

STOP FUNDING FOSSIL GAS



"NOW IS THE TIME FOR THE WORLD BANK AND ALL THE MULTILATERAL DEVELOPMENT BANKS (MDBS) TO STAND UP AND BE COUNTED ON THEIR PARIS ALIGNMENT FRAMEWORK AND METHODOLOGIES. HOW CAN THEY CONTINUE TO JUSTIFY USING FOSSIL GAS AS A TRANSITION FUEL CONSIDERING THE HUMAN AND ENVIRONMENTAL CONSEQUENCES AND IN THE CONTEXT OF AN ESCALATING CLIMATE CRISIS? VOLATILE FOSSIL GAS PRICES ARE DRIVING BANGLADESH INTO AN ENERGY CRISIS. WHAT WE NEED URGENTLY IS TO TRANSITION TO SUSTAINABLE, RENEWABLE ENERGY."

-HASAN MEHEDI, CLEAN, BANGLADESH



"TODAYS RECORD PRICES AND SUPPLY DISRUPTIONS ARE DAMAGING THE REPUTATION OF NATURAL GAS AS A RELIABLE AND AFFORDABLE ENERGY SOURCE, CASTING UNCERTAINTY ON ITS PROSPECTS, PARTICULARLY IN DEVELOPING COUNTRIES WHERE IT HAD BEEN EXPECTED TO PLAY A GROWING ROLE IN MEETING RISING ENERGY DEMAND AND ENERGY TRANSITION GOALS."

-INTERNATIONAL ENERGY AGENCY (IEA) [GAS MARKET REPORT Q3-2022](#)

World Energy Outlook 2022 from the IEA further reaffirmed that to have a 50% chance of limiting global warming to 1.5°C, there must be no new fossil fuel extraction or Liquefied Natural Gas (LNG) projects after 2021. And yet [data from Oil Change International](#) shows that between 2019 and 2021, at least 61% of international MDB public finance for fossil fuels flowed to fossil gas projects.



Europe's push to replace Russian piped gas with LNG caused prices to hit record levels in 2022. As a result, demand for LNG in Asia dropped 7%, the first annual drop since 2015. In Pakistan and Bangladesh, an inability to afford LNG cargoes resulted in gas and power shortages, stunting economic growth in key sectors and straining critical foreign exchange reserves.

Fossil gas and its liquefied form, LNG, produce significant methane and CO₂ emissions as well as toxic air pollution. An energy model based on LNG has created significant energy insecurity and price volatility as LNG is traded to the highest bidder.

"FOSSIL GAS IS BAD FOR THE CLIMATE, BAD FOR HUMAN RIGHTS AND BAD FOR THE ENVIRONMENT. SCARCE PUBLIC FUNDS SHOULD BE USED FOR A GREENER, MORE EQUITABLE FUTURE, TO IMPROVE THE LIVES OF WOMEN, MEN AND CHILDREN WHO ARE CURRENTLY SUFFERING THE IMPACTS OF CATASTROPHIC CLIMATE CHANGE AND LIVING WITHOUT ACCESS TO ELECTRICITY."

-FIZA QURESHI, INDUS CONSORTIUM, PAKISTAN



Fossil gas, including LNG, must be ruled out by the World Bank Group and all MDBs as a “transition fuel”. Paris alignment involves keeping global warming below 1.5°C and therefore cannot include public finance for fossil gas in any of its forms.

THE WORLD BANK GROUP MUST:



EXCLUDE ANY KIND OF SUPPORT, DIRECT AND INDIRECT, AND POLICY SUPPORT, FOR GAS, INCLUDING LNG, ACROSS ALL LEVELS OF THE INSTITUTIONS, STARTING WITH THE CLIMATE CHANGE ACTION PLAN (CCAP) AND COUNTRY STRATEGIES. THIS SHOULD BE ADDRESSED IN THE WORLD BANK EVOLUTION ROADMAP AS A PRIORITY.

SUPPORT A TRULY JUST TRANSITION AWAY FROM FOSSIL GAS, OIL AND COAL TOWARDS A LOW-CARBON SUSTAINABLE, RENEWABLE ENERGY MODEL.



RULE OUT SUPPORT FOR CARBON CAPTURE, UTILISATION AND STORAGE (CCUS) THAT LOCKS THE WORLD INTO PROLONGED FOSSIL FUEL DEPENDENCE.

RULE OUT HIGH EMITTING TECHNOLOGIES OR FUELS (INCLUDING GAS AND GREY AND BLUE HYDROGEN) THAT WILL HINDER RAPID DECARBONISATION TRAJECTORIES BEYOND 2030. ALSO RULE OUT LARGE HYDRO THAT EXACERBATES WATER STRESS AND RISKS CATASTROPHIC ENVIRONMENTAL DAMAGE.



THE WORLD BANK GROUP STILL MASSIVELY SUPPORTS FOSSIL GAS:

THE WORLD BANK GROUP EVOLUTION ROADMAP

The first iteration of this Roadmap outlines plans to respond to the global challenges of climate change, debt burdens, inflation and reversals in poverty reduction. It proposes a third goal of “climate action” for the WBG.

But the first draft left out institutional alignment with the Paris Agreement goals and was not clear on how it would catalyse the shift from dirty, fossil fuel-based economies to cleaner, inclusive, and more equitable development.

MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)

MIGA issued guarantees totalling US\$407 million to cover the acquisition and refinancing of Nutan Bidyut (Bangladesh) Limited that owns and operates the Bhola-2 220MW, dual fuel gas/High Speed Diesel (HSD) combined cycle power plant. Previously the Asian Infrastructure Investment Bank (AIIB) supported this plan with a \$60m non-sovereign loan that closed by June 2022.

