



## **KfW and coal financing – climate-damaging business by a ‘green‘ development bank (April 2013)**

### **Summary**

For years Kosovo has seen dispute over the future of their energy supply. The government of the Balkan state wants to build a lignite-fired power plant with the support of the World Bank, although even a former World Bank adviser on energy, Professor Dan Kamman, states in a report that this is unnecessary and environment-friendly alternatives exist. Subsequently, the KfW development bank joined the discussion and commissioned, of all things, the coal-friendly Vattenfall energy company to write up a report on the Kosovar energy supply.<sup>1</sup> Predictably, the report indeed advises the construction of two new lignite-fired plants, the one that is already under development and another one. Through this, the country's share of renewable energy would stagnate at a low level<sup>2</sup> and its energy system would be based on coal, one of the most harmful fuels for the climate, for the upcoming decades.

The closeness of KfW to coal is not accidental. While in Germany KfW is supporting the energy transition and marketing itself as a climate bank, internationally it is giving loans to projects which deal with the extraction, transport and combustion of coal. Even though coal financing amounts to just a small part of their portfolio, the negative effects are huge. Thus, this ‘green’ bank is contributing to the continued reliance on coal, preventing the establishment of new pathways towards a more sustainable energy mix which reduces the possibility of keeping the temperature from rising above 2°C.

The most recent example is Greece, which is predestined for sun and wind energy and which could potentially reach a 100 percent energy supply from renewable sources by 2050. But KfW is helping to keep this goal out of reach: it is supporting the development of the new lignite-fired power plant Ptolemaida V and is considering a loan for the power plant (see below). While the continued reliance on lignite is an economic one way street for Greece, the German government considers the use of these public funds to be a chance to ensure contracts for German companies.

There are similar circumstances in Serbia. The plant construction company ThyssenKrupp secured a contract worth 31 million Euros to deliver a coal digger to the lignite mine Kolubara.<sup>3</sup> This digger is part of a coal quality management project<sup>4</sup> which KfW finances with 65 million Euros and the European Bank for Reconstruction and Development (EBRD) with 80 million Euros. The project is marketed as an energy efficiency increase, because the coal quality is improved and it thus would need less co-combustion using oil. In reality it serves as a means for the Serbian energy supplier EPS to extend its coal mining in Kolubara. Additionally, with EPS, KfW is supporting a company

<sup>1</sup> [http://www.kostt.com/website/index.php?option=com\\_content&view=article&id=419%3A26-mars-2013-prezantohet-studimi-mbi-sigurine-e-furnizimit-me-energji-elektrike-&catid=42%3Akomunikata&Itemid=28&lang=sq](http://www.kostt.com/website/index.php?option=com_content&view=article&id=419%3A26-mars-2013-prezantohet-studimi-mbi-sigurine-e-furnizimit-me-energji-elektrike-&catid=42%3Akomunikata&Itemid=28&lang=sq), Accessed April 2013

<sup>2</sup> Vattenfall Europe 31.03.13: Report Study about Security of Electricity Supply in Kosovo

<sup>3</sup> <http://www.bloomberg.com/news/2013-03-28/serb-eps-buys-thyssenkrupp-and-kopex-machinery-for-77-million.html>, Accessed April 2013

<sup>4</sup> <http://www.ebrd.com/english/pages/workingwithus/procurement/notices/project/120529a.shtml>, Accessed April 2013

which is suspected of corruption and has received enormous criticism due to their relocation policy (see below).

KfW is justifying its financial support for coal by stating that modern coal power plants are more efficient and thus present an “important option for an improved access to energy for developing and emerging countries”.<sup>5</sup> Albeit in reality the opposite is often true.

Electricity from large power plants in developing and emerging countries usually directly benefits industry and large cities, while the poor rural population is missing out. The massive expansion of energy production from coal in the last years has not improved the access to energy.<sup>6</sup> Also, the South African coal power plants in Medupi and Kusile and the Indian coal power plant Sri Damodaram Sanjeevaiah will predominantly supply the industry with electricity, while the local population has to deal with the aftermath of the power plant operations such as emissions harmful to their health and water scarcity. In fact, coal power plants such as Medupi and Kusile increase energy poverty due to higher electricity prices. As opposed to coal power plants, investments in new decentralized, renewable energy power plants could improve the access to energy in many poor and rural areas in developing and emerging countries.<sup>7</sup>

Increases in efficiency through coal power plants are often only temporary: Increased time of operation and the continued mining of coal nullify carbon dioxide savings from the new technology.

