

A dramatic photograph of an oil rig against a dark sky. A large, billowing plume of dark smoke or steam rises from the top of the rig, partially obscuring a bright light source, possibly the sun, which creates a strong backlighting effect. The rig's structure is silhouetted against the lighter background.

PROMISE BREAKERS

ASSESSING THE IMPACT OF COMPLIANCE WITH
THE GLASGOW STATEMENT COMMITMENT TO
END INTERNATIONAL PUBLIC FINANCE FOR
FOSSIL FUELS

This report was written by Adam McGibbon, with input from Bronwen Tucker, Laurie van der Burg, Claire O'Manique, Nina Pušić and Nicole Rodel. All are with Oil Change International.

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Oil Change International
714 G Street SE
Washington, DC 20003 USA
www.priceofoil.org

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1. EXECUTIVE SUMMARY

The Glasgow Statement, a joint commitment forged at the UN climate summit in 2021, is shifting an estimated USD 5.7 billion per year in public finance out of fossil fuels and into clean energy, with the potential of much more if additional signatories fulfill their commitment.

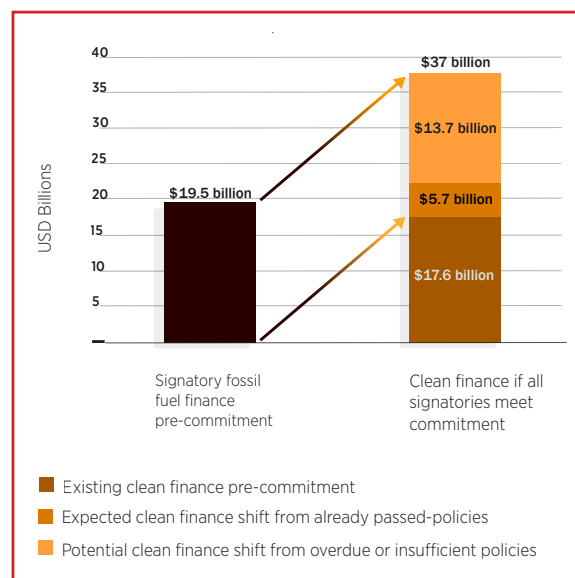
At the United Nations COP26 climate summit in Glasgow in November 2021, 34 countries and 5 public finance institutions signed a joint commitment (referred to hereafter as the “Glasgow Statement”) to end new direct international public finance for fossil fuels by the end of 2022 and instead prioritize public finance for clean energy (Box 1).¹

This was the first international political commitment to address public finance for oil and gas, moving beyond an exclusive focus on coal. The Statement was arguably one of the most concrete achievements of the COP26 summit. The signatories include some of the largest historic providers of international fossil fuel public finance,

including Canada, Germany, Italy, the United States, the United Kingdom, and France. Japan, the world’s largest provider of international public finance for fossil fuels, joined peers in making a near-identical commitment at the G7 in May 2022.²

Signatories agreed to end their international public finance for fossil fuels by the end of 2022. In this report, we demonstrate which countries have kept their commitment, what the real-world impact of the Glasgow Statement has been thus far, and outline opportunities and recommended priorities for the initiative for 2023.

Figure ES-1: Estimated international public finance shift out of fossil fuels and into clean energy from Glasgow Statement implementation policies.



Source: Public Finance for Energy Database (energyfinance.org) and 2022 report *Turning Pledges Into Action*. Based on OCl assessment of policies signatories’ fossil free exclusion policies as of March 2023 and the average annual international public finance for fossil fuels for the three years prior to the commitment (2018–2020*). *Where data is limited or fossil fuel exclusion policies were already in place we have used different time periods as noted in Methodology. The expected and potential clean finance shift (a total of USD 19.4 billion) differs from the USD 28 billion figure quoted earlier in the 2022 Oil Change International / International Institute for Sustainable Development report *Turning Pledges Into Action*, as EDC’s policy does not apply to its domestic export financing. Canada’s policy is explained in more detail in Methodology

1 “Direct international finance for fossil fuels” means any grants, direct budget transfers, loans, guarantees, insurance, and equity purchases involving fossil fuels from government departments and majority government-owned institutions flowing internationally, including through their actions at multilateral institutions like the multilateral development banks (MDBs). “Indirect” support includes financing through financial intermediaries, technical assistance, and policy-based lending provided at some MDBs. For more detailed discussion of the scope and best practice implementation of the Glasgow Statement, see sections 2.1.3 and 5.0 in International Institute for Sustainable Development & Oil Change International’s report, *Turning Pledges into Action*.

2 Lucile Dufour et. al, *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*, IISD ,OCI, and Tearfund, May 2022, <https://www.iisd.org/system/files/2022-06/turning-glasgow-statement-into-action.pdf>

KEY FINDINGS

- With the passing of the end-of-2022 deadline, **significant progress has been made in shifting international public finance away from fossil fuels**. Out of 16 signatories that provide significant international public finance for energy, **eight** have new or existing policies that broadly meet the promise they made in Glasgow (Canada, the European Investment Bank, the United Kingdom, France, Finland, Sweden, Denmark, and New Zealand). This is shifting **USD 5.7 billion per year** out of fossil fuels and into clean energy.
 - **Four countries have failed to publish a policy**, thus breaking their Glasgow Statement promise and raising questions about their commitment to climate action. The United States, Germany and Italy are among the most serious laggards.
 - **Four countries have published policies that fall far short of their Glasgow commitment**. These countries (Spain, Switzerland, the Netherlands and Belgium) have created policies with wide loopholes, exemptions or unacceptably long “transition periods” before fossil finance is restricted.
 - If both the group of five countries without policies and the group of three countries with below-Glasgow policies fulfill their commitment, this will shift a further **13.7 billion per year** away from fossil fuels.
 - Companies and projects are seeking public financing for new fossil fuel infrastructure. We highlight some of these projects and point to the danger of countries breaking their promises by funding these projects or non-signatory governments funding these projects instead.
-

KEY RECOMMENDATIONS:

- **Existing signatories must keep their promises**. Signatories who have broken their commitment by failing to meet the end-of-2022 deadline must get on track and urgently publish policies aligned with the Statement. Signatories who have published policies that fall short of their commitment must urgently update them to phase out public financing for international fossil fuels.
 - **Clean energy must be scaled up**. At an absolute minimum for 2023, governments and multilateral development banks (MDBs) should provide clean energy support equivalent to their average annual fossil fuel support from 2019 to 2021, and in the meantime develop binding policies and joint frameworks to meet the broader clean energy recommendations in this report. If this is done, it will more than double signatories’ clean finance, from **USD 17.6 billion** a year to **USD 37 billion**.
 - **Signatories must seize key opportunities to build on the Glasgow initiative’s momentum in 2023** by gaining new signatories, demonstrating a clear shift in international public fossil finance away from fossil fuels and towards clean energy, and cementing the initiative at the G7 and OECD.
 - In addition to keeping their promise to end international public finance for fossil fuels, **signatories must also get their own houses in order**. They should end domestic fossil fuel subsidies and finance, ban new oil and gas licenses and phase out fossil fuel extraction on a globally just and 1.5-degree Celsius (°C)-aligned timeline, including by joining the Beyond Oil and Gas Alliance.
-

2. INTRODUCTION

The Glasgow Statement is an initiative originally spearheaded by the UK government, who in December 2020 became the first high-income country in the world to pledge to end its international public finance for fossil fuels. Less than a year later, efforts by the UK government and global civil society led to the publication of the Glasgow Statement at COP26 on November 4, 2021.

Thirty-nine institutions and governments signed the Statement at COP26,³ pledging to end their new direct international public finance for fossil fuels by the end of 2022 and instead fully prioritize their public finance for clean energy.⁴ This was not only one of the most concrete outcomes of COP26, it was also a breakthrough in efforts to align financial flows with the objectives of the Paris Agreement.

The Statement is of vital importance because research has shown time and again the outsized role that public finance plays in enabling and perpetuating fossil fuel projects. Public finance makes many high-risk fossil fuel projects viable by providing the security of taxpayer backing and therefore unlocking much larger amounts of private investment.

Without this public finance, many fossil fuel projects would not go ahead.^{5,6}

Glasgow Statement signatories are also well-placed to shift financing away from fossil fuels in multilateral institutions, which provided an average of USD 4.6 billion a year to fossil fuel projects from 2019 to 2021.⁷ Collectively, the signatories of the Glasgow Statement hold significant shares of the total voting rights on the boards of many major multilateral development banks (MDBs), including 67 percent of the voting rights in the European Bank for Reconstruction & Development (EBRD) and 45 percent in the World Bank Group.⁸

International public finance is still skewed towards fossil fuels. Oil Change International's (OCI) Public Finance for Energy Database shows that from 2016 – the year after the Paris Agreement was signed – until 2021, USD 422 billion in international public finance has gone to fossil fuels compared to just USD 173 billion for clean energy.

