

Misguided: U.S. Supports Financing of Fossil Gas at World Bank Group

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Executive Summary

On January 27th, 2021, President Biden issued the [Executive Order on Tackling the Climate Crisis at Home and Abroad](#), which directed the U.S. Department of Treasury (“Treasury”) and various federal agencies to act immediately in the domestic and international spheres to limit the most catastrophic effects of climate change. The Executive Order directed to Treasury to use the U.S government’s “voice and vote” at International Financial Institutions (IFIs), such as the World Bank Group (WBG), to, “promote ending international financing of carbon-intensive fossil fuel-based energy,” and promote financing that supports the goals of the Paris Agreement.

In response, Treasury issued its [Fossil Fuel Energy Guidance for Multilateral Development Banks](#) (MDBs) on August 16, 2021. The Guidance introduced novel restrictions on US support for coal, oil and fossil gas financing at MDBs. **However, despite the directive to shift financing away from fossil fuels and towards clean energy, the Guidance makes a number of exceptions for ongoing fossil fuel investment. Furthermore, the provisions that exist for fossil gas are vaguely defined, making the task of determining how projects align with the Guidance subjective and discretionary. The lack of clear definitions and metrics does not hold decisionmakers accountable to clearly defined parameters projects must meet, thus enabling fossil fuel projects at MDBs to continue to receive U.S. support.** This report shows that Treasury’s Guidance implementation has applied criteria so loosely that it has rendered the Guidance virtually meaningless in achieving the broader intended goal of ending

international public finance for fossil fuels.

As Friends of the Earth warned when the Guidance was released, the Guidance is only as effective as Treasury’s willingness to rigorously implement it. Discouragingly, **since the Guidance was issued, the U.S. has voted to support nearly \$400 million USD in financing at the World Bank Group’s MIGA and IFC Boards for four fossil gas-fired power plants. Two of these power plants are in Mozambique, one is in Bangladesh, and one is in Uzbekistan. Together, these four power plants will emit an estimated combined total of over 6,000,000 tCo2e/year.**

Project alignment with Treasury’s Guidance is questionable at best. All of the projects raise serious concerns when it comes to Guidance alignment. Project documents indicate that one project will rely on upstream fossil gas, which is a clear violation of Treasury’s Guidance, which opposes upstream fossil gas projects. There are no credible public alternatives analyses to justify financing for these projects rather than clean alternatives, and the “significant development impact” of these projects is also up for debate, when in many cases energy is being exported under questionable terms and local communities sacrificed. Finally, none of the projects that received U.S. support align with the goals of the Paris Agreement to limit the average global warming to well below 2°C above pre-industrial levels, and to aim for 1.5°C (henceforth referred to as “temperature goals”).

Friends of the Earth U.S. recognizes and advocates for meeting the pressing need for universal energy access, and every

country's Right to Development. However, these power plants are not a just solution. Fossil fuel projects present social and ecological harms to local communities, risks and delays to countries' development, contribute to climate change, and should no longer be subsidized with public money. Developing countries are owed financing and technical support to equitably transition their energy sectors to renewables and to diversify their economies.

Ultimately, Treasury's Guidance has failed to meet the objectives of President Biden's Executive Order and to guide U.S. public finance away from fossil fuels at MDBs. This is due to a lack of a clear policy framework and a subjective application of the Guidance. Friends of the Earth U.S. calls on Treasury to strengthen and credibly implement its Guidance, specifically regarding its existing provisions for fossil gas. If the Guidance had clear parameters and was rigorously implemented, no fossil gas-fired power plants would receive financial support.

As the largest shareholder at the World Bank Group and several other MDBs, the U.S. government has significant influence over the types of energy investments that are made. With this Guidance, the U.S. could be a leader in moving these institutions and its other shareholders away from fossil fuel investments and towards renewable energy investments around the world, as President Biden's Executive Order aims to do. Unfortunately, as this report details, Treasury's 2021 Guidance does not effectively restrict fossil gas investments, demonstrating that the U.S. is not being a serious leader in shifting public finance away from fossil fuels, as science and justice call for, and as the Executive Order aims to accomplish. Accordingly, Friends of the Earth U.S. offers the following recommendations to Treasury:

- **Publish detailed Guidance implementation guidelines elaborating on how it is defining and applying its criteria for fossil gas and all fossil fuel exceptions, and invite public consultation on these.**
 - » **Publicize its current methodology for determining what qualifies as a credible alternatives analysis and apply/require [best practice standards](#) in conducting and reviewing these.**
 - » **Mobilize other shareholders and push the World Bank Group to make public the currently undisclosed alternatives analyses that they are provided with ahead of project votes at MDB Boards.**
- **Document all fossil fuel projects to which they have applied the Guidance, explain their decision-making behind the vote on each one, and provide periodic analyses to the public about the impact that its Guidance is having at MDBs more broadly in shifting financing from fossil fuels to renewable energy and green economies.**
- **Harmonize Guidance with the 1.5° temperature goal and the U.S.' commitment to end all fossil fuel financing that is not consistent with a 1.5° warming limit, as outlined in the [Glasgow Statement](#).**
- **Apply this understanding of Paris Alignment to its position on indirect financing instruments at MDBs as well.**
- **Use its “voice and vote” to push the joint-MDB Paris Alignment methodology to adhere to the Paris Agreement’s 1.5° C temperature goal as committed to in Glasgow.**
- **Vote “no” on projects that do not satisfy its Guidance, not merely abstain from voting.**

Table of Acronyms

BWGED	Bangladesh Working Group on External Debt
CLEAN	Coastal Livelihood and Environmental Action Network
COP	“Conference of the Parties”; annual meeting of signatories to the United Nations Framework Convention on Climate Change (UNFCCC). ¹
CSO	Civil Society Organization
CTT	The Central Térmica de Temane; a proposed fossil-gas fired power plant in the northern Inhambane Province of Mozambique. ²
CTRG	The Central Térmica de Ressano Garcia; an existing fossil gas-fired power plant in Ressano Garcia, Maputo Province, Mozambique. ³
EDM	Electricidade de Mozambique is the state-owned electricity utility in Mozambique. ⁴
GHG	Greenhouse gas
GOB	Government of Bangladesh
IEA	International Energy Agency
IFC	International Finance Corporation
IFI	International Financial Institution
IPCC	United Nations Intergovernmental Panel on Climate Change.
LPG	Liquified Petroleum Gas
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MW	Megawatt
NBBL	Nutan Bidyut Bangladesh Limited
PPA	Power Purchase Agreement
PPP	Public-private partnership
PSA	Production Sharing Agreement
WBG	The World Bank Group
tCO₂e/year	Tonnes (t) of carbon dioxide (CO ₂) equivalent (e) per year. This is a carbon dioxide equivalent, representing “the number of metric tons of CO ₂ emissions with the same global warming potential as one metric ton of another greenhouse gas.” ⁵
UNFCCC	United Nations Framework Convention on Climate Change

Introduction

Overview of Treasury's Guidance

It has been just over two years since the U.S. Department of Treasury (“Treasury”) issued its [Guidance on Fossil Fuel Energy at the Multilateral Development Banks](#) (MDBs). The Guidance, issued August 16th, 2021, outlines the U.S. government’s position on fossil fuel projects at MDBs, where it retains voting power and influence on MDB Boards, such as those of the World Bank Group (WBG). The Guidance’s environmental aims include ending the international financing of fossil fuel energy, prioritizing sustainable development, and helping the world achieve Paris Alignment through its investment strategy.⁶ The Guidance serves not only as instructions for Treasury staff, but also as a signal to other MDB shareholders and MDBs themselves of the U.S. government’s priorities. They can be powerful tools for shifting financial flows. For example, in 2013, the Obama Administration issued guidance ending U.S. support for financing of new coal plants overseas through MDBs, with rare exceptions. At the time, this made the U.S. a leading shareholder in decarbonizing finance, and contributed to a domino effect among other shareholders and in MDB policies restricting coal financing.

The Paris Agreement

This Guidance was issued in the wake of a global and national precedent aimed to prevent the most severe consequences of climate change. In 2015, world leaders converged in Paris, France for COP21, or the 21st Conference of the Parties

to the United Nations Framework Convention on Climate Change (UNFCCC). Recognizing the critical need for the world to collectively respond to climate change, 196 countries signed the Paris Agreement, which, as explained by the [UN’s Intergovernmental Panel on Climate Change \(IPCC\)](#) aims to, “limit the [average surface and air] temperature increase to 1.5°C above pre-industrial levels,” or the time period 1850-1900. The IPCC further states that “crossing the 1.5°C threshold risks unleashing far more severe climate change impacts, including more frequent and severe droughts, heatwaves and rainfall. To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 at the latest and decline 43% by 2030.”⁷ This finding was reaffirmed by the IPCC as recently as 2022.⁸



Executive Order on Tackling the Climate Crisis at Home and Abroad

The U.S. withdrew from the Paris Agreement under former President Trump, but rejoined the Agreement early into Biden's Presidency.⁹ Shortly after taking steps to rejoin the Paris Agreement, President Biden issued the [Executive Order on Tackling the Climate Crisis at Home and Abroad](#) on January 27th, 2021. Biden's Executive Order directed Treasury and other federal agencies to act immediately in the domestic and international spheres to limit the most catastrophic effects of climate change. It directed to Treasury to use the U.S.' "voice and vote" at International Financial Institutions (IFIs), such as the World Bank Group (WBG), to "promote ending international financing of carbon-intensive fossil fuel-based energy while simultaneously advancing sustainable development and a green recovery" and promote financing that supports the goals of the Paris Agreement.¹⁰ The National Security Council then [requested](#) that agencies "develop their own policies that

are either consistent with or more stringent than the White House level Guidance."¹¹ In response to President Biden's Executive Order and the National Security Council's request, Treasury issued its Guidance for Multilateral Development Banks on August 16th, 2021,¹² which can be viewed in its entirety [here](#). Treasury's FAQ for the Guidance is located [here](#).

The Glasgow Climate Pact

Just two months after Treasury's Guidance was issued, the U.S. signed on to the [Statement on International Public Support for the Clean Energy Transition](#), also known as the "Glasgow Statement," an agreement that emerged from COP26. This commitment, now supported by 34 countries and several financial institutions, promises to "end new direct public support for the international unabated fossil fuel energy sector within one year of signing this statement*, except in limited and clearly defined circumstances that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement."



Background on the World Bank Group and Treasury

The Four Arms of the WBG

The World Bank Group is a Multilateral Development Bank, or MDB, which are financial institutions that have been established by more than one country to, “provide financial and technical support to developing countries to help them strengthen economic management and reduce poverty.”¹³ The WBG consists of four arms: the International Bank for Reconstruction and Development (IBRD), the International Development Agency (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). Each arm of the WBG has a distinct role in international development finance.

