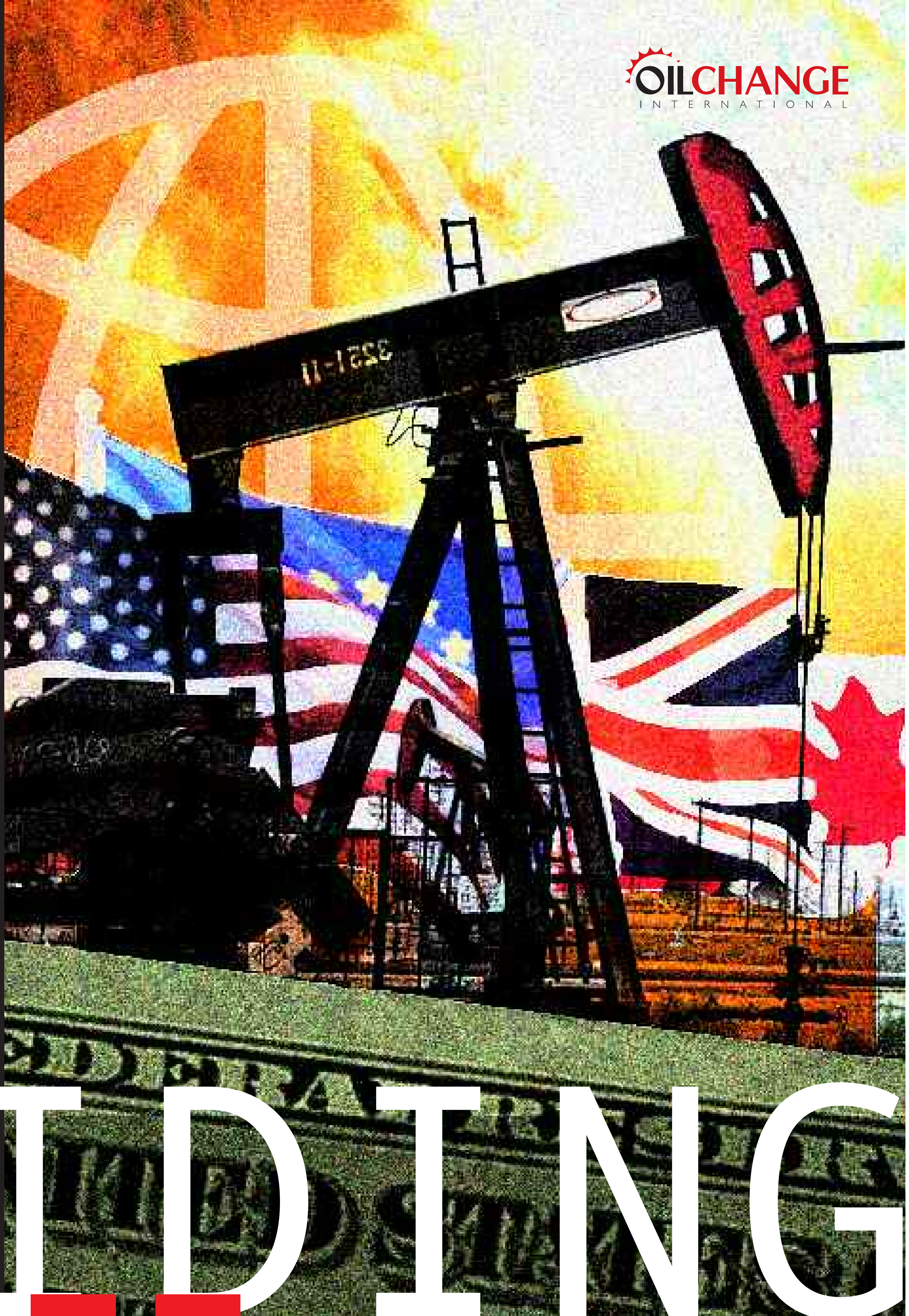
OILCHANGE INTERNATIONAL



A DATABASE OF PUBLIC FUNDS FOR FOSSIL FUELS

AIDING OIL

HARMING THE CLIMATE

AIDING OIL, **HARMING THE CLIMATE**

A Database of Public Funds for Fossil Fuels

December 2007

Oil Change International is a non-profit organization that campaigns to expose the true costs of oil and facilitate the coming transition towards clean energy. We are dedicated to identifying and overcoming political barriers to that transition. Visit us at **www.priceofoil.org**

EXECUTIVE SUMMARY

Many policies distort the market in favour of existing fossil fuel technologies, despite the greenhouse gas and other externalities. Direct and indirect subsidies are the most obvious.
– Sir Nicholas Stern

In the run-up to a critical meeting of the Climate Convention and Kyoto Protocol in Bali in December 2007, a profound irony has gone almost unnoticed and unquestioned. While the world's governments are negotiating a complex system to reduce carbon emissions, they are subsidizing the very emissions that must be curtailed, and they are often doing so in the name of development.

