bucharest

Tribunal accepted for the first time ever to suspend an environmental permit – in the case of Lupoia mine.

In 2017 we produced two short documentaries on the impacts of lignite mining on water resources. They generated a debate about yet another invisible cost of coal electricity - reducing access to water for communities already affected. The first documentary, filmed in Lupoia, tells the story of people who receive water pumped directly from the mine twice a day because mining has dried up their wells. The second film, in Roşia de Jiu, shows that the water was contaminated as a result of the mining works. Despite the fact that locals pay for the water they receive, it is not suitable for drinking. The two documentaries, on the one hand, attracted the attention of national television channels, and on the other hand, Oltenia Energy Complex was forced to acknowledge that it is responsible for these problems. As a result, the Environmental Protection Agency has vowed to intervene in this

regard, and at least one family has been expropriated in the meantime, allowing residents to move to an area with access to water.

In all the work done so far, but especially in the pre-production of the two short films, we met with many families affected by mine expansion. In this context, we offered them legal advice, support in writing complaints to the relevant local authorities (Environmental Guard or Public Health Inspectorate) and explained their rights in relation to the county's energy giant.

Just Transition

Bankwatch Romania published in 2017 an eight-step guide for a just transition of mining areas, based on positive examples from the region. The purpose of this publication is to familiarise the reader with the basic concepts of a just transition. In this respect, the briefing was distributed to locals in Gorj county



and will be used in the context of the following meetings with actors relevant to the just transition.

Just transition (or at least its constituent elements such as bottom-up development or fair wages for affected workers) becomes an increasingly clear concept for most of Gorj's stakeholders. After two events organized in April and June 2017, we succeeded in outlining the main topics of interest in order to be able to initiate a just transition process.

In the context of talks about bringing new investors to their cities, two mayors have indicated that the emergence of new businesses may be an alternative to the declining coal industry. On the other hand, interest in this topic comes only from two environmental NGOs (Bankwatch and Greenpeace). Thus, stakeholders are deprived of the motivation to do more than talk with us - despite promises that we will act together.

As the Jiu Valley was included in the Platform for Coal Regions in Transition in early 2018, we decided to turn our attention to this region. We participated in all meetings of the Platform in 2018, supporting bottom-up involvement and offering a presentation at the July meeting, showing the importance of participation of all actors in all stages of the projects. Meetings with the Hunedoara County Council, the Prefect, the mayors and several GOs in the Jiu

Valley facilitated new collaborations between the actors interested in the Platform. These dialogues have gradually turned into an informal NGO coalition that supports the just transition of the region.

We supported the transition to a low-carbon economy through a participatory national process in the context of two meetings with representatives of the Ministry for European Funds, which is responsible for the implementation of the Platform for Coal Regions in Transition.

Coal power plants in Romania

Most coal units in Romania need to be upgraded to operate after the new Best Available Techniques (BAT), part of the Industrial Emissions Directive that regulates the maximum emission limit for polluting substances, will come into force in June 2021. Some cannot comply with even existing limits, as they have not been retrofitted. We have notified the European Commission that Romania is breaching the industrial emissions legislation. In 2017, the Commission sent letter of formal notice to the Romanian government because four thermal plants operated without integrated environmental authorization. In 2018, another letter is sent to Romania, because the sulphur dioxide (SO₂) and dust emissions (PM₁₀) from coal-fired power plants Govora 2 and Deva 2 "exceed significantly the limits set in the national ceilings."

Nume	Capacitate (MW)	Observații	Derogare / poluanți / valabilitate
BACĂU	60	În conservare	
IAȘI	60		SO ₂ , NO _x - 30.06.2020
CRAIOVA 1	150		NO _x - 30.06.2020
CRAIOVA 2	150		NO _x - 30.06.2020
IȘALNIȚA 7	315		NO _x - 30.06.2020
IȘALNIȚA 8	315		NO _x - 30.06.2020
ROVINARI 3	330		NO _x - 30.06.2020
ROVINARI 4	330		NO _x - 30.06.2020
ROVINARI 5	330	În modernizare	
ROVINARI 6	330		
TURCENI 1	330		
TURCENI 3	330		NO _x - 30.06.2020
TURCENI 4	330		NO _x - 30.06.2020
TURCENI 5	330		
TURCENI 6	330		
TURCENI 7	330		
GOVORA 3	50	Fără AIM	SO ₂ , NO _x , PM - 30.06.2020
GOVORA 4	50	Fără AIM	SO ₂ , NO _x , PM - 30.06.2020
DROBETA 1	60	Faliment	
DROBETA 4	60	Faliment	
DROBETA 5	60	Faliment	
DROBETA 6	60	Faliment	
PAROȘENI	150	Fără AIM	
MINTIA 2	210	Fără AIM	
MINTIA 3	235	Fără AIM	SO ₂ , NO _x , PM - 30.06.2020
MINTIA 4	210	Fără AIM	SO ₂ , NO _x , PM - 30.06.2020
MINTIA 5	210	Fără AIM	SO ₂ , NO _x , PM - 30.06.2020
MINTIA 6	210	Fără AIM	SO ₂ , NO _x , PM - 30.06.2020

