

17 May 2022

To: João Gomes Cravinho, Ministro dos Negócios Estrangeiros
Duarte Cordeiro, Ministro do Ambiente e da Ação Climática

We would like to congratulate Portugal on joining the historic joint [Statement on International Public Support for the Clean Energy Transition](#) at COP26 in Glasgow.

We welcome the momentum this joint statement has generated and particularly the clear, near-term deadline of the end of 2022 for ending international public finance for unabated oil, gas and coal projects. It has united some of the largest historic providers of trade and development finance for fossil fuels with 34 countries and 5 institutions signed on. The large number of Global South government signatories underlines the reality that fossil fuels do not provide a viable development pathway and that greatly increased clean energy support is needed instead.

With strong implementation by signatories, the Glasgow Statement has the potential to directly shift at least USD 24 billion a year in influential, government-backed finance out of fossil fuels and into clean energy.¹ Strong implementation would also be likely to shift even larger sums of private finance and encourage other countries and institutions to join this initiative.

The International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) have been clear that we need a rapid phase out of fossil fuels globally to stay within a safe 1.5°C emissions trajectory.² Shifting preferential, government-backed fossil fuel finance globally to support just, rights-upholding, and clean energy systems instead is a critical and transformative step to help us get on this trajectory. To be equitable, this shift must be accompanied with exponential increases in clean energy support to the most vulnerable countries — compared to the majority of international public finance for energy that currently flows between wealthy countries.³

However, for the Statement to have this potential impact, Portugal must implement its commitments under the Glasgow statement with integrity and encourage other signatories to do the same. This means translating the commitment into binding policy by the end of this year, ensuring strong guidelines that do not leave loopholes to promote gas or other false solutions. While the efforts of European governments are directed towards breaking dependence on Russian dependence's gas, there is a strong risk that this could lead to a "transition" to other gas producers, regions where exploiting natural resources corresponds to social and political instability and violation of basic human rights.

¹ This figure is based on the annual average fossil fuel support from signatories' international public finance institutions for 2018 to 2020 as collated by Oil Change International in the Shift the Subsidies database — last detailed in this [press release](#).

² See [IEA Net Zero by 2050: A Roadmap for the Global Energy Sector](#) and [IPCC AR6 Climate Change 2021 Summary for Policymakers](#).

³ See [Past Last Call: G20 public finance institutions are still bankrolling fossil fuels](#) from Friends of the Earth US and Oil Change International.

Shifting finance out of fossil fuels therefore means not aggravating these situations and choose for a consistent pathway away from fossil fuels. The current social and economic impacts that are resulting from fossil fuel dependency demonstrate how important it is to fast forward climate action, ensuring future energy security. In particular, the favourable renewable resources available in Portugal are a key facilitator in this transition.

The Portuguese diplomatic connections with Portuguese speaking countries could be helpful in amplifying and enlarging the number of countries that have signed the Glasgow Statement. Some of these countries are still developing their economies based on fossil fuel growth models. By deploying in their national clean development some of the finance that is currently used for fossil fuel activities, these Portuguese speaking countries could be facing a sustainable growth pathway, away from the macroeconomic uncertainty of future fossil fuel revenues.

To meet its Glasgow Statement commitments, we urge Portugal to complete the following steps by the end of this year and to regularly report on the progress it is making on this agenda:

- **Define the term “unabated” to avoid any misuse or continued support for fossil fuels.** The best way to limit emissions is to avoid creating them in the first place. We understand the statement as putting an end to all new upstream and midstream oil and gas finance, without exception. Only fossil fuel-based facilities already equipped with proven Carbon Capture and Storage (CCS) or Capture Capture Utilisation and Storage (CCUS) should be classified as “abated” (not CCS/CCUS-ready), and only if these technologies are not combined with Enhanced Oil Recovery (EOR) or Enhanced Gas Recovery (EGR). Given the limitations, environmental health risks, and high costs associated with equipping power plants with CCS or CCUS, we expect signatories to have virtually ended all new direct overseas support for fossil fuels by the end of next year. Renewable electricity production is already vastly cheaper than fossil fuel electricity production with CCS or CCUS.⁴ While some suggest that fossil fuel infrastructure built today can be repurposed for clean fuels later, doing so is costly, risky, and would only delay the energy transition while renewable alternatives are largely available and affordable.
- **Ensure “limited and clearly defined exceptions” do not allow for gas lock-in anywhere in the world.** To be aligned with a just 1.5°C trajectory and the Sustainable Development Goals, signatories should exclude any new support to long-lived gas infrastructure, including LNG infrastructure, pipelines, and gas-fired power plants. Ensuring exceptions do not allow for continued gas lock-in is critical given that more than half of quantifiable G20 and multilateral development bank (MDB) public finance for the energy sector now flows to gas projects.⁵ Expanding gas infrastructure anywhere in the world is incompatible with keeping global warming to 1.5°C and is an ineffective means to respond to energy access, job, or development needs.⁶ Public finance for gas also

⁴ [Comparative net energy analysis of renewable electricity and carbon capture and storage](#) in *Nature Energy*.

⁵ 51% of G20 and MDB public finance for energy, or USD \$32 billion a year, flowed to gas in 2018-2020. See [Past Last Call: G20 public finance institutions are still bankrolling fossil fuels](#) from Friends of the Earth US and Oil Change International.

