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U.S. blocks clean energy transition with outsized fossil fuel support

WASHINGTON, D.C. - The United States and a handful of other bad actors are blocking a just transition to renewable energy with continued and outsized financial support for fossil fuels, at rates far beyond the necessary investment in renewable energy. Despite the largest yearly increase to date in 2022 within G20 and multilateral development banks for clean energy, a new report highlights the alarming disparity in international energy finance.

This new report, *Public Enemies: Assessing MDB and G20 international finance institutions' energy finance* by Oil Change International and Friends of the Earth United States, and endorsed by 23 civil society organizations, highlights an alarming trend in international energy finance. G20 and MDB international public finance for energy between 2020 and 2022 poured fuel on the fire, by contributing a staggering $142 billion towards fossil fuels, while only $104 billion supported clean energy projects.

The findings show that the wealthiest G20 nations are the primary culprits behind continued investments in fossil fuels, with the United States emerging as one of the worst offenders. The U.S. provided an annual average of $2.2 billion for fossil fuels, including $17 million for coal, compared to $1.3 billion for clean energy. Further, at COP28, the U.S. pledged a paltry $17.5 million to the Loss and Damage fund – not even one percent of its annual international support for fossil fuels. Just last month, the US through the US Export-Import Bank approved $500 million for more than 400 oil and gas wells in Bahrain, showing that the US has no plans to slow its international fossil fuel support.

The report also highlights existing momentum for shifting finance out of fossil fuels. Overall support for fossil fuels decreased from an average of $68 billion in 2017-2019 compared to $47 billion in 2020-2022, showing that coal exclusion policies have worked to nearly eliminate international public finance for coal. Yet this progress is threatened as the U.S. continues to break its promise by funding fossil fuels.

G20 nations have made slow progress in clearing their records of climate pollution. International public finance institutions of Annex 1 countries spent a combined $24 billion annually between 2020 and 2022 on climate-wrecking fossil fuel projects. Yet in November 2023 at COP28, with the announcement of the loss and damage fund, Canada, Japan, Italy, Germany, the United States, the UK and France collectively pledged a paltry $414 million altogether for loss and damage.

Statements:

“International public finance, including from the U.S., streamed into Papua New Guinea over a decade ago to fund a disastrous liquefied natural gas project,” **said Peter Bosip, executive director of the Centre for Environmental Law & Community Rights (CELCOR).** “Despite the human rights abuses and environmental destruction, these same institutions, including US EXIM, are set to support a related gas project that is likely to have similarly deleterious effects. This report demonstrates that Papua New Guinea is not alone – international public finance is still providing billions every year for fossil fuels. It is time for the U.S. to learn some lessons from past mistakes and refuse to support Papua LNG and other fossil fuel projects.”

“We will never again have this moment of opportunity to turn around the U.S. legacy of carbon emissions,” **said Kate DeAngelis, Senior International Finance Program Manager for Friends of the Earth.** “The U.S. is creating an energy legacy of profits over promises by providing billions for overseas fossil fuel projects while almost nothing for renewables, which gambles with billions of lives when we urgently need climate action. We cannot blow past the precious time we have left to limit our global emissions and avoid the worst of climate disasters. We must immediately stop funding fossil fuels and invest in energy sources that are just and sustainable.”

Key report findings include:

- The U.S. is the single biggest violator of the Clean Energy Transition Partnership (CETP) pledge as of March 14, 2024, approving the most fossil fuel projects of any signatory for a total of almost $2.3 billion. Additionally, the U.S. is one of the only signers that has not publicly released a policy to implement its CETP commitment.
- From 2020 to 2022 support for fossil fuels from G20 countries international finance institutions and MDBs averaged at least $47 billion a year, almost 1.4 times their support for clean energy in the same period.
- Just 8% of all G20 and MDB international finance for energy went to low income countries. Of that, 71% was for fossil fuels and delivered virtually no energy access, despite this argument being used frequently to justify continued fossil fuel finance.
- The second-largest DFI supporter of fossil fuels was the United States with $1.98 billion annual average. In addition, the U.S. International Development Finance Corporation provided over $1.3 billion for fossil fuel projects in 2023.
- In 2023, the U.S. Export-Import Bank supported five fossil fuel transactions totaling $901 million. In 2024, US EXIM has already approved $500 million for an oil and gas project in Bahrain and is likely to approve hundreds of millions, if not billions, for Papua LNG in Papua New Guinea and fossil fuel projects in Guyana.

The U.S. government’s policy regarding their “voice and vote’’ pertaining to fossil fuel projects at the MDBs has not led to actually voting against projects. For example, the U.S. Treasury has voted to approve $400 million worth of fossil fuel projects at the World Bank Group since the United States put forward its guidance.

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Notes:

- To limit warming to 1.5°C in line with international climate agreements, 60% of already-developed fossil fuel reserves must stay in the ground. In light of these limits, the IEA has sent a clear message that there should not be any new oil and gas field or LNG investments -- public or private -- beyond what was already committed as of 2021.
- The Clean Energy Transition Partnership was launched at the 2021 UN COP26 climate conference in Glasgow. The 41 signatories (full list here) aim to “end new direct public support for the international unabated fossil fuel energy sector by the end of 2022” and instead “prioritize our support fully towards the clean energy transition.” This implementation tracker outlines country-level progress on implementation of the CETP, which is regularly updated.
- This fossil fuel finance violations tracker outlines the laggard countries who have broken their commitment to the CETP, namely the U.S., Italy, and Germany, and continued to finance fossil fuel projects with public money in 2023.
- The IPCC’s AR6 report highlights public finance for fossil fuels as ‘severely misaligned’ with reaching the Paris goals, but that if shifted, it could play a critical role in closing the mitigation finance gap, enabling emission reductions and a just transition. More background on the role international public finance plays in shaping energy systems is available in this Oil Change International briefing.
- A legal opinion by Professor Jorge E Viñuales from the University of Cambridge and Barrister Kate Cook of Matrix Chambers argues that governments and public finance institutions that continue to finance fossil fuel infrastructure are potentially at risk of climate litigation.