DIRTY DOZEN: HOW PUBLIC FINANCE DRIVES THE CLIMATE CRISIS THROUGH OIL, GAS, AND COAL EXPANSION

THE BIG SHIFT GLOBAL

As heads of state and leading institutions gather on 12th December in Paris to celebrate the second anniversary of the Paris Agreement on climate change, this civil society briefing from the Big Shift Global campaign (www.bigshiftglobal.org) profiles twelve fossil fuel projects - the "Dirty Dozen" - that exemplify the massive volumes of public finance still flowing to fossil fuel projects. These preferential fossil fuel finance flows that benefit the oil, gas, and coal industries are slowing down the energy transition in the global economy, and undermining the spirit of the Paris Agreement and Sustainable Development Goals (SDGs).

These dozen projects are not necessarily the worst or biggest fossil fuel projects benefiting from public finance, but at the One Planet Summit in Paris, France, the Big Shift Global campaign and its partners present these projects as examples of the kinds of activity that communities and concerned citizens across the world want public finance institutions to stop supporting with taxpayer money. If we are to have a hope of meeting globally-agreed climate goals, we must rapidly align global financial flows with low-emission, climate-resilient development, and it is up to government-backed public finance institutions to signal this transition.

The best available climate science shows an urgent need to keep global temperature increases below 1.5°C to avoid the most severe disruptions to people and ecosystems.[1] Recent analysis indicates that burning the reserves in already-operating oil and gas fields alone, even if coal mining is completely phased out, would take the world beyond 1.5°C of warming. The potential carbon emissions from all fossil fuels in the world's already operating fields and mines would take us well beyond a reasonable chance of remaining below 2°C of warming.[2]

The twelve dirty projects in this briefing thus provide a stark contrast to the twelve "transformational" areas for investment that the World Bank Group and other public finance institutions intend to highlight at the One Planet Summit. Scaling up climate finance is an urgent global priority, and the Dirty Dozen projects underscore the other side to this story: public finance is too often going in the wrong direction. Public finance institutions like the World Bank Group, development finance institutions, and export credit agencies - all controlled by governments who are parties to the Paris Agreement - have been undermining their climate finance by continuing to finance fossil fuels, and thus funding the industries that are driving the climate crisis. Instead they need to align their financing portfolio with the aim of limiting warming to below 1.5°C.

Continued public finance for fossil fuel infrastructure is at odds with emerging and established evidence that these projects are not good for the climate or for communities. Recent IEA analysis finds that to achieve universal access to electricity by 2030 in line with the SDG7, most new connections will need to come from distributed renewable energy sources such as off-grid and mini-grid solar as lower-cost solutions,[3] yet public finance institutions continue to prioritize fossil fuel projects.

In total, the multilateral development banks and the public finance institutions of G20 countries provide almost four times as much finance to fossil fuels than to clean energy in an average year. This translates to an average of $71.8 billion per year between 2013-15 in public finance for fossil fuels, compared to just $18.7 billion for renewable energy (that doesn't have negative environmental and social impacts), from the same institutions and world leaders that have committed to achieving the aims of the Paris Agreement.[4] This dirty energy finance even includes billions of dollars in support for exploration for new reserves of oil and gas, as well as new and massively polluting coal-fired power plants. It's time for these institutions to embrace the big shift away from fossil fuels and toward clean energy, including off-grid renewable energy to reach people in poverty and to power economic growth, and to say no to projects like the Dirty Dozen highlighted below.

1 See, for example, Carl-Friedrich Schleussner et al., "Science and policy characteristics of the Paris Agreement temperature goal," Nature Climate Change, July 2016, pp. 827-835.
2 Greg Muttitt, "The Sky's Limit: Why the Paris Climate Goals Require a Managed Decline of Fossil Fuel Production," Oil Change International, September 2016. http://priceofoil.org/2016/09/22/the-skys-limit-report/
3 https://www.iea.org/publications/freepublications/publication/weo-2017-special-report-energy-access-outlook.html
4 Alex Doukas, Kate DeAngelis, and Nicole Ghio. "Talk is Cheap: How G20 Governments are Financing Climate Disaster," Oil Change International, Friends of the Earth US, Sierra Club, and WWF European Policy Office, July 2016. http://priceofoil.org/content/uploads/2017/07/talk_is_cheap_G20_report_July2017.pdf

DIRTY PROJECT 1:
SOUTHERN GAS CORRIDOR

(Inclusive of the Trans-Adriatic Pipeline (TAP), Trans-Anatolian Pipeline (TANAP), and Shah Deniz II gas field in Azerbaijan's Caspian Sea region)

Funded by[5]**:**

- TANAP: World Bank Group ($400 million loans to Turkey and Azerbaijan; $950 million Multilateral Investment Guarantee Agency guarantee covering Azeri government's contribution to the project), European Bank for Reconstruction and Development (EBRD) ($500 million loan), European Investment Bank (EIB) (considering €1 billion loan), Asian Infrastructure Investment Bank ($600 million loan).
- Shah Deniz: EBRD (three loans totalling $550 million), Asian Development Bank (ADB) (two loans totalling $1.25 billion).
- TAP: EIB & EBRD (prospective). These institutions are considering loans of €1.5 billion and $500 million, respectively. TAP is on the agenda for the EIB's 12 December board meeting.