[IBRD](#) provides financial products and policy advice to middle-income and creditworthy low-income countries.¹⁴ [IDA](#) is the part of the World Bank that helps the world’s poorest countries through grants and zero- to low- interest loans.¹⁵ The [IFC](#) promotes the growth of the private sector in developing countries by investing in companies, mobilizing private capital, and providing investment advice.¹⁶ Finally, MIGA provides guarantees (risk insurance) to foreign investors and lenders (commercial banks as well as state-owned enterprises) against losses caused by risks in developing countries. Guarantees incentivize private investment by “derisking”, or taking on the risk of private investment, by agreeing to cover losses that private investors would otherwise incur. Guarantees are “unmaterialised financial flows,” in that “they do not actually give rise to official financial flows until a default occurs.”¹⁷

Voting Power and Board of Directors at the World Bank Group

In order for projects to receive financing from the World Bank Group, they must be approved by vote at the Board of Directors first. Voting power is determined by each country’s financial contribution, or subscription to, each arm of the World Bank Group. More specifically, “the voting power of each Member country is based on the number of shares it holds.”¹⁸ The allocation of voting power can be viewed [here](#) for MIGA and [here](#) for IFC.

Each arm of the World Bank Group has its own Board of Directors consisting of Executive Directors who represent their home country or multiple countries. Unlike international organizations such as the United Nations where one country has one vote, voting power at the WBG is distributed according to each country’s financial contribution to the WBG. While there are 189 Member countries in the WBG, there are only 25 Executive Director positions on each Board who are making the decisions about WBG investments. Despite having different Boards, the same Executive Directors generally serve across all Boards after being appointed or elected, depending on shareholder status.¹⁹

As the largest shareholder in the WBG, the U.S., like other leading financial contributors, has its interests represented individually by its Executive Director on its Boards. However, most countries are part of a regional consortium of countries represented by a single Executive Director. For instance, on both the Boards of the [IBRD, IFC, and IDA](#), and [MIGA](#), the U.S. is among 6 countries who are each individually represented by their own Executive Directors who vote on their

behalf, whereas 22 Sub-Saharan African nations are represented by a single Executive Director from Niger.^{20 21}

Civil society organizations from around the world including Friends of the Earth have [long pointed out](#) that the WBG's governance structure is unjust. The U.S. government and other large shareholders from advanced economies wield the majority of decision-making power, meanwhile low and middle-income countries suffer inequitable representation and influence on the very projects that affect them. This is especially distorted in the context of a conversation about investing more in global challenges like climate change, to which the U.S. and other dominant shareholders have contributed the most to historically while developing countries are saddled disproportionately with impacts.

Relationship Between Treasury and the WBG

Among its various duties, the U.S. Department of the Treasury is responsible for “managing the U.S. Government’s finances” and “fostering improved governance in financial institutions.”²² Therefore, Treasury “leads the U.S. Administration’s engagement in the multilateral development banks (MDBs)”²³ through the U.S. Executive Director, who is nominated by the President and confirmed by the Senate, and represents U.S. interests on the World Bank Group boards.²⁴



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Methodology

The purpose of this report is to examine how the U.S. voted on fossil gas-fired power plants at the World Bank Group (WBG) since Treasury’s [Guidance](#) was issued on August 16th, 2021 and whether projects the U.S. voted to support align with Treasury’s Guidance. It is important to note that while the U.S. voted to support additional fossil fuel projects other than fossil gas-fired power plants, this report focuses primarily on fossil gas, which over 90% of direct WBG fossil-fuel financing has gone to since 2021.²⁵ Several of these power plants are dual fuel plants, meaning they rely on two fuels: fossil gas and diesel. Therefore, the report also includes analysis of Treasury’s guidance regarding oil. Finally, the report provides recommendations to Treasury to strengthen the Guidance. The provisions that exist for fossil gas in Treasury’s Guidance are outlined below. It is important to note that Treasury uses the term “natural gas,” whereas, Friends of the Earth U.S. uses the term “fossil gas” to highlight that it is a fossil fuel.

Narrow support for natural gas. We will oppose upstream natural gas projects. We will only support midstream and downstream natural gas projects when all of the below criteria are met:

1. The project supports IDA-eligible countries, fragile and conflict-affected states, or small-island developing states;
2. There is a credible alternative analysis that demonstrates that there is no economically and technically feasible clean energy alternative;
3. The project has a significant positive impact on energy security, energy access, or development; and
4. The project is aligned with the supports the goals of the Paris Agreement as outlined by the joint MDB Paris-alignment methodology, which factors in a country’s decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in.

Treasury’s Guidance regarding oil-based energy projects is as follows:

Opposition to oil. We will oppose oil-based energy projects. There may be limited exceptions, such as oil-based power generation in crisis circumstances or as backup for off-grid clean energy, if no cleaner options are feasible.

In order to determine how the U.S. voted on fossil gas projects since Treasury’s Guidance was issued on August 16th, 2021, projects that were directly financed²⁶ after this date were identified using the Public Finance for Energy Database accessed at energyfinance.org from [Oil Change International](#), which yielded multiple fossil fuel projects, including four fossil-gas power plants, outlined below.

1. **Central Térmica de Temane (MIGA 14661)** in Mozambique
2. **Central Térmica de Ressano Garcia (MIGA 12229)** in Mozambique
3. **Bhola-2 Dual Fuel (Fossil Gas/Diesel) Combined Cycle Power Plant (MIGA 14761)** in Bangladesh
4. **Syrdarya (Fossil Gas/Diesel) CCGT (IFC 45205)** in Uzbekistan

Next, publicly available [Treasury voting records](#) were located for each project. These voting records show how the U.S. voted on WBG financing for the above projects and whether this was before or after Treasury's Guidance was issued on August 16th, 2021. The Guidance should have been applied to all projects up for consideration at the MDB Boards after August 16th, 2021. Therefore, the final step in our analysis was determining whether these projects align with Treasury's Guidance. This entailed reviewing publicly available project information on MIGA and IFC websites, reviewing research done by project country partner groups and U.S. partner groups, and communicating with partner organizations from two of the three project countries about these projects, specifically: **Justiça Ambiental (Friends of the Earth Mozambique), Coastal Livelihood and Environmental Action Network (CLEAN) Bangladesh, and Waterkeepers Bangladesh.**

Once a draft report was developed, it was shared with Treasury at the end of June, 2023. An initial meeting took place with Treasury in person in Washington D.C. on July 11th, 2023 in which report findings were shared and a brief dialogue occurred. A subsequent follow-up meeting to further discuss the report and hear Treasury's feedback occurred on July 31st, 2023. During this meeting, Friends of the Earth U.S. was given permission to relay Treasury's comments regarding their reasoning for supporting for the fossil-gas fired power plants highlighted in this report.



Credible Alternatives Analysis

Treasury's Guidance states that fossil gas projects must have:

“a credible alternatives analysis that demonstrates that there is no economically and technically feasible clean energy alternative.”

The Guidance lacks a definition of what a credible alternatives analysis entails from Treasury's perspective. Therefore, we requested Treasury's criteria for credible alternatives analyses when we submitted this draft report to them and in several meetings with them, but have not received information beyond what is listed in the Guidance.

Furthermore, the publicly available alternatives analysis sections in project Environmental and Social Impact Assessments (ESIAs) were severely lacking, and came nowhere near close to meeting best practices. Upon highlighting our concerns with the ESIAs and requesting Treasury's criteria for credible alternatives analyses, Treasury informed us that the alternatives analyses in the ESI's were not the analyses that informed the U.S. votes. Rather, shareholders had access to separate, apparently more detailed analyses that are not publicly available. Therefore, the commentary made in this report is regarding the publicly-available alternatives analyses. Friends of the Earth U.S. believes that alternatives

analyses used to justify the use of public funds should be publicly available, and calls on shareholders, especially the U.S. government, to urgently push for this disclosure.

Some best practices for a credible alternatives analysis are outlined in [this](#) blogpost by NRDC, titled, “US Will Oppose Fossil Fuel Projects at Development Banks,” which was published shortly after Treasury's Guidance was issued. All of the elements are listed below, and can be read in their entirety on the blogpost.

- 1. “Assessment of the end-use demand to be met and the energy services to be provided.** For example, this would require a detailed modeling of the energy demand, including documenting key assumptions critical to determine if that demand production closely approximates the real-world electricity demand.”
- 2. “Analysis of the availability of alternative lower carbon technologies or strategies** to meet the same end-use objective. The project needs to first consider whether that energy need can be met with renewable energy, improved energy efficiency, or better demand management.”
- 3. “Economic cost assessments including externalities and subsidies.** Such an analysis should assess the full economic costs and risks of each option, including externalized costs such as fossil fuel subsidies, public health impacts, environmental impacts, decommissioning and remediation costs and the social cost of carbon.”

4. **“External analyses and sensitivity assessments.** The analysis should include details on costs from outside sources, assessment of likely improvements by the time of project ground-breaking, and other technology factors that are likely to change.”
5. **“Equity considerations.** The analysis should consider the equity and environmental justice implications of the project.”
6. **“Independent review of alternatives assessment;** Any credible analysis will be vetted by experts other than those commissioned by the project proponents. Proponents have an inherent bias to ignore factors that push against the rationale for the project.”²⁷

The three publicly available alternatives analyses were able to locate in the ESIA's failed to meet all of the above criteria. Of particular concern is that **several of the analyses do not even mention alternative technologies, let alone renewable options,** and simply prescribe each power plant as the solution to meet each country's energy

needs, without thoroughly articulating the need itself. Moreover, these were all prepared by contractors hired by project proponents, and no documentation was located indicating a review of the alternatives analyses by an independent expert, as criteria number six requires above.

Once again, Treasury states that these are not the analyses the U.S. relied on to inform its vote and that credible alternatives analyses were performed but are not publicly available. Ultimately, the lack of publicly-available credible alternatives analyses makes it difficult to assess Treasury's adherence to criteria in the Guidance which requires each project to have a credible alternatives analysis that, “demonstrates that there is no economically and technically feasible clean energy alternative.” Furthermore, the lack of elaboration by Treasury on what they consider a credible alternatives analysis to be makes it difficult to hold them accountable to their own standards, since no framework was provided or appears to exist beyond the above statement.



Paris Alignment

There is an inherent contradiction in the Paris Agreement. On one hand, the overarching goal of the Paris Agreement is to, “[hold] the increase in the global average temperature to well below 2°C above pre-industrial levels and [pursue] efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.”²⁸ On the other hand, the agreement is based on voluntary, non-binding Nationally Determined Contributions (NDCs) that taken collectively currently set the world on track to **2.4C -2.6C degrees** in average global warming by the end of this century, and are not based on “fair share” calculations of necessary emissions reductions that take into account historical responsibility, capacity to act, and justice.

In his Executive Order, President Biden outlines “three overarching objectives” of the Paris Agreement:

- 1. A safe global temperature**
- 2. Increased climate resilience**
- 3. Financial flows aligned with a pathway toward low greenhouse gas emissions and climate-resilient development**

As a signatory to the [Glasgow Statement](#), the U.S. committed further to “end new direct public support for the international unabated fossil fuel energy sector within one year of signing this statement”, except in limited and clearly defined circumstances *that are consistent with a 1.5°C warming limit* and the goals of the Paris Agreement” (emphasis is author’s).

Treasury’s Guidance regarding Paris Alignment, however, does not explicitly recognize the Paris Agreement’s temperature goals, but rather, only countries’ voluntary Nationally Determined Contributions, and the decarbonization pathways and strategies related to these:

“The project is aligned with and supports the goals of the Paris Agreement as outlined by the joint MDB Paris-alignment methodology, which factors in a country’s decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in.”

