Assessing the World Bank's progress on just energy transition

This fact sheet evaluates whether World Bank financing is driving a just, inclusive transition to 100% renewable energy—a process that shifts away from fossil fuels (including oil and gas), while ensuring equitable, democratic energy systems that prioritise human rights, social benefits, and ecological integrity.

We analysed 142 energy projects approved between 2022 and 2024 by the World Bank's International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD),[1] examining project documentation and public financial disclosures representing $23.9b in total investments.

Each project was categorised according to Recourse's taxonomy[2] for a renewable energy transition with social and environmental accountability, as defined by the Banking on Renewables campaign,[3] and assessed against three criteria:

CRITERIA 1

Finance a transition to 100% renewable energy

Is funding shifting from fossil fuels to clean energy?

CRITERIA 2

Ensure a democratic energy system for all

Are investments accessible, equitable, and community-centred?

CRITERIA 3

Put people and nature at the heart

Do projects protect and promote the rights of communities and protect ecosystems?

Our assessment maps energy sector commitments across investment flows, financing instruments, risk classifications, social safeguards, and community engagement processes to reveal whether World Bank financing is truly aligned with climate justice principles.

Key findings

Our analysis finds:

- **Slow transition to funding sustainable renewable energy:** In 2024, only 31.8% ($2.69bn) of energy-specific funding support sustainable renewables, while 26.6% continue funding fossil-linked projects and 20.2% false solutions (including large hydro, waste-to-energy and carbon markets).
- **Increased fossil fuel investments:** Approved funding for projects supporting the fossil fuel-only sector increased eight fold from $60m in 2022 to $490m in 2024.
- **Loan-heavy financing:** Nearly 90% of energy funding approved from 2022 to 2024 delivered as loans, with grants comprising a small fraction of total support.
- **Gender blindness:** Less than half of all energy projects (42%) over the three years address gender concerns or gender inequality; only 3 of the 25 projects which fund fossil fuels include gender considerations in the project documentation.
- **High risks:** Half of the energy projects approved over the three years (71 of 142 projects) are classified by the World Bank as substantial or high-risk projects for social and environmental impacts. In 2024, almost 60% of projects showed an elevated risk.
- **Limited community engagement:** Less than half the energy projects included evidence of meaningful consultation with impacted communities. Sustainable renewable energy projects were most likely to include community consultation, evidenced in 90% of project documentation.

[1] Note: This document does not consider funding through the World Bank Group's International Financial Corporation (IFC) or Multilateral Investment Guarantee Agency (MIGA).

[2] Recourse (2023). Harnessing public finance potential to create renewable energy economies, pp.37–39. re-course.org/newsupdates/world-bank-align-investments-with-paris-support-re-economies/

[3] Recourse (2024). Banking on Renewables criteria for public investment in a 100% renewable energy future. re-course.org/newsupdates/banking-on-renewables-criteria/

CRITERIA 1

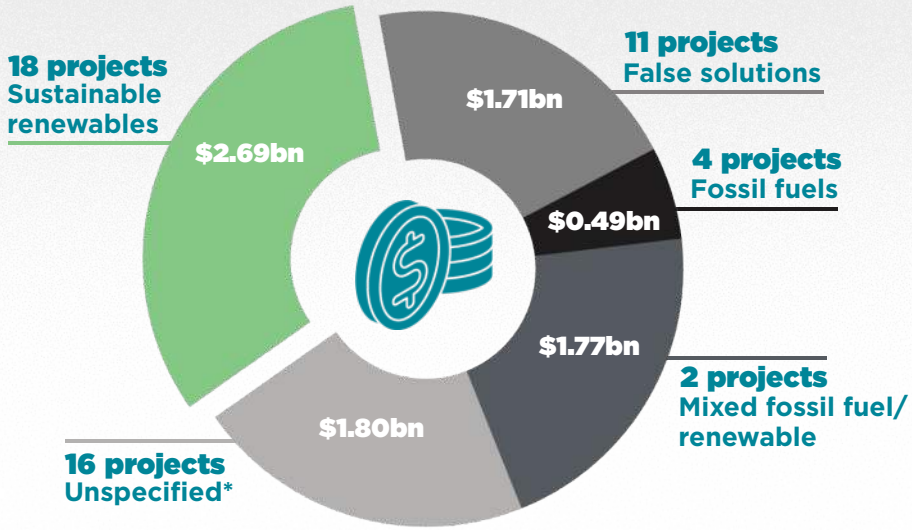
Towards 100% renewable energy

Assessment:
Slow transition to funding sustainable renewable energy

Snapshot 2024:

- Only 31.8% of approved energy-specific funding ($2.6bn) supports sustainable renewable energy.
- Fossil fuel finance persists despite the World Bank's climate commitments, with $2.26bn still allocated to projects that support fossil fuels (fossil-only projects and mixed fossil/renewable projects).
- False solutions received 20.2% of total energy financing ($1.71bn), in particular large hydro power and carbon credits, diverting funds from truly sustainable energy solutions.

