Leaders & Laggards: Tracking implementation of the COP26 commitment to end international public finance for fossil fuels by the end of 2022

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Context:

At COP26 in Glasgow, 34 countries and 5 institutions pledged to end direct international public finance for unabated fossil fuels by the end of 2022 and prioritize their public finance fully for the clean energy transition. This was the first international political commitment that focused on ending public finance for oil and gas in addition to coal. If countries and institutions follow through on their commitment, this will directly shift USD 28 billion a year out of fossil fuels and into clean energy, which would help shift even larger sums of public and private money.

This briefing, which will be updated regularly in the lead up to and throughout COP27, tracks implementation efforts and assesses whether countries are on track to keep their COP26 promise.

In recent months there have been signals of countries potentially backsliding on their COP26 commitment by investing in gas and Liquefied Natural Gas (LNG) to replace Russian supply. However, civil society representatives and the International Energy Agency have warned that the war in Ukraine and the compounding debt, climate, and energy price crises mean that now more than ever governments must prioritize public finance for reliable, affordable and clean energy and energy efficiency solutions. A report published in July 2022 by OCI, IISD and Tearfund showed that signatories lack concrete strategies to, as promised, "prioritize support fully towards the clean energy transition" and increase transformative clean energy support.

With just a month left until COP27 and two months till the end of 2022 deadline, and while campaigners around the world take action today to urge their leaders to keep their #StopFundingFossils promise (see press release), this briefing shows that while a number of signatories are on track or getting on track to put an end to their financing for fossil fuel projects abroad by the end of this year, others are dragging their feet.

Selected country and institution updates:

Signatories that are on track or are getting on track:

- **The United Kingdom:** After adopting a policy that put an immediate halt to new finance for fossil fuels with limited exemptions in March 2021, the UK led efforts to launch the Glasgow Statement at COP26. The United Kingdom will host a side-event at COP27 with the aim of adding new signatories to the Glasgow Statement and tracking progress on implementation.
- **Denmark:** Denmark published a new policy on the day of the launch of the COP26 Glasgow Statement that puts an end to Denmark's international public finance for fossil fuels. The policy allows investments in gas-fired power plants for a transition period until 2025, but only if a number of cumulative conditions are met. If applied with integrity, it is unlikely that any fossil fuel project would meet these conditions.
- **Sweden:** Sweden updated its public finance sustainability policy in May 2022 to deliver on its Glasgow commitment. The policy puts an end to fossil fuel finance with some limited

exceptions for gas-fired power and new oil and gas extraction, but such investments can only be made if the project or company can document realistic 1.5C transition plans. If implemented with integrity, this criterion should mean that no new guarantees can be issued for such projects. See OCI's press reaction for more details.

- **The European Investment Bank:** The EIB is the only Multilateral Development Bank (MDB) to date that has signed onto the Glasgow Statement. Its Energy Lending Policy, adopted in 2019, bans financing for new fossil fuel projects with limited exceptions. The EIB is due to review its Energy Lending Policy, providing an important opportunity to further align its finance with a just energy transition.

- **France:** On 26 September, France released an updated policy to implement its Glasgow commitment. The policy puts an end to all international public finance for fossil fuels by the end of 2022, apart from oil and gas-fired power. See OCI's press reaction for a more detailed analysis and reactions from French CSOs.

- **Belgium:** The Belgian Export Credit Agency, Credendo, published a policy to implement its Glasgow commitment in July 2022. The policy puts a complete halt to financing for new and already developed coal mines and to financing for new oil and gas fields by the end of 2022. It also puts an end to financing for oil-fired power unless installations are equipped with carbon capture, usage and storage (CCUS) technology. The policy allows financing for existing oil and gas fields approved before 2022 and, up until 2025, allows investments in gas-fired power plants. Any such investments need to meet a number of cumulative criteria that – if applied with integrity – will be virtually impossible to meet for new fossil fuel projects. See OCI's press reaction for a more detailed analysis of the policy.

- **Finland:** A new policy released September 2022 shows the Finnish ECA (Finnvera) nearly compliant with the Glasgow Statement, but the restrictions for financing for gas-fired power need to be strengthened. Finland has not yet published an update to its 2021 DFI (Finnfund) policy to align oil and gas finance restrictions with the Glasgow commitment.

