English

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BILLION DOLLAR

OF WORLD BANK FINANCE

Pushing Africa's Fossil-Fueled Development

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Pushing Africa's Fossil-Fueled Development

October 2018 - Heike Mainhardt[1]

In December 2015, 195 countries adopted the Paris Climate Agreement with a commitment to limit global average temperature to well below 2°C above pre-industrial levels and to make financial flows consistent with a pathway towards low greenhouse gas (GHG) development. Well before the Paris Agreement, the World Bank Group (WBG)[2] had already committed to help countries onto a low-GHG development path and avoid exceeding a 2°C warmer world. In 2013, the WBG committed to end assistance for coal power plants.[3] Most recently in December 2017, the WBG announced that it will no longer finance upstream oil and gas after 2019 (see Figure 1 for upstream oil and gas).[4]

Despite these WBG climate commitments, a review of Bank operations across Africa shows that the WBG's energy portfolio is far from a low-GHG development path.

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1. For over twenty years, Heike Mainhardt has consulted to a wide range of civil society organizations, the US government, the United Nations, and the World Bank. She has been an expert contributor to the Intergovernmental Panel on Climate Change (IPCC) and has held senior positions at the Bank Information Center, World Wildlife Fund, and ICF Consulting. She received her M.A. from the Fletcher School of Law and Diplomacy at Tufts University and holds a B.S. in Environmental Science from the University of Michigan.
2. The World Bank Group includes the World Bank (IDA and IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Association (MIGA). See Appendix Table 1 for an explanation of the divisions of the World Bank Group.
3. World Bank Group, Energy Sector Directions Paper, 2013. The WBG noted that it would still support coal power plants in rare cases where a low income country does not have any other financially feasible power alternatives.
4. http://www.worldbank.org/en/news/press-release/2017/12/12/world-bank-group-announcements-at-one-planet-summit

The review reveals:

- Funding for fossil fuels is four times greater than renewable energy in the WBG's active portfolio for Africa – $10 billion for fossil fuels compared to $2.5 billion for renewable energy.
- In the last five years, the WBG provided over twice as much funding for fossil fuels than for renewable energy in Africa – $4.6 billion for fossil fuels compared to $2.1 billion for renewable energy.
- Since 2014, the WBG assisted the adoption of policies in at least ten African countries that provide subsidies, e.g., lower taxes, and other incentives for oil and gas investments.[5]
- Since 2014, the WBG has continued assistance for coal through tax breaks, investment incentives, financial intermediaries, and loan guarantees (see Table 6 and Appendix Table 3).
- WBG commitment to end finance for upstream oil and gas rings hollow unless it ends support through financial intermediaries, Development Policy Financing (DPF), and technical assistance and divests its equity in upstream operations (see Tables 4 and 6).

5. Countries include: Ghana, Kenya, Mauritania, Cote d'Ivoire, Mozambique, Senegal, Egypt, Tanzania, Nigeria, and Burkina Faso.

Oil and Gas Architect Extraordinaire –

One might argue that private investment far outweighs the amount invested by the WBG in the oil and gas sector. One might also add that many other bi-lateral institutions, such as from China, are funding plenty of fossil fuel projects in developing countries. While all this is true, there is no other entity so heavily involved in the development of oil and gas across every facet of the sector (see Figure 1).

Through its DPFs and Technical Assistance, the WBG is the leading international financial institution advising governments on adopting favorable oil and gas investment policies; developing long-term energy strategies; and setting up government funding mechanisms. Furthermore, the WBG directly invests billions and guarantees billions of private and public capital to finance the largest oil and gas projects across the value chain from upstream to downstream (see Table 6).[6] In addition to the WBG direct loans and equity investments, it also utilizes several different types of loan and equity arrangements, including financial intermediaries, syndicated loans, and asset management funds.