OCI data shows a decrease in public finance for fossil fuels between 2019 and 2021 – a near-halving of support in 2021 from the previous three years.

A significant 27 percent (or USD 8.2 billion) of this 2021 drop is traceable to fossil fuel exclusion policies from the UK and European Investment Bank (EIB) coming fully into effect, along with coal power exclusions from China and the Organisation for Economic Co-operation and Development (OECD) Export Credit Arrangement. This shows the huge potential of the Glasgow Statement – policies now taking effect or that will soon take effect can drive huge global shifts from fossil fuels and can, for the first time, help tip the public finance for energy balance in favor of clean energy.

Climate models are clear that an end to the expansion of fossil fuel production and a rapid and deep reduction in the use of fossil fuels is needed to limit average global warming to 1.5 degrees Celsius (°C). The Intergovernmental Panel on Climate Change's (IPCC) and the International Energy Agency's (IEA) credible scenarios that maintain a 50 percent chance of limiting warming to 1.5°C have no new oil and gas extraction.⁹

This means that shifting the billions in public finance flows away from fossil fuels and into clean energy is vital to

3 This includes 19 high-income countries (Belgium, Canada, Denmark, Finland, France, Germany, Republic of Ireland, The Holy See [Vatican City State], Iceland, Italy, the Netherlands, New Zealand, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States), 15 low- and middle-income countries (Albania, Burkina Faso, Costa Rica, El Salvador, Ethiopia, Fiji, Gabon, The Gambia, Jordan, Mali, Marshall Islands, Moldova, South Sudan, Sri Lanka, Zambia), and 5 public finance institutions (Agence Française de Développement [AFD], Banco de Desenvolvimento de Minas Gerais, the East African Development Bank, the European Investment Bank [EIB], and Financierings-Maatschappij voor Ontwikkelingslanden N.V. [FMO])

4 Signatories who sign the Statement after COP27 have a year from their signature to implement their policy.

5 Institute of Chartered Accountants in England & Wales, 'The Role of UK Export Finance,' accessed February 28, 2023, p.3, <https://www.icaew.com/-/media/corporate/files/technical/business-and-financial-management/smes/export-advice-8.ashx?a=en>

6 The Oxford Institute for Energy Studies notes that the PNG LNG project raised USD 8.3 billion of its total debt raising of USD 10.5 billion from six government-backed export credit agencies, and the financing "could not have been done without them." (Pg19). Robin Baker, LNG Finance- Will Lenders accommodate the changing environment," The Oxford Institute for Energy Studies, November 2020, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2020/11/Insight-78-LNG-Finance-will-lenders-accommodate-the-changing-environment.pdf>

7 Claire O'Manique, Bronwen Tucker, and Kate DeAngelis, At a Crossroads: Assessing G20 and MDB international energy finance ahead of stop funding fossils pledge deadline, Oil Change International & Friends of the Earth U.S.' November 2022, <https://priceofoil.org/2022/11/01/g20-at-a-crossroads/>.

8 Dufour et al., *Turning Pledges into Action*, Pg24.

9 International Energy Agency, Net-Zero by 2050: A Roadmap for the Global Energy Sector, IEA, 2021, <https://www.iea.org/reports/net-zero-by-2050>; IISD, Lighting the Path: Exploring IPCC pathways to 1.5C, July 2022, <https://www.iisd.org/events/lighting-path-exploring-ippc-pathways>.

meeting global climate targets. The IEA has shown that clean energy finance needs to triple by 2030 in order to have a chance of limiting warming to 1.5°C and meeting the Paris goals.¹⁰

In order to unlock a global just energy transition and avoid reinforcing existing inequalities,

clean energy public finance must be provided on fair terms with a high portion of concessional and grant-based lending, comprehensive human rights due diligence, and community-led development principles. It should also prioritize transformative solutions like distributed renewable energy,

energy efficiency, and worker- and community-led just transition plans. Finally, high-income signatories must also contribute their fair share of domestic emissions reductions, climate finance, loss and damage compensation, and debt justice commitments.

BOX 1: KEY GLASGOW STATEMENT COMMITMENTS

By signing on to 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.”

¹⁰ “World Energy Outlook 2021 shows a new energy economy is emerging – but not yet quickly enough to reach net zero by 2050,” International Energy Agency, October 2021, <https://www.iea.org/news/world-energy-outlook-2021-shows-a-new-energy-economy-is-emerging-but-not-yet-quickly-enough-to-reach-net-zero-by-2050>

3. THE PROMISE BREAKERS AND PROMISE KEEPERS

The signatories to the Glasgow Statement promised to end their new direct international public finance for fossil fuels by the end of 2022. As of March 2023, the 16 high-income¹¹ signatories that provide significant international public finance for energy fall into the following categories:

- Eight have existing or new policies aligned or nearly aligned with the Glasgow Statement (**United Kingdom, Denmark, European Investment Bank, France, Finland, New Zealand, Sweden, Canada**). The policy details vary from signatory to signatory, but all put a complete halt to investments in new oil and gas extraction and LNG infrastructure.
- Four countries (**Belgium, Switzerland, the Netherlands, Spain**) have new policies that further restrict fossil fuel support but leave major loopholes and/or do not meet the end-of-2022 deadline.
- Four high-income signatories (**Germany, Italy, Portugal, United States**) have yet to publish new or updated policies. The **United States** has reportedly adopted a policy, but is refusing to publish it. **Germany, Italy**, and the **United States** are particularly at risk of introducing loopholes that allow continued fossil fuel financing.
- **All signatories** must still do more to meet the parallel commitment to “prioritise support fully towards the clean energy transition” whilst “do[ing] no significant harm’ to the goals of the Paris Agreement, local communities and local environments.”

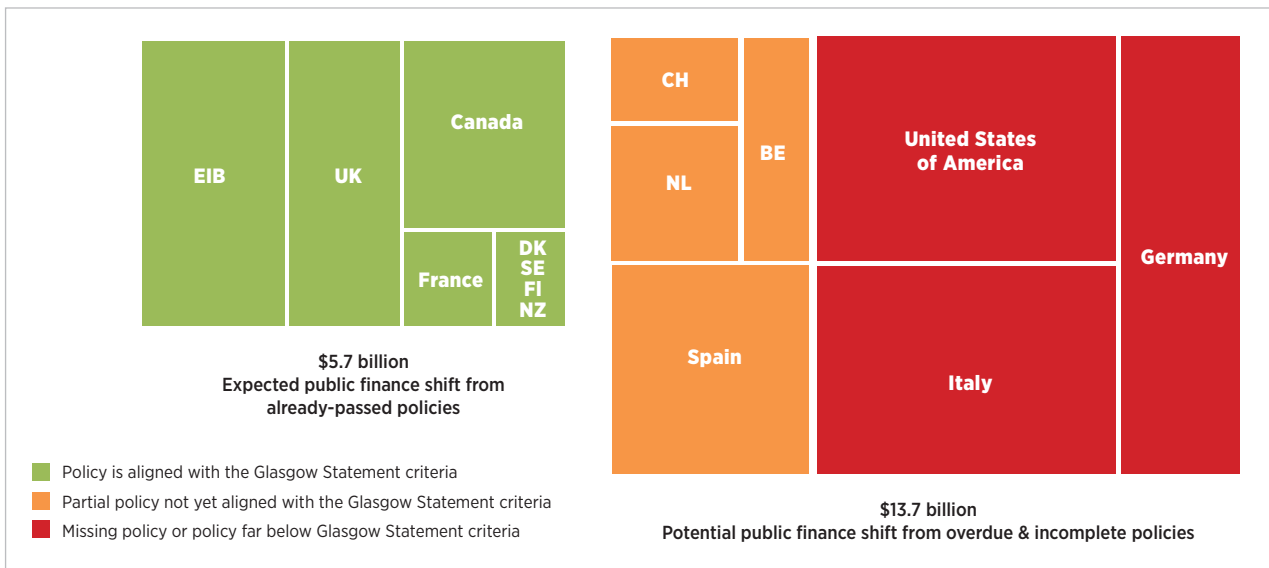
Table 1 provides an assessment of pre-existing and updated international public finance fossil fuel exclusion policies of the 16 financing signatories at the institution level. In Figure 1 we provide a quantitative summary of these assessments based on previous financing trends to show the expected impact of implementation to date. We show that the eight signatories who have fulfilled their Glasgow Statement are shifting USD 5.7 billion per year out of fossil fuels if their published policies are implemented properly. The remaining signatories fulfilling their commitments would shift an additional USD 13.7 billion.

¹¹ We focus on high-income signatories in this report because they are the largest providers of international public finance in addition to having the most significant historical responsibility for greenhouse gas emissions and the most available resources to act. However, low- and middle-income countries still have an important role to play in delivering on the Glasgow Statement’s commitments, as discussed throughout this report.