Signatories that are dragging their feet:

- **The United States:** The United States (US) published treasury guidance for MDB support for fossil fuel projects in August 2021 (see OCI's press reaction for more details). The US has also introduced a new policy that applies to bilateral finance (Development Finance Corporation (DFC) and US Export-Import Bank (US EXIM)), but the US government is refusing to publish this guidance. It must publish its guidance as other signatories have done, in order to show how they intend to fulfill their Glasgow pledge. US EXIM has reported that it is exploring providing domestic finance to boost US LNG exports through the 'Make More in America' initiative. The new US EXIM chair said in April that they remain open to supporting LNG. The US is also exploring support for new international gas projects in South Africa and Croatia among others.

- **Canada:** Canada's new policy to implement the Glasgow commitment is underway, but there are risks that the policy will have large loopholes, particularly for domestic oil and gas companies receiving finance from Export Development Canada.

- **Germany:** Since signing onto the Glasgow statement, German Chancellor Scholz has indicated interest in supporting upstream gas in Senegal. Germany is working on a fossil fuel strategy and individualized policies for its development bank, KfW and the Export Credit Agency, Euler Hermes. It is unclear when these will be published and if they will meet the commitments made under the Glasgow statement.

- **The Netherlands:** The Dutch government initially planned to publish its policy that would implement the Glasgow commitment by July 2022, but this has been delayed until mid-October. The government launched a public consultation on the policy which suggests a transition period that would breach the 2022 deadline for ending fossil fuel support and energy security loopholes that would allow continued financing for fossil fuel projects.

- **Spain:** There is no public information on whether a policy update is underway for Spain.

Notable countries and institutions that have not signed onto the Glasgow Statement:

- **The World Bank:** Among the Multilateral Development Banks, the World Bank is the biggest provider of finance for fossil fuel projects. It has provided USD 14 billion in public finance for fossil fuel projects since the adoption of the Paris Agreement. The World Bank President, David Malpass, has recently come under fire for refusing to back climate science. In response civil society organizations and climate scientists have called for Malpass to be fired. Climate influencers, including former executive secretary of the UNFCCC Christiana Figueres and Rachel Kyte have responded stating that if you do not understand the threat of climate change you cannot lead the world's top international development institution.

- **Japan:** Japan is one of the world's largest providers of public finance for fossil fuels, responsible for USD 10.9 billion in international public finance for fossil fuel projects annually between 2018 and 2020. As part of the G7, in June 2022, Japan signed onto a commitment to end international public finance for fossil fuels that is near-identical to the Glasgow commitment, increasing the potential financial shift to USD 39 billion a year. However, since the G7 Japan has signaled that it plans to provide public finance for upstream oil and gas despite the G7 pledge.

- **Australia:** Australia could be a key next candidate to join the Glasgow Statement at COP27. Historically, Australia has not been a large provider of international public support for fossil fuel projects - providing an average of USD 78 million a year in finance for fossil fuel projects between 2018 and 2020 through its export credit agency Export Finance Australia. This is the third smallest out of the G20. By joining the initiative at COP27, Australia would demonstrate its commitment to financing the clean energy transition and advancing this agenda at the multilateral level to help tip the global public finance balance in favor of clean energy and climate action.

Appendix: Status of signatories' fossil fuel exclusion policy updates.

Signatory Average **fossil fuel** and **clean** support 2018-2020, USD millions	**Existing Fossil Fuel Exclusion Policy Rating** -- from [Turning Pledges Into Action]()		**Update Status**
	Export Credit Agency (ECA)	Development Finance Institution (DFI)	
Denmark 36 | 2,611	● (whole of government policy)		**Complete**
European Investment Bank 1,394 | 5230	●		**Complete**
Sweden 120 | 2654	●	●	**Complete** ⚠ Sweden's fossil fuel restrictions for ECA finance should be strengthened to fully exclude finance for new oil and gas exploration and extraction. Sweden's fossil fuel restrictions for DFI finance meet the Glasgow Statement commitment.
United Kingdom 1,462 | 516	● whole of government policy		**Complete**
Belgium † 680 | 45	●	●	**Updated** ⚠ New ECA and pre-existing DFI policies need to be strengthened for full alignment with Glasgow Statement.
Finland 142 | 45	●	●	**Updated** ⚠ New policy makes the Finnish ECA nearly compliant with the Glasgow Statement, but the restrictions for financing for gas-fired power need to be strengthened. Finland has not yet published an update to its 2021 DFI (Finnfund) policy to align its oil and gas finance restrictions with the Glasgow commitment.