Figure 1
World Bank Group Assistance to Fossil Fuels

Development Policy Financing[7], Technical Assistance, & Advisory Services

Project Development	Tax Incentives / Special Tax Treatment[9]	Regulatory Frameworks	Permitting Processes
■ Energy Sector Development Plans (energy demand targets, fuel mix targets, and priority projects) ■ Appraisal ■ Prefeasibility Studies ■ Contract Negotiations ■ Project Bidding Process ■ Transaction Advisor (project preparation activities, promotion to investors, financing package)[8]	■ Import/export duty exemptions ■ Reduced royalty rates ■ Accelerated rate of depreciation ■ VAT tax exemptions ■ Reduced corporate tax rate ■ Public-private partnerships (PPP) Investment Frameworks	■ Pollution Limits ■ Level of fines for violations ■ Relative authority of environmental agencies **Contract Frameworks** ■ Offtake contracts and Throughput contracts[10] ■ Production Sharing Agreements / Concession Agreements (royalty rates)	■ Streamlined land acquisition processes ■ Reduction in time for review of EIAs ■ Heightened authority of investment promotion agencies to grant permits ■ PPP Frameworks

Note: Includes examples of typical policy reforms and other measures implemented by the World Bank to support fossil fuel development.

6. See International Finance Corporation: A long-term partner for global oil and gas. Power Point presentation by the International Finance Corporation, World Bank Group, January 2015.
7. Includes Program for Results (P for R) and Poverty Reduction Support Credits (PRSC).
8. The IFC has facilitated solutions for legal, financial, contractual, and technical problems between project sponsors and host governments.
9. Taxation is a powerful tool that can be used to increase the attractiveness of fossil fuel investments. Reducing property taxes and/or extending tax breaks on investment revenues can subsidize projects throughout the life of the asset. See OECD, 2015. Infrastructure Financing Instruments and Incentives. Available at: http://www.oecd.org/finance/private-pensions/Infrastructure-Financing-Instruments-and-Incentives.pdf
10. Users (in this case the government) of infrastructure such as pipelines agree to use the infrastructure to carry not less than a certain agreed volume of oil/gas, and would pay a minimum price for the usage. These contracts greatly limit revenue volatility.

Across the Fossil Fuel Value Chain

Up-Stream	Mid-Stream	Down-Stream
■ exploration and extraction ■ on-shore and off-shore production (wells, crude sweetening facilities, Floating Production Storage and Off-loading (FPSO) vessels)	■ processing (refineries, LNG plants) ■ transport & distribution; export infrastructure (pipelines, railways, ports) ■ storage tanks	■ power generation plants ■ transmission and distribution to consumers ■ gas stations ■ petrochemical plants

Project Finance

Loans	Equity	Guarantees
■ interest free (IDA* loans) ■ longer maturities than commercial loans[11] ■ **Financial Intermediaries** for on-lending to fossil fuels projects ■ leverage (IFC* syndicated B[12] loans from commercial banks & PPP projects)	■ IFC* direct ■ IFC through Financial Intermediaries ■ Special IFC-managed equity funds (e.g., IFC Asset Management Company)	■ Political risk insurance (MIGA*, IDA*, IBRD*) ■ Loan guarantees – against default (IDA, IBRD, IFC, MIGA) ■ Minimum revenue guarantees (MRG) reduce risks of oil and gas price volatility ■ Government Guarantee Funds (back up government offtake agreements)

**WBG divisions – International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA).*

Although other bi-lateral and multilateral development banks are involved in policy operations, it is almost always in partnership with and under the leadership of the World Bank.[13] No other single entity sets policies in so many countries across the globe and thereby establishing the new industry standards, such as tax rates, contract models, and government incentives for oil and gas.

11. Oil and gas projects generally require financing and guarantees for longer periods than are available commercially – the standard maturity is five to ten years for commercial loans and guarantees. In the case of the World Bank, a loan maturity can be up to 35 years and IFC private sector project guarantees can be up to 15 years.
12. https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/solutions/products+and+services/syndications/b-loans
13. For example, see World Bank Project Appraisal Document for Mozambique: Mining and Gas Technical Assistance Project, March 2013. "The Bank is taking the lead in the design of sector support and policy advice as well as in the provision of funding and supervision, in close collaboration with other development partners active in the mining and petroleum sectors….There is recognition amongst the donor community that the World Bank is the most suitable agency to lead in the coordination and provision of sector support to the Government's reform efforts, given its technical expertise and global mining and natural gas experience."

