Open Letter to World Bank Group (WBG) President David Malpass and WBG Leadership

We, the undersigned civil society organizations and individuals, are calling on the World Bank Group to immediately adopt a whole-of-institution commitment to end all types of support for fossil fuels, both direct and indirect.

Right now, the World Bank is getting ready to publish its Climate Change Action Plan (CCAP) for 2021-2025, and is continuing to conceptualise its role in the global recovery from the Covid-19 pandemic. In the absence of any announcement regarding a public consultation on the Bank’s new CCAP (which we would very much welcome the opportunity to formally comment on), we write to demand a holistic commitment to end the World Bank’s support for fossil fuels. This would be an important first step towards the Bank aligning its activities with the Paris Climate Agreement and the Decade of Delivery of the Sustainable Development Goals.

The rationale for this shift is straightforward: Climate change presents a clear and present danger, especially to the Bank’s most vulnerable member countries, which historically did the least to cause it. The climate crisis could push up to 132 million more people into poverty by 2030, according to the Bank’s own research. Low carbon development alternatives are available now and greater WBG support for them is needed to avoid the worst climate impacts. Ambitious action by the World Bank would also set an important example for other public finance institutions to follow in the run up to COP26 later this year.

Crucially, we are not implying that the Bank should withdraw its energy support to poor countries, thus exacerbating energy poverty – but that it should increase the financial and other resources it devotes to renewable energy, distributed energy access, creation of new household electricity connections, and support for a ‘just transition’ for workers, communities, and national utilities. This should include, inter alia, Bank support for the democratization of energy planning processes in member countries in a way that is inclusive and engages – among others – unions, national civil
society, and impacted communities in national dialogues on a just transition to a zero-carbon future.

Overall, international efforts to tackle the existential threat posed by the climate crisis remain off-track. If all of the national pledges submitted to the UNFCCC thus far were fulfilled, global emissions would be reduced by only 1 per cent by 2030, compared with 2010 levels. A 45 per cent reduction over this period is the minimum needed to have a realistic (i.e. 50 per cent) shot of achieving the Paris Agreement’s aim of keeping global average temperature increase at 1.5°C, relative to pre-industrial levels. At the Climate Ambition Summit on 12 December 2020, President Malpass said that the World Bank Group needs to work “to achieve country outcomes that reduce greenhouse gas emissions and a successful transition to lower-carbon development.” While we welcome this sentiment, the current moment calls for concrete commitments, and their immediate implementation.

The reality is that the World Bank is now lagging behind when it comes to supporting efforts to rapidly reduce greenhouse gas emissions, as other actors have made progress on this agenda in recent years. To cite a few prominent recent examples: The European Investment Bank has announced plans to end direct and indirect finance for all unabated fossil fuels by the end of 2021. The UK government announced in December that it would end bilateral support for overseas fossil fuel investments except in exceptional circumstances, a policy that will also apply to its ‘voice and vote’ at the World Bank. In January, the Biden administration released an executive order stating that the US will seek to “promote ending international financing of carbon-intensive fossil fuel-based energy.”

We note - with some relief - that the World Bank Group’s 2017 commitment to end ‘upstream’ oil and gas project finance after 2019 and the International Finance Corporation’s Green Equity Approach announced in 2018 are now being implemented (albeit with some flaws). In general, however, the silence of Bank leadership on climate mitigation issues during the last two years has been deafening.

Meanwhile, the World Bank has continued to provide finance to fossil fuels, to the tune of $12 billion since the Paris Agreement was signed. While the Bank seeks publicly to portray its support for fossil fuels as limited, and largely focused on addressing energy poverty in poor countries, CSO research shows that $4 billion or 35 per cent of WBG fossil fuel assistance since the Paris Agreement has gone to eight G20 countries. In addition to supporting the continued expansion of fossil fuel infrastructure through direct project finance, the World Bank continues to play a key role in creating the enabling policy environment for new fossil fuel investments, including for new extraction projects. These enabling policies are being enacted, inter alia, through regulatory changes embedded in the World Bank’s development policy financing instrument and also in support provided through its technical assistance. Both are exempt from the above-mentioned upstream oil and gas policy and the World Bank’s 2013 coal project finance moratorium. Worryingly, instead of committing to further steps to support countries’ rapid transition to a zero-carbon future by 2050, the Bank’s World Bank Outlook 2050 policy note
published in 2020 stated that the Bank, “will support planning of energy market reforms with natural gas trading and regional integration to improve power systems flexibility.”