Capacitate instalată pe cărbune, 01.02.2019. Sursa - Transelectrica

The colours in the table represent the current situation of the units: the red ones are installations that have not (in recent years) been in operation, the purple ones operate illegally, lacking an integrated environmental permit, and the green ones operate legally, but only three units do so without benefiting from derogations. For the thermal power plants operated by the Oltenia Energy Complex (Rovinari, Turceni, Craiova and Ișalnița) there is a modernization plan, but its implementation has not yet started and the company has not identified the sources of financing. According to the operators, only the Paroșeni plant and one unit at Govora will be able to meet the new standards. No thermal power plant in Romania has yet requested a derogation from the new BAT limits set by the Directive.

Energy Transformation and European Funding

In the last decade, the imperative of addressing climate change has prompted a reform of not only European Union's climate and energy policy, but of Member States as well. Apart from focusing on the process of implementing climate and energy policies and measures that aim at speeding up the clean energy transition and moving towards a low carbon economy, Bankwatch Romania's work also consisted in monitoring the available financial instruments and their consistency with the long term climate and energy objectives.

Since 2017, Bankwatch is implementing nationally the project *Accelerating the Energy Transformation of Central and Eastern Europe and Learning from the German Experience*, funded by the German Federal Ministry of Environment, Nature Conservation and Nuclear Safety. The project aims at making the need for a low-carbon transition and its benefits more visible at all levels of decision-making and explores the opportunities that will help accelerate the energy transformation in Central and Eastern Europe.

At national level, Bankwatch Romania's work revolved around exposing bad spending of European funding, analysing the environmental and social impacts of projects financed through national

Operational Programmes, alongside promoting good examples and successful initiatives in transforming the energy system. We also evaluated the sustainability level of national projects financed by the European Investment Bank and European Bank for Reconstruction and Development.

Workshop – Opportunities for clean energy transition in Romania



The organisation held workshops where relevant actors from the energy and environment sectors shared their expertise and opinions on the appropriate ways to ensure a proper energy transition. In partnership with the German think-tank E3G and following a

previous mapping of political and economic conditions that define the climate and energy agenda at national level, the workshop examined Romania's plans for the development of the energy sector.

At the same time, Bankwatch Romania focused on mapping the barriers present in the Renewable Energy sector and on examining the numerous sectoral legislative changes and their implications. The existing support schemes for renewables, the incipient legal framework for prosumers and the various environmental programmes promoting energy efficiency have been assessed to ensure that their scope follows the national energy and climate objectives.

National Energy Strategy and the National Energy and Climate Plan



The organisation followed the elaboration process of key documents in the climate and energy field, namely the National Energy Strategy and the National Energy and Climate Plan, monitoring the coherence of the proposed measures, the level of transparency and assuring that the principle of public consultations is fully respected. The compliance with the requirements laid down in the environmental procedures surrounding these documents was also monitored.