France 362 | 1,441			**Updated** ⚠ On 26th September, the French Government announced a policy covering BPIFrance (French ECA), adding to an already-existing, Glasgow Statement aligned, policy for AFD, the French development finance institution. The policy is strong on ending upstream and midstream financing by the end of 2022, including for LNG, but criteria for financing gas-fired or oil-fired power need to be strengthened.
Italy 2,786 | 175			**Underway** Process unclear.
Netherlands 1,215 | 614			**Underway** New policy restricting ECA finance for fossil fuels underway, but there is a risk of loopholes in the policy. DFI fossil fuel finance restrictions already meet Glasgow Statement commitment.
Canada 10,990 | 516			**Underway** ⚠ Signs of potential backsliding - there are risks that the policy will have large loopholes, particularly for domestic oil and gas companies receiving finance from Export Development Canada.
Germany 2,751 | 3230			**Underway** ⚠ Signs of potential backsliding Policy will be published in time for COP27.
Spain 2,394 | 47 *			**Process unclear** ⚠ No public information on policy process. At risk of breaking Glasgow promise.

Switzerland 717 | 34	🔴	🟠	**Unknown** ⚠ Switzerland has [released a fossil fuel policy for MDB finance](), but it seems like Switzerland is not updating their export finance (SERV) or development finance policies in line with the Glasgow statement.
United States 3,143 | 843	🟠 (Based on interim whole of government policy)		**Interim policy in place** ⚠ Signs of potential backsliding Bilateral finance policy developed, but not publicly available.
New Zealand 0 | 17 *		🔴	**Process unclear**
Portugal 0.2 | 0 *	🟠	🔴	**Process unclear**
Slovenia 0 | 2 *		🔴	**Process unclear**

🔴 At least two assessment criteria are ranked as "off-track."
🟠 At least one assessment criterion is ranked as "below Glasgow." One criterion maximum is ranked as "off-track."
🟢 All the assessment criteria (coal, oil, and gas restrictions, coverage [direct/indirect support] and timeline) are ranked as Glasgow-compatible or beyond Glasgow

* Indicates institutions or countries with particularly low data transparency.

† These numbers are a 2016-2021 average as annual figures were not available for 2018-2020.

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Notes:

- This briefing will be updated regularly in the lead up to COP27. An updated version will be released on the 25th of October, alongside an OCI and Friends of the Earth US report with updated figures for G20 and Multilateral Development Bank public finance for fossil fuels. It will also be updated throughout COP27. At COP27, OCI, Recourse and Tearfund will be hosting a side-event on 16 November, at 15.00 EEST, 'Funding a Just Future: Not Fossils' where panelists will take stock of Glasgow Statement implementation efforts and discuss the human impact of fossil fuel projects funded by public finance institutions. Please reach out to Nicole Rodel (nicole@Priceofoil.org) with any press enquiries and/or let her know if you want to receive updates.

- 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. Signatories 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." The commitment covers international public finance provided through development finance institutions (bilateral and multilateral) and export credit agencies. The statement does not cover domestic support for fossil fuels.

- The Glasgow Statement was signed by 34 governments and five public finance institutions, including Agence Française de Développement (AFD), Albania, Banco de Desenvolvimento de Minas Gerais (BDMG), Belgium, Burkina Faso, Canada, Costa Rica, Denmark, the East African Development Bank (EADB), El Salvador, Ethiopia, the European Investment Bank (EIB), Fiji, Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), Finland, France, Gabon, The Gambia, Germany, The Holy See (Vatican City State), Iceland, Italy, Jordan, Mali, Marshall Islands, Moldova, the Netherlands, New Zealand, Portugal, Republic of Ireland, Slovenia, Spain, South Sudan, Sri Lanka, Sweden, Switzerland, the United Kingdom, the United States, and Zambia. The combination of donor country signatories and low-income country signatories shows that there is a united front behind this issue and that low-income country signatories want to attract clean energy rather than fossil fuel finance.

- At the G7 Environment, Climate, and Energy Ministers meeting in May 2022, G7 members adopted a near-identical commitment. This means that in addition to the other G7 members, Japan has now also committed to ending direct international public finance to unabated fossil fuels by the end of 2022. This increases the potential finance shift to USD 39 billion a year. This sum is sufficient to close the climate finance gap or the USD 35 billion a year that is required to close the energy access gap and provide full access to clean electricity.