

October 14, 2021

Open Letter

To the Governors and Executive Directors of the World Bank Group

CC: David Malpass,
President of the World Bank Group

Dear Governors and Executive Directors,

The dramatic news from the IPCC Working Group 1 report released this year about the state of the world's climate breakdown prompts us to ask you to fill the World Bank Group with new management, from the top down. It is high time for the World Bank Group to immediately end all actions that promote coal, oil and gas, and to support countries on a just transition to renewable, resilient and inclusive development pathways. Unfortunately, to this day, direct and indirect WBG support continues to flow into fossil energies and into propping up fossil fuel industry profits, with damaging results to communities and country economies.

The failure of the WBG to position itself with science and justice when it comes to climate change mitigation undermines the mission of the institution. This is, no doubt, in part a reflection of a diversity of political positions on the WBG Board. However, it is also a factor of an established culture and bias among WBG management that has contributed to the perpetuation of fossil fuel dependent development pathways globally, despite advances in climate and energy science, technology, policies and best practices, and despite long-time calls from civil society globally for a paradigm shift. The WBG's investments and policy advice have been a significant normalizing force in dirty and harmful global development pathways, limiting for far too long the terms and parameters of the conversation of what is possible, what is needed, and what is desired by the people who the World Bank is mandated to serve when it comes to the energy systems powering countries' development.

While Presidents of the World Bank are appointed and accountable to the Board, they are hardly mere puppets: they have the ability to steer the strategic direction of the WBG, and therefore, the choice of personnel makes all the difference, and leads us to conclude: personnel is policy. Unfortunately, the WBG's management has failed repeated calls for serious and just action on climate change.

In 2017, nine multilateral development banks (MDB), including the World Bank, committed to align their financial flows with the goals of the Paris Agreement. Earlier this year, over 150 organizations sent a letter calling on World Bank President David Malpass to adopt a whole-of-institution approach to end all its support for fossil fuels. However, the recently released CCAP allows the WB to keep supporting fossil fuels for 2-4 more years, takes a selective approach at phasing out fossil fuels ignoring the science and economics around fossil gas, and fails to address areas of policy based lending and financial intermediaries. It also allows the WB to continue to invest in false solutions like carbon trading--which requires offsets through the use of unproven technologies or tree plantations across the globe, contributing to land-grabbing from communities in the Global South. It also allows support for carbon capture and storage (CCS), an approach supported by major polluters because it allows them to keep polluting, through costly, unproven, and dangerous technologies, shifting responsibility away from polluters and governments' need to regulate them. The CCAP also places excessive emphasis on the mobilization of private finance, an approach that has questionable efficacy and development impacts, which makes it harder for civil society and the WB itself to hold them accountable, and whose fiduciary mandates to increase shareholder return are fundamentally misaligned with incentives to make the energy transition an equitable one.

In order for the WBG group to make the bold and urgent changes needed to decarbonize its activities, support countries to reach universal energy access, and adapt to climate change, shareholders must overhaul the management. Personnel must be put in place with the vision, expertise, and demonstrable commitment to address climate change from a public interest perspective. Empty platitudes and noncommittal catch words, unproven market-centric theories of change, and delayed plans mired with loopholes will no longer suffice.

To this end, we ask the WBG to immediately embark on a process to renew its management, beginning with the replacement of World Bank President David Malpass, and to develop strict climate and social justice qualifications for any personnel responsible for working on climate and energy policies at the WBG, with meaningful input from civil society.

Since the Paris Climate Agreement (2016-2020), the World Bank Group has provided:

\$12 billion in direct project finance for fossil fuels in over 35 countries (see Table 1); \$10-\$20 billion annually given as government budget support – representing a huge fossil fuel loophole as the World Bank does not restrict spending on fossil fuels, including coal expansion. From 2016 to 2019, 81 countries received budget support.

Billions more in fossil fuel-enabling infrastructure, such as transmission lines to evacuate power from new coal-fired plants. Examples: in India, Indonesia, and Pakistan mega coal power projects would not have gone forward without the World Bank-funded transmission lines.

Fossil-friendly policy reforms in at least 18 countries that increased fossil fuel profits – driving billions into new fossil fuel investments. Examples: tax breaks for coal and gas in Mozambique; tax breaks favoring oil and coal in Colombia; and higher electricity tariffs resulting in higher profits for new coal-fired plants in Pakistan.

Technical assistance in over a dozen countries aimed at increasing fossil fuel investments. Examples: Pakistan's Thar lignite coal fields – the largest in Asia; Mozambique's coal and liquified natural gas (LNG) blocks; and Brazil's pre-salt offshore oil fields.

These figures are based on data collected from World Bank Group websites and project documents. It is true that the World Bank has ambitions to invest in renewable energies widely. We want to see this supported even more strongly.

However, at the same time, fossil-friendly policies are being promoted unnoticed. This leads to more calamitous natural disasters, driving increasing numbers of people into flight and poverty. Any allowance of further investments in coal, oil and gas by the bank is an economic risk and an affront to the human rights of those communities saddled with the impacts.

The reasons for an immediate and comprehensive phase-out of all fossil fuel production are obvious. But this needs a fresh start, starting with the president of the World Bank and extending into the bank's management that has continued with fossil policies.

We hope that you will understand the urgency of our request and respond to us with this in mind.

