

Using international public finance to unlock a just transition: key data and opportunities

Briefing | Oil Change International

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**Public Finance for  
Energy Database**

# 1 | Why track international public finance for energy?

## Public finance shapes our future energy systems.

Public finance institutions' investments total \$2.2 trillion a year: an [estimated](#) 10% of global financial flows. Worldwide, 693 government owned or operated banks own assets worth about [\\$38 trillion](#) and if central banks, sovereign wealth funds, pensions, and multilateral banks are also included, this doubles to \$73 trillion.

The impact of this finance reaches beyond its own scale because public finance has an outsized influence on the decisions private financiers make. This is because public finance has government-backed credit ratings, is often provided at below-market rates, often has larger research and technical capacity, and signals broader government priorities. All of this helps make a project a less risky and more attractive investment. Governments' public finance choices play a large role in shaping our future energy system. At a time when climate science shows that we need a rapid and just transition from fossil fuels to avoid the worst impacts of climate change, the kinds of projects public finance institutions decide to fund matter more than ever.

## G20 international public finance is currently blocking a just energy transition, bankrolling 2.5 times more fossil fuels than clean energy.

The headline finding of Public Finance for Energy Database is that wealthy G20 countries have been using public finance to prop up fossil fuel companies and prolong the fossil fuel era. Between 2018 and 2020, our data shows that G20 public finance institutions (DFIs, ECAs, and MDBs) provided at least \$63 billion per year (\$188 billion in total) for oil, gas, and coal projects.

This was 2.5 times more than support provided by the same institutions for clean energy, which averaged \$26 billion per year. This fossil fuel support is undermining our ability to secure a livable future.

Limiting global warming to 1.5°C requires governments to put an immediate halt to public finance for fossil fuel projects and instead shift this to clean energy and a just energy transition. In its April 2022 report, the Intergovernmental Panel on Climate Change (IPCC) concluded that global financial flows remain severely misaligned with the Paris goals, with large scale public finance for fossil fuels being the most glaring example (see Ch.15, p. 26-28 of [IPCC AR6 WGIII](#)). Existing fossil fuel infrastructure, if it continues to operate as planned, would already push the world far beyond 1.5°C. Some of the oil and gas fields, coal mines, and fossil fuel-burning power plants already built will need to be decommissioned and retired early to keep the Paris goals in reach, as shown by analysis published in [Nature](#) and by [Oil Change International](#).

The International Energy Agency (IEA) is also clear that there are no investments in coal, in new oil or gas supply, or liquified natural gas (LNG) infrastructure in its [scenario](#) that maintains a 50% chance of limiting global warming to 1.5°C. At the same time, clean energy and energy efficiency infrastructure will need to grow exponentially. The IEA estimates that to stay below 1.5°C, annual clean energy investments need to [more than triple](#) by 2030 to around \$4 trillion.

This finance also contradicts decades of climate commitments. In 2009, G20 governments pledged to phase out inefficient fossil fuel subsidies, recognizing that they “encourage wasteful consumption, reduce our energy security, [and] impede investment in clean energy sources.” Under the Paris Agreement, countries committed to making finance flows ‘consistent with a pathway towards low greenhouse gas emissions and climate-resilient development’ (Article 2.1(c)). These commitments have since been reiterated in many G7 and G20 Statements and in the [decision text](#) at the global climate conference in Glasgow in 2021.



## Public Finance for Energy Database

**Public Finance for Energy Database is a tool to make these flows visible, gathering 14,000 transactions over more than a decade.**

Since 2008, Oil Change International (OCI) has been tracking public finance at the transaction and project level from the major Multilateral Development Banks (MDBs), and since 2013 we have tracked G20 country bilateral development finance institutions (DFIs) and export credit agencies (ECAs) as well. OCI’s Public Finance for Energy Database (formerly the Shift the Subsidies Database) now includes over 14,000 transactions totaling nearly \$2 trillion. It is the only publicly available database tracking public finance flows for energy that covers more than one country or institution, and is used widely by governments, academics, media, civil society groups, and intergovernmental organizations

including [BloombergNEF](#), [Reuters](#), [Energy Monitor](#), [Nature](#), and [Cambridge University](#).

