European Development Bank Invests Billions in Fossil Fuels as Paris Prepares for One Planet Climate Summit

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Featured image: Fog Factory: "Just at the cloud line, about 4000 feet up, we passed this cement factory and its smokestack." (Source: Flickr/Jonathan Kos-Read)

Paris will tomorrow host a climate finance summit called 'One Planet'. This last-minute gathering of business leaders, heads of state and civil society groups will discuss the future of a green economy. But in the lead-up to the summit a new report points to heavy investment in fossil fuel infrastructure. ARTHUR WYNS reports.

The One Planet Climate Summit will be taking place exactly two years after the historic Paris Agreement and was co-organised by French president Emmanuel Macron, World Bank president Jim Yong Kim and UN Secretary-General Antonio Guterres.

Although not an official UN conference, the summit is expected to gather many country delegations and heads of states, as well as representatives from business, industry and civil society.

Lauded by many as an additional call for climate ambition led by the French government, the inclusion of businesses and industries at the Paris discussions – many of which have investments in fossil fuel infrastructure – has raised concerns on how impartial these talks will be.

Energy industries

According to UNFCCC, the official UN body leading climate negotiations, climate finance is critical in addressing climate change because large-scale investments are required to reduce emissions and to make a systematic transformation to a more sustainable future.

The One Planet summit this December aims to keep this discussion on climate finance going, although it does that outside of the official UN circuit and with mainly non-state actors at the table, including energy corporations.

A recently published report by the U.S.-based thinktank Corporate Accountability (CA) found that energy industries are, in fact, some of the most powerful lobbyists at climate talks, such as the UN Climate negotiations that took place in Bonn, Germany, last November.

> "Big Polluters like oil, gas, coal, and agricultural transnational corporations

> (TNCs) are not only the largest emitters; their climate denial, lobbying, and policy interference make these industries one of the primary obstacles to sound climate policy at the local, national, and international levels," states the report, entitled 'Polluting Paris'.
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> "For almost as long as the UNFCCC has existed, the same industries whose profits depend on the burning of oil, coal, and gas have been permitted to bankroll the UN climate talks," the report states.

Fossil fuel

> "This has long been a contentious issue because it allows some of the corporations to write checks or provide services such as cars for official delegates, to build the negotiating halls where world leaders gather to address climate change, or even to sit at the very tables where climate policy is being decided" states Jesse Bragg from Corporate Accountability.

Although the inclusion of non-sate actors is absolutely necessary when shaping a just and sustainable transition, giving a voice to companies and institutions with large investments in fossil fuels during climate negotiations – whether they are official ones like in Germany last November or informal ones like in Paris this December – causes a conflict of interest on a scale that affects us all.

> "Financial resources are required to allow countries to adapt to the adverse effects and reduce impacts of climate change," states Jean-Yves Le Drian, French Minister of European and International Affairs and one of the co-chairs of the One Planet Summit.

Nonetheless, a new report by Bankwatch shows how billions are still being invested in fossil fuels under the guise of development aid.

The European Bank for Reconstruction and Development (EBRD), a multilateral development bank (MDB) formed by 65 countries including the U.S and China and the fifth largest in the world, has awarded 3.6 billion pounds into fossil fuel projects between 2010 and 2016, which is more than double its support for renewable energy during the same period. This despite the bank's claims that it is addressing the climate crisis.

Fuel corruption

According to Bankwatch's analysis, fossil fuel projects accounted for the largest share, 41 percent, of the EBRD's 8.7 billion pound energy and natural resources portfolio in 2010-2016.

A previous report in 2012 already warned that though the EBRD had made commendable strides in its support for energy efficiency and renewable energy in the five years prior, nearly half of the bank's energy lending GBP 2.87 billion went to fossil fuel projects. Commendably, the bank effectively brought investments in new coal power to a full stop the next year.

Four years later, however, Bankwatch's new report finds that after several years of increased renewable energy investments, the bank has relapsed in 2016, and is now investing less in renewable energy and more in fossil fuels again.

For the past five years, the development bank has spent on average half a billion a year on fossil fuel investments, with GBP 680 million spend on fossil fuels in 2016 alone.

In 2017 this figure could be even higher, as the bank approved a USD 500 million loan to Azerbaijan last October for the realisation of the Trans Anatolian gas pipeline, a deal that is said to fuel corruption, human rights abuse and climate change impacts in the region.

Climate action

Fidanka Bacheva-McGrath, a Policy Officer at the CEE Bankwatch Network, stated:

> “The EBRD has been a trail blazer in renewables development and it has made a strategic commitment to direct 40% of its investments to the green economy transition in our countries by 2020. That is exactly why it is so disappointing to see that the bank’s fossil fuel investments are on the rise, including coal heavy utilities and gas pipelines.
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> “Even more disconcerting is that the EBRD counts some of its investments in fossil fuels as climate action. Such financial support for fossil fuels then translates into a moral support for an industry that is dragging our countries away from a sustainable low-carbon development path.”

The United States is the largest financer of the EBRD. Most of the Development Bank’s fossil fuels investments occur in central Asia, eastern Europe, the Caucasus, and the EU.

Arthur Wyns is a tropical biologist passionate about biodiversity and climate change action. He’s been involved in research teams all over the world, and recently joined the Climate Tracker team as a campaign manager.

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