At the moment, the KfW development bank is involved in nine new coal power plant constructions, two coal infrastructure projects and two coal mines<sup>8,9,10</sup>. This means it ranks 7<sup>th</sup> in a ranking of international financial institutes.<sup>11</sup>

### **Lignite-fired power plant Ptolemaida V, Greece**

On 27th March, the German Ministry of Environment proudly announced its support for the energy transition in Greece and signed a letter of intent with the Greek Ministry of Environment to support the framework for the expansion of the use of renewables in Greece. Only a few days before, though, support for a totally different energy source was discussed: the German parliament’s committee on budgets was informed that a one billion Euro security had been granted for the construction of the Greek lignite-fired power plant Ptolemaida V. One of the justifications for granting this security was that “(...) *the German exporter sees only limited trade outlet within Germany*” and “*the power plant construction can only be secured in the German branch of the company through the acquisition of foreign contracts like the one at hand.*”<sup>12</sup>

<sup>5</sup> KfW Oktober 2012: KfW-Position zur Finanzierung von Kohlekraftwerken

<sup>6</sup> Bast, Elizabeth, Krishnaswamy, Srinivas, 2011: Increasing energy access: the decentralised route: [http://www.commonwealthministers.com/images/uploads/documents/CFM\\_BastKrishnaswamy\\_5.pdf](http://www.commonwealthministers.com/images/uploads/documents/CFM_BastKrishnaswamy_5.pdf), Accessed April 2013

<sup>7</sup> International Energy Agency 2010: World Energy Outlook/ Justin Guay, Sierra Club India: What Role for Coal in World Bank Energy Strategy? <http://sierraclub.typepad.com/compass/2011/04/sierra-club-india-what-role-for-coal-in-world-bank-energy-strategy.html>, Accessed April 2013

<sup>8</sup> Deutscher Bundestag 17.11.11: Antwort der Bundesregierung auf die Kleine Anfrage der Grünen, Nov. 2011, Drucksache 17/7757

<sup>9</sup> <http://investment.contify.com/story/indias-ntpc-to-raise-725-mln-euro-loan-from-germanys-kfw-to-fund-expansion-1538328>, Accessed April 2013

<sup>10</sup> Ekathimerini, 13.03.12: German funds to go to Ptolemaida V plant: [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_wsite2\\_1\\_13/03/2012\\_432833](http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_13/03/2012_432833), Accessed April 2013

<sup>11</sup> Ailun Yang, Yiyun Cui 2012: Global coal risk assessment: Data Analysis and market research: [http://pdf.wri.org/global\\_coal\\_risk\\_assessment.pdf](http://pdf.wri.org/global_coal_risk_assessment.pdf), Stand April 2013

<sup>12</sup> Steven Geyer 2013: Schwarz-Gelb fördert Klimakiller in der EU. Frankfurter Rundschau 20.03.13, page 7

Greek environmental activists, who have been advising against the construction of the lignite-fired power plant with a capacity of 660 MW for a long time, were horrified by the news. “This is schizophrenic. Announcing the energy transition to renewables in their own country but exporting new coal plants to secure Germany’s industrial production. As if climate change was a national issue”, argues Michalis Prodromou, Energy Policy Officer of WWF Greece.

Apart from negative effects on nature and health in the surroundings of the plants, WWF Greece is particularly worried by the long-term effects this decision might have on the national energy mix. “The new unit, with an expected lifetime of 40 years, is about to lead Greece into a carbon lock-in and put the country off-track on the road to decarbonization. While other EU countries are already reaping the benefits of the transition to a low carbon energy mix, Greece will soon find itself trapped in an outdated growth model. The highly carbon dioxide-intensive lignite-based electricity will not be competitive in the long-term on the energy market. Additionally, we continue contributing to climate change. And even if the ‘hidden cost’ of our dependence on lignite is not visible in the power tariffs, future generations will be asked to pay a very expensive bill”, Prodromou explains.