Sincerely yours,

AbibiNsroma Foundation	Ghana
Africa Coal Network	Africa
Alliance for Empowering Rural Communities	Ghana
Alliance for Rural Democracy (ARD)	Liberia
Arab Watch Coalition	MENA
Arabwatchcoalition	Egypt
Asian Peoples' Movement on Debt and Development (APMDD)	Asia
Association Jeunes pour Jeunes	Morocco
Association LaSiesta Mohammedia	Morocco
Association of Ethical Shareholders Germany	Germany
Association Tunisienne de Droit du Développement	Tunisia
ATED (Association Talassemrane pour l'environnement et développement)	Morocco
Balkan Green Foundation	Kosovo
BankTrack	Netherlands
Both ENDS	Netherlands
Centre for Alternative Development	Zimbabwe
Centre for Citizens Conserving Environment (CECIC) Uganda	Uganda
Centre for Financial Accountability	India
CLEAN (Coastal Livelihood and Environmental Action Network)	Bangladesh

CLIMATE ACTION NETWORK ZIMBABWE	Zimbabwe
Climate Watch Thailand	Thailand
Community Empowerment and Social Justice Network (CEMSOJ)	Nepal
Community Resource Centre	Thailand
Daughters of Mumbi Global Resource Center	Kenya
Espace de Solidarité et de Coopération de l'Oriental (ESCO)	Morocco
Euro-Mediterranean Resources Network	United Kingdom
Forest Peoples Programme	United Kingdom
Foundation for Environmental Management and Campaign Against Poverty	Tanzania
Freedom from Debt Coalition (Philippines)	Philippines
Friends of the Earth Finland	Finland
Friends of the Earth US	United States
Friends with Environment in Development	Uganda
Fundación Ambiente y Recursos Naturales (FARN)	Argentina
Gender Action	Global
GIFSEP	Nigeria
Global Rights	Nigeria
Green Advocates International	Liberia
Green Alternative	Georgia
groundWork, Friends of the Earth South Africa	South Africa
Growthwatch	India
Inclusive Development International	United States
International Accountability Project	International
Just Finance International	Denmark
Justiça Ambiental (Friends of the Earth Mozambique)	Mozambique
Justice Institute	Guyana
Lekeh Development Foundation	Nigeria
Life After Coal Campaign	South Africa
Lumiere Synergie pour le Developpement	Senegal
Milieudefensie - Friends of the Earth Netherlands	The Netherlands
Money Rebellion	United Kingdom
NGO Forum on ADB	Asia (Regional: HQ Philippines)
Oil Change International	United States

Oil Workers' Rights Protection Organization Public Union	Baku, Azerbaijan
Organisation pour la protection de l'environnement Guinéen OPEG	Guinée
Oyu Tolgoi Watch	Mongolia
Phenix Center	Jordan
PowerShift e.V.	Germany
Project HEARD	Netherlands
PRUDENT STEWARDS FOUNDATION (PSF)	Zimbabwe
Recourse	Netherlands
Réseau Camerounais des Organisations des Droits de l'Homme (RECODH)	Cameroun
Resonate! Yemen	Yemen-Sana'a
Rivers without boundaries	Mongolia
Society for Threatened Peoples	Germany
South Asian People's Action on Climate Crisis (SAPACC)	India
Strategic Youth Network for Development	Ghana
Studies and economic Media Center	Yemen
The Oakland Institute	United States
Urgent Action Fund for Women's Human Rights	US
urgewald e.V.	Germany
Wedyan Association For Society Development	Yemen
WEED - World Economy, Ecology & Development e.V.	Germany
Yemeni Observatory for Human Rights	Yemen
Youth for Green Communities (YGC)	Uganda
ZIDAWU MONITORING FORUM	Zimbabwe
منظمة شؤون المراه والطفل (Women's and Children's Affairs Org.)	العراق (Iraq)

Table 1. World Bank Group Fossil Fuel Finance since Paris Climate Agreement¹

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, <u>Argentina</u> , <u>Brazil</u> , Colombia, Guyana, Egypt, Ghana, <u>India</u> , Kenya, <u>Mexico</u> , Mauritania, Mozambique, Nigeria, Paraguay, <u>Russia</u> , Senegal, Tanzania, & other undisclosed Sub-Saharan Africa
Oil Refineries	\$530	\$120		\$650	<u>Argentina</u> , Egypt, Nigeria, <u>Turkey</u>
Oil & Gas Exports (pipelines; port facilities)	\$1,963	\$245	\$50	\$2,258	Azerbaijan (gas), <u>Turkey</u> (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)	\$945	\$230		\$1,175	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, <u>Brazil</u> , <u>China</u> , El Salvador, <u>India</u> , Pakistan, Panama, Senegal, Sierra Leone
Gas Power and Heat Generation	\$3,767	\$358	\$22	\$4,148	Afghanistan, Armenia, Bangladesh, Cote D'Ivoire, Ghana, <u>Indonesia</u> , Jordan, <u>Mexico</u> , Mozambique, Myanmar, Nigeria, <u>Russia</u> , <u>Turkey</u> , Uzbekistan
Gas Processing of oil field-associated gas	\$158			\$158	Iraq
Gas Storage or Distribution (domestic)	\$600	\$30		\$630	<u>India</u> , <u>Turkey</u>
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	

Source: All data collected from World Bank Group webpages by Heike Mainhardt for **Urgewald**, August 2020

Note: G20 countries are underlined.

1 The UN Paris Climate Agreement was adopted on December 12, 2015. **These data represent World Bank Group investments approved up to 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 oil and/or 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.