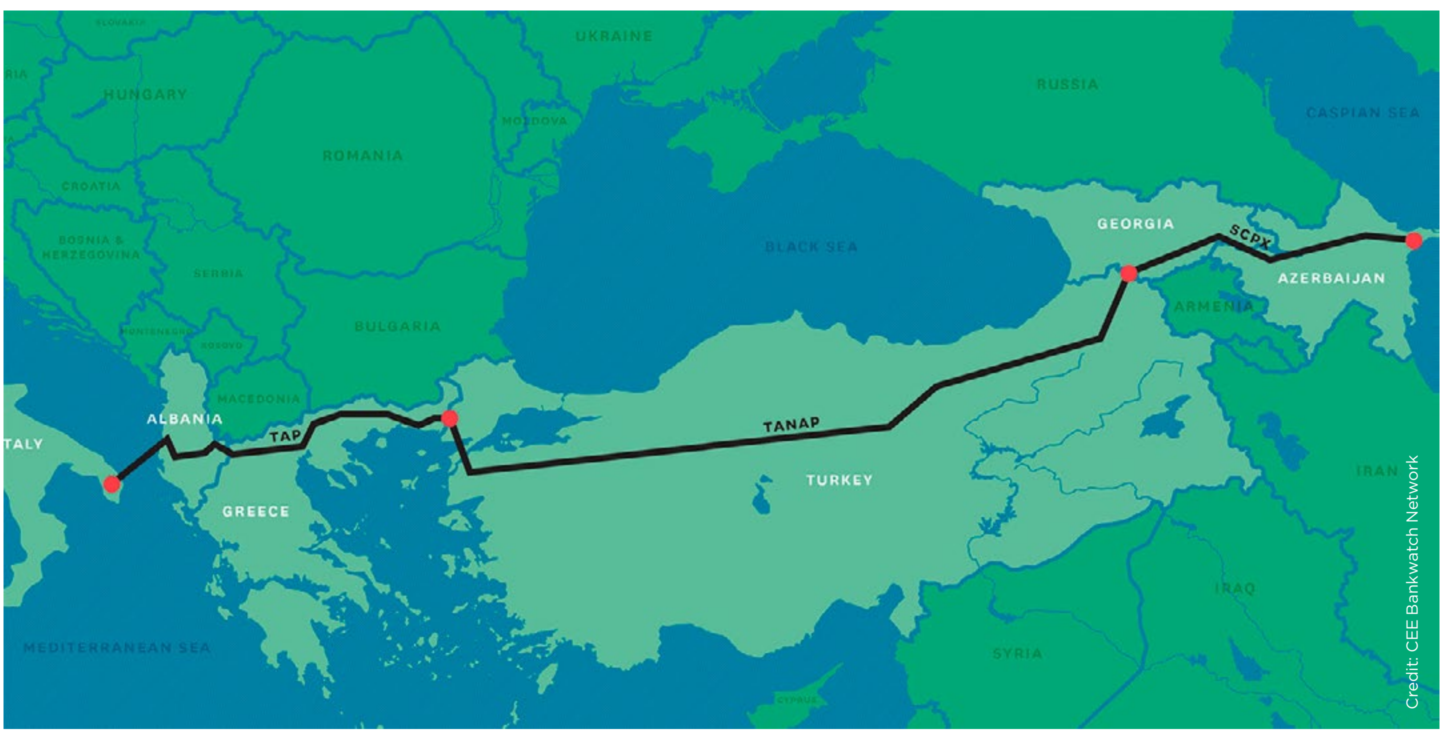
Public Contribution: $8.07 billion in loans and guarantees from Multilateral Development Banks (MDBs) (approved or under consideration), out of $45 billion estimated project costs.[6]

Description: Colossal amounts of public money are being put on the line for a project that would lock Europe into higher fossil fuel dependence for decades, resulting in hundreds of millions of tonnes of CO_2 emissions, with massive risk that these assets will ultimately be stranded. The EU already has an overall surplus of gas import infrastructure. Especially since the 2007 recession, gas demand has significantly decreased. In contrast to official projections, EU gas demand is falling and is now 23% below its peak.[7]

The European Union's 2050 Energy Strategy expects natural gas imports to further decrease under all scenarios. The 2020s, when the pipeline is expected to be operational, should already mark a significant reduction in gas demand according to this roadmap.

In addition, EBRD counted about 4% of their support to the Shah Deniz offshore gas project in Azerbaijan, which links to the Trans-Anatolian Pipeline (TANAP), as 'climate finance' even though climate finance is intended to address climate change[8]. The pipeline is also linked to the Azerbaijani Laundromat scandal, a corruption scandal and money-laundering operation which saw $2.9 billion transacted through a series of shell companies.[9]

Azerbaijan also withdrew from the Extractive Industries Transparency Initiative in March, after a suspension from the body (which includes major MDBs as stakeholders) for failing to improve performance on indicators related to civil society participation.



Credit: CEE Bankwatch Network

5 https://bankwatch.org/project/southern-gas-corridor-euro-caspian-mega-pipeline#project-background
6 https://bankwatch.org/project/southern-gas-corridor-euro-caspian-mega-pipeline#project-background
7 https://www.e3g.org/news/media-room/europes-declining-gas-demand
8 https://www.e3g.org/library/greening-financial-flows-what-progress-has-been-made-development
9 http://www.brettonwoodsproject.org/2017/09/azerbaijani-laundromat-sully-banks-reputation/