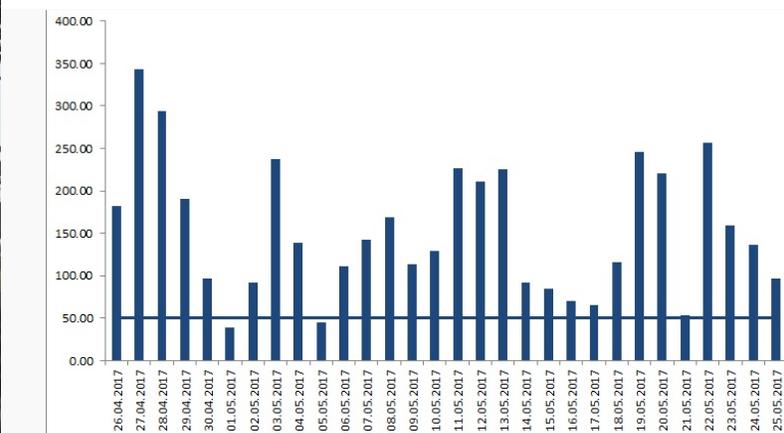
EU Budget

At European level, Bankwatch Romania engaged in advocacy sessions with Members of the European Parliament on the recent Multiannual Financial Framework legislative proposals. Specifically, the organisation discussed options for maximizing the climate action impacts in the Cohesion Policy and emphasised that, in spite of the enhanced climate ambition of the proposed budget, improvements are still needed in areas like climate mainstreaming or transparency and participation provisions.

Bankwatch Romania also contributed in disseminating many projects that highlight the inconsistencies between European funding and the EU's climate objectives and long-term strategy of decarbonising the economy.

Independent air pollution monitoring

In late 2016, CEE Bankwatch Network and partner organisations embarked on an independent particulate matter (PM) monitoring adventure. Since then, our Environmental Dust Monitor (EDM 164) travelled to several selected locations in Western Balkan countries, one in Bulgaria and two in Romania. What these places all have in common is that they are home to ageing coal power plants and open-cast lignite mines, which play an important role in aggravating air quality. Worryingly enough, plans to build even more coal capacity or expand the mines are being promoted by the governments in most of these locations.



Graph: Daily average of PM 10 levels

April 2017, Roşia de Jiu, Romania

Results of our independent measurements point to levels of PM 10 thirty times above the legal limit, 5400 micrograms/m³ for several hourly averages. The graph illustrates how the PM10 levels peak most around 8AM local time when work starts at the nearby lignite mine, or around 1PM when the shifts change.

The village of Roşia de Jiu near the existing Rovinari power plant has been exposed for years to extreme air pollution, originating from the power

plant, the open-pit mines which surround it and an illegal coal storage depot nearby.

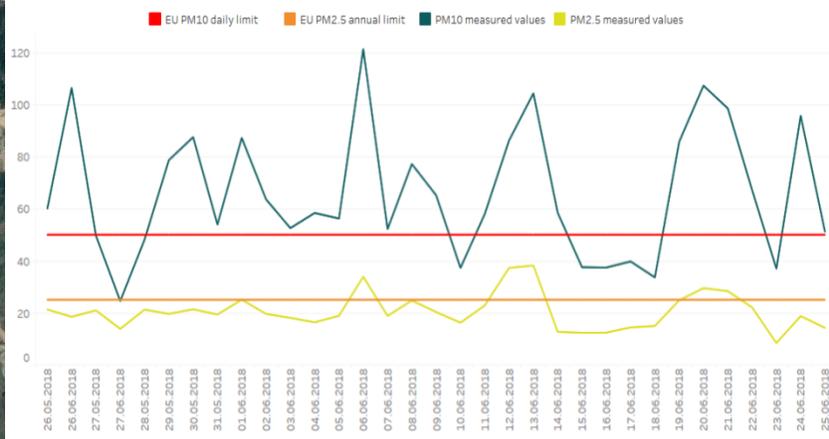
The coal dust is blown both from the coal deposits in the area and from the conveyor belts that are neither covered, nor have functioning water sprinklers.

On its surface, the earth in the area is not soil but rather a layer of coal dust deposited there. The villagers from Roşia de Jiu complain that they are not able to rear animals or grow crops because the soil is poisoned by coal dust. Their request to be relocated filed back in 2007 has been constantly ignored by the company and government.

Over the 30 days of monitoring, it was only on two days that the EU limit on PM10 was not exceeded. In other words, for over 93 percent of the time, the PM 10 concentration was above the limit, while on nine of the days monitored, the measured PM 10 stayed four times above the regulated 24-hour average.

diameter or less (PM2.5), we found that the EU limit on PM10 was exceeded on 23 days and on four of these days, the levels recorded were more than twice the daily limit.

May 2018, Roșița, Romania



The village is sandwiched between two open cast lignite mines, Roșița and Motru (also known as Lupoaia) and is exposed to tremendous levels of coarse particulate matter (PM10) pollution.

The highly visible levels of coarse particles, PM 10, are indicative of its primary sources: the open-cast mines, the coal storage and the open conveyor belts surrounding the village.

There is no official air pollution monitoring station in the village, and the host of our EDM164 monitor has for years submitted requests to the local Environmental Protection Agency to come and perform measurements.

