Turning pledges into action:

How Glasgow Statement signatories can meet their commitment to shift international public finance out of fossil fuels and into clean energy by the end of 2022

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OILCHANGE INTERNATIONAL
Germany Pushes for G-7 Reversal on Fossil Fuels in Climate Blow

- Europe faces energy fallout from Russia's war in Ukraine
- Pledge to end public financing of such fuels came recently

G7 accused of ‘backsliding’ on climate goals over energy security fears

Pledges to halt fossil fuel investment watered down against Ukraine war backdrop
G7 leaders’ Communiqué

“…Recognising the importance of national security and geostrategic interests we commit to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited circumstances clearly defined by each country consistent with a 1.5°C warming limit and the goals of the Paris Agreement. In this context and with a view to accelerating the phase out of our dependency on Russian energy, we stress the important role increased deliveries of LNG can play, and acknowledge that investment in this sector is necessary in response to the current crisis. In these exceptional circumstances, publicly supported investment in the gas sector can be appropriate as a temporary response, subject to clearly defined national circumstances, and if implemented in a manner consistent with our climate objectives and without creating lock-in effects, for example by ensuring that projects are integrated into national strategies for the development of low-carbon and renewable hydrogen.”
Now is Not the Time to Build More LNG Import Terminals in Asia
Price-Sensitive LNG Buyers Risk Being Pushed Out of the Market by Volatile Prices, Leaving Import Assets Stranded

The U.S. Can Increase LNG Exports to Europe
No New Contracts or Infrastructure Are Required

EU CAN STOP RUSSIAN GAS IMPORTS BY 2025
ACCELERATING CLEAN ENERGY AVOIDS FOSSIL LOCK-IN
Box 1. Key Glasgow Statement commitments

By signing onto the statement, governments and public finance institutions have committed to:

1. “Prioritise support fully towards the clean energy transition, using resources to enhance what can be delivered by the private sector. This support should strive to ‘do no significant harm’ to the goals of the Paris Agreement, local communities, and local environments.”

2. “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.”

3. “Encourage further governments, their official export credit agencies and public finance institutions to implement similar commitments into COP27 and beyond. This includes driving multilateral negotiations in international bodies, in particular in the [Organisation for Economic Co-operation and Development], to review, update and strengthen their governance frameworks to align with the Paris Agreement goals. For government signatories, this will also guide our approach on the boards of multilateral development banks.”

No new unabated coal plants approved for development.

2021
- No new unabated coal plants approved for development
- No new sales of fossil fuel boilers

2025
- Phase-out of unabated coal in advanced economies
- 1020 GW annual solar and wind additions

2030
- Universal energy access
- All new buildings are zero-carbon-ready
- 60% of global car sales are electric
- Most new clean technologies in heavy industry demonstrated at scale
- Overall net-zero emissions electricity in advanced economies

2035
- Most appliances and cooling systems sold are best in class
- 50% of heavy truck sales are electric
- No new ICE car sales
- All industrial electric motor sales are best in class

2040
- 50% of existing buildings retrofitted to zero-carbon-ready levels
- 50% of fuels used in aviation are low-emissions
- Around 90% of existing capacity in heavy industries reach end of investment cycle
- Net-zero emissions electricity globally
- Phase-out of all unabated coal and oil power plants

2045
- 50% of heating demand met by heat pumps
- More than 90% of heavy industrial production is low-emissions
- Almost 70% of electricity generation globally from solar PV and wind

2050
- More than 85% of buildings are zero-carbon-ready
- 150 Mt low-carbon hydrogen
- 435 Mt low-carbon hydrogen
- 4.5 Gt CO₂ captured
- 3 000 GW electrolyzers
- 7.6 Gt CO₂ captured

No new oil and gas fields approved for development; no new coal mines or mine extensions.
Key findings

- Signatories have an opportunity to shift at least $28 billion a year out of fossil fuels and into clean energy.
- With 6 months to go until the end of 2022 deadline, most countries and institutions still need to publish Glasgow-aligned policies. Export credit agencies lag behind most.
- The main implementation risk is that signatories introduce exemptions for gas support - this was already a risk and is now an even bigger risk because of the war in Ukraine.
- Countries and institutions generally lack concrete strategies to increase clean energy support.
- Good practices exist: robust policies currently are in place in Denmark, the United Kingdom, at Swedfund, the French Development Agency, the FMO, and the EIB.
- Case studies on Ethiopia and Sri Lanka show that the Glasgow Statement can play a role in avoiding fossil fuel lock-in and accelerating a just energy transition in low- and middle-income countries.
- Many signatories continue to provide significant domestic public finance and subsidies for fossil fuels and approve sizable fossil fuel expansion plans. To show integrity signatories must end domestic fossil fuel finance and subsidies, ban new licences for oil and gas production, and phase out fossil fuel extraction on a globally just and 1.5°C-aligned timeline.
International energy finance trends from the Glasgow Statement signatories

- Canada ($11bn/yr), the United States ($3.1bn/yr), Italy ($2.8bn/yr) and Germany ($2.8bn/yr) provided most of the $28 billion in total fossil fuel finance between 2018 and 2020. ECAs are the source of over 80% of this support.