Therefore, Treasury’s approach to Paris Alignment in the Guidance is not consistent with the Biden Administration’s own public commitments to align financing with the temperature goals of the Paris Agreement.

This is important because the IPCC states that “To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 at the latest and decline 43% by 2030”²⁹ and that, **“limiting warming to around 2°C (3.6°F) still requires global greenhouse gas emissions to peak before 2025 at the latest, and be reduced by a quarter by 2030.”**³⁰ **Therefore, no fossil gas-fired power plant is compatible with**

either temperature goal of the Paris Agreement and cannot meaningfully be considered Paris aligned. This is due to the fact that they are all designed to emit a combined total of at least 6,191,150 tCO₂e/year for an average of over twenty years, with two plants, the CTT and Bhola-2, increasing emissions over time. In other words, they will not reduce emissions in the timeframe the IPCC requires in order to meet either temperature goal of Paris.

Finally, low-income countries like the ones covered in this report should be receiving finance from historically polluting countries and international public finance institutions to transition their energy sectors to renewables and to pursue alternative, sustainable economic development pathways, not to deepen their economic dependency on, and lock in fossil fuel infrastructure for decades to come.



Summary of Findings

Since Treasury’s Guidance was issued on August 16th, 2021, the U.S. voted to support \$396.8 million in World Bank Group financing for four fossil gas-fired power plants, specifically: \$236.8 million in MIGA guarantees for three fossil gas power plants in Mozambique and Bangladesh, and \$160 million in IFC financing for a fossil gas-fired power plant in Uzbekistan. These four power plants, listed below in Figure A, will emit an estimated combined total of **6,191,150 tCO₂e/year** at their lowest estimates and **6,587,803 tCO₂e/year** at their highest estimates.

A. Fossil Gas and Diesel-Fired Power Plants Approved by U.S. after Treasury’s Guidance Issued³¹

MDB	Country	Project Name and MDB Project Number	Amount financed* (millions USD)	Date U.S. Voted to Support Financing (mm/dd/yyyy)	Greenhouse Gas Emissions (tCO ₂ e/year)
MIGA	Mozambique	Central Térmica de Temane #14661	\$71	10/04/2021	1,088,575 first 5 years, 1,323,827 remaining 20 years ³²
MIGA	Mozambique	Central Termica de Ressano Garcia #12229	\$15.8	03/30/2022	535,575 to 567,976 ³³
MIGA	Bangladesh	Bhola-2 Dual Fuel (Fossil Gas/Diesel) Combined Cycle Power Plant #14761	\$150	03/04/2022	567,000 to 696,000 ³⁴
IFC	Uzbekistan	Syrdarya (Fossil Gas/Diesel) CCGT #45205	\$160	03/09/2023	4,000,000 ³⁵

Per Treasury’s Guidance, fossil gas projects must meet all criteria in the Guidance in order to receive support. Therefore, a single Guidance violation means the U.S. should have voted “no” to that project. The ways in which these projects violate Treasury’s

Guidance is outlined below in Figure B, followed by an analysis of each project’s individual alignment with the Guidance.

B Project Alignment with Treasury's Guidance

Table Key: The below symbols are used to illustrate how each project (listed in the first row at the top of the table) aligns with each aspect of Treasury's Guidance (listed in the furthest left column).

✓	Project aligns with Guidance criteria.
?	Project does not clearly align with nor clearly violate this aspect of Treasury's Guidance, and/or more information is needed to determine
✗	Project violates Guidance criteria.

	Central Térmica de Temane (CTT) <i>Mozambique</i>	Central Térmica de Ressano Garcia (CTRG) <i>Mozambique</i>	Bhola-2 Dual Fuel Combined Cycle Power Plant (Bhola-2) <i>Bangladesh</i>	Syrdarya CCGT <i>Uzbekistan</i>
Opposition to oil-based energy	Project does not operate on oil.	Project does not operate on oil.	ESIA indicates that project will operate entirely on diesel when fossil gas supply runs out after 14 years. Treasury indicated in follow-up meeting that plant will only rely on diesel in emergencies. FoE U.S. unable to review sources to confirm.	Project will operate on diesel only in emergencies, which Treasury makes an exception for in its Guidance.
Midstream/downstream gas projects ONLY	Per ESIA, the plan is the CTT will rely on upstream fossil gas when project is operational. Multiple oil and fossil gas wells proposed.	This project is not <i>directly</i> upstream, but only because IFC already developed the fossil gas reserves that this project <i>helps</i> offtake. (2003, IFC Project #10983).	If project does NOT operate on diesel when gas runs out in 14 years as ESIA predicts, then upstream gas development is necessary.	Unclear if fossil gas supplier engages in upstream drilling to meet supply needs. ESIA does not say either way. <i>If project does rely on upstream fossil gas, this box would be a red "X" for violating Guidance.</i>
IDA Country eligible for exceptional gas support				

Credible alternatives analysis (no clean energy alternative to gas)	The publicly-available alternatives analysis located in the ESIA_ fails to meet best practices. Inadequate evaluation of renewables; dismisses them without any supporting evidence to back up reasoning. However, this category remains a question mark across all projects rather than a violation because Treasury said credible alternatives analyses exist that are not publicly available.	Unable to locate a public alternatives analysis.	The publicly-available alternatives analysis located in the ESIA_ fails to meet best practices and no mention or evaluation of alternative technological options or renewables.	The publicly-available alternatives analysis located in the ESIA_ fails to meet best practices and no mention or evaluation of alternative technological options or renewables.
Significant positive impact on energy security/dev/ access	Between 50 to 89% of the energy the CTT generates will be exported out of Mozambique due to lack of capacity to receive energy, on questionable economic terms. Project developers are neglecting the development needs of local communities, whose resources they are exploiting and profiting from while primarily employing non-locals.	Long term PPA fossil gas lock-in, unclear how privatization/ ownership transfer delivers positive impact. Concerns around Mozambique's grid lacking capacity for power that CTRG generates and access not going to those that most need it, ESRS suggests some of the energy will be exported to South Africa.	Fossil gas and diesel lock-in from 22-year PPA. Provides electricity to nation at expense of local community, who are unlikely to receive any of the power that is generated from project and whose lands and livelihoods are permanently altered due to project. No evidence that renewables can't meet nation's energy needs while avoiding harm to local community. Project located on known floodplain.	25-year PPA locks country in to comparatively expensive electricity as renewables get cheaper and more efficient, a drain on public resources.
Supports goals of Paris Agreement	Does not support 1.5°C or 2°C goal of Paris Agreement	Does not support 1.5°C or 2°C goal of Paris Agreement	Does not support 1.5°C or 2°C goal of Paris Agreement. Part of Master Plan does not align with Bangladesh's NDC's.	Does not support 1.5°C or 2°C goal of Paris Agreement
Opposition to policy-based operations that support fossil fuel activities.	Unknown if MIGA provided policy advice related to this project.	Unknown if MIGA provided policy advice related to this project.	Unknown if MIGA provided policy advice related to this project.	IFC provided GoU with support structuring and implementing PPP for this power plant; timeline unclear.



Analysis of Treasury Guidance Alignment by Project

1. Central Térmica de Temane “CTT” | MIGA #14661| Mozambique



Supporting agencies USAID, U.S. State Department, UKAID, World Bank Group, Embassy of Norway and Power Africa participate in groundbreaking ceremony of CTT in Vilanculos, Inhambane on March 28th, 2022.³⁶

Photo: [U.S. Embassy in Mozambique](#)

What did the U.S. vote to support after Treasury’s Guidance was issued?

The U.S. voted to support \$248 million in blended finance (both a guarantee and a loan) from MIGA and IFC on January 28th, 2021, before Treasury’s Guidance was issued.³⁷ On October 4th, 2021, the U.S. Executive Director to the World Bank [voted to support](#) a \$71,000,000 USD MIGA guarantee for the Central Térmica de Temane, or CTT.³⁸ It appears this \$71 million guarantee was ultimately

part of a larger, \$251.3 million portfolio of guarantees. These guarantees were issued to private investors “Globeleq Africa Limited, Sasol Africa Proprietary Limited, and Moz Power Invest, S.A. for their equity and quasi-equity investments” and were issued for up to 20 years.³⁹ According to Treasury, the October vote was a modification of the original guarantee approved in January 2021. It expanded the guarantee approved in January to include supplemental capital; namely, shareholder equity and loans.

What is the CTT?

The Central Térmica de Temane (CTT) is a proposed 450 MW capacity fossil gas fired power plant in Inhambane Province, Mozambique. Construction began for the project in 2022 and operations are anticipated in November 2024.⁴⁰ In addition to constructing the power plant, additional supporting infrastructure will be constructed as well, such as a fossil gas pipeline, a transmission line, and water supply pipeline.⁴¹ The CTT will rely on the development of both upstream (new) fossil gas development⁴² and midstream, or existing fossil gas wells, from the Temane and Inhassoro fossil gas fields.

Fossil gas will be transported to the power plant via pipeline, where it will be converted into electricity, transported to the power grid via transmission line, and sold to Mozambican state-owned power company Electricidade de Mozambique (EDM) under a 25-year tolling agreement.⁴³ Mozambique Power Invest (MPI), which 85% of the CTT. British-owned [Globaleq Africa Holdings Limited](#) (“Globaleq”) owns 76% of the Mozambique Power Invest (MPI), making it the largest shareholder of the CTT. The remaining 24% of MPI is owned by EDM.⁴⁴ In addition to MPI’s 85% ownership of the CTT, the remaining 15% is owned by Sasol New Energy Holdings Ltd. (“Sasol”).⁴⁵

Does the CTT align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

The CTT does *not* align with the provisions that exist for fossil gas in Treasury’s Guidance. According to the ESIA, the plan is for the project to rely on upstream fossil gas production. The project does not support the temperature goals of the

Paris Agreement. Since Treasury’s position is to only support projects that meet *all* of its criteria, a violation of any aspect of the Guidance means the U.S. should have voted “no” in order to comply with Treasury’s Guidance.

Furthermore, it is unclear whether the project had a credible alternatives analysis. As is the case for all power plants highlighted in this report, a credible alternatives analysis is not publicly available for the CTT. The alternatives analysis that is available in the ESIA is severely lacking. Without being able to review the analyses the U.S. relied on to inform its vote to support this project or an understanding of what Treasury considers a credible alternatives analysis, alignment with this prong of the Guidance remains questionable.

Treasury has not provided a definition of what a “significant positive impact on energy security, access, or development” entails, so alignment with this prong remains questionable. The CTT will not improve energy access for those local to the project location, and concerns about a significant amount of energy being destined for export remain. An analysis of how the CTT aligns with Treasury’s Guidance is included below.

From Treasury’s perspective, how does the CTT align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

According to Treasury, the Guidance does not apply to the CTT because the U.S. initially voted to support the CTT in January 2021, before Treasury’s Guidance was issued. The subsequent October 2021 vote, which occurred after the Guidance was issued, was a modification to the original guarantee that was approved. This

modification expanded the guarantee to include supplemental capital, including shareholder equity and loans. Treasury explained that U.S. support for this financial modification was a matter of ensuring “consistency”.