The database tracks loans, guarantees, equity, and grants for all forms of energy, splitting transactions into fossil fuel, clean, and other forms of energy as well as more detailed subsectors. We source this data primarily from government and institution reporting but also use Infrastructure Journal Global, Boston University’s China Global Energy Database, media reporting, and investigations by our partners at [Solutions for our Climate](#) (Korea), [Jubilee Australia](#), and [Urgewald](#) (Germany) among others.

The institutions that the database covers primarily provide energy finance internationally, but some of these institutions also provide domestic support. These domestic projects are included in the database so we can get a full picture of each institution’s energy finance. You can access the data and read a more detailed methodology at [energyfinance.org](#). We also publish annual [in-depth reports](#) on the trends in this dataset with Friends of the Earth US when our new data is available.

Public Finance for Energy Database also has a [policy tracker](#) that keeps track of G20 country and multilateral development bank policies dealing with coal, oil, and gas across the supply chain, which alongside the data can be used to track progress towards international climate commitments.

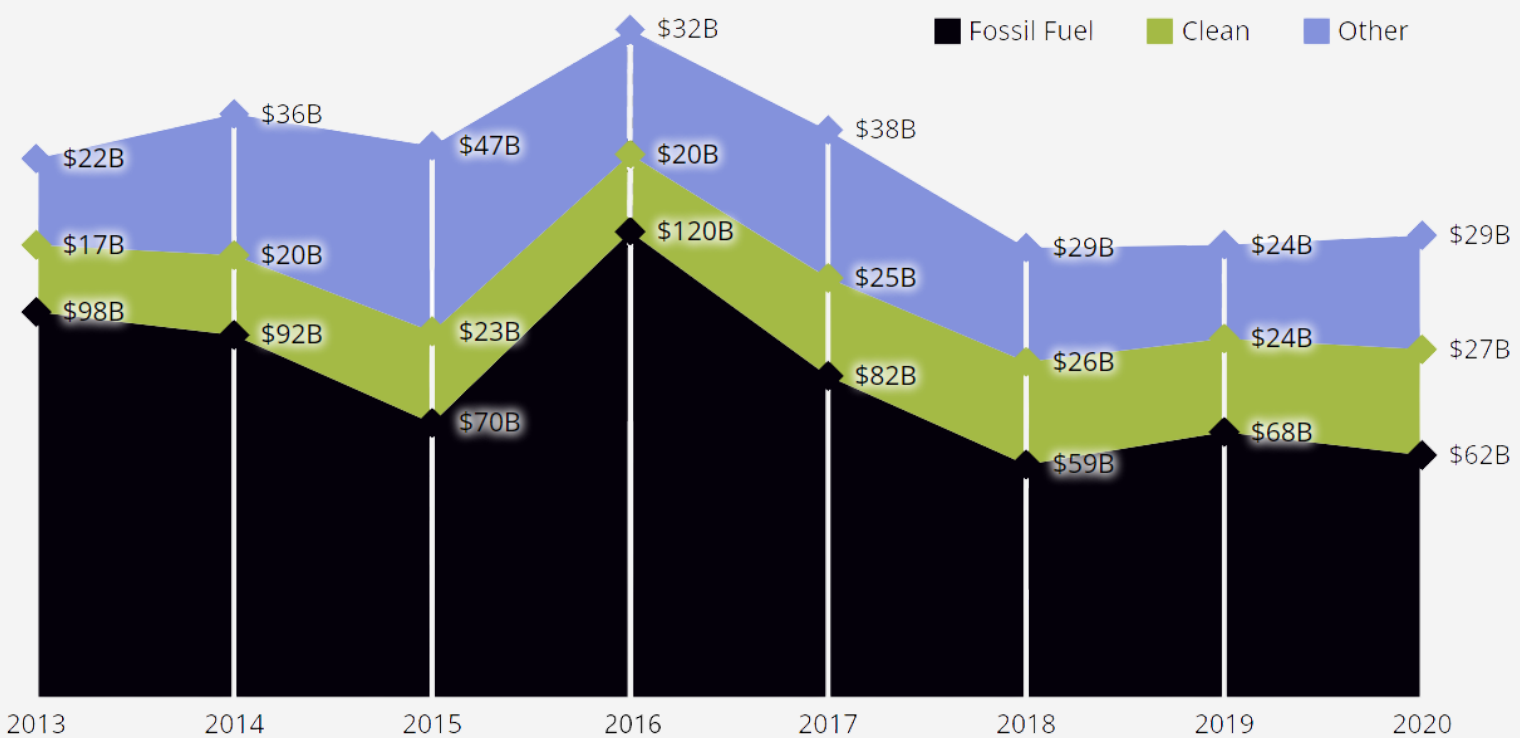
# 2 | What the Public Finance for Energy

