

**To: Hildegard Gacek, Managing Director, Southern and Eastern Mediterranean (SEMED). Philip ter Woort, Country Director. Biljana Radonjic Ker-Lindsay, Head of Civil Society Engagement Unit. Michaela S. Bergman, Chief Counsellor for Social Issues, EBRD. Dr. Darisuz Prasek, Director Project appraisal Environment and Sustainability Development**

**Date: 29 January 2014**

The Egyptian Centre for Economic and Social Rights and the undersigned civil society organisations are writing to the European Bank for Reconstruction and Development to express our serious concerns regarding its potential funding of coal power projects in Egypt.

On December the 10<sup>th</sup> 2013 Mounir Fakhry Abdel Nour, the Minister for Trade and Industry, held a meeting with Hildegard Gacek, the Managing Director of the Southern and Eastern Mediterranean countries, to discuss potential projects that could be financed specifically in the energy and renewable energy sectors. In addition to the public, private and public private partnership (PPP) projects, the Minister pointed out that the meeting also dealt with the review of the possibilities in financing projects that will be based on the usage of coal in the production of energy for cement plants.<sup>1</sup>

The EBRD has adopted a new energy policy that limits the investment in coal to “rare and exceptional circumstances”.<sup>2</sup> The European Investment Bank Vice President responsible for energy lending, Mihai Tanasescu similarly said: "The new Emissions Performance Standard will ensure that outside these sectors the Bank’s energy lending makes a sustainable and positive contribution to economic growth". In addition to this, World Bank Chief Jim Yong revealed that the bank will no longer lend to coal powered projects. Within this context the EBRD announced its new policy guiding the Bank’s energy lending,

dedicating special attention to defining the criteria for coal lending.<sup>3</sup> This collective move by IFIs towards more climate-friendly energy strategies looks to be threatened by the EBRD discussing the possibility of financing coal-related projects in the recent visit to Egypt.

Importing coal will have an adverse environmental impact, and an increasing burden of ill health on Egypt’s ailing National Health Service, as well as negative effects on the health of employees who cannot afford to lose their jobs or livelihoods through ill-health. It is worth noting that coal generates 26.6% of the world’s electricity and is

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<sup>1</sup> "Ministry of Industry and Foreign Trade." Ministry of Industry and Foreign Trade. [http://www.mfti.gov.eg/reports/press\\_release.asp?Id=2357](http://www.mfti.gov.eg/reports/press_release.asp?Id=2357)

<sup>2</sup>"The EBRD’s Energy Strategy." [EBRD. <http://www.ebrd.com/pages/sector/powerenergy/energy-strategy.shtml>

<sup>3</sup>"EU development bank cuts finance for coal power plants." RTCC EU development bank cuts finance for coal power plants Comments. <http://www.rtcc.org/2013/07/24/eu-development-bank-cuts-finance-for-coal-power-plants/>

responsible for 43.1% of global CO2 emissions<sup>4</sup>. Therefore to burden Egypt with infrastructure that locks in a reliance on coal as a source of energy not only seals the short term fate of Egyptians and their health, but also the medium and long term fate of a hotter and resource-stretched Egypt caused by the effects of climate change, which includes extreme heat waves, declining global food stock and sea-level rise.<sup>5</sup>

So far the Government has shown itself ready to inflict this burden on Egypt's public and environmental services without complete economic studies of the feasibility of coal according to the projected stability of coal and competing energy sources' prices, or environmental and health assessments of the consequences of its usage in the context of Egypt specifically.

Moreover, this decision is being discussed in the absence of a Parliament that represents the people, the different political forces and groups of civil society. An expanded public dialogue which includes all stakeholders concerned should be taking place before the decision to go ahead is given.

The proposal to shift to coal as a source of fuel faces public opposition; a coalition of human rights civil society organizations and activists have formed a coalition called "Egyptians against Coal" rejecting the potential approach of shifting to coal as a source of energy. In addition to the public resistance, the Minister of State for Environmental Affairs rejects the usage of coal as an alternative. She has already acted on her opposition by constituting a committee from the general administrations of the Environment Ministry and the Red Sea Governorate to investigate reports of pollution caused by the importing of crude coke coal in Safaga port.

Given the concerns raised above, we as a group of civil society organizations strongly reject any potential EBRD funding of coal as a source of energy in Egypt, and would therefore appreciate a response as to whether this is in fact on EBRD's agenda for Egypt.

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<sup>4</sup> "EU development bank cuts finance for coal power plants." RTCC EU development bank cuts finance for coal power plants Comments. <http://www.rtcc.org/2013/07/24/eu-development-bank-cuts-finance-for-coal-power-plants/>

<sup>5</sup> World Bank press release: New report Risks of 4 Degrees Hotter World by End Century, 18th November, 2012.

sincerely,

The Egyptian Centre for Economic and Social Rights  
The Habi Centre for Environmental Rights

The Egyptian Initiative for Personal Rights

Louise Sarant - Environmental Reporter in Egypt

Platform London

CEE BankWatch Network

Egyptian Association for Collective Rights

Egyptian Center for Civil and Legislative Reform