Friends of the Earth U.S. has several concerns with this reasoning. First, the U.S. voting to support the expansion of the original guarantee *does* amount to support for the project, and they should have applied the Guidance. This is a unique project requiring the use of public funds to prepare, requires Board vote, and implicates the setting aside of additional public funds to cover potential defaults, FoE considers that Guidance should still apply and that Treasury’s simplistic justification for support is not valid.

Treasury did not explain what potential impact expanding this guarantee has on ensuring the viability of the gas power-plant, to the potential disadvantage of alternatives. Given that the purpose of guarantees is to help attract and secure private investment, we can safely assume that expanding the guarantee to cover shareholder equity and loans helped solidify private investment in the project and therefore helped ensure the long term viability of the project itself.

Once again, Treasury’s stance is that modifying a guarantee by expanding it to include supplemental capital (in this case, shareholder equity and loans) does not constitute increased financial support and that the Guidance does not apply here is deeply concerning. This is also part of a broader concerning trend among the U.S. government and governments worldwide who rely on minor technicalities to justify their ongoing support for fossil fuel expansion.

The first part of Treasury’s guidance regarding fossil-gas states:

“We will oppose upstream natural gas projects. We will only support midstream and downstream natural gas projects when *all* of the below criteria are met.”

What do “upstream” “midstream” and “downstream” mean in the context of fossil gas?

Upstream projects “*explore and produce*” fossil gas, midstream projects “*transport and store*” fossil gas, and downstream projects “*convert natural gas into finished products*” (such as electricity).⁴⁶



The CTT violates this aspect of Treasury’s Guidance which opposes upstream fossil gas projects **because there are plans for the power plant to rely on the development of new fossil gas wells in order to operate.** This is considered upstream because it entails exploring and producing fossil gas, rather than solely transporting, storing, and converting fossil gas. A separate ESIA was done for this upstream component in 2019 called, “Summary of Impacts Caused by Associated Infrastructure (Upstream Activities) Supporting the Central Térmica de Temane,” available for download on the [IFC Project Information & Data Portal](#) under Client Documentation.

The ESIA for the upstream components states that the original ESIA for the CTT, “excludes **the development of the gas reserves necessary to supply the power plant.** Sasol proposed to supply the CTT from known gas reserves in the Production Sharing Agreement (PSA) license area for which the Government approved a Phase 1 Field Development Plan (“FDP”) in January 2016.”⁴⁷ This will include supply from new oil and fossil gas wells planned in the PSA (Figure 1).⁴⁸ It is important to

note that *known* fossil gas reserves does not mean *existing* fossil gas wells. In this case, it means Sasol knows where to drill to develop new wells. Furthermore, the supplemental ESIA published in 2019 states: “It is possible that the fossil gas could be supplied from alternative sources, as yet undefined. Should this be the case, separate environmental licensing of these facilities would be required. The present summary assumes that the fossil gas will be supplied from the PSA.” At the time of this report publication, we have not identified information indicating this project will forego plans for upstream drilling. Once again, it began construction in 2022 and will be operational in 2024.

Figure C includes a closer look at the map key and Figure D (referred to as Figure 1 in the ESIA) is a map of proposed oil and fossil gas wells. Both can be viewed more clearly in the ESIA itself. As seen below, *this is a map of both oil and fossil gas wells*. According to the ESIA, both oil and fossil gas wells may support the CTT: **“The wells shown in purple in Figure 1, all east of the EN-1, are described as ‘oil wells’, but they will also supply gas and may therefore be considered to be in support of the CTT as well.”** Furthermore, “The CTT and activities that are in support of it are highlighted in grey, which, in addition to the planning and licensing of the power plant itself, include all of the activities necessary to develop the gas reserves supporting the plant.”⁴⁹



Oil and Gas Wells that will Support the CTT

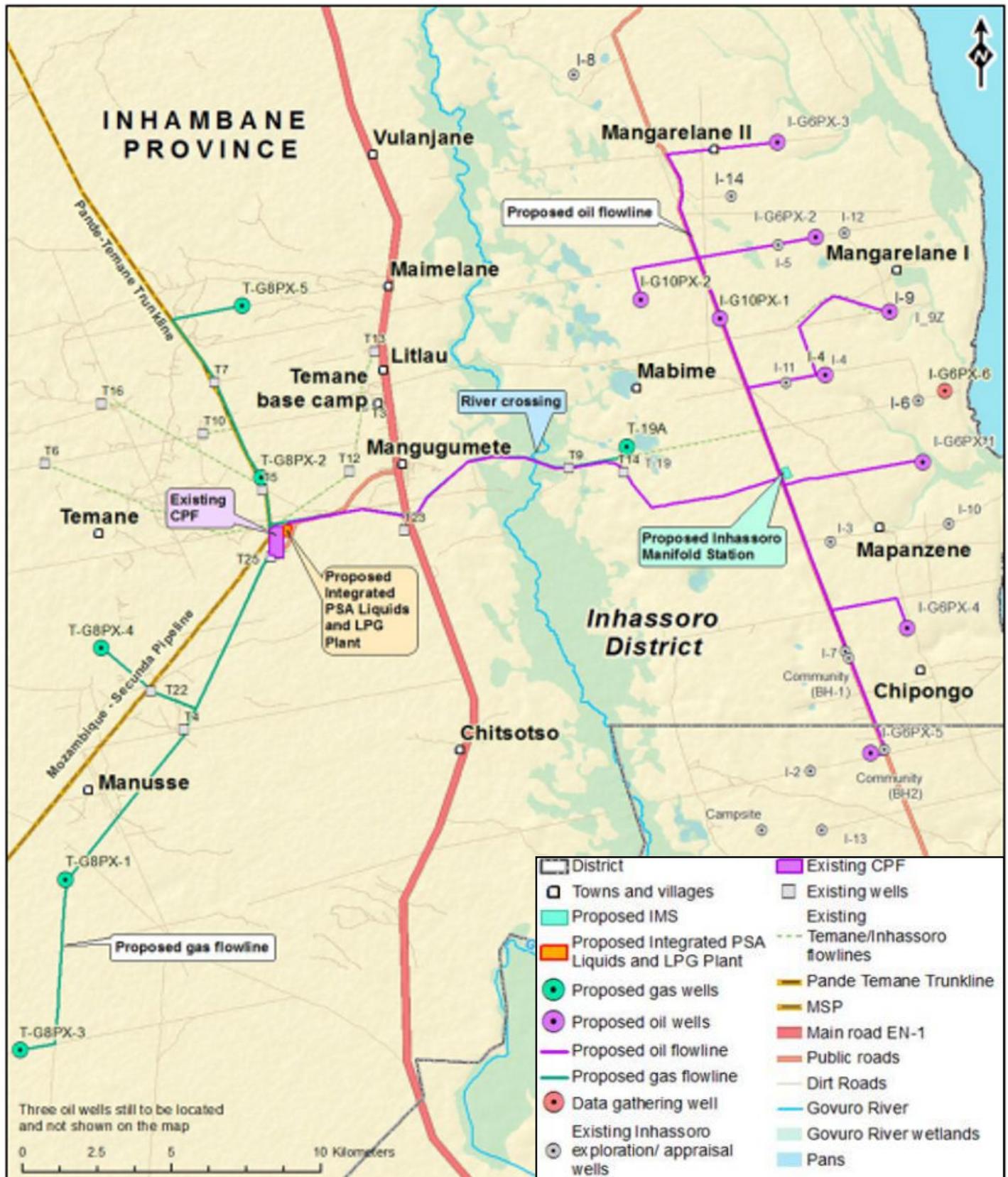


Figure 1: The elements of the proposed PSA Development and LPG Project

1 “The project supports IDA-eligible countries, World Bank Fragile and Conflict-affected Situations (FCS) list, or small-island developing states.”



Mozambique is IDA eligible⁵⁰ and is considered a country with medium intensity conflict according to the World Bank’s Fragile and Conflict-affected Situations list.⁵¹

2 “There is a credible alternatives analysis that demonstrates that there is no economically and technically feasible clean energy alternative.”



The publicly-available alternatives analysis for the CTT, located on pages 49-51 of the ESIA, available for download under “Client Documentation” [here](#), fails to meet any of the aforementioned best practices for credible alternatives analyses. While it is the only alternatives analysis among the three available for projects listed in this report that mentions renewables, it does not fully evaluate them as alternatives. It acknowledges solar power as the most viable alternative energy source, but eliminates it from consideration due to potential issues of displacement, cost of installation, and intermittent power. It does not go into detail on who or how many people would be displaced, what the cost differences would be, or the details justifying the concern around intermittent power. Moreover, it favors the shorter construction timeline of a fossil gas-fired power plant, while also not contributing technical details to back this claim.

The alternatives analysis also states: “Thus, the economic viability of delivering 450 MW of renewable power accounting for the transmission costs and network stability makes this option unfeasible. Therefore, renewable energy such as wind and solar energy were not considered a viable alternative.”⁵²

However, it does not consider that Mozambique does not have capacity for a project as large as the CTT that the alternatives analysis is advocating for. The WBG estimates that only 50% of the 450 MW power the CTT generates will be accessible to Mozambicans in the first six years of the project’s operation; the rest of the energy will be exported. EDM, the public utility company of Mozambique, predicts only 11% of the energy the CTT will remain in Mozambique and the remaining 89% will be exported. This is outlined in detail in the next section of this report. Therefore, dismissing renewables because they will not generate 450MW of power is a flawed metric. This comes back to the issue of properly identifying the development need and projects that will support it.

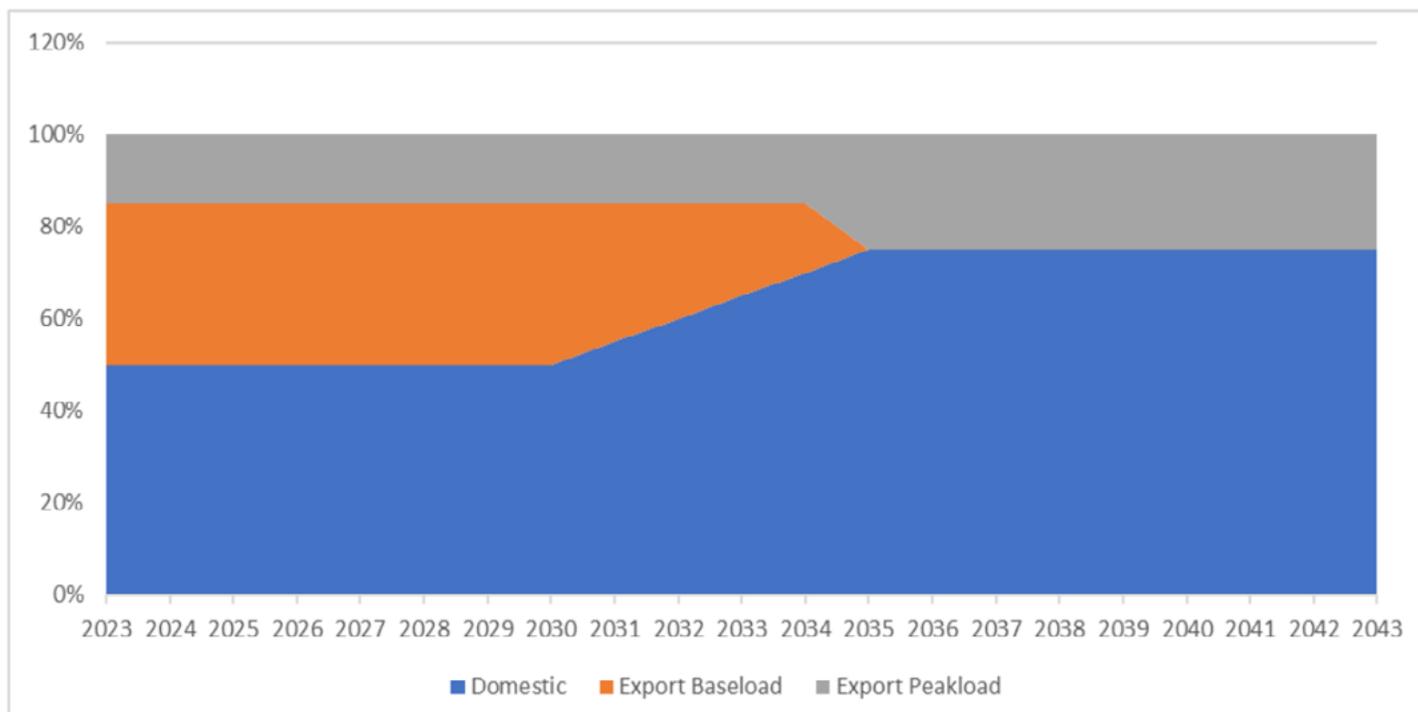
3 “The project has a significant positive impact on energy security, energy access, or development.”



