

The Energy Sector Strategy 2024-2028 Must Mark the End of the EBRD's Support to Fossil Fuels

27 September 2023

The window of opportunity to keep a 1.5°C future in reach is rapidly closing. The Intergovernmental Panel on Climate Change (IPCC)'s latest report shows that existing fossil fuel infrastructure, if operated as planned, would already push the world far beyond 1.5°C. This means that some existing fossil fuel-burning power plants will need to be decommissioned and retired early to keep the 1.5°C target within reach. After a summer of record high temperatures and extreme weather events around the world, the European Bank for Reconstruction and Development has the opportunity this year to align its energy policy with the requirements of 1.5°C by fully excluding finance to fossil fuels.

Ending support to fossil fuels, including gas, is necessary not only for climate security but also for energy security. Continued investment in gas exposes countries of operation to high and volatile energy prices that can have a severe impact on a country's ability to reach its development targets. Supporting new gas transportation infrastructure is not a solution to the current energy crisis, given that new infrastructure would not come online for several years, well after the crisis has passed.

Momentum is growing to end international public finance to all fossil fuels, including gas. In 2021, 39 countries and public finance institutions signed the Clean Energy Transition Partnership, also known as the Glasgow Statement on International Public Support for the Clean Energy Transition. This statement commits signatories to ending new direct public support for the international unabated fossil fuel energy sector, including gas. Most signatories have met this commitment by adopting robust restrictions on international fossil financing, including development banks like the European Investment Bank and the French Development Agency.

The EBRD has already taken positive steps in recent years, by excluding coal and upstream oil and gas financing. The EBRD's draft Energy Sector Strategy represents another step forward, with an emphasis on scaling up renewables, enhancing energy efficiency, and phasing out fossil fuels. We welcome its exclusion of midstream oil and oil-fired electricity generation. However, it is concerning that the draft strategy still allows some investment in new midstream and downstream gas projects.

Any new support to gas risks locking in outdated energy infrastructure in places that need investments in clean energy the most. Gas pipelines, liquefied natural gas (LNG) terminals, and

gas power generation projects inherently come with high lock-in risks since their expected operational lifetimes span decades. Repurposing gas transportation infrastructure for hydrogen is infeasible. Moreover, new gas power generation projects are not aligned with 1.5°C, since forecasted generation from gas power plants already in operation is expected to deliver more capacity than would be consistent with 1.5°C pathways.

We call on the EBRD to amend the Energy Sector Strategy to:

- Fully exclude new investments in midstream and downstream gas projects. The EBRD could follow the same approach as the European Investment Bank in its 2019 energy policy and specify the date by which this exclusion will take effect.
- Avoid loopholes involving the use of unproven or uneconomic technologies and aspirational but meaningless mitigation measures such as “CCS-readiness.”
- Strengthen the requirements for financial intermediaries where the intended nature of the sub-transactions is not known, to exclude the financing of fossil fuels across the entire value chain.

We further call on the EBRD to sign on to the Clean Energy Transition Partnership, also known as the Glasgow Statement on International Public Support for the Clean Energy Transition.

Signed,

350.org

Aarhus Centres in Bosnia and Herzegovina

AbibiNsroma Foundation

ActionAid Denmark

Africa Institute for Energy Governance

Africa Network For Environment and Economic Justice (ANEEJ)

African Law Foundation (AFRILAW)

ALBAFOREST

Alliance of Associations Polish Green Network

Armenian Environmental Front (Armecofront)

Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE)

Associacion Žmergo

Association of Young Ecologists of Niksic

Association Biom (BirdLife Croatia)

Association Green Istria / Zelena Istra

Association “Tatavaka”

Associazione Forumambientalista

Attac Austria

Bank Climate Advocates

Bank Information Center

Bankwatch Romania

Baterkaren

Belgrade Open School

Beyond Fossil Fuels

Brod Ecological Society - BED

Campagna Nazionale Per il Climate Fuori dal Fossile

CEE Bankwatch Network

Centar za životnu sredinu/Center for Environment

Center of Environmental Activities (CEA)

Center for International Environmental Law (CIEL)
Centre for Protection and Research of Birds
Centre for Transport and Energy
CEPTA
CEZAM
Civic Alliance
Clean Air Action Group
Climate Action Network (CAN) Europe
Community Empowerment and Social Justice Network (CEMSOJ)
COMPART Foundation for Justice and Peacebuilding
Coordinamento Ravennate per il Clima - Fuori dal Fossile
Counter Balance
Croatian Society for Birds and Nature Protection
Declic
Derecho Ambiente y Recursos Naturales (DAR)
DOOR
Dr Martin Schneider-Jacoby Association (MSJA)
E3G (Third Generation Environmentalism)
Ecohome
Ecologistas en Acción
EcoLur Informational NGO
EcoZ
Eko Element Bugojno
Eko-svest
Emergenza Climatica
Energiaklub Climate Policy and Applied Science Centre
Environmental Investigation Agency
Estonian Green Movement
European Climate Foundation

European Environmental Bureau
Food & Water Action Europe
Foundation Institute for Sustainable Development
Friends of the Earth England, Wales and Northern Ireland
Friends of the Earth Europe
Friends of the Earth Malta
Friends of the Earth US
Fund Our Future
Fundacja "Rozwój TAK - Odkrywki NIE"
Global Witness
Green Liberty
Green Mazovia Association
Green Network (Lithuania)
Greenpeace
Iliria
Inclusive Development International
Iniciativa Bratislava otvorene
International Institute for Sustainable Development (IISD)
Initiative for Right View (IRV)
Jamaa Resource Initiatives
Just Finance International
Klíma ťa potrebuje
Klub Gaja
Laudato Si Movement
Lumiere Synergie pour le Developpement (LSD)
Marine Explorers Society 20000 Leagues
MenaFem Movement for Economic, Development and Ecological Justice
Movimento No TAP/SNAM Brindisi
North Green Association
NGO Brda
NGO Ecoaction
NGO Ecoclub

NGO Jednako
NGO ŠkArt
NSC - Friends of the Earth Hungary (MTVSZ)
NVO Centre for New Initiatives
NVO Prima
Oil Change International
Oil Watch Africa
Oil Workers' Rights Protection Organization Public Union
Organic Agriculture Association
Pan, udruga za zaštitu okoliša i prirode
Pestrec
Phenix Center
Polish Foundation for Energy Efficiency (FEWE)
Quantum Leap
Razom We Stand
Reclaim Finance
ReCommon
Recourse
Renewables and Environmental Regulatory Institute
Re-set: Platform for Socio-Ecological Transformation
Rete "Legalità per il clima"
Royal Albania Foundation
Servisné centrum Ekofóra
Stowarzyszenie BoMiasto
Stowarzyszenie Ekologiczne EKO-UNIA
Society for the Earth (TNZ)
SOSNA o. z.
South Durban Community Environmental Alliance
Transport and Environment (T&E)
Swedwatch
Udruga (Association) "Eko-Zadar"
University of Sussex

Urgewald
WeSmellGas
Witness Radio
Workshop for All Beings
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Za Zemiata - Friends of the Earth Bulgaria
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Znepokojene matky