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Press Release

World Bank Annual Meeting: Bank invested over $10.5 billion in fossil fuels since Paris Agreement

World Bank provides assistance and finance for fossils despite climate pledge
Energy transition too slow to avert climate crisis
Ongoing fossil fuel investments push world past 1.5°C global warming

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As the World Bank conducts its digital Annual Meeting, civil society groups criticize the bank's ongoing investments in the fossil fuel industry. Research conducted by Urgewald reveals that **the World Bank Group has invested over $12 billion in fossil fuels since the Paris Agreement**, **$10.5 billion of which were new direct fossil fuel project finance.**

In order to arrest the escalating climate crisis, the world needs an urgent and just transition from fossil fuels to renewable energy. Data shows that the energy transition is happening far too slowly. Researchers from several expert organizations, including the UN Environment Program, determined the world is currently on track to produce **120% more fossil fuels by 2030 than is compatible with a 1.5°C pathway**. [1] Thus, we are already on track to miss the Paris Climate Agreement goal. In addition, according to the *Economist*, **annual investments in wind and solar capacity need to reach about $750 billion**, which requires a tripling of current investment levels. [2]

Simply put, there is far too much invested in fossil fuel production and not enough in renewable energy. Actions that slow down the energy transition result in more destabilizing climate-related consequences. The World Bank states that without urgent action, climate change will push more than 100 million people into poverty by 2030. [3]

The World Bank is a big part of the problem

The World Bank Group [4] provides public assistance for development around the world. The World Bank Group has committed to assisting countries to meet the goals of the Paris Climate Agreement and often points to its investments in renewable energy and other "climate finance." **However, since the adoption of the Paris Climate Agreement in December 2015, the World Bank Group has financed** (see Tables 1 and 2, below):

Table 1. World Bank Group[1] Finance to Fossil Fuels since the Paris Climate Agreement

Type of Finance	Amount (US$)
New direct fossil fuel project finance	$10.5 billion
New Technical Assistance aimed at fossil fuel development	$200 million
Existing fossil fuel equity invested before Paris Agreement	$1.4 billion
WBG Fossil Fuel Finance Sub-total	**$12.1 billion[2]**
Finance from operations funding fossil fuels and renewable energy	Unknown amount from >$3 billion[2]
Finance from Budget Support – governments are free to use these funds for any infrastructure, power/fuel purchase, except nuclear	Unknown amount from ~$45 billion[2]
Finance through financial intermediaries, e.g., commercial banks	Unknown amount[2]
WBG Fossil Fuel Finance Total	**$12.1 billion + ? billions**

1 The World Bank Group = the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

2 As of August 12, 2020.

3 Only a portion of this amount goes into fossil fuels. The actual amount is unknown due to a lack of transparency.

- **$10.5 billion in new direct finance for fossil fuels in 30 countries** (new loans, guarantees, equity).

- **Plus $200 million of technical assistance in 11 countries aims to push specific large fossil fuel projects forward and/or to increase future fossil fuel investments –** includes funding consultants to help market investment into Brazil's upstream oil and gas resources. [5] Brazil is the world's ninth largest oil producer and had record-breaking oil production in 2019.

- **Plus $1.4 billion remains in existing equity in fossil fuel operations** – until divested, the Bank's equity continues to provide financial benefits to fossil fuel operations, such as lowering the cost of loans for expansions or development of new oil/gas fields. The WBG continues to get dividends and capital gains (or losses) from its equity in these operations.

- **In total, since the Paris Climate Agreement, the WBG has at least $12.1 billion of public assistance working to make 38 countries more dependent on fossil fuels.** Additionally, billions more flow to fossil fuels through WBG mixed operations and indirect funding, see Table 1.
- **$4 billion or 35% of WBG fossil fuel assistance went to eight G20 countries.**
- **$1.4 billion went to expand upstream oil and gas operations (exploration & production) in at least 17 countries –** including four of the top 15 oil producers in the world.
- **$2.3 billion went for oil and gas exports and $650 million went to six oil refineries**.
- **Billions more go to fossil fuels** through WBG mixed operations funding both fossil fuels and renewable energy (> $3 billion since Paris Agreement); investments made through financial intermediaries (e.g. commercial banks); and the Bank provides $8 to over $10 billion annually in budget support, which governments are free to spend on any infrastructure or power/fuel payment, except for nuclear power.

"The World Bank's billions in public assistance are distorting the market in favor of fossil fuels over renewable energy, which is slowing down the energy transition. Instead of creating a just energy transition, the World Bank is creating more dependency on fossil fuels," says Heike Mainhardt, Senior Advisor for Multilateral Development Banks at Urgewald.