The IPEX bank, part of the KfW development bank, is advising the Greek electricity company Public Power Corporation S.A (PPC) on the financing of Ptolemaida V and is also a possible future investor. The plant is supposed to be connected to the grid in 2018 and will emit 4.6 million tons of carbon dioxide per year. With a share of 50 percent of total electricity production, lignite is a major factor in the Greek energy mix. The share of renewable energy is 13 percent but rising steadily while the solar sector is deemed to be an attractive market.<sup>13</sup> Energy supplier PPC, however, decided to turn a blind eye to these developments, by abandoning two long-awaited PV projects of 250MW due to financial restraints, and insists in securing financing for lignite plants, which currently contributes to its overall energy mix with 46.9 percent.<sup>14</sup> PPC is assuring that Ptolemaida V will be replacing older lignite-fired power plants with a capacity of 590 MW<sup>15</sup>, nevertheless this cannot be called a rise in efficiency: the construction will significantly increase the overall life-span of lignite as an energy source in Greece and in addition, PPC has no legal obligation of actually closing the plants and experience has shown that PPC constantly keeps renewing the life time of its old units.

The head of PPC reported to the Greek parliament in March 2012 that the IPEX bank is planning to join the financing of Ptolemaida V with 200 million Euros. The overall costs are estimated at 1.65 billion Euros.<sup>16</sup> Combined with the possible export credit guarantee, the German government and German national bank would cover a significant part of the costs of a project which helps solidify PPC’s dirty development and the combustion of lignite for the upcoming decades even though alternatives exist.

### **Lignite mine Kolubara, Serbia**

In the case of the lignite mine Kolubara, KfW ignores its own sustainability criteria, which

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<sup>13</sup> Ernst & Young: [http://www.ey.com/Publication/vwLUAssets/Renewable\\_energy\\_country\\_attractiveness\\_indices\\_-\\_Issue\\_33/\\$FILE/EY\\_RECAI\\_issue\\_33.pdf](http://www.ey.com/Publication/vwLUAssets/Renewable_energy_country_attractiveness_indices_-_Issue_33/$FILE/EY_RECAI_issue_33.pdf), Accessed April 2013

<sup>14</sup> Financial results of PPC, 2012 <http://www.dei.gr/Documents2/%CE%9F%CE%B9%CE%BA%CE%BF%CE%BD%CE%BF%CE%BC%CE%B9%CE%BA%CE%AC%20%CE%91%CF%80%CE%BF%CF%84%CE%B5%CE%BB%CE%AD%CF%83%CE%BC%CE%B1%CF%84%CE%B1/2012/%CE%94%CE%95%CE%9B%CE%A4%CE%99%CE%9F%20%CE%A4%CE%A5%CE%A0%CE%9F%CE%A5%20%CE%94%CE%95%CE%97%20FY2012.pdf>, Accessed April 2013

<sup>15</sup> Statement made during a shareholder meeting in March 2013

<sup>16</sup> Mr. Arthouros Zervos, President and CEO of PPC during his presentation in the Greek Parliament, March 2012

explicitly demand a project assessment to take into account the entire development plan.<sup>17</sup> KfW only focuses on the sub-project it finances and ignores overarching problems in the Kolubara project, such as corruption, human rights violations during resettlement and the expansion of lignite mining in Serbia.

In Serbia 70 percent of the electricity is generated in lignite-fired power plants that belong to the Serbian state and are operated by EPS – just like the coal mines. In the eyes of Serbian environmental organizations, EPS is the main obstacle on the way towards a renewables based future. The company uses lobby events and closely linked political networks to promote its own agenda and keep the success of renewables limited. This strategy has proven to be successful: The national energy strategy until 2015 clearly shows traces of EPS' influence.<sup>18</sup>

The KfW development bank is financing a modern system for coal quality management in the lignite mine Kolubara with 65 million Euros, as part of its financial cooperation.<sup>19</sup> Coal of different qualities is mixed to homogenize the caloric value and increase the coal's efficiency. EPS is imperatively dependent on this technology since the newly developed coal mines are mainly of poor quality. This project continues the cooperation between KfW and EPS. In 2002 KfW already financed with 25 million Euros the modernization of Tamnava west field<sup>20</sup>, a part of the Kolubara mine.