## Database shows

**International public finance remains skewed towards fossil fuels.** Public finance for oil, gas, and coal has only dropped slightly since 2013. In the absence of more widespread policies to end fossil fuel finance and improved transparency, this decrease is neither guaranteed nor permanent. The pace of the

potential decline is also far out of step with the immediate halt to public support for new fossil fuel projects that is needed. Meanwhile, support for clean has remained largely stagnant over the same period instead of showing the exponential growth that would be necessary to meet clean energy goals.

**Annual G20 and MDB Public Finance for Fossil Fuels, Clean, and Other Energy**

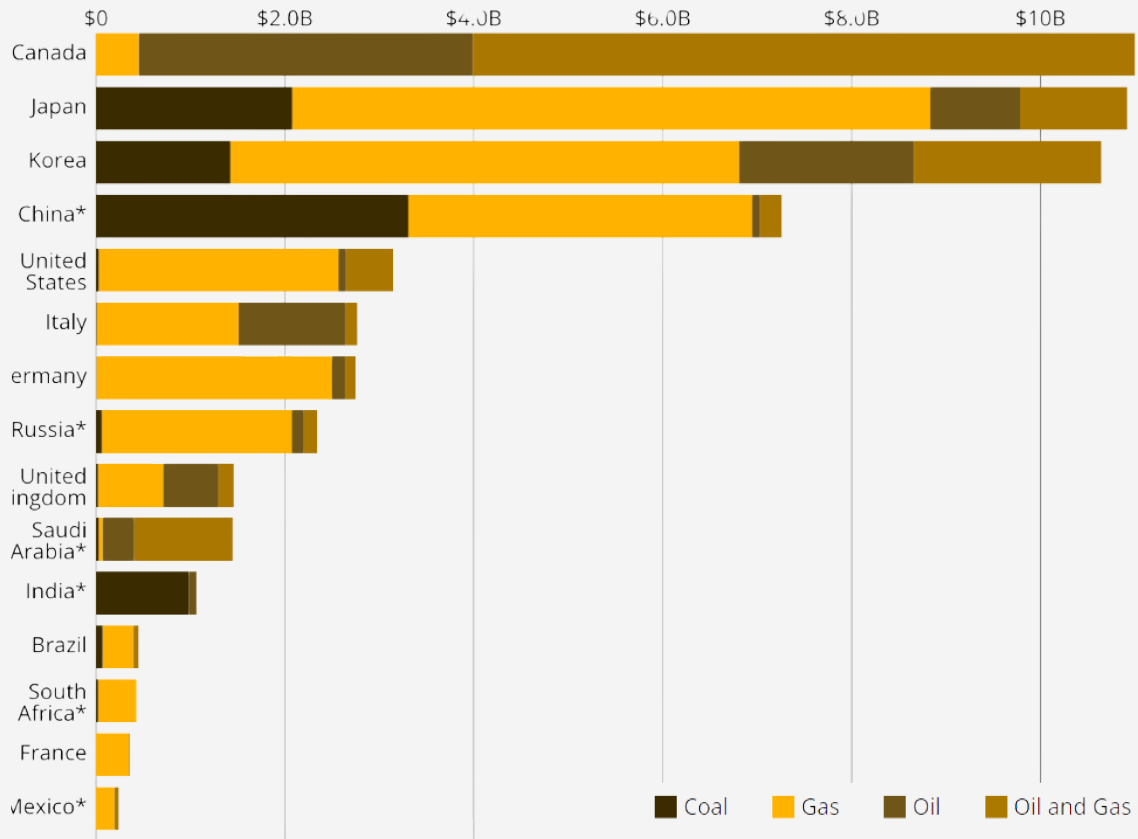


**Fossil gas<sup>1</sup> now receives more than any other energy source.** Most public finance (51%) for energy now flows to fossil gas and this support is growing. This \$32 billion a year in gas support is greater than the \$26 billion year in support for all kinds of clean energy combined. This does not include further fossil gas support in the mixed “Oil and Gas” category where projects include both and the breakdown of support between the two is unclear. By project type, LNG facilities and power plants receive the most gas support.

