OILCHANGE
INTERNATIONAL

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CHANGING THE TRADE WINDS

ALIGNING OECD EXPORT FINANCE FOR ENERGY WITH CLIMATE GOALS

ACKNOWLEDGEMENTS

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Oil Change International is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the coming transition towards clean energy.

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ENDORSEMENTS

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I. EXECUTIVE SUMMARY

Export Credit Agencies (ECAs) are public finance institutions that support domestic industries with their investments abroad. On average, ECAs provide more international public finance for fossil fuels than any other type of public finance institution, including the Multilateral Development Banks (MDBs). Between 2018 and 2020, the ECAs of Organization for Economic Cooperation and Development (OECD) countries[1] provided an average of USD 41 billion annually to fossil fuels, almost five times their support to clean energy.[2] Past OECD efforts to restrict and prohibit OECD coal-fired power financing has brought down coal support, meaning that 71 percent of OECD export finance for energy now flows to oil and fossil gas[3].

Despite the Paris Agreement commitment to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" and recent efforts to increase "climate-friendly" incentives, oil and gas export finance remains unrestricted under the OECD Arrangement on Export Credits. However, at COP 26 in 2021, fifteen OECD countries, together accounting for 52 percent of OECD membership, committed to ending public fossil finance for the unabated fossil fuel energy sector by the end of 2022.[4] Their commitment provides a strong foundation for an oil and gas export finance prohibition to be adopted at the OECD. This first ever report on OECD export finance for energy presents an overview of OECD energy finance data, evaluates recent policy developments, and outlines key recommendations to OECD export finance policymakers.

The data in this report shows that OECD export finance for energy continues to remain severely misaligned with climate goals, but OECD country negotiators have an critical opportunity to build on recent momentum to shift public finance out of oil and gas, in addition to coal. The timeframe of data collected is 2018 - 2020. This timeframe is used intentionally in order to set a benchmark of OECD energy finance, prior to any OECD government policies coming in place to restrict oil and gas ECA financing. To keep international climate goals within reach, the OECD Arrangement needs urgent political leadership to mobilize efforts for ending all export finance for fossil fuels, making fossil-free ECAs not only a good practice, but a widespread reality.

It is recommended that OECD countries:

- Urgently **sign onto the Clean Energy Transition Partnership (CETP)** if they have not yet done so;[5]
- End all oil and gas financing by **tabling a robust proposal on an oil and gas export finance prohibition to complement the coal-fired power prohibition**, thereby prohibiting export finance for the entire lifecycle of the fossil fuel supply chain;
- Close the existing coal loopholes under Article 6.1, to extend the coal-fired power prohibition to **include coal mining, transport, and associated infrastructure**;
- Ensure that under the Climate Change Sector Understanding (CCSU) no favorable investment conditions are offered to **any project or technology derived from fossil gas**, including but not limited to blue, gray, and black hydrogen and ammonia, as well as projects that extend the lifetime of fossil fuel assets.

II. INTRODUCTION: EXPORT FINANCE SHAPES ENERGY SYSTEMS

ECAs play a catalytic role in shaping future energy systems. These government-owned or controlled institutions provide loans, guarantees, credit, and other financial services to large infrastructure projects, many of which are too risky for the private sector alone and would not go ahead without ECA support.

With the earth's average global surface temperature already warmed more than 1.2-degree Celsius (°C) in 2022 from preindustrial temperatures, the global carbon budget for new fossil fuels has already been exceeded.[6] The International Energy Agency (IEA) concluded that there is no room for investments in new oil, gas, or coal supply or liquefied natural gas (LNG) infrastructure without stranded assets,[7] and the IPCC's latest climate mitigation report shows that existing fossil fuel infrastructure, if operated as planned, would already push the world far beyond 1.5°C.[8] Yet, despite long standing commitments to align financial flows with climate goals, public finance and, in particular, export finance remains skewed in favor of fossil energy.[9]

A. ECA GOVERNANCE AND THE ROLE OF THE OECD ARRANGEMENT

The OECD Arrangement is currently the only multilateral governing body for ECAs outside of the World Trade Organization (WTO), and is a closed-door gentlemen's agreement that began in 1978. The OECD Arrangement operates on the basis of consensus, consisting of ten negotiating governments known as "Participants", which include: Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, the United Kingdom and the United States.[10] The policies created by OECD Arrangement Participants apply to all OECD countries' Export Credit Agencies. The stated purpose of the Arrangement is to foster a level playing field across OECD ECAs to encourage competition among exporters.[11] However, OECD governments also frequently agree on shared guidelines, including certain types of project financing restrictions which are articulated in agreements called "Sector Understandings." or in the strongest form, a prohibition on certain types of project financing. Although not binding to all ECAs, restrictions developed at the OECD level historically have a wider reach by spurring a positive domino effect on other multilateral forums such as the G7 and the G20 and the ECA policies of key non-OECD countries, such as China.[12]

Despite this multilateral governance structure, the bar for governance of ECAs as public financial institutions remains concerningly low. ECAs are notorious for low levels of transparency, hiding under a veil of claims related to "banking secrecy", while also holding a poor record on supporting projects associated with large scale human rights abuses.[13]

B. MOMENTUM ON SHIFTING PUBLIC FINANCE OUT OF FOSSIL FUELS

Followed by years of civil society advocacy, the OECD Arrangement enacted the Coal Fired-Power Sector Understanding to restrict OECD export finance for coal fired-power, which came into effect in 2017. OECD countries turned this Sector Understanding into a prohibition on export finance support for coal-fired power, the strongest form of restriction under Arrangement, which came into force on January 1st 2022.[14] The policy appears to have been effective in ending ECA support for coal-fired power. Based on the G20 member ECAs, whose data is available over a longer time period, an average of approximately $4 billion USD per year in coal-fired power was eliminated based on their 2013-2016 finance once the loophole allowing projects to be 'grandfathered' was finally exhausted in 2021.[15] Despite this step in the right direction, the prohibition is limited in scope and does not cover coal mining, transportation, and associated infrastructure.[16]

Yet, the prohibition opens the door for further action. By the end of 2022, OECD members have committed to review it "*no later than 31 December 2022, in order to contribute to the common goal of addressing climate change, […] pursu[e] efforts to* ***limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels***." As of May 2023, this review has not taken place. The mounting climate scientific evidence on the need to rapidly phase-down not just coal, but also oil and gas production and use, including in the IPCC's latest AR6 report published in March 2023, underlines that this review should be treated as a matter of urgency.

