

May 9, 2017

Suma Chakrabarti
President
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Via email: president@ebrd.com and cso@ebrd.com

Dear Mr. Chakrabarti,

We, the undersigned groups, are writing to express our serious concern about your recent statements concerning the EITI and its decision to suspend Azerbaijan.

In a recent interview with Bloomberg News in which you discussed Azerbaijan, portions of which were published on May 4, 2017, you are quoted as saying, "What's happened on the EITI is very, very unfortunate," and that "quite a lot of people" were "worried about some of the criteria that are now being used in EITI."

The EITI board's decision to suspend Azerbaijan was grounded in a concrete and accurate assessment of the Azerbaijani government's failure to meet the EITI requirements concerning civil society. The assessment is based on the rigorous EITI validation process, which includes multiple steps of verification, including an independent external review. The criteria and validation process used by EITI apply equally to all EITI members and all members agree to adhere to them as a condition of membership in good standing at EITI. Any changes in those criteria or validation process have been agreed to by all members, including the government of Azerbaijan.

Prior to suspending Azerbaijan this year, the EITI board gave Azerbaijan nearly two years to become EITI compliant and avoid suspension. The EITI board downgraded Azerbaijan to candidate country in April 2015 and established clear requirements for reform to meet the EITI civil society requirements. At its November 2016 meeting, the EITI board gave Azerbaijan yet another opportunity to implement clear and specific reforms. Azerbaijan did not meet those requirements or make meaningful efforts to progress towards doing so. In line with its criteria and procedures, the EITI board suspended Azerbaijan.

Your statements to Bloomberg are also starkly at odds with your previous assessment following your May 2016 visit to Baku, following which the EBRD publicly reported, "President Chakrabarti and civil society representatives agreed that accelerating the work required to restore the country's full membership of the Extractive Industries Transparency Initiative (EITI) was a priority, an objective shared by the Government of Azerbaijan."

We are also deeply concerned that your statements appear to undermine the significant role EITI has in holding governments accountable for transparency and accountability in budget revenues and fiscal policy-making, key priorities for the EBRD. The EBRD has publicly stated on its website: “Supporting increased transparency and good governance is one of EBRD’s key priorities across the energy sector.”

Your statements are also inconsistent with the EBRD’s long-standing public support of the EITI and reliance on the EITI as a key indicator of government’s adherence to good governance and transparency. As stated in the EBRD’s Energy Policy: “The Bank is committed to adhere to best governance, transparency and revenue management standards by requiring its clients to implement the principles and requirements of the EITI,” and “the Bank is committed to go beyond the application of the EITI principles and requirements by encouraging endorsement of EITI where governments have yet to do so Moreover, the Bank will work closely on the implementation of EITI throughout its countries of operations.”

Such transparency and accountability are essential to public confidence in good governance and to investor confidence alike.

In light of Azerbaijan’s suspension from EITI and failure to meet fundamental standards in transparency and accountability, we call on the EBRD to refrain from public lending or lending benefiting the extractives industry, including for the Southern Gas Corridor.

Additionally, we call on you and EBRD staff, you to make clear, in your public statements, in EBRD publications, and in your dialogue with governments and other partners, that the EBRD unconditionally endorses the EITI as an essential platform for ensuring meaningful transparency and accountability in the extractives sector, principles to which the EBRD has committed itself.

We look forward to your response, which can be sent to Jane Buchanan, Associate Director, Europe and Central Asia, Human Rights Watch, buchanj@hrw.org or +1 212 216 1857, on behalf of the undersigned groups.

Sincerely,

ARTICLE 19

BankTrack

Bankwatch

Counter Balance

Crude Accountability

EcoLur Informational NGO

Freedom Now

Green Advocates International

Global Witness

Helsinki Foundation for Human Rights

Human Rights House Foundation

Human Rights Watch

Institute for Reporters' Freedom and Safety

Netherlands Helsinki Committee

Norwegian Helsinki Committee

Platform London

Public Association for Assistance to Free Economy (Azerbaijan)

Public Initiatives Center (Azerbaijan)

Publish What You Pay

Rivers without Boundaries International Coalition

Publish What You Pay- Canada

Publish What You Pay- UK

Publish What You Pay- US

Reporters Without Borders

SJ Around the Bay

Ulu Foundation