**Export credit agencies are the worst international public finance actors.** ECAs are trade-focused institutions that exist to support domestic companies in doing business abroad. They provide the most support to fossil fuel projects out of the three institution types Public Finance for Energy Database tracks, with 11 times more support for fossil fuels (\$40 billion per year in 2018 to 2020) than clean energy (\$3.5 billion per year).

1. Fossil gas refers to gas composed primarily of methane from hydrocarbon (fossil fuel) sources. It is what the fossil fuel industry calls natural gas.

## Public finance for fossil fuels, top 15 G20 countries, annual average 2018-2020



### Canada, Japan, Korea, & China are the largest providers of public finance for fossil fuels.

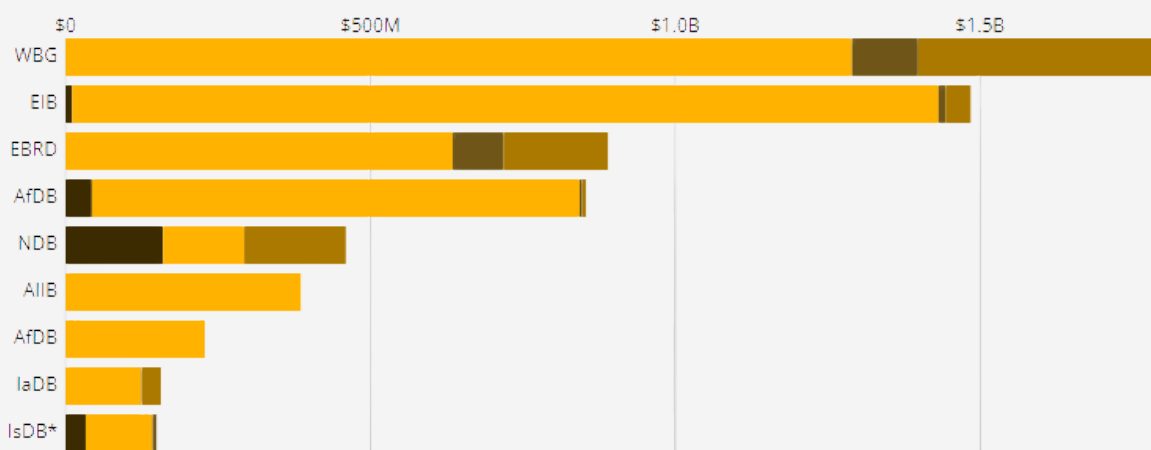
From 2018 to 2020 they provided \$11.0 billion, \$10.9 billion, \$10.6 billion, and \$7.3 billion a year for fossil fuels respectively, together accounting for 46% of G20 fossil fuel finance.

### Multilateral Development Banks (MDBs) provide less fossil fuel finance than their bilateral peers but have influential “policy-based finance” that is not well accounted for.

In comparison to ECAs and DFIs, the MDBs have a better record. Between 2018 and 2020 they financed \$6.4 billion a year in fossil fuels,

just under half of their support for clean energy. However, given their mandate for sustainable development and high amount of concessional and grant-based finance the persistence of any direct fossil fuel finance is especially concerning. Unlike the other institutions covered in the OCI database, many MDBs also give highly influential “policy-based finance” given across government departments to shape policies that is not usually possible to reflect in this data – see this [review](#) of the World Bank’s recent policy-based lending in Asia for some examples.

## Public finance for fossil fuels, major MDBs, annual average 2018-2020



**Germany, France, and Japan provide the most international public finance for clean energy.**

At \$2.8 billion, \$1.4 billion, and \$1.3 billion respectively per year 2018-2020, these levels are still many times lower than what would be needed to move meaningfully towards global climate targets. G20 and MDB clean energy support also flows disproportionately to other wealthy countries.

