

To:  
Secretary of State Sven Giegold  
Bundesministerium für Wirtschaft und Klimaschutz  
11019 Berlin

CC:  
Stefan Wintels, Managing Director, KfW  
Jürgen Kern, Chief Sustainability Officer, KfW

**29th July 2024**

Dear Mr Giegold,

**Open Letter by Environmental and Climate Organisations regarding KfW finance for wood biomass energy in Serbia**

We are writing to you, as the Chair of the Board of Directors of KfW, on behalf of environmental organisations in the Western Balkan region, in Germany and across Europe to express our serious concern about KfW's project "[Programme for Renewable Energy in South East Europe – Development of a Biomass Market in Serbia](#)".

***We are calling on KfW to suspend the project and all finance for wood biomass energy in Serbia and to redirect support for Serbia towards energy efficiency and conservation measures as well as wind, solar and geothermal energy which protect Nature and public health. We also ask you to publish the details of the most recent agreement signed by your bank and the Serbian government in relation to this project.***

Under KfW's project, four combined heat and power (CHP) plants, each of them with a wood boiler and a larger fossil fuel boiler, have already been built. KfW has reportedly signed contracts with the Serbian government for [a further € 9.9 million in loans](#) for new wood biomass district heating plants. The full details of the 2024 agreement regarding the second phase of this project have not yet been published.

KfW's support for wood bioenergy in Serbia is funded by [BMZ finance intended to reduce greenhouse gas emissions and support a Just Transition](#). In reality, KfW's "[Programme for Renewable Energy in South East Europe – Development of a Biomass Market in Serbia](#)" locks Serbia into longer-term dependence on high-carbon energy, poses a significant threat to Serbia's forests and the many animals, plants and fungi that depend on them, and perpetuates or even increases high levels of air pollution.

In this letter, we focus primarily on the serious impacts of financing wood biomass energy in Serbia. However, we also wish to highlight that the four district heating plants funded during the first phase of the project have a combined fossil fuel capacity of 33.9 MW (14 MW fuel oil, 19 MW fossil gas), in addition to a biomass capacity of 19.5 MW - this in a country where [fossil gas](#)

[already accounts for more than three-quarters of district heating](#). We cannot see how this can be justified as part of a government-funded climate finance project.

Moreover, preliminary findings from a forthcoming Bankwatch study on biomass trends in the Western Balkans indicate a shortage of wood biomass for new plants. Currently, wood biomass burned in district heating plants in Serbia amounts to nearly 40,000 tonnes annually, most of which consists of woodchips. According to estimates, the total technical potential of biomass in Serbia amounts to [just 399.7 GWh](#), which (makes) is barely half of the capacity needed to supply existing and thus far planned biomass heating plants. The increasing demand for biomass is likely to lead to unsustainable forest harvesting and heating wood scarcity for the local communities, a practice that KfW and financial partners should not support.

### Energy from burning forest wood is not climate friendly

We can find no information published about the origin of the wood being burned in the four plants built with KfW funds already, nor about the expected wood sourcing for new biomass CHP plants. Given that they are not waste wood plants, we assume they will be sourcing forest wood.

The upfront CO<sub>2</sub> emissions from burning wood are no less than those from coal per unit of energy. As pointed out in a [2018 letter signed by 800 scientists](#): *“Even if forests are allowed to regrow, using wood deliberately harvested for burning will increase carbon in the atmosphere and warming for decades to centuries – as many studies have shown – even when wood replaces coal, oil or natural gas. The reasons are fundamental and occur regardless of whether forest management is ‘sustainable’”.*

Similarly, the [European Academies Science Advisory Council \(EASAC\) has warned](#): *“Carbon emissions per unit of electricity generated from forest biomass are higher than from coal and thus it is inevitable that the initial impact of replacing coal with forest biomass in power stations is to increase atmospheric carbon dioxide levels.”*

The sole reason why biomass is treated as ‘zero carbon’ in the energy sector is a decades-old UNFCCC decision according to which carbon emissions associated with bioenergy are accounted for in the LULUCF and not in the energy sector, in order to avoid double-counting of those emissions. At the same time, Serbia’s LULUCF carbon sink had [declined to the lowest ever level in 2021](#), when the most recent government data was submitted to the UNFCCC.

