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World Bank
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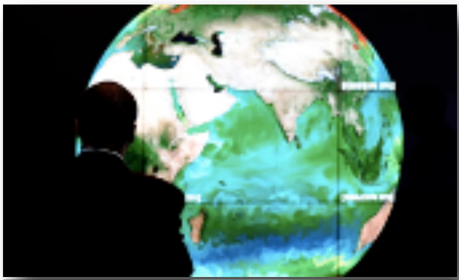
World Bank to end financial support for oil and gas extraction

Bank announces in Paris it 'will no longer finance upstream oil and gas' after 2019 in response to threat posed by climate change



The One Planet Summit in Paris. The World Bank announcement delighted campaigners opposed to fossil fuels. Photograph: Alain Jocard/AFP/Getty Images

The World Bank will end its financial support for oil and gas extraction within the next two years in response to the growing threat posed by climate change.

In a statement that delighted campaigners opposed to fossil fuels, the Bank used a conference in Paris to announce that it

> "will no longer finance upstream oil and gas" after 2019.

The Bank ceased lending for coal-fired power stations in 2010 but has been under pressure from lobby groups also to halt the $1bn (£750m) a year it has been lending for oil and gas in developing countries.

The Bank said it saw the need to change the way it was operating in a "rapidly changing world", adding that it was on course to have 28% of its lending going to climate action by 2020. At present, 1-2% of the Bank's $280bn portfolio is accounted for by oil and gas projects.

In exceptional circumstances, the Bank said it would consider lending for oil and gas projects in the very poorest countries but only where it helped the poor get access to energy and the project did not conflict with commitments to reduce greenhouse gases made in the 2015 Paris climate change accord.

The announcement was made at the One Planet Summit, convened by the French president, Emmanuel Macron, the World Bank president, Yim Yong Kim, and the UN secretary general, António Guterres, to mark the two-year anniversary of the agreement.

The Greenpeace International climate campaigner Gyorgy Dallos said:

> "The end is clearly coming for the oil and gas industry as the pace of change accelerates."

Dallos said the Bank had sent a damning vote of no confidence in the future of the fossil fuel industry.

> "The world's financial institutions now need to take note and decide whether their financing is going to be part of the problem or the solution," he said.

Stephen Kretzmann, an executive director of the Washington-based advocacy group Oil Change International, said:

> "It is hard to overstate the significance of this historic announcement by the World Bank. Environmental, human rights, and development campaigners have been amplifying the voices of frontline communities for decades in calling for an end to World Bank financing of upstream oil and gas projects. [Now] the World Bank has raised the bar for climate leadership by recognising the simple yet inconvenient truth that achieving the Paris agreement's climate goals requires an end to the expansion of the fossil fuel industry. It is time for all of the institutions, countries, investors and individuals who are still in the Paris agreement to stop funding fossils – once and for all."

The World Bank announcement came as the Bank of England's governor revealed that there was growing global support for a new initiative designed to help pave the way for a low-carbon economy by persuading companies to come clean about their exposure to climate change risks.

From left: Michael Bloomberg, Mark Carney and Axa chief executive Thomas Buberl at the One Planet Summit. Photograph: Philippe Lopez/AFP/Getty Images

Speaking at the Paris summit, Carney said 237 companies with a combined market capitalisation of $6.3tn (£4.7tn) were now backing the scheme.

Britain's six leading banks – Lloyds, Barclays, HSBC, Royal Bank of Scotland, Santander and Standard Chartered – have all supported the Task Force on Climate-Related Financial Disclosures, set up by Carney in his role as chairman of the Financial Stability Board, an international body charged with preventing a repeat of the 2008 banking crisis.

Under the plan, companies pledge to use their financial reports to disclose their direct and indirect exposure to global warming under a range of different scenarios. Banks are obliged to say how much they have lent to companies with climate-related risks.

Carney said 20 of the 30 globally systemically important banks and eight out of 10 of the largest asset managers and leading insurance companies were committed to informing investors. Leading construction, consumer goods, transport, mining and energy companies have also signed up.

> "Markets need the right information to seize the opportunities and mitigate the risks that are being created by the transition to a low-carbon economy," Carney said. "This solution, of the market and for the market, is truly entering the mainstream."

UK sources said that London was becoming a hub for climate change-related finance, with green bonds issued in more than 40 different currencies, including the Indian rupee and the Chinese yuan.

Michael Bloomberg, the chair of the task-force, said:

> "Climate change poses both economic risks and opportunities. But right now, companies don't have the data they need to accurately measure the risks and evaluate the opportunities."