- Less than 1% of energy finance went to coal. This suggests that earlier coal exclusions on trade and development finance have had effect. Indirect coal support through financial intermediaries remains a threat.

- Most money now flows to gas projects, making up 22% of all energy finance. Past IISD analysis of G20 public finance to low- and middle-income countries found that most gas finance went to LNG export and power generation.

- Flows to clean energy were substantially lower, at $18bn a year. Most of this finance went to wind, solar and energy efficiency. Only 7 out of 39 signatories provided more clean energy finance than fossil fuel finance.

- The largest recipients of Glasgow Statement signatories' finance were not low-income countries but rather upper- and upper-middle-income countries for both fossil fuel and clean energy.

- Most finance (64%) was provided in form of loans, just 0.6% was grants. This suggests that there is a need to prioritize grant-based financing to avoid already rising debt levels to soar even further.
Figure 2. Glasgow signatories’ IPF for fossil fuels, renewable, and other energy (annual average 2018–2020)

Note: This figure includes high-income signatory countries or institutions with more than USD 100 million a year in known energy finance. Coal finance is included here but is too small to be visible. Source: OCI, 2022.
Figure 3. Glasgow signatories’ IPF for fossil fuels (annual average 2018–2020)

Note: This figure includes high-income signatory countries or institutions with more than USD 100 million a year in known energy finance. Coal finance is included here but is too small to be visible.

Source: OGI, 2022.
Figure 5. Top 15 countries receiving IPF for fossil fuel compared to renewable energy (2018–2020 average)

Source: OCI, 2022.
NEW WEBSITE:

The new open-access Public Finance for Energy Database tracks over 14,000 transactions totaling nearly $2 trillion.

Explore the data:
EnergyFinance.org
Turning Pledges into Action
Policy analysis and recommendations

Lucile Dufour
June 2022
The Glasgow Statement implies ending international public support for unabated fossil fuels across the entire value chain.

Source: Bast et al., 2015.
Only a handful of pre-existing fossil fuel exclusion policies match the Glasgow Statement’s requirements.

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<tr>
<th>Country/Institution</th>
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Policy tools are already available to design gas exclusion policies

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<tr>
<th>Country/Institution</th>
<th>Compatibility with Glasgow Statement</th>
<th>Sunset clauses for exemptions</th>
<th>Screening criteria for power generation and associated infrastructure (storage and transportation)</th>
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<td>Swedfund (SE)</td>
<td>Beyond Glasgow</td>
<td>n.a.</td>
<td>Geographic restrictions</td>
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<td>French Development Agency (FR)</td>
<td>Beyond Glasgow</td>
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<td>Blanket exclusion</td>
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<td>Denmark (whole of government approach)</td>
<td>Compatible</td>
<td>2025</td>
<td>●</td>
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<td>FMO (NL)</td>
<td>Compatible</td>
<td>2026</td>
<td>●</td>
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<tr>
<td>United Kingdom (whole of government approach)</td>
<td>Compatible</td>
<td>No sunset clause</td>
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Clean energy strategy and objectives aren’t yet defined clearly

- Out of 15 Development Finance Institutions:
  - 5 have a quantified climate finance target, 3 have a quantified clean energy finance target
  - 1 has qualitative targets associated with clean energy finance priorities (e.g. renewable energy deployment, energy access, energy efficiency)
  - 1 one institution makes just transition support a main pillar of its strategy

- Unharmonized approaches in export credit agencies
Recommendations: what signatories should deliver on by COP27

- Implement fossil-fuel exclusions that leave no room for any new support for the exploration, production, transportation, storage, refinement of coal, oil and gas, including LNG infrastructure.

- Use definitions of “limited and clearly defined exceptions” and “unabated” that do not allow for fossil lock-in. Long-lived gas infrastructure, including gas-fired power, should be excluded from new financing.

- Apply fossil fuel exclusions to indirect support.

- Develop concrete plans for shifting public finance from fossil fuels to clean energy and further increase clean energy support for a just energy transition. Develop collaborations with low- and middle-income signatories.
**Recommendations: what signatories should deliver on by COP27**

- Secure new signatories to join the statement by COP 27.
- Use vote and voice, as MDB shareholders, against new financing for fossil fuel projects.
- Secure oil and gas export finance restrictions at the OECD with a harmonized phase-out timeline by the end of 2022.
- **Adopt a set of coherent policies at the domestic level:** phase out fossil fuel subsidies, end ban new licenses for oil & gas production.
Thank You!

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