Aiding Oil, Harming the Climate, a report released by Oil Change International on the occasion of the 13th Conference of Parties of the UN Framework Convention on Climate Change, is premised on the observation that Governments cannot actively subsidize the expansion of the oil industry and effectively fight climate change at the same time.

This report accompanies the release of the Oil Aid database at **http://oilaid.priceofoil.org and www.endoilaid.org.**

What is "Oil Aid"?

"Oil Aid" is the government's practice of using taxpayer money, often intended for poverty alleviation, to instead subsidize the oil and gas industry internationally. Oil Aid fuels the continual pursuit of more oil—resulting in conflict and poverty, often exacerbating corruption, and ultimately contributing to global warming.

Oil Change International, as part of the End Oil Aid coalition, an international coalition supported by more than 200 environment and development organizations, believes that public money and our international development dollars should be spent on funding climate change adaptation, poverty alleviation, and clean renewable energy resources - not on subsidizing an already profitable industry.

Key Findings of Aiding Oil, Harming the Climate

- At least $61.3 billion in international money has gone to subsidizing the oil and gas and industries worldwide since 2000.
- Since 2000, the U.S. is the #1 provider of aid to the oil industry worldwide, with some $15.6 billion in oil aid distributed by the US Export-Import Bank, the Overseas Private Investment Corporation, the US Trade and Development Agency, the United States Agency for

International Development and the United States Maritime Administration. The Export-Import Bank of the US alone provided more than $12.3 billion in public funds to the oil and gas industry.

- European institutions collectively outspent the US with $16.5 billion. Two institutions in particular provided the vast majority: The European Investment Bank provided $7.3 billion in financing and the European Bank for Reconstruction and Development $5.6 billion. This is particularly noteworthy in light of the fact that on November 29, 2007, the European Parliament overwhelmingly passed a resolution calling for an end to fossil fuel financing by the European Investment Bank and European ECAs.
- Since 2000, Mexico is the largest recipient of oil aid ($8.27 billion), followed by Russia ($4.4 billion), Indonesia ($3.1 billion), Iran ($2.79 billion), Brazil ($2.56 billion) and Venezuela ($2.34 billion).
- The World Bank Group remains the single largest multilateral leader in oil aid, with about $8 billion since 2000. Recent analysis by the End Oil Aid coalition has revealed very disturbing trends at the Bank:
  - In 2006, the World Bank increased its energy sector commitments from $2.8 billion to $4.4 billion. Oil, gas and power sector commitments account for 77 per cent of the total energy sector program while 'new renewables'[2] account for only 5 per cent.[3]
  - In 2007, the International Finance Corporation private-sector lending arm of the World Bank provided more than $645 million to oil and gas companies. This is an increase of at least 40 per cent from 2006.[4]
  - In 2006, the IFC increased its support for oil projects by 77 per cent, and for gas projects by 53 per cent. At the same time, support for fossil fuels generally at the World Bank Group increased by 93 per cent. While support for renewables and efficiency together in the Bank Group also increased at this time, it was only by 46 per cent.
  - More than 80 per cent of the World Bank Group's oil extraction projects since 1992 are designed for export, rather than the alleviation of energy poverty.[5]

The $61.3 billion in oil aid is in addition to the estimated $150-$250 billion in domestic subsidies that national governments provide to their oil and gas industries annually, according to the recent Stern Review on the Economics of Climate Change. They also do not include any of the costs of military operations around the world which are often fairly characterized as a subsidy to the oil industry.

Together, domestic subsidies and international oil aid are maintaining and often increasing the tilt in the "energy playing field" in favor of the oil industry at precisely the moment we need to move away from their dominance in our economies.

While Oil Aid is purportedly for the benefit of developing countries, it often amounts to a subsidy for some of the wealthiest corporations in the world. ExxonMobil, Chevron, BP, and Shell are the beneficiaries of some of the oil aid. It is hard to see why these corporations need public support.

> "The World Bank Group should phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development..."
>
> – Dr. Emil Salim
> The World Bank Group's Extractive Industries Review Report, 2004

Recommendations:

- Donor countries should immediately end governmental subsidies for new oil aid projects, and recipient countries should reject such subsidies. Oil aid projects have not historically provided energy for the poor. In fact, they are associated with increases in poverty, conflict and debt, and tend to increase the risk to the poorest from climate change. They cannot be considered aid.
- Finance Ministers gathered in Bali should direct their World Bank Executive Directors to oppose all new oil aid projects, and any additional fossil fuel projects that do not qualify for registration under the Kyoto Protocol's clean development mechanism (CDM), and which do not rely on proven technology.
- Subsidies for gas and coal should also be phased out rapidly, and international support should be shifted towards funds for climate change adaptation, renewable energy and efficiency. Public money should support the future of energy, not the past. These technologies will provide energy for those who need it, while tackling poverty, debt, and climate change.
- Development aid to oil exporting countries should concentrate on economic diversification in order to minimize excessive oil export dependence and the effects of the resource curse.
- Nations should commit as part of the Bali mandate to a global harmonization of energy and development strategies in light of global warming, debt, poverty, and peak oil. The issues should henceforth be viewed as inextricably woven together.

