



BRIEFING - December 2025

Missing in action? Europe's mineral finance approach

How Europe should finance transition mineral projects effectively and responsibly

Summary

As Europe races to secure transition minerals for the upcoming decades, several initiatives are emerging to get much needed minerals projects off the ground. However, what is missing is a coordinated EU financial approach with robust standards.

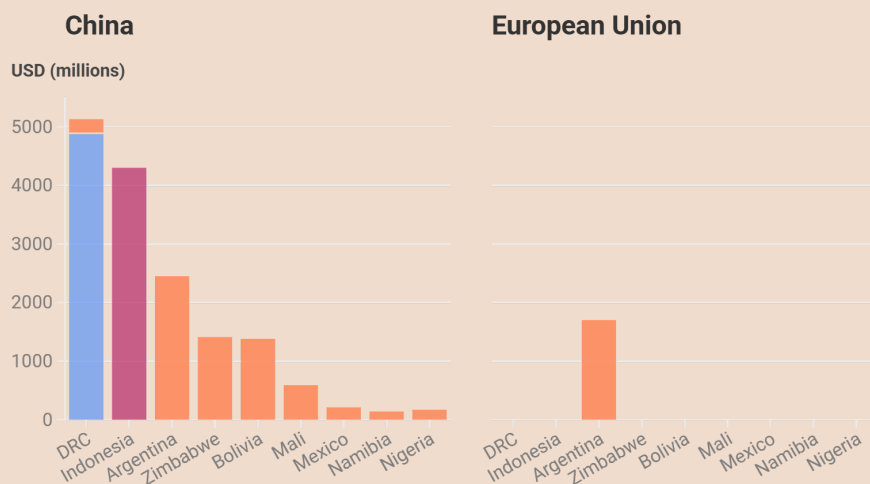
As Europe accelerates its efforts to secure the supply of critical raw materials vital for clean energy technologies, including batteries, ensuring diverse supply chains will be key. Several initiatives such as Strategic Partnerships, Clean Trade & Investment Partnerships, Global Gateway and ReSource EU are looking to build resilient supply chains, but concrete outcomes are lacking.

Looking at current progress, the EU is failing to catch up with overseas investments. Since 2020, China has invested over USD15 billion in key battery metals projects globally. In contrast, EU companies have invested only USD1.7 billion, all of it in Argentina.

EU is lagging behind on overseas investments in key battery metals

Chinese and EU overseas investments 2020-2025

■ Cobalt ■ Lithium ■ Nickel



Source: Chinese data as analysed by T&E based on the China Global Investment Tracker by The American Enterprise Institute and The Heritage Foundation; European data based on known investments



Despite all these initiatives, questions remain: how will the EU bring sufficient funding to these projects efficiently, and how can it ensure that supported mineral projects meet the highest environmental and social standards?

To find out, T&E commissioned a study examining the role of European Export Credit Agencies (ECAs); an important player in de-risking. The study explores EU ECAs' involvement in the extractive sector and dives into existing standards and gaps. We find:

While ECAs are mentioned in the EU's vision to secure minerals strategically, a coherent approach to bring needed mineral projects on the ground is missing. Current national raw materials funds exist in some Member States but remain fragmented, with limited EU-level coordination. Unlike countries such as Canada, the US, or China, the EU does not adopt a whole-of-government approach. Historically, ECAs have played a limited role in the extractive sector, especially regarding critical raw materials, and their future involvement in mineral projects may also remain modest, without a change in policy.

Current standards governing ECAs may fall short of ensuring responsible mineral projects. Frameworks last updated in 2012 have not fully addressed extractive-specific challenges and gaps persist, despite some ECAs adopting higher voluntary standards, eg the Equator Principles. Key issues remain with transparency, disclosure, grievance mechanisms and monitoring throughout the project lifecycle. Limited public information on ECA support and post-commitment oversight makes it more difficult to track impacts or raise concerns.

The EU needs to build a coherent and strategic financial framework to support mineral projects and ensure robust standards and oversight. Robust frameworks can contribute to the EU's added value when competing in mineral projects globally and can reduce investor-risks.