This large infrastructure project in an extremely vulnerable area like Bhola has led to highly negative impacts in the surrounding areas which local communities which the civil society groups that support them have raised many times with the executing agencies and AIIB staff and Board. MIGA has picked up a massive gas/HSD plant from AIIB that has a history of environmental damage and human rights violations.

WORLD BANK'S CLIMATE CHANGE ACTION PLAN

World Bank's Climate Change Action Plan 2021-2025 (CCAP) is at the root of the problem: It states that “Natural gas investments may be considered aligned in countries where there are urgent energy demands and no short-term renewable alternatives to reliably serve such demand”.

However, as Europe has pushed to replace Russian piped gas with LNG, unaffordable prices of LNG have led to default on deliveries and stifled demand in Asia leading to fuel shortages and blackouts. This shows that fossil gas is not a transition fuel.



COUNTRY PARTNERSHIP FRAMEWORKS (CPFS)

Fossil gas is still contained in country strategies. For example, the development of the CPF 2023 – 2027 for Bangladesh is underway, informed by the Systematic Country Diagnostic (SCD). The SCD claims that “domestic and imported gas is still better than coal”. But growing reliance on imported fossil fuels-based development and overcapacity have landed Bangladesh’s power sector in a situation of load-shedding and blackouts.

The World Bank should work with the Government of Bangladesh so that the upcoming Integrated Energy and Power Master Plan (IEPMP) complies with the Mujib Climate Prosperity Plan (MCPMP) to achieve 100% Renewable Energy by 2050.

COUNTRY CLIMATE AND DEVELOPMENT REPORTS (CCDRS)

Take as an example the 2022 CCDR for Vietnam. This includes an Accelerated Decarbonisation Scenario that identifies fossil gas as a transition fuel. Fossil gas features in the generation mix under all scenarios in 2040, “until other clean technologies become more cost-efficient”. It further notes that given limited domestic gas resources; Vietnam’s gas supply will rely on imported LNG.

Yet Vietnam has vast potential for solar and off-shore wind, and has the potential to leapfrog the gas phase of development. However, civil society groups working for renewable energy are operating in a climate of fear, following arrests of lawyers, environmental leaders, and spokespeople.

TECHNICAL ASSISTANCE

Although the World Bank Group committed to stop financing upstream oil and gas in 2017, this does not apply to technical assistance.

And yet technical assistance provides the policy framework for different energy models and should be urgently supporting the shift to sustainable renewables.

The World Bank’s technical assistance “Addressing the constraints of LNG investments in Vietnam March 2018-2019” for example, facilitated Vietnam’s strategy of importing LNG. But today’s high prices and unreliability of supply are undermining industry-driven narratives that LNG is a viable “transition fuel” from coal.

INTERNATIONAL FINANCE CORPORATION (IFC)

International Finance Corporation (IFC) is involved in the Chan May LNG Project which aims to develop a 4GW LNG-to-power facility in the Thua Thien Hue province of Central Vietnam.



In the 2021 Annual Review by the IFC’s Facility for Investment Climate Advisory Services (FIAS), Chan May LNG was identified as among the 10 ‘upstream’ projects to which FIAS had provided \$60,000 in support. As Chan May LNG is featured in the FIAS upstream list, it makes it a candidate for future sizable investments that could lead to it becoming a stranded asset.

DIRECT FINANCE FOR INFRASTRUCTURE

Civil society groups in Indonesia have raised alarm about a World Bank investment of £200 million for the Eastern Indonesia Port-Led Development Project. This project aims to enhance "sustainable maritime infrastructure and services and private sector participation", including new ports at Ambon and Kupang, plus selected outer islands ports in Maluku and Nusa Tenggara Timur (NTT) provinces. The project information document (PID) states that the project will facilitate the transition towards low-carbon infrastructure and operations in the ports supported by the project.

The IFC should not finance infrastructure projects that will likely expand the use of fossil fuels. It is clear that "low-carbon" in this context means that these ports would be used for LNG expansion as these articles suggest: LNG regasification at Kupang; LNG terminal at Ambon; LNG port expansion in Maluka Province.

JUST ENERGY TRANSITION PARTNERSHIP (JETP) INDONESIA

Indonesia and its international partners, (US, EU, Japan, and Canada), launched the JETP at the G20 Summit in November 2022, vowing to raise US\$20 billion. This will be supported with public finance from the World Bank, and civil society fears that LNG might be part of the project deals.

Considering the IEA's statement that to keep below 1.5°C of global warming there must be no new LNG projects after 2021, there must be no gas-fired power plant projects in the JETP initiative.



"WORLD BANK FINANCE SHOULD BE USED TO ASSIST INDONESIA TO TRANSITION AWAY FROM FOSSIL FUELS AND NOT SUPPORT LNG THROUGH THE BACK DOOR. THE WORLD BANK HAS AN ESSENTIAL ROLE IN HELPING INDONESIA TO FULFIL ITS COMMITMENTS UNDER THE PARIS AGREEMENT, REDIRECTING FINANCE AWAY FROM FOSSIL GAS TO ALIGN BOTH PRIVATE INVESTMENT AND PUBLIC POLICY WITH THE GOAL OF KEEPING GLOBAL WARMING BELOW 1.5°C."

ANDRI PRASETIYO, TREND ASIA



RECOMMENDATIONS

As a group of publicly funded and owned development institutions, the World Bank Group must be held accountable to the public globally and therefore act as agents of transformative change to tackle the climate emergency.

This means ditching the notion of fossil gas as a transition fuel across its entire portfolio, and shifting from dirty, fossil-fuel based investments to inclusive, renewable and sustainable development that is consulted on democratically at a local level.