In 2024, less than a third of World Bank-approved energy projects were for sustainable renewables; fossil fuel investments persist



* unspecified projects do not state if they support fossil fuel or renewable energy

Three-year trajectory (2022 to 2024):

- The approved funding for fossil fuel-only projects increased eightfold over the three years, with investments rising from $60m in 2022, to $390m in 2023, to $490m in 2024.
- False solutions represent one-fifth of the spend over the three years, and mixed fossil-renewable projects dilute clean energy progress, over a quarter of spending.
- The total allocated spend on sustainable renewable energy was quite constant over the three years, at $2.47bn, $2.88bn and $2.69bn for consecutive years.

False solutions vs. sustainable renewables

Not all "clean energy" or "renewable energy" projects proposed by the World Bank advance a just transition. Some prolong fossil fuel reliance, harm communities, and divert critical funds. These are 'false solutions'.

- ✗ Carbon capture & storage (CCUS) is unproven and diverts funds while extending fossil fuel use.
- ✗ Large hydropower displaces communities, floods Indigenous lands, and emits methane.
- ✗ Fossil-based hydrogen depends on natural gas, increasing methane leaks and locking in fossil infrastructure. Green hydrogen is often for export (not local energy transition) or co-firing with fossil fuels.
- ✗ Waste-to-energy drives waste production, emits pollutants and contradicts circular economy goals.
- ✗ Carbon markets and offsets allow continued emissions through unreliable carbon credits, delaying real decarbonisation.

Public finance must support proven renewables—solar, wind, small-scale hydro, and geothermal—and ensure real social and environmental benefits.

CRITERIA 2

Ensure a democratic energy system for all

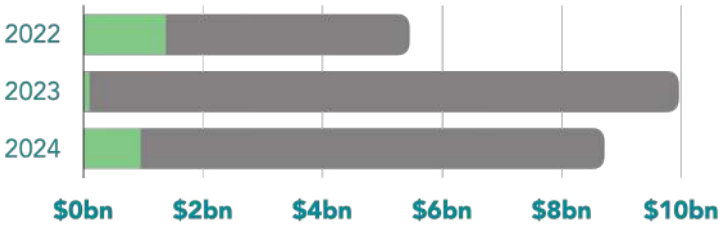
Assessment:
Loan-heavy and gender-blind finance

Our analysis reveals a troubling dominance of loans in World Bank energy investments, which potentially creates substantial financial burdens for developing economies and increases debt stress, undermining rather than enabling transformative, accessible energy transitions.Similarly, the absence of gender considerations undermines equitable development outcomes, as women and marginalised communities face disproportionate barriers to energy access and participation in decision-making processes.

Loans over grants:

- **Loan heavy**: Loans overwhelmingly characterised financing across all years, with 90% of World Bank energy investment provided as loans, limiting opportunity to fund just transition measures and raising the risk of debt stress. Only 10% was offered as grants.
- **Grant volatility**: While 2024 saw a modest 11% of energy funding as grants, the grant level showed a low in 2023 at just 1% of total investments.

Loans dominate World Bank energy investments from 2022 to 2024, but the just transition needs more grant funding



Gender-blind

- **Gender considerations remain inconsistent.** Over three years, 42% of energy project documentation (60 of 142 projects) included considerations of the need to address gender inequality.
- **Fossil fuels leave communities behind**: Only 3 of the 25 projects which include fossil fuels (fossil fuel only plus fossil/ renewable mixed projects) include gender considerations in the project design.
- **Sustainable renewables lead in inclusion**: 82% incorporate gender considerations in their documentation (43 of 52 projects)
- **Decentralised renewable energy projects promise community benefits**: 71% address gender impacts (32 of 45 projects).