Ten Years

The best climate science now tells us that we have less than ten years left to peak global emissions if we're going to stay below 2 degrees C.

In order to turn things around, we need to accept the fact that climate change is, as Sir Nicholas Stern said, the "greatest and widest-ranging market failure ever seen." For decades we have allowed the market to guide our energy choices, but the market has been sending all the wrong signals – either because the costs of our fossil fuel habit are not considered in standard economics, or because of government intervention.

These signals need to be shifted, and quickly. That's why every serious strategy to deal with climate change is trying in one way or another to level the energy playing field between fossil fuels and renewable energy. Carbon Tax, Cap and Trade, Cap and Auction, or Cap and Recycle, Low-Carbon Fuel Standards are all very important initiatives.

To these, the End Oil Aid coalition adds a vital component to any effort focused on fighting climate change and getting energy prices right. Eliminating fossil fuel subsidies should be among our top priorities. If we don't address these subsidies, we won't be truly leveling the playing field for energy, and efforts to combat climate change could be seriously undermined.

OIL AND AID: A DANGEROUS LIAISON

Climate change is a problem like no other. The challenge of preventing catastrophic global warming is that its principal cause – the burning of fossil fuels – is woven tightly into the fabric of modern life. Climate change is a result of the development path of the world's dominant societies, particularly their energy and transport systems. With safe capture and storage of carbon a distant dream, the fundamental task for both industrialized and industrializing nations must be to transform the world's energy and transport systems.

Such a transformation would be difficult enough if everyone agreed on the way forward. Yet it is made more difficult still by the fact that many of our institutions have an anachronistic attitude toward development – an attitude which values fossil fuel consumption and equates it with progress. Historically, economists have considered high energy consumption, and even fossil fuel consumption specifically, to correlate to a desirable level of development and wealth. Therefore, it has been logical for developing countries to seek assistance for oil and gas production. It has been logical also for industrialized countries to encourage such assistance, at home and abroad, often to the benefit of companies based in the North.

That is why, even as governments call for urgent action to fight climate change and promote renewable energy, they continue to provide hundreds of billions of dollars a year in fossil fuel subsidies, especially to the oil and gas sector. Global policy is caught in a profound contradiction. As a world community, we know that oil is bad for the climate, and that climate change is bad for development. But in some corners at least, we're still attached to the idea that oil is good for development.

This contradiction has led to a number of controversies. One notable instance was the World Bank Extractive Industries Review (EIR) led by Dr. Emil Salim and conducted between 2000 and 2003. The EIR recommended that the Bank end all development assistance to extractive industries, largely based on human rights and development impacts. Unfortunately, the Bank chose to ignore the recommendation of its Panel, arguing that "…oil, gas, and mining projects…remain an essential part of the development of many poor nations."

In the age of climate change, the assumption that fossil fuel projects are "essential to development" is both dated and dangerous. Even from a local perspective, the "resource curse" phenomenon reveals the disadvantages of development skewed by oil exploitation. Moreover, despite the rhetoric of poverty alleviation, in many cases the principal beneficiaries of oil aid are wealthy corporations from industrialized countries. In addition, oil aid facilitates additional consumption in the rich countries, where overconsumption of fossil fuels is already rampant. One recent study found that 82% of the World Bank's recent oil related projects primarily served consumption in the North, instead of alleviating energy poverty in the South.[6]

The human rights, environment and development-related problems of oil have been discussed in detail elsewhere. With this report and database, it is our hope that by documenting the extent of Oil Aid, we will help the world community shake off its ambivalence and stop subsidizing the industries that are cooking the planet.

THE STORY OF OIL AID

Governments have been supporting the expansion of the oil industry in one form or another for more than 100 years, but Oil Aid in the modern sense emerged following the oil shocks of the 1970s.

First in 1973/74, and then again in 1979/80, oil prices tripled or quadrupled within a matter of months. Oil producing countries were wresting control of their oil resources away from the oil companies and the Western governments that had largely controlled the world's oil supply up until that point. This was a major blow for wealthy oil dependent countries like the United States that were suddenly facing rising oil prices and real limits on their ability to control the world's oil supplies.

In the early-1980s, the Reagan Administration decided that the solution to the United State's dependence on oil was to find and secure more oil. The U.S. Government, much like many other wealthy countries, analyzed the obstacles that were standing in the way of uninterrupted access to oil supplies overseas, and proceeded to develop strategies to use all the tools at their disposal to overcome these obstacles.

Among other strategies, the U.S., Europe, Japan and other wealthy countries decided to use their aid money to help them get access to foreign oil. This is the birth of oil aid.

