What the World Bank Group's New Climate Change Action Plan is Missing

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- The CCAP explicitly refers to the possibility of gas serving as a bridge fuel away from coal, despite the science. Gas generates significant life-cycle emissions that make it only marginally less polluting than a coal plant or equally polluting depending on the location. Since methane is a greenhouse gas that is 87 times as potent as carbon dioxide over a 20-year timeframe, methane emissions make both conventional and shale gas worse for the climate than coal. Methane from oil and gas have been underestimated by 25 to 40 percent with satellite observations showing methane leaks to be far more widespread than thought. The climate impacts of natural gas get even worse when it is turned into liquefied natural gas (LNG). Gas must be cooled to incredibly low temperatures of about -162 degrees Celsius in order to turn it into a liquid. Ten percent of the natural gas being exported must be used just to power the liquefaction process. The entire process of production, transport, liquefaction, shipping, re-gasification, and power plant combustion is highly energy – and thus carbon – intensive. The upstream greenhouse gas emissions from LNG are almost double the greenhouse gas emissions of conventional natural gas (even that is probably an underestimate). The liquefaction, transport, and re-gasification process increases the total lifecycle of greenhouse gas emissions from the natural gas industry by 15 percent. The farther the destination is from the source of the natural gas, the higher the emissions, as the gas must be kept cold and shipped for longer distances.

- The CCAP considers counting gas investments as "Paris aligned" in countries where this would address urgent energy needs and no short-term renewable alternatives are available to reliably serve this. However, no metrics for these determinations are provided, and the WBG's track record does not inspire confidence; in the past the WBG has failed to demonstrate that renewable energy alternatives have been exhausted in countries before it has invested in fossil fuels. In 2020, the UN Sustainable Energy for All Initiative recommended that "financing of fossil fuel projects as a means of closing the energy access gap should be terminated." A new analysis by the NGO Urgewald has found that since the Paris Climate Agreement, 75 percent of the World Bank Group's gas project finance has not gone towards expanding energy access. The CCAP also says it will assess whether gas investments are consistent with countries' Nationally Determined Contributions (NDCs) under the Paris Agreement, which could still leave the door open to oil and gas export infrastructure.

- The CCAP includes the commitment to support a just transition away from coal for countries that request it. However, the same is not said about oil and gas. Recently, the International Energy Agency, arguably the world's most influential organization advising global capital on energy policy, released a report stating that there can be no new coal, oil and gas development if the world is to meet emissions reductions targets. If the World Bank Group doesn't support a just transition away from oil and gas in addition to coal, it condemns countries to an unjust transition.

- The CCAP commits the World Bank to align all new operations with the Paris Agreement by July 1, 2023. This would still allow midstream and downstream oil and gas (new oil refineries, gas pipelines, LNG operations) to continue for the next two years. For its sister institutions the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), it commits to align all “real sector operations” by July 1, 2025.

- The CCAP fails to lay out targets for decarbonizing the IFC’s financial intermediary (indirect lending) portfolio, which currently makes up over half of the IFC’s business.

- It also fails to address the ways in which its policy-based lending, a significant amount of the Bank’s budget, enables fossil fuel expansion and dependency. This happens both through support for policy reforms that incentivize fossil fuel investments (tax breaks for fossil fuel producers), and through the provision of non-earmarked budget support which countries are free to use to finance fossil fuels.

- Despite the rhetoric on social inclusion and participation, the CCAP says little about how it will meaningfully include and consult community and civil society stakeholders. In addition, while promising to increase climate finance to 35 percent of its portfolio, the CCAP says nothing about how the WBG will improve transparency around its climate finance accounting.

- Despite the Bank’s longtime rhetoric around gender mainstreaming, the word gender appears only once in the CCAP. The CCAP fails to consider how women and LGBTQI people are disproportionately impacted by climate change and how climate change further entrenches existing inequalities. It fails to acknowledge the gendered dimensions of poverty, dispossession, disenfranchisement, and more, and how to make its approach to climate action gender-responsive.

- The CCAP’s emphasis on using public finance to mobilize private sector investments risks making it harder for communities to hold actors accountable and, worryingly, places significant responsibility for climate action on sectors that are focused on maximizing shareholder returns rather than on serving the public interest.

- The CCAP “net-zero” language and explicit support for carbon trading will require carbon offsets. Offsets use unproven technologies or tree plantations across the globe that act as “carbon sinks.” The CCAP expresses support for Carbon Capture, Utilization and Storage (CCUS). This is costly, unproven, and even dangerous technologies promoted on assumptions that it will be possible to remove large amounts of CO_2 from the air. Offsets also incentivize land and resource grabbing from Indigenous Peoples and local communities primarily in the Global South. But net zero is not zero: As has been well documented, these corporate pledges are a form of climate colonialism and only serve to distract from the real need to end fossil fuel emissions. “Net-zero” shifts responsibility away from corporate actors, as well as all governments’ responsibility to implement real emissions regulations that are urgently needed now.