**G20 international public finance for fossil fuels nearly outweighs all countries' climate finance.**

The \$63 billion a year in international public finance for fossil fuels from G20 countries and the MDBs they govern is just shy of the [\\$65 billion](#) a year that the larger group of 'donor' countries in the Organisation for Economic Cooperation and Development (OECD) countries is paying in public climate finance flows (2018-2019 average, 2020 figures are not yet available). This fossil fuel support is directly contradictory to the goals of climate finance and is provided by many of the same countries and institutions.

**Most international public finance flows between wealthy countries, not to lower income countries in support of development.**

Of the top 20 recipients of public finance for fossil fuels, only one was low-income by the World Bank classification (Mozambique). Six were lower-middle income, and the remainder were upper or middle income. For clean energy, there were no low-income countries in the top 20 and just three lower-middle income countries. While transparency is a barrier, we also find comparatively little public finance coming from the G20 members with the lowest income per capita. It is largely wealthy countries financing fossil fuel projects in other wealthy countries.

**Public fossil fuel finance is locking out just development and adding to unfair debt burdens in the Global South.** When public finance for fossil fuels does flow to low-income countries, it has [rarely delivered](#) on its promises of job creation, energy access, or revenues for public goods. This is because contracts are [often structured](#) to prioritize corporate profit over government revenues or to guarantee minimum government purchases of fossil fuels that crowd out clean energy development. This finance is also often focused on extraction or transportation infrastructure for export rather than domestic consumption. For example, in Mozambique 98.5% of the \$18.5 billion in public finance committed in 2018-2020 has gone to facilities linked to the extraction and export of the country's offshore gas rather than domestic consumption or energy access. More broadly, from 2014-2016, only [4%](#) of international public finance for fossil fuels in Africa went to energy access. As the risks of stranded assets for fossil fuels [grow](#), G20 and MDB loans for fossil fuel projects are also increasingly likely to add to low-income countries' [debt burdens](#). The [impacts](#) of the pollution left behind are disproportionately borne by Indigenous communities, low-income workers, and women and sexual- and gender minority populations, and there are rarely funds or recourse available to ensure clean-up. Government-backed finance is essentially privatizing the remaining profits of fossil fuel ventures while socializing the risks.