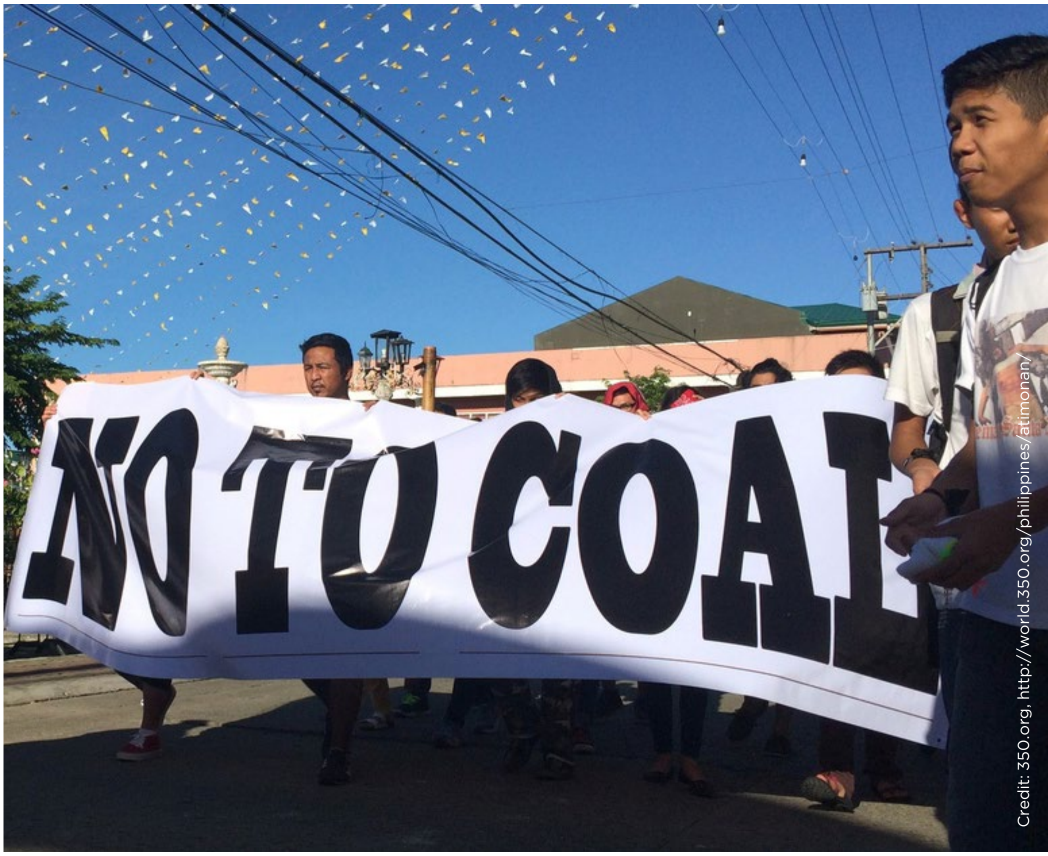
DIRTY PROJECT 2:
ATIMONAN ONE COAL PROJECT IN QUEZON, PHILIPPINES

Funded by: World Bank Group – International Finance Corporation (IFC).

Senior-term loan lenders were reported to be BDO Unibank Inc., China Banking Corp.; Metropolitan Bank & Trust Co.; Philippine National Bank; and Rizal Commercial Banking Corp. BDO Unibank-Trust and Investments Group was the loan facility agent, and Metrobank-Trust Banking Group acted as collateral trustee. BDO Capital & Investment Corp. and First Metro Investment Corp. are joint bookrunners and joint issue coordinators.[10]

Public Contribution: $253 million in IFC funding for Rizal Commercial Banking Corporation (RCBC) funding for 19 coal fired power stations in Philippines.[11] Atimonan is amongst these.

Description: A coal-fired power plant Project, with a land area of up to 130 hectares, will be built in Barangay Villa Ibaba, Atimonan, Quezon.



Activists protest the Atimonan One Coal Project in the Philippines.

The Atimonan One Energy, Inc. (AOE) 2x600MW coal-fired power station project is one of the 35 coal projects in the pipeline in the Philippines, and one of the 19 coal plants and projects that benefitted from IFC funding channelled through RCBC (Rizal Commercial Banking Corporation).

The AOE coal project is one of the 19 coal plants cited in a complaint filed before the Compliance Advisor Ombudsman (CAO), the IFC's independent accountability mechanism, by Philippine Movement for Climate Justice (an umbrella group of over 100 organisations representing various communities and citizen groups in Philippines), as a response to the proliferation of coal plants in the Philippines. The country remains one of the most vulnerable to the devastating effects of the climate crisis, and the historic recent CAO complaint was the first-ever to claim the IFC was fueling climate change through its lending to financial intermediaries.

Community members fear negative health impacts and that they will be economically displaced because of the project. They also fear the negative impacts suffered by communities from two other areas in the same province where coal plants are already operational – Pagbilao, Quezon and Mauban, Quezon. The proposed plant is in the periphery of Lamon Bay, causing a direct threat to the bay.

10 https://www.sourcewatch.org/index.php/Quezon_power_station
11 https://www.inclusivedevelopment.net/campaign/philippines-coal/

DIRTY PROJECT 3:
PETROBRAS OIL AND GAS DEVELOPMENT, BRAZIL

Funded by: UK Export Finance (UKEF), Development Bank of Japan (DBJ), Eksportkreditt Norge of Norway (EN), China Development Bank (CDB), Nippon Export and Investment Insurance of Japan (NEXI), Servizi Assicurativi del Commercio Estero of Italy (SACE).

Public Contribution: UKEF - $88 million in 2014, $364 million in 2015; DBJ - $111 million in 2014; EN - $219 million in 2014; NEXI - $500 million in 2014; CDB - up to $20 billion in three deals signed between 2015 and 2017; SACE - $300 million in 2016.[12]


Credit: Divulgação Petrobras / ABr - Agência Brasil , CC BY 3.0 br

An offshore oil rig owned by Petrobras.

Description: Petrobras, Brazil's state-owned oil company, has benefitted from numerous public finance infusions since 2014, with China Development Bank inking deals with Petrobras worth as much as $20 billion over that period. The scandal-plagued Petrobras is a magnet for controversy, and the Brazilian government is considering a massive $300 billion subsidy for oil producers, due to go to a vote in the legislature just days after the One Planet Summit, on December 15, which would further tilt the balance of benefits of oil and gas production toward the rich, corporate interests and elites who already capture the vast majority of the benefits.