The EU should establish a coordinated EU-level approach:

- Create an EU “MINVEST” mechanism. Fuse existing EU initiatives and go beyond coordination to a politically backed, EU-led vehicle that brings together miners, refiners, investors and offtakers. The aim should be to curate, de-risk and deliver critical raw materials projects, not just connect actors
- Applying a whole-of-government approach to EU ECAs to coordinate financing packages under EU or Global Gateway frameworks with other finance institutions
- The EU should take direct equity investments in projects through mechanisms such as the new Raw Materials Centre or through the EIB, promoting best available technologies and high ESG standards

The EU should ensure responsible oversight and robust standards for ECAs:

- Require all EU ECAs to adopt high international benchmarks for due diligence (at a min Equator Principles), which should also apply to finance support such as ‘untied facilities’
- Significantly improve disclosure of projects, ownership, due diligence and impact assessments, and establish grievance mechanisms aligned with best practice from development finance institutions
- Use the IFC Performance Standards review to push for sector-specific standards for minerals, promoting eg best waste and water management and on-site audits

1. Introduction

As Europe accelerates its efforts to meet the critical mineral demands of clean energy technologies, securing diverse supply chains to avoid dependencies on individual countries and ensure European resilience remains crucial. T&E analysis suggests that by 2030 the EU will continue to [depend on foreign imports](#) for approximately 30% to 65% of its battery metal needs, varying by metal type.

The [IEA](#) estimated that to meet the required demand for CRMs globally, approximately USD 590 billion are required in new capital investments between today and 2040. Further, current processing activities for critical materials are predominantly concentrated in China presenting significant dependency risks. The [IEA estimates](#) that China processes around 70% of global lithium, 78% of cobalt and almost all manganese and graphite.

China dominates global processing of battery metals

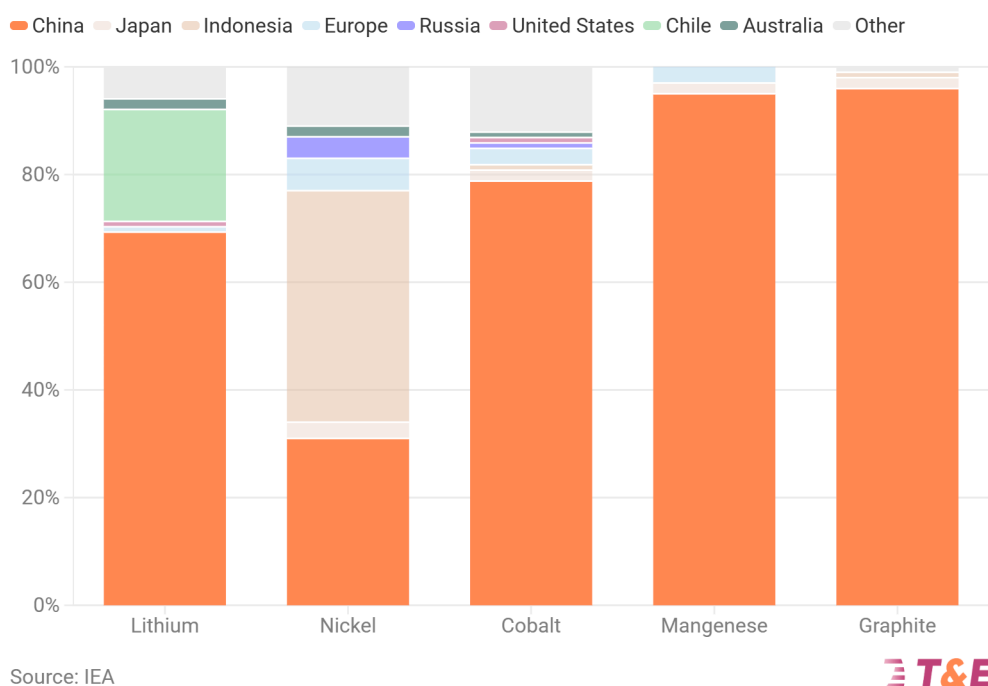


Figure 1: China grip on supply chains

To address this, several European and global initiatives have been launched to reduce overconcentration and develop new raw material projects. Notably, the EU's Critical Raw Materials Act (CRMA), the Minerals Security Partnership (MSP), the EU's Strategic Partnerships with third countries, the G7-led Critical Minerals Alliance and the newly announced ReSource EU plan all seek to tackle this issue. The EU also recently launched the Raw Materials Platform, focusing on matchmaking facilitated by the Commission.