Figure 1: Potential shift in public finance from signatories' fossil fuel exclusion policies, as of March 2023

Based on average annual international public finance for fossil fuels for the three years prior to the commitment (2018–2020*)

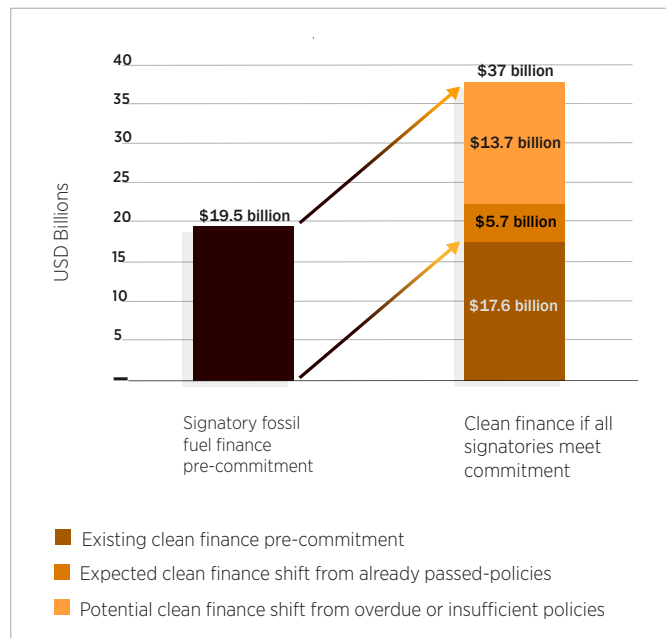


Source: Public Finance for Energy Database (energyfinance.org) and 2022 report *Turning Pledges Into Action*. Totals by signatory and a more detailed policy assessment are shown in Table 1. *Where data is limited or fossil fuel exclusion policies were already in place we have used different time periods. See Methodology for more details.

Figure 2: Estimated international public finance shift out of fossil fuels and into clean energy from Glasgow Statement implementation policies

Based on OCI assessment of policies signatories' fossil free exclusion policies as of March 2023 and the average annual international public finance for fossil fuels for the three years prior to the commitment (2018–2020*).

In Figure 2 we show that signatories have an opportunity to more than double their current annual clean energy finance – from USD 17.6 billion to USD 37 billion – if they fully shift their fossil fuel finance to this sector. This would be an impressive real-world shift towards clean energy. For example, if this sum were put entirely towards distributed renewable energy access, it would be sufficient to close the estimated USD 35-billion-a-year clean energy access finance gap.¹²



Source: Public Finance for Energy Database (energyfinance.org) and 2022 report *Turning Pledges Into Action*. *Where data is limited or fossil fuel exclusion policies were already in place we have used different time periods. See Methodology for more details. The expected and potential clean finance shift (a total of USD 19.4 billion) differs from the USD 28 billion figure quoted earlier in the 2022 Oil Change International / International Institute for Sustainable Development report *Turning Pledges Into Action*, as EDC's policy does not apply to its domestic export financing. Canada's policy is explained in more detail in Methodology

¹² 'Global Roadmap for Accelerated SDG7 Action in Support of the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change,' United Nations, November 2021, https://www.un.org/sites/un2.un.org/files/2021/11/hlde_outcome_-_sdg7_global_roadmap.pdf&sa=D&source=docs&ust=1677666640044582&usg=AOvVaw1443GZL1Lg4NI-poFnnzp

Table 1: Fossil fuel exclusion policies of the 16 Glasgow Statement signatories that provide significant levels of international public finance for energy

| Signatory | Timeline | Coal | Oil and gas | | | Energy Security | Update status |
|--|--|---|---|---|---|--|---|
| <p>Annual average fossil fuel and clean energy support, 2018-2020, USD millions</p> <p>● ECA (Export credit agency) ■ DFI (Development finance institution) ▲ MDB guidance</p> | <p>End-of-2022 deadline for ending new fossil fuel support met</p> | <p>No new coal finance – mining, transportation, power, associated infrastructure</p> | <p>No new upstream support (oil and gas extraction)</p> | <p>No new midstream support (oil and gas processing, storage, transport, including LNG)</p> | <p>No new support for fossil fueled power generation compatible with Glasgow pledge</p> | <p>Exemptions in the name of “energy security” avoided</p> | <p>New or updated policy to implement Glasgow Statement adopted</p> |
| <p>United Kingdom 1,487 621</p> <p>● UKEF ■ BII UK ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>Complete Whole of government policy</p> |
| <p>Denmark 36 2,611</p> <p>● EKF ■ IFU ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>Complete Whole of government policy</p> |
| <p>EIB* 2,099 4,685</p> <p>▲ MDB</p> | ● | ● | ● | ● | ● | ● | <p>Complete Energy Lending Policy</p> |
| <p>New Zealand* 0 17</p> <p>● NZECO ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>Complete NZEC (ECA) policy OCI response</p> |
| <p>Finland 142 45</p> <p>● Finnvera ■ Finnfund ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>Complete Finnvera (ECA) policy Finnfund (DFI) policy and climate & energy statement OCI response</p> |
| <p>France 362 1,44</p> <p>● BPIFrance ■ AFD ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>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</p> |
| <p>Canada □ 1,515 543</p> <p>● EDC ■ FinDev ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>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</p> |
| <p>Sweden 120 2654</p> <p>● EKN / SEK ■ Swedfund ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>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.</p> |
| <p>Belgium 680+ 45</p> <p>● Credendo ■ BIO Belgium ▲ MDBs</p> | ● | ● | ● | ● | ● | ● | <p>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</p> |

| | | | | | | | |
|--|---|--|--|--|--|--|---|
| Netherlands 1,215 614 <ul style="list-style-type: none"> ● Atradius DSB ■ FMO ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | 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 <ul style="list-style-type: none"> ● CESCE ■ COFIDES ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | 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 <ul style="list-style-type: none"> ● SERV ■ SIFEM ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | 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 <ul style="list-style-type: none"> ● AllianzTrade / Euler Hermes ■ KfW ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | Underway ! No updated policies available for either ECA or DFI support. Signs of potential backsliding. |
| Italy 2,786 175 <ul style="list-style-type: none"> ● SACE ■ CDP ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | Underway ! No policy published for ECA. DFI policy updated in November 2022, not in line with Glasgow Statement. |
| United States 3,142 843 <ul style="list-style-type: none"> ● US EXIM ■ DFC ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | Interim policy in place ! Interim policy in place but it has not been published . MDB guidance has been published. |
| Portugal* 0.2 0 <ul style="list-style-type: none"> ● COSEC ■ SOFID ▲ MDBs | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | <ul style="list-style-type: none"> ● ● ● | Process unclear |

* 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. Box 2 below provides more details on EDC.

● 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.

See details in Methodology below.

4. SPOTLIGHT ON SELECTED PROMISE KEEPERS & BREAKERS

4.1. PROMISE KEEPERS

This section looks more closely at the experiences of signatories that have kept their Glasgow Statement commitment to shift their direct international public finance out of fossil fuels and into clean energy.



United Kingdom

The UK has historically been a major provider of international public finance for fossil fuels, supporting GBP 21 billion in oil and gas exports through trade promotion and export finance from 2016 to 2020.¹³ From 2010 to 2018, the UK's export credit agency, UK Export Finance (UKEF), gave a staggering 97 percent of its energy support to fossil fuel projects, principally oil and gas exploration and production in upper-middle-income countries.¹⁴

Following a multi-year civil society campaign, the UK became the first major country to pledge to end its international public finance for fossil fuels in 2020. Shortly before this announcement, a Vivid Economics study evaluated the job impacts of shifting UKEF finance out of fossil fuels and into clean energy. The study showed that this shift would create more jobs than would be created if

UKEF were to continue its support for fossil fuel projects.¹⁵ The UK's new fossil fuel exclusion policy took effect in March 2021. This is a "whole-of-government" policy, covering export finance, Official Development Assistance (ODA), and the UK's development finance institution. The policy, which is among the strongest fossil fuel exclusion policies, ends international public finance for the fossil fuel energy sector except in limited and targeted circumstances.¹⁶ This means that almost all fossil fuel energy support has ended, with an exemption in place for gas power plants where it can be demonstrated that there are no alternatives and that the project is in line with climate goals.

