



University of  
Zurich<sup>UZH</sup>

Institute of Political Science - Center for Comparative and International Studies



# Aligning export finance with the Paris Agreement - High time to phase out fossil fuels

**Moderator:**

Axel Michaelowa on behalf of University of Zurich

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UNFCCC Side Event at COP26 Glasgow





## Agenda

### Paris Alignment of public finance

- Kate DeAngelis, Friends of the Earth USA: Latest study on G20 public finance for fossil fuel
- Bjarne Steffen, ETH Zurich: Lessons learned from Paris Alignment of MDBs

### Export finance and Paris Alignment

- Laila Darouich, Perspectives Climate Research: Assessing the Paris Alignment of ECAs: methodology and case studies
- Ayumi Fukakusa, Friends of the Earth Japan: Japan as one of the main ECA laggards

### ECA impacts on the ground

- Richard Matey, Alliance for Empowering Rural Communities: Mapping the impacts of ECAs active in the energy sector in Ghana, Nigeria, Togo and Uganda
- Julio Bichehe, UPC Mozambique: Impacts of the gas projects in North-Mozambique

### Exporting country perspective and discussion

- Mariane Søndergaard-Jensen, EKF, Denmark: Paris Alignment of Export Finance: experience from Denmark
- All panellists: Discussion with the audience

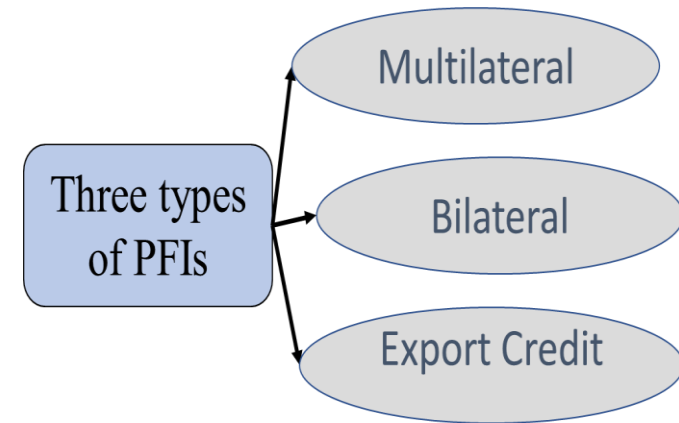
# The role of finance in the Paris Agreement

Article 2.1c of the Paris Agreement

→ **Special responsibilities for public finance institutions (PFIs)** that bear climate commitments of their respective governments.

**BUT** since the signature of the Paris Agreement, PFIs channelled about USD 80 billion annually to **support fossil fuel-related value chains.**

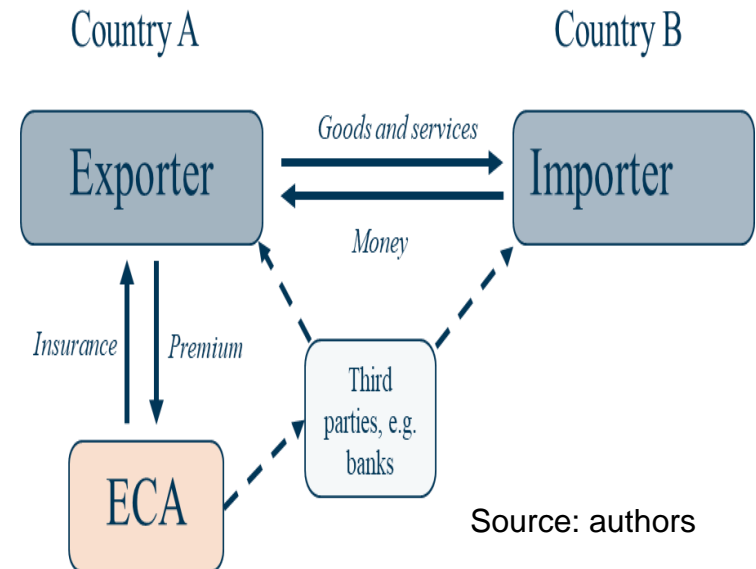
→ In 2019, ECAs as the largest category of PFIs supporting fossil fuel investments (USD 25 billion support).



Source: authors

## What are Export Credit Agencies (ECAs)?

- ECAs are **public agencies, import-export banks or mandated private entities**
- Objective/mandate: Promote domestic exporters in foreign markets, ECAs are mandated to support riskier projects **for which private market would not cover the risk**
- Instruments include **de-risking facilities like guarantees or insurance and direct loans**
- Main international policy framework: the **OECD Arrangement**
- Counted under **USD 100 billion goal by OECD (only 3,3% in 2019 reporting)**

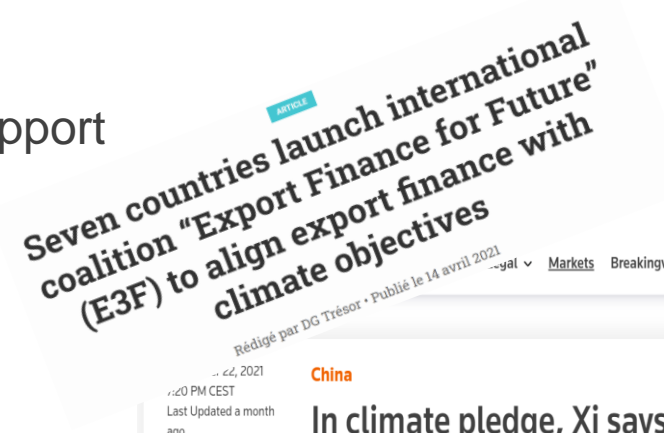




# Export finance as the new hot topic

Pre-2020 little media attention on climate impacts of ECA supported activities. Relevant new coalitions, declarations and commitments:

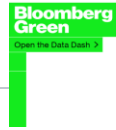
- OECD Arrangement update: ending unabated coal support
- Cornwall G7 declaration: end of unabated thermal coal power generation by the end of 2021
- 'Export finance for Future' (E3F) coalition
- UK phase-out announcement of all fossil fuel support
- US and China phase out of coal support



## Agreement reached at OECD to end export credit support for unabated coal-fired power plants



Export credit agencies and states potentially at risk of climate litigation over finance for fossil fuels



Green South Korea Mulls Plan to End State Funding of Overseas Coal

By Heesu Lee 15 April 2021, 10:28 MESZ. Updated on 15 April 2021, 12:06 MESZ

China In climate pledge, Xi says China will not build new coal-fired power projects abroad