"Instead of assisting a just energy transition, the World Bank is helping to expand fossil fuel production in G20 countries that are already top producers, such as Brazil and Mexico. Simultaneously, the Bank is paving the way for the creation of new Petrostates in frontier countries, such as Guyana and Mozambique," adds Ute Koczy, Finance Campaigner at Urgewald.

Out of Time – Out of Fossils

The world is running out of time to avert a worsening climate crisis. At this point, every public dollar the World Bank invests in fossil fuels pushes the world further and further away from being able to limit global warming to 1.5°C. **The World Bank must get out of all fossil fuels now. The Bank's public assistance should only be used to assist countries towards a just energy transition. Rather than locking countries into dependency on the fossil fuel industry, the Bank should finance job training for workers to leave those industries**.

Table 2. Type of World Bank Group Fossil Fuel Finance since the Paris Climate Agreement[1]

Type of Operation	Loans & Guarantees (million US$)	Equity (million US$)	Technical Assistance (million US$)	Total (million US$)	Countries
Upstream Oil and Gas[2] (exploration, production)	$534	$697	$131	**$1,362**	Afghanistan, Argentina, Brazil, Colombia, Guyana, Egypt, Ghana, India, Kenya, Mexico, Mauritania, Mozambique, Nigeria, Paraguay, Russia, Senegal, Tanzania, & other undisclosed Sub-Saharan Africa
Oil Refineries	$530	$120		**$650**	Argentina, Egypt, Nigeria, Turkey
Oil & Gas Exports (pipelines; port facilities)	$1,963	$245	$50	**$2,258**	Azerbaijan (gas), Turkey (gas), Nigeria (oil), Colombia (oil), Kazakhstan (oil & gas), Kenya (transaction advisor, oil pipeline)
Oil & Gas fuel purchases (imports)	$540			**$540**	Mauritania (oil), Ukraine (gas)
Oil Power Generation (HFO & dual oil/gas)	$1,162	$230		**$1,392**	Bangladesh (dual-fuel), Iraq (dual-fuel), Jordan (dual-fuel), Kenya (HFO), Senegal (HFO), Sierra Leone, The Gambia (HFO), & Latin America
Liquefied Petroleum Gas (LPG)	$75			**$75**	Bangladesh, Pakistan, Ukraine
Liquefied Natural Gas (LNG) Processing & LNG-to-Power	$764	$226	$2	**$992**	Bangladesh, Brazil, China, El Salvador, India, Pakistan, Panama, Senegal, Sierra Leone
Gas Power and Heat Generation	$3,550	$358	$22	**$3,931**	Afghanistan, Armenia, Bangladesh, Cote D'Ivoire, Ghana, Indonesia, Jordan, Mexico, Mozambique, Myanmar, Nigeria, Russia, Turkey, Uzbekistan
Gas Processing of oil field-associated gas	$158			**$158**	Iraq
Gas Storage or Distribution (domestic)	$600	$30		**$630**	India, Turkey
Coal (power and mining)	$45	$54	$53[3]	$152	Afghanistan (TA), Kenya (captive coal plant), Mozambique (TA), Myanmar (captive coal plant)
Total	**$9,920**	**$1,960**	**$205**	**$12,085**	

G20 countries are underlined.

1 The UN Paris Climate Agreement was adopted on December 12, 2015. These data represent World Bank Group finance disclosed as of August 12, 2020. This table does not include finance from investments made through financial intermediaries, or through budget support. The World Bank Group includes the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

2 Upstream oil and gas includes $750 million in new investments/technical assistance and $300 million in existing equity.

3 Technical Assistance that targeted coal mining in Mozambique also targeted gas, thus the $53 million for coal is not added to the overall total to avoid double counting. Furthermore, the finance for technical assistance in Afghanistan was provided by the donor-funded Afghanistan Reconstruction Trust Fund. Thus, no finance was included in this table as it does not come from the World Bank's budget.

Notes:

[1] SEI, IISD, ODI, Climate Analytics, CICERO, and UNEP. (2019). The Production Gap: The discrepancy between countries' planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C. http://productiongap.org/

[2] *The Economist*. (2020). Is it the end of the oil age? September 17, 2020. https://www.economist.com/leaders/2020/09/17/is-it-the-end-of-the-oil-age

[3] https://www.worldbank.org/en/news/opinion/2017/09/14/global-warming-can-add-100-million-poor-people-by-2030

[4] The World Bank Group includes the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

[5] As part of the World Bank's Energy and Minerals Sectors Strengthening Project II, in 2018, the Bank funded consultants "for the implementation of Brazil's long-term oil and natural gas marketing policy." According to Bank program documents, part of government marketing efforts include driving upstream investment into its pre-salt oil and gas resources, which included holding bid rounds for new onshore and offshore exploration areas in late 2019. In May 2020, WB approved an additional $38 million for further technical assistance.

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