We contend that this agenda needs an urgent rethink, and note that - according to recent media reports - many of the World Bank’s executive board members share our view that the Bank needs to take further steps to phase out its support for fossil fuels, including natural gas. As expressed earlier this year by newly appointed US Special Presidential Envoy for Climate John Kerry, “The problem with gas is if we build out a huge infrastructure for gas now and continue to use it as the bridge fuel when we haven’t really exhausted the other possibilities, we’re going to be stuck with stranded assets in 10, 20, 30 years.” This chimes with the wider science: Research released in 2019 showed that the world is currently on track to produce 120 per cent more fossil fuels by 2030 than is compatible with a 1.5°C pathway.

As such, we call on World Bank leadership to immediately adopt a credible World Bank Group whole-of-institution commitment to end all WBG support for fossil fuels, as soon as possible. This strategy should not only end the World Bank Group’s direct finance for fossil fuels, but apply to indirect financing instruments as well, including development policy finance, technical assistance and the IFC’s growing financial intermediaries portfolio, including via the extension of the Green Equity Approach to cover oil and gas. Rather than seeking to exploit existing loopholes to support the expansion of fossil fuels infrastructure, the strategy must catalyse an institution-wide shift in how the World Bank approaches its energy investments that clearly prioritises a rapid and equitable shift towards a zero-carbon future.

The undersigned:

Organizations

1. 350 Butte County (US)
2. 350 Denmark (Denmark)
3. 350.org (Global)
4. AbibiNsroma Foundation (Ghana)
5. ACCESS Coalition (Global)
6. ActionAid Denmark (Denmark)
7. ActionAid International (International)
8. African Coalition for Sustainable Energy and Access (Cameroon)
9. Africa Institute for Energy Governance (AFIEGO) (Uganda)
10. Alliance for Empowering Rural Communities (Ghana)
11. Alliance Sud (Switzerland)
12. Amazon Watch (US)
13. Andy Gheorghiu Consulting (Germany)
14. Anthropocene Alliance (US)
15. Arab Watch Coalition (MENA region)
16. Asian Energy Network (AEN) (Asia)
17. Asian Peoples Movement on Debt and Development (Asia)
18. Aytzim: Ecological Judaism (US)
19. Bank Information Center (US)
20. BankTrack (The Netherlands)
21. BC Council for International Cooperation (Climate Change Division) (Canada)
22. Bharat Jan Vigyan Jatha BJVJ (India)
23. Big Shift Global (Big Shift)
24. Biovision-africa (BiVA) (Uganda/East Africa)
25. Both ENDS (The Netherlands)
26. Bretton Woods Project (UK)
27. Campaign against Climate Change (UK)
28. CAN South Asia (India)
29. Center for Democracy and Development (CDD) (Mozambique)
30. Center for Earth Ethics (US)
31. Center for Energy, Ecology, and Development (The Philippines)
32. Center for International Environmental Law (CIEL) (US)
33. Centre for Citizens Conserving (CECIC) (Uganda)
34. Centre for Sustainable Finance, SOAS, University of London (UK)
35. CESTA Friends of the Earth El Salvador (El Salvador)
36. Church World Service (US)
37. CLDA (Côte d'Ivoire)
38. Clean Air Action Group (Hungary)
39. Climate Action Network Canada (Canada)
40. Climate Action Moreland (Australia)
41. Climate Action Network International (Global)
42. Climate Emergency Institute (Canada)
43. Committee for Peace and Development Advocacy (COPDA) (Liberia)
44. Community Action for Healing Poverty Org. (Afghanistan)
45. Crude Accountability (US)
46. deCOALonize Campaign - Kenya (Kenya)
47. Dibeen For Environmental Development (MENA region)
48. Diverse Voices and Action (DIVA) for Equality (Fiji, Pacific SIDS)
49. Divest Brent (UK)
50. E3G - Third Generation Environmentalism (UK)
51. Earth Action, Inc. (US)
52. Earthworks (US)
53. Eco Action Families (UK)
54. EcoEquity (US)
55. Eco-union (Spain)
56. EKOenergy ecolabel (Finland and International)
57. Elephanatics (Canada)
58. Energy Watch Group (Germany)
59. Environmental Defence (Canada)
60. Environmental Justice Foundation (UK)
61. Eurodad (European network on Debt & Development) (Belgium)
62. Focus Association for Sustainable Development (Slovenia)
63. Fossil Fuel Divest Harvard (US)
64. Frack Free Sussex (UK)
65. FracTracker Alliance (US)
66. Freedom from Debt Coalition (The Philippines)
67. Fridays For Future Scotland (Scotland)
68. Friends of the Earth Australia (Australia)
69. Friends of the Earth Finland (Finland)
70. Friends of the Earth International (International)
71. Friends of the Earth Japan (Japan)
72. Friends of the Earth Scotland (Scotland)
73. Friends of the Earth U.S. (US)
74. Fresh Eyes (UK)
75. Fund Our Future (South Africa/International)
76. Fundación Ambiente y Recursos Naturales (FARN) (Argentina)
77. Gallifrey Foundation (Switzerland)
78. Gender Action (Global)
79. Gestos (soropositividade, comunicação, gênero) (Brazil)
80. Global Justice Now (UK)
81. Global Rights (Nigeria)
82. Gower Street (UK)
83. Green Advocates International (Liberia)
84. Greener Practice - West of Scotland Branch (Scotland)
85. Greenpeace (Global)
86. Greenpeace USA (US)
87. Greens CAN (UK)
88. Green Transition Denmark (Denmark)
89. Gulf Coast Center for Law & Policy (US)
90. Inclusive Development International (US)
91. Innovea Development Foundation (Nigeria)
92. International Network for Sustainable Energy - Europe (INFORSE-Europe) (Europe)
93. International Network "Friends of Climate" (Cameroon)
94. Islamic Relief Worldwide (Global)
95. Institute for Agriculture and Trade Policy (US, Europe)
96. Jamaa Resource Initiatives (Kenya)
97. Jordens Vänner - Friends of the Earth Sweden (Sweden)
98. Jubilee Scotland (UK)
99. JVE International (Togo)
100. Kwataniza Women Farmers Group (Uganda)
101. Leadership Conference of Women Religious (US)
102. London Mining Network (UK)
103. Madden Sainsbury Foundation (Australia)
104. Market Forces (International)
105. Maryknoll Office for Global Concerns (US)
106. Mekong Watch (Japan)
107. Milieudefensie (The Netherlands)
108. Mom Loves Taiwan Association (Taiwan)
109. Movement for Advancing Understanding of Sustainability And Mutuality (MAUSAM) (India)
110. Mouvement Ecologique (Luxembourg)
111. National Council of Churches of Christ in the USA (NCC) (US)
112. Naturvernforbundet - Friends of the Earth Norway (Norway)
113. NC-CAN (US)
114. New Weather Institute (UK)
115. Novasutras (US)
116. Oil Change International (Global)
117. Our Fish (Europe)
118. Oxfam (Global)
119. Pacific Environment (Pacific Rim)
120. PAPDA (Haiti)
121. Peoples Federation For National Peace and Development (PEFENAP) (Malawi)
122. Pro Natura / Friends of the Earth Switzerland (Switzerland)
123. Recourse (The Netherlands)
124. Rapid Transition Alliance (UK/Global)
125. Santa Cruz Climate Action Network (US)
126. Seaford Environmental Alliance (UK)
127. Seventh Generation Initiative (Canada)
128. Society for International Development (SID) (Global)
129. Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) (Uganda)
130. Sustainable Holistic Development Foundation (SUHODE) (Tanzania)
131. SustainUS (US)
132. Tearfund (Global)
133. Tipping Point (UK)
134. Tripla Difesa Onlus (Global)
135. Uganda Coalition for Sustainable Development / INFORSE East Africa (Uganda)
136. United Church of Christ, Justice and Witness Ministries (US)
137. United Methodist Women (US)
138. Urgewald (Germany)
139. WALHI (Indonesia)
140. Weald Action Group (UK)
141. WeDontHaveTime.org (Sweden)
142. Women's Earth and Climate Action Network (US)
143. WoMin African Alliance (Africa)
144. Youth Advocates for Climate Action Philippines (The Philippines)
145. Za Zemiata (Friends of the Earth Bulgaria) (Bulgaria)

Individuals:
1. Kevin Gallagher, Professor and Director, Global Development Policy Center, Pardee School of Global Studies, Boston University (US)
2. David Hall, Director, Climate Innovation Lab, AUT University (New Zealand)
3. Jason Hickel, Senior Lecturer, Goldsmiths, University of London (UK)
4. Sir Richard Jolly, Honorary Research Associate, University of Sussex (UK)
5. Peter Newell, Professor of International Relations, University of Sussex (UK)
6. Harpreet Kaur Paul, Lawyer and Associate Lecturer, University of Warwick Law School (UK)
7. Ann Pettifor, Director, Policy Research in Macroeconomics (PRIME) (UK)
8. Ulrich Volz, Director of the Centre for Sustainable Finance & Reader in Economics, SOAS, University of London (UK)