There were two key components – or pillars – of "oil aid" that were sketched out at the time. First, wealthy governments began using development assistance to reverse the trend that was emerging in many parts of the world towards strong National Oil Companies. The objective was to convince governments in low and middle income countries that their state owned oil companies should focus on managing the oil sector instead of being directly involved in the production and distribution of oil. This involved convincing countries to develop legal and regulatory frameworks in the oil sector that focused on attracting and facilitating western oil companies instead of competing with them.

The U.S. was concerned that this strategy would be very controversial in many countries. If the U.S. was seen to be demanding these changes it might backfire. The World Bank and other multilateral development banks, on the other hand, were in a better position to help transform the oil sectors of developing countries.

This analysis is very clearly stated in US energy policy documents related to the World Bank. For instance, a 1981 Treasury Department report on the role of the World Bank in the oil sector clearly states the following:

> *"Direct U.S. pressure to improve terms and conditions [for the oil sector in developing countries] is likely to be counterproductive in most countries. We are seen as interested parties and to be seen as bowing to U.S. pressure would hand a powerful issue to host country government opponents.*
>
> *"Here, the 'neutral' stance of the Bank can play an important role. As a multilateral 'development advisor', [the Bank] can help Least Developed Countries revise their incentive structures to encourage investment."*

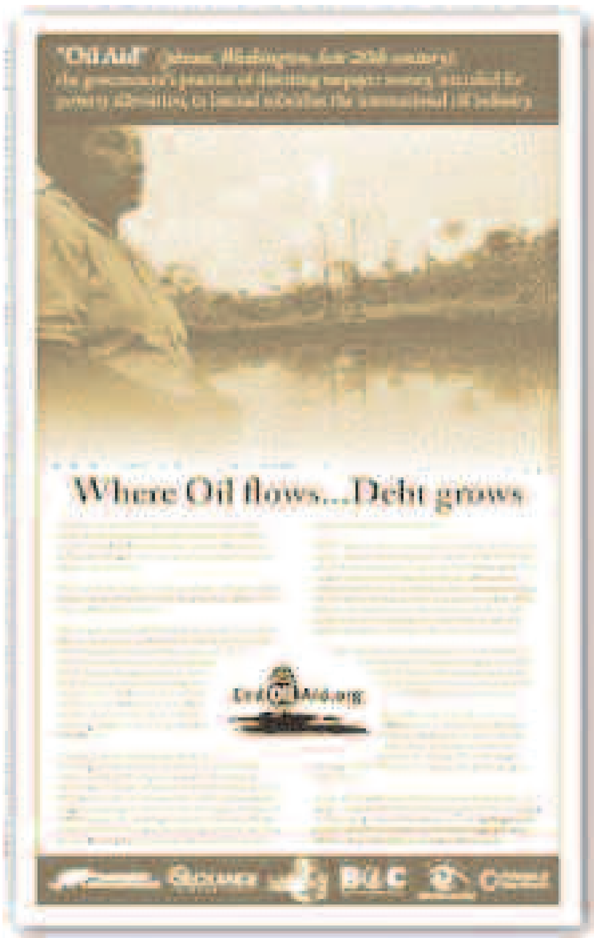
The World Bank and other multilateral development banks took on this role of working to reshape the oil sectors in developing countries and they have been doing it ever since. In this sense, the story of Oil Aid is closely related to the much broader story of the rise of World Bank and International Monetary Fund structural adjustment programs in the 1980s.

The second key component of "Oil Aid" is the idea of using development assistance to directly finance the operations of western oil companies in countries around the world. This is the idea of using loans, grants, partial risk guarantees and other financial mechanisms to channel money to oil companies. If you were to include all of the various forms of bilateral assistance as well as the international financial institutions, such as multilateral development banks and export credit agencies, wealthy countries have channeled billions of dollars a year to oil companies over the past few decades and continue to do so today.

Why We Must End Oil Aid

Why is Oil Aid a problem? To understand the impacts of Oil Aid, it is important to first understand the impacts and influence of oil. Oil accounts for about 40 percent of the modern energy used in the world and 95 percent of transportation fuel. Our dependence on oil dominates our daily lives and is increasingly tied to many of the biggest problems facing humanity today:

- Oil fuels global warming. It is contradictory to fight climate change and fund Big Oil at the same time. More than one third of all global greenhouse gas emissions come from oil and gas, and overcoming our dependence on oil is a critical component in avoiding dangerous climate change.
- High oil prices drive impoverished countries into debt. The oil shocks of 1970s helped to trigger the modern debt crisis and today's soaring oil prices are undermining the benefits of debt cancellation and putting serious stress on many of the world's most impoverished countries (and some of the richest countries too).
- Oil triggers and intensifies armed conflict. Countries that have a lot of oil are more likely to suffer civil wars than those that don't, and countries that depend on oil imports are all too often prepared to go to war to secure oil supplies.
- Oil is often linked to human rights abuses and repression. There is an alarming record of human rights abuses by governments and corporations associated with oil projects, and oil money is propping up some of the most authoritarian regimes in the world.



