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Italian government considering support for international fossil fuel projects that would emit 3.5 times Italy's annual emissions, despite major climate promise

- Italian government agency SACE considering financing for international fossil fuel projects with emissions equivalent to more than 3 times Italy's entire annual emissions
- Continued support for international fossil fuel projects puts Italy's major climate pledge made at 2021 COP26 UN climate summit in danger
- SACE is one of the world's biggest public financiers of fossil fuels
- Analysis of publicly-available data likely to be tip of the iceberg of new fossil fuel projects that SACE is considering to support

Despite pledging to stop international financing for fossil fuel projects by the end of 2022, new analysis by Oil Change International shows that the Italian Government is continuing to actively consider financing for major international fossil fuel projects.

Taken together, these fossil fuel projects could emit or enable greenhouse gas emissions equivalent to at least 3.5 times Italy's annual emissions.

The Italian government export credit agency, Servizi Assicurativi del Commercio Estero (SACE), is one of the world's largest public financiers of fossil fuels. In the period 2019-2021, Italy provided USD 2.8 billion a year in public finance for fossil fuels, almost entirely via SACE. This makes Italy the sixth-largest public financier for international fossil fuel projects in the world, larger than Saudi Arabia or Russia and behind only Japan, Canada, Korea, China and the United States.

At the COP26 United Nations climate conference in Glasgow in 2021, 39 countries and financial institutions, including Italy, signed the Glasgow Statement, which commits signatories to *"end new direct public support for the international unabated fossil fuel energy sector by the end of*

2022, except in limited and clearly defined circumstances that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement."

An increasing number of governments - including the UK, France, Denmark, Sweden and Finland - have published new policies to respond to this pledge, ending public finance for almost all fossil fuel projects in time for the end-of-2022 deadline. However, analysis of publicly-available data shows Italy and SACE continue to consider financing for major fossil fuel projects, including a gas field in Turkey, a liquefied natural gas (LNG) project in the Rovuma Basin, Mozambique and offshore oil and gas processing vessels in Brazil.

If SACE finances these projects and they go forward, it would lock in enough new oil and gas production to cause an additional 1.2 Gigatonnes (Gt) of carbon dioxide (CO_2) pollution. That is equivalent to 3.5 times Italy's annual emissions. This is a bare-minimum figure, as SACE is not required to publish information on all of the projects it is considering support for. We have also not included two other known fossil fuel projects being considered by SACE - the Balikpapan refinery in Indonesia and the Petrovietnam LNG import project in the totals below due to insufficient information to estimate their life-cycle emissions impacts (See methodology for more information). This means these projects are likely just the tip of the iceberg, and that even more fossil fuel projects than the number listed in this analysis may be being considered, despite the Italian Government's Glasgow pledge.

By considering support for these projects, the Italian Government is failing to act on climate science. The Intergovernmental Panel on Climate Change's (IPCC) and the International Energy Agency's (IEA) credible scenarios that maintain a 50% chance to limit warming to 1.5°C have no new oil and gas extraction. In addition, there are no investments in new liquefied natural gas (LNG) infrastructure in IEA's net-zero scenario.

SACE's consideration of support for these projects continues a long history of supporting controversial fossil fuel infrastructure. In 2020 SACE supported Total's LNG project in Mozambique, where gas infrastructure has exacerbated conflict in the war-torn Cabo Delgado region, contributing to half a million people being displaced from their homes and thousands killed. SACE has also been among the biggest backers of Russian oil, gas and petrochemical development in the last several years, helping to enrich and insulate the country as it prepared to invade Ukraine.

At the start of November, it was revealed Italy also attempted to water down the level of ambition of a separate European initiative to end export finance support for fossil fuels via the Export Finance for Future (E3F) initiative.

Adam McGibbon, Public Finance Strategist at Oil Change International said:

"Support for these fossil fuel megaprojects, would make a mockery of Italy's promise to stop financing fossil fuel projects.

SACE can either drop these projects, or break the climate promise Italy made last year in Glasgow. But it can't do both."

Simone Ogno, Finance & Climate Campaigner at Recommon, said:

"While Italy has publicly committed to stop financing fossil fuel projects, it has tried several times to weaken the pledge to stop export credit support for fossil fuel projects. With less than one month to go until the end of 2022, there is still no sign of implementation of the Glasgow Statement.

Through its export credit agency SACE, Italy has become the biggest European fossil fuel financier, enabling the development of strategic oil and gas projects for the Russian Federation, refineries in Egypt and LNG projects in Mozambique.The reason behind this delay in implementing the Glasgow Statement could be related to SACE's involvement in Eni's Rovuma LNG gas mega-project, which could reach a final investment decision by 2023. The time has come to end this record, without any loopholes for fossil gas or CCUS."

