October 26, 2023

Subject: “$170 million in fossil fuel financing”

Dear President Banga,

Like you, we are not a big fan of buzzwords. That is why when, historically, the World Bank Group (WBG) has claimed that it is “greening” economies, supporting “net-zero” initiatives, and “Paris Alignment”, we have always asked to see its numbers, and we have crunched and published our own. For years, WBG representatives have dismissed our energy-related data as inaccurate, while at the same time refusing to provide us with their definitions and calculations so that we could better understand the discrepancy between our analyses.

That is why we found it greatly refreshing that you shared, in your speech during the recent CSO Town Hall in Marrakesh, the amount of fossil fuel financing that the World Bank Group directly provided “last year”: $170 million. As a follow-up, we would like to kindly request if you could please share with us your dataset?

Our own calculations, tracked by Oil Change International, show that the WBG directly financed $885 million in fossil fuels in fiscal year 2022, $634 million in calendar year 2022, and at least $194 million in FY 2023, though full reporting is not yet available.[1]

Date	**Project**	**Institution**	**Amount**
8/12/2021	Central Térmica de Temane	MIGA	$251,300,000
24/5/2022	Central Termica de Ressano Garcia (Azura)	MIGA	$149,850,000
1/6/2022	Lexo Energy	IFC	$7,800,000
7/6/2022	Bhola-2 220MW Combined Cycle Power Plant	MIGA	$407,000,000
30/6/2022	ACWA Power Sirdarya (aka Shirin)	MIGA	$69,400,000

[1] This does not include projects financing liquefied petroleum gas (LPG) used for cooking, and gas for powering cement-making.

9/3/2023	Syrdarya CCGT	IFC	$150,000,000
9/3/2023	Syrdarya CCGT	IFC	$15,000,000
9/5/2023	Uzbekistan Syrdarya Efficient Power Generation Project	IBRD	$29,000,000

We would also like to ask you for your thoughts about the significant amounts of *indirect* finance that the WBG continues to provide to fossil fuels, and why you had not addressed this in your remarks. You asserted in the same speech that the WBG has not directly financed a coal plant since 2010, a claim WBG representatives have been making since before you joined as President – and that coal power was something the Bank financed "God forbid, in the old days".

As civil society organizations in our coalition have been continuously pointing out, this talking point is misleading. The WBG continues to finance coal and upstream oil and gas –which it also claims to have ended– through several indirect channels, including via IFC financial intermediary lending, policy based lending, technical assistance, MIGA guarantees and trade finance. For example, IFC equity through financial intermediaries and World Bank policy based lending were used to support coal power investments in Pakistan (e.g., Bank policy reforms made these coal investments the most profitable in the world). Indeed, the IFC's financial intermediaries are currently funding 68GW of new (post-2019) coal power capacity in Asia - more than the combined coal capacity of Germany and Poland. Additionally, since the Paris Agreement, technical assistance operations continued to facilitate new coal investments in five countries and upstream oil and gas investments in 9 countries, including by directly paying for geophysical data to map out new exploration areas. Lastly, in FY2022 an estimated $3.7 billion in IFC trade finance went to oil and gas.

Since the WBG lends at concessional rates, this financing –whether direct or indirect– amounts to a subsidization of the fossil fuel industry, something you yourself have spoken out against. Indirect channeling only makes it much harder for civil society to hold actors accountable for this use of public finance to which fossil fuel financing restrictions have not been applied.

You also stated in your speech that, "The investment was in natural gas, where there is a pathway to transition from that. I will remind you that if you invest only in renewable energy and you don't invest in the ability to create base loads or the ability for natural gas to be there, that solution does not work." This argument is not backed by the latest evidence. For example, a recent study of 3 countries (Germany, Pakistan, and Vietnam) that have high gas import dependency or are looking to forge one, sought to answer the question of whether gas is necessary for delivering firm power. The analysis found that pairing renewables with long-duration energy storage solutions provides a cleaner, more cost-effective solution for most use cases. It is also not true that this investment is only going to gas: the largest recent direct investment is to a dual fuel gas and diesel power plant, Bhola-2.

Furthermore, we are deeply concerned to observe that as recently as last year, the WBG was still quoting fossil fuel industry data in its project documents. In a 2022 budget support document for Mozambique, for example, there is a table (page 13) that says it was “obtained from TotalEnergies” making the case that Mozambique’s LNG exports can make them “a source for the [global] clean energy transition” because of its comparably lower emissions intensity. Since TotalEnergies has high stakes in ensuring LNG projects go forward in Mozambique, it is troubling to see the WBG promote Total’s self-serving data as if it carries scientific validity. This suggests that WBG staff are either actively studying fossil fuel industry-commissioned data to justify WBG support for fossil fuel projects, or meeting with fossil fuel industry representatives and relaying their talking points. For an institution that purports to be a “knowledge bank”, this can at best be interpreted as intellectual laziness, and at worst, as a conflict of interest and climate denial. WBG staff should be citing science from credible, reputable authorities, like a new peer-reviewed study which involved researchers from Brown, Harvard, Duke Universities and NASA, published in a recent New York Times article, finding that leaks make gas as bad for the climate as coal: “it takes as little as 0.2 percent of gas to leak to make natural gas as big a driver of climate change as coal, the study found, a tiny margin of error for a gas that is notorious for leaking from drill sites, processing plants and the pipes that transport it into power stations or homes and kitchens.”

If the WBG is really to be taken seriously as a “knowledge bank”, the long-term claim it has been promoting, then more must be done urgently to qualify its assertions about the provision of climate finance. A recent report by Oxfam found that the Bank’s declared levels of climate finance cannot be independently verified and could be off by as much as 40%, or $7bn in its fiscal year 2020. Not only is it imperative that we know how much money is actually flowing towards what, it is also imperative that the WBG strengthen its studies around the *impact* that this financing is having on reducing countries’ fossil fuel dependency, increasing energy access, building resilient economies, and more.

Finally, you said in your speech that you have been going on a world tour meeting with stakeholders to learn from them in crafting your vision for the WBG, and you expressed a “desire to find a new impactful way for us to work together”. At the townhall, the MC explicitly welcomed the delivery of petitions and letters after the Q&A session. After all of these outwardly collegial gestures, we were deeply dismayed and troubled that you refused to accept our coalition’s petition because of the demands that it makes for the WBG to end fossil fuel financing. To us, this sent a signal that your openness to dialogue and reflection is not sincere. Given that these are minimum qualities in a leader of a global public development institution, we hope this was a one-off error, not representative of your approach to civil society.

The Big Shift Global is a coalition of over 50 civil society organizations and thinktanks from the Global North and South. Together, we aim to make the people’s views on energy finance known to Multilateral Development Banks (MDBs), their Executive Directors, as well as the Heads of State and Finance Ministers of the member countries. We are calling on the world's biggest public banks to shift all their money out of dirty fossil fuels and into sustainable, renewable energy and diversified economies to benefit the most vulnerable and remote communities. This would improve the lives of people all around the world and set a gold standard for other banks to aspire to. Compiled by investigative journalists in Argentina, Egypt and Indonesia, our new report illustrates the catastrophic human impact of fossil fuel funding.

As a public development finance institution, the WBG is supposed to be a bank of the people, for the people. It is financed by public resources and intended to serve the world's most vulnerable groups. As stewards of these precious resources, the WBG must be accountable to the public, and without transparency, there is no accountability. More and more energy financing is being shifted to indirect channels and private players, making it harder for civil society to follow. We hope that you will include the fundamental issue of transparency among your priority efforts to make a better Bank.

We look forward to hearing from you,

Big Shift Global Coalition