What all of these initiatives have in common is a need for finance to get promised projects off the ground. Still, despite growing demand, financing remains an issue. Securing investments for new raw materials projects remains difficult, partly due to market oversupply and low prices. To

facilitate project implementation, de-risking projects is key to attract necessary investments both within Europe and globally. This is where Export Credit Agencies (ECAs) can play an important role in the finance puzzle, as foreseen by several mineral initiatives.

However, despite political commitments to efficient de-risking and financing, progress on new mineral projects on the ground is still missing due to a lack of a strategic approach to investments. On top of this, some ECAs have faced [criticism](#) for their opacity and involvement in financing projects with questionable environmental and social outcomes such as the [Mozambique LNG project](#).

In response, T&E commissioned a study¹ to assess the involvement of EU ECAs in raw materials projects and the standards governing their financing practices. This briefing builds on the study to explore the role of ECAs in de-risking and the extractive sector, evaluate the gaps in current frameworks applicable to ECAs and present recommendations for EU decision-makers to drive a coherent financial strategy to promote responsible raw materials projects.

2. ECAs & Europe's Raw Materials Diplomacy

2.1 Role & Capacity of EU ECAs

ECAs are government-backed or quasi-governmental institutions that provide credit guarantees, insurance against commercial and political risks, and other forms of financial support to domestic companies engaged in international trade. Their core purpose is to reduce the risks of cross-border transactions, particularly in higher-risk markets where private lenders are often reluctant to invest. This means that ECA involvement is often seen as a sign of credibility for a project playing a strategic role in unlocking private capital.

ECAs come in different legal forms² but all serve national interests. Traditionally they focus on opening new export markets, however, some ECAs now also focus on promoting sectors in national strategic interests. This is where minerals come in.

Assessing the financial capacities of European ECAs is challenging, as public reporting is inconsistent and portfolios are not directly comparable across institutions. This is partly because ECAs report different types of financial indicators, eg “assets” (their own financial strength), “risk exposure” (the total risk they have taken on / potential loss) and “official financing support” (the value of loans, guarantees or insurance they currently provide).

Nonetheless, available figures indicate that several EU ECAs manage sizeable portfolios. Looking only at credit support (excluding insurance and loans), OECD data shows that in 2023 Germany provided USD 11.27 billion, Italy USD 11.68 billion, Denmark USD 3.12 billion, and the UK USD 3.96 billion.

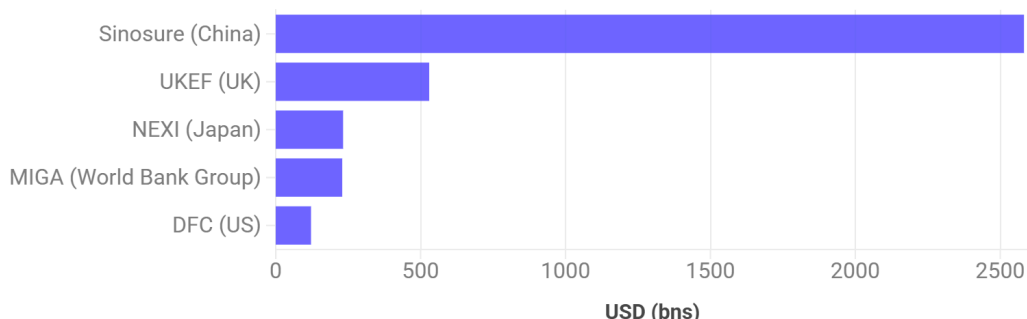
¹ Andrea Shemberg Ltd. (2025): EU Export Credit Agency Support for Responsible Critical Raw Materials Extraction: Standards Fit for Purpose?