- Oil harms human health and undermines sensitive ecosystems. Oil production and transportation can have a devastating impact on local communities and ecosystems, and the process of refining and burning oil generates massive amounts of pollution.

The world's addiction to oil runs deep and oil corporations are among the most influential companies in the world. They are actively using their influence to develop allies within government and block much needed reforms. The result is that we are pursuing an incoherent and often contradictory energy policy whereby governments are promoting the expansion of the oil industry and working to overcome oil addiction at the same time.

The world should keep its promises to the poor. The developed world has committed to doing its part to fight global poverty, yet every year it spends some of its valuable development assistance resources on oil and gas subsidies instead of poverty alleviation. This misuse of funds must stop.

It's fiscally irresponsible to spend billions of dollars to subsidize the oil and gas industry while spending billions more to fight oil addiction and combat climate change. Continuing to subsidize the fossil fuel industry undermines investments in new, clean energy technologies, and increases the risk of dangerous climate change.

> "We have an important choice as we help to establish an energy infrastructure in developing countries around the world. Either we follow the current policy and create an oil-based infrastructure that will result in these developing countries producing harmful greenhouse gases, or we establish a renewable energy infrastructure that will make these countries clean energy leaders."
>
> — U.S. Representative Maurice Hinchey (D-NY)

FROM RHETORIC TO REALITY – PUBLIC POLICY INITIATIVES

Momentum to end oil aid is growing. Ending oil aid can happen through a number of different policy vehicles. At the national level, governments can take action to end bilateral support for the oil industry. In addition, international bodies, such as the World Bank, the Organization for Economic Cooperation and Development (OECD), or even the United Nations Framework Convention on Climate Change (UNFCCC) can establish policies which limit or prohibit their support to expanding oil operations in countries around the world. Following are key examples of how public bodies are already working towards ending oil aid.

The End Oil Aid Act in the United States

On April 17, 2007, U.S. Congressman Maurice Hinchey (Democrat, New York) introduced the End Oil Aid Act (H.R. 1886). This bill would limit the use of foreign assistance funds to subsidize the overseas operations of oil and gas companies. Specifically, the bill would make it U.S. policy to oppose oil and gas projects proposed by the World Bank and other multilateral development banks. In addition, the bill would prohibit U.S. export development agencies - the Overseas Private Investment Corporation and the Export-Import Bank - from providing any financing for oil and gas field development projects.

More than 150 organizations from 50 countries recently wrote to US House of Representatives Speaker Nancy Pelosi, recognizing her clean energy efforts and calling on her to lend support to eliminate international 'oil aid'.

In July 2007, The US House passed a reauthorization bill for OPIC which includes end oil aid language in the report: "The Committee discourages the Corporation from pursuing or issuing contracts of insurance, reinsurance, or any guaranty, entering into any agreement to provide financing, or providing other assistance for projects that involve the development, extraction, processing or transportation of crude oil."

The United Kingdom

In the UK there is a growing political consensus regarding the need to phase out the UK's support for fossil-fuel extractive projects via multilateral development banks, and scale up support for genuinely sustainable renewable energy. This is illustrated in policy papers from the major opposition parties, an Early Day Motion and statements from former development secretary Hilary Benn.

The Conservative Party's Quality of Life group's Blueprint for a green economy, submission to the shadow cabinet released in September 2007 urges DFID "to produce an energy and climate strategy, covering both bilateral and multilateral energy funding, which will work towards the phasing out of support for all fossil-fuel extraction projects and an increase in access to energy in the developing world through the promotion of decentralized and low carbon forms of energy and energy efficiency projects"[7].

Similarly the Liberal Democrat policy paper Zero Carbon Britain- taking a global lead, states that "climate change is not given a high enough priority in development programs and that all too often projects are supported which involve, to cite only two areas of concern, non-renewable energy or forest reduction"[8]. The paper states that "coordinated action" is needed through the World Bank, the EU and the OECD to ensure that climate change is mainstreamed into development programmes and initiatives and that "development objectives fully support climate mitigation".

The Liberal Democrat's paper also cites the Environmental Audit Committee's report of 2006 which concluded that "DFID's climate change policy lacks coherence". On the one hand "it highlights the seriously detrimental impacts of climate change on the most poor" and has a mandate to increase access to low carbon energy, alleviate poverty and help mitigate the effects of climate change. On the other "it is directly and indirectly responsible for very significant emissions of carbon into the atmosphere through the projects it funds"[9].