Outside the OECD, some governments have made progress to shift public finance not just out of coal, but also out of oil and gas and into clean energy. In 2021, 39 governments and institutions signed the Glasgow Statement on International Public Support for the Clean Energy Transition (now referred to as the "Clean Energy Transition Partnership"), at COP26.[17] It commits signatories to ending new direct public support for the international unabated fossil fuel energy sector, including oil and gas, by the end of 2022 (or within a year from signing the statement), and instead prioritizes their public support for clean energy. In addition, CETP commits signatories to "*driving multilateral negotiations in international bodies, in particular in the OECD, to review, update and strengthen their governance frameworks to align with the Paris Agreement goals*". Implementing this commitment to align the OECD governance framework with the Paris Agreement goals requires enacting restrictions on oil and gas export finance under the OECD Arrangement of Officially Supported Export Credits. Fifty-two percent of the OECD members have signed onto the Glasgow Statement or the subsequent near-identical G7 commitment to end international public finance for fossil fuels by the end of 2022.[18] This puts Glasgow Statement signatories and G7 members in a strong position to take on a leading role in tabling a proposal for and negotiating oil and gas export finance restrictions at the OECD.

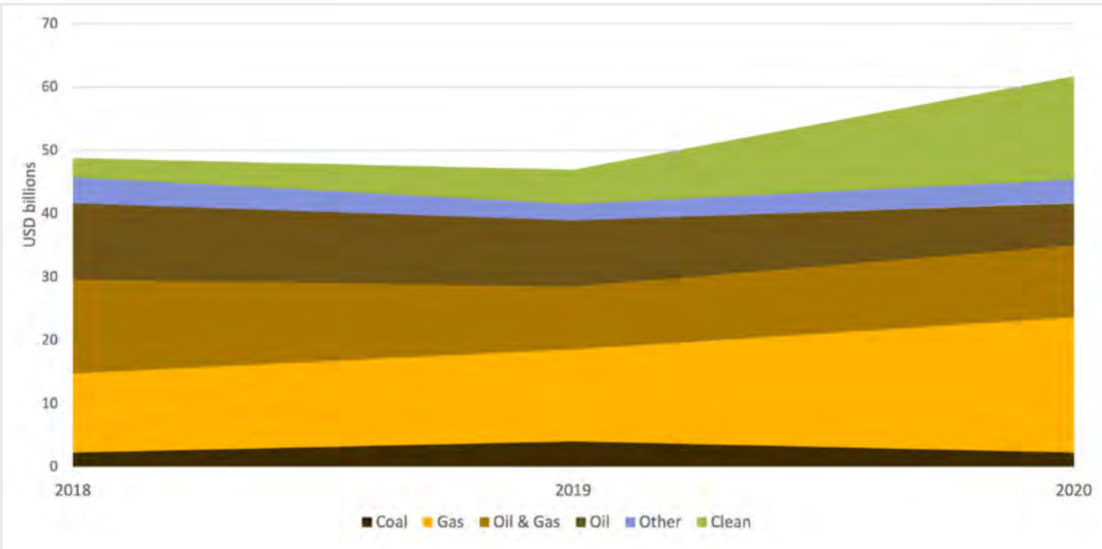
III. OVERALL TRENDS ON OECD EXPORT FINANCE FOR ENERGY DATA 2018-2020

A. MAJOR TRENDS FROM 2018-2020

This section assesses trends in OECD energy finance of ECAs that had assets under management above $1 billion in 2020. For more details on the data and methodology, including a list of the ECAs included in this analysis see the Methodology on Data Collection below. Due to a lack of transparency the amounts presented in this report are conservative estimates of the international public support provided by ECAs.

Oil Change International's (OCI) data shows that between 2018 and 2020 OECD ECAs provided an average of $41 billion annually to fossil fuels, almost five times their annual support for clean energy ($8.5 billion). Fossil fuel financing accounted for 77 percent of all OECD ECA spending. During this period, oil and gas received 71 percent of all OECD energy finance, compared to 5.4 percent for coal. Fossil gas received the most finance of any energy type, receiving $16 billion annually or **30 percent of all OECD export finance for energy.** Forty percent of all gas finance went to LNG projects.