UKEF has started to shift its support to clean energy. In its first full year operating a fossil-fuel-free export policy, UK Export Finance supported

GBP 7.4 billion in exports, the second-highest in 30 years. UKEF has also been named the number one export credit agency for sustainable deals according to data from TXF media. UKEF believes it has a competitive advantage compared to other export credit agencies to take advantage of a GBP 12 trillion opportunity in annual sales driven by net zero demand.^{17,18}

This provides a model for how other major financiers of international fossil fuels can change in a relatively short space of time. While being a leader in this space, the UK government must do more to reduce fossil fuel exposure in the UK's DFI, British International Investment. BII's 2020 annual accounts show a significant exposure to fossil fuels, with no further information about whether this exposure is reducing over time.¹⁹

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 - 14 CAFOD, 'UK support for energy overseas 2010-18,' 2020, <https://cafod.org.uk/About-us/Policy-and-research/Climate-and-environment/UK-support-energy-overseas>
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 - 16 UK Government, 'Aligning UK international support for the clean energy transition,' March 2021, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975753/Guidance_-_Aligning_UK_international_support_for_the_clean_energy_transition_-_March_2021_.pdf
 - 17 Johnathan Bell, 'UKEF raises the bar with clear focus on sustainability,' TXF, July 11, 2022, <https://www.txfnews.com/articles/7413/ukef-raises-the-bar-with-clear-focus-on-sustainability>
 - 18 UK Government, 'Bridging the gap from fossil fuels to clean energy,' 2022, 30:26, <https://youtu.be/wvWN4ZIPGD8?t=1826>
 - 19 British International Investment, 'Energy Portfolio Disclosure,' 2020, <https://assets.bii.co.uk/wp-content/uploads/2022/01/14164001/End-2020-Energy-Portfolio-Disclosure.pdf>



France

France has historically been a significant financier of international fossil fuel projects, responsible for EUR 9.3 billion in public finance for oil and gas between 2009 and 2019.²⁰

France has implemented the Glasgow Statement by publishing separate policies for its agencies involved in providing international public finance, as opposed to adopting a “whole-of-government” policy.

The French Development Agency (AFD) adopted a near-complete fossil fuel exclusion in 2021, with no exemptions for gas power.²¹ In November 2022, the French budget law put an end to support for the exploration, production, transport, storage, refining, or distribution of oil and gas from BpiFrance, the French export credit agency.²² Coal support was previously excluded.

Policy exemptions are contained in the policy for gas-fired and oil-fired power plants, if they can be proven to improve the carbon intensity of a country’s energy mix. If these criteria are implemented with integrity, this should not lead to any new financing for oil or gas-fired power, as this is incompatible with a 1.5°C target and alternatives are available and affordable.²³



Denmark

Denmark published a new international public finance policy in response to the Glasgow Statement, which took effect at the beginning of 2022. Like the UK, Denmark took a “whole-of-government” approach and created fossil fuel exclusions for bilateral, multilateral, and export credit finance, across the entire value chain from upstream to downstream support, with limited exemptions for gas power generation.²⁴ This has the

advantage of creating a transparent, consistent, and clear set of rules across institutions and can serve as a model for others working to implement the Glasgow Statement.

Like the UK policy, Denmark’s policy places a high bar for support for gas-fired power. A new gas-fired-power project must meet several conditions, including that it would contribute substantially to the host

country’s Paris Agreement Nationally Determined Contribution (NDC), it must not displace renewable energy, clean alternatives must be unfeasible, it must have a minimal impact on fossil fuel lock-in and that the project is not be at risk of becoming a stranded asset. These conditions cumulatively mean that it is unlikely that Denmark will support new gas-fired power projects.

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- 21 Agence Française de Développement, Energy transition strategy 2019-2022—Mid-term review summary, 2021, <https://www.afd.fr/en/ressources/energy-transition-strategy-2019-2022-mid-term-review>
- 22 ‘France makes good on commitment to end fossil fuel finance as Cop26 deadline nears,’ Global Trade Review, September 28, 2022, <https://www.gtreview.com/news/sustainability/france-makes-good-on-commitment-to-end-fossil-fuel-finance-as-cop26-deadline-nears/>
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- 24 Government of Denmark, ‘Denmark ends public finance and export promotion for fossil fuels in the energy sector abroad,’ November 2021, <https://en.kefm.dk/Media/637716232063573584/Fact%20sheet.pdf>



European Investment Bank

The European Investment Bank (EIB) is the biggest multilateral development bank in the world. Formerly a substantial funder of fossil fuels, the bank adopted a new energy policy in 2019 to phase out fossil fuel support by the end of 2021, which helped pave the way for the UK to lead efforts to build towards the Glasgow pledge.

In the period before the new policy, from 2016 to 2018, the bank financed at least USD 2.1 billion a year for fossil fuels and USD 4.6 billion in

clean energy. Since the policy has fully come into effect, the EIB has more than shifted its prior fossil fuel support, with 2021 data showing USD 11.0 billion for clean energy support and USD 105 million in fossil fuel support through limited loopholes.

Although the bank still has a long way to go to achieve its aim of becoming a “climate bank,” and concerns have been raised about its trajectory,²⁵ signing the Glasgow Statement provides a framework to move towards financing only

clean energy and gives a model for other multilateral development banks – such as the World Bank and European Bank for Reconstruction and Development – to phase out their own support for fossil fuels. The EIB’s energy lending policy and Climate Bank Roadmap are coming up for review in 2023; it is critical that the EIB keeps its fossil ban and further strengthens its climate criteria for companies and financial intermediaries in order to progress towards becoming a climate bank.

BOX 2: CANADA'S DOMESTIC PUBLIC FINANCE FOR FOSSIL FUELS DEMONSTRATES THE NEED FOR THE GLASGOW STATEMENT TO BE MAINSTREAMED AT HOME, TOO

Export Development Canada (EDC) differs from most of its peers in that much of its public finance for fossil fuels is domestic, and therefore beyond the scope of the Glasgow policy to end all direct *international* fossil fuel finance. Given gaps in EDC’s transaction reporting, there is uncertainty over just how much of its annual average USD 8.5 billion in fossil finance is international and therefore covered by its new policy. We have calculated, based on limited public data on its 2018 to 2020 transactions, that its international fossil finance is on average at least USD 1.4 billion annually. This is a conservative estimate, as EDC itself reported in 2018 that its direct financing to international fossil fuel companies was USD 2.1 billion and the high end of our own analysis shows it could be as high as USD 4.8 billion a year. This means that a significant portion of EDC’s fossil finance is not covered by the Glasgow Statement. However, Canada has also committed to ending fossil fuel subsidies by 2023 and phasing out all domestic public finance for fossil fuels.²⁶ These promises are interlinked and should be implemented together given that public finance falls within the definition of a fossil fuel subsidy.

25 Counter Balance, ‘EIB turns ‘bad COP’: How the bank reopened the door for fossil majors,’ November 2022, <https://counter-balance.org/news/eib-turns-bad-cop-how-the-bank-reopened-the-door-for-fossil-majors>

26 Liberal Party of Canada, ‘Eliminating Subsidies and Public Financing for Fossil Fuel,’ accessed February 28, 2023, <https://liberal.ca/our-platform/eliminating-subsidies-and-public-financing-for-fossil-fuel/>

4.2. PROMISE BREAKERS

This section shines a spotlight on signatories that, with the agreed end-of-2022 deadline now elapsed, have broken their Glasgow Statement commitment and have yet to introduce updated policies to shift their international public finance out of fossil fuels and into clean energy



Germany – No policy published

At the time of writing, Germany, a major fossil fuel public financier, has published no updated public finance policies to meet its Glasgow Statement commitments.

Even worse, the German government is engaged in a “dash for gas,” including pursuing controversial gas development in Senegal and exploring gas deals with Qatar, the United States, and Iraq.^{27 28} Beyond these, as the deadline for fulfilling the Glasgow pledge neared in December 2022, it was revealed that Germany’s export credit agency is considering finance for ten large international fossil fuel projects worth EUR 1 billion.²⁹ Further, Chancellor Olaf Scholz played a key role in weakening a G7 commitment in 2022 near-identical to the Glasgow Statement.

Rather than adopting a whole-of-government policy, it appears Germany is planning to release differentiated policies for its different

public finance institutions. German media reported in December 2022 that KfW, the German development finance institution, was due to approve a policy at its December Supervisory Board meeting that would have given KfW permission to continue financing fossil fuel projects despite its Glasgow pledge, and ignore the Paris Agreement’s 1.5°C target.³⁰ After a public outcry, the policy was not considered by the board and the bank issued a statement reaffirming its commitment to the 1.5°C goal.³¹ Several German government departments believe the proposed KfW policy was lacking climate ambition, while the German Chancellor’s office believes it was too restrictive of fossil fuel finance and that KfW should be able to support new gas fields.³²

New extraction of fossil fuels and new LNG infrastructure are not compatible with limiting global warming to 1.5°C under any credible

scenario,³³ so any policy that allows these would represent Germany renegeing on its Glasgow promise. It would also mean that Germany is knowingly financing future stranded assets and exporting major economic risks to other countries.

No policy details are yet available for Germany’s export credit agency, Euler Hermes / Allianz Trade. The agency is responsible for the vast majority of German international fossil fuel finance, financing EUR 7 billion in fossil fuels from 2015 to 2020.³⁴

In order to keep its Glasgow pledge, Germany must urgently publish policies ending international public finance for fossil fuels from all government agencies, with limited exemptions for gas power only, in line with the 1.5°C goal.