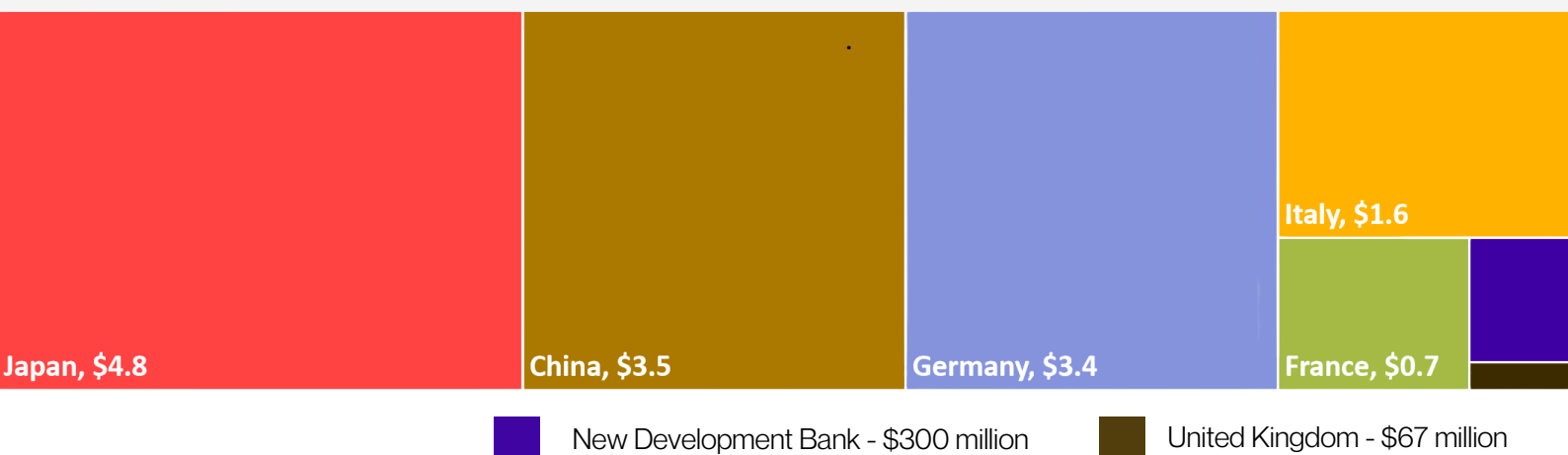


**Putin’s war is subsidized through international public finance for fossil fuels.** With the \$14.4 billion from the countries shown below, Russia was the [second-largest recipient](#) of G20 and MDB international public finance for fossil fuel projects between 2018 and 2020 despite a clear trend of increased military aggression under Putin. With oil and gas revenues accounting for [36%](#) of Russia’s budget in 2021, this means many G20 countries have effectively been subsidizing Russia’s war by propping up Russian oil and gas projects with their public money. There is an important opportunity to end public finance for Russian oil and gas and to fast-track rapid decarbonization projects in

the regions most vulnerable to price spikes. As of April 2022, Canada, Italy, Germany, and the European Union have done the former and suspended new public finance for projects in Russia.

This follows a [long legacy](#) of fossil fuel–driven militarism and human rights violations, many of which are linked to G20 governments’ public finance. One recent example is the support of multiple G20 governments for Mozambique LNG that has exacerbated violence from ISIS-linked insurgent groups. Export Development Canada’s support for Coastal GasLink pipeline through unceded Indigenous Wet’suwet’en territory is another.

### Total G20 Country Public Finance Support for Oil and Gas in Russia, 2018-2020, USD Billions



**There are other sources of government support for energy also still backing fossil fuels.** Public Finance for Energy Database also only covers 20 governments’ international-focused finance and there are many other sources of government support for energy. We focus on the G20 and the MDBs they largely govern because their economies represent 80% of the world total and their international public finance institutions are among the [most](#) influential. But to get a more holistic picture of support for fossil fuels from any government, international public finance figures should be combined with data on direct domestic fossil fuel subsidies, domestic public finance, and support to state-owned enterprises – see for example [this report](#) Oil Change International wrote with the International Institute for Sustainable Development and Overseas Development Institute in 2020, or a [2021 update](#)

from BloombergNEF using this same methodology and data. This broader category of energy subsidies is still greatly skewed toward fossil fuels.

There are also limitations in the data we do publish due to poor reporting from governments. There is especially little data available on indirect energy finance through:

- financial intermediaries, a growing category of third-party financial institutions like local banks, pension funds, or private equity funds
- “policy-based” finance to government budgets from some MDBs
- investments in associated facilities (facilities directly associated with energy projects such as new roads, ports, or transmission lines needed for a fossil fuel project to operate)

# 3 | How public finance could build a just transition instead

**Public banks are uniquely positioned to catalyze a just, transformative, and rapid transition.**

A just transition that does not leave communities or workers behind will require building a lot of infrastructure – not just the facilities we need for a renewable and efficient energy system, but for sustainable agriculture, cities that work for people, climate adaptation, and a strong public care economy that can help communities weather the climate impacts we are already locked into. Public banks are some of the most powerful tools we have to build this future.

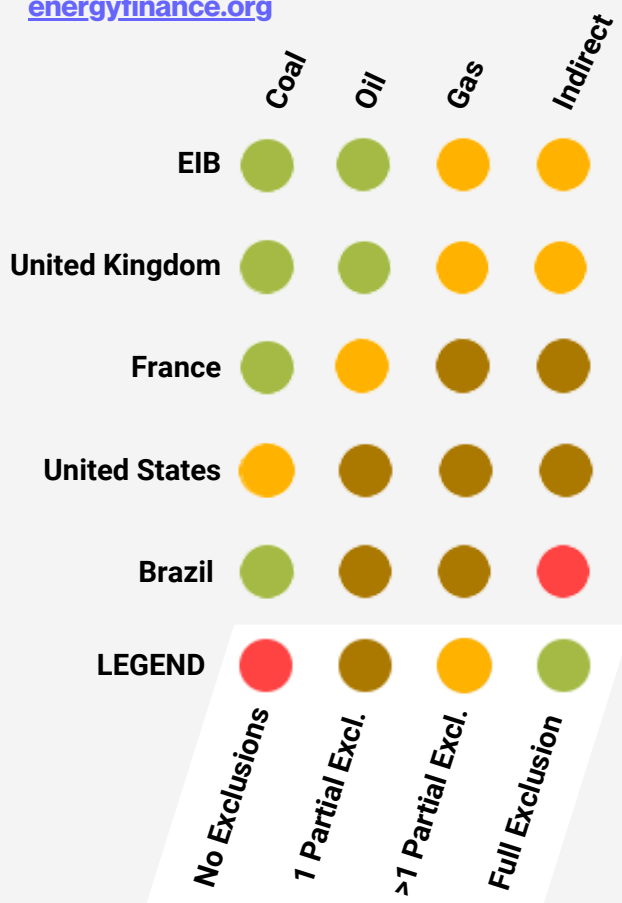
Public finance institutions could use the below-market rates, higher risk appetite, long rates of return, more flexible profit motives, and grant capacity they are currently using to boost fossil fuels to spur the creation of a fairer green economy instead. Aside from a shift away from fossil fuel finance, this will also require a [shift away](#) from the primary goal of public finance being to attract private finance to projects. There is a need for ‘pro-public’ public finance that upholds human rights, facilitates public and cooperative ownership models, and does not promote the privatization of energy infrastructure.

