

## The World Bank: Financing Fossil Fuels and Hiding the Numbers

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Nobody really knows how much of the World Bank's public finance is going into harmful industries and projects. World Bank Management does little to disclose even to its own board and is resisting public and parliamentary control. Even though there is a lack of oversight Management is asking to further reduce Board oversight. This leads to increasing inequality, climate disaster, unjust debt, gender discrimination, and more fossil fuel financing.

In just the last year, the private sector arm of the WB, the International Finance Corporation (IFC) has repeatedly attempted to undermine the independence of its own accountability mechanism. Without disclosure, there can be no accountability, no equality, and no just transition. The World Bank Group provides a majority of its public money through opaque lending instruments such as budget finance, and private equity funds and trade finance. "Trade Finance" is an umbrella term covering many types of financial products, e.g., materials and machinery used to build new oil, gas and coal fields, offshore platforms, pipelines, and power plants.

We also can't trust the World Bank when it talks about climate finance. Oxfam's 2022 "Unaccountable Accounting Report" found that claimed levels of climate finance cannot be independently verified. Meanwhile the Bank Information Centre finds that "the Bank does not disclose its analyses behind climate counterfactuals and has not demonstrated the greatest rigor or transparency in measuring the GHG footprint of its investments."<sup>1</sup>

- The World Bank's private sector arm, the International Finance Corporation (IFC), is lending more and more money via trade finance. This would more than triple the current annual level of fossil fuel finance attributed to the World Bank and cast serious doubts on its Paris alignment claims.
- In the last three years (2021-23) the IFC has provided \$40 billion in trade finance. In 2022 alone, an estimated \$3.7 billion of trade finance went to oil and gas.<sup>2</sup>
- World Bank claims of climate finance provision and could be off by as much as \$7bn, or 40%<sup>3</sup> as there is no standardized reporting, with "Bank staff appear[ing] to assign climate benefits on an ad hoc basis".<sup>4</sup>

The WBG's proclaimed mission and goals seem a mockery to those it has impoverished. Trust must be rebuilt through a coordinated effort to strengthen both accountability mechanisms at the World Bank Group (WBG), by creating an effective redress framework and by maximizing transparency of all lending instruments so that the WBG can be held accountable. Board members must do their job and take control, maximizing transparency and mandating public disclosure of: all IFC-supported trade transactions; all on-lending and investments by financial intermediaries; and all contracts between IFC/MIGA and private sector clients. Lastly – fossil fuels must be excluded from all financing agreements with public and private entities.

[1] <https://bankinformationcenter.org/en-us/update/mdbs-must-not-cook-the-books-on-climate-finance/>

[2] <https://www.urgewald.org/en/shop/world-bank-giving-billions-trade-finance-fossil-fuels>

[3] <https://policy-practice.oxfam.org/resources/unaccountable-accounting-the-world-banks-unreliable-climate-finance-reporting-621424/>

[4] <https://www.cgdev.org/publication/what-counts-climate-preliminary-evidence-world-banks-climate-portfolio>