“Investments into coal quality management in the Kolubara mine cannot be viewed separately from the expansion of strip-mining and the intensification of lignite use in Serbia”, explains Zvezdan Kalmar, climate activist in the Serbian NGO CEKOR. “That is why the KfW cannot ignore the huge problems the relocation of the village Vreoci causes. 1180 households have been fighting for their rights since 2007 while the mine is coming closer and closer to their homes. Meanwhile, the mining company RB Kolubara, a subsidiary of EPS, is pressuring the affected population to accept their compensation offers, no matter what the cost. As long as they have not been relocated, the situation becomes increasingly dramatic for the remaining households as they are directly exposed to the mine's emissions”, argues Kalmar. In the meantime, the inhabitants of Vreoci have lodged a complaint with the European Bank for Reconstruction and Development (EBRD) against EPS.<sup>21</sup> The EBRD, a project partner of KfW, unlike KfW at least has a complaints office. Answering requests from the German parliament, the German government explained that they are aware of the issue of relocation and that the project partners EBRD and EPS have drafted an „Environmental and Social Action Plan“ (ESAP) and a „Stakeholder Engagement Plan“ (SEP) to minimize the human and environmental risks as well as ensure the participation of all stake-holders. However, these plans do not apply to Vreoci but only to those areas where the coal quality management system will be implemented.<sup>22</sup>

The problems and the line of action of EPS with the resettlement of the Vreoci community, could not have been new to KfW. There were already huge problems with the resettlement of the

<sup>17</sup> Richtlinie des KfW Entwicklungsbank für ein umwelt-, sozial- und klimagerechtes Engagement („Nachhaltigkeitsrichtlinie“) January 2011

<sup>18</sup> Briefing Bankwatch Juni 2011: The European Bank for Reconstruction and Development and the Serbian coal sector: <http://bankwatch.org/sites/default/files/Briefing-KolubaraLignite-20Jun2011.pdf>, Accessed April 2013

<sup>19</sup> <http://www.ebrd.com/english/pages/workingwithus/procurement/notices/project/120529a.shtml>, Accessed April 2013, <http://www.eps.rs/Eng/Article.aspx?lista=Novosti&id=20>, Accessed April 2013

<sup>20</sup> <https://www.kfw-entwicklungsbank.de/Internationale-Finanzierung/KfW-Entwicklungsbank/L%C3%A4nder-und-Programme/Europa/Serbien/F%C3%B6rderungsschwerpunkte/index.html>, Accessed April 2013

<sup>21</sup> Complaint by „Vreoci“ Ecological Society and the council of „Mesna Zajednica Vreoci“ to the EBRD's project complaint mechanism, August 2012

<sup>22</sup> CEE Bankwatch März 2013: The EBRD, KfW, coal and corruption. European money in the Kolubara „Environmental Improvement“ project, Serbia

communities Radljevo, Kalenic, Brgule, Skobalj with the first loan for the Tamnava West field 2002 EPS is again being accused of human rights violations.

Additionally, there is suspicion of corruption in EPS. 16 high-ranking employees arrested in 2011. They are accused of the purchase of fictitious materials and rent fraud between 2004 and 2008 for the sum of several million Euros.<sup>23</sup> Significantly, a manager of the Tamnava West field who was a direct partner of EBRD and KfW for years is one of most prominent of those accused. The lawsuits have not been filed yet. Even the management of RB Kolubara is under suspicion of corruption. They are accused of defrauding money in grand style by selling the coal to intermediaries. For years no-one seriously monitored RB Kolubara's operations and even today there is a lack of transparency.

„Even though the problems with resettlement were known, KfW backed EPS with a new loan. “Instead of supporting a company which is suspected of corruption, violating human rights and keeps Serbia reliant on coal, the KfW development bank should invest in energy efficiency measures as it does in Germany. This would directly benefit the population and the climate”, proposes Kalmar as an alternative. The continued reliance on lignite in Serbia will also cause great problems with Serbia’s accession to the European Union. Until 2050, Serbia would have to reduce its greenhouse gas emissions by 80 percent. So far, the government has not made any efforts to reach this goal.”