In March of 2007 an Early Day Motion (EDM) on DFID's strategy on climate change and energy was tabled by UK MP Michael Meacher. The EDM notes that DFID's "financial and political support for oil companies in developing countries through multilateral organisations", is "inconsistent with its mandate to alleviate poverty and help mitigate the effects of climate change in those countries". It calls on DFID to produce a strategy on energy and climate change which contributes to emissions reductions by "phasing out support for oil and gas projects, massively increasing support for renewable, decentralised energy supplies, and

UK Parliamentary Motion

EDM 1200: Department for International Development's Strategy on Climate Change and Energy, 22.03.2007
Sponsored by Michael Meacher MP

That this House notes that the Department for International Development (DFID) provides both financial and political support for oil companies in developing countries through multilateral organisations; further notes that this support is inconsistent with its mandate to alleviate poverty and help mitigate the effects of climate change in those countries, and that increasing access to low carbon energy is critical to achieving the Millennium Development Goals; and calls on DFID to produce a strategy on energy and climate change which contribute to overall reductions in carbon dioxide emissions by phasing out support for oil and gas projects, massively increasing support for renewable, decentralised energy supplies, and reporting regularly to Parliament on the impact of its energy and climate change strategy on carbon dioxide emissions and poverty alleviation as part of its duties under the International Develop-ment (Reporting and Transparency) Act 2006.

reporting regularly to Parliament on the impact of its energy and climate change strategy on carbon dioxide emissions and poverty alleviation as part of its duties under the International Development (Reporting and Transparency) Act 2006." Fifty-three MPs have signed on so far[10]. Last year's Early Day Motion, EDM 407, on similar lines was signed by 137 UK MPs, well above average.

In the 2005 evidence session, Joan Ruddock MP asked whether there was "an inconsistency between the lending policies of the international financial institutions and the UK's own commitment to climate change policies", pointing out that the World Bank's support for renewables was a mere six per cent of its energy lending. Then Secretary of State for International Development, Hilary Benn agreed that faster progress was needed, adding "I agree with you completely about the opportunity to skip the generation of power generation in particular that is very polluting". Speaking at the School of Oriental and African Studies in London in April 2007, Benn urged the World Bank to set "bold" new targets for renewable energy investments such as wind and solar, energy efficiency and low-carbon growth to help tackle climate change[11].

World Bank Group Extractive Industries Review

The World Bank Group (WBG) announced in 2000 that it would conduct a comprehensive review of its activities in the extractive industries (EI) sector (oil, gas, and mining production), in response to concerns expressed by a variety of stakeholders, primarily environmental and human rights organizations. The review included an independent evaluation of WBG activities in EI, a CAO report, and a separate independent stakeholder consultation process (Extractive Industries Review) headed by Dr. Emil Salim, concluded in January 2004.

Among its final recommendations, the EIR expert panel urged the World Bank to phase-out support for oil by 2008 and an immediate end to support for coal projects. Unfortunately, the Bank's management did not accept this recommendation in its response. In fact, from FY05 to FY06, the Bank's support for fossil fuel projects, including oil, increased by 93% from $450 million to $869 million. (See data compiled by Bank Information Center.)

European Parliament

- On November 29, 2007, the European Parliament overwhelmingly passed a resolution calling for an end to fossil fuel financing by the European Investment Bank and European ECAs. The text as adopted was:
  Calls for the discontinuation of public support, via export credit agencies and public investment banks, for fossil fuel projects and for the redoubling of efforts to increase the transfer of renewable energy and energy efficient technologies;
  Asks the Commission and the Member States to propose legislative instruments in order that Member State Export Credit Agencies and the European Investment Bank take account of the climate change implications of the funded projects when making or guaranteeing loans and impose a moratorium on funding until sufficient data are available, in accordance with advice from the OECD, G8 and the Extractive Industries Review;
- On March 31, 2004, the European Parliament drafted legislation to endorse the Extractive Industries Review's report because its findings concern "concern European banks, the EIB and the EBRD, because many operations are jointly

financed by the International Finance Corporation and the European banks and there are also implied consequences for the export credit agencies of the member countries." The EU Parliament calls on the Commission, Council and Member States to support notably the following demands of the EIR and to bring all their influence to bear with the aim of their full implementation to align the WBG's energy sector priorities with its environmental and social mandate, and simultaneously increase its investments in renewable energy projects that can help meet the energy needs of the world's poor,

The legislation notes that it represents almost 30% of the vote on the Board of the World Bank and the International Monetary Fund. The legislation concedes that the "EIR report concludes that there is a role for the World Bank Group in the oil, mining and gas sectors, but only when the right conditions are in place to promote poverty reduction and sustainable development."

The Parliament calls on the "Commission to adopt a process in order to reflect the spirit of the EIR recommendations in the EU environmental and social guidelines for economic and development cooperation and notably in its cooperation with the IMF, the World Bank, the EIB and the EBRD. Furthermore, it calls for oil companies to comply with the Extractive Industries Transparency Initiative and for steps to be taken to ensure that national oil companies are subject to the same levels of transparency as regards payments and revenues as private companies."