FIGURE 1: ANNUAL OECD ECA FINANCE FOR FOSSIL FUEL, CLEAN AND OTHER ENERGY, 2018-2020, IN USD BILLIONS

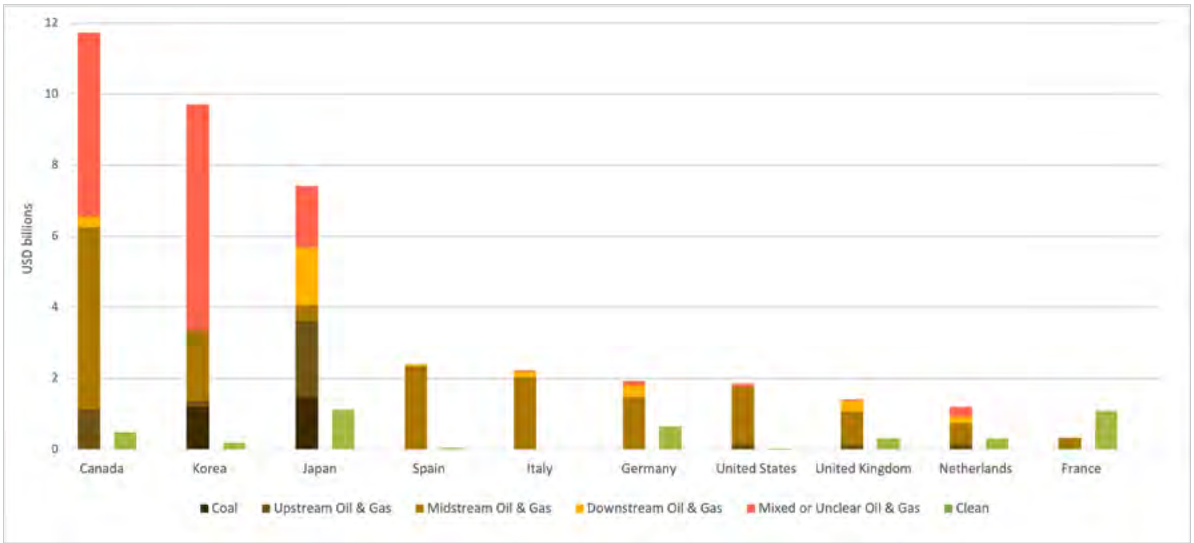


Source: Public Finance for Energy Database, energyfinance.org

B. BIGGEST PROVIDERS OF EXPORT FINANCE FOR FOSSIL FUELS

The top three OECD fossil fuel export financiers between 2018 and 2020 were **Canada, Korea and Japan**, who annually provided on average, $11.7 billion, $9.7 billion, and $7.4 billion respectively. Canada's high total is driven by Export Development Canada's use of its unusually broad domestic mandate to finance its domestic oil and gas sector. In December 2022, Canada implemented its international commitment under the Clean Energy Transition Partnership to ensure new, direct public finance for fossil fuels, which we anticipate will shift $1.4 billion annually of Canadian international oil and gas financing out of fossil fuels from 2023 onwards.[19] Japan has made a near-identical commitment under the G7 in 2022 which it has thus far failed to implement. Korea has yet to make any international commitments to end ECA fossil financing.

FIGURE 2: TOP TEN OECD ECA COUNTRY PROVIDERS OF INTERNATIONAL PUBLIC FINANCE OF FOSSIL FUELS COMPARED TO CLEAN ENERGY, ANNUAL AVERAGE 2018-2020, IN USD BILLIONS



Source: Public Finance for Energy Database, energyfinance.org

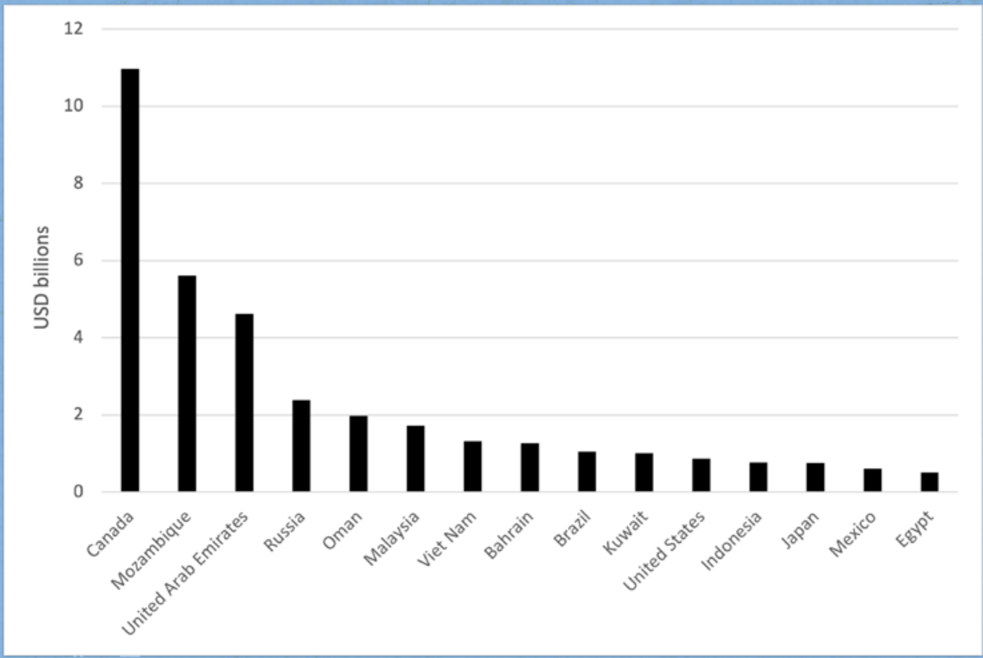
C. BIGGEST RECIPIENTS OF ECA FOSSIL FUEL SUPPORT

Despite fossil fuel industry assertions that international finance for fossil fuels is needed to support development,[20] the largest recipients of OECD energy support - whether fossil fuel or clean- are not low-income countries but rather high and upper-middle-income countries. **Canada, the United Arab Emirates, and Russia** accounted for three of the top four recipients, collectively receiving about $17.6 billion annually out of the total $41 billion annually spent on OECD ECA support for fossils, with Mozambique being the second top recipient. Eleven of the top 15 recipients of public finance were high- or upper-middle-income countries by the World Bank classifications. Three recipients– Vietnam, Indonesia and Egypt – were lower-middle-income, and only one - Mozambique - was low-income. Where OECD public finance for fossil fuels does flow to low-income countries, it often supports exports rather than domestic energy access.[21]

The United Arab Emirates (UAE), a key recipient of OECD ECA oil and gas support, and host of the 2023 UN Climate Conference, COP28, has one of the largest fossil fuel production expansion plans worldwide.[22] Additionally, OECD ECA support to Russian oil and gas projects propped up Russian oil and gas production with public OECD money, even after Russia's annexation of Crimea in 2014.[23]

