

To scale up energy transition, the EBRD needs to leave 'pipe dreams' in the past

NGO call to the Bank's shareholders and management staff ahead of the Energy Sector Strategy revision

December 2022

Dear EBRD,

Some other letter might start with a personal story or captivating image of different crises we are in, to illustrate the damage that fossil fuels are causing to our societies. We might cite the Bank's mandate and past achievements to encourage you to act.

We won't try to do that this time.

We would simply like to call on you to implement last year's public commitment.

In July 2021, the Bank pledged to align its operations with the Paris Agreement by the end of 2022.

In layman's terms, complete Paris alignment means no public support to fossil fuels. It means no support to coal, oil or gas upstream, midstream or downstream.

As you must be aware, the EBRD hasn't delivered on this yet, and recent discussions with staff and shareholders suggest this will not change in the near future.

Before it has even started, the Energy Sector Strategy revision looks like it is set to fail in moving beyond business-as-usual. The ambition to exclude fossil fuels financing from the bank's portfolio that was building up among the EBRD ranks in the last year has almost dried up. Please, let this not be the case.

It is crucial to explicitly articulate the EBRD's position on fossil fuels and set the date to end direct and indirect fossil fuel financing.

The EBRD needs to signal to its countries of operation that the clean energy transition represents the best way out of current crises: climate, energy, and cost of living.

Structural changes in the EBRD's countries of operation must be accelerated. With the limited resources that the Bank has at its disposal, this cannot be achieved if it is trying to balance between scaling up the energy transition and financing dirty technologies.

The climate and environmental case against fossil fuels doesn't need any reinforcement.

Fossil gas is not a transitional fuel. Due to its methane and carbon dioxide emissions, it is comparable to coal. These projects, if supported now, will operate well past 2050. The same goes for long-term contracts for fossil fuel purchases, which will require countries and clients to pay for fossil fuels longer than they would need to, preventing them from financing their energy transition.

Carbon capture and storage (CCS) and renewable hydrogen technologies are so far mainly articles of faith used by countries to boost their emissions reduction plans – not a commercial reality. And their use in the coming decades is also likely to be limited to niche, hard-to-decarbonise sectors.

The shortcomings of these technologies must be acknowledged and analysed in the EBRD's sectoral policy, especially as they are currently primarily a means to keep fossil fuels in energy systems.

The economic arguments in favour of cost-competitive and affordable clean technologies are getting stronger each day – and so too is the energy security case. There is a clear role for the Bank in enhancing access to low-cost financing for clean energy investments that is currently missing and defining a new energy security paradigm in its countries of operations to ensure reliability and affordability while reducing emissions.

Likewise, the EBRD needs to increase its support for just transition and economic diversification policies that assist individuals and communities affected by fossil fuel phaseout, as for some countries of operation, fossil fuels are still the primary source of public revenue. This process needs to start now.

Failure to scale up clean energy and infrastructure investments will leave the countries "energy-starved", which will invite another round of fossil fuels investments or encourage the use of old, polluting facilities to meet the demand, with the obvious adverse impacts on public health and the climate.

Therefore, the EBRD needs to set up a date for a robust and scientifically-justifiable fossil fuels exclusion policy. A too-late-too-sudden transition will cause the largest economic losses and financial instability in your countries of operation.

Weasel words — "mobilize," "advance," "finance and facilitate" or hiding behind national long term strategies (LTS) or nationally determined contributions (NDCs) that will not lead to decarbonisation don't move the needle. Neither is it acceptable to write down the [Bank's existing practices](#) in the new Strategy and count it as a success. The Strategy must set increased ambition and go far beyond business as usual: Climate change must be treated as the emergency it is.

Paris Agreement alignment, which was announced a year ago, needs to lead to the complete decarbonisation of the EBRD's investments and therefore we ask the Bank to accept that it must implement a robust fossil fuel exclusion policy via its upcoming energy strategy review. The revised strategy must end new EBRD direct and indirect support for the

exploration, production, transportation, storage, refinement, and energy end uses of coal, oil, and gas.