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- 30 Julian Wettengel, ‘Civil society alliance calls on German govt to abandon plans to support gas project in Senegal,’ Clean Energy Wire, December 2022, <https://www.cleanenergywire.org/news/civil-society-alliance-calls-german-govt-abandon-plans-support-gas-project-senegal>
- 31 KfW, December 2022, <https://twitter.com/KfW/status/1603428466040389634/photo/1>
- 32 Christoph Bals, ‘Angestrebte Gasabkommen: Höchste Zeit für einen seriösen Prüfprozess,’ Tagesspiegel Background, January 2023, <https://background.tagesspiegel.de/energie-klima/angestrebte-gasabkommen-hoechste-zeit-fuer-einen-serioesen-pruefprozess>
- 33 Olivier Bois von Kursk, et al., Navigating Energy Transitions: Mapping the road to 1.5°C, International Institute for Sustainable Development, October 2022, <https://www.iisd.org/publications/report/navigating-energy-transitions>
- 34 Export Finance for Future, E3F Report 2021, November 2022, https://www.linkedin.com/posts/export-finance-for-future-e3f_e3f-report-2021-activity-6993198001666019328-Ty-DL?utm_source=share&utm_medium=member_desktop

Italy – No policy published for export credit agency

Italy has for some time the largest public financier of fossil fuels in Europe, with export credit agency SACE financing EUR €13.7 billion in fossil fuels from 2016 to 2021.³⁵ At the time of writing, Italy has published no updated SACE policy to meet its Glasgow Statement commitments.

In November 2022, it was reported that the Italian government attempted to weaken a ministerial statement by ten European governments to stop export credit support for fossil fuel projects, a development that does not inspire confidence in Italy's sincerity towards its Glasgow promise.³⁶

Further, public disclosures in December 2022 revealed that SACE is continuing to actively consider financing for major international fossil fuel projects. Taken together, these fossil fuel projects could emit or enable greenhouse gas emissions equivalent to at least 3.5 times Italy's current annual emissions.³⁷

The Italian DFI, CDP, one of the largest DFI funders of fossil fuels in Europe, updated its climate policy in November 2022. CDP's new policy contains several serious loopholes and widely-defined exemptions, making it possible for CDP to keep financing significant amounts of fossil fuels despite the

Glasgow commitment. Oil and gas extraction is still permitted, with only "unconventional" oil and gas extraction excluded. Fossil fuel refining can still be funded with vague guarantees of "best practice." CDP does not mention midstream activities in its policy, a major omission that allows midstream oil and gas financing to continue. For gas power, CDP has some exclusion criteria but they are vaguely-defined.

Italy must publish a Glasgow-compliant policy for SACE and update CDP's policy to bring it in line with the Glasgow Statement.

The Netherlands – Policy published with major flaws

In November 2022, the Dutch government adopted a new policy for state export credit agency Atradius Dutch State Business (ADSB) to restrict finance for fossil fuels. The policy does not meet the Netherlands' Glasgow Statement promise. It contains a "transition period" that allows continued fossil fuel support until the end of 2023 for project applications that have come in before the end of 2022, which is in breach of the Glasgow Statement end-of-2022 deadline. In February 2023, the Dutch government revealed that through this loophole ADSB may provide a record of almost 4 billion euros in fossil export support over the next year, despite the Glasgow pledge.³⁸

While the policy ends most categories of support for fossil fuels, it also contains exemptions for some fossil fuel services, existing infrastructure across the supply chain, ports and shipbuilding, power generation in low-income countries, and a broadly defined exemptions for projects that contribute to "European security of supply." Notably, much of ADSB's past fossil support has flowed to ports and shipbuilding, making these exceptions especially concerning.

In late 2022, ADSB published on its website that it is considering support for a large floating oil and gas production facility (FSPO) in Brazil. This is despite clear indications that

this offshore drilling would violate the 1.5°C goal and warnings from civil society about the environmental, climate and human rights risks of the project.³⁹

In contrast, the Dutch development finance institution, FMO, adopted a policy that meets the Glasgow Statement in June 2021.⁴⁰ This sets up an internal contradiction where one agency of the Dutch state has a fossil fuel policy in conflict with another. The Dutch Government must urgently update ADSB's policy to close the loopholes that allow fossil fuel finance to continue, and bring its "transition period" to an early end.

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- 36 Kare Abnett and Giuseppe Fonto, 'EXCLUSIVE Italy pushes to weaken fossil fuel financing pledge - sources,' *Reuters*, November 2022, <https://www.reuters.com/business/cop/exclusive-italy-pushes-weaken-fossil-fuel-financing-pledge-sources-2022-11-02/>
- 37 SGVoice, 'Italy mulls support for fossil fuel projects despite climate promise,' December 2022, <https://sgvoice.energyvoice.com/investing/19159/italy-mulls-support-for-fossil-fuel-projects-despite-climate-promise/>
- 38 Dutch Parliament, 'Answer to questions from member Van Raan about the elaboration of the COP26 statement on ending government support for fossil projects abroad,' February 2023, <https://www.tweedekamer.nl/kamerstukken/kamervragen/detail?id=2023D07532&did=2023D07532>
- 39 Friends of the Earth Netherlands, 'Letter to Ministers: avoid Brazilian fossil fuel project,' December 2022, <https://en.milieudefensie.nl/news/avoid-brazilian-oil-and-gas-project>
- 40 FMO, 'Position statement on phasing out fossil fuels in direct investments,' June 2021, https://www.fmo.nl/l/library/download/urn:uuid:6ca1d6f7-56ca-437d-adb9-ai6c4dc55f3e/position+-statement_phasing+_out_fossil_fuels_direct_investments.pdf



United States – No policy published

During the 2020 presidential election, Joe Biden promised to end U.S. support for dirty energy projects abroad.⁴¹ Once in office, President Biden issued an Executive Order that called on U.S. government agencies to “promote ending international financing of carbon-intensive fossil fuel-based energy while simultaneously advancing sustainable development and a green recovery.”⁴² Then, at COP26, the Biden Administration further solidified these commitments by signing the Glasgow Statement.

However, the Biden Administration has taken the unusual step of developing a policy in response to the Glasgow Statement for its bilateral financing agencies but not making it public, even at the request of members of Congress.⁴³ This move has prevented scrutiny of the United

States’ policy response and goes against the spirit of the Glasgow Statement. Honest assessment of signatories’ policies is impossible if the policies are not published.

In December 2021, a leaked diplomatic cable revealed that the U.S. government has issued interim guidance to government agencies on restricting public finance for international fossil fuel projects, but the guidance appears to fall short of the Glasgow Statement commitment.⁴⁴ In particular, it likely allows for continued support for some upstream and midstream gas, and contains a substantial loophole for projects that have national security benefits.⁴⁵

The Export-Import Bank of the United States (US EXIM) and the U.S. International Development Finance

Corporation (DFC) are considering providing financing for fossil fuel projects that would represent a violation of the United States’ Glasgow Statement commitment. These include DFC support for an LNG project in Vietnam,⁴⁶ EXIM support for gas projects in Mexico and Iraq, a refinery expansion in Indonesia and oil and gas development in Bahrain.^{47 48 49 50} In order to meet the Glasgow Statement commitment with integrity, the Biden Administration must release a public interagency guideline that (a) bars new public fossil fuel support with no exemptions for gas projects and (b) closes the potential widely-defined loophole for projects with “national security” implications that appeared in the leaked memo.

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- 41 The Biden Plan for a Clean Energy Revolution and Environmental Justice; Joe Biden.com, accessed February 28, 2023, <https://joebiden.com/climate-plan/#>
 - 42 The White House, ‘Executive Order on Tackling the Climate Crisis at Home and Abroad,’ January 2021, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>
 - 43 ‘Senator Markey, Colleagues Urge Biden To Release Plan To End Public Financing Of International Fossil Fuel Projects Before The New Year,’ December 2022, <https://www.markey.senate.gov/news/press-releases/senator-markey-colleagues-urge-biden-to-release-plan-to-end-public-financing-of-international-fossil-fuel-projects-before-the-new-year>
 - 44 Felix Thompson, ‘Biden urges government agencies to end overseas fossil fuel support,’ Global Trade Review, December 2021, <https://www.gtreview.com/news/americas/biden-urges-government-agencies-to-end-overseas-fossil-fuel-support/>
 - 45 Bronwen Tucker and Kate DeAngelis, Release the Guidance! Backgrounder on US International Energy Finance ahead of COP 27 deadline to Stop Funding Fossils, FoE US and OCI, October 2022, p. 10 https://priceofoil.org/content/uploads/2022/10/US_International_Energy_Finance_Brief_v3.pdf
 - 46 The Saigon Times, ‘Vietnam gets foreign backing for decarbonisation effort,’ January 2023, <https://english.thesaigontimes.vn/vietnam-gets-foreign-financial-backing-for-decarbonization-effort/>
 - 47 U.S. Export Import Bank, ‘Board Meeting Minutes 2022 12 08,’ December 2022, <https://www.exim.gov/news/minutes/board-meeting-minutes-2022-12-08>
 - 48 Friends of the Earth US, ‘Comments to EXIM on Pemex support,’ October 2022, https://foe.org/wp-content/uploads/2022/10/2022.04.25_Comments-to-EXIM-on-Pemex-support_redacted.pdf
 - 49 Friends of the Earth US, ‘EXIM’s consideration of financing for a petroleum refinery expansion in Indonesia,’ January 2023, https://foe.org/wp-content/uploads/2023/01/2023.01.04_Refinery-Indonesia-FR-comments-to-EXIM.pdf
 - 50 DeAngelis and Tucker, Release the Guidance! Backgrounder on US International Energy Finance ahead of COP 27 deadline to Stop Funding Fossils.