² Among 33 EU and UK ECAs - 24 are State-owned or controlled enterprises (SOEs), seven are private businesses with public mandates and two are state agencies.

Regarding aggregate nominal risk exposure - the total value of all potential risks in ECA portfolios - the EU Commission annual report lists EUR 372 billion, with Germany and Italy leading at about EUR 99.6 billion and EUR 81.2 billion, respectively. For official financing support - the actual financial instruments provided - the EU's total portfolio is just over EUR 101 billion, with Germany and Italy again holding the largest shares at EUR 40.8 billion and EUR 16.9 billion.

Historically, of the 15 top OECD ECA providers, ten are EU or UK-based: Germany, Italy, Sweden, Denmark, UK, Finland, France, Spain, Netherlands, and Austria. The study finds that globally, however, the picture differs. No EU-based ECA is among the top six in total assets. Finland's Finnvera ranks 7th with about USD 13.8 billion, compared to China's largest ECA with over USD 860 billion in assets. The 2024 ODI report notes that China's insurance ECA, Sinosure, had a total portfolio exposure of almost USD 900 billion in 2022, followed by Japan's NEXI with USD 55.6 billion.³

Chinese ECA risk exposure by far the largest



Source: ODI



It is important to note that China's ECA Sinosure offers financing and repayment terms that EU-based ECAs cannot provide under the OECD Arrangement.⁴ The advantageous terms of Chinese ECAs are even more significant considering the scale of Sinosure's insurance and guarantees portfolio, which dwarfs other ECAs.

2.2 ECA involvement in the extractive sector

The study examined EU ECA engagement in the extractive sector and finds that their role has historically been limited, with no clear trend towards significant expansion. Only a handful of EU ECAs have supported extractive projects in the past, primarily in fossil fuels, reflecting the EU's industrial base and export context. Ongoing transparency constraints and incomplete public information prevented a clear mapping of where funds were directed, illustrating the lack of transparency surrounding EU ECA engagement in the extractive sector.

³ Methodologies for accounting exposure may differ which. EU ECA aggregated nominal risk exposure likely non-comparable.

⁴ OECD Arrangement on Officially Supported Export Credits setting rules on repayment terms, interest rates, and other financing conditions to ensure a level playing field among OECD members.

The study finds there is currently no convincing evidence that CRM extraction will become a major component of any EU ECAs' portfolios going forward, although a few agencies are likely to increase support to meet domestic manufacturing needs. Some EU ECAs have established dedicated funds for raw materials such as Sweden, Finland and Germany, or are planning to do so, like the Netherlands. These funds are mostly provided as "untied facilities", meaning financing is not tied to a specific export contract and can be used flexibly for projects serving national economic interests or related to raw materials. This type of financial support is also on the rise globally with untied facilities now accounting for roughly 30 % of global ECA activity.

Within the EU, the use of untied instruments for raw materials projects are slowly emerging, eg:

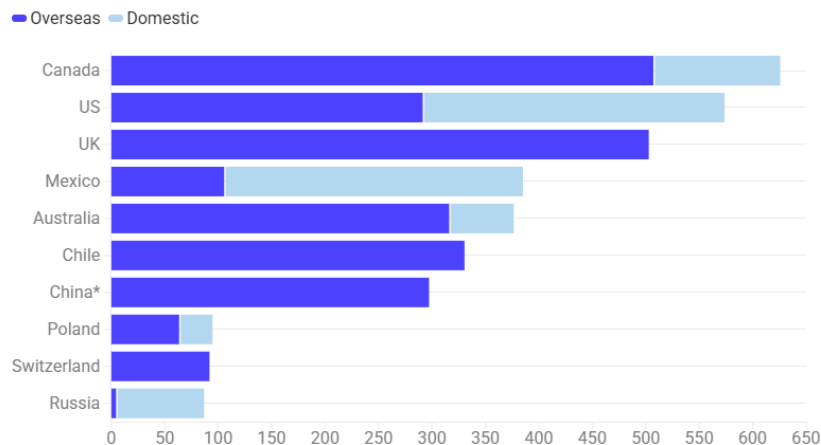
- Germany: In November 2024, Euler Hermes announced a USD 500 million untied loan facility tied to a German copper smelter offtake agreement.
- Finland/Sweden: Finnvera confirmed eligibility for an untied loan guarantee of up to USD 300 million, contingent on offtake agreements with domestic smelters and equipment providers with Swedish EKN providing cover for the same offtake agreement