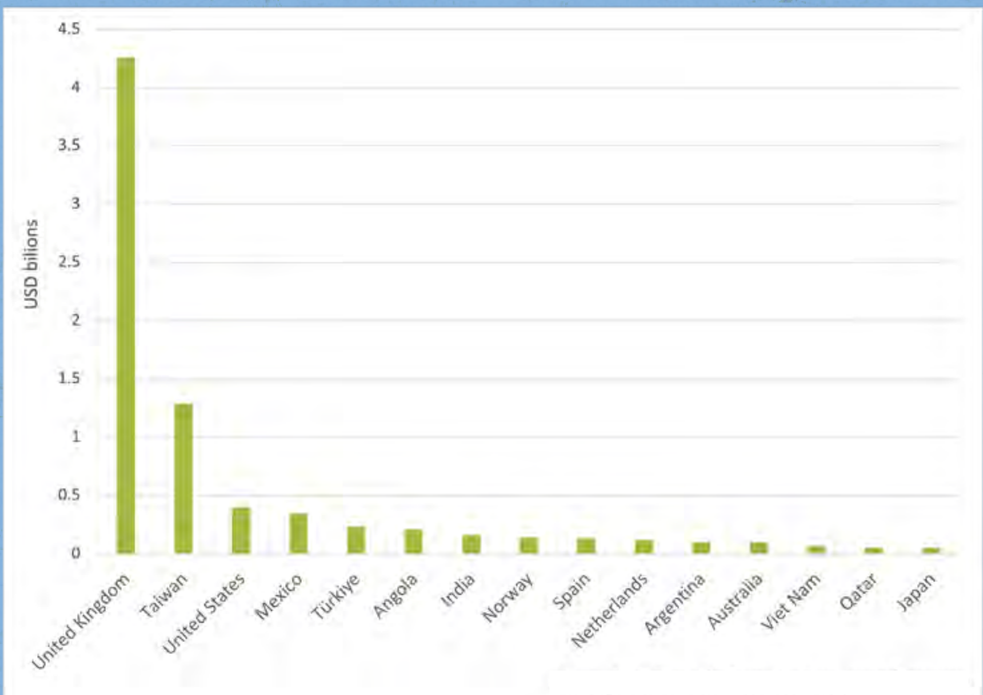
The greatest shares of clean energy public finance also flowed to relatively wealthy countries (see Figure 4), instead of contributing to a fair share of international support for a global just energy transition to countries in the Global South. **Only one low-income country, Mozambique, was in the top five recipients** and only three of the top fifteen – Angola, India and Vietnam – were lower-middle-income countries.

FIGURE 3: TOP 15 RECIPIENT COUNTRIES OF OECD ECA INTERNATIONAL PUBLIC FINANCE FOR FOSSIL FUELS. ANNUAL AVERAGE 2018-2020, IN USD BILLIONS



Source: Public Finance for Energy Database, energyfinance.org

FIGURE 4: TOP 15 RECIPIENT COUNTRIES OF OECD ECA INTERNATIONAL PUBLIC FINANCE FOR CLEAN ENERGY. ANNUAL AVERAGE 2018-2020, IN USD BILLIONS

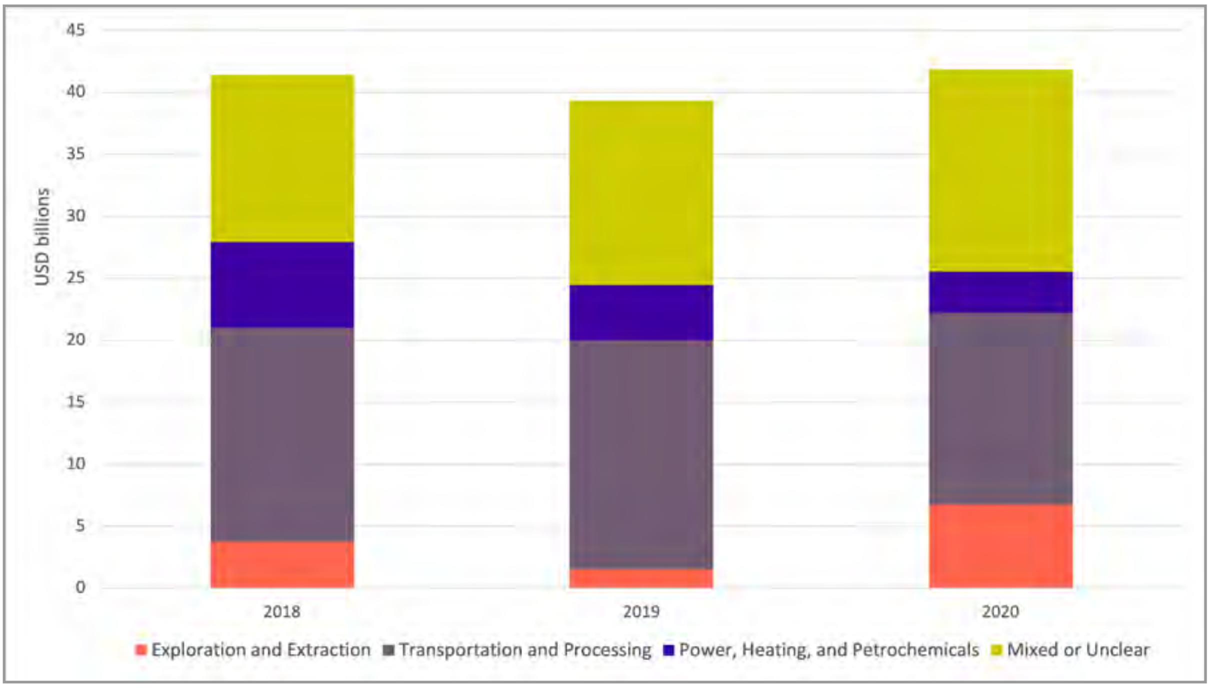


Source: Public Finance for Energy Database, energyfinance.org

D. SUPPORT PROVIDED TO DIFFERENT TYPES OF FOSSIL FUEL ACTIVITIES (INCLUDING LNG)

Figure 5 shows the finance for fossil fuels disaggregated into broad supply chain stages. **Approximately 42 percent of all fossil fuel finance supported midstream activities, such as pipelines, LNG ports or shipping**, 12 percent supported downstream, such as gas-fired power stations, 10 percent supported upstream projects, including oil and gas extraction, and 36 percent were mixed or unclear. It is also important to note that the "mixed or unclear" projects mask finance for LNG projects that typically include extraction alongside processing and transportation. This illuminates the necessity of OECD restrictions that cover midstream and downstream oil and gas financing, as restrictions on upstream oil and gas projects will be insufficient to curb OECD support for the fossil fuel industry in support of a clean energy transition.