It is notable that the UK's export credit agency, UK Export Finance, provided support to Petrobras in 2015. Further, it was revealed in November, 2017 that the UK government secretly lobbied the Brazilian government on behalf of UK oil interests, discussing relaxation of tax and environmental regulation at the behest of BP and Shell,[13] deepening the controversies around the UK's involvement with, and public finance for, Petrobras.

Exploitation of Brazil's vast pre-salt oil reserves, which are targeted for exploitation by Petrobras, would be disastrous for the climate. This extreme oil is an energy-intensive carbon bomb that is expensive to produce.[14] Offshore oil production has already devastated communities, making waters too dirty to swim in, in some areas. Land defenders and fisherfolk opposing oil and gas development have been killed.[15]

Petrobras is also expanding into areas near uncontacted tribes, and contact could threaten to destroy these communities (especially through introduction of common diseases for which they have no immunity.[16]

12 Source: Oil Change International Shift the Subsidies database.
13 https://www.theguardian.com/environment/2017/nov/19/uk-trade-minister-lobbied-brazil-on-behalf-of-oil-giants
14 https://www.theguardian.com/environment/ng-interactive/2015/jun/25/brazils-gamble-on-deep-water-oil-guanabara-bay
15 ibid
16 https://www.survivalinternational.org/news/10088

DIRTY PROJECT 4:
THABAMETSI COAL PLANT, SOUTH AFRICA

Funded by: Marubeni Corporation (Japan) and KEPCO (South Korea) are planning to get finance from 12 lenders, including:

- South Africa Public Investment Corporation
- Development Bank of Southern Africa
- Industrial Development Corporation
- Standard Bank
- Nedbank
- ABSA
- Rand Merchant Bank.[17]

Public Contributions: ZAR 1.118bn – approximately $82 million – is proposed from Development Bank of Southern Africa.[18]

Description: The Thabametsi project is a planned 630MW coal-fired power plant near Lephalale in South Africa's Limpopo province. The project is being developed by the Thabametsi Power Company, a special purpose vehicle owned by Marubeni and South Korean energy utility KEPCO. The coal for the Thabametsi Power Plant will be supplied by the South African mining company Exxaro Resources' Thabametsi mine in the same location. The plant is expected to be operational in 2021 and is planned to cost $2 billion.

South Africa is already facing the impacts of climate change including weather variability with cycles of droughts and sudden excessive rain. The proposed plant would be located in a water stressed province and according to the plant's water use application, it has not been shown that there will be sufficient water to meet Thabametsi's own water needs – particularly for the whole lifespan. Waste also poses risks to water used for drinking and agriculture. Due to the long lifespan, the plant would mean either that South Africa will not meet its climate change obligations, or that the power plant will close early, becoming a 'stranded asset'.[19] The project impact assessment shows that the plant's emissions - 8.2 million tons of CO_2 equivalent per year[20] - are worse than existing and older Eskom plants. It would be one of the highest emitting plants - 60% more than Medupi or Kusile (two new Eskom coal fired power stations)[21]. The plant is being considered despite the report by the Council for Scientific and Industrial Research (CSIR) finding that new coal in South Africa's energy mix is unnecessary, and that having 70% renewable energy by 2040 will be the cheapest option for South Africa.[22]

Marubeni Corporation's involvement in this project is also highlighted in a new report, "Banks vs. the Paris Agreement," produced by BankTrack, Urgewald, Friends of the Earth France, Re:Common and Rainforest Action Network.

17 https://www.sourcewatch.org/index.php/Thabametsi_power_station
18 https://ijglobal.com/data/transaction/36785/thabametsi-coal-fired-power-plant-5573mw
19 https://www.businesslive.co.za/bd/national/science-and-environment/2017-03-13-court-pours-water-on-coal-fired-power-station-plan/
20 http://earthlife.org.za/2017/02/28/thabametsi-coal-fired-power-station-threatens-local-communities-water-security-and-poses-significant-climate-change-risk/
21 https://www.esi-africa.com/news/thabametsis-climate-change-impact-assessment/
22 https://cer.org.za/news/why-are-sas-big-four-banks-financing-a-new-coal-power-plant-that-risks-becoming-a-stranded-asset

DIRTY PROJECT 5:
ADANI CARMICHAEL COAL MINE, AUSTRALIA

Funder: World Bank Group – International Financial Corporation (IFC).

Public Contribution: Over time, the IFC has provided $1.18 billion to Adani Power through loans, bonds and share issues; and the project may receive additional public finance from Northern Australia Infrastructure Facility.

Description: The proposed Carmichael coal mine in Queensland would be the largest Australia has ever seen, and threatens the Great Barrier Reef, which is the world's largest coral reef system. India's ICICI has provided loans, and was in turn bankrolled by the World Bank's private sector arm, IFC.[23]

The World Bank's private sector arm, IFC, is indirectly involved in funding for Adani because they have provided $1.18 billion to Adani Power through loans, bonds and share issues[24]. The Australia Institute has calculated that the mine would create annual emissions similar to those from countries like Malaysia and Austria.[25] Coral reefs are important global ecosystems, because coral reefs support over a quarter of the world's fish species.[26] The Great Barrier Reef has already faced unprecedented bleaching events in recent years due to pollution and climate change, and experts fear that the coal mine could be the final nail in the coffin for this important ecosystem.

The Australian Government has recently approached China asking for funding, and three Chinese banks have already moved to rule out financial support for Adani's massive Carmichael coal mine.[27] A poll has found that a huge majority of the Australian public also oppose the proposed $1 billion subsidy via a taxpayer-funded concessional loan.[28] Furthermore, the coal from Adani would be destined for India but the economic case does not stack up, since solar energy is now a cheaper option than new coal.[29]

Great Barrier Reef, which is threatened by the project.