While these plans exist, EU-level coordination of these initiatives is limited. EU ECAs may be considered part of the funding puzzle eg via the EU's Global Gateway strategy, but the study finds that their participation alongside development finance would still amount to only a very small share of their activities (around 5 % at most). Until now, the EU's main means of putting financing on the table has been via the Global Gateway initiative, yet this does not provide substantial new funding. Instead, it relies on coordinating existing instruments and hoping to mobilise additional capital. As a result, it remains far less robust than so-called 'whole-of-government' financing models used by international competitors.

Internationally, the EU's limited role in financing access to raw materials is even more evident. Non-EU ECAs including those in Canada, Australia, the US, China and Japan have been more active in extractive projects, including CRMs. Many of these countries have adopted whole-of-government approaches which means coordinating development aid and finance with ECAs to provide more coherent and competitive support. This more assertive approach by those countries is reflected in the ownership share of battery metal mines.

Majority of equity owners of operational battery metal mines based in Canada, the US, China and the UK

Top ten countries by domicile of primary-equity owners of operational mines containing copper, cobalt, nickel, lithium or manganese as a primary commodity, 2022 (million tonnes per annum)

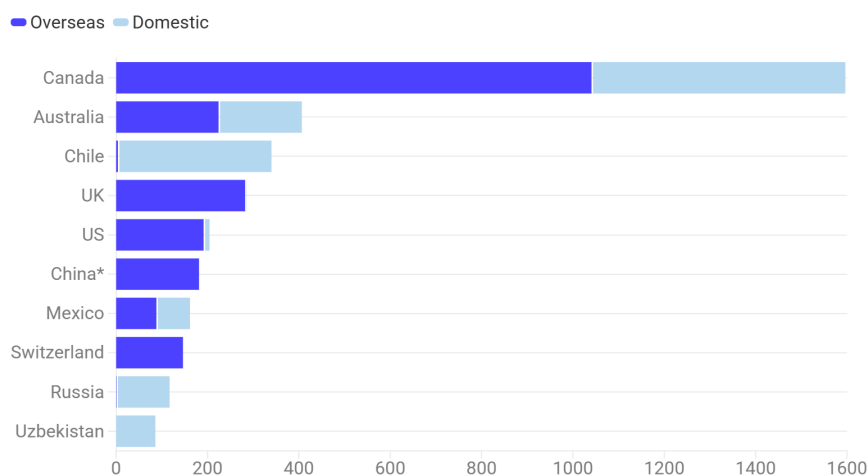


Source: GlobalData • *Data for domestic mines in China is not available, China could be higher on the list. **T&E**

Also looking at planned battery metal mines, most of the equity owners are not EU Member States either.

Majority of equity owners of planned battery metal mines based in Canada, Australia, Chile, UK, US, China

Top ten countries by domicile of primary-equity owners of planned** mines containing copper, cobalt, nickel, lithium or manganese as a primary commodity, 2022 (million tonnes per annum)



Source: GlobalData • *Data for domestic mines in China is not available, China could be higher on the list **Planned mines under construction or at pre-feasibility or feasibility stage **T&E**

Finally, considering the role of ECAs in mineral projects, while several EU ECAs maintain significant national portfolios, Europe's challenge is not simply size. The core limitation lies in the lack of coordination across EU ECAs. They are not yet mobilised collectively to build competitive, joint "de-risking packages" that could match the scale, speed, and flexibility offered by others. Without a unified European approach, individual ECA capacities remain fragmented and insufficient to influence global mineral supply chains.

2.3 Allegations in extractive projects since 2012

The study looked into publicly available information on allegations of adverse social and environmental impacts linked to projects supported by EU ECAs (EU + UK) since 2012. This starting point was chosen because it follows the development of key standards eg the UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises (OECD Guidelines) and the revision of the ECA Common Approaches adding due diligence on social and environmental impacts.