Many people, organizations, and coalitions are working hard to make public finance institutions uphold their mandates to act in the public interest. Costa Rican [Banco Popular](#)’s democratic governance and green bonds, [Bangladeshi Infrastructure Development Company Limited](#)’s rural solar finance, and German [KfW](#)’s stakeholder-based governance and public-public green partnerships are all examples of public finance institutions starting to take up this challenge.

**The first step is for public finance institutions to #StopFundingFossils.**

Public finance institutions will be unable to play the just transition role they are uniquely suited to if they continue to provide billions in preferential finance for fossil fuels every year. There has been a wave of commitments on ending coal finance in recent years that can be traced back to a small group of public finance institutions taking unilateral action in 2013. As a result, our data shows G20 support for coal has trended downwards from an average of \$13.4 billion a year 2012-2017 to \$8.4 billion 2018 to 2020. Korea, Japan, and China make up 81% of the remaining support for coal, and they have all made recent commitments to end this finance after 2021 – if these promises are implemented, coal support should drop dramatically.

**Leading G20 country and MDB public finance exclusion policies for coal, oil, and gas (April 2022).** See the full, up-to-date Policy Tracker at [energyfinance.org](https://energyfinance.org)





## **39 countries and institutions have now also committed to stop funding all fossil fuels in 2022.**

At the global climate conference in Glasgow in November 2021, 34 countries and 5 public finance institutions signed a [joint commitment](#) to end international public finance for fossil fuels by the end of 2022 and instead prioritize public finance for clean energy. This is the first international political commitment that also addresses oil and gas finance. With some of the largest historic fossil fuel financiers joining the commitment, including Canada, the United States, and Germany, the initiative has the potential to directly shift at least \$24 billion a year in international public finance from fossil fuels to clean energy, which would help shift even larger sums of private finance.

## **In 2022, these Glasgow Statement signatories need to follow through on their commitments (and others need to join them!)**

The signatories of the Glasgow statement have just a few months left to turn their commitments into strong policy and meet the end-of-2022 deadline. Civil society organizations are [urging](#) signatories to implement their commitments with integrity, calling for these countries and institutions to:

- Avoid loopholes that lock-in fossil gas, anywhere in the world
- Narrowly and clearly define the term “unabated” to avoid support for fossil fuels through false solutions like carbon capture, utilization, and storage (CCUS) and fossil-based hydrogen
- Ensure a substantial and long-term increase in support for a just energy transition, prioritizing low-income countries and communities least responsible for and most impacted by climate change
- Avoid a surge of fossil finance before the 2022 deadline
- Exclude indirect support for fossil fuels, including policy-based lending, technical assistance, diplomatic support, and investments through financial intermediaries.
- Extend the commitment to subsidies and public finance provided at home

## **Glasgow Statement signatory countries have an opportunity to cement their commitments in key policy processes and raise pressure on laggards.**

There are a few important windows in 2022 for Glasgow signatories to work together to make ending fossil fuel finance and shifting it to a just energy transition a global norm.

