

We would like to thank the Business and Human Rights Resources Centre for the opportunity to respond to the issues raised by KfW regarding our paper "A Critical Matter – German Investments in the Mining Sector".

The author, Roger Moody, responds as follows:

"The hbf paper was wrong in citing KfW-IPEX bank in the section on Serbia, and this will be changed in the text. At the same time, it should be pointed out that the specific Serbian project, alluded to by KfW in its response (Kolubara, not Kolubaru, as stated by KfW) has been the subject of strong NGO criticism for at least three years – notably by CEE Bankwatch. This is not only because this huge lignite mining project – the largest in Europe – cannot lay claim to contributing to any significant reduction in CO2 emissions. Equally, if not more important, is that KfW, along with the EBRD and the Serbian state power company, EPS, while funding what is described as the "Kolubara Environmental Improvement" programme, has essentially provided mining equipment to the lignite field (in this instance supplied by ThyssenKrupp) aimed at improving coal calorific quality. What this has led to is an enormous expansion of the mining fields, which will continue despite the impacts on production of the huge floods which struck Serbia in May 2014. This will inevitably compound the toll of greenhouse gas emissions, when the lignite is burned at the power plants. It has also seen the creation of enormous, illegal, over-burden dumps, some of which have impacted directly on villagers homes and gardens. Worse, a government plan to adequately resettle many of these affected families, has signally failed; in this regard, three outstanding complaints by local organisations have been made to the Project Complaint Mechanism of the EBRD. None of this finds any mention in KfW's statement; nor does the mention of the bank's support for a similar lignite mining project in Greece."

The Lili Fuhr, Head of Department Ecology and Sustainable Development, Heinrich Böll Foundation, stresses this point as follows:

"On the Kolubara Environmental Improvement Project, financed by KfW Development Bank: While KfW repeats the potential CO2 saving effect of this financing, NGOs (CEKOR, CEE Bankwatch Network, urgewald) raised from the beginning of this discussion a different point of view. In fact, the mixing and thus improving (in terms of caloric value) of lignite of different quality allows the exploitation of new areas of the mining complex, where the lignite is of very poor quality. This leads to much higher CO2 emissions than those avoided. The flood of last year that affected the Tamnava field and created a problem in the energy supply of Serbia shows the danger of further supporting Serbia's dependence on coal. A green public bank should rather support Serbia to decrease this lignite dependence than cement it further. Especially since burning further lignite as the worst climate killer in terms of CO2 production may contribute to further floods as result of climate change."

Roger Moody further responds:

"In addition, KfW fails to answer specific allegations made by hbf in relation to non-fuel mining projects outside Europe, hiding behind the excuse of maintaining "business confidentiality" – a pretence which no longer has any place in our society, let alone on the part of a so-called "development bank"."

And Lili Fuhr adds:

"KfW "positions" itself on several projects where its participation was mentioned in the study. However, it does so by only referring to business confidentiality and not arguing on any substance. This is shallow to say the least and shows the great lack of transparency that still prevails with regards to KfW's business."