23 http://www.inclusivedevelopment.net/wp-content/uploads/2016/12/Outsourcing-Development-India.pdf
24 http://www.inclusivedevelopment.net/wp-content/uploads/2016/12/Outsourcing-Development-India.pdf
25 https://www.theguardian.com/environment/2015/nov/12/coal-from-carmichael-mine-will-create-more-annual-emissions-than-new-york
26 https://coralreef.noaa.gov/aboutcorals/values/biodiversity/
27 https://www.marketforces.org.au/chinese-banks-rule-out-carmichael-coal-mine/
28 http://www.tai.org.au/content/polling-shows-voters-don%E2%80%99t-want-adani-mine
29 https://independentaustralia.net/business/business-display/adani-carmichael-mine-moving-forward-into-the-past,10787

DIRTY PROJECT 6:
CIREBON 2 COAL PLANT, INDONESIA

Greenpeace activists block the loading of coal for the Cirebon coal plant in West Java, Indonesia.

Funded by: Japan Bank for International Cooperation (JBIC) ($730.8 million) & Export–Import Bank of Korea (Kexim) ($417.6 million).[30]

Private banks: ING Bank, Mitsubishi UFJ Financial Group, Mizuho Bank and Sumitomo Mitsui Banking Corporation.

Public Contribution: US$1.148bn.[30]

Description: Cirebon 2 (1,000Mw) is proposed to expand upon the existing Cirebon power station in Indonesia. Since the existing Cirebon power station was commissioned in 2012, local residents have complained about the impacts of pollution on their health and on the shellfish they harvest.[31] Local communities and fishermen fear the plant's expansion will further harm their livelihoods. An Indonesian administrative court ruled earlier this year that a key environmental permit was issued illegally.[32] However, the sponsors filed for another permit and a legal challenge has been mounted against the new permit.[33]

Japan Bank for International Cooperation (JBIC) and the Export-Import Bank of Korea (Kexim) are two of the biggest remaining providers of public finance for coal projects, and both are involved in Cirebon 2. In terms of private banks, Dutch bank ING is involved despite a new policy adopted in November 2015 in the lead-up to COP21, which states that "ING will not finance any new coal-fired power plants".[34]

Marubeni Corporation's involvement in this project is also highlighted in a new report, "Banks vs. the Paris Agreement," produced by BankTrack, Urgewald, Friends of the Earth France, Re:Common and Rainforest Action Network.

30 https://www.marketforces.org.au/research/indonesia/cirebon-2/ and https://ijglobal.com/data/transaction/34565/cirebon-2-coal-fired-power-plant-1000mw-ipp
31 https://endcoal.org/2017/04/embarrassment-for-japanese-government-bank-as-court-rules-coal-plants-permit-illegal/
32 https://endcoal.org/2017/04/embarrassment-for-japanese-government-bank-as-court-rules-coal-plants-permit-illegal/
33 https://www.marketforces.org.au/research/indonesia/cirebon-2/
34 https://www.banktrack.org/project/cirebon3

DIRTY PROJECT 7:
NADOR WEST CARGO PORT, MOROCCO

Funded by: Co-financed by NWM Company, the European Bank for Reconstruction and Development (EBRD), African Development Bank, and Arab Fund for Economic and Social Development (AFESD).

Public Contribution: EBRD loan of €200m of which around 9% counted as climate finance. €113m from African Development Bank.[35] Total project cost is €950 million.

Description: Around 9% of EBRD's funding to the project (around $20m) was counted as climate finance on the basis that it would make the project more resilient to climate impacts. In terms of capacity, this deep-water port will handle 7 million tonnes of coal per year and 25 million tonnes of hydrocarbons.[36] This demonstrates that there has been an overlap between climate finance and fossil fuel finance.[37] The European Bank for Reconstruction and Development (EBRD) is aiming for green financing to total some €18 billion over the next five years.[38]

It is unclear why a portion of the finance for this project was counted as climate finance, since neither the Environmental and Social Action Plan nor the Non-Technical Summary make references to climate change or adaptation.

Project documents show the port is mainly for receiving coal and that the port is expected to accommodate "onsite processing and storage of petroleum/hydrocarbons products" as well as "processing, handling and transport of other bulk materials including coal".[39]

35 http://www.maroc.ma/en/news/afdb-commits-eu-113-million-moroccos-nador-west-med-port-complex
36 http://www.ebrd.com/work-with-us/projects/esia/nador-west-med-port-project.html
37 https://www.e3g.org/docs/E3G_Briefing_-_MDB_Climate_vs_Fossil_Finance_-_FINAL_061017.pdf
38 http://newsroom.unfccc.int/financial-flows/climate-finance-building-ahead-of-paris-overview-of-recent-announcements/
39 http://www.ebrd.com/work-with-us/projects/esia/nador-west-med-port-project.html

DIRTY PROJECT 8:
CITLA ENERGY OIL EXPLORATION AND PRODUCTION, MEXICO

Funded by: World Bank Group - Inter national Finance Corporation (IFC).

Public Contribution: $60 million equity investment.[40]

Description: A main purpose of the project, according to the IFC documentation, is "opening up new hydrocarbon discoveries in the region."[41] Exploring for new oil and gas resources, especially using public resources to do so, is antithetical to the aims of the Paris Agreement.

This project would support private sector participation in the Mexico's liberalizing oil and gas environment. At the time the project was approved, it was not clear where in Mexico Citla Energy might operate, as it was looking to acquire and develop hydrocarbon resources.

While it appears Citla Energy's early focus will be on shallow offshore exploration and appraisal,[42] it could operate anywhere in Mexico where there are hydrocarbon resources. Thus, it is useful to look at existing conflicts in hydrocarbon extraction regions in Mexico.