FIGURE 5: OECD INTERNATIONAL PUBLIC FINANCE FOR FOSSIL FUELS BY LIFECYCLE STAGE, 2018-2020, IN USD BILLIONS



Source: Public Finance for Energy Database, energyfinance.org

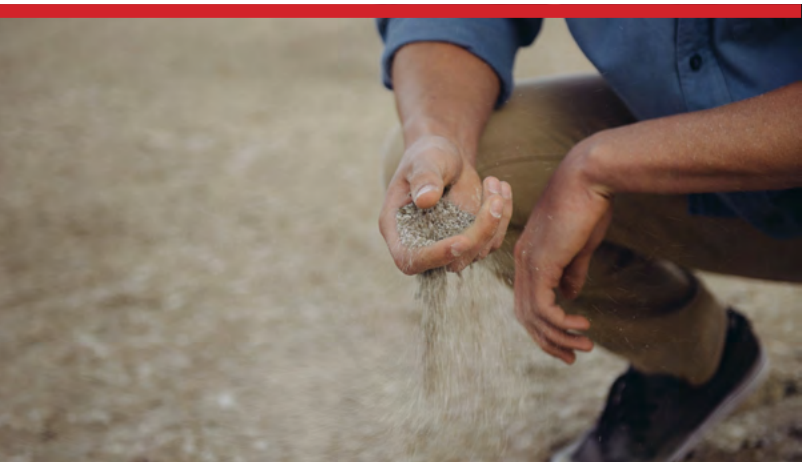
Through government-backed credit ratings and often concessional terms, ECAs play a particularly influential role in getting large infrastructure projects built, which in turn enable private sector-led expansion across the rest of the supply chain.[24] OECD ECA support for LNG export terminals (which often include extraction and some transportation in their project scope), helped catalyze the dramatic LNG boom of the last decade. **Between 2012 and 2022 the OECD's export finance provided at least $80.7 billion in loans, guarantees, and equity investments for new LNG export terminal projects** currently built or under development. Between 2012-2022, OECD export institutions were involved in financing 56 percent of new LNG export terminal capacity. Among the OECD, Japan, the United States and Italy were the top providers of financiers for new LNG export capacity, providing $6.7 billion, $4.7 billion, and $1.7 billion respectively.

IV. FUELING DISASTER: ECA SUPPORT FOR BIG OIL AND GAS PROJECTS IN THE GLOBAL SOUTH

As of May 2023, several potentially catastrophic large-scale oil and gas projects are receiving or are under consideration to receive OECD ECA support. Using public money via ECAs to support these projects not only directly contradicts the OECD Arrangement's intentions of Paris-alignment, but also locks in stranded asset risks as global oil and gas demand drops. Despite OECD ECAs promoting strong narratives on supporting fossil gas as a "bridge" fuel for the Global South, most OECD ECA oil and gas support in low income countries is for upstream and midstream projects, often focused on boosting exports instead of delivering on energy access. They cause local communities in the Global South to bear the burden of the environmental and social costs of continued fossil fuel extractions.

A. SANTOS BASIN BRAZIL

At least two OECD ECAs that signed onto the CETP commitment to end international fossil finance by the end of 2022, the Netherland's Atradius Dutch State Business (ADSB) and Italy's Servizi Assicurativi del Commercio Estero (SACE),[25] have since approved support for a major carbon bomb off the coast of Brazil, the Santos Basin Pre-Salt Pole oil and gas project. This project accounts for over a third of Brazil's oil reserves. ADSB and SACE have provided financial support for floating production storage and offloading (FPSO) vessels that will **support production of oil and gas in Brazil for a duration of 30 years, well into 2050.**[26] These projects together have an enormous climate impact, calculated to be roughly a total of 709 MT of CO2 - more than twice of Italy's domestic CO2 emissions in 2021.[27]



B. MOZAMBIQUE LNG

The second largest recipient of OECD ECA energy support from 2018-2020 after Canada was Mozambique, where support went largely to fund LNG for export. Almost all this finance has gone to facilities linked to extraction and **export of offshore gas rather than to domestic consumption**, meaning it does little to nothing to support the significant energy access needs in the country. Frontline communities in Mozambique have called out the devastating local impacts of this LNG development – displacing whole communities, fueling violence and human rights violations, polluting the environment, and compounding the region's climate vulnerabilities while providing little to no socioeconomic or energy benefits.[28] The exacerbated conflict in the region has caused the deaths of over 4,600 people and displaced approximately 1 million people. In addition, local communities have lost income because of gas developments infringing on access to fishing and farmland.[29] There are real social, environmental, and economic risks that this trend towards gas expansion in Africa will only intensify going forward.[30]

TABLE 1: RECENTLY APPROVED AND PENDING OECD ECA FINANCING FOR FOSSIL FUELS[31]

ECA	Status	Project supported	$ Amount
Export Development Canada	Approved in 2022	Trans Mountain Corporation Oil Pipeline	$9,750,000,000
Japan Bank for International Cooperation	Approved in 2022	Syrdarya II Natural Gas-Fired Combined Cycle Power Plant Project	$393,000,000
Euler Hermes-Germany	Approved in 2022	Gas-fired power station in Iraq	$230,800,000
US EXIM	Approved in 2022	Ramaco Coal Sales, LLC	$15,300,000
Atradius DSB	Approved in 2023	Brazil Santos Basin Pre-Salt Pole oil and gas production project	$321,000,000
SACE	Pending Approval - notice published 25 October 2022	Sakarya Gas Project Phase 1	Unclear

C. SHIFTING TO "CLEAN" ECAS?

The International Energy Agency's (IEA) 1.5°C scenario shows that public investment in clean energy needs to triple by 2026 to $250 billion annually.[32] However, for OECD members to meet their climate finance commitments, a whole-of-government approach is necessary – one that does not add to unsustainable debt burdens and provides meaningful local economic opportunities, alongside increased energy access. This potentially means a limited role for ECAs compared to other institutions, such as Development Finance Institutions. Given their mandate to support exports and domestic corporations operating abroad, ECAs historically have supported large-scale energy projects which have not necessarily provided social, environmental, or economic benefit to local communities. For example, in 2011 Eurodad found that almost 80 percent of low income countries' debts to other governments came from export credits, not development loans,[33] fueling the debt crisis of many Global South countries.