⁶ See [Africa's Fossil-Fuel Trap](#), [Sky's Limit Africa](#), and [Locked Out of a Just Transition](#).

frequently crowds out renewable energy support and creates systemic stranded assets risks.⁷ These impacts are often most severe in the lowest income countries and in frontline communities, and this means loopholes to allow continued gas support in low-income countries are not justifiable. Exceptions such as for liquefied petroleum gas for cooking or heating, and fossil fuel generators in emergency response settings are acceptable in rare cases where renewable alternatives are not viable.

- **Codify a substantial and long-term increase in Portugal’s international support for a just energy transition, including technical assistance, tapping therefore in the billions being shifted from finance to fossil fuels.** Low-income countries and communities that are the least responsible for climate change and likely to be the most impacted as well as those that have a significant energy access gap should be prioritized. This support must respond to local job creation, knowledge transfer, local ownership, debt justice, and sustainable development needs.
- **Avoid an increase in direct support for fossil fuel projects before the 2022 deadline.** This would undermine the effectiveness of the statement.
- **Ensure the commitment extends to indirect support for fossil fuels,** including policy-based lending, technical assistance, diplomatic support and investments through financial intermediaries (e.g., private equity funds). Indirect finance and policy lending accounts for over 50% of the portfolio of some lending institutions, and this is likely growing.⁸
- **End proactive lobbying and facilitation of engagement with foreign governments (for example via embassies) if that support promotes the production or use of fossil fuels** – including lobbying to grant companies authorization to explore for, produce or sell fossil fuels. In this context, we would firmly support any engagement you could start within the Portuguese speaking countries community (CPLP);
- **Work with fellow signatories to secure new members of the initiative.** Some of the largest providers of public finance for fossil fuels (Japan, Korea, China, and Australia) and most MDBs have not yet signed the statement, though signatories together account for a significant share of the votes at the MDBs.
- **Cement the commitments made in the statement in existing international policy processes** including at the MDBs, in the G7, G20 and the OECD.

Shifting public finance for energy out of all fossil fuels and towards clean energy is an urgent task. The statement has created high expectations and now needs to be implemented effectively. We are looking forward to receiving your response to this letter and would be interested to set up a meeting to discuss your implementation efforts and these recommendations.

Signed,

Climate Action Network Europe
Swedwatch
350 Silicon Valley
350.org
AbibiNsroma Foundation ANF
Accelerate Neighborhood Climate Action

⁷ [Step Off the Gas: International public finance, natural gas and clean alternatives in the Global South](#)

⁸ See [Past Last Call: G20 public finance institutions are still bankrolling fossil fuels](#) from Friends of the Earth US and Oil Change International.

Africa Institute for Energy Governance
Alliance for Empowering Rural Communities
Alliance for Empowering Rural Communities
Arab Watch Coalition
Arab Watch Coalition
Asociacion Ambiente y Sociedad
AtEdible
BankTrack
Barranquilla+20
Both ENDS
Businesses for a Livable Climate
Call to Action Colorado
Call to Action Colorado
CatholicNetwork US
Centre for Citizens Conserving Environment & Management (CECIC)
Centre for Citizens Conserving Environment & Management-CECIC
CESTA Friends of the Earth El Salvador
Church Women United in New York State
Climate Emergency Institute
Climate Finance Group for Latin America and the Caribbean
Climate Justice Edmonton
ClimateFast
Coalition for Responsible Energy Development in New Brunswick (CRED-NB)
Colorado Businesses for a Livable Climate
Community for Sustainable Energy
Earth Action, Inc.
Ecoevolucion
Environmental Defence Canada
Environmental Investigation Agency (EIA)
Fast For the Climate
Friends of the Earth US
Friends of the Earth, Sweden /Jordens Vänner
GFLAC
Global Witness
Gower St
Grand(m)others Act to Save the Planet GASP
Greater New Orleans Housing Alliance
Green House Collaboration Center
GreenFaith
Hub de Finanzas Sostenibles de Panamá
Hub Finanzas Sostenibles El Salvador
Indivisible Ambassadors
Innoeva Development Foundation
Interstate 70 Citizens Advisory Group

Jubilee Australia Research Centre
Just Earth
Justice Institute Guyana Inc.
Les Amis de la Terre France / Friends of the Earth France
Lily Quan
Littleton Business Alliance
Maan ystävät / Friends of the Earth Finland
Mayfair Park Neighborhood Association
Mental Health & Inclusion Ministries
milieudefensie
Montbello Neighborhood Improvement Association
Nonviolence International Canada
North Range Concerned Citizens
Oil Change International
Rainforest Action Network
RapidShift Network
RAVEN (Respecting Aboriginal Values and Environmental Needs)
Reclame Fossilvrij (Fossil Free Advertising)
ReCommon
Recourse
Sacred Earth Solar
Save EPA
Small Business Alliance
Social Tipping Point Coalitie
Solutions For Our Climate
Southwest Organization for Sustainability
Spirit of the Sun
Stand.earth
Sustainable Development Institute (SDI)
System Change Not Climate Change
The Climate Reality Project Latin America
The Council of Canadians
The Greens Movement of Georgia/FoE Georgia
Transnational Institute
Unite Metro North Denver
urgewald
VOY EN BICI Argentina
Wall of Women
Western Slope Businesses for a Livable Climate
Womxn from the Mountain
Working for Racial Equity
Concerned Citizens of Saint John
Jóvenes Parlamentarios de la región ucayali