PROJECT ANALYSIS:

Project	Source for SACE considering project	Production / emissions profile	Additional information
Sakarya gas field, Turkey (Phase 1)	Notice published on SACE website 25th October 2022	**Production:** Gas (billion cf): 2522 Oil (million bbl): 20 **Emissions:** Gas (MTCO2): 132 Oil (MTCO2): 8 **TOTAL for project / phase (MTCO2):** 140	Emissions figures provided here are for Phase 1 of the project. Further phases are expected, but by enabling financing of Phase 1, obviously this makes further phases of the project viable, leading to even further emissions that are measured here.
Alexandre de Gusmão Floating Production Storage and Offloading (FSPO) Unit, Brazil *A project to develop the Mero-4 field*	Notice published on SACE website 7th October 2022	**Production:** Gas (billion cf): N/A Oil (million bbl): 631 **Emissions:** Gas (MTCO2): N/A Oil (MTCO2): 275	The Mero project is co-owned by major oil and gas companies Petrobras, Shell, TotalEnergies and CNOOC (China National Offshore Oil Corporation).

		TOTAL for project / phase (MTCO2): 275	
Almirante Tamandaré Floating Production Storage and Offloading (FSPO) Project, Brazil *A project to develop the Búzios field, located in the Santos Basin, operated by Petróleo Brasileiro S.A. (Petrobras). In particular this appears linked to the Buzios VI oil field.*	Notice published on SACE website 27th July 2022	**Production:** Gas (billion cf): 900 Oil (million bbl): 927 **Emissions:** Gas (MTCO2): 49 Oil (MTCO2): 385 **TOTAL for project / phase (MTCO2):** 434	CNOOC (China National Offshore Oil Corporation) is a minority partner in this project.
Rovuma LNG Project	Notice published on SACE website June 2019.	**Production:** Gas (billion cf): 5322 Oil (million bbl): 39 **Emissions:** Gas (MTCO2): 291 Oil (MTCO2): 16 **TOTAL for project / phase (MTCO2):** 308	A highly controversial project linked to the insurgency in Mozambique. The project has been delayed due to attacks on gas infrastructure, but Eni is now seeking to revive the project. The involvement of Eni makes SACE involvement likely, and SACE has not ruled out supporting the project. The project is jointly owned by - amongst others - ExxonMobil, Eni and China National Petroleum Corporation (CNPC). ExxonMobil's project site states the deepwater area linked to Rovuma LNG contains as much as 85 tcf (2.4 tcm) of gas. Enabling the Rovuma LNG project could lead to further emissions exploiting this huge gas reserve.
TOTAL CO2 EMISSIONS (MTCO2)		**TOTAL GAS:** 472 **TOTAL OIL:** 684 **TOTALS FOR PROJECTS:** 1,157 **ITALY ANNUAL CO2 EMISSIONS (2021):** 329	

METHODOLOGY

- We use industry consultancy Rystad Energy's UCube model for volumes of oil and gas reserves associated with Sakarya, Mero-4, Rovuma LNG, and Buzios VI. The UCube model forecasts the future production and economics of 60,000 worldwide oil and gas projects, based on bottom-up data from companies. We apply CO_2 emissions factors of 0.421 tCO_2/bbl of oil and condensate and 0.235 tCO_2/bbl of natural gas liquids to the oil volumes taken from Rystad, and 54.7 tCO_2/mmcf to the gas volumes. These emissions factors are derived from the IPCC.[1] End-use combustion accounts for the vast majority of CO_2 emissions associated with oil and gas production (and in this case includes oil and gas that is burned in the production and processing of other fuels).
- The CO_2 emissions estimates we present do not capture the full climate impact of new projects. We do not account for the significant warming effects of methane or other short-lived greenhouse gasses associated with oil and gas extraction, processing, and transport. End-use combustion accounts for the vast majority of CO2 emissions associated with oil and gas production (and in this case includes oil and gas that is burned in the production and processing of other fuels), and so we do not calculate emissions associated with the production of the oil and gas fields included here. We also do not include an emission estimate for the midstream and downstream projects under consideration by SACE — the Balikpapan refinery or Petrovietnam LNG import terminal — due to a lack of publicly available information, and the risk of double-counting emissions across projects.
- Italy's annual emissions figure — 329 megatonnes CO2 — is taken from the 2021 territorial emissions figures provided by the Global Carbon Project.

NOTES:

- The Glasgow Statement was launched at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 26) in Glasgow. The 39 signatories (full list here) aim to "end new direct public support for the international unabated fossil fuel energy sector by the end of 2022" and instead "prioritise our support fully towards the clean energy transition."
- Oil Change International has compiled this implementation tracker that outlines country-level progress on implementation of the Glasgow Statement, which will be regularly updated until the end-of-2022 deadline.
- Oil Change International's Public Finance for Energy Database and most recent report shows that between 2019 and 2021, G20 governments and multilateral development banks still backed at least USD 55 billion per year in oil, gas, and coal projects. This is almost twice the support provided for clean energy, which averaged only $29 billion per year.
- In a recent report, the IPCC highlighted public finance for fossil fuels as 'severely misaligned' with reaching the Paris goals, but that if shifted, it could play a critical role in closing the mitigation finance gap, enabling emission reductions and a just transition.

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[1] 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 (Energy), Chapter 1 (Introduction), Table 1.3, https://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html.

More background on the role international public finance plays in shaping energy systems is available in this Oil Change International briefing.

- A legal opinion by Professor Jorge E Viñuales from the University of Cambridge and Barrister Kate Cook of Matrix Chambers argues that governments and public finance institutions that continue to finance fossil fuel infrastructure are potentially at risk of climate litigation.