Community opposition to fracking is significant across Mexico.[43] In the case of Nuevo Leon province, farmers have opposed fracking as up to 20,000 wells are expected to be drilled, potentially affecting millions of people.[44] Local farmers, environmental justice organizations, social movements, and women's groups have all mobilized against fracking in this region, protesting increased seismic activity and earthquakes in the region that are associated with fracking activity (likely due to reinjection of produced water).

Devastating spills from offshore oil production have occurred in the Gulf of Mexico, both in US waters and Mexico's waters. BP's Deepwater Horizon spill in the Gulf of Mexico 2010 is still regarded as one of the worst industrial disasters in recent history, yet the IFC's equity investment will support further exploration and production of oil in the Gulf of Mexico's waters.

Image shows burning gases from the Deepwater Horizon well in the Gulf of Mexico. IFC's investment will support further exploration in the Gulf of Mexico.

40 https://disclosures.ifc.org/#/projectDetail/SII/37179
41 https://disclosures.ifc.org/#/projectDetail/SII/37179
42 http://www.citlaenergy.com/news/citla-energy-signs-three-contracts-for-hydrocarbon-exploration-and-production-in-mexican-shallow-waters_13
43 http://fnsnews.nmsu.edu/fracking-fights-loom-large-in-mexico/
44 https://ejatlas.org/conflict/earthquakes-conflict-linked-to-fracking-nuevo-leon-mexico

DIRTY PROJECT 9:
TAR SANDS DEVELOPMENT, CANADA

Funded by: Export Development Canada (EDC).

Public Contribution: Up to $2.6 billion ($3.5 billion CAD) from 2014 to 2017.

Description: Over the past several years, Export Development Canada (EDC) - Canada's official export credit agency - has provided billions of dollars in public finance to companies primarily or exclusively involved in the extraction of Canada's highly-polluting tar sands. While the total level of EDC's support for tar sands enterprises is difficult to assess with precision due to a lack of transparency from the institution, EDC has provided as much as $2.6 billion in public finance directly to Canada's top 10 tar sands companies since 2014,[45] in nearly 20 separate transactions.

One of the most recent transactions occurred in November 2017: $100 million to $250 million in financing for Suncor Energy Inc., the largest global producer of tar sands bitumen. Increasingly, private banks are refusing to finance tar sands pipelines,[46] yet Canada's government-backed EDC continues to prop-up pipeline and tar sands companies.

Tar sands oil is among the world's dirtiest and most energy-intensive to produce. The industry is a major contributor to global climate change and is the fastest growing source of greenhouse gas pollution in Canada.[47]

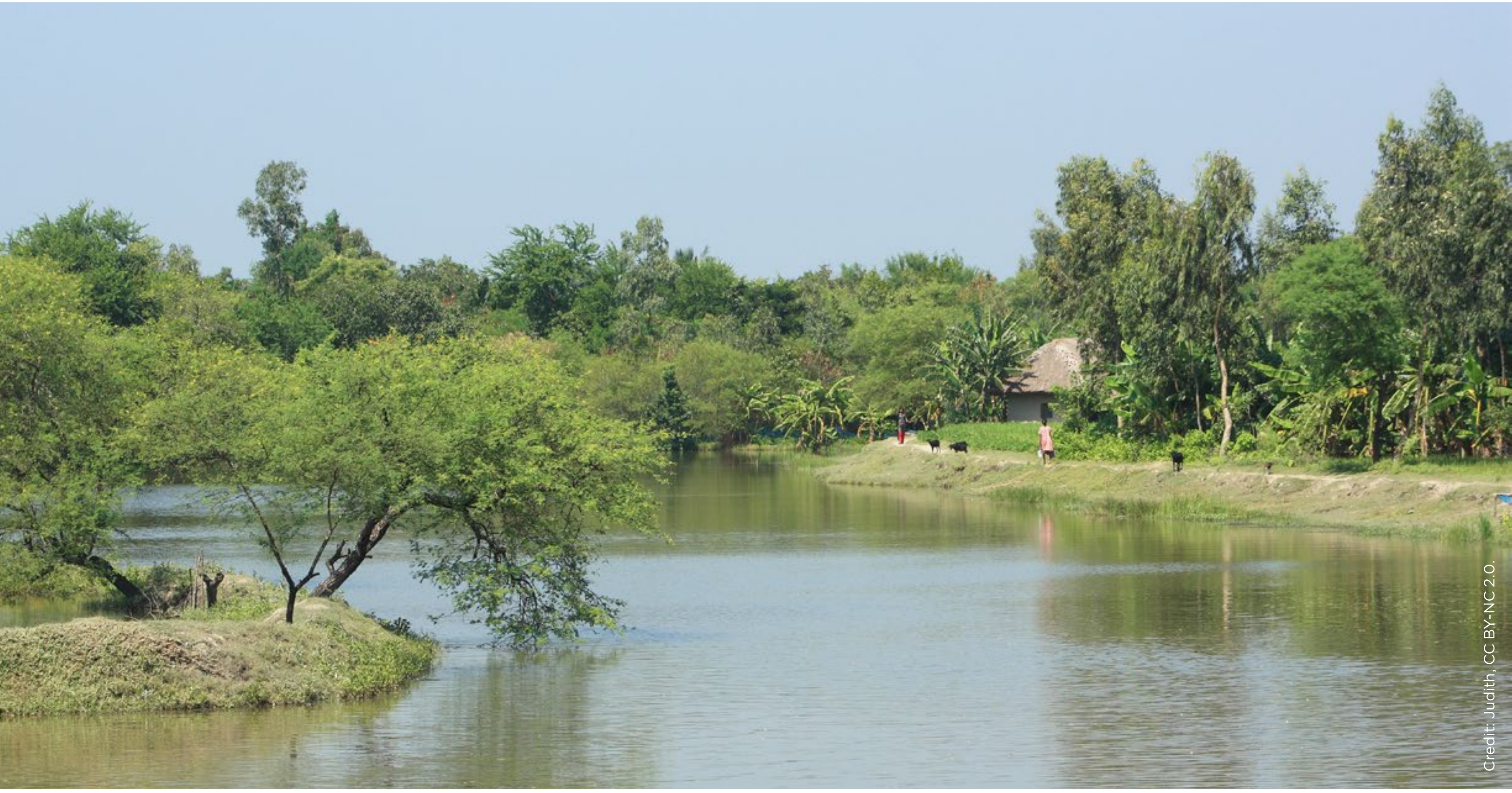
Tar sands companies continue to violate the rights of Indigenous Peoples, sacrificing the cultural heritage, land, ecosystems and human health of First Nation communities in the region.

