CEE Bankwatch Network

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EBRD – the biggest l[REDACTED]er of them all

The European Bank for Reconstruction and Development (EBRD) appears keen to finance fossil gas projects in several countries. The new gas infrastructure risks locking countries such as North Macedonia, Kazakhstan and Cyprus into decades of dependency on fossil fuels. But when the rationale for such decisions is questioned, the Bank fails to provide relevant data to justify its claims that gas projects lead to decarbonisation. It refuses to disclose assessments about the climate impact of its investments – considered confidential – or provides replies with heavily [REDACTED] information.

This seems to be a 'smart' way for the EBRD to avoid accountability and make sure that it can continue to promote its Paris 'alignment' while financing large fossil fuels. It simply needs to ignore the Aarhus Convention (special note for EBRD staff – this is the convention that the EBRD's Access to Information Policy refers to, saying that environmental information should be disclosed. CO_2 and NO_x emissions are examples of such environmental information). The 'beauty' of this approach is that without baseline data, no one outside the Bank can verify or monitor the actual climate or environmental impact of a given investment.

One such projects is a major new pipeline to import fossil gas from Greece to North Macedonia[1] which would lock the latter country into increased fossil gas use for decades. Bankwatch has commented on the environmental studies published by the EBRD, seeking a justification for the substantial expansion of fossil gas consumption in a country that has so far not been heavily dependent on large imports of gas – unlike many central European countries.

According to the Bank's swift response: 'expectations are that gasification will lead to significant reductions in air pollution, and GHG [greenhouse gas] emissions, by enabling the switch to cleaner fuels in populated industrial areas of the country' and '[c]arbon lock-in risks have also been assessed from technical, economic and institutional perspectives. Overall, our conclusion is that these gas investments are unlikely to displace low carbon alternatives or to prevent or delay the introduction of renewable energy or low carbon solutions.'

However, none of these claims were substantiated by any figures or verifiable data. In a meeting following this response, EBRD representatives reassured Bankwatch that a more detailed justification would be disclosed in the Board Report,

[1] European Bank for Reconstruction and Development, Regional Gasification Project, *European Bank for Reconstruction and Development*, accessed 26 April 2023.

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a document which is typically made available for projects after their approval by the Bank (however, only for public sector projects like this one).

Bankwatch again approached the EBRD to request data and information that would substantiate its bold claims, but received another disappointing response, which stated that: ‘the EBRD is committed to transparency and disclosure, to improving discourse with affected stakeholders and fostering good governance’, but that ‘information and materials that have been sought are considered confidential and fall under the below stated provisions for exemptions to disclosure’.

In this response, the Bank insists once more that there is nothing to worry about, since its thorough assessment – which (perhaps conveniently?) cannot be disclosed – ‘confirmed that the project would result in positive benefits to society through significantly reducing electricity generation costs, significantly reducing greenhouse gas emissions and local air pollution and increasing the security of electricity supply of Cyprus’.

While waiting for information on North Macedonia project Bankwatch has looked at how the Bank disclosed information in previous similar cases.

Cyprus LNG project: everything is peachy, just trust us!

In 2020, the EBRD approved an EUR 80 million loan for a liquefied gas floating storage regasification unit in Cyprus. In the Board Report, which should include a detailed justification of the project, nearly all environmental information was redacted. The only such information that remained was the project’s direct CO2 emissions, which are expected to be 15 to 20 kilotonnes of CO_2. This emissions estimate does not include emissions produced by actually burning the gas, just those created by running the plant and by gas leakages. The rest of the report consists of general statements about the climate and other benefits of the project. However, for the public, there is no way to verify these, as baseline data, targets and deadlines are missing.

Extract from the EBRD’s Board Report for the Cyprus liquefied gas floating storage regasification unit project[2]

Transition Impact Monitoring Indicators and Benchmarks

Quality	Obj. No.	Monitoring Indicator	Details	Baseline	Target	Due date*
Green	2.1	CO_{2e} reduced/avoided (tonnes/yr)	Total reductions in CO_{2e} emissions [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
	2.2	Air emissions reduced: SO_2 (ton/yr)	Total reductions in air emissions [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
	2.3	Air emissions reduced: PM (ton/yr)	Total reductions in air emissions [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
	2.4	Improved environmental standards	Fugitive emission control standards improved through the development and implementation of fugitive methane emissions monitoring, reporting and verification system	[REDACTED]	[REDACTED]	[REDACTED]

[2] European Bank for Reconstruction and Development, Cyprus FSRU, *European Bank for Reconstruction and Development*, approved by the Board of Directors on 24 June 2020.

When Bankwatch requested that environmental information to be disclosed on 20 February 2023, the reply (received on 2 March) stated: 'We are currently looking into your query and will reply in line with the provisions of the EBRD's Access to Information Policy (AIP). Given the number of colleagues involved in addressing the series of queries you have raised, we note that we may require more than 20 working days to revert. However, as always, we will do our utmost to respond as soon as possible'. This was already a quite surprising answer, given the fact that all information had already been collected for the Board of Directors (assuming that the Board didn't also receive a redacted document).

