THE COMPLICITY OF THE SPANISH FINANCIAL SECTOR IN THE OCCUPATION OF PALESTINE. THE CASE OF SOLAR ENERGY AND *GREENWASHING*

EXECUTIVE SUMMARY

The effects of climate change crystallize the need to generate proposals for adaptation and mitigation of the effects of warming in the global South and North. In this framework, renewable energy production emerges as an opportunity for ecological socio-economic transition, but continues without incorporating a real social and global justice, gender and ecological perspective. Multinational companies adopt 'Greenwashing' policies to continue extractive and environmentally destructive activities and human rights violations of local communities, under the false rhetoric of sustainable investments. Negative impacts that increase and go unpunished in high-risk situations such as armed conflicts or situations of occupation and apartheid as in the case of occupied Palestine. These projects would not be possible without the investments of funds, banks and insurance companies. In this line, this report exposes the Spanish financial network that enables the planning, construction and implementation of solar energy projects in the Occupied Palestinian Territory (OPT). This network is also used in internationally recognized Israeli territory, i.e. the Naqab/Negev desert, where the Israeli government is seeking ways to expel the Palestinian population.

- The Government of Israel has set a target of 30% of Israel's energy from renewable sources by 2030. According to the Ministry of Energy's plans, solar energy will account for approximately 90% of electricity, with wind, water and biomass accounting for the remaining 10%. To achieve this photovoltaic capacity, Israel is promoting the creation of new solar farms and dual-use projects that include the installation of solar panels on rooftops and agricultural fields. This solution requires new land, which in the current context of Israeli occupation and apartheid over the Palestinian population means increasing the policy of land confiscation and forced displacement of local residents.
- Israel's solar energy projects are concentrated in the Occupied Palestinian Territory of the Jordan Valley. In this region, military control is combined with civilian management in the hands of the Regional and Local Councils of the illegal settlements. Palestinians and Bedouin communities in this territory have no access to the electricity system and are forced to provide power through fuel generators or solar panels. In the process of dispossession of their natural resources and forced displacement, the Israeli organisation B'tselem and the Palestinian organisation Who Profits have documented, since 2016, numerous cases of confiscation and destruction of solar panels in Khirbet Jenbah and Khirbet al-Halawah in south Hebron; Khirbet Corte al-Himma and Khalet Khader in the Jordan Valley.
- The other region where Israel's major solar energy projects are concentrated is the Naqab (Arabic) or Negev (Hebrew) desert, a historic Palestinian territory, where a systematic policy of land con-

fiscation from Palestinian Bedouin is also practised. These communities live in a very precarious situation due to the lack of electrification and access to public services. Who Profits has also documented cases of confiscation of solar panels and physical violence against the Bedouin population in the villages of Al-Arakib, Umm al-Hiran, Yacoub Abu al-Qiyan and Kuhla. These business projects would not be possible without the funding of investors, creditors and insurers.

Below, we identify the main relationships between commercial solar energy projects in the Jordan Valley and the Naqab and Spanish companies:

- The Israeli company, which provides solar projects to Shdemot Mehola and Petza'el in the Jordan Valley, was financed in 2009 by General Electric, which has links with Banco Santander. SolarEdge is part of Ibercaja Lava Internacional, Ibercaja Utilities FIN and Ibercaja Sostenible y Solidario, investment funds of Ibercaja. The Israeli company is also part of the stock market assets of Bankia (absorbed by CaixaBank in 2021) and BBVA.
- Ibercaja also owns shares worth 1.2 million euros in the US company First Solar, which has been supplying photovoltaic modules to the Kalia Solar project and the Manada Hovav Solar Field plant, located in the territory of a displaced Bedouin village. Also investing is the Bilbao-based asset manager Amistra Global, which acquired around 800,000 euros in shares in the company in 2019. First Solar, along with Solar Edge, are also included in BBVA's investment portfolio, specifically in its BBVA Bolsa USA fund.
- The German company SMA Solar Energy also participated in the Kalia Solar project in the occupied territory of the Jordan Valley, in which the Spanish fund manager Welzia Ahorro has shares for a capital of 99,521 euros in its WELZIA AHORRO 5, FI fund.
- Arava Power, 40% owned by Siemens AG, developed the Ketura Sun project in the Naqab Desert. In this process it made a debt financing transaction of USD 5 million from the Israeli credit fund Viola Credit (Viola Group), which operates with Banco Santander. Viola Credit is a partner of Madrid-based fund Cardumen Capital, which has been financed with 7.5 million euros by Innocells, the digital innovation and corporate venturing hub of Banco Sabadell.
- Siemens AG is present in the investment portfolios of most of the major Spanish banks as well as Kutxabank and the insurance companies Mapfre and Catalana Occidente. Siemens AG entered into a joint venture with Spain's Gamesa SA in 2017 with loans from BBVA and Banco Santander. The new company Siemens Gamesa obtained loans from BBVA in 2019 and CaixaBank in 2020. Siemens AG has been a supplier to Israel's Enlight Renewable Energy.
- Enlight Renewable Energy is responsible for the construction of the Halutziot solar project and about ten wind farms in the Naqab Desert and in the occupied West Bank. Enlight received, in 2020, a 'green loan' from Banco Sabadell and Bankia to build the Gecama wind farm in Cuenca, Spain.
- Clal Insurance and Finance is present in projects such as Kalia Solar and Halutziot Solar Farm and finances companies such as Enlight and the French EDF Energies Nouvelles. EDF promoted, in cooperation with Israel's Solex, the Zmorot al Naqab solar field and participates in the company Ashalim Sun, winner of the Ashalim PV field, together with Israel's Clal Sun. The Catalan insurance company Catalana Occidente invests extensively in Clal Insurance.
- Clal Insurance and Finanzas, Noy Fund Finanzas and Bank Hapoalim have also financed the Ashalim solar thermal megaproject, al Naqab, which consists of three facilities or development phases in which Abengoa has participated with a loan from Bankia. Abengoa transferred its stake in the Ashalim project to the Asturian TSK Group, which received 3 million in financial aid, loans and subsidies, and received two guarantees from Banco Santander, Abanca, BBVA, Sabadell, Bankinter, CaixaBank, Cajamar, Unicaja and the Spanish Official Credit Institute.
- Noy Fund was also co-owner of Ashalim's second phase, Plot B, along with California's BrightSource and France's Alstom, which owns 25.05%. Alstom has financial links with Banco Sabadell, BBVA and CaixaBank.

- The Jordan Valley Project, under construction, is led by Teralight and Canadian Solar. The latter is part of the investment portfolio of Spanish asset managers Gesiuris Asset Management S.G.I.I.C. and Andbank Wealth Management, SGII, BBVA and Banco Santander.
- The Chinese company SunTech, with intense activity in the solar projects of Netiv Hagud in the Jordan Valley and Ketura Sun al Naqab, was financed in 2005 by Prax Capital China, created by two Spanish entrepreneurs and financed by the SICAV Antresma de Inversiones S.A., managed by Santander Private Banking Gestión, S.A., S.G.I.I.C., a management company of Banco Santander.
- Finally, the Spanish company Soltec Energías Renovables has promoted and supplied material to projects such as Timna Valley, in partnership with Shikun & Binui Energy, and two more plants in southern Naqab, Bnei Shimon and Merhavim (under construction). In this process, Soltec received loans from Banco Santander with advice from PwC and participation from Bankia, Bankinter, BBVA, CaixaBank, Cajamar, CajaRural, Ibercaja, Liberbank, Banco Sabadell, Banco Cooperativo Español and Banco Pichincha España. In 2021, a new credit line was opened with the addition of Banca March.
- The Israeli company SolarEdge, which provides solar projects to Shdemot Mehola and Petza'el in the Jordan Valley, was financed in 2009 by General Electric, which has ties with Banco Santander. SolarEdge is part of Ibercaja Lava Internacional, Ibercaja Utilities FI and Ibercaja Sostenible y Solidario, Ibercaja's investment funds. The Israeli company also forms part of the stock market assets of Bankia (absorbed by CaixaBank in 2021) and BBVA.
- Most of these investments tend to be presented as financing environmentally friendly and socially responsible renewable energy projects, despite the fact that the development of these projects is detrimental to the energy sovereignty of local communities and contributes to the violation of human rights. This practice is known as 'greenwashing'. Currently, ESG (Environmental, Social and Corporate Governance) financing and the issuance of so-called "green bonds" - debt securities issued by public or private institutions to finance green and sustainable projects - have become a priority market for banks and investment funds, but this growth has not been accompanied by sufficient regulation and control to prevent negative impacts on the environment and local communities where projects are implemented.