To make matters worse, Canada's tar sands are high-cost and high risk - new development is only economical at oil prices significantly higher than today's - yet Canada's government-backed EDC continues to put hundreds of millions of additional taxpayer-backed dollars at risk this year by investing more in tar sands and pipeline companies, even as other providers of finance are turning away from these projects due to their substantial risks.

Suncor tar sands facility in Alberta, Canada.

45 https://www19.edc.ca/edcsecure/disclosure/DisclosureView.aspx and Oil Change International's Shift the Subsidies Database.
46 https://nowtoronto.com/news/banks-bailing-on-tar-sands-pipelines/
47 https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions/canadian-economic-sector.html

DIRTY PROJECT 10:
RAMPAL COAL PLANT, BANGLADESH



Sundarbans forest, which is threatened by the project.

Lender: India Export-Import Bank, NTPC Ltd, Bangladesh Infrastructure Finance Fund, and IFC (indirect).

Public Contribution: Since 2005, IFC provided half a billion dollars in loans to six Indian commercial banks, which have gone on to provide financing to the project's developers.[48]

Description: IFC funding via financial intermediaries has helped lead to the decision to build this plant, which will impact the nearby Sundarbans coastal forest (a UNESCO World Heritage site). World Bank's private-sector arm, the International Finance Corporation (IFC), is a substantial indirect backer of the plant via its investments in Indian banks.[49] The Asian Development Bank has also proposed a $700 million loan to build transmission lines that will carry the electricity from the plant. The UK's development finance institution, CDC Group, has similarly funded financial intermediaries that are helping to bankroll Rampal.[50]

Rampal is being built just 14 kilometres from the Sundarbans mangrove forest. Mangrove forests are vitally important ecosystems for climate change as they act as natural scrubbers of carbon from the air, and are among the most carbon-rich habitats on the planet.[51] The Sundarbans is the largest mangrove forest in the world and is also one of the last remaining habitats of the endangered Royal Bengal tiger. The Sundarbans forest also acts as a protection barrier for the coast in Bangladesh, as it protects against sea level rise, flooding and cyclones.[52] Earlier this year, police launched tear gas against anti-Rampal protesters and 20 protesters were injured.[53]

NTPC's involvement in this project is also highlighted in a new report, "Banks vs. the Paris Agreement," produced by BankTrack, Urgewald, Friends of the Earth France, Re:Common and Rainforest Action Network.

48 https://www.inclusivedevelopment.net/report-shines-a-light-on-hidden-backers-of-worlds-most-destructive-coal-project/
49 https://www.inclusivedevelopment.net/wp-content/uploads/2017/10/Rampal-report-with-links.pdf
50 https://www.inclusivedevelopment.net/report-shines-a-light-on-hidden-backers-of-worlds-most-destructive-coal-project/
51 https://blog.nature.org/science/2013/10/11/new-science-mangrove-forests-carbon-store-map/
52 http://www.dhakatribune.com/opinion/op-ed/2017/06/22/worlds-newest-development-bank-wont-fund-coal/
53 https://www.reuters.com/article/bangladesh-landrights-powerstation/feature-politics-of-death-the-bangladeshi-professor-defending-nature-with-his-life-idUSL8N1IK32J

DIRTY PROJECT 11:
LAMU COAL PLANT, KENYA

A photo of historic Lamu Old Town, threatened by the coal power project.

Funded by: Africa Development Bank (AfDB) (prospective), Industrial and Commercial Bank of China (ICBC).

Developer: Amu Power (Centum Investments, Gulf Energy, Sichuan Electric Power and Design and Consulting, China Huadian Corporation Power Operation Company and Sichuan No.3 Power Construction Company).

Public Contribution: ICBC $900m, AfDB $100m (prospective).

Description: The proposed 1,050 MW Lamu coal plant would be the first of its kind in East Africa, and is slated to be constructed a mere 21km from the Lamu UNESCO world heritage site. The Industrial and Commercial Bank of China (ICBC), which is 71% owned by China's government, will provide most of the financing (approximately USD $900 million)[54] through Amu Power, a special purpose joint venture of Kenyan companies (Gulf Energy and Centum Investment companies) while the African Development Bank (AfDB) is considering providing a partial risk guarantee for this project.[55] The opposition to this plant was initiated by Lamu residents a few years ago and has escalated into a national anti-coal campaign called decoalonize.org.