5. IS CONTINUED PUBLIC FINANCE FOR GAS NEEDED FOR ENERGY SECURITY AND DEVELOPMENT?

The horrific war in Ukraine has brought the issue of energy security to the fore, sending shock waves through energy markets and causing the most recent episode of fossil fuel price shocks and supply shortages. However, several signatories to the Glasgow Statement have used the language of “energy security” to justify loopholes for fossil fuels in their policies. The fossil fuel industry has used “energy security” to justify fossil fuel expansion rather than moving towards clean energy. In the words of United Nations Secretary-General, Antonio Guterres: “Fossil fuel interests are now cynically using the war in Ukraine to lock in a high-carbon future. A shift to renewables is crucial to mending our broken global energy mix and offering hope to millions suffering climate impacts today.”⁵¹

Exacerbating countries’ exposure and dependency on the highly volatile global fossil fuel price market is incompatible with net-zero carbon development, economically harmful and an ineffective response to energy security concerns.

Instead, the Glasgow Statement points the way to the future – shifting public finance towards affordable, clean and reliable

energy efficiency and renewable energy solutions that can be rapidly deployed. Clean energy is the best support for energy security in the context of costly fossil fuels and volatile energy markets. As Fatih Birol, the head of the International Energy Agency has said, “more low-carbon energy would have helped ease the crisis – and a faster transition from fossil fuels towards clean energy represents the best way out of it.”⁵²

Examples of policy loopholes related to energy security include the Netherlands’ export finance policy, which allows continued fossil fuel financing for projects connected to REPowerEU (the EU’s post-Ukraine-war energy plan) “for European security of supply of oil and gas, such as LNG terminals and pipelines.”⁵³ The leaked United States policy contains a far-reaching “national security” loophole that appears wide enough to allow many fossil fuel projects to be permitted.⁵⁴ Canada’s policy also leaves the door open for fossil fuel projects on national security grounds. In the Canadian policy, “national security” includes not only the energy security requirements of Canada, but also of an ally, or other recipient country deemed important to Canada’s

national interests. The policy provides little detail on how this should be interpreted.

Real energy security would mean phasing out expensive, financially volatile fossil fuels; an end to dependence on fragile or hostile states for their extraction; and a shift towards clean energy instead. Because international public finance has an outsized impact on global energy systems, offering government-backed support and signaling broader government priorities, it should be the first mover in ending support for fossil fuels and promoting true energy security.

In addition, fossil fuel proponents have propagated an inaccurate narrative that fossil gas is necessary for development in low-income countries. This is particularly damaging because fossil gas receives well over half of current direct international public finance for fossil fuels. This narrative ignores evidence that the vast majority of international public finance for gas has flowed to high- and middle-income countries. When it has reached low-income countries it has overwhelmingly supported the export of fossil fuels rather than increasing domestic energy access

51 Antonio Guterres, April 2022, <https://twitter.com/antonioguterres/status/1520363836435582977>

52 Financial Times, ‘Three myths about the global energy crisis,’ September 2022, <https://www.ft.com/content/2c133867-7a89-44d0-9594-cab919492777>

53 Atradius Dutch State Business, November 2022, <https://atradiusdutchstatebusiness.nl/en/documents/exclusions-and-exceptions-cop26-implementation.pdf>

54 DeAngelis and Tucker, Release the Guidance! Backgrounder on US International Energy Finance ahead of COP 27 deadline to Stop Funding Fossils.



and has undermined rather than supported just development.⁵⁵ For example, Bangladesh's increased reliance on LNG has caused major blackouts covering most of the country; high LNG prices mean that the country has to compete with the EU, leaving the country unable

to secure LNG purchases. These blackouts are expected to continue until 2026.⁵⁶

Utility-scale solar and onshore wind are the cheapest sources of new power supply in countries that account for more than two-

thirds of the global population and 91 percent of global power generation.⁵⁷ Distributed renewable energy has strong cost and resilience advantages over fossil fuels, making it the most effective means for reaching universal energy access.^{58 59}

55 Bronwen Tucker and Nikki Reisch, *The Sky's Limit Africa*, Oil Change International, October 2021, <https://priceofoil.org/content/uploads/2021/10/Skys-Limit-Africa-Report-2021.pdf>, O'Manique et al, *At a Crossroads*

56 Tim Daiss, 'Bangladesh struggling with pricey LNG', *Energy Tracker Asia*, January 17, 2023, <https://energytracker.asia/bangladesh-struggling-with-pricey-lng/>

57 Albert Cheung, 'Hold Your Nerve: Energy Transition Risks and Red Herrings in 2022', *Bloomberg New Energy Finance*, January 2022, <https://about.bnef.com/blog/hold-your-nerve-energy-transition-risks-and-red-herrings-in-2022/>

58 Greg Muttitt et al., *Step Off the Gas: International public finance, natural gas and clean alternatives in the Global South*.

59 Divyam Nagpal and Bishal Parajuli, *Off-grid renewable energy solutions to expand electricity access: An opportunity not to be missed*, International Renewable Energy Agency, January 2019, pg23, www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Jan/IRENA_Off-grid_RE_Access_2019.pdf

6. FOSSIL FUEL PROJECTS SEEKING PUBLIC FINANCE

Despite pledges to end international finance for fossil fuels, and even though new fossil fuel developments are incompatible with the 1.5°C target, fossil fuel companies continue to seek public finance for new fossil fuel projects in order to shift project risk onto public finances.

We highlight some key projects seeking financing and provide a longer list in the table below. The table is likely to be incomplete because of a lack of transparency from fossil fuel companies and public financial institutions alike. However, it provides a useful illustration of the kind of projects that countries and institutions should *not* be funding in order to avoid breaching their Glasgow Statement or Paris Agreement commitments.

SAKARYA GAS PROJECT PHASE 1, TURKEY

Potential public financiers: SACE (Italy), Eksfin (Norway)

Potential emissions: 140mt CO₂

The Sakarya Gas Project has been claimed to be the “biggest discovery in the Black Sea.” Under development now and due to start commercial production in 2024, the gas field will continue production until 2057.⁶⁰ The Italian and Norwegian export credit agencies, SACE and Eksfin, are currently considering financing for the project. The field’s Phase 1 will produce 140 megatonnes of CO₂ – roughly a third of Italy’s entire annual territorial emissions and 3.2 times Norway’s annual territorial emissions.^{61 62}

These emissions calculations are only for Phase 1 of the project, which will produce 3.5 billion cubic meters (m³) of gas per year. However, Phase 2 of the project will be much bigger, bringing gas production up to 14 billion m³.⁶³ This means that public finance for the Sakarya project will put climate targets at risk.

ROVUMA LNG PROJECT

Potential public financiers: U.S. International Development Finance Corporation, SACE (Italy)

Potential emissions: 308mt CO₂

Located off the coast of Mozambique, the Rovuma Liquefied Natural Gas project is linked to the wider insurgency in Mozambique with thousands killed and over 400,000 people displaced.^{64 65} The project is “predominantly focused on exports,” with Mozambican gas being exported to rich European countries, doing nothing for energy access for the people of Mozambique.⁶⁶

60 Offshore Technology, ‘Sakarya Gas Field Development,’ February 1, 2023, , <https://www.offshore-technology.com/projects/sakarya-gas-field-development-black-sea-turkey/>

61 Adam McGibbon, Italian government considering support for international fossil fuel projects that would emit 3.5 times Italy’s annual emissions, Oil Change International, November 2022, <https://priceofoil.org/2022/11/30/italian-government-considering-support-for-international-fossil-fuel-projects-that-would-emit-3-5-times-italys-annual-emissions-despite-major-climate-promise/>

62 Norway’s pre-pandemic territorial CO₂ emissions in 2019 were 42.78 megatonnes, according to the Global Carbon Project: <https://ourworldindata.org/co2/country/norway>

63 Turkish Petroleum, ‘Sakarya Gas Field Non-Technical Summary,’ p.13, <https://tp-otc.com/wp-content/uploads/2022/11/Sakarya-Gas-Field-Development-Project-Non-Technical-Summary.pdf>

64 Andrew Harding, ‘Mozambique’s Islamist insurgency: UN warns of rising violence in Cabo Delgado,’ BBC News, December 2020, <https://www.bbc.co.uk/news/world-africa-55348896>

65 Global Centre for the Responsibility to Protect, ‘Mozambique,’ December 2022, <https://www.globalr2p.org/countries/mozambique/>

66 Energy Capital & Power, ‘What First LNG Export Means for Mozambique,’ December 2022, <https://energycapitalpower.com/what-first-lng-export-means-for-mozambique/>

This high-risk project has been delayed due to attacks on gas infrastructure, but the owners – including Italy’s Eni – are now seeking to revive the project.⁶⁷ Italian government export credit agency SACE announced in 2019 that they were considering financing for the project, and Eni’s role in renewing the project makes SACE involvement likely.⁶⁸ The U.S. International Development Finance Corporation (DFC) pledged support for the project in 2020,⁶⁹ but project delays mean that Rovuma will likely need to be put before DFC’s board again for approval.

