



FOSSIL FREE FINANCE AT THE WORLD BANK

“We called for strong ambition, for remarkable partnerships, for mobilization of finance, and for implementation of national climate plans. Paris delivered. Now the job becomes our shared responsibility. The World Bank Group is ready to help immediately and will do its utmost to realize this vision of prosperity.”

—Statement by World Bank Group President Jim Yong Kim on Global Climate Change Agreement at COP21 in Paris¹

If the world is going to meet the goals of the Paris Agreement on climate change, international financial institutions—including the World Bank—must do their part. The World Bank has made commitments to fight against climate change but continues to finance fossil fuel exploration, production, and combustion—the primary drivers of climate change. This is despite the fact that research has shown that potential carbon emissions from oil, gas, and coal in fields and mines already operating around the world would take us beyond 2°C of warming.² Beyond 2017, fossil fuel electricity-generating infrastructure³ has been found to be incompatible with a 2°C target.

Put simply, to limit the planet from warming 2°C, no new fossil fuel extraction or transportation infrastructure should be built.⁴ Financial institutions that are committed to fighting climate change can no longer support the development of this infrastructure.

The discrepancy between the World Bank’s stated values and their spending should be remedied immediately.

The World Bank Group should end all fossil fuel finance, beginning by immediately ending support for new fossil fuel exploration and all coal projects—including mining and finance—through policy loans, technical assistance, and financial intermediaries.

THE WORLD BANK HAS ALREADY TAKEN A NUMBER OF STEPS TO ADDRESS THE CLIMATE CRISIS:

- In 2015, the World Bank committed to increasing the share of its portfolio related to climate change from 21 to 28 percent by 2020. This could mean up to \$29 billion annually in climate financing.⁵
- In 2016, the World Bank adopted a Climate Change Action Plan (2016-2020) to accelerate efforts to tackle climate change and help client countries deliver on their commitments through the Paris Agreement.⁶ This Plan prioritizes supporting transformational policies, including putting a price on carbon, at national levels.⁷
- The Bank has conducted cutting-edge research that shows that climate change will exacerbate global poverty, providing a direct challenge to the World Bank’s mission of ending extreme poverty and increasing shared prosperity in a sustainable way.⁸

NEVERTHELESS, THE WORLD BANK CONTINUES TO FINANCE FOSSIL FUELS:

- In Fiscal Year 2015, the World Bank Group financed over \$313 million in projects that included fossil fuel exploration and over \$2 billion in fossil fuel projects in total.⁹
- Between Fiscal Year 2011 and Fiscal Year 2015, World Bank Group investments in fossil fuel exploration, or projects that included fossil fuel exploration, amounted to more than \$1.7 billion. Investments in all fossil fuel projects topped \$12 billion during that period.¹⁰
- The World Bank Board is considering a new proposed coal-fired power plant in Kosovo. Since Kosovo has cleaner energy alternatives, this project would violate the World Bank's commitments to stop financing greenfield coal power generation except in "rare circumstances." The World Bank Group has committed support to the Trans-Anatolian Natural Gas Pipeline Project, which will transport gas from Azerbaijan to the border with Greece, via the length of Turkey.

IN ORDER TO ALIGN ITS LENDING WITH THE GOALS OF THE PARIS AGREEMENT AND THE SUSTAINABLE DEVELOPMENT GOALS, THE BANK SHOULD:

- End all support for coal infrastructure and exploration for fossil fuels immediately.
- End fossil fuel finance no later than 2020. This includes finance for coal, oil, and natural gas.
- Support energy efficiency and a diverse power mix in Kosovo instead of supporting a new coal-fired power plant.
- Withdraw support for the Trans-Anatolian Natural Gas Pipeline.
- Revise the Energy Directions paper to reflect the above recommendations.

The above actions should also apply fully to financial intermediaries and policy loans.

ENDNOTES

- 1 <http://www.worldbank.org/en/news/press-release/2015/12/12/statement-by-world-bank-group-president-jim-yong-kim-on-global-climate-change-agreement-at-cop21-in-paris>
- 2 http://priceofoil.org/content/uploads/2016/09/OCL_the_skys_limit_2016_FINAL_2.pdf
- 3 <http://www.sciencedirect.com/science/article/pii/S0306261916302495>
- 4 http://priceofoil.org/content/uploads/2016/09/OCL_the_skys_limit_2016_FINAL_2.pdf
- 5 <http://www.worldbank.org/en/news/press-release/2015/10/09/world-bank-group-pledges-one-third-increase-climate-financing>
- 6 <https://openknowledge.worldbank.org/bitstream/handle/10986/24451/K8860.pdf?sequence=2&isAllowed=y>
- 7 <http://www.worldbank.org/en/news/speech/2016/05/05/remarks-world-bank-group-president-jim-yong-kim-climate-action-summit>
- 8 <https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf>
- 9 <http://priceofoil.org/content/uploads/2016/04/World-Bank-Brief-April-2016-FINAL2.pdf>
- 10 <http://priceofoil.org/content/uploads/2016/04/World-Bank-Brief-April-2016-FINAL2.pdf>

If the world is to stay below 2°C of warming, it is necessary that fossil fuel infrastructure no longer be financed. We call on the World Bank to follow the above recommendations and thereby truly make a commitment to fighting climate change.

The Sierra Club's Fossil Free Finance campaign is dedicated to ending support for fossil fuels by the U.S. government, public institutions, and governments around the world. We call for governments and public institutions worldwide to eliminate all fossil fuel finance, including subsidies, by 2020.

Learn more:

sierraclub.org/international/fossil-free-finance

The Stop Funding Fossils campaign works to end the hundreds of billions of dollars handed out annually from governments to fossil fuel companies to explore, expand, and exploit unburnable carbon. The campaign is coordinated by Oil Change International.

Learn more: stopfundingfossils.org

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