

Press Release
August 21, 2020

Climate groups claim victory in stopping the GCF accreditation bid of SMBC

***SMBC withdraws its application for accreditation amid protests;
Close to 300 organizations from 70 countries also signed on a petition
calling on the GCF board to reject SMBC's application***

Amid widespread objections from organizations and citizens fighting climate change, Sumitomo Mitsui Banking Corporation (SMBC) has moved to withdraw its application to become an accredited entity in the Green Climate Fund (GCF). The Japanese megabank and major coal lender decided to defer its application to the next GCF Board meeting in 2021.

“The stated reason for the withdrawal is that SMBC wants to better prepare their submission in view of concerns raised about their application. We are glad that SMBC has decided to withdraw. But our task is not yet done because SMBC will resubmit its application. Our goal is to stop SMBC’s accreditation for good,” said Lidy Nacpil, coordinator of the Asian People’s Movement on Debt and Development (APMDD), which led the campaign to protest the accreditation application of SMBC.

“We are claiming victory in this round. But we will press on with the campaign to demand the most important thing for the climate: the total coal exit of SMBC,” added Nacpil.

An [Open Letter](#) to the GCF Board, which as of August 21 has been signed by 293 national and international networks from 69 countries, expressed strong opposition to the accreditation application of SMBC, the world's third largest lender to coal plant projects with a long history of financing coal projects in developing countries.

“We remain fiercely opposed to the accreditation of SMBC. We reiterate what we said in the open letter that given SMBC’s track record, its continued involvement in highly controversial coal plants, and its inadequate coal policy, we cannot agree with the findings of the GCF accreditation panel that SMBC is strongly committed to contributing to the Paris Agreement,” said Nacpil.

The open letter likewise called on SMBC to show real commitment to align its business strategy with the Paris Agreement by withdrawing from its ongoing projects immediately and making a total exit from all coal projects, as well as declaring that it will not fund any coal project, not even so-called clean coal or ultra-supercritical technologies.

“SMBC is currently considering its support for the controversial Vung Ang 2 project in Vietnam. It is still disbursing its loan for the ongoing construction of coal-fired power plants in Asia, such as Cirebon 2 and Batang in Indonesia. This is why SMBC’s accreditation is unacceptable. Its coal policy is totally unacceptable in the world,” said Hozue Hatae, Development Finance and Environment Team, Friends of the Earth Japan.

“The voices of affected communities and civil society objecting to SMBC’s accreditation resonated across the world. Now we move to make a strong demand for SMBC to quickly stop all support for coal-fired power plants and align with the Paris Agreement,” added Hatae.

“We welcome this move of SMBC on behalf of the residents of Cirebon who have a longstanding campaign against the construction of Cirebon 2 Coal Plant, a project mired in environmental and human rights issues, as well as allegations of irregularity and corruption,” said Dwi Sawung, campaign manager of Wahana Lingkungan Hidup Indonesia (Walhi)/Friends of the Earth Indonesia.

Indonesia’s Corruption Eradication Commission has been investigating the Cirebon 2 developer on allegations of bribery payments to the local politician to protect the project from protesting residents and to calm local land disputes. This bribery case has given a warning to the international financiers of the project, including SMBC, according to Sawung.

“SMBC is also involved as financial advisor in two projects on Matarbari Island in Bangladesh, a climate-vulnerable country, and one of the countries with the largest coal power pipelines in the world. It has no business being an accredited entity of the climate fund,” said Hasan Mehedi, Chief Executive, CLEAN (Coastal Livelihood and Environmental Action Network-Bangladesh).

The GCF is the largest dedicated fund to finance climate actions in developing countries and the main financial mechanism of the UN Framework Convention on Climate Change. Accredited entities access the funds from the GCF by submitting projects for approval, and receive and manage the funds for approved projects.

Research finds that between 2017 and 2019, SMBC has provided USD \$8 billion in loans to coal plant developers. A [December 2019 report](#) by Urgewald, Banktrack and 30 partner NGOs on global financiers of the coal industry found that Japan’s biggest commercial banks -- Mizuho Financial Group, Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group are ranked first, second and third biggest lenders to the top coal plant developer companies, respectively. Together, these mega banks provided USD 39.3 billion in loans to coal plant developers between 2017 and 2019 alone. (END)

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