The CTT does not have a significant positive impact on energy security, access, or development. In lacking credible publicly-available alternatives analysis, we cannot say that the CTT or any of these fossil gas-fired power plants provide a significant positive impact in any of the above ways that renewable energy would not also offer – and without the harm that these fossil fuel projects bring.

As previously mentioned, a significant amount of the energy the CTT generates will be exported, “to neighboring countries under bilateral contracts or through the Southern African Power Pool”⁵³ and not serve Mozambicans. Figure E, referred to as “Figure 3.2” on page 97 of the [WBG Project Appraisal Document for the CTT](#), published in 2019, indicates that from 2024 (when the project is now predicted to be operational) to 2030, Mozambicans will only receive 50% of the energy the power

Figure 3.2. Assumed Market Share for the Electricity Generated by CTT



plant generates. The remaining 30 to 50% will be exported to the regional market.

In the same appraisal document, the WBG confirms these predictions for export on page 96:

“Domestic and export sales. Electricity produced by CTT will be used to serve the domestic market while **the regional market will serve as an opportunity market to trade energy surplus that cannot be absorbed internally. Those surpluses are expected to be quite significant during the early stages of the project** (where installed capacity will exceed additional domestic demand) and will decrease as domestic demand continues to grow in subsequent years. According to the Master Plan, Mozambique will have an excess capacity of 290 MW once CTT is commissioned. The export market is further divided between peak and off-peak sales. While the peak market is more attractive in terms of pricing, it

may be possible that EDM will need to sell electricity at baseload to ensure commercial viability of the project, particularly during the initial years after commissioning. While the exact share of sales in each market is currently unknown, the base case scenario illustrated in Figure 3.2 is assumed.”⁵⁴

EDM predicts exports will be even higher. On page 69 of their [2020-2024 Business Plan](#), they predict that in 2024, when the CTT will be in operation, 400MW out of 450MW, or approximately **89% of the energy the CTT generates will be exported:**

“Taking into account the favorable supply conditions and the growing availability of energy surplus for export, the **cumulative growth of export revenue is projected to be in the order of 211% over 5 years...With the greatest impacts in 2024, with the availability of 400MW of the Temane Thermal Power Plant.**”⁵⁵

Since this business plan only goes until 2024, it is unclear how much of the energy EDM expects to export after 2024.

According to an [article](#) by Zitamar News, “EDM has not released company statements for the past two years, but previous financial disclosures have shown its finances are extremely weak and that the cost of buying power from fossil gas-fired IPPs is a major source of its debt. The company’s debt to power suppliers stood at MZN26bn (\$416m) in 2019, having grown 16-fold over the preceding decade according to the company’s 2020-2024 Business Plan.” Furthermore, EDM predicted the cost of purchasing energy from IPP’s “to almost triple between 2019 and 2024, from MZN16.7m to MZN48m.”⁵⁶

EDM expects to export CTT energy at a loss. The 2020-2024 Business Plan indicates that it will sell power for US\$¢7.44/kWh; which is US\$¢1.62 less than it purchases it for (it purchases power for US\$¢9.06/kWh).⁵⁷ Ultimately, this raises deep concerns about the purported energy security and access this project is supposed to deliver.

According to Mozambican partners, locals, who are disproportionately negatively impacted by the project, are unlikely to receive the energy that the CTT generates and instead will continue to rely on coal as their energy source. Negative impacts on the local community began before the project’s operation. In the CTT [Environmental and Social Review Summary](#), IFC documented how this project planned to employ a peak workforce of 800 people, primarily non-locals, up to 550 of whom would live in a camp onsite with anticipated negative social and health related impacts on the local community.⁵⁸

Locals of the Inhambane district, where the CTT is being constructed and where the fossil gas fields are located that will supply it, [protested against developer Sasol in 2021](#), expressing deep concerns about Sasol’s failure to invest in the local community while exploiting its resources. As one resident of nearby Inhassoro District, where Sasol is also developing fossil gas fields for the CTT, stated, “We have been under exploitation for twenty years. Sasol is plundering our resources.”⁵⁹



Members of the community protest Sasol’s lack of social responsibility in May 20th, 2021 in the Inhambane District.⁶⁰ Signs read, from left to right: “20 years of pillaging and nothing accomplished. Fulfill the promise of [ADL]. Employ the owners of the land.” “Sasol does not belong in Vilanculos. Sasol impoverishes the land and the sea.”

Photo: DW

Members of the local community point out how local hospital infrastructure and services are inadequate and most public local infrastructure is falling apart, but Sasol is not contributing to local development or investing in locals, instead hiring employees from other regions. There are also concerns of corruption and bribery. One person reports that she was asked to pay money in order to obtain a job with Sasol.⁶¹

4 “The project is aligned with and supports the goals of the Paris Agreement as outlined by the joint MDB Paris-alignment methodology, which factors in a country’s decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in.”



The CTT is scheduled to be operational in late 2024 and has a 25-year design life, meaning it will be in operation until 2049. Its operation past 2025 is incompatible with GHG emissions needing to peak by 2025 in order to meet the temperature goals of the Paris Agreement. Moreover, not only will the CTT continue to emit GHG emissions long after 2025, but its emissions will only increase over time, rather than reducing 43% as IPCC states is necessary to achieve the 1.5°C goal. Emissions for the first five years of the project are estimated to be 1,088,575 tCO₂e/year. Estimated emissions for the remaining twenty years of the project are 1,323,827 tCO₂e/year; which is 235,252 tCO₂e/year more per year, or an additional 4,705,040 tCO₂e in its lifetime.⁶²





2. Central Térmica de Ressano Garcia “CTRG” | MIGA #12229 | Mozambique



The CTRG is a 175 MW fossil gas-fired power plant located in Ressano Garcia, Moamba District, Province of Maputo.⁶³
Photo: [CTRG](#)

What did the U.S. vote to support after Treasury’s Guidance was issued?

On March 30th, 2022, the U.S. Executive Director to the World Bank voted to support a \$15,800,000 USD MIGA guarantee for up to 15 years^{64 65} which shifted majority ownership of the CTRG from Mozambique’s state-owned electricity utility, Electricidade de Moçambique (EDM) to privately owned company, Azura. Azura will own 49%, and EDM will own 46%. The remaining 5% will be held in treasury by CTRG.⁶⁶

According to a 2023 [article](#) by Zitamar News, “MIGA’s support was not conditional on the transfer taking place, but a MIGA spokesperson said ‘it was a transfer that MIGA supports and believes is in the best interests of EDM and the country.’” Furthermore, “EDM did not respond to questions as to why it made the transfer,

but it now means that the Mozambican state has ceded majority control of its largest operating gas-fired power plant to a private company with a controversial history in the sector.”⁶⁷

The CTRG was previously majority owned by Sasol, who sold its stake to Azura in May 2022; “To support the transaction, the World Bank’s Multilateral Investment Guarantee Agency (MIGA) issued \$149.85m worth of guarantees to Azura for its equity and loans into CTRG, and to cover \$36.5m in loans to the plant. This support likely boosted the value of the CTRG sale for Sasol, one of the largest green-house gas emitters in Africa.”⁶⁸

MIGA’s most recent guarantee shifts ownership of the existing CTRG fossil gas-fired power plant from a public entity to a private entity. On October 15th, 2015,⁶⁹ the U.S. voted to support the construction of the CTRG via \$162.5 million in blended

IFC and MIGA financing. This support was extended before Treasury's Guidance was issued and again after Treasury's Guidance was issued, again calling into question the effectiveness of the Guidance in shifting financial flows.

What is the CTRG?

The Central Térmica de Ressano Garcia (CTRG) is an existing 175 MW fossil gas-fired power plant occupying 6 hectares, or just under 15 acres of land in Ressano Garcia, a border town in the Moamba District, Maputo Province, of Mozambique. It has been operational since 2015, in part as a result of MIGA and IFC Support.⁷⁰

⁷¹ The length of the Power Purchase Agreement is unclear. However, we do know it is going to be "long-term;" according to the CTRG's [website](#), "All the Project's power generation capacity is sold to EDM under a long-term power purchase agreement ('PPA')." ⁷² According to Zitamar news, "EDM and Azura are keeping the terms of both the gas supply agreement, and the power purchase agreement (PPA), confidential; a poor precedent for transparency and lower power prices in Mozambique."⁷³

From Treasury's perspective, how does the CTRG align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

In a meeting, Treasury explained that they supported this project because when it came to the Board originally, it was expected to be the lowest cost gas fired plant in Mozambique and would avoid having to import coal-power from South Africa. They said it continues to provide a key source of energy to the grid as well as contribute to an electrification program for 6 villages, is consistent with the country's pathway towards the goal of the Paris

Agreement, and should not compete with any renewables in operation. However, they did not mention whether they had considered the impact that subsidizing this gas plant would have on the ability of new renewable energy to compete. They also said the plant would shift to intermittent operation down the line. When asked about the reasons for supporting the ownership transfer/privatization, which is what the project in question actually entails, they replied that getting a MIGA guarantee can often help decrease the cost of capital, interest rates, and can allow more money to go into construction and maintenance, but did not provide specifics around the expected benefits of privatization to the project in question.

Does the CTRG align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

The CTRG does not align with Treasury's Guidance that requires projects to support the goals of the Paris Agreement because it does not support either of its temperature goals. Furthermore, alignment with most remaining aspects of the Guidance remains questionable. There are concerns energy generated from the CTRG will be exported, and a definition of "a significant positive impact on energy security, access, or development" remains undefined. Furthermore, Friends of the Earth U.S. was not able to review the alternatives analysis the U.S. relied on to inform its vote because it is not publicly available, and Treasury's criteria for what a credible alternatives analysis entails remains ambiguous.

“We will oppose upstream natural gas projects. We will only support midstream and downstream natural gas projects when all of the below criteria are met.”