In 2022, the OECD Arrangement countries started discussing updating their Climate Change Sector Understanding (CCSU) from 2014 to provide more flexible terms and conditions for the provision of officially supported export credits for "climate-friendly" projects. After over a year of negotiations, the OECD Participants released a statement outlining the new scope of the CCSU,[34] opening the door to new climate incentives not exclusively for renewable energy technologies, but for technologies that are fossil fuel based or extend the lifetime of fossil fuel assets, including Carbon Capture and Storage (CCS), hydrogen, and ammonia.[35]

Given the mandate of ECAs, which focuses on supporting domestic businesses with their investments abroad rather than on local development, and the problematic history of ECA finance with repeated instances of negative impacts on local communities, many civil society actors believe ECAs are not well suited to finance a just energy transition.[36] For any large-scale renewable energy projects that ECAs pursue, it is critical that they use a just transition approach and ensure due diligence, respect for the rights of Indigenous Peoples and local communities in line with Free, Prior, Informed Consent (FPIC) principles.[37] Additionally, any future ECA renewable energy projects must prioritize increasing affordable energy access, technological transfer, energy ownership, and active participation of the location communities, including via job creation with strong labour conditions. Financing of renewable energy infrastructure is seen as the next big investment and profit opportunity for both corporations and financiers, but rather than ECA finance, other forms of direct government support that provide grants and concessional loans and avoid excessive debt burden for low and middle-income countries, are better placed to deliver on a just and equitable transition.[38]

V. SECURING AN OIL AND GAS EXPORT FINANCE PROHIBITION AT THE OECD

A. COMMITMENTS TO END FOSSIL FUEL EXPORT FINANCING

The aforementioned Clean Energy Transition Partnership launched at COP 26 in 2021 represented a monumental step in aligning ECAs with a 1.5 °C trajectory. As of May 2023, seven OECD country signatories have adopted policies that broadly meet the commitment to end their international fossil fuel finance: Canada, the United Kingdom, France, Finland, Sweden, Denmark and New Zealand.[39] However, as of yet none of these signatories have followed through on the parallel commitment to "**driv[e] multilateral negotiations in international bodies, *in particular in the OECD***, to review, update and strengthen their governance frameworks to align with the Paris Agreement goals."[40] After implementing their commitment at the domestic level, the aforementioned countries are now in a strong position to lead efforts towards the adoption of an oil and gas prohibition under the OECD Arrangement. In addition, France, Finland, Sweden and Denmark must utilize their positions as EU Member states to move both EU-level mandates and the EU Commission towards supporting restrictions at the OECD level.

THE ROLE OF THE EUROPEAN UNION

The European Union negotiates as a block at the OECD, with the EU Commission serving the primary role as negotiator. Improved regulation at the EU level would contribute to ending OECD oil and gas support, yet to date, the EU lacks comprehensive legislation regulating EU ECAs in the areas of climate, environment, and human rights due diligence.[45]

The EU Council adopted "Conclusions on Export Credits" in March 2022. These commit Member States "to determine by the end of 2023 in their national policies their own science-based deadlines for ending officially supported export credits to fossil fuel energy sector projects".[46] Unlike the Glasgow Statement, the EU Council's varied approaches do not contribute to ending EU export finance for fossil fuels by a science-based, set date. In 2023, the Spanish EU Council Presidency has a responsibility to strengthen the EU Council Conclusions on Export Credits to end EU oil and gas project financing. On the national level, 12 EU Member States have signed onto the CETP pledge, with four signatories (France, Sweden, Denmark, and Finland) implementing their pledge in full, five signatories (Belgium, the Netherlands, Spain, and Italy) adopting new policies that further restrict fossil fuel support but are not in line with their commitments, and three EU countries without new or updated policies (Germany, Portugal, and Slovenia).[47]

B. LITIGATION RISKS ASSOCIATED WITH CONTINUED FOSSIL FUEL FINANCING

As climate litigation is on the rise, it is also in the interest of the OECD countries to end oil and gas financing to reduce litigation risks associated with financing new fossil fuel infrastructure. A 2021 legal opinion by scholars Kate Cook and Jorge E. Viñuales outlines that ECAs do not operate in an international legal vacuum.[41] According to the authors, ECAs – and the governments that oversee them – could be in violation of their international legal obligations if they do not take action to reduce their financing of fossil fuel-related activities immediately. Cook and Viñuales's legal opinion considers the international law framework that applies to ECAs, as well as international human rights law, climate change agreements and OECD instruments. The opinion concludes: "given the substantial contribution of ECAs to enable the emissions of greenhouse gasses associated with existing and new fossil fuel-related projects/activities, in principle, states comply with their duty of due diligence only if they do their utmost to reduce their contribution to the problem, rather than extending it or increasing it."[42]

A recent example of climate litigation targeting ECA finance for fossil fuels concerns the Barossa gas project off the coast of Northern Australia. The oil giant Santos-operated Barossa gas field is supported by ECAs of two OECD countries, Japan's Japan Bank for International Cooperation (JBIC), Korea's Export-Import Bank of Korea (KEXIM), and Korea's Trade Insurance Corporation (K-Sure).[43] Environmental and social harms of the Barossa gas project impact the Tiwi people, the local aboriginal group. Tiwi traditional owners had filed a lawsuit against the project, claiming that Munupi Clan Tiwi islanders were not properly consulted about drilling that could irreparably damage their Sea Country. In September 2021, the Federal Court of Australia released a landmark decision that invalidated Santos' approval to drill for gas in the sea north of the Tiwi Islands.[44] The decision has significant implications for Santos's Barossa gas project, delaying the project significantly and requiring Santos to withdraw and resubmit a new application for approval to construct the pipeline. To avoid similar climate litigation risks, OECD members should adopt a prohibition on oil and gas export financing.

