Dear Board of Directors,

We are writing you on behalf of Bankwatch, a network of human rights and environmental groups which tracks EBRD investments across its region of operations to prevent potentially harmful social and environmental impacts.

We are writing to you with regards to two EBRD projects, the Alexandria Refinery in Egypt and Mytilineos Gas Power Plant in Greece, that are scheduled for Board Approval this week.

We urge you, as a member of the Board of Directors, and as a representative of your shareholder country, that recently committed to end finance for overseas fossil fuel projects, not to support these projects.

These projects are incompatible with the bank's mandate and its current climate, environmental and human rights policies.

The Alexandria oil refinery project is not part of a sustainable energy transition for Egypt. Although the Project Summary Document for the Alexandria refinery states that the financing is exclusively directed towards the energy efficiency improvements, the Non-Technical Summary (environmental assessment for the project is not yet carried out) mentions that there are plans for increases in refinery production capacity. Therefore, at least some of the envisaged emissions reductions that would supposedly be achieved through the bank's financing of up to 250 million USD to Alexandria Petroleum Company (APC), would be more than cancelled out by plans for capacity expansion and lifetime extension.

Alexandria refinery is a state project. APC is one of the companies that are owned by the Egyptian General Petroleum Corporation (EGPC), a state-owned company. To recall, Egypt plans to expand its refining capacity by building 7 new refineries that will increase the output for 6.2 million tons of oil products such as gasoline and diesel per year.

Due to its political mandate, the EBRD should only invest in countries committed to multi-party democracy, the rule of law and human rights. The EBRD has declared that it will limit support for the public sector and will focus on the private sector, to avoid direct support for non-democratic repressive regimes like Egypt. Egypt was the EBRD's largest country of operations in 2018 and 2019, even as the Egyptian authorities have deliberately and visibly rolled back the rule of law, separation of powers and what remained of democracy while continuing to fuel an ongoing, severe and pervasive human rights crisis.

The 826MW Combined Cycle Gas Turbine (CCGT) Mytilineos power plant is already at an advanced stage of construction, raising questions about the additionality of the EBRD's involvement.

According to the Environmental Impact Assessment Study, it is envisaged that the Mytilineos power plant will operate with an approximate 80% capacity factor up to 2030. Its emissions savings, due to the plant replacing old lignite capacity, when looking at the national level, are debatable.

This way the plant will consume a large part of the Greece 2030 carbon budget for the electricity sector, according to the draft of the Greek Climate Law, thus leaving more than 5 GW of operating and modern gas capacity without a clear plan.

Scientific evidence proves that fossil gas is a significant driver of global warming and climate change – not just due to the CO2 emissions produced during combustion but also because of the methane leaks that occur during extraction and transport. The International Energy Agency (IEA) in its latest reports and scenarios rightly dismissed the idea of fossil gas as a transitional fuel. The IEA report concludes that new investments in fossil gas extraction are not justified and a radical reduction in the demand for gas must happen fast if we are to stay on course for the Paris Agreement's aim of limiting global warming to below 1.5 degrees Celsius.

There is a huge discrepancy between these projects and the climate ambitions stated by the EBRD in advance of the COP 26 UN Climate Change Conference.

To recall, a Governors Resolution of EBRD from this summer states that Bank *"supports urgent decarbonisation of the energy sector and that the Bank will step up investment in renewable energy and associated energy systems while further narrowing and limiting fossil fuel financing to projects meeting a strong ambition to accelerate the low carbon transition in specific country contexts".*

Furthermore, the approval for financing of these projects would clearly go against the bank's ongoing efforts to align all its activities with the Paris Agreement by the beginning of 2023.

Given the international financial institutions' role as standard-setters, we are afraid that the bank's approval of these projects would also represent a clear go-ahead signal for other gas and oil projects in the Bank's countries of operation.

Therefore, we urge you to take a decision not to approve these projects and would be happy to discuss the issues further if you would find it useful.

Sincerely,

Petr Hlobil
CEE Bankwatch Network, Fossil Fuels Area Leader