Biomass energy competes with funding for wind, solar and geothermal energy and for energy efficiency, not with fossil fuels:

Serbia has, in its [National Energy and Climate Change Plan](#), committed to a minimum of 33.6% renewable energy in 2030, with an objective to achieve 45.2% renewable electricity and 41.4% renewable energy in heating and cooling. In this context, biomass energy directly competes with wind and solar power as well as heat pumps for support, and not with fossil fuels. In Serbia, solid biomass, i.e. wood, already accounts for [85% of renewable heat](#), whereas heat

pumps/geothermal energy use are almost non-existent. KfW support for more biomass in heating is reinforcing this concerning trend.

#### Expanding Serbia's wood biomass sector puts forests and wildlife at risk:

The amount of illegally cut wood in cubic metres in 2022 was estimated at 21,180 m<sup>3</sup>, and most of this was recorded in southern and eastern Serbia. This only relates to logging in state forests. It can be assumed that [illegal logging is much more prevalent in private forests](#).

According to the Law on Forests, forest management programmes are meant to govern private forests which are usually smaller forests with a number of co-owners. As of 2022, no forest management programme had been adopted. The Forestry Development Programme, a basic strategic document required under the Law on Forests, has still not been adopted.

Serbia's readiness to implement two EU standards relevant to forestry: the FLEGT regulation, which regulates the import of wood products into the European Union, and the EUTR regulation, which regulates trade in wood and wood products, is still assessed as low, and there is no adequate legal and administrative framework for their implementation.

Furthermore, Serbia Forests, which is meant to be a public national entity working on protection and improvement of the forests, [re-registered in 2022 as an energy company citing "the rising importance of pellets for heating"](#), indicating that, instead of caring for forests as their primary mission they intend to exploit them for forest biomass and pellets thus leading to further deterioration of these living ecosystems.

All of the above shows that the forests in Serbia are not protected as it is. Putting further, inevitably massive and increasing pressure on them can be expected to be detrimental to living forest communities and have disastrous consequences for ecosystems connected to forests. This certainly will not lead to mitigation but to exacerbating the climate problems we are already facing.

***Industrial forest biomass leads to the mass destruction of living forest communities, who have an equal right to life and to a healthy environment as we as humans expect for ourselves. We therefore strongly oppose the expansion of industrial-scale forest biomass energy in Serbia and the wider West Balkan region.***

#### Wood biomass boilers perpetuate and may even worsen air pollution

[KfW cites](#) reductions of sulphur dioxide (SO<sub>2</sub>) emissions as supposed evidence of wood bioenergy being 'cleaner' than fossil fuels, without acknowledging that district heating plants burning wood emit [more fine particulates \(PM<sub>2.5</sub>\) and more Volatile Organic Compounds](#) than coal, oil or gas per unit of energy. Of all air pollutants, [PM<sub>2.5</sub> is associated with the greatest health burden and largest number of deaths](#).



Marš sa Drine

Serbia



UG Ne dam Nu dau

Serbia



White Heron 1165/Бела  
Чапља 1165

Serbia



Odbranimo prirodu  
Sokobanje

Serbia

ОДБРАНИМО ПРИРОДУ  
СОКОБАЊЕ



Aarhus Center in BiH

Bosnia and Herzegovina



Green Squad

Croatia



ausgebrannt - Coalition  
Against Biomass Burning

Germany



ROBIN WOOD

Germany

**ROBIN WOOD**

Deutsche Umwelthilfe

Germany



Naturschutzbund  
Deutschland (NABU) e.V.

Germany



Urgewald

Germany

**urgewald**



Naturwald Akademie (Natural  
Forest Academy)

Germany



Forum Ökologie & Papier

Germany



Rettet den Regenwald e.V.

Germany



ARA

Germany



NABU Wilhelmshaven e.V. Germany



Climate Watch Celle Germany



EPN Finance Working Group International



BankTrack International



CEE Bankwatch Network Central and Eastern Europe



Biofuelwatch Europe/USA



Wild Europe Europe



Fern Europe



Partnership for Policy Integrity USA/EU



Landelijk Netwerk Bossen- en Bomenbescherming Netherlands



Comité Schone Lucht Netherlands



Leefmilieu Netherlands



Mobilisation for the Environment Netherlands



Teraz Lasy, Forests Now Poland



Focus Association for Sustainable Development Slovenia



Salva la Selva Spain



Environmental Investigation Agency (EIA) USA / UK





AbibiNsroma Foundation

Ghana



Nature Nova Scotia

Canada



Trend Asia

Indonesia



Foundation for Good Governance and Democratic Initiative (FGGDI)

Liberia



Climate Communications Coalition

USA