The review covered projects beyond CRMs such as fossil fuel extraction / refining and energy transport. The findings show that EU ECAs have historically had limited involvement in extractive projects with only a handful of agencies⁵ linked to allegations. The 18 projects identified were typically large, long-term and globally distributed, spanning Russia, Indonesia, Ghana, Brazil, Guinea, and Mozambique. Allegations included labor abuses, forced relocation, threats to Indigenous peoples' rights, corruption, harassment of whistleblowers, and serious environmental harms such as biodiversity loss and inadequate impact assessments. All but one project involved fossil fuels with the exception of a CRM bauxite mine. Most projects included non-EU financial partners, highlighting the difficulty of exercising influence within large, multi-stakeholder financing arrangements.

Levels of support by EU ECAs varied significantly from EUR 45 million to EUR 1.5 billion, with an average of roughly EUR 550 million per project, often over long-term financing arrangements of up to 25 years. The study also finds that EU ECAs did not always classify the same project in the same risk categories depending on how serious their environmental and social risks are. They also differed in how much information they published about these projects. This shows that even though all ECAs are supposed to follow the same rules, in practice they interpret and apply them differently.

A major challenge identified is the lack of transparency: it is often unclear which projects received support, in what amounts, and under what conditions, making it difficult to assess the full scale of ECA involvement or the significance of projects tied to allegations.

3. Gaps in ECA frameworks

3.1 Applicable frameworks for EU ECAs

The study also found that adequate frameworks governing ECAs to ensure responsible projects remain weak.

⁵ SACE (Italy), Euler Hermes (Germany), Atradius (Netherlands), Bpifrance Assurance Export (France), CESCE (Spain), EKN (Sweden), UKEF (UK)

Frameworks governing EU ECAs – The OECD Arrangement & OECD Common Approaches

The ‘**Arrangement** on Officially Supported Export Credits’ sets the financial conditions under which ECAs may operate. It was created to avoid export competition based on favourable financing terms and covers elements such as interest rate conditions. In the EU, the Arrangement became legally binding through **Regulation (EU) 1233/2011**. It requires Member States to report annually to the Commission on their credit programs (at aggregate level), outlining how environmental risks are considered in ECA activities.

The ‘OECD Recommendation on **Common Approaches** for Officially Supported Export Credits and Environmental and Social Due Diligence’ is the key international standard governing how ECAs address environmental, social and human rights risks. It is not legally binding but EU ECAs apply it in practice as a core reference point. They outline a basic due diligence process that ECAs are expected to follow before approving support:

- **Screening:** identifying whether an application may involve significant environmental, social or human rights risks.
- **Classification:** assigning the project to one of three categories (A-high-, B-medium-, C-low risk) based on the potential severity of impacts.
- **Environmental and social review:** assessing the project against international benchmarks such as the **IFC Performance Standards**.
- **Evaluation, decision and monitoring:** considering findings before granting support and monitoring the project during implementation to ensure compliance with agreed standards.

As outlined above, emerging raw materials funds from EU ECAs are expected to be provided as untied facilities. This design offers flexibility and faster transaction processing which is important in a globally competitive market. However, because untied facilities are not tied to a specific export or project, they may fall outside the formal scope of the Common Approaches, including due diligence requirements as well as disclosure.

Official Support <u>covered</u> by OECD Arrangement & Common Approaches	ECA support <u>not covered</u> by OECD Arrangement & Common Approaches
Support provided by or on behalf of a government for export of goods and/or services, including financial leases (payment term of two years or more, excluding military or agricultural products)	Equity, mezzanine financing, term loans, working capital guarantees - support for domestic exporters
	Market window activities, financing for foreign buyers
	Untied support - ECA support not tied to a specific export, eg investment loans or ECA equity investments abroad
	Investment support - support for foreign direct investment

ECAs interviewed for this study indicated that they would still apply the Common Approaches for untied support in practice, but limited transparency makes this hard to verify. Standards cannot be enforced through goodwill alone and should be required.

