

10 October 2024

Dear Organization for Economic Co-operation and Development (OECD) Participants,

As environmental and human rights civil society organizations working to promote environmental conservation, human rights observation, and a just energy transition, we are writing to you to underscore the importance of the upcoming negotiations under the OECD Arrangement on Export Credits focused on oil and gas export finance prohibition. We call on you all OECD members to demonstrate the climate leadership that is urgently needed to align global financial flows with climate goals. The world is watching, and failure to deliver on this critical, time sensitive commitment will come with scrutiny if not delivered in 2024.

At the upcoming negotiations, OECD countries have a critical opportunity and obligation to follow through on their commitments to align the Arrangement with the goals of the Paris Agreement, as all OECD countries promised in Article 6.1(e) of the coal fired-power prohibition in 2021. OECD Export Credit Agencies (ECAs) are the world's largest international public financiers of fossil fuels, far exceeding that of non-OECD ECAs. Out of the ten 10 largest international public financiers of fossil fuels, the top 3 are all OECD ECAs (the Republic of Korea, Japan, and Canada).¹ On average they provide USD 41 billion per year into new planet-wrecking fossil fuel projects, with over 90% of those transactions flowing to oil and gas.² By contrast, OECD countries have contributed in total under 600 million USD to the Loss and Damage Fund under the United Nations Framework Convention on Climate Change (UNFCCC).³ The International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) have demonstrated that there can be no new investments in oil, gas or coal, if we are to limit global heating to 1.5°C and maintain a habitable planet in the decades to come.⁴ With most OECD countries already committed to end their international fossil fuel finance under the Clean Energy Transition Partnership (CETP), and a proposal for OECD restrictions tabled by the EU, supported by Canada, the UK, and Norway, there is a unique opportunity to reach an agreement. Any efforts to stall these negotiations close the window to secure a habitable climate future particularly for countries in the Global South that are facing the most severe impacts of climate change.

It is unthinkable that OECD ECAs continue to pour billions into fossil fuel projects,⁵ while instead trillions are urgently needed for climate action. Countries are tasked to adopt a new global climate finance target (NCQG) at the global climate conference, COP29, taking place in Baku in

¹ Public Finance for Energy Database, Data Dashboard: <https://energyfinance.org/#/data>

² Oil Change International (2023) *Changing the Trade Winds: Aligning OECD Export Finance with Climate Goals*. <https://www.oilchange.org/wp-content/uploads/2023/05/OCI-CHANGING-THE-TRADE-WINDS.pdf>

³ UN Framework Convention on Climate Change (UNFCCC), Loss and Damage Fund Pledges as announced at COP28:

<https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/loss-and-damage-fund-joint-int-erim-secretariat/pledges-to-the-loss-and-damage-fund>

⁴ International Energy Agency (2021) World Energy Outlook

⁵ OCI (2023) *Changing the Trade Winds*.

November. To deliver on a fast and fair global energy transition, OECD countries have a legal, historical, and economic duty to lead in the boldest steps of the transition. This includes delivering on commitments to end OECD fossil fuel finance, especially export finance. This requires getting an ambitious decision text completed by the end of the year to end OECD export finance for the entire fossil fuel value chain, including for liquified natural gas (LNG) projects.

We applaud the European Union, United Kingdom, Canada, New Zealand, and Norway for already taking concrete action to support a proposal to end support for the fossil fuel value chain under Article 6 of the Arrangement. The coming weeks require these countries to use their political and diplomatic capital to get other countries on board and reach an agreement on robust oil and gas restrictions by the end of 2024. As a signatory of the Clean Energy Transition Partnership (CETP),⁶ these countries have promised to not only end international fossil fuel finance domestically, but also to “**drive** multilateral negotiations” to align multilateral fora with the goals of the Paris Agreement, “in particular at the OECD”. This is a critical opportunity to turn this promise into action.

The United States, Switzerland, and most recently Australia have similarly signed onto the Clean Energy Transition Partnership (CETP).⁷ We are disappointed to see these OECD members failing to deliver on this critical promise, and have continued to finance fossil fuel projects past the end of 2022 deadline for ending such support. We call on these countries, and especially the United States, to publish domestic policies for their Export Credit Agencies to end fossil fuel financing, and to align with other CETP leaders at the OECD to deliver on a binding decision to expand Article 6 to the entire fossil fuel value chain by the end of 2024.

Lastly, Japan, the Republic of Korea, and Turkey also have an urgent responsibility to align its public finance with international climate goals and align with leaders at the OECD to expand the Article 6 prohibition to apply to the entire fossil fuel value chain. As long as these OECD countries continue to drag their feet and fund fossil fuels, it is not only creating irreparable climate harm, but also falling behind economically and risking reputational damage internationally as a planet wrecker. We call on Japan and Korea, two of the world’s largest international public financiers of fossil fuels, to end their international fossil fuel finance, and align with CETP leaders at the OECD this November or earlier.

Thank you for your commitment to this work of vital importance. We look forward to seeing all OECD members demonstrate climate leadership in the final months of 2024 by reaching an agreement under the OECD Export Credit Arrangement to end international export finance to the entire fossil fuel value chain. We stand ready to support all OECD countries which are willing to lead in bold climate action, and are available to answer any questions and discuss this topic in further detail on a call.

The world is watching. Now is the time to lead, and turn promises into action.

⁶ Clean Energy Transition Partnership (CETP): <https://cleanenergytransitionpartnership.org/>

⁷ CETP, see above

Sincerely,

Environmental Governance Institute (Uganda)

Oil Change International

AbibiNsroma Foundation

Action for Recherche and Support for Local Development Initiatives

Africa Climate Movement Building Space

AICED

Asian Peoples Movement on Debt and Development (APMDD)

Bank Climate Advocates

BankTrack

Both ENDS (Netherlands)

Buliisa Initiative for Rural Development Organisation

Care For Environment

Citizen Participation Forum

Climate Action Network Zimbabwe

Connected Advocacy for Empowerment & Youth Development Initiatives

Coordination Nationale des Jeunes pour l'Environnement et le Climat (CONAJEC)

Dont Gas Africa

Environmental Defence Canada

FASE

Friends of the Earth Japan

Friends of the Earth US

Fundación Ambiente y Recursos Naturales (FARN)

geuskens

GreenFaith Africa

Green leaf Advocacy and Empowerment Center

Haki Yetu organization

Initiators of Common awareness

Innovate Foundation GH

Japan Center for a Sustainable Environment and Society (JACSES)

Jubilee Australia Research Centre

Laudato Si' Movement Africa

Les Amis de la Terre France / Friends of the Earth France
Mt. Kenya Network Forum
Neighbourhood Environment Watch (NEW) Foundation
ORGANIZATION FOR COMMUNITY ENGAGEMENT (OCE)
Peace Point Development Foundation (PPDF)
ReCommon
Rettet den Regenwald
Quest For Growth and Development Foundation
urgewald
Women On Environment Mission
Youth for Green Communities
ZIDAWU Trust
350 United States (US)