The World Bank in Africa

The African continent is set to develop some of the world's biggest oil and gas resources over the next decade. In addition to being one of the primary actors involved in opening up the African continent to increased oil and gas development and providing incentives for oil and gas investments, the WBG continues to support coal as well.

Over the past few years, the World Bank has supported new investment policy frameworks specifically aimed at increasing oil and gas investment in no less than 10 African countries, including Cote d'Ivoire, Egypt, Ghana, Kenya, Mauritania, Mozambique, Nigeria, Senegal, Tanzania, and Burkina Faso. It is no coincidence that some of the biggest oil and gas discoveries have been made in these same countries, and the WBG has investments linked to many of them, including: Lokichar Oil Basin, Kenya; Rovuma Gas Basin, Mozambique; Zohr Gas Field, Egypt; CI 27 Oil and Gas Field, Côte d'Ivoire and the Offshore Cape Three Points (OCTP-Sankofa), Ghana (see Table 6 below).

Table 1

World Bank Group's Active Energy Portfolio in Africa*

Type of Funding	Fossil Fuel (FF) Funding (million US$)	# of FF Operations	Renewable Energy (RE) Funding (million US$)	# of RE Operations
Project loan/equity	6,671	31	1,588	25
Guarantee	3,045	17	347	17
Policy lending/ advisory services	200	5	225	11
Grant	98	3	331	5
Total	**$10,013~**	**55+**	**$2,491^**	**52+**

Source: World Bank Group project databases
**The Active Project Portfolio as of June 30, 2018 as listed on the World Bank, IFC, and MIGA websites.*
+The Total number of operations does not equal the sum of operations across funding types because some operations received more than one type of funding.
~ Includes $3,482 million for Eskom's Medupi Coal Power Plant, approved in 2010 and remains an active loan until December 31, 2019.
^Includes $491 million of large hydropower (greater than 50 MW).

Fossil Fuel Finance Four Times Greater than Renewables – Table 1 contains data on the WBG's active energy portfolio in Africa. The active energy portfolio contains **$10 billion for fossil fuel operations compared to $2,5 billion for renewable energy** (including $491 million for large hydropower >50 MW). Fossil fuel operations include $6,4 billion for oil and gas and $3,6 billion for coal[14] (for projects, see Table 6). In addition, the WBG has over **$2 billion of proposed fossil fuel projects pending approval for Africa, including a coal infrastructure project, Nacala Corridor, in Mozambique** (see Appendix Table 4).

In addition to WBG finance that targets only one source of energy, i.e., either fossil fuels or renewables, Table 2 shows that the WBG is providing over $12 billion to operations involving a mix of activities supporting both fossil fuels and renewable energy or supporting the energy sector more generally, such as through transmission and distribution. Out of 61 general or mixed energy operations, 19 operations contain actions specifically aimed at increasing fossil fuel investments and 17 operations contain renewable energy-specific actions (see Appendix Table 3). However, it must be emphasized that the actual amount of funding that is specifically tied to fossil fuel development or renewable energy development is difficult to determine as these operations involve a wide range of activities.

Table 2

Mixed Energy Operations in WBG Active Africa Portfolio*

Mixed Energy Operations	# of operations	Funding (million US$)
Project loan/equity	38	4,185
Guarantee	5	1,958
DPF/Advisory Services^	18	5,629
Grant	5	258
Total	**61**	**$12,029**
with fossil fuel-specific benefits	19	
with renewable-specific benefits	17	

Source: World Bank Group project databases
**Active in the WBG's portfolio as of June 30, 2018.*
^Ten DPF operations were included in the active figures that were already listed as closed by the World Bank. These operations were included because they had been approved during or after FY2014 and have policies that remain in place and activities continue as part of on-going WBG policy operations. Individual operations within a series of DPFs are considered "closed" by the World Bank when the tranche of money has been disbursed to the government.

14. Note: $3,482 million is for Eskom's Medupi Coal Power Plant which is an active IBRD project loan until December 31, 2019.

