



AfDB position on coal in tandem with global climate realities – stop funding coal plants in 2019

AfDB Decision on Lamu Coal Plant is A Step Towards the Right Direction

Nairobi, 15 November 2019 – Residents of Lamu and Kitui received with great joy the news that the African Development Bank (AfDB) was not going to fund the coal industry, including the Lamu Coal Power Plant.

Responding to the development, deCOALonize Campaign Coordinator, Omar Elmawi said, “We’re happy to see this decision by AfDB because financial institutions must now take their share of responsibility in the climate change discussions. It’s really encouraging to see institutions put health before profits.”

Considering that the project proponents, Amu Power, listed AfDB as the partial risk guarantee provider for the Lamu Coal Plant to cover KPLC’s payment obligations under the Public-Private Agreement to help secure funding for the project, the AfDB announcement puts into question the financial viability of the project.

In its **agreement** with the Industrial and Commercial Bank of China (ICBC), Amu Power listed AfDB as the providers for a guarantee of three months capacity energy payments plus two months of fuel payments for the coal power plant. It is now unclear who will guarantee the risks that come with investing in a coal plant.

The news gives environmental activists great relief, especially Save Lamu, Natural Justice, Accountability and other members of the deCOALonize movement who have been lobbying for the AfDB to make their position on the Lamu coal plant public since 2017. The organizations sent complaints to the AfDB Complaints Review Mechanism Unit (CRMU), and have had several meetings and discussions with officials, including to Abidjan, to raise their concern on AfDBs potential involvement in the project.

AfDBs’ move away from coal development will not only protect Lamu and guarantee the rights of the people of Lamu to a clean and healthy environment as guaranteed in Chapter 42 of the Kenyan Constitution but also encourage investors to follow their footsteps and finance clean energy projects in Africa as a whole. This is in line with the objective of the deCOALonize campaign, whose goal is not just to stop coal energy production and extraction in Kenya, but also to promote renewable energy projects.

We believe, responsible investments, must divest from coal and take advantage of our abundant renewable energy potential and our strategic positioning as leaders in renewable energy in the continent. Already, a number of Kenyans in rural areas are using solar mini grids to power their homes which is a more cost-effective and reliable solution.

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