As a result of our measurements' media exposure, the host was finally offered to resettle, after years of struggle.

Over 32 days of monitoring particulate matter 10µm (PM10) and 2.5µm in

“The great coal jobs fraud” - Romanian case study, 2018



In several southeast European countries, including Romania, new coal-fired power plants are planned. This is in contrast to most of the EU, where no new coal plants are planned, due to their climate and health impacts, and their poor economics.

The southeast European plans are accompanied by promises of creating new workplaces or saving current ones.

The report sums up the claims made by proponents compared to our findings on jobs in the plants and associated mines. While proponents have overall claimed that 10 030 jobs would be maintained and

17 600 new jobs created, a reduction of workplaces by around 5170 is more likely. This is because although some new jobs would be created, they would be fewer than usually claimed, and would do little to offset the staff reductions needed at the coal mines to bring them into line with EU average labour productivity.

These calculations are approximate and should be followed by more in-depth analyses, but they give an idea of the scale of the misleading messages being sent to the public and mining communities.

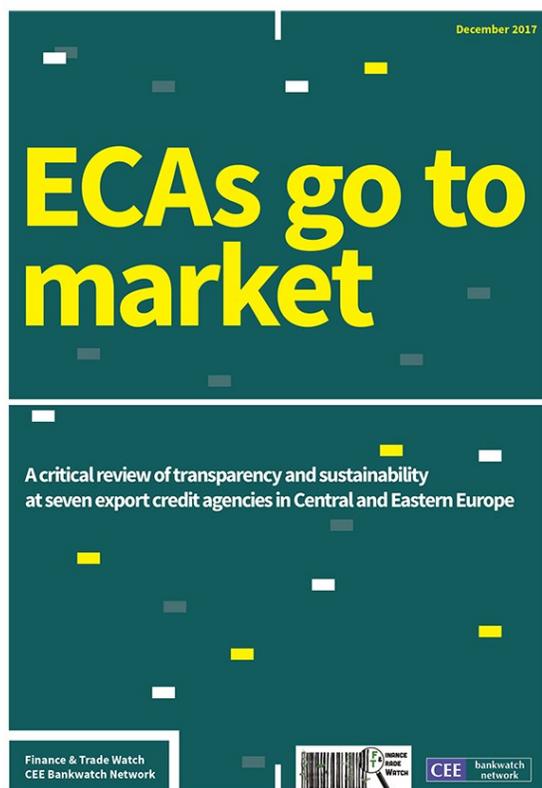


Rovinari 600 MW project – planned

Plans to build a new unit at the existing Rovinari TPP have been around for over 5 years, and seemed to gain speed in 2013 when the Romanian and Chinese Governments signed a Memorandum of Understanding which listed this as one of the planned investments. China Huadian Engineering (CHE) is set to build the 600 MW unit while Chinese banks are to secure the financing. CHE would be the general contractor, but the actual construction would be done by Romanian companies.

Although no clear figure has been put forward with regards to planned generation of this new unit, the agreement for setting up the Huadian-Oltenia Company estimates a total of 6750 operating hours/year, with 41.72 percent technical efficiency, which would result in 4050 GWh/year. If we take into account the 500 jobs figure, it would translate to 8.1 GWh/worker, which is not even half that of Šoštanj 6 in Slovenia, making even this 500 figure very incredible. Our report concludes that 231 workers would be more realistic.

Development finance



coherence between EximBank operations and policies on development and climate change.

Accountability for nuclear decisions through the Espoo convention

Bankwatch organized two events aimed at putting pressure and advocating for increased accountability of the EU and of EU member states over decisions of nuclear lifetime extension, through better implementation of the Espoo convention. The first was organized with the support of green MEPs (Rebeca Harms and Benedek Javor) and was an event in the European Parliament on March 30 entitled 'Public Participation in the nuclear sector'. The event gathered over

“ECAs go to market” report

Bankwatch aimed to take a closer look at the impact of Romanian investments through EximBank Romania on development and climate change objectives. Bankwatch Romania launched the national report on the transparency procedures of EximBank Romania in November 2017. The report draws on 3 years of research work and a successful court case regarding access to information, the social and environmental policies of EximBank Romania, and their projects in developing countries.