Development Policy Financing: The World Bank's Carbon Incentives

It is important to understand that there are many types of incentives benefitting fossil fuel projects and driving investments into the sector that the WBG is promoting through its mixed energy operations in Africa. For example, in at least ten African countries, the WBG has established new infrastructure investment frameworks, predominantly in the form of PPPs and/or Independent Power Producer (IPP) frameworks.[15] These frameworks typically include specified tax exemptions for the energy sector (e.g., VAT exemptions); Project Facilitation Funds (e.g., publically funded feasibility studies); Viability Gap Funds (public finance); and government guarantees, which are all forms of subsidies. Instead of allowing market forces, such as low global fossil fuel prices in 2014 to 2016, to slow fossil fuel investments, the WBG has essentially done the opposite in many countries and propped up fossil fuel investments with these PPP and IPP subsidies. **Subsidies provided to fossil fuels through investment incentives are the opposite of a Carbon Tax, which the World Bank claims to promote.**

For example, the World Bank has put in place new PPP investment frameworks in Nigeria, Kenya and Mozambique where priority PPP Projects include: the $2,8 billion AKK Gas Pipeline in Nigeria; the 980 MW Lamu Coal Plant; 960 MW Kitui Coal Plant; and Mombasa offshore loading jetty and tank-farm in Kenya; and the Nacala Corridor Coal Railway and Port Project; 600 MW Moatize Coal Fired Power Plant; and 300 MW Ncondezi Coal-Fired Plant in Mozambique (see Table 6 below and Appendix Table 3).

The Last Five Years – Table 3 provides the WBG's energy finance in Africa for the last five years (based on the year the funding was approved by the Board of Directors). From FY2014 (Fiscal Year 2014) to FY2018, the WBG provided $4,6 billion for fossil fuels compared to $2,1 billion for renewable energy (including $491 million for large hydropower >50 MW). Although the portfolio is still heavily in favor of fossil fuels, the most recent two years (FY17 & FY18) saw a drastic reduction in direct support for fossil fuels ($320 million) and a significant increase in support for renewable energy ($1,3 billion)[16] in Africa.

15. Countries include: Ghana, Kenya, Mauritania, Cote d'Ivoire, Mozambique, Senegal, Egypt, Tanzania, Nigeria, and Burkina Faso.
16. In FY2017, $26,3 million went to large hydro power > 50MW.

However, WBG finance for one or two years does not necessarily indicate a sustained trend. Moreover, there is reason for concern that more WBG assistance is funneling to fossil fuel operations through avenues that are more difficult to track such as through financial intermediaries and DPFs. For example, Table 3 reveals an increase in funding through mixed energy operations in the last 3 years (for individual operations, see Appendix Table 3). One particular DPF series in Egypt added significantly to the increase in mixed energy operations.

From FY2016 to FY2018, the WBG supported a series of three DPF operations, which provided a total of $3,5 billion to the government budget of Egypt. In the past, single DPFs would typically be from $100 to at most $400 million. It is only in the last few years that a single DPF would be $1 billion. The few billion-dollar DPFs reviewed by this report's author have been associated with new infrastructure investment frameworks.[17] Thus, it stands to reason that some of the increase in funding may be going to fund government payments involved in the infrastructure investments. The WBG's $3,5 billion DPF – Fiscal Consolidation, Sustainable Energy and Competitiveness – in Egypt involves adoption of the new Investment Guarantees and Incentives Law. This law provides subsidies to new electricity projects (including 12.5 GW planned coal power plants) and to projects located in targeted locations, which include large oil and gas developments.

Table 3

WBG Energy Portfolio in Africa by Year of Board Approval (million US$)

	FY2014	FY2015	FY2016	FY2017	FY2018^	Total
Fossil Fuels	$1,334	$1,045	$1,898	$87	$233	**$4,596**
Mixed Energy w/ FF-specific benefits*	$395		$1,908	$1,713	$1,872	**$5,888**
Renewable Energy	$447	$145	$278	$44	$1,130	**$2,144**
Mixed Energy w/ RE-specific benefits*		$250	$1,855	$1,713	$1,730	**$5,548**

Source: World Bank Group project databases
Note: The WBG's fiscal year runs from July 1 to June 30. For example, FY2014 includes July 1, 2013 to June 30, 2014.
**Funding amount represents total for entire operation and cannot be attributed directly to fossil fuels or renewable energy.*
^FY2018 may not represent all WBG finance due to a lag in updating the WBG website. Data were collected during the last 2 weeks of July.