### **Hard coal power plants Medupi and Kusile, South Africa**

*“These plants are indispensable for the further development of the country, improving energy access for the poor, as well as preventing regular interruptions of supply”<sup>24</sup>*

The coal-fired power plants Medupi and Kusile are giants among their kind: Each of them has a capacity of 4800 MW. Profits, however, will be mainly allocated to large companies: a special price agreement that dates back to the days of apartheid provides them with electricity at a low price.<sup>25</sup> At the same time, private customers will have to pay more. Since the decision to build the plant Medupi, the price of energy supplies for individual household has increased by 137 percent.<sup>26</sup> Moreover, the state-owned energy supplier Eskom has already announced that financing the plant Kusile might lead to an increase in prices by 25 percent. According to Sunita Dubey of the South African organization GroundWork, “poor people will have to carry the financial burden that is connected to the construction of the plant. These plans will aggravate energy inequality: in order to cope, these households will have to restrict their energy consumption or stop using electricity altogether”.of its electricity from coal. This makes Eskom the fifth largest emitter of carbon dioxide among energy companies.<sup>27</sup> Operating the Medupi plant alone will lead to a 7.3 percent increase in South Africa’s CO<sub>2</sub> emissions and requires the exploitation of forty new coal mines. The two sites will exacerbate the already existing water crisis in South Africa, as 71 million liters of water are needed to cool the plant Kusile and drive its turbines each day.<sup>28</sup> Moreover, the coal mines will consume enormous amounts of water and their overburden will pollute the surrounding waters. Operating the mines lowers the groundwater level and, consequently, local wells will dry out. Water

<sup>23</sup> Reuters October 2011: Serbia arrests 17 over state-owned mine fraud:  
[http://www.flarenetwork.org/learn/europe/article/serbia\\_arrests\\_17\\_over\\_state\\_owned\\_mine\\_fraud.htm](http://www.flarenetwork.org/learn/europe/article/serbia_arrests_17_over_state_owned_mine_fraud.htm), Accessed April 2013

<sup>24</sup> Deutscher Bundestag 17.11.11: Answer to enquiry by the Green Party,, Drucksache 17/7757

<sup>25</sup> Groundwork’s letter to the World Bank, March 2009

<sup>26</sup> <http://www.southafricaweb.co.za/article/electricity-price-hike-south-africa>, Accessed April 2013

<sup>27</sup> CARMA Database: <http://carma.org/company>

<sup>28</sup> Groenewald, Yolandi (Greenpeace), June 2012: Coal's hidden water cost to South Africa

scarcity already is a big problem in the region and it is likely to grow with the construction of the plants. Renewables derived from wind, water, and tidal energy would be a way to circumvent these problems. However, as promising as they might be, up until now their potential largely remains unused. fired plants are planned, which are meant to increase electricity production by 800 percent. With all of the plants being realised, the state of Andhra Pradesh will join the top 20 list of countries with the highest CO<sub>2</sub> emissions. This policy is criticized ever stronger by the local population, who is exposed to the insalubrious emissions of the coal-fired plants, while the ones profiting from the electricity are the heavy industry and the big cities.<sup>29</sup>

The 1600 MW coal-fired plant Sri Damodaram Sanjeevaiah in Nellatur in the state of Andhra Pradesh is realised with the financial support of the German KfW development bank. It contributes 263 million Euros to the construction of the two 800 MW blocks, which are scheduled to go on line this year.<sup>30</sup> According to the Indian operating company APGENCO, the plant will be powered at 70 percent with local coal from the coal mine Talcher and at 30 percent with imported coal.<sup>31</sup> Both sources show how problems with coal already start at the very beginning of the cycle, with the mining. Talcher is one of India's largest coalfields and is operated by Mahanadi Coalfields Limited, a subsidiary of Coal India. Coal India is known for its disastrous environmental behaviour. With improper mining engineering and uncontrolled underground coal fires, Coal India turned whole landscapes around coal mines into wasteland. In September 2011, India's Court of Auditors (CAG) stated that Coal India and its subsidiaries operate 239 mines without environmental permission.<sup>32</sup>