Rovuma LNG seeks to exploit Area 4, a deepwater area estimated to contain as much as 85 trillion cubic feet of gas.⁷⁰ OCI research has estimated the emissions of this project to be 308 megatonnes of CO₂, almost as much as the entire annual territorial emissions of Italy.⁷¹

ALMIRANTE TAMANDARÉ / SANTOS BASIN PRE-SALT POLE FPSO PROJECT, BRAZIL

Potential public financiers: ADSB (the Netherlands), SACE (Italy)

Potential emissions: 434 megatonnes of CO₂

The Dutch and Italian export credit agencies are considering financing for a Floating Production Storage and Offloading (FPSO) facility, intended to produce oil and gas off the coast of Brazil for a period of 30 years.^{72 73}

The IPCC and the IEA are clear that in a scenario that maintains a 50 percent chance of limiting global warming to 1.5°C there are no new investments in new oil and gas production. This project, which intends to produce oil and gas well past 2050, is clearly in breach of that target.

A coalition of Dutch and Brazilian NGOs has described it as follows:

“[The project] is in blatant contradiction with the (Glasgow Statement) and the Paris Agreement. It would significantly increase Brazil’s oil and gas production at a moment when a rapid phase-out of fossil fuel infrastructure is necessary. The new FPSO will further impact human rights and nature, affecting the ways of life of traditional communities such as artisanal fishing, quilombolas and indigenous people, who inhabit the coves, beaches and mangroves of the region’s Atlantic coast.”⁷⁴

OCI research has estimated the emissions from this project to be 434 megatonnes of CO₂, roughly equivalent to the annual territorial emissions of Brazil itself.⁷⁵

67 Pat Davis Szymczak, ‘Eni South Coral FLNG Aims To Reboot Mozambique’s Rovuma,’ Journal of Petroleum Technology, August 2022, <https://jpt.spe.org/eni-aims-to-reboot-mozambiques-rovuma-Ing-with-flng>

68 McGibbon, Oil Change International, ‘Italian government considering support for international fossil fuel projects that would emit 3.5 times Italy’s annual emissions

69 Estelle Maussion, ‘USA’s DFC approves transactions to Mozambique totalling \$1.7 billion,’ The Africa Report, September 2020, <https://www.theafricareport.com/42127/usas-dfc-approves-transactions-to-mozambique-totalling-1-7-billion/>

70 NS Energy, Rovuma LNG Project, Mozambique,’ accessed February 28, 2023 <https://www.nsenergybusiness.com/projects/rovuma-Ing-project-mozambique/>

71 Italian territorial CO₂ emissions (pre-pandemic) in 2019 were 339.23 megatonnes, according to the Global Carbon Project: <https://ourworldindata.org/co2/country/italy>

72 McGibbon, Oil Change International, ‘Italian government considering support for international fossil fuel projects that would emit 3.5 times Italy’s annual emissions

73 Friends of the Earth Netherlands, ‘Letter to Ministers: avoid Brazilian fossil fuel project,’ December 2022, <https://en.milieudefensie.nl/news/avoid-brazilian-oil-and-gas-project>

74 Friends of the Earth Netherlands, ‘Letter to Ministers: avoid Brazilian fossil fuel project,’

75 Brazil’s pre-pandemic territorial CO₂ emissions in 2019 were 475 megatonnes, according to the Global Carbon Project: <https://ourworldindata.org/co2/country/brazil>

Table 2: Fossil fuel projects currently under consideration for international public finance by Glasgow signatories

| Project | Country | Possible backers |
|---|------------|---|
| Sakarya Gas Project Phase 1 | Turkey | SACE (Italy), Eksfin (Norway) |
| Rovuma LNG Project | Mozambique | SACE (Italy) |
| Almirante Tamandaré / Santos Basin Pre-Salt Pole FSPO Project | Brazil | SACE (Italy), ADSB (the Netherlands) |
| Stone City Energy Combined-Cycle Power Plant Project Very large (1600MW) gas power plant in Surkhandarya region of Uzbekistan. Currently under construction. ⁷⁶ | Uzbekistan | Credendo (Belgium), Euler Hermes / Allianz Trade (Germany) ^{77 78} |
| Bangladesh “Unique 584MW Combined Cycle Power Plant” This plant is intended to be fuelled by LNG, which will increase LNG demand, putting climate targets in danger. ^{79 80} | Bangladesh | SERV (Switzerland) ⁸¹ |
| Bac Lieu LNG | Vietnam | U.S. International Development Finance Corporation ⁸² |
| Vietnam LNG Despite the high climate impact of LNG, this project is billed as a “decarbonisation effort.” ⁸³ | Vietnam | Export Finance Australia, U.S. International Development Finance Corporation, Japan Bank for International Cooperation (JBIC) |

76 Energy & Utilities, ‘International consortium starts work on 1,560MW Uzbekistan power plant,’ March 31, 2022, <https://energy-utilities.com/international-consortium-starts-work-on-1-560mw-news116966.html>

77 ‘X-ANTE PUBLICATION CATEGORY A PROJECTS SINCE 2019’, Credendo, accessed February 28, 2023, https://credendo.com/sites/default/files/media/files/2022-12/Ex%20ante%20Publication_EN.pdf

78 ‘Category A projects before final commitment 2022/2023’, exportkreditgarantien, accessed February 28, 2023 <https://www.agaportal.de/en/exportkreditgarantien/praxis/projektinformationen>

79 Chloe Farand, ‘AIIB finds gas plant in Bangladesh compatible with Paris goals’, Climate Change News, December 9, 2022, <https://www.climatechangenews.com/2022/12/09/aiib-finds-gas-plant-in-bangladesh-compatible-with-paris-goals/>

80 Global Climate Action Tracker, ‘Massive gas expansion risks overtaking climate policies,’ November 2022, <https://climateactiontracker.org/publications/massive-gas-expansion-risks-overtaking-positive-climate-policies/>

81 SERV, ‘A-Project: Unique 584MW Combined Cycle Power Plant,’ accessed February 28, 2023, https://www.serv-ch.com/fileadmin/Files/PDF/project/Unique_584MW_Combined_Cycle_Power_Plant/Project_description_GV_22-9109822_GE_Unique_Meghnaghat_Power.pdf

82 Information obtained by FOE US via Freedom of Information Act request: https://foe.org/wp-content/uploads/2023/02/2022.11.22_DFC-Vietnam-gas-responsive-documents-Bac-Lieu.pdf / https://foe.org/wp-content/uploads/2023/02/2022.11.22_DFC-Vietnam-gas-responsive-documents-Bac-Lieu-2.pdf

83 The Saigon Times, ‘Vietnam gets foreign financial backing for decarbonization effort,’ January 2023, <https://english.thesaigontimes.vn/vietnam-gets-foreign-financial-backing-for-decarbonization-effort/>

7. CONCLUSIONS AND RECOMMENDATIONS

This analysis of updated policies shows that the Glasgow Statement is already having a real-world impact. **Out of 16 signatories** that provide significant international public finance for energy, **8 have implemented policies to move away from fossil fuels**. This is already shifting 5.7 billion per year out of fossil fuels, with the promise of this sum increasing to USD 37 billion as more signatories fulfill their pledges.

Not all signatories have kept their promise, however, and each

signatory has more to do to fully live up to the Glasgow pledge and maximize its impact. While some signatories have met their goal of implementing policies to move away from fossil fuels, there are not yet many complementary policies to ensure signatories are shifting their finance to clean energy instead. To ensure a globally just energy transition, much greater concessional financial flows from high-income countries to lower-income countries are urgently needed for renewable energy. New and additional climate

finance should include finance for adaptation and loss and damage, as well as debt cancellation.