On 28 March, Bankwatch sent a reminder, to which we received an automated reply on the same day that read: 'We are looking into your query and will reply in line with the provisions of the EBRD's Access to Information Policy.[3] The Bank will normally respond within 20 working days after receiving the request or clarification or, if a timely explanation for a further delay is provided (within 10 working days following receipt), no later than 40 working days.'

On 17 April, Bankwatch finally received a response – but of course not including any of the environmental data we had requested:

'Please note that information and materials that have been sought are considered confidential and fall under the below stated provisions for exemptions to disclosure and therefore they cannot be shared externally.'

The EBRD kindly added the following: 'The assessment, accompanied by a robust sensitivity analysis, confirmed that the project would result in positive benefits to society through significantly reducing electricity generation costs, significantly reducing greenhouse gas emissions and local air pollution and increasing the security of electricity supply of Cyprus.'

Fossil gas for Almaty: we can't tell you how, but it will save your lungs!

Another example of the EBRD's secrecy when it comes to disclosing project environmental data is from the Almaty combined heat and power (CHP) coal phase-out project (GRCF2 W2 E2),[4] approved by the Bank in autumn 2022. The project, providing a senior loan of up to EUR 252 million, aims to modernise Combined Heat and Power Plant 2 – the biggest source of heating in the largest city of Kazakhstan. The modernisation is supposed to replace coal with fossil gas. The EBRD's promotional message around this project is that it will reduce CO_2 emissions in the city by approximately 3 million tons (down 56 per cent) and avoid air emissions of particulate matter and NO_x. In the project description, the EBRD promises Almaty residents that it will cut the high statistics on pollution-related diseases, but when it comes to proving these claims with data, the public is left with heavily redacted information on emissions reductions, energy savings and the benefits of the project to the public.

[3] European Bank for Reconstruction and Development, Access to Information Policy, *European Bank for Reconstruction and Development*, April 2019.

[4] European Bank for Reconstruction and Development, Almaty CHP Coal Phase Out Project, *European Bank for Reconstruction and Development*, accessed 26 April 2023.

Extract from the EBRD's Almaty CHP coal phaseout board report[5]

Table 1 - Requirements for EU taxonomy: High-efficiency co-generation of heat and power from fossil gaseous fuels[9].

direct GHG emissions lower than 270 gCO2e/kWh of the output energy	[REDACTED]
primary energy savings of at least 10% compared with the references to separate production of heat and electricity (Directive 2012/27/EU)	[REDACTED]
Power/heat/cool to be replaced cannot be generated from renewable energy sources, based on a comparative assessment with the most cost-effective and technically feasible renewable alternative for the same capacity identified; the result of this comparative assessment is published and is subject to a stakeholder consultation	[REDACTED]
replaces an existing high emitting electricity/heat/cool generation activity that uses solid or liquid fossil fuels	[REDACTED]
the newly installed production capacity does not exceed the capacity of the replaced facility	[REDACTED]
the facility is designed and constructed to use renewable and/or low-carbon gaseous fuels and the switch to full use of renewable and/or low-carbon gaseous fuels takes place by 31 December 2035, with a commitment and verifiable plan approved by the management body of the undertaking	[REDACTED]
the replacement leads to a reduction in emissions of at least 55% GHG over the lifetime of the newly installed production capacity	[REDACTED]
where the activity takes place on the territory of a Member State in which coal is used for energy generation, that Member State has committed to phase-out the use of energy generation from coal and has reported this in relevant law/policy	[REDACTED]
measurement equipment for monitoring of physical emissions (incl. methane leaks) and repair during operation	[REDACTED]
where biomass/biofuels are used, compliance with criteria laid down in Directive (EU) 2018/2001	[REDACTED]

[REDACTED]

Green Project Monitoring Plan

Objective	FW level aggregate indicator	Indicator (sub-Project)	Details (sub project)	Baseline (Sub-Project)	Target (Sub-Project)	Due date (Sub-Project)	TC-related?
Core client indicators	Total Population benefitting (individuals)	Total Population benefitting from improved air quality (individuals)	The Project will improve air quality in Almaty, benefiting 2 million population of the city	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Annual reduction in tonnes of CO_2 equivalent savings (tonnes CO_2 eq / yr)	Annual reduction in tonnes of CO_2 equivalent savings (tonnes CO_2 eq / yr)	Annual reduction of 2.8 million tonnes of CO_2 emissions[10] (or 55% compared to baseline).	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Annual energy savings (GWh/yr)	Annual increase in electricity generation due to higher efficiency	The Project will result in additional 2,137 GWh[11] of electricity produced per annum	[REDACTED]	2,137 GWh of electricity p/a	[REDACTED]	[REDACTED]

It seems that the EBRD has found a perfect model for greenwashing: making bold statements on the management level about reducing CO_2 emissions and promoting its Paris alignment, but hiding the data from the public that so no one can verify these claims.

On a positive note, the EBRD [REDACTED].[6]

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[5] European Bank for Reconstruction and Development, GRCF2 W2 E2 – Almaty CHP Coal Phase Out, *European Bank for Reconstruction and Development*, approved by the Board of Directors on 15 November 2022.

[6] This part will be disclosed upon the EBRD providing full environmental-related data for the above-mentioned projects.