The research provides specific recommendations, aligned with the proposals put forward by the international coalition Don't Buy into the Occupation. Specifically:

Recommendations addressed to international agencies and in governments:

- To inform investment funds and companies under their jurisdiction about the political and social situation in the OPT and other regions of Israel from an international human rights law and international humanitarian law (IHL) perspective, in order to prevent legal, financial, reputational and/or operational risks.
- To Activate legal, fiscal and technical mechanisms that discourage investment funds and companies from carrying out economic activities in the OPT, in accordance with their internationally ratified obligations under international human rights and IHL instruments.
- To Contribute to the international regulation of multinational companies and international investment flows, including green bonds, through support for the International Treaty on Human Rights and Business and the transposition of both the future European Corporate Sustainability Due Diligence Directive and the European Regulation on establishing a framework to facilitate sustainable investment.
- In this line, regulators must clearly and unambiguously set out the specific mechanisms that financial institutions have to comply with in order to demand respect for human and environmental rights in each of the financial products they generate. Financial institutions should not have to apply widespread self-regulatory dynamics, in the absence of non-specific criteria on the part of regulators.
- For administrations, to incorporate social, fiscal and environmental responsibility criteria into the contracting of loans, including respect for human rights and international humanitarian law. Add clauses in the different stages such as clauses on responsible declarations, special conditions of execution and technical solvency in line with the proposals developed by ethical finance.

Recommendations addressed to investment funds and insurance companies:

- To develop due diligence mechanisms to ensure respect for human rights in the decision-making process and monitoring of investments in companies with economic activities in the Occupied Territory of Palestine (OPT) or other territories internationally recognised as Israel's, but where violations are committed against the Palestinian Bedouin population that need to be protected, such as in the case of the Naqab/Negev Desert.
- To create criteria for investment fund portfolios that include specific features to prevent investments being made in Occupied Territory or situations where there are violations of International Humanitarian Law (IHL).
- To produce and publish robust policies and guidelines for the respect of international human rights law and international humanitarian law (IHL) in investment processes, including criteria for the exclusion of companies with violations based on final legal rulings, data included in UN Resolutions and reports of Special Rapporteurs such as the Database of companies with activities in the Israeli Settlements to the ToP (A/HRC/43/71), opinions of soft-law mechanisms such as the OECD's National Contact Points or solid evidence provided by organised civil society.
- To establish a dialogue with stakeholders, especially civil society organisations working in the region and Palestinian communities affected by business activities in the ToP and the Naqab/Negev Desert, in order to understand the multiple impacts, they suffer and their demands.
- To publish their investments to promote transparency, traceability and scrutiny of their operations by international bodies, governments and the general public.

Recommendations addressed to companies:

- To prevent and redress human rights violations in territories affected by armed conflict and occupation such as the case of Palestine, through the design and implementation of due diligence mechanisms and company policies on human rights that ensure Human Rights Impact Assessments (HRIAs), monitoring of their economic activities and those of their subsidiaries and/or affiliates, and reparation in the communities and to individuals affected by their activities.
- Immediate cessation of its economic activities in the Occupied Palestinian Territory and other conflict-affected territories such as the Naqab region in line with the UN Guiding Principles on Business and Human Rights.
- To establish dialogue with the communities where its activities would be developed through prior, informed and free consultation processes to analyse the potential impact of its economic and commercial activities, and take effective measures to prevent human rights violations. As well as defining effective and direct remedy and reparation processes in case of negative impacts.

Recommendations addressed to organised civil society and the public

- To investigate, expose and denounce undue funding to companies that violate international and human rights law in their economic activities and/or have a presence in the Occupied Palestinian Territory.
- To inform themselves about the international investments of their banks and insurance companies in order to act responsibly and withdraw their financial resources if they are directly or indirectly involved in human rights violations

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