17. Mainhardt, Heike, 2017. World Bank Development Policy Finance Props Up Fossil Fuels and Exacerbates Climate Change: Findings from Peru, Indonesia, Egypt and Mozambique. Bank Information Center, January 2017.

Financial Intermediaries

It is important to note that the Energy Portfolio data do not account for the WBG's assistance through financial intermediaries. In a financial intermediary (FI) arrangement, the WBG provides loans or equity financing to an entity such as a local bank, a private equity fund, or a special government-managed fund. The FI then passes on the WBG's funds to various investment projects, including fossil fuel projects. Unlike direct WBG project investments, it is more difficult to track the FI sub-project investments. Civil society organizations have demanded more transparency on FI lending, and some sub-project disclosure is happening but there is still a long way to go. The WBG provides around $8 billion or more of investment annually through financial intermediaries. FIs represent over half (54%) of the International Finance Corporation's (IFC, the World Bank's private sector arm) total portfolio.[18]

On July 24, 2018, Reuters reported that the Dangote Oil Refinery and Petrochemical complex had secured more than $4,5 billion in debt financing.[19] Targeted to start production in early 2020, the refinery is being called the "world's largest refinery" predicted to produce 650,000 barrels per day. Reuters reported that the IFC provided a $150 million loan. The loan was approved by the WBG Board back on May 26, 2016, but was not invested in Dangote until April 24, 2018 (Table 3 above reports the $150 in FY2016). However, this does not account for IFC's overall assistance to the world's largest oil refinery.

The Dangote refinery has been under development for a few years already. It received its first consignment of loans totaling $3,3 billion in September 2013 from a group of 12 lenders.[20] Of these 12 lenders, 9 are recipients of IFC finance as financial intermediaries (see Table 4) and the IFC is a shareholder (equity) in at least 5 of them. It is not possible to determine how much IFC-linked finance (well over a billion) was used towards the Dangote refinery, but money is fungible and several of these FIs have portfolios that comprise 20-40% oil and gas. The list of banks involved in the recent $4,5 billion financing has not been publically disclosed, thus it is not known whether or not IFC-supported FIs are providing further finance.

18. See https://medium.com/@OxfamIFIs/a-year-after-promising-toimprove-what-has-the-ifc-done-to-clean-up-their-financial-intermediary-a8c88f09bf81 and Inclusive Development International, 2016. Outsourcing Development: Lifting the veil on the World Bank Group's lending through financial intermediaries. Inclusive Development International, Bank Information Center, 11.11.11, Urgewald and Accountability Counsel, October 2016. Available at: http://www.bankinformationcenter.org/wp-content/uploads/2016/10/Outsourcing-Developmnet-Introduction.pdf
19. Reuters, 2018. Africa's richest man arranges $45 bln of financing for oil refinery. July 24, 2018. https://www.reuters.com/article/nigeria-dangote-loans/africas-richest-man-arranges-45-bln-of-financing-for-oil-refinery-idUSL5N1UK61J
20. Ventures Africa, 2013. Dangote gets 3.3 bn loan from 12 banks to build refinery. September 4, 2013. http://venturesafrica.com/dangote-gets-3-3bn-loan-12-banks-build-refinery/undefined

Table 4

IFC Financial Intermediaries involved in Syndicated Loan for Dangote Oil Refinery in Nigeria