Local communities have expressed concerns that the project is being developed without meaningful community participation and without considering the environmental, social and cultural risks. Among the concerns raised, local fishing grounds will be affected as well as displacing local farming communities without formal land titles. The Lamu power plant is set to be constructed among the Lamu mangrove forests which act as a natural protection barrier for the coastline, and there are potential impacts on fish populations that will affect food security.[56] The project is also expected to result in 1,600 premature deaths due to air pollution, according to one analysis.[57] The costs of the electricity produced do not factor in the costs of health impacts or costs of climate change impacts[58] but instead these costs are to be borne by local communities. The project's Environmental Impact Assessment (EIA) also failed to consider the local renewable energy potential as an alternative to this project.[59]

54 http://www.icbc.com.cn/icbc/en/newsupdates/icbc%20news/icbc%20arranges%20financing%20for%20the%20largest%20power%20plant%20project%20in%20eastern%20africa.htm
55 https://www.esi-africa.com/news/afdb-backing-lamu-coal-plant-project/
56 https://www.accountabilitycounsel.org/wp-content/uploads/2017/11/10.1.15-Save-Lamu-Letter-to-AfDB.pdf
57 https://medium.com/@deCOAL/lamu-coal-plant-will-lead-to-deaths-d2a7cfa07c81
58 https://guardian.ng/business-services/lamu-coal-plant-doesnt-make-sense-as-kenya-has-better-energy-options/
59 https://www.the-star.co.ke/news/2017/06/05/is-the-lamu-coal-power-plant-a-poisoned-chalice-to-the-economy_c1571770

DIRTY PROJECT 12:
GAS DEVELOPMENT AND LNG PROJECT, MOZAMBIQUE

Funded by:

- 5 Export Credit Agencies: Compagnie Francaise d'Assurance pour le Commerce Exterieur (COFACE), Export-Import Bank of China (Exim Bank of China), Export-Import Bank of Korea (KEXIM), Korea Trade Insurance Corporation (KSURE) and Italy-based SACE.
- 2 National Development Banks: Korea Development Bank and China Development Bank.
- 13 Banks: Credit Agricole, HSBC, SMBC, ABN AMRO, BNP Paribas,Millennium BCP, Natixis, Societe Generale, Standard Bank, UBI Banca & UniCredit, Bank of China, and Industrial and Commercial Bank of China (ICBC).[60]

Total Cost: $8 billion.

Description: Five export credit agencies (ECAs) from France, China, South Korea and Italy, two national development banks (from China and South Korea), and over a dozen private banks are poised to finance major gas development projects in northern Mozambique.[61] This example is for only one of six development areas. Onshore and offshore gas exploration in the past few years has discovered a major gas field in the northern part of Mozambique. Plans to exploit this gas are now moving fast. In the meantime, there is evidence that in many cases the rights of local communities, the environment, and climate pollution are not being fully considered by the Mozambican government, the public finance institutions backing the project, nor the private sector developers.

A local villager tells his story of how he has been impacted by the gas development during a meeting with a project-impacted community in northern Mozambique.

Local communities perceive that their land has been taken from them without consultation or adequate compensation. At the same time, very few of the promised benefits of the project appear to be materializing. Interviews with hotel owners and local tour operators revealed concerns about the impacts of the gas development on wildlife and tourism.[62] A hotel owner on Ibo Island said that she has already seen the impacts on the island and in nearby Pemba, where wildlife and tourism have been almost completely destroyed. For instance, whales, which used to stop in the bay at Pemba on their journey south for the winter, no longer come into Pemba or are seen for much shorter times in the area.[63] Since 75% of the country is not connected to the grid, little of the gas that stays inside the country is likely to benefit local people most in need.

60 http://www.debtwire.com/info/mozambique%E2%80%99s-coral-south-operators-sign-usd-8bn-lng-project-financing-all-lenders-revealed
61 http://www.debtwire.com/info/mozambique%E2%80%99s-coral-south-operators-sign-usd-8bn-lng-project-financing-all-lenders-revealed
62 http://webiva-downton.s3.amazonaws.com/877/8e/a/9041/1/2016.09.14_Mozambique_LNG_Trip_Report.pdf
63 ibid

CONCLUSION

Climate change is disproportionately affecting the poorest people on the planet, and the World Bank Group states that its goal is to end extreme poverty at the global level within a generation. However, as we have seen in these "Dirty Dozen" projects, the World Bank Group and other multilateral development banks, export credit agencies, and development finance institutions still use public funds to support projects that contribute further to the release of greenhouse gases into the atmosphere, accelerating and exacerbating the dangers from climate change.

These are just a handful of projects, which represent billions of dollars in public finance that still flow to fossil fuel expansion each year, including for the worst kinds of fossil fuel production such as exploration for more oil, gas, and coal resources as well as expansion of coal-fired power plants.

Tackling climate change is not only possible; the transition to a sustainable future also presents huge opportunities.

Public banks and lenders are in a good position to lead the transition by re-aligning their policy finance and direct investments with a sustainable future. They have an opportunity to support countries in putting the poorest first by supporting universal energy access by 2030, which will be largely driven by distributed renewable energy; and they can help reshape the vision of what development looks like and move beyond the energy and infrastructure options of centuries past.

The Big Shift Global is a coalition of dozens of global, regional and national organisations coming together to mobilise for the shift to a sustainable development pathway aligned with the Paris Agreement goal of 1.5°C and delivering access to affordable, reliable, sustainable and modern energy for all by 2030 SDG7. The urgency of action needed to meet these goals cannot be overstated. Far greater levels of support for energy access, renewables and energy efficiency are required to help peak global greenhouse gas emissions by 2020, followed by rapid carbon emissions reductions.

We call on public finance institutions to phase out fossil fuel finance by 2020 and enhanced clean energy access, and to increase transparency of their reporting (particularly with respect to fossil fuels).

As steps on the path toward shifting away from fossil fuel finance and scaling up clean energy access, the Big Shift Global campaign calls on public finance institutions, and specifically the World Bank Group, to immediately end finance for fossil fuel exploration and remaining coal finance, while establishing a clear roadmap to aligning their finance with a future that keeps global temperature increase below 1.5 degrees.

As highlighted in this briefing, the World Bank Group and other public finance institutions still have much work to do in order to align their activities with a truly climate-resilient, low-emissions future.

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