 The **Central Térmica de Ressano Garcia (CTRG)** is not upstream, but only because the World Bank already developed the fossil gas fields required for this project. The Temane and Pande fossil gas fields were developed in 2003 with support from IFC, which retains an active equity stake in it (Project [#10983](#)).⁷⁴ While this upstream project was approved long before Treasury’s Guidance was issued, it remains active, and therefore should be considered in association with the CTRG project, as the fossil gas fields may only be economically viable if there is guaranteed offtake.

1 “The project supports IDA-eligible countries, World Bank Fragile and Conflict-affected Situations (FCS) list, or small-island developing states.”

 Mozambique is IDA eligible⁷⁵ and is considered a country with medium intensity conflict according to the World Bank’s Fragile and Conflict-affected Situations list.⁷⁶

2 “There is a credible alternatives analysis that demonstrates that there is no economically and technically feasible clean energy alternative.”

 A public alternatives analysis has not been located for this project. Friends of the Earth requested copies of the alternatives analyses the U.S. relied on to inform its voting decision. Treasury informed us that the alternatives analysis provided to them by

the Bank and that they reviewed in making their voting decision is not public.

3 “The project has a significant positive impact on energy security, energy access, or development.”

 According to [project documents](#), the CTRG utilizes local fossil gas resources to, “deliver electricity to the highly underserved local market” and “brings generation capacity closer to the southern load center, where demand is concentrated.” However, there are no details about how this ownership transfer supported by MIGA changes CTRG’s electricity provision to provide more reliable, additional, or cheaper electricity to the communities that need it. The project’s [Environmental and Social Review Summary](#) suggests that at least some fossil gas from this power plant is exported to South Africa, though it is unclear on what terms and whether these are advantageous for Mozambique, if at all.

As discussed in the CTT section, exporting power from multinational-owned power plants leaves EDM, Mozambique’s public power utility, in considerable debt, given that the price they purchase it for is higher than the price they export it for according to business plan reports.⁷⁷ Moreover, Mozambique simply does not have capacity to absorb the energy that large fossil gas-fired power plants such as the CTT and CTRG will generate. This is especially concerning given that [70% of Mozambicans remain without electricity](#),⁷⁸ most of them in rural areas that are off the electrical grid, so fossil gas-fired power plants of this scale do not improve energy access for those most in need.

4 “The project is aligned with and supports the goals of the Paris Agreement as outlined by the joint MDB Paris-alignment methodology, which factors in a country’s decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in.”



The CTRG does not support the 1.5°C goal of the Paris Agreement. The CTRG emitted 535,575 to 567,976 tCO₂e/year from 2018 to 2020.⁷⁹ Assuming the power plant continues to operate for the duration of the 15-year MIGA guarantee, which is likely given the indication of a long-term PPA, CTRG emissions will continue to peak well past the 2025 benchmark IPCC recommends in order to meet the 1.5°C goal. Moreover, emissions will not decline 43% by 2030 to meet this goal.





3. Bhola-2 Dual Fuel Combined Cycle Power Plant (“Bhola-2”) | MIGA #14761 | Bangladesh



The Bhola-2 Power Plant, adjacent to the Dehular Khal and Mandartoli Shakha Khal canals, occupies 35,293 acres of land in the Kutba Union, Burhanuddin Upazila, Bhola District, Barisal Division of Bangladesh.⁸⁰

Photo: [AIIB](#)

What did the U.S. vote to support after Treasury’s Guidance was issued?

On March 4th, 2022, the U.S. Executive Director to the World Bank voted to support a \$150 million, 20-year MIGA guarantee for the Bhola-2.⁸¹ This appears to be part of a larger portfolio of MIGA guarantees totaling \$407 million issued June 7th, 2022 to cover the acquisition and refinancing of the power plant, equity investments, and non-shareholder loans.⁸²

What is the Bhola-2 Power Plant?

The Bhola-2 Dual-Fuel (fossil gas/high speed diesel) Combined Cycle Power Plant (Bhola 2) is an existing 220MW located along a bank of the Dehular Khal canal, on Bhola island, in the Bhola District and Barisal Division in Bangladesh. Bhola island is the largest island among a number of islands comprising the Bhola District.

According to Waterkeepers Bangladesh, its extensive river and canal networks are located at the bottom of the Meghna Estuary, and connect the Ganges and Brahmaputra river systems to the Bay of Bengal.

Construction for the Bhola-2 power plant began in 2018 and it has been operational since 2021. It is a dual fuel power plant, meaning it will rely on both fossil gas and diesel. The circumstances under which it will rely on diesel are discussed in this report. The Bhola-2 will receive fossil gas via pipeline from the Shabajpur fossil gas field, developed by Sundarban Gas Company Limited. The gas field is located 6km away from the power plant and will convert this fossil gas to electricity. This electricity will be sold to the Bangladesh Power Development Board, a Government of Bangladesh (GoB) agency, who will determine how the power is allocated.

Diesel for the power plant will be delivered by Bangladesh Petroleum Corporation via jetty, and it will be stored in HSD storage tanks.⁸³

The Bhola-2 is not to be confused with the Bhola-1, which is a different fossil gas fired power plant, located adjacent to the Bhola-2. The Bhola-1 has been operational since 2015 and is owned by the Bangladesh Power Development Board. The Bhola-2 was developed by Nutan Bidyut Bangladesh Limited (NBBL), which is an SPV, or Special Purpose Vehicle, of Shapoorji Pallonji Infrastructure Capital Company Private Limited (SPICCPCL) of India.⁸⁴

The Bangladesh Power Development Board (BPDB) commissioned the Bhola-2 under the Bhola District's Independent Power Producer (IPP) program as part of a broader push by the Government of Bangladesh (GoB) for electricity development;⁸⁵ “[BPDB] issued a Letter of Intent (LOI) dated 18 April 2016 to SPICCPCL to form a Company which shall be a Special Purpose Vehicle (SPV) with 100% shareholding by SPICCPCL. Nutan Bidyut Bangladesh Limited (NBBL), an SPV Company was formed to set up an Independent Power Plant (IPP) in Bhola District of Barisal Division, Bangladesh.”⁸⁶

From Treasury's perspective, how does the Bhola-2 align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

In the follow-up meeting with Treasury following their review of Friends of the Earth's report, they explained that they supported Bhola-2 because it entailed investing in an existing gas-fired power plant instead of constructing a new one to meet the country's baseload power needs and assure energy security, and that fossil gas is a cleaner alternative to coal. As far as alternatives go, they said the renewables sector in Bangladesh is facing obstacles

with land acquisition and significant resettlement costs. Furthermore, they stated that Bangladesh is working on meeting its updated NDC under the Paris Agreement.

Does the Bhola-2 Power Plant align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

No. The Bhola-2 does not support either temperature goal of the Paris Agreement, and alignment with the remaining aspects of the Guidance remains questionable.

Treasury's Guidance regarding oil-based energy projects is as follows:

“Opposition to oil. We will oppose oil-based energy projects. There may be limited exceptions, such as oil-based power generation in crisis circumstances or as backup for off-grid clean energy, if no cleaner options are feasible.”⁸⁷

According to the publicly available 2018 ESIA, for the first 14 years of its 22-year Power Purchase Agreement (PPA), the Bhola-2 will receive fossil gas via pipeline from the Shabajpur fossil gas field. After 14 years, there will not be enough fossil gas left in the Shabajpur gas field to continue supplying both the Bhola-2 and its neighbor fossil gas-fired power plant, the Bhola-1, so the Bhola-2 was designed to switch to operate entirely on diesel.⁸⁸

We were not able to locate documentation indicating that diesel will only be used under crisis circumstances. According to MIGA's [Environmental and Social Review Summary](#), “The Project operates on natural gas as its primary fuel, and diesel will be used only in case of a failure in the gas network.”⁸⁹ However, the 2018 ESIA prepared by ERM India for the developing

company, NBBL, predicts the plant will need to operate on diesel for 8 years.

According to the [Environmental Social and Impact Assessment](#), published in 2018, section 3.8, “Analysis of Alternatives,” page 3-33, “Alternative Fuel Options,” there is not enough fossil gas in the Shahbazpur Gas Field, where fossil gas for the Bhola-2 is sourced from, to supply the Bhola-2 for the duration of its 22-year Power Purchase Agreement (PPA) *and* continue to supply the adjacent fossil gas-fired power plant, the Bhola-1:

“As mentioned earlier, the present natural gas availability from the Shahbazpur Gas Field operated by SGCL is not sufficient to run both Bhola-I and Bhola-II plants using natural gas as fuel for the entire duration of the PPAs. Based on the proven reserves of this gas field, the two plants can run with natural gas up to a period of 14 years. Since Bhola-I project is designed only for natural gas as fuel and there is no provision of any alternate fuel, therefore, Bhola-II project has been conceptualised as dual fuel and alternate fuel for the project is HSD (with maximum sulphur content of 0.25%).”⁹⁰

If this plan remains true, the Bhola-2 project’s intentional design as dual fuel, and plans for future diesel operation would clearly violate Treasury’s Guidance regarding oil, which opposes oil-based energy projects, and only supports oil as a backup fuel for fossil gas projects in the event of a crisis. The U.S. voted to support a 20-year MIGA guarantee for this project, meaning it is providing at least 6 years of financial backing for an oil-based energy project.

However, Friends of the Earth U.S. was not able to verify whether the Bhola-2 will operate on diesel as a primary fuel source in the future. During the second of two meetings with Treasury, they stated it was not their understanding this project would run on diesel, other than in emergencies. Later, Treasury brought the following excerpt from the same ESIA (page 6-111) to our attention, which states the following: |

“Furthermore, in the event of a gas supply failure, the facility will not automatically switch to HSD as the decision rests with BPDB whether to operate the Plant on HSD or to pay capacity charges for the period of gas outage.”

This, however, still does not clarify whether “gas supply failure” refers to a short-term emergency incident, or a long-term situation brought about by the supplying gas fields running dry. Again, the plant’s intentional design as dual fuel, and the fact that the utility ultimately has the decision over the use of diesel, still leaves the door wide open to its use.

Moreover, if the power plant will *not* switch to diesel as a primary fuel source and instead continue using fossil gas, then in order to continue to rely on fossil gas, further upstream drilling of fossil gas would presumably be necessary since the current gas field is expected to run out of gas before the PPA is over. This would not align with Treasury’s Guidance which opposes upstream fossil gas.

In the absence of being able to review documentation of this ourselves, this remains questionable and speaks to the broader need for public transparency for projects that receive public funds.

Not only does the project likely violate Treasury’s Guidance regarding oil, but it also violates the Guidance in regards to fossil gas. The project is also not justified with a credible public alternatives analysis, fails to prove that it will provide meaningful energy or development benefits, and is not aligned with the Paris Agreement’s temperature goal.

“We will oppose upstream natural gas projects. We will only support midstream and downstream natural gas projects when *all* of the below criteria are met.”⁹¹



As previously mentioned, the ESIA indicates that there is not enough fossil-gas in the Shahbazpur Gas Field to supply the Bhola-2 for the

duration of the PPA. If the Bhola-2 does not switch to diesel, this means that - per the ESIA - additional fossil gas resources would had to have been developed to supply the Bhola-2. This violates Treasury’s opposition to upstream gas.