Coal imported to India is mainly of Indonesian origin. Large-scale coal mines in Indonesia destroy valuable rainforest and displace indigenous people from their land. Itan Kussaritano of the indigenous Dayak and his team kept track of all events related to mining over the last few years. Kussaritano reports: "The government gives away licenses for mining. They don't care to whom the land belongs nor do they care about who lives there. Corruption is very common. All of this leads to displacement and forced relocation of the indigenous population". In addition to the reckless destruction of his home land by multinational mining companies, Kussaritano is worried by the effects mining has on climate change. "Destroying our rainforests will make the temperatures rise. The fact that rainforests are clear-cut and the peat soil is destroyed causes 85 percent of Indonesia's CO<sub>2</sub> emissions. This amounts to 2 billion tons of CO<sub>2</sub> every year and leads to the fact that the per capita CO<sub>2</sub> emissions of Indonesia are higher than in Germany", says Kussaritano. This shows how CO<sub>2</sub> is emitted and damage to the climate is done long before the fossil fuel actually arrives at the plant.

### **Lignite mine Brod Gneotino, Macedonia**

Another coal-fired plant is indirectly supported by KfW: the banking group grants a credit for the redevelopment of the lignite-fired coal mine Brod Gneotino in Macedonia. With an annual extraction of two million tons of lignite, the mine serves to feed the TTP Bitola complex of coal-fired plants, which makes up more than 70 percent of the energy produced in Macedonia.

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<sup>29</sup> Vidal, John 2011: Andhra Pradesh at the forefront of Indian 'coal rush', the guardian 14.07.2011: <http://www.guardian.co.uk/environment/2011/jul/14/india-coal-rush>, Accessed April 2013

<sup>30</sup> Finance Department Andhra Pradesh: <http://www.apfinance.gov.in/html/finance-pmu/ongoing-KfW-projects/old/KRISHNAPATNAM-THERMAL-POWER-STATION-PROJECT.pdf>, Accessed April 2013, The Hindu 10.02.12: Nelatur power plant 1st unit to be ready by 2013: <http://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/nelatur-power-plant-1st-unit-to-be-ready-by-2013/article2877294.ece>, Accessed April 2013

<sup>31</sup> <http://apgenco.gov.in/inner.asp?frm=jvslink3>, Accessed April 2013

<sup>32</sup> Economic Times, 07.09.2011: Coal India operating 239 mines without environmental clearance: CAG, Accessed April 2013

The new mine Brod Gneotino was a precondition for the modernization of TPP Bitola, which can now operate until 2030 at least.<sup>33</sup> The financial support of the KfW development bank for the re-development of the mine Brod Gneotino amounts to 16.6 million euros in 2007.<sup>34</sup> Macedonia would, with its many hours of sunshine, be better suited for investments in solar energy.

### **Wiggins Island and Newcastle coal harbours, Australia**

Australian coal is booming and coal harbours are being enlarged to keep up with this trend. KfW IPEX supports these developments by financing German and other European companies that are involved in enhancing the Australian harbor Wiggins Island.<sup>35,36</sup> According to Greenpeace Australia, these plans constitute a massive threat to the famous Great Barrier Reef, a unique coral reef and a World Heritage Site.

The exploitation of several new mega mines in the Galilee Basin in Queensland is the reason for enlarging the harbours. Therefore, the capacities of the harbours located at the coast of Queensland are to be increased sixfold, from 156 to 944 million tons of coal per year. The harbours in questions are lined up like a string of pearls along the coast from Gladstone to Cape York in close vicinity to the Great Barrier Reef. It is not only the enlargement itself that causes problems for this diverse ecosystem. The almost 10,000 ships which are needed per year to ship away the extracted coal are going to cause the biggest threat. This poses severe risks to the reef, such as accidents, introduction of alien species and water pollution. For the reef that already suffers from climate change and ocean acidification, this is likely to be too much to cope with. According to statistics of the last years, each year two ships in every 2000 had an accident. The prediction is straightforward: The more traffic, the more accidents there will be.<sup>37</sup>

There is another Australian harbour enlargement in Newcastle that is financed by IPEX. By enlarging the third terminal on Kooragang in Newcastle the capacity of the harbour will increase by 66 million tons per annum. By financing the enlargement of harbours, KfW provides the infrastructure necessary for a coal boom that makes a mockery of all efforts to reduce CO<sub>2</sub> emissions.