THE OIL AID DATABASE: METHODOLOGY AND SCOPE

In the spring of 2007, Oil Change International undertook research to describe the scope of Oil Aid, defined as bilateral and multilateral development assistance to the oil and gas sector. That research built on earlier work by the Sustainable Energy and Environment Network (SEEN), which documented massive CO2 emissions generated by World Bank, Ex-Im and OPIC projects.

The Oil Aid database expands on earlier research to include financial assistance from a wider variety of lenders. Our research includes financing from:

- Export Credit Agencies (ECAs) which provide loans, insurance and guarantees to home country companies that want to expand their operations overseas. For example, since 1995, US ECAs have provided billions in financing directly to oil and gas companies including ExxonMobil, Halliburton and Chevron
- Bi-lateral Aid Agencies like the Department for International Development (DFID) in the U.K. or the Agency for International Development (AID) in the U.S.
- Multi-lateral Development Banks (MDBs) like the World Bank Group, European Bank for Reconstruction and Development, Asian Development Bank and InterAmerican Development Bank.

The forms of financing included in the database are primarily loans, grants, equity and loan guarantees. While the latter do not represent the same level of support as a loan or grant, guarantees from large IFIs nevertheless have a convening power and give legitimacy to projects.

The Oil Aid Database includes projects dedicated to natural gas extraction and transport as well as oil. In many cases, the projects are considered both oil and gas. In fact, the oil and gas industries are closely related, and most of the major oil companies are also gas majors.

In addition, to $61.3 billion in oil aid since 2000, roughly $10 billion has been given in aid to various coal projects and the gas power sector. This aid is included in the database, although not in the total figures. We exclude all coal and gas power not because we believe that public funds should support them, but rather because we recognize that in some cases they can relieve energy poverty and support some development objectives in the short term. While we would argue that the harm done by the carbon released from all fossil fuel emissions will ultimately undermine development goals, we recognize that pressing needs for relief from energy poverty can sometimes complicate this conversation.

In addition, because of a lack of transparency in international financial institutions and export credit agencies, information is often incomplete. Additional research is very likely to reveal additional subsidies of the oil and gas industry. The database will be updated as new information becomes available.

Oil Aid By The Numbers

As of the publishing of the Oil Aid Database on December 6th, 2007, we had identified 964 projects worth about $72 billion in fossil fuel financing, of which we identify $61.3 billion as oil aid between 2000 and the present. On balance we consider these figures to be highly conservative.

Under-reporting

Access to information about Oil Aid is uneven. Some projects have an element of secrecy, and the IFIs' notorious lack of transparency is still evident. Some projects are listed without a dollar amount; in those cases we have included the project in our database but assigned it a figure of $0.

On top of this, our research does not include:

- The roughly $150 – $250 Billion, according to the Stern Review, in subsidies that all countries combined pour into their domestic fossil fuel industries.
- The hundreds of billions of dollars used to support military operations that protect fossil fuel resources.

Finally, the lag time in reporting means that our information about financing in 2006 and 2007 is likely to be incomplete.

The Oil Aid database is an ongoing project. We welcome any and all corrections and additions to it. You may suggest additions, or corrections to information by contacting **oilaiddatabase@priceofoil.org.**

1. Leading Oil Aid Donor Countries, 2000-2007

Country	Amount (USD Billions)	Number of Projects
US	15.69	209
EU	7.59	62
Japan	5.71+	184
Canada	6.03	44
UK	2.09	55
Germany	3.14	36
Italy	1.52	4
Sweden	1.03	22
Norway	.96	10

2. Leading Oil Aid Donor Institutions, 2000-2007

Institution	Amount (USD Billions)	Number of Projects
World Bank Group (including IFC and MIGA)	8.81	165
EIB	7.26	56
EBRD	5.61	84
ADB	2.48	46

3. Leading Recipients of Oil Aid, 2000-2007

Country	Amount (USD Billions)	Number of Projects
Mexico	8.28	82
Russia	4.41	47
Indonesia	3.12	49
Iran	2.79	48
Brazil	2.56	40
Azerbaijan	2.36	32
Venezuela	2.34	16
Chad	1.89	16
India	1.57	32

4. Oil Aid By Year

Year Approved	Amount (USD Billions)	Number of Projects
2000	7.90	123
2001	5.23	98
2002	7.97	101
2003	7.19	93
2004	9.41	146
2005	9.98	156
2006	8.17	150
2007	3.30 (partial year)	34

NOTE: The figures in Charts 1-4 are taken from the database at www.endoilaid.org as of Dec 6th, 2007. The database will change as more information becomes available.

ANNEX 1: GLOBAL CALL TO END OIL AID

The following statement has been endorsed by over 200 organizations around the world. To add your organization's name, send a message to oilaidendorse@priceofoil.org.

We, the undersigned representatives of development, environment, faith-based, human rights, community, and indigenous rights groups, are calling on wealthy countries and international institutions to stop using foreign assistance and other public resources to subsidize the activities of international oil companies. These subsidies fuel overconsumption in wealthy countries, benefit an already highly profitable and well-established industry, and exacerbate many of the most urgent problems facing humanity today. It is time to end oil aid.