The report draws a set of recommendations for EximBank Romania and for the Ministry of Public Finance for increased transparency and for improved

Public participation in the nuclear sector
The Espoo and Aarhus Conventions

30 March 2017 9:00 – 12:00 Room P1C047 European Parliament

With Georges Kremlis, DG Environment, European Commission // Jan Haverkamp, Greenpeace International // Iryna Holovko, CEE Bankwatch Network // Eloi Glorieux, Greenpeace Belgium // Petar Kardjilov, Bulgarian Greens

Hosted by Rebecca Harms and Benedek Javor, MEPs (Greens/EFA)

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30 participants (MEPs, DGs, NGOs) and managed to kick start discussions between NGOs, MEPs and members of DG Environment between the roles and responsibilities of the European Commission for increased accountability and participation of citizens in nuclear lifetime extensions decision making processes.

The second event was organized with over 100 participants at the Espoo Meeting of Parties (MOP) on good practice recommendations for implementing the Espoo convention on nuclear activities. The event benefited from the attention of official governmental representatives of Espoo parties. Bankwatch used the opportunity of attending the MOP for advocating parties to the convention and the EU to enforce the application of the convention to nuclear activities.

As a result of both events, the Espoo MOP decided on the establishment of a working group to discuss the application of the Espoo convention to nuclear lifetime extension activities. Also, the advocacy led to several EU countries to adopt a strong stance on the need for public scrutiny over nuclear lifetime extension.

Education for sustainable finance

One university workshop was organized on 17 May 2017 with students of the National School for Public Administration and Political Science in Bucharest with the aim of increasing their awareness and interest of IFI investments in development



projects and of IFI policies. Case studies of IFI projects were presented during the workshop.

The event resulted in increased awareness of students of political science on the role of multilateral development banks in financing the SDGs.

Bankwatch Romania supported the organization of a summer school in July 2017 for young people aimed at increasing their understanding of global interdependencies. The event was organized as part of a sub granting project awarded by the CEE Bankwatch Network to the Romanian NGO Actions for Change. It was a unique experience for 30 young people aged 11-15, coming from very different backgrounds and diverse regions: 11 counties (territorial administrative units) from 6 out of Romania's 8 regions. Many of them said this was their most significant learning experience so far. Parents themselves have sent enthusiastic emails and comments to thank us for the profound impact of the Summer School on their children.

Jiu River legal action

In December 2017, Bankwatch Romania and the Neuer Weg Association obtained a final court decision for the cancellation of construction permits for the Jiu River hydroelectric power plant. The project was initiated by Hidroelectrica, the largest electricity producer in Romania, owned by the Romanian state.

In the first court hearing, the Bucharest Tribunal ruled to keep the construction permits, so against us. Afterwards, the decision was reversed by the Court of Appeal.

The works at the hydroelectric project started in 2004 and envisaged the construction of two larger hydropower plants (Bumbești and Dumitra) and a small hydropower plant (Livezeni). The installed power of the turbines in these hydropower plants should be 65 MW and the annual output would be 259 GWh.

The Jiu Gorge became a National Park in 2005 and the site became a Natura 2000 site in 2007. At the time when the Court of Appeal issued the final decision by which, de facto, construction works had to stop, Hidroelectrica claimed that the hydro project at Dumitra was 98% built and Bumbești 90%.

Throughout 2018, Hidroelectrica filed two extra-ordinary appeals, seeking that



the Court's decision from December 2017 be reversed. Both have been unsuccessful.

Finances

2017 budget

Total €106,413. 00

We thank our donors for their trust in our work and continued support.

European Climate Foundation: €45,034

European Climate Foundation via CEE Bankwatch Network (subgrant): €25,671

European Commission - DG DEVCO – EuropeAid via CEE Bankwatch Network (subgrant): €21,442

Grassroots Foundation: €4,970

European Commission – DG Environment – Life + via Justice & Environment Network (subgrant):
€1,795

German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
via CEE Bankwatch Network (subgrant): €7,501

2018 budget

Total €90,417. 00

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European Climate Foundation: €43,200

European Climate Foundation via CEE Bankwatch Network (subgrant): €26,920

European Commission – DG Environment – Life + via Justice & Environment Network (subgrant):
€4,035

German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
via CEE Bankwatch Network (subgrant): €14,929

Open Society Institute via CounterBalance (subgrant) : €1,333

Bankwatch

FOR PEOPLE AND ENVIRONMENT



www.bankwatch.org.ro

Bankwatch Romania

Registered address: strada Boișoara nr. 24, ap. 2, sector 6, București
Tel. 031 438 2489, Fax 031 816 8375, www.faracarbune.ro