### **Other coal projects**

As the KfW banking group does not provide transparency about its business, it is difficult to obtain concrete information about the projects. This list of projects is therefore not complete. The KfW IPEX bank is currently involved in building further coal-fired plants, two in Chile and one in Thailand, for which we have no information. Granting a credit to the Indian electricity company NTPC, the KfW also supports the expansion of the coal-fired plant Barh Stage II in the Indian state of Bihar.<sup>38</sup> Furthermore, the KfW IPEX has supported the construction of three coal-fired plants in Germany, one of them the plant Duisburg-Walsum.<sup>39,40</sup>

<sup>33</sup> ELEM Macedonian Power Plants, March 2012: JSC Macedonian Power Plants, Investment Plan 2012-2017.

<sup>34</sup> Pressemitteilung IPEX Bank 14.07.2012: [https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/Pressemitteilungen/Pressemitteilungen-Details\\_10531.html](https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/Pressemitteilungen/Pressemitteilungen-Details_10531.html), Accessed April 2013

<sup>35</sup> IPEX Geschäftsbericht 2011, S. 20

<sup>36</sup> Webseite IPEX Singapur; <http://www.kfw-ipex-bank.de/ipex/de/Unternehmen/Standorte/Singapur/index.jsp>, Accessed April 2013

<sup>37</sup> Greenpeace Australia March 2012: Boom- Goes the reef

<sup>38</sup> [http://www.ntpc.co.in/index.php?option=com\\_content&view=article&id=580&Itemid=197&lang=enhttp://investment.contify.com/story/indias-ntpc-to-raise-725-mln-euro-loan-from-germanys-kfw-to-fund-expansion-1538328](http://www.ntpc.co.in/index.php?option=com_content&view=article&id=580&Itemid=197&lang=enhttp://investment.contify.com/story/indias-ntpc-to-raise-725-mln-euro-loan-from-germanys-kfw-to-fund-expansion-1538328), Accessed April 2013

<sup>39</sup> Deutscher Bundestag 17.11.11: Answer to enquiry by the Green Party., Drucksache 17/7757

<sup>40</sup> Deutscher Bundestag 10.08.12: Answer to enquiry by the Green Party, Drucksache 17/10463

## Conclusion

With its worldwide involvement in coal projects, KfW undermines Germany's climate change goals. To be truly efficient, old coal-fired plants have to be replaced by renewable energy sources and energy saving measures. In order to improve energy access, building new coal-fired plants is counterproductive compared to fostering decentralized, renewable energy sources, especially in poor regions.

It is high time for KfW to finally live up to its own mission statement that prominently features "sustainability and responsibility". This requires putting an end to investments in projects that involve exploitation, transportation and combustion of coal. Good examples already exist: the Norwegian Investment Bank (NIB) excludes plants from its financing which are mainly powered by coal or fuels which produce a similar amount of CO<sub>2</sub>.<sup>41</sup> The French president Hollande approached the French development bank Agence Française de Développement (AFD) expressing his wish to exclude coal financing which does not comply with the climate aims of the French government.<sup>42</sup>

KfW should jump on the bandwagon and exclude coal financing. Refusing financial support for the construction of the new coal-fired plant Ptolemaida V in Greece would be a necessary and credible first step towards ridding their portfolio of coal.

Urgewald, Kathrin Petz, April 2013

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<sup>41</sup> Nordic Investment Bank (NIB) 2012: Sustainability Policy and Guidelines NIB

<sup>42</sup> Intervention de M. le Président de la République à la séance de clôture des Assises du développement et de la solidarité internationale, March 2013: <http://www.elysee.fr/declarations/article/intervention-de-m-le-president-de-la-republique-a-la-seance-de-cloture-des-assises-du-developpement-et-de-la-solidarite-internationale/>, Accessed April 2013