Japan, Korea, and China are the largest non-signatory providers of public finance for fossil fuels, accounting for 46% of G20 and MDB fossil finance 2018 - 2020. Many MDBs are also absent and yet the signatories of the Glasgow Statement account for 20-65% of the votes at most MDBs. The signatories of the Glasgow Statement should encourage other countries to follow suit and, as MDB shareholders, should vote against new financing for fossil fuel projects and use their collective influence to ensure MDBs adopt policies to end direct and indirect support for fossil fuels.

Japan is the only G7 member that has not signed the Glasgow statement. Germany, which holds this year’s G7 presidency, should use this role to collaborate with the UK and the United States to encourage Japan to sign onto the Glasgow statement and include the commitment in the G7 statement in June 2022.

In addition, with 19 out of 38 OECD members (50%) signed onto the Glasgow Statement, there is a real opportunity for negotiating oil and gas export finance restrictions at the OECD and moving beyond the already adopted restrictions for coal-fired power. The EU Council has already [called on the EU Commission](#) to start such negotiations. However, the proposed approach leaves space for Member States to define their own phase-out deadlines by 2023. The near-term, joint deadline in the Glasgow Statement was adopted to reflect the urgency of shifting away from fossil fuels. Using the Glasgow Statement as the foundation for negotiations at the OECD would be beneficial not only because it already has strong support from 50% of the OECD members, but also because it includes a clear deadline for action.

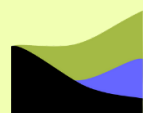
## **Unless they stop financing fossil fuel projects, governments and their public finance institutions face potential litigation risks.**

Last year, a Dutch court ruled that Shell needs to reduce its emissions by 45% by 2030 to meet its legal due diligence, climate and human rights obligations. According to [legal experts](#), governments and public finance institutions that support new fossil fuel infrastructure face litigation risks similar to those of the fossil fuel industry. Like Shell, they continue to pour fuel on the fire by supporting fossil fuel production. Referring to the latest science, professor Jorge E Viñuales from the University of Cambridge and barrister Kate Cook of Matrix Chambers conclude in a [legal opinion](#), commissioned by OCI and published in May 2021 that, under international law, governments are obligated to end their finance for new fossil fuel projects and to avoid increasing finance for existing fossil fuel projects.

## **The \$63 billion a year in G20 and MDB public finance for fossil fuels – and more – must be shifted to jump start a globally just energy transition instead.**

Ending public finance for fossil fuels will free up billions every year to support a globally just energy transition in line with limiting global heating to 1.5°C. Most urgently, G20 public finance institutions should prioritize finance for participatory local just transition plans for workers and communities in the regions most dependent on fossil fuels, publicly- or community-owned renewable energy built with unionized labor, and the off-grid and mini-grid renewable energy [most needed](#) to reach universal energy access. As clean energy is scaled up, international public finance institutions must implement comprehensive human rights due diligence across their projects to avoid replicating some of the harms of fossil fuel energy systems.

However, shifting the public finance previously dedicated to fossil fuels will not be enough. Beyond this, wealthy G20 governments must also provide their fair share of debt cancellation, climate finance, and reparations for loss and damage. Given their historic responsibility and the wealth accrued from extraction and colonialism, these “fair shares” are significant. There is a strong consensus that the [now-overdue](#) target for \$100 billion a year by 2020 for climate finance is much smaller than what is needed. The [Transnational Institute](#) estimates a conservative fair share of wealthy country climate finance transfers would already be at least \$2 trillion a year for mitigation and adaptation, and \$300 billion a year for loss and damage. Beyond this, the United Nations Conference on Trade and Development has [called for](#) a debt jubilee for the Global South of \$100 billion a year over the next decade. Wealthy governments [have the tools](#) needed to fund a globally just energy transition at this scale, including using publicly popular measures like raising wealth and corporate taxes, making polluters pay for their environmental damages, and cracking down on tax havens.



## **Public Finance for Energy Database**

**We invite you to use Public Finance for Energy Database to ensure that governments make public finance work for a liveable future.**

This briefing was written by Laurie van der Burg ([laurie@priceofoil.org](mailto:laurie@priceofoil.org)) and Bronwen Tucker ([bronwen@priceofoil.org](mailto:bronwen@priceofoil.org)), with contributions from Nicole Rodel and Kelly Trout and copyediting by Meara Kirwin. Please reach out with any questions on using the Public Finance for Energy Database or ideas for collaboration.