

Prof. Mario Draghi
Prime Minister of Italy
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CC:

Dr. Alok Sharma
COP26 President

Dr. Rodolfo Errore
SACE Chairman

Dr. Pierfrancesco Latini
SACE Chief Executive Officer

19 October 2021

Re: **Whatever it takes to achieve climate justice**

Dear Prime Minister Draghi,

We have been moved by your honest statement at the Major Economies Forum on Energy and Climate last September, concerning achievements to date by the international community in complying with climate goals of the Paris Agreement signed in 2015: *“However, we must be honest to ourselves and to our citizens: we are falling short of this promise. Under current policies, we’ll reach almost 3 degrees of global warming by the end of the century. The consequences of such an increase in global temperatures would be catastrophic.”* We fully agree with your analysis and consequent wake-up call that *“We can’t simply rely on others: we all have to do our part”*.

Back in April 2021, at the Leaders’ Summit on Climate, you committed to use Italy’s shareholding in the Multilateral Development Banks to set high targets for climate finance and to ensure their activities are aligned with the Paris Agreement, by prioritising this issue within the G20 agenda under Italy’s Presidency this year.

We welcomed such a commitment and hope that you will be able to finally deliver on this goal in the run-up to climate negotiations at COP26 in Glasgow in November. However we believe that next to delivering on climate finance promises, it is critical to end support to projects that directly undermine the goals of the Paris agreement as well as the effectiveness of climate finance. Italy has to do *its* part by ending direct and bilateral public financial support to the fossil fuel sector overseas, thus showing the way to the international community under your leadership.

SACE, the Italian export credit agency – of which you were President in the ‘90s – is among those public agencies more involved in fossil fuel financing and has been scaling-up its support for oil and gas projects and companies in the last years. Since the Paris Agreement was signed, at least 20% of its portfolio has gone to the oil&gas sector to promote fossil fuel development worldwide: in five years more than 18 billion US\$ have been guaranteed by SACE for new fossil fuel projects. And the trend is actually getting worse.

In these days SACE's board is considering the approval of significant support for exporters involved in the gigantic Arctic LNG-2 project, while the French government is distancing itself from it, not to mention the approval of guarantees for Coral South and Mozambique LNG projects and the one still pending for Rovuma LNG: gas mega-projects which are triggering ominous consequences for both the environment and people in Mozambique. Moreover the preliminary assessment for support of the EACOP pipeline, which would cut 1443 kilometres through Uganda and Tanzania, is also underway.

SACE's continued support to fossil fuel projects is fundamentally incompatible with meeting the goals of the Paris agreement, given that there is no further room for fossil fuel development under a credible 1.5°C pathway.

As clearly acknowledged earlier this year by the International Energy Agency, there can be no investments in new fossil fuel supply in a 1.5°C pathway.

The UK government – which is co-chairing COP26 with Italy - has already announced its decision to end international public support, including Export Finance, for fossil fuels. Furthermore, the UK and the EIB are seeking to launch a joint statement together with other governments and public finance institutions on ending public finance for fossil fuels at COP26. Six more European countries plus the UK, under France's leadership, have announced their new Export Finance for Future platform committing their ECAs to stop any support for coal and assess how to reduce their cover for oil&gas operations in the next years. Furthermore, in January 2021 EU Foreign Ministers committed to discourage all further investments into fossil fuel-based energy infrastructure projects in third countries.

Italy is currently lagging behind in ending public financial support for the fossil fuel, but it has an opportunity to act and join a group of first movers on this agenda, including by joining the UK, the EIB and other leading governments and institutions in signing a joint statement on ending public finance for fossil fuels at COP26. The time has come to do *whatever it takes to save the climate* by ensuring a just and managed phase-out of the oil&gas economy.

We ask you to soon align SACE's policy with UK Export Finance's commitment, thus strengthening the credibility of the chairing of COP26.

We also request that ending international public finance for all fossil fuels, *including from ECAs*, be established as a priority outcome for the COP26 summit in this crucial year for the fight against climate change.

As you stated, "*We must honour our climate pledges and, in some cases, be ready to make bolder ones*". The time to be brave is now and global leaders will be hardly given new opportunities in the eyes of world population, if they fail this year.

Yours sincerely,

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