3.2 Gaps and best practices

Gaps in the Common approaches and current practices persist across EU ECAs but several institutions have adopted measures that go beyond OECD frameworks. This illustrates how ECAs could contribute to more responsible mineral projects, if better practices are applied systematically and made mandatory.

Due diligence and monitoring gaps

The study highlights several gaps in the Common Approaches compared to international standards (eg UNGPs and OECD Guidelines). Risk assessment, human rights and environmental due diligence, disclosure and monitoring, and remediation should be strengthened. Human rights due diligence is only recommended for high-risk projects and as a complement to environmental and social due diligence. Benchmarking is limited to IFC PS and World Bank standards which themselves are outdated..

Further, once a project has received funding, there is a lot less risk management meaning that environmental and human rights impacts may go undetected once support is granted. Little public information is available on monitoring after funding has been granted. German ECA Euler Hermes notes that 'in some cases' monitoring may take place, while Italian SACE notes that monitoring will take place for most of the projects of potentially significant adverse impacts and that for others the decision is taken on a case by case basis. This is not in line with comprehensive human rights and environmental due diligence and is below development finance institutions' practices which systematically include monitoring as part of their management systems.

Regarding best practices, some EU ECAs have committed to applying internationally recognised frameworks including the UNGPs and the OECD Guidelines. UKEF, BpiFrance, EIFO (DK), and SEK (SE) have also joined the Equator Principles, a global framework for assessing and managing environmental and social risks in large projects such as infrastructure, mining, and energy. The Equator Principles are voluntary but offer state-of-the-art standards and help align multiple financiers on shared expectations.

In addition, good practice examples include UKEF, which applies both the Common Approaches and Equator Principles standards in a consolidated way. UKEF assesses environmental, social, and human rights risks across all projects and benchmarks against international standards. Finnvera, EIFO (DK), BpiFrance, and OeKB (AT) also refer explicitly to the UNGPs and implement internal procedures exceeding Common Approaches requirements. Finnvera screens projects based on potential for serious impacts rather than size or repayment terms, while OeKB applies

a “watchful eye principle” to projects outside the Common Approaches, ensuring a broad review of potential risks.

Systematic monitoring throughout the life cycle of a project is another area where best practice differs from standard ECA procedures. UKEF conducts ongoing monitoring post-approval to track environmental and social risks, ensuring that commitments are upheld and impacts mitigated. Finnvera and EIFO also integrate follow-up mechanisms as part of their internal risk management systems.

Transparency gaps

Moreover, transparency - as for financial disclosure - remains a persistent challenge making it difficult to identify ECAs involvement at the project level. Under the Common Approaches, only Category A and B projects⁶ must be disclosed. However, information disclosed varies across EU ECAs. Although the OECD states that member ECAs follow Common Approaches, the study finds practices differ, with some agencies publishing only brief summaries without client names, environmental and social risk details or pre-commitment disclosure. Untied facilities are particularly underreported given OECD ECA frameworks and EU regulations don't require them to do so.

This limited transparency limits stakeholders', including potentially affected communities, engagement. Generally, disclosure requirements depend on domestic legal provisions. While the OECD notes that monitoring reports after project approval can sometimes be withheld for commercial reasons, countries like the US require public disclosure, showing that practices vary and commercial constraints do not always apply.

Several EU ECAs have also improved transparency. BpiFrance discloses full Environmental and Social Impact Assessments ex-ante and publishes trimestral project summaries. Sweden's EKN allows a 30-day comment period on Category A projects and publishes details of approved Category A and B projects above EUR 9.1 million, including brief E&S risk information. UKEF maintains an updated webpage for Category A projects prior to approval and an annual list of all approved Category A and B projects, providing detailed project descriptions and due diligence information. Outside the EU, US EXIM similarly publishes detailed information on funded projects.

Accountability and grievance mechanisms

Accountability and grievance mechanisms are also underdeveloped. The hybrid legal status of ECAs - sometimes State agency, sometimes State-owned enterprise - creates ambiguity over applicable standards and remedies. Identifying ECA involvement at the local level is challenging, making it difficult for civil society or communities to lodge complaints. Unlike

⁶ Projects with significant adverse social and environmental impacts - mineral projects generally fall under this category

development banks, which have structured accountability frameworks, ECAs generally lack clarity on how complaints are received, managed, or resolved.