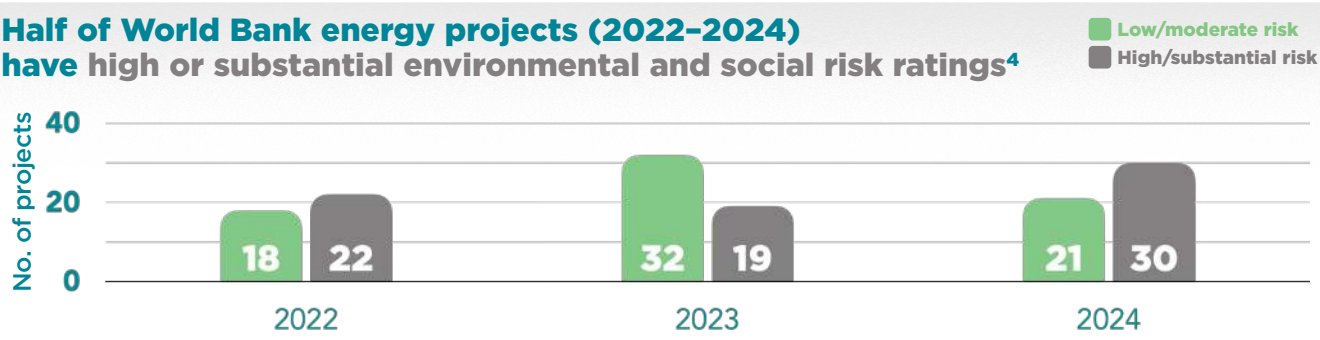
CRITERIA 3

Put people and nature at the heart of the energy transition

Assessment:
High-risk projects, community consultation lacking

A just energy transition must ensure that projects do not harm communities, ecosystems, or marginalised groups. Accurate risk assessments that take into account contextual and human rights risks are essential to help prevent and mitigate social and environmental harm, while effective accountability mechanisms are vital in remediating harm. However, our analysis shows an alarming trend of the World Bank approving energy projects with high environmental and social risk ratings, raising concerns over safeguarding.

Half of World Bank energy projects (2022–2024) have high or substantial environmental and social risk ratings[4]



- A concerning number of high and substantial-risk projects continue to be approved; half of the energy projects (71 of 142 energy projects) approved between 2022 and 2024 have been classified as high or substantial risk.
- In 2024 there was an alarming increase in the number of approved projects carrying high and substantial risk classifications at nearly 60%.
- The World Bank Environmental and Social Standard 10 (ESS10) requires community consultation. However, fewer than half of the energy projects (69 of 142) included a mention of consultation in their documentation, while 90% of sustainable renewable projects include an element of consultation in their documents.

[4] This is specifically the environmental and social risk where project documents specify this, and overall risk rating used as a proxy where E&S rating is not available.

Policy recommendations for a just energy transition

Towards 100% renewable energy

- Stop all fossil fuel funding—no loopholes, no exceptions.
- Defund false solutions, including large hydro, waste-to-energy, hydrogen, carbon markets.
- Redirect all energy finance to proven sustainable renewables.
- Fund just energy infrastructure, prioritise renewable energy-ready grids and energy storage, local energy distribution, and off-grid renewables.

Build a democratic energy system

- Shift away from loan-heavy financing.
- Expand grants for decentralised renewables, ensuring that communities, not corporations, control energy.
- Mandate gender-responsive investments and community consultation. Inclusion must be the default for all projects.

People and planet first

- Stop financing high and substantial-risk projects.
- Prevent, mitigate and remediate harm by ensuring all projects are fully covered by the World Bank Group's Environmental and Social standards and its Accountability Mechanism.
- Document and disclose all environmental and social project information, ensure effective engagement with civil society and communities as active stakeholders, and respect the right of Indigenous peoples to Free, Prior and Informed Consent.

Methodology

Data sources: Analysis of World Bank IDA/IBRD project documentation, financial reports, and independent evaluations for projects approved in 2024, 2023, and 2024.

- **Project categorisation:** Energy sector projects classified as Sustainable Renewable Energy, Fossil Fuels, False Solutions, or Mixed Finance.
- **Key metrics assessed:** Risk ratings, financing structures (loans, grants, guarantees), gender inclusion, decentralised renewables, and community consultation.

This assessment evaluates only the commitments made in publicly available project documentation from the World Bank, and therefore the factsheet assesses the project planning and documentation at approval stage only. We do not assess implementation outcomes or experiences of the project on the ground.

All data used in this factsheet and methodology for calculations are available on the Recourse website (scan the QR code on the right). The analysis was supported by Alessandro Ramazzotti, Mark Moreno Pascual and Lola Allen.

BANKING ON Renewables

Banking on Renewables is a global civil society initiative advocating for public finance institutions to align energy investments with climate goals and just transition principles. Join us in demanding a just energy future that puts people first.

Visit the website to find out more:

re-course.org/banking-on-renewables/

This Factsheet has been developed in collaboration with:

RECOURSE
Making finance accountable to people and planet

CFA
Centre for Financial Accountability

THE BIG SHIFT GLOBAL

POWER SHIFT AFRICA