1 “The project supports IDA-eligible countries, World Bank Fragile and Conflict-affected Situations (FCS) list, or small-island developing states.”



Bangladesh is an IDA-eligible country.⁹²

2 “There is a credible alternatives analysis that demonstrates that there is no economically and technically feasible clean energy alternative.”



There were two ESIA’s prepared on behalf of Bhola-2 developer Nutan Bidyut (Bangladesh) Limited, by Environmental Resources Management of India (ERM). The [first ESIA](#) was published in 2018,

before project construction began, and the [second ESIA](#) was published in 2020, after construction began. The first ESIA from 2018 contains the alternatives analysis, titled, “Analysis of Alternatives,” section 3.8, and is approximately 4 pages long, from pages 3-30 to 3-34.

The public alternative analysis fails to meet the established criteria for best practices for credible alternatives analyses. Its focus is on how the Bhola-2 will meet the electricity needs of the country, but does not articulate exactly what that need is, and there is no mention of alternative technological options, including renewables. Treasury’s Guidance states that the analysis must “[demonstrate] that there is no economically and technically feasible clean energy alternative,” but failing to even mention renewables completely ignores this.

On page 145 of the ESIA, the alternatives analysis states:

“To conclude, many of the alternatives as site location, gross capacity, fuel options were not directly under purview of NBBL as the proposed project will be implemented through a [Independent Power Plant] model. Within the available alternatives, NBBL has opted for best suited technological option for power generation.”⁹³

This appears to be referencing how NBBL was essentially commissioned by the GoB as an SPV to create the Bhola-2 power plant under the IPP model, which is part of the GoB’s broader strategy to promote fossil fuel investment. It is essentially saying any alternatives are outside the scope of NBBL’s purpose. In other words, NBBL was never the correct candidate to ensure alternative options were objectively explored, yet they were in charge of this.

3 “The project has a significant positive impact on energy security, energy access, or development.”



While the publicly-available alternatives analysis claims that gas is a solution to Bangladesh’s energy needs, it fails to prove that it will improve energy security, energy access, or development more than renewables could, and with less harm than renewables. The alternatives analysis suggests that Bangladesh as a whole will benefit from this project at the expense of local communities, who will likely bear the disproportionate impact of the project:

“The electricity produced from the power plants are supplied to the distribution grid and GoB decides on the areas to which the power generated is to be supplied. So, though the power plant will be at Bhola, the local community in Project AOI may or may not benefit from the power generated. Therefore another perspective of the ‘No Project Scenario’ is whilst the country as a whole will benefit from power; the local area may get subjected to a disproportional impact vs the benefit to the whole nation.”⁹⁴

As CLEAN (Coastal Livelihood and Environmental Action Network) and Bangladesh Working Group on External Debt (BWGED) stated in their report, titled “Bhola Independent Power Plant (Bhola IPP) and its Impact on Local Communities: Voices from the Ground: A Civil Society Study Report;” “The power plant will be likely to increase total power generation of the country, but the question is who will sacrifice their lives and livelihoods for electricity?”⁹⁵

These concerns became a reality during the construction of the project. MIGA reports that 130 farmers and 38

sharecroppers were permanently displaced near the Bhola-2 site, and 650 landowners’ ability to cultivate paddy field and betel nut plantations was disrupted during the construction of the fossil gas pipeline. Regarding the 650 landowners impacted by the construction of the fossil gas pipeline, MIGA claims this was temporary. However, permanent limitations remain for landowners, including restrictions on erecting buildings and planting trees.⁹⁶ While in meetings with Friends of the Earth, Treasury expressed concerns over resettlement for renewables projects in Bangladesh, they did not express similar concerns with displacement linked to this fossil gas-fired power plant and its associated infrastructure.

The Coastal Livelihood and Environmental Action Network Bangladesh (CLEAN Bangladesh) published at least two reports with a focus on the Bhola-2 Power Plant. One was published in 2018, the year that construction began, called, “[Bhola Independent Power Plant \(Bhola IPP\) and its Impact on Local Communities: Voices from the Ground: A Civil Society Study Report](#)”, co-published with Bangladesh Working Group on External Debt’s (BWGED), and one in 2021, the year the plant became operational, called “[Financing Fossil Fuels, Failing Our Future.](#)”

In their 2021 report, CLEAN finds that unjust land acquisition, canal grabbing, and degradation disenfranchised locals, decreased their food security, and permanently altered their livelihoods. During the initial phase of land acquisition for the Bhola-2, landowners were severely undercompensated by NBBL until there was pushback. In some cases, land was taken from farmers without consultation or prior notification, and for those who were informed, the amount taken exceeded the amount they understood would be taken. These farmers submitted complaints via NBBL’s Grievance Redress Mechanism

(GRM) in 2019 and 2020, but as of 2021 had not received replies. Their next step was to proceed with collective legal action.

This same report highlights canal grabbing, in which NBBL illegally took possession of a portion of the Dehular Khal canal for the purposes of building a jetty. Access to the canal is essential for locals to travel to the capital city of Dhaka. Moreover, the pollution from constructing the power plant resulted in land degradation which greatly disrupted food production and livelihoods of locals. Local farmers experienced widespread crop loss due to water logging, caused by excess sand and construction debris in the canal. According to Waterkeepers Bangladesh, the land and intricate water networks in and around Bhola island are particularly vulnerable to erosion caused by construction that interferes with the natural flow of the water, as this project does. According to CLEAN's 2021 report, only partial dredging was done in response to the water logging and was inadequate. As of 2021:

“On average, spilled sands from the site during monsoon season reduced betel leaf (paan) production at a rate of 60 percent. Ultimately, the farmers have been forced to consider changes to their livelihoods, in order to have the possibility of eking out a basic subsistence. Though local communities have raised the issue to the company's community liaison officer, no solution or remedy from the executing agency has been offered to date.”⁹⁷

In CLEAN and BWGED's 2018 [report](#), one villager from Dakshin Kutba, a village adjacent to the power plant, describes how the Bhola-2 permanently altered the land that supported his livelihood, thus forever changing his livelihood passed on through generations:

“It is very difficult for me to walk along the Dehular Khal watching the current situation of my land. My forefathers used to earn their livelihoods by cultivating that land. For me, I have spent my whole life at working on those lands. I can remember, our land gave us around 600-700 Mounds paddy every year. But currently, several heavy construction works are going on at that place. Most of the lands are now useless because of sand dumping. Even about 5 years ago I used to go fishing in the wetlands of that area. But those practices diminished now. One local shrimp species already diminished. 40-50 share croppers already migrated from our village to Bhola town due to current projects. Now I am managing a small tea stall for my livelihood. But I was a sharecropper and a small farmer earlier. I know a very little but I am sure that this power plant will create a vital problem for my community.”⁹⁸

Moreover, this man is unlikely to benefit from any of the electricity produced at his and others' expense.

Regarding energy security, the Bhola-2 is not climate resilient. According to the 2020 ESIA, the Bhola district “is considered severely prone to flooding risk and climate change impacts” and while the site continues to be fortified from flooding, “it [remains] unknown whether this finished level is higher than the flood level (HFL) including impacts due to climate change precipitation, storm surge and sea level rise due to climate change related events.”⁹⁹

Between 1995 and 2009 alone, “half of the island has succumbed to erosion caused by heavier waters and rising sea levels” destroying fields for growing crops, and thus driving food insecurity and climate migration to the already densely populated city of Dhaka.¹⁰⁰ Not only is the Bhola-2 prone to the impacts of climate induced flooding, as a GHG emitter, it will also

contribute to the worsening of these climate change impacts.

Finally, this project lacks medium and long term energy security because it is not economically aligned with the renewable energy transition. A 22-year Power Purchase Agreement exists between the Nutan Bidyut (Bangladesh) Limited (NBBL) and the Bangladesh Power Development Board (BPDB), in which the BPDB agrees to purchase electricity generated by the Bhola-2 from NBBL.¹⁰¹ A 22-year power purchase agreement means that the government will be on the hook for purchasing volatile and increasingly expensive fossil gas-based electricity even as renewables get cheaper and cheaper, a waste of precious public funds.

4 “The project is aligned with and supports the goals of the Paris Agreement as outlined by the joint MDB Paris-alignment methodology, which factors in a country’s decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in.”



The 22-year PPA and the MIGA guarantee up to 20-years means the Bhola-2, which will emit an estimated 567,000 tCO₂e/year,¹⁰² will continue emitting GHG long after the 2025 peak emission timeline necessary to meet the 1.5°C goal of the Paris Agreement according to the [IPCC](#). Moreover, there won’t be a significant reduction in emissions by 2030.

In fact, since Bhola-2 will operate on diesel 14-years into its lifespan when its fossil gas supply becomes insufficient, emissions will likely *increase* around 2035 and continue at this level for at least another 8 years.

According to CLEAN and BWGED’s 2018 report, “Bhola Independent Power Plant (Bhola IPP) and its Impact on Local Communities: Voices from the Ground: A

Civil Society Study Report,” upon winning the 2008 election, the Grand Alliance Government of Bangladesh (GoB), led by the Bangladesh Awami League, who remain in power today, set an agenda for the country that included increasing reliance on fossil fuels in order to generate electricity and spur economic growth. In 2010, the GoB endorsed legislation to fast-track power plants and protect them from public backlash, “[denying] citizens the right to approach the courts for relief in case of injustice and destruction committed by power plants.”^{103 104}

Master Plans were later developed in partnership with the Japan International Cooperation Agency (JICA), which aimed to “[fulfill] 61% of total energy from fossil fuel including 35% from coal by 2041.”¹⁰⁵ These Master Plans violate the GoB’s commitment to “shift to renewables as fast as possible”¹⁰⁶ under the CVF Marrakech Communiqué¹⁰⁷ and are not aligned with Bangladesh’s anticipated Nationally Determined Contributions (NDCs),¹⁰⁸ “which [pledge] to reduce 5% of estimated emission voluntarily and additional 15% emission under assistance from developed countries by 2030.”¹⁰⁹ The report further states that this policy reform in the energy sector attracted bilateral private investment, in addition to IF’s such as the World Bank Group.

Thus, the \$150 million MIGA Guarantee that the U.S. voted to support on March 4th, 2022, must be understood in the context of contributing to Bangladesh’s national plan to increase reliance on fossil fuels that is contrary to the goals of the Paris Agreement and Bangladesh’s own commitments under the Paris Agreement.



4. Syrdarya CCGT in Uzbekistan | IFC #45205 | Uzbekistan



Photo: Aleksandr Zykov, [Flickr](#)

What did the U.S. vote to support after Treasury's Guidance was issued?

According to Treasury voting records, on March 9th, 2023, the U.S. voted to support \$160 million in IFC financing for the Syrdarya CCGT power plant in Uzbekistan.¹¹⁰

What is the Syrdarya CCGT?

The Syrdarya Combined Cycle Gas Turbine, or CCGT, is a proposed 1600 MW fossil gas-fired power plant in Uzbekistan, occupying 55 hectares, or approximately 135 acres of land in the Boyovut district near the Uzbek city of Shirin which borders Tajikistan. The project will be developed by companies Electricite de France (EDF), Nebras Power, Sojitz Corporation and Kyuden International, also known as “the Consortium.” Per the advice of IFC, they established a special purpose vehicle “Project Company” called “ENERSOK

Foreign Enterprise Limited Liability Company” in order to develop the Syrdarya CCGT.