Despite these shortcomings, some EU ECAs show progress. EIFO (DK) requires clients to maintain grievance systems and supports their resolution; in 2024, four complaints were submitted via a procedure aligned with the UNGPs and OECD MNE Guidelines. Moreover, UKEF logs complaints and pledges to investigate within 20 working days. In 2024/25, seven complaints were recorded though it is unclear whether environmental and social related complaints linked to ECA support are fully accepted. BpiFrance monitors grievances through client mechanisms but provides limited information on its own remediation responsibilities.

Overall, compared to development banks like the IFC, which offers structured access through the Compliance Advisor Ombudsman, EU ECAs still provide limited visibility and guidance for affected communities.

4. Conclusions & policy recommendations

While ECAs are often cited as key players in EU mineral diplomacy, Europe currently lacks a coherent vision to financially support mineral projects. Existing national raw materials funds are fragmented across Member States, still without EU-level coordination. At the same time, EU ECAs remain opaque, and standards and practices for due diligence, transparency, and accountability should be further strengthened aligning with international best practice. Findings highlight the need for binding EU-level requirements on ECAs and a coordinated framework to ensure responsible and effective financing of mineral projects.

T&E recommends the EU to:

1. Establish a coordinated EU-level approach

- **Create an “EU “MINVEST” mechanism:** The EU should go beyond a pure matchmaking platform (Raw Materials Platform/Raw Materials Mechanism) and establish a strategically led, politically backed mechanism similar in ambition to the US MINVEST. Building on existing initiatives (CRM Hub, EIT agencies, CRM Facility) and strategic partnerships, it should consolidate them into a single vehicle with EU authority to curate priority projects, mobilise public and private financing, and provide coordinated political support at home and abroad. The mechanism should bring miners, refiners, investors, and offtakers into structured, early engagement to make projects bankable and secure long-term supply. The aim is not only to “match” actors but to shape, de-risk, and deliver new critical raw materials projects.
- **Adopt a whole-of-government approach:** EU ECAs should coordinate more closely at the EU level, including potential joint financing packages and guarantees under the EU or Global Gateway frameworks. Joint coordination from ECAs and DFIs is needed. To help, the next budget MFF should also foresee funding for mineral projects within and outside of Europe, eg with a dedicated CRM fund under the EU Competitiveness Fund.

- **Strengthen EU ownership:** The EU should also invest directly into mineral projects. The newly announced ReSource EU plan should enable the EU, either via the EU Raw Materials Centre or other mechanisms, or the EIB, to take direct equity in mineral projects. Such ownership would allow the EU to promote best available technologies and enforce high standards. For example, independent assessments against the Initiative for Responsible Mining Assurance (IRMA) standard could be required.

2. Ensure responsible oversight and robust standards

- **Adopt the highest international benchmarks:** EU ECAs should implement internationally recognised standards consistently, starting with the Equator Principles as a baseline for environmental, social, and human rights due diligence.
- **Significantly improve disclosure and accountability:** ECAs should publicly disclose project type, public funds involved, project owners, due diligence, and impact assessments. Grievance mechanisms should be established and aligned with best practices from development finance institutions.
- **Leverage short-term and long-term improvements:** In the short term, EU Member State ECAs should adopt best practices from peers (eg UKEF, EIFO, Finnvera). In the long term, the EU should envisage a revision of frameworks governing EU ECAs such as EU Regulation 1233/2011 to ensure they follow existing international frameworks such as the UNGPs or OECD guidelines.
- **Focus on mining-specific enhancements to the IFC Performance Standards:** The ongoing IFC PS review presents an opportunity to integrate sector-specific standards for minerals, including safe waste management (eg prohibiting upstream dams), better water management (eg mandating water recovery and recycling systems) and regular on-site audits. An ambitious revision would mandate the use of certain best available technologies and practices for mineral projects, funded by ECAs but also other financiers.

Further information

Franziska Gruning
Raw Materials Policy Officer
franziska.gruning@transportenvironment.org