The Glasgow Statement has the potential to create the domino effect needed to accelerate towards climate goals. With momentum building on financial system reform in 2023, signatories have a unique opportunity to maximize the impact of the Glasgow Statement this year. We have identified the following priorities for Glasgow signatories in 2023:

Meet and surpass Glasgow Statement commitments:

- Signatories who have broken their commitment by failing to meet the end-of-2022 deadline must get on track and urgently publish policies aligned with the Statement.
- Signatories who have published policies that fall short of their commitment must urgently update them to phase out public financing for international fossil fuels, in line with the 1.5°C target.
- All signatories must avoid backsliding in response to compounding crises. Shifting public finance out of fossil fuels and into renewable energy is key for reaching energy affordability, security, development, and climate goals.
- Signatories must live up to their commitment to have the Glasgow pledge guide their approach on the boards of the multilateral development banks, publishing “voice and vote” policies showing how they will vote against fossil fuel projects on the boards of multilateral development banks. At the moment, very few of these policies are in the public domain, hampering transparency and public scrutiny.
- Signatories must expand international fossil fuel exclusions to cover domestic finance, ending subsidies and domestic public finance for fossil fuels. This public money should instead be used for redistributive policies, energy efficiency, and ensuring clean energy access for all.
- Signatories must expand fossil fuel exclusions to both direct and indirect finance, to ensure all forms of financial support for fossil fuels are covered.
- Signatories must ban new oil and gas licenses and phase out production on a globally just and 1.5°C-aligned timeline, including by joining the Beyond Oil and Gas Alliance.

Live up to Glasgow commitment to ensure other countries and institutions follow suit:

- Signatories who have kept their promise and implemented fossil-free policies must in 2023 use their diplomatic power to urge more signatories to join. They can do so through bilateral diplomacy and by cementing the Glasgow pledge at the multilateral level, including at the G7, the OECD, and the UNFCCC.
- Signatories should table and back a proposal for oil and gas export finance restrictions to be adopted at the OECD as soon as possible. A proposal to end export finance support for oil and gas has been endorsed by over 175 organizations.⁸⁴
- G7 members should work together this year to protect and strengthen the language adopted in the 2022 G7 statement that is nearly identical to the Glasgow pledge. This is particularly important as Japan, this year's G7 host and the world's largest provider of international public finance for fossil fuels, has signaled its intention to continue supporting fossil fuels despite last year's pledge, and is actively promoting continued investments in gas.
- Signatories and potential new signatories should identify near-term and medium-term moments to announce new signatories to ensure the Glasgow pledge maintains momentum.

Live up to Glasgow commitment to fully prioritize public finance for clean energy:

- Signatories must demonstrate how they plan to scale up their support for clean energy, providing the finance necessary for a globally just energy transition.
- At an absolute minimum for 2023, governments and MDBs should provide clean energy support equivalent to their average fossil fuel support from 2019 to 2021. In the meantime, they should develop binding policies and joint frameworks to meet the broader clean energy recommendations below.
- Signatories should prioritize clean energy finance on debt sustainable terms for low-income regions through transformative solutions like distributed renewable energy to reach universal energy access, energy efficiency, and worker- and community-led just transition plans in the most fossil fuel dependent regions.
- To avoid deepening inequalities, signatories must implement these projects with strong human rights due diligence, free, prior, and informed consent and planning processes that are inclusive of and take leadership from local governments, workers, communities, civil society organizations (CSOs), and trade unions.
- The June 2023 France-Barbados climate summit provides an opportunity for the Glasgow signatories to show concrete progress they are making towards clean energy objectives, for example by publishing a joint op-ed, releasing a joint statement, making joint remarks, or a combination of the aforementioned.

⁸⁴ Oil Change International, "Over 175 organizations launch proposal for the OECD to end export finance support for oil and gas," February 2023, <https://priceofoil.org/2023/02/27/over-175-organizations-launch-proposal-for-the-oecd-to-end-export-finance-support-for-oil-and-gas/>

8. METHODOLOGY

SCOPE:

This briefing assesses energy finance data provided by major international public finance institutions (DFIs and ECAs) as well as the small amount provided directly through the government departments and agencies of the 16 high-income signatories of the Glasgow Statement. This includes finance provided through grants, loans, equity, guarantees, and insurance. This briefing also assesses their publicly available fossil fuel exclusion and clean energy policies. The focus of this briefing is finance between 2018 and 2020, though for Belgium we have used an average of the country's finance between 2016 and 2020 due to limits in its institutions' reporting.

We focus on high-income signatories because they are the largest providers of international public finance

in addition to having the most significant historical responsibility for greenhouse gas emissions and available resources to act. However, many of the opportunities and priorities identified in this report apply to signatories in all income brackets.

It is also important to note that many signatory policies that are assessed as “aligned with the Glasgow Statement criteria” (Table 1) still leave potential scope for fossil fuel finance through “indirect support” or expensive and unproven carbon capture and storage (CCS) technologies (see Box 1). Large scale use of these loopholes would undermine the integrity and impact of the Glasgow commitment, and best practice implementation would fully extend fossil fuel exclusions to both.

Many signatory governments have additional institutions that also provide public finance for energy projects – for example, sovereign wealth funds, majority state-owned banks, and public pension funds. The Glasgow Statement covers all international public finance for energy. However, we do not include these categories of institutions in our analysis because the financial flows and policies of these institutions are typically less transparent, and their structure is much less uniform across signatory countries. The scale of “international” energy finance flows from public pension funds, majority state-owned banks, and sovereign wealth funds is not well known, but Marois among others notes that their overall public finance flows are large and influential.⁸⁵

DATA:

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, DFIs, and the nine major MDBs dating back to 2008. For

the non-G20 countries, the data 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 a lack of transparency, in most cases, the amounts presented in this

report are conservative estimates of the international public support provided by the Glasgow Statement signatories. It is important to note that the Public Finance for Energy Database also tracks support for “other energy” that we have not included in this briefing under the assumption that it is unlikely to shift because of the Glasgow Statement.

85 Thomas Marois, (2021). Public banks: Decarbonisation, definancialisation and democratisation, (Cambridge University Press, 2021), <https://doi.org/10.1017/9781108989381>.

Estimating potential shifts in international public finance:

To illustrate the potential shift in finance resulting from fossil fuel exclusion policies in Figure 1 and Figure 2, we used countries' annual average international public finance for each energy category from 2018 to 2020, with the following exceptions:

EIB: The EIB brought in a Glasgow-aligned policy in 2019 in the lead up to efforts to secure the Glasgow Statement. The 2018 to 2020 period saw the institution already begin to shift its finance as the policy was being phased in; therefore, in Table 1, Figure 1, and Figure 2 we have used its 2016 to 2018 fossil fuel and clean energy averages (USD 2.1 billion and USD 4.6 billion respectively). Further, we note that in 2021, the only full year with data available since the policy came into full effect, the EIB had already increased its clean finance by much more than its pre-policy fossil fuel support. This is not reflected in Figure 2.

Belgium: 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.

Canada: Canada's ECA, Export Development Canada, differs from most of its peers in that much of its public finance for fossil fuels is domestic, and therefore beyond the scope of the Glasgow Statement. Given gaps in EDC's transaction reporting, there is uncertainty over just how much of its annual average USD 8.5 billion fossil finance is covered by EDC's new policy. We have calculated, based on its 2018 to 2020 transactions, that its international fossil finance is on average at least USD 1.4 billion annually. This is a conservative estimate, as EDC itself reported in 2018 that its direct financing to international fossil fuel companies was USD 2.1 billion.⁸⁶

Policy Assessments: For Table 1, the criteria we used for each rating are as follows:

- Far below Glasgow Statement criteria. For supply chain ratings, this means their policy includes no fossil fuel exclusions OR very limited exclusions that definitely represent less than 25% of activity in this lifecycle stage globally. For timeline, these are policies where no part comes into effect before the deadline. For energy security, these are policies with fully uncaveated energy security loopholes. For example, Germany and Italy's DFIs' (KfW and CDP) policies receive this rating for oil and gas power generation because they exclude oil-fired power, but this represents only 9% of global power generation from oil and gas (with the remainder being gas-fired generation).
- Partial policy, but not aligned with the Glasgow Statement criteria. For supply chain ratings, this means fossil fuel exclusions that may cover more 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 can only be applied to some rather than all fossil fuel projects. For example, France receives this rating for oil and gas power generation because its policy still allows support for gas power if it can be shown to improve the carbon intensity of a country's energy mix, but no further criteria.
- Policy is aligned with the Glasgow Statement criteria.
- MDB guidance exists but is not publicly available.
- No policy published. This means there is no publicly available policy written with relevant exclusions. For example, the United States received this rating for oil and gas as it has interim guidance for oil and gas in place but it is not publicly available.

86 Export Development Canada, 'EDC confirms support for Canada's Glasgow Statement implementation guidelines,' December 8, 2022, <https://www.edc.ca/en/about-us/newsroom/edc-international-fossil-fuel-reduction.html>