Money that is supposed to be going to help people in impoverished countries is instead being used to subsidize the oil industry. This oil aid is increasing conflict and poverty in many parts of the world and fueling oil dependence and global warming. The World Bank's own Extractive Industries Review called in late-2003 for an end to oil aid when it recommended that "The World Bank Group should phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development…". Tragically, the World Bank chose to ignore this recommendation and multilateral development banks continue to use public money to subsidize oil companies.

The World Bank Group alone has provided more than $5 billion to oil extraction projects since 1992, while devoting only small fraction of its energy budget to clean, renewable energy sources. Moreover, in the oil sector, over 80 percent of the World Bank's approved finance goes to projects that export to the North. These projects are not about alleviating energy poverty – they're about corporate welfare for oil companies and feeding oil addiction in wealthy countries.

Export credit agencies are also providing subsidies worth billions of dollars a year to oil and gas extraction projects and pipelines. Exxon Mobil alone has received more than a billion dollars in support from export credit agencies since 1995 and companies such as Shell, Halliburton, BP and Chevron, Total and Repsol have received hundreds of millions from these publicly owned institutions.

Oil companies are benefiting from this "oil aid" at the same time that they register record profits. As independent research has increasingly indicated, international oil companies are hindering, not promoting, development in poor countries, fueling conflict and sinking oil-producing countries deeper into poverty and economic inequality. Continued oil dependence has a disproportionate impact on the world's poorest countries at a time of high oil prices, thereby undermining the benefits of debt cancellation and harming the very countries that international institutions like the World Bank should be helping.

Due to these and many other problems, it has long been clear that subsidizing oil companies is not an effective or justifiable way to spend limited development assistance and other public money, but global warming has brought the crisis associated with our addiction to oil into focus like never before. Greenhouse gas emissions from wealthy countries over the past century are largely responsible for the growing problem of climate change, but it is the world's most impoverished countries that will bear a disproportionate burden in the coming decades. By using aid and other public money to subsidize the expansion of oil production, wealthy countries and international institutions are actively exacerbating the problem of global climate change without addressing the core issue of overcoming energy poverty.

Ending oil aid and supporting truly sustainable energy alternatives would be an important step in addressing energy poverty and catalyzing a new energy future. With this in mind, we are calling for an end to international assistance to oil companies.

To see a complete list of signatories, currently 200 organizations from 56 countries, please visit **www.endoilaid.org**

Footnotes

[1] All figures are taken from the Oil Aid database as of Dec 6th, 2007 unless otherwise noted. The database will change as more information becomes available. In particular, later years are known to be incomplete for some institutions. Please check back often at http://oilaid.priceofoil.org

[2] New renewables' is a term used to cover renewable energy such as wind, solar, and mini-hydro. It does not include large hydropower (>10 MW) nor energy efficiency.

[3] Energy to reduce poverty: the urgency for G8 action on climate justice [Acrobat .pdf], page 7, Practical Action, 2007.

[4] In FY06 the International Finance Corporation (IFC) provided $454.4 million in financing to fossil fuels. See statistics [Microsoft xls.] generated by Bank Information Center. The IFC's FY07 Annual Report is available on the IFC's website.

[5] Vallette and Kretzmann, The Energy Tug of War, Institute for Policy Studies, http://www.seen.org/PDFs/Tug_of_war.pdf, p. 2

[6] Vallette and Kretzmann, op cit.

[7] The Conservatives' Blueprint for a Green Economy, the report of the Quality of Life Policy Group, chaired by John Gummer MP, was published on Thursday 13 September 2007. Chapter 9: The Imperative of Climate Change, focuses on perverse subsidies in section 9.3.3.2: Investment priorities. The report makes recommendations to the Conservative Party, and the proposals will be debated by the party before becoming official policy. http://www.qualityoflifechallenge.com/documents/fullreport-1.pdf,

[8] Zero carbon Britain- taking a global lead, section 7.4.2, page 36/7. This policy paper was agreed at conference on 12 September 2007. http://www.libdems.org.uk/media/documents/policies/PP82%20Zero%20Carbon_FINAL.pdf

[9] Trade, Development and Environment: The Role of DFID, July 2006, paragraphs 92 and 93 http://www.publications.parliament.uk/pa/cm200506/cmselect/cmenvaud/1014/1014.pdf

[10] EDM 1200: Department for International Development's strategy on climate change and energy http://edmi.parliament.uk/EDMi/EDMDetails.aspx?EDMID=32957&SESSION=885

[11] Speech by Secretary of State, Hilary Benn, Speech on the Future of the World Bank, Royal Africa Society/School of Oriental and African Studies, London, 12 April 2007 http://www.dfid.gov.uk/News/files/Speeches/world-bank-april07.asp

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