WORLD BANK: STEP-UP THE BIG SHIFT INTO CLEAN ENERGY

The Big Shift Global coalition welcomes the progress the World Bank (WB) has made in shifting its finance out of fossil fuels and into renewable energy. We further appreciate the WB's commitment to increase its energy access finance, which followed the climate commitments the Bank announced at the One Planet Summit in December 2017, including the phase-out of 'upstream' oil and gas lending after 2019. As the World Bank Group (WBG) plans to announce its new post-2020 climate goals at COP24 in December 2018, the WB needs to further step-up and implement existing commitments: We call on the WBG to scale up energy access finance from 43% to 70% of investment in energy access and to fully implement existing commitments to introduce carbon pricing and phase out upstream oil and gas. Furthermore, the big shift away from fossil fuels needs to include financial intermediaries: The WB should introduce a binding climate assessment safeguard for its Development Policy Lending.

ACCESS TO CLEAN ENERGY

We urge the WBG to drastically increase the amount and the pace of investments in energy access for the poorest, to secure universal sustainable energy access for all by 2030. The WBG should:

- integrate off-grid, mini-grid renewable energy, and clean cooking solutions for the poorest into energy projects. These should receive at least a third of total WBG energy finance. This means scaling up rapidly investments in energy access in energy-poor countries so that this accounts for at least 50% of the WBG's energy lending portfolio, aiming to ensure that 70% of that energy access finance supports distributed renewable energy (35% of total WBG energy finance).
- direct at least half of its annual energy sector budget to sustainable energy access, especially projects on advancing renewable energy access for the poorest and most vulnerable.
- report annual progress on finance and outcomes for energy access, including distributed renewable energy, as a share of the total energy portfolio[1].
- assist the top 20 high energy deficit countries to integrate universal energy access into the objectives and measures of their NDCs;
- directly contribute to at least 15 million households gaining electricity annually.

IMPLEMENT COMMITMENTS

We welcome the WB's commitment to end financing for oil and gas extraction. We call on the WBG to establish a plan to phase out remaining investment in fossil fuels by 2020.

Emissions and Carbon Pricing

We call on the WB to develop an emissions target that is aligned with the Paris Agreement's 1.5ºC pathway by 2020, that applies to the WB's entire project lending. As the WBG implements this commitment to track GHG emissions in high-emitting sectors, it should be sure these efforts consider Scope 3 emissions.

Shifting finance away from upstream oil and gas

- We welcome the decision to end upstream oil and gas finance. This must now be implemented and preclude support for associated infrastructure that directly enables the development of new oil and gas extraction.
- The WBG must specify that implementation to shift finance from upstream oil and gas includes assistance provided through financial intermediaries, development policy finance, and technical assistance operations.
- IFC must divest all existing equity in companies as well as financial intermediaries linked to upstream oil and gas activities[2].

1) incl. coordination with other MDBs and development institutions to harmonize definitions & tracking for energy access finance and outcomes.
2) e.g., Apache Egypt; Apex Int.; Delonex Energy; Seven Energy; & Africa Oil - all of which are IFC equity involved in oil & gas exploration.

ENSURE TRANSPARENCY AND MAKE THE "BIG SHIFT" FOR FINANCIAL INTERMEDIARIES

Financial Intermediaries

- We call for the exclusion of coal from the IFC's financial intermediary (FIs) investments and public disclosure of the fossil fuel exposure of IFC's FIs investments. The WB has no policy in place to exclude coal from FI investments. In this regard, it is lagging behind many private banks and companies[3]. This is a major and far-reaching issue as IFC has debt and equity exposure in 125 countries and over 2,000 companies. Last year, IFC adopted a policy to ensure it would begin tracking FI clients' exposure to coal; in order to take steps towards further transparency of the IFC's FIs lending and its support for fossil fuels, we call for this information to be publicly disclosed, including the name, sector and location of FI sub-projects; furthermore, for the IFC to not invest in FI clients where coal accounts for more than 5% of their portfolios.
- We call on the WBG to introduce a binding climate assessment safeguard for its Development Policy Lending to enable the Bank to close its fossil fuel enabling policies.
- We call on WBG to require the financial intermediaries it works with to themselves have strong climate targets and transparency.

Transparency and the Pathway to 1.5 degrees:

- The WB should commit to develop and adopt a science-based emissions target for its lending and operations: we call for the development of an emissions target that contributes proportionately to the Paris Climate Agreement's 1.5ºC pathway by 2020, applying to the WB's entire project lending portfolio and operational costs covering scope 1, 2 and 3 emissions[4].
- The WB should further align infrastructure lending to zero-greenhouse gas infrastructure pathways, supporting the development and exceedance of countries' near-term and Long-Term Strategies under the Paris Agreement (i.e. NDCs and 2050 Pathways). The WB has effectively helped countries to develop their Nationally Determined Contributions (NDCs) to the Paris Agreement and support will continue to be necessary for implementing and enhancing these plans. Taking into account that the current NDCs are in line with about 3ºC of warming, rather than the 1.5ºC that countries agreed to achieve in Paris, far greater and faster action is needed. In keeping with the WBG 2016-2020 Climate Change Action Plan's affirmation that WBG assistance should be consistent with NDCs, the WBG needs to prove that operations will not endanger NDC targets and associated mitigation measures. WBG assistance on infrastructure and energy sector development strategies, development policy lending, infrastructure investment frameworks (e.g., PPP investment frameworks), must ensure that the aggregate results do not threaten NDC targets and are in line with the Paris Agreement temperature goal.
- WBG assistance must reduce the fossil fuel share in the final energy consumption mix. Development Policy Finance, Program for Results, Technical Assistance and IFC Advisory Services should only support policies that directly result in a lower share of fossil fuels/higher share of renewable energy in the final energy consumption mix of a given country. As part of the WBG Corporate Scorecard, the WBG needs to track and report final energy consumption mixes for all countries with WBG operations. In addition, this indicator should be tracked for alignment with a given country's NDC commitments.

3) E.g. Dutch bank ING will no longer finance clients in the utilities sector that are over 5% reliant on coal.
4) Scope 1 emissions (direct); Scope 2 emissions (off-site production of energy used by the project); and Scope 3 (upstream/downstream) GHG emissions. The WBG currently does not account for any Scope 3 GHG emissions such as those associated with the ultimate burning of the oil and gas from WBG-funded exploration, field production, etc. The WBG must recognize its contribution to global GHG emissions through such operations.