It will primarily be fueled by fossil gas, which will be supplied from JSC “Uztransgaz” through a Gas Supply Agreement (GSA). According to the ESIA, the project will rely on diesel in emergencies.¹¹¹ Construction for the project begins in 2023. Its first gas turbine will operate in simple cycle beginning February 2025, and will be fully operational in 2026, operating on a total of two gas turbines and one steam turbine in a combined cycle configuration. JSC, the National Electric Grid of Uzbekistan, will purchase energy from the project developer ENERSOK LLC under a 25-year PPA.¹¹²

The Syrdarya CCGT is not to be confused with the ACWA Power Syrdarya (MIGA #14688), a different fossil gas-fired power plant with a similar name located adjacent to the Syrdarya CCGT. The U.S. abstained from a vote for a \$200 million MIGA

guarantee in March 2021, before Treasury’s Guidance was issued, due to “Concerns related to additionality and procurement risks.”¹¹³

From Treasury’s perspective, how does the Syrdarya CCGT align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

Treasury justified support for this project by asserting that it was the most economic and technically feasible energy alternative.

Does the Syrdarya CCGT align with the U.S. Treasury Fossil Fuel Investment Guidance to Multilateral Development Banks?

The Syrdarya CCGT violates Treasury’s Guidance in several ways. It does not have a credible public alternatives analysis, the 25-year PPA locks Uzbekistan into fossil gas when renewables will continue to become more competitive, undermining energy access and development, and the power plant is not aligned with the 1.5°C goal of the Paris Agreement.

Treasury’s Guidance also has a section on policy-based operations that policy advice associated with this project violates:

- **Policy-based operations. We will oppose operations with policy reforms that directly support fossil fuel activities that are not consistent with our approach for direct investment projects. We will consider policy-based operations with significant macroeconomic or development reforms that may indirectly support these activities on a case-by-case basis.**

While Treasury’s Guidance does not define what it means by policy-based operations, FoE interprets this as covering

development policy financing (budget support), advisory services, technical assistance, and all forms of policy-based measures.

According to the Syrdarya CCGT’s ESIA, “Since 2018, IFC has been advising the government of Uzbekistan on attracting private investments in the energy sector”, and “with regard to this project, IFC advised the Government of Uzbekistan (GoU) on the structuring and implementation of the public-private partnership (PPP) and assisted in the competitive international tender, awarded to the Client.”¹¹⁴ Since this project begins construction in 2023, we assume policy advice was also likely given after Treasury’s Guidance was issued in 2021.

Civil society from around the world have extensively critiqued energy PPP projects, which [often demonstrate](#) “a lack of evidence on the grounds of cost effectiveness, efficiency and transparency, as well as extensive cases of human rights abuses.” While the scope of this report does not include the range of potential issues with public-private partnerships, it is concerning to see the same financial model appear across all four of these projects, in three different countries.

In regards to the Syrdarya CCGT’s use of diesel as a backup fuel, Treasury’s Guidance allows for oil-based energy projects in crisis circumstances, and the Syrdarya CCGT’s will use diesel as backup fuel in emergencies, so this does not violate the Guidance. Regarding diesel, the ESIA states: “The only other type of fuel used at the Plant will be diesel fuel used in emergency back-up generators, expected to be equipped with in-built bundled storage. Diesel will also be used for diesel engine driven firewater pumps, in firefighting emergencies (if encountered).”¹¹⁵

“We will oppose upstream natural gas projects. We will only support midstream and downstream natural gas projects when all of the below criteria are met.”

With regard to the fossil gas source, the ESIA only states: “Fuel will be supplied from an existing gas forwards station and piped along a new pipeline spur to the Project’s gas receiving connection point.”¹¹⁶ Without viewing the Gas Supply Agreement in the Power Purchase Agreement or an explicit statement in the ESIA that fossil gas will not be upstream, it is unclear if fossil gas supplier JSC is developing new wells to meet supply needs.

1 “The project supports IDA-eligible countries, World Bank Fragile and Conflict-affected Situations (FCS) list, or small-island developing states.”



Uzbekistan is IDA eligible.¹¹⁷

2 “There is a credible alternatives analysis that demonstrates that there is no economically and technically feasible clean energy alternative.”



The publicly-available alternatives analysis for the Syrdarya CCGT can be downloaded [here](#), under the “Client Documentation” section of the ESRS page of the IFC Project Information & Data Portal. It was created by 5 Capitals Environmental and Management Consulting on behalf of project developers. It does not meet any of the aforementioned best practices for credible alternatives analyses. Of particular concern is that it does not even mention any alternative technological options or renewables.

3 “The project has a significant positive impact on energy security, energy access, or development.”



The power generated from Syrdarya power plant will be sold to JSC National Electric Grids of Uzbekistan for a period of 25 years under a Power Purchase Agreement. This keeps the Government of Uzbekistan liable to pay for volatile and increasingly expensive energy even as the price of renewables plummet and efficiency increases in the near future, effectively keeping the country locked-in to an expensive energy source, a waste of public money that is contrary to the country’s development and equitable energy access. Rather than invest in “modernizing” fossil gas-fired power plants, public funds should go towards helping Uzbekistan transition away from fossil fuels outright. NRDC [points out](#) that, “The International Energy Agency has consistently shown that meeting the energy access needs of the poorest people is best served by supporting a renewable energy project. [As they stated](#): In our Energy for All Case, most of the additional investment in power plants goes to renewable.”¹¹⁸

4 “The project is aligned with and supports the goals of the Paris Agreement as outlined by the joint MDB Paris-alignment methodology, which factors in a country’s decarbonization pathway, greenhouse gas reduction strategies, and avoiding carbon lock-in.”



The Syrdarya CCGT does not support the 1.5°C goal of the Paris Agreement for the same reasons the other fossil gas-fired power plants do not; it will emit 4,000,000 tCO₂e/year for the duration of the 25-year PPA; well past 2025, and will not reduce emissions 43% by 2030.

Recommendations for Treasury

- 1. Publish detailed Guidance implementation guidelines elaborating on how it is defining and applying its criteria for fossil gas and all fossil fuel exceptions, and invite public consultation on these.**
 - » Publicize its current methodology for determining what qualifies as a credible alternatives analysis and apply/require best practice standards in conducting and reviewing these.
 - » Mobilize other shareholders and push the World Bank Group to make public the currently undisclosed alternatives analyses that they are provided with ahead of project votes at MDB Boards.
- 2. Document all fossil fuel projects to which they have applied the Guidance, explain their decision-making behind the vote on each one, and provide periodic analyses to the public about the impact that its Guidance is having at MDBs more broadly in shifting financing from fossil fuels to renewable energy and green economies.**
- 3. Harmonize Guidance with the 1.5° temperature goal and the U.S.' commitment to end all fossil fuel financing that is not consistent with a 1.5° warming limit, as outlined in the Glasgow Statement.**
- 4. Apply this understanding of Paris Alignment to its position on indirect financing instruments at MDBs as well.**
- 5. Use its “voice and vote” to push the joint-MDB Paris Alignment methodology to adhere to the Paris Agreement’s 1.5° C temperature goal as committed to in Glasgow.**
- 6. Vote “no” on projects that do not satisfy its Guidance, not merely abstain from voting.**

As the largest shareholder in the World Bank Group, the U.S. government has significant influence over what kinds of projects receive financing or not, and on how other shareholders position themselves. Limited public funds should not be going towards entrenching fossil fuel dependency in countries around the world, but rather, towards helping these countries transition and leapfrog to the energy systems and economies of the future.

Additional Fossil Fuel Projects Approved After Treasury’s Fossil Fuel Investment Guidance was Issued on August 16th, 2021:

The below projects, all of which are primarily fossil fuels with the exception of a handful of renewable energy side projects, which the U.S. voted to support after Treasury’s Guidance was issued. However, they were not included in the scope of this report because they are not fossil gas-fired power plants. The project components range from diesel and petrol gas stations for fueling vehicles, to LPG (liquefied petroleum gas) distribution stations for cooking.

Project Name and MDB Project Number	Project Description	Funding (millions USD)	Date U.S. Voted to Support Financing (mm/dd/yyyy)
Lexo Energy Project, IFC 43838, Kenya, Tanzania	Construction of 200+ diesel/petrol fuel stations, 2 EV charging stations with gradual	\$12.5	06/01/2022
Sodigaz Burkina, IFC #45082, Burkina Faso	5 LPG distribution service stations, 1.4MW solar power plant	\$13.49	06/03/2022
Bocom Clean Cooking Facility, IFC 45530, Cameroon	LPG (propane) storage & distribution facilities, expand oil-based lubricant production for	\$54	06/16/2022
Zener SA, IFC 43339, Togo	LPG storage, LPG cylinder exchange for cooking, 5 gasoline & diesel retail fuel stations	\$19	06/20/2022
BUA Cement, IFC 45661, Nigeria	Cement line expansion, construction of 120MW fossil gas-fired power plant, 10MW	\$210	The U.S. abstained from voting on this project on 9/27/2022, citing the Pelosi requirement.

FOE believes energy access is a human right and that everyone should have access to sufficient sustainable, clean, safe, affordable, reliable and appropriate energy to meet their energy requirements for a dignified life, including for heating, cooking, lighting, ensuring clean water supplies, ensuring quality public services, transportation, agriculture, communication, entertainment, and more.

However, several concerns surround expanding the use of LPG for cooking. First, gas prices are volatile and in a transitioning world, increasingly expensive. Many people will not be able to afford an increasingly expensive fuel source for cooking. In addition, LPG can only be produced where there is big fossil gas infrastructure; use of LPG for cooking cannot justify investment in new large-scale fossil gas production that could risk locking countries into the harms of expanding fossil fuel infrastructure and dependency for decades to

come. WBG financing should support truly clean cooking alternatives. In Ecuador, for example, the high cost of importing LPG for cooking and heating water has compelled the government to embark on an [ambitious program](#) to replace LPG with electric systems for 83% of the population. Developing countries should not be saddled with obsolete technology as advanced economies transition to electric cooking.

Treasury's Guidance states that it will support fossil gas for cooking where no cleaner options are feasible. However, once again, it does not lay out details about how it will assess the feasibility of alternatives, and many of the projects listed above lack these analyses.

“Open to support for natural gas and oil heat generation. We are open to supporting the use of natural gas and oil products for household heat generation projects, in particular clean cooking projects, if no cleaner options are feasible. We will consider natural gas and oil products for industrial or district heat generation on a case-by-case basis.”

Regarding diesel and petrol fuel stations, it is unclear how Treasury has been applying oil restrictions in its Guidance to transportation projects, and whether it considers it to apply at all. Diesel and petrol stations are associated facilities to oil projects that should be restricted by Treasury Guidance. Treasury should push MDBs to [shift transport financing](#) to support countries to move away from fossil fuel-dependent vehicles and infrastructure towards zero emissions vehicles of the future with an emphasis on public transportation. Furthermore, the lack of GHG emission reporting by IFC for the Lexo Energy project is of particular concern. Not only were emissions not reported, but Lexo does not even calculate GHG emissions according to the ESRS on the IFC Project Information & Data [Portal](#).



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