VI. KEY RECOMMENDATIONS

The data presented in this report shows that OECD export finance for energy remains severely misaligned with climate goals. However, OECD countries have a critical opportunity to build on recent momentum to shift public finance out of oil and gas, in addition to coal. We recommend that they:

- Urgently **sign onto the Clean Energy Transition Partnership and commit to ending their international public finance for fossil fuels** if they have not yet done so. As of May 2023, this is currently the case for Australia, Norway, Korea, Turkey, and Japan;

- End all oil and fossil gas financing by **tabling a robust proposal on an oil and gas prohibition to be added in addition to the coal-fired power prohibition**, thereby prohibiting export finance for the entire lifecycle of the fossil fuel supply chain. Signatories of the CETP and G7 members, and particularly Canada, the United Kingdom and New Zealand, are well placed to table such a proposal;

- Close the existing coal loopholes under Article 6.1, to extend the coal-fired power prohibition to **include coal mining, transport, and associated infrastructure**;

- Ensure that under the Climate Change Sector Understanding (CCSU) **no favorable export finance terms are provided to any project or technology derived from fossil gas**, including but not limited to blue, gray, and black hydrogen and ammonia, as well as projects that extend the lifetime of fossil fuel assets.

VII. ANNEX

A. METHODOLOGY ON DATA COLLECTION

This report assesses energy finance data of OECD members who held assets above $1 billion between 2018 and 2020. OECD's export credit agencies provided the finance data and managed member country assets. ECAs provided energy finance mostly through loans (38 percent) and guaranteed (39 percent), as well as marginal amounts through equity, and insurance. This report also assesses their publicly available fossil fuel exclusion and clean energy policies.

For G20 countries, energy finance data comes from OCI's Public Finance for Energy Database, for which a full methodology is available here. The database includes 15,000+ energy transactions – with a combined value over USD 2 trillion – of G20 ECAs, national development banks, Development Finance Institutions (DFIs), and the nine major MDBs dating back to 2013.

For the non-G20 countries, the data for Belgium, Denmark, Finland, The Netherlands, Spain, Slovenia, Sweden, and Switzerland comes from Turning Pledges into Action, a report OCI co-published with the International Institute for Sustainable Development in June 2022. This report used the same methodology for data collection as the Public Finance for Energy Database. Due to limited transaction reporting in Belgium, the fossil fuel amount is based on Credendo's response to parliamentary questions from the Ministry of Finance, which provided averages for 2016 to 2020. Action Aid Norway provided the data for Norway. The data for the remaining countries: Austria, Croatia, Czechia, Hungary, and Poland, was collected using the same data collection methodology as the one used for OCI's energy finance database.

Belgium, Austria, Croatia, Czechia, Hungary, Poland, and Slovenia provide particularly little publicly available information. Due to a lack of transparency, some of the figures presented are incomplete or (to err with conservative numbers) likely underestimate the total public finance for energy.

OECD member countries and ECAs included in this report:
Austria: Oesterreichische Kontrollbank (OeKB)
Belgium: Credendo
Canada: Export Development Canada (EDC – includes both Corporate Account and Canada Account)
Croatia: Hrvatska Banka za Obnovu (HBOR)
Czechia: Czech Export Bank (CEB), Exportní garanční a pojišťovací společnost (EGAP)
Denmark: Danmarks Eksportkredit (EKF)
Finland: Finnvera
France: Bpifrance Assurance Export (formerly Coface)
Germany: Export Credit Guarantees of the Federal Republic of Germany (Euler Hermes)
Hungary: Hungarian Export-Import Bank Plc. (Eximbank), Magyar Exporthitel Biztosító (MEHIB)
Italy: Servizi Assicurativi del Commercio Estero (SACE)
Japan: Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance (NEXI)
Korea: Export-Import Bank of Korea (Korea ExIM), Korea Trade Insurance Corporation (K-Sure) Mexico: Banco Nacional de Comercio Exterior (Bancomext)
The Netherlands: Atradius Dutch State Business (Atradius)
Norway: Norwegian Export Credit Guarantee Agency (GIEK), Export Credit Norway (Now merged to Eksfin)
Poland: Korporacja Ubezpieczén Kredytów Eksportowych (KUKE)
Slovenia: Slovenska izvozna in razvojna banka, d.d. (SID)
Spain: Compañía Española de Seguros de Crédito a la Exportación (CESCE)
Sweden: Exportkreditnämnden (EKN)
Switzerland: Swiss Export Risk Insurance (SERV)
Turkey: Turk Eximbank
United Kingdom: UK Export Finance (UKEF)
United States: Export-Import Bank of the United States (U.S. EXIM)

B. TABLE ASSESSING SELECTED OECD MEMBERS’ FOSSIL FUEL EXCLUSION POLICIES

The table below details the 16 Glasgow Statement signatories that provide significant levels of international public finance for energy as of May 2023.

