

Stop Climate Finance Riders



SUMMARY

When the GOP controlled both the House and the Senate, it used the Congressional power of the purse to block and reverse climate policies. Starting in FY 2015, a rider was attached to appropriations legislation weakening enforcement of landmark climate change policies at both the Overseas Private Investment Corporation (OPIC) and Export-Import Bank (Ex-Im)—curbing nearly two decades in climate policy progress at those agencies. The tide began to turn earlier this year when the House passed a minibus spending bill stripping out the OPIC/Ex-Im rider entirely. There is now an urgent need to ensure that this rider stays out as Congress and the Trump Administration continue to negotiate a spending package for FY2020.



BACKGROUND

Over the last two decades, OPIC and Ex-Im Bank have financed tens of billions of dollars in fossil fuel projects abroad. These projects not only worsen climate change, but also cause severe local environmental damage, displace communities, and spawn corruption. In 2002 Friends of the Earth, Greenpeace, and the cities of Boulder, Colorado, Arcata, Santa Monica and Oakland, California sued OPIC and Ex-Im Bank for failing to adequately assess the climate impacts of this fossil fuel financing, in violation of the National Environmental Policy Act. In 2009 the groups achieved a legal settlement agreement that established precedent-setting climate policies for both agencies.

These policies were subsequently strengthened by Congress and the Obama Administration. In the case of OPIC, a statute was then passed requiring the agency to reduce greenhouse gas emissions associated with projects in its portfolio by 30 percent in 10 years and 50 percent in fifteen years. This resulted in OPIC approving significantly less GHG intensive projects over the last decade. In the case of Ex-Im Bank, the Administration curbed the agency's ability to finance most coal plants, which prevented approval of coal projects that were under consideration for funding.

While far from perfect, these policies slowed the pace of these agencies' fossil fuel financing and provided models for other country's development finance and export credit agencies to follow. For example, policies to restrict coal plant financing have spread to export credit agencies in nearly all 36 OECD-member countries.



HARMFUL IMPACT

The harmful impacts of the rider now threaten to get much worse. Later this year OPIC will be subsumed into the newly created U.S. Development Finance Agency, doubling its capacity to finance large industrial schemes abroad—including fossil fuel projects. Meanwhile, Ex-Im recently regained its authority to finance large fossil fuel projects, an authority the agency has not had in nearly four years. Both agencies appear poised to ramp up fossil fuel financing, threatening to reverse a decade of gains at both agencies.



TIME TO ACT

Government funding is set to expire on 1 October, although a short-term extension to the end of the year is likely. With the House in democratic hands and the GOP without a supermajority in the Senate, there is an important window to advance climate policy. Congressional climate leaders must seize this opportunity to ensure that when a final spending bill is sent to Trump, it follows the House and excludes the Ex-Im/OPIC rider.



CONTACT INFORMATION

Doug Norlen, dnorlen@foe.org | Collin Rees, collin@priceofoil.org | Paulo Lopes, PLopes@biologicaldiversity.org