Sincerely,
Petr Hlobil, CEE Bankwatch Network

On behalf of

1. Europe Beyond Coal
2. Counter Balance
3. Big Shift Global
4. Friends of the Earth Europe
5. International Network for Sustainable Energy - Europe
6. Reclaim Finance
7. Corporate Europe Observatory
8. Oil Change International
9. Citizens' Climate Europe
10. Rivers without Boundaries International Coalition
11. Stichting Just Finance International
12. The Climate Reality Project Europe
13. 350.org
14. NGO Forum on ADB
15. Transport & Environment
16. Food & Water Action Europe
17. Urgewald
18. Arab Watch Coalition
19. Recourse
20. CAN Europe
21. Organic Agriculture Association, Albania
22. SEEP (Social Education for Environment Protection), Albania
23. "EcoLur" Informational NGO, Armenia
24. Oil Workers' Rights Protection Organization Public Union, Azerbaijan
25. WeSmellGas, Belgium
26. Ekotim Sarajevo, Bosnia and Herzegovina
27. Aarhus center in BiH, Bosnia and Herzegovina
28. Friends of nature Eko Element, Bosnia and Herzegovina
29. Center for Environment, Bosnia and Herzegovina
30. Za Zemiata, Bulgaria
31. Zeleni Osijek, Croatia
32. Marine Explorers Society 20000 Leagues, Croatia
33. Zelena akcija/FoE Croatia
34. PAN, Association for Environment and Nature protection, Croatia
35. Croatian Society for Birds and Nature Protection
36. EUROSOLAR.CZ, z.s., Czech Republic
37. Re-set: platforma pro sociálně-ekologickou transformaci, Czech Republic
38. CDE - Center for Transport and Energy, Czech Republic
39. Děti Země (Children of the Earth), Czech Republic
40. Birdlife Estonia

41. Estonian Green Movement
42. Green Alternative, Georgia
43. World Economy, Ecology and Development (WEED), Germany
44. Bürgerlobby Klimaschutz - Citizens' Climate Lobby Germany e.V. (CCL-D), Germany
45. NSC-FoE Hungary (MTVSZ)
46. Clean Air Action Group, Hungary
47. CBM Ireland
48. Not Here Not Anywhere, Ireland
49. ReCommon, Italy
50. Eco China Info, Kazakhstan
51. Institute for Development Policy (INDEP), Kosovo
52. Balkan Green Foundation (BGF), Kosovo
53. Zaļā brīvība / Green liberty, Latvia
54. VšĮ "Žiedinė ekonomika", Lithuania
55. Friends of the Earth Malta
56. Center for Protection and Research of Birds, Montenegro
57. UI info, Montenegro
58. NGO Civic Alliance, Montenegro
59. NGO Youth Initiative for Human Rights, Montenegro
60. NGO Green Home, Montenegro
61. Ecoteam, Montenegro
62. Action for Social Justice, Montenegro
63. Brda, Montenegro
64. Association of Young Ecologist, Montenegro
65. KOR (Coalition for sustainable development), Montenegro
66. WECF International, Netherlands
67. Center for environmental research and information Eko-svest, North Macedonia
68. Institute for Sustainable Development Foundation, Poland
69. Stowarzyszenie Pracownia na rzecz Wszystkich Istot, Poland
70. Open Plan Foundation, Poland
71. Global Action Plan Polska, Poland
72. Alliance of Associations Polish Green Network, Poland
73. Stowarzyszenie Ekologiczne EKO-UNIA, Poland
74. Fundacja Aeris Futuro, Poland
75. Fundacja "Rozwój TAK-Odkrywki NIE", Poland
76. Polish Foundation for Energy Efficiency (FEWE), Poland
77. Climáximo, Portugal
78. Greenpeace CEE Romania
79. Bankwatch Romania
80. CEKOR, Serbia
81. Ekoloski pokret Ibar Kraljevo, Serbia
82. Friends of the Earth-CEPA, Slovakia
83. Ekopolis Foundation, Slovakia
84. Klíma ťa potrebuje, Slovakia
85. African Climate Reality Project, South Africa
86. Eco-union, Spain
87. Climate Alliance Switzerland
88. Swedish Society for Nature Conservation

89. Klimatsvaret - CCL Sweden
90. Little Earth, Tajikistan
91. Both ENDS, Netherlands
92. WISE Netherlands
93. Milieudefensie - Friends of the Earth Netherlands
94. GENÇ DÜŞÜNCE ENSTİTÜSÜ, Turkey
95. Friends of the Earth US