- 🔴 In breach of Glasgow Statement.
- 🟠 Partial policy, but not aligned with the Glasgow Statement criteria. For supply chain ratings, this means no fossil fuel exclusions or very limited exclusions that represent less than 25% of activity in this lifecycle stage. For timeline and energy security ratings, these are policies where there are loopholes in these areas that only apply to part of rather than the whole policy.
- 🟢 Policy is aligned with the Glasgow Statement criteria.
- 🔵 MDB guidance exists but is not publicly available.
- ⚪ No policy published.
- ❗ Concerns raised

* Particularly low data transparency.
’ These numbers are a 2016–2018 average to reflect EIB’s totals before they brought in a Glasgow-aligned policy in 2019.
† These numbers are a 2016–2020 average as annual figures were not available for 2018–2020.
- This number is a conservative estimate of EDC’s international fossil fuel finance, based on their limited reporting. More details on EDC can be found in the Methodology section of Oil Change International’s “Promise Breaker’s” Report on page 26, available at: https://priceofoil.org/content/uploads/2023/03/PROMISE-BREAKERS.pdf.

SIGNATORY Annual average fossil fuel and clean energy support, 2018–2020, USD millions 🔵 ECA (Export credit agency) 🟥 DFI (Development finance institution) ⚠ MDB guidance		TIMELINE End-of-2022 deadline for ending new fossil fuel support met	COAL No new coal finance – mining, transportation, power, associated infrastructure	OIL AND GAS No new upstream support (oil and gas extraction)	OIL AND GAS No new midstream support (oil and gas processing, storage, transport, including LNG)	OIL AND GAS No new support for fossil fueled power generation compatible with Glasgow pledge	ENERGY SECURITY Exemptions in the name of “energy security” avoided	UPDATE STATUS New or updated policy to implement Glasgow Statement adopted
United Kingdom 1,487 | 621	🔵 UKEF 🟥 BII UK ⚠ MDBs	🟢	🟢	🟢	🟢	🟢	🟢	**Complete** Whole of government policy
Denmark 36 | 2,611	🔵 EKF 🟥 IFU ⚠ MDBs	🟢	🟢	🟢	🟢	🟢	🟢	**Complete** Whole of government policy
EIB’ 2,099| 4,685	⚠ MDB	🟢	🟢	🟢	🟢	🟢	🟢	**Complete** Energy Lending Policy
New Zealand* 0 | 17	🔵 NZECO ⚠ MDBs	🟢 ⚪	🟢 ⚪	🟢 ⚪	🟢 ⚪	🟢 ⚪	🟢 ⚪	**Complete** NZEC (ECA) policy OCI response
Finland 142 | 45	🔵 Finnvera 🟥 Finnfund ⚠ MDBs	🟢 🟢 🔵	🟢 🟢 🔵	🟢 🟢 🔵	🟢 🟢 🔵	🟢 🟢 🔵	🟢 🟢 🔵	**Complete** Finnvera (ECA) policy Finnfund (DFI) policy and climate & energy statement OCI response
France 362 | 1,44	🔵 BPIFrance 🟥 AFD ⚠ MDBs	🟢 🟢 🔵	🟢 🟢 🔵	🟢 🟢 🔵	🟢 🟢 🔵	🟠 🟢 🔵	🟢 🟢 🔵	**Updated** ❗ ECA policy criteria for funding oil and gas-fired power need to be strengthened. DFI fossil fuel finance restrictions meet Glasgow Statement commitment. OCI response
Canada ◘ 1,515 | 543	🔵 EDC 🟥 FinDev ⚠ MDBs	🟢	🟢	🟢	🟢	🟢	🟠	**Updated** Whole of government policy ❗ National security exemption needs clarification to ensure it cannot be misused for continued support to long-term fossil fuel infrastructure. OCI response

Sweden 120 | 2654	EKN / SEK Swedfund MDBs							**Updated** ! The Swedish government instructed Sweden's ECAs to end new finance for oil and gas production by 2022. Their new sustainability policy should be updated to reflect this more clearly. For more details see OCI's press reaction. DFI fossil fuel finance restrictions meet Glasgow Statement commitment.
Belgium 680† | 45	Credendo BIO Belgium MDBs							**Updated but not in line with Glasgow promise** ! ECA policy breaches the end-of-2022 deadline – it allows support for projects that have received promise of insurance by July 2022 into 2023. It also allows continued support for projects relating to existing oil and gas fields to continue. OCI response
Netherlands 1,215 | 614	Atradius DSB FMO MDBs							**Updated but not in line with Glasgow promise** ! ECA policy breaches the end-of-2022 deadline – it allows projects that have requested support in 2022 to still be approved in 2023. There are energy security exemptions and exemptions for some continued support in low-income countries. DFI policy meets Glasgow Statement commitment. OCI response
Spain* 2,400 | 47	CESCE COFIDES MDBs							**Updated but not in line with Glasgow promise** ! ECA policy allows continued support for LNG infrastructure, and criteria for continued support for gas-fired power are not tight enough. OCI response DFI fossil fuel finance restrictions meet Glasgow Statement commitment.
Switzerland 717 | 34	SERV SIFEM MDBs							**Updated but not in line with Glasgow promise** ! ECA policy does not fully rule out upstream or midstream oil & gas, unlike Glasgow-compliant policies. Fossil fuel support across the lifecycle can be permitted if ECA assesses it is allowed under 1.5°C climate goals. 1.5°C assessment methodology is not publicly available. Therefore, fossil fuel support is dependent on whether ECA will assess 1.5°C compatibility with integrity or not. DFI policy in line with Glasgow Statement
Germany 2,752 | 3,230	AllianzTrade / Euler Hermes KfW MDBs							**Underway** ! No updated policies available for either ECA or DFI support. Signs of potential backsliding.
Italy 2,786 | 175	SACE CDP MDBs							**Underway** ! No policy published for ECA. DFI policy updated in November 2022, not in line with Glasgow Statement.
United States 3,142 | 843	US EXIM DFC MDBs							**Interim policy in place** ! Interim policy in place but it has not been published. MDB guidance has been published.
Portugal* 0.2 | 0	COSEC SOFID MDBs							**Process unclear**

ENDNOTES

1 Export Credit Agencies (ECAs) are public finance institutions, typically existing in high-income countries which provide support to national corporations' operations abroad by providing financial services such as guarantees, loans, and credit ratings.

2 Data outlined in Section III of this report.

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47 Annex Section II of this report further outlines in detail the status of each signatories' implementation.


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