Financial Intermediary	IFC Amount (million US$)	Approval	IFC Description
Guaranty Trust Bank V & VI – GTB (Lead bank for syndication loan)	$30 equity $170 loan $175 loan	July 2011 July 2011 Dec 2014	IFC has provided GTB finance since at least 2000 to support GTB's medium to long term funding requirements. In 2014: US$100 million IFC's own account, US$75 million from IFC's Managed Co-Lending Portfolio Program ("MCPP") and syndicated B/parallel loan of US$75 million total: $250 million
Zenith Bank	$100 loan	Apr 2015	IFC has provided finance to Zenith Bank since 2006 to support long-term lending including to infrastructure projects. Zenith Bank also has an IFC pending loan of $45 million.
CAPE I bis IV - Capital Alliance Private Equity - African Capital Alliance (ACA)	$40 equity	Jan 2015	ACA plans to invest the fund in the business services, energy, fast-moving consumer goods, financial services, telecommunications, media and technology sectors. IFC invested in CAPE I in 1999; CAPE II; CAPE III; & CAPE IV (2015).
FCMB II & III – First City Monument Bank	$75 $87,5 loans	Oct 2011 May 2014	To fund a pipeline of infrastructure and industrial projects, to introduce energy efficiency lending and to grow its small and medium enterprises (SME) business. In 2014: $37,5 is from IFC's Managed Co-Lending Portfolio Program
Diamond Bank Plc.	$70 $70 loans	June 2012 May 2014	2012: US$70 million to support its expansion strategy; 2014: US$50 million to strengthen the Bank's SME portfolio; US$20 million dedicated to grow the Bank's agribusiness portfolio.
ABN MF Bank Loan – Access Bank	$11.3 guarantee $5 $5 loans	Oct 2012 Nov 2013 Feb 2014	This is described as a micro finance bank for SMEs. Shareholders: AccessHolding (60.1%); IFC (15%); AfDB (12.35%) and KfW (12.5%).
Ecobank RSF (Risk Sharing Facility) - wwwEcobank Transnational Incorporated (ETI)	$55 guarantee	May 2015	Support to SME banking by providing risk mitigation and guarantee tools to multiple affiliates in fragile and conflict afflicted situations. ETI has been an IFC client since 1993. ETI serves corporate, SME and retail clients and operates through its subsidiaries across the Sub Saharan Africa region, with 41% of group assets in Nigeria. IFC Asset Management Co. 14.1% shareholder.
Firstrand SL; Firstrand Bank Ltd. (South Africa)	$200 loan	Dec 2017	An existing IFC client, up to US$50 million will be allocated for on-lending to women-owned SMEs
Firstrand SL; Firstrand Bank Ltd. (South Africa)	$200 loan	Jun 2017	Aimed at SMEs
Accion Nigeria (ACCION MICROFINANCE BANK LTD)	$2,1 $3,3 loans	Mar 2015 Oct 2017	The shareholders of Accion Microfinance Bank include Accion Investment Fund (35.77%), Ecobank Nigeria (21.73%); Citibank Nigeria (19.91%); IFC (12.60%); Zenith Bank Nigeria (7.33%)

Source: IFC website project database
Note: Gray shading indicates IFC is a shareholder.

In addition, it is reported that Dangote is looking to acquire more oilfields to feed the refinery and that the revenues from the refinery will be spent on further exploration. The IFC's financing of the world's largest oil refinery, which is linked to financing more exploration beyond 2020 marginalizes the WBG's commitment to end support for upstream oil and gas post 2020.

FI Ring-fencing is not a Solution – During the WBG's Annual Meetings in October 2018, the chief executive officer of the IFC, Philippe Le Houerou, stated that towards addressing some of the concerns surrounding FIs, "We now ring-fence about 95 percent of our lending to financial intermediaries to ensure that the financing only supports targeted areas, such as projects promoting energy efficiency, renewables, women business owners, or small and medium-sized enterprises."[20] However, ring-fencing is not meaningful because money is fungible (see Eskom FI example below). Furthermore, simply because an enterprise is considered small or medium in size does not mean it is not involved in coal or other harmful projects. At least five of the banks providing funding to the Dangote Oil Refinery are SME-targeted banks/funds (see Table 4). The only way to ensure how WBG money is being used is to disclose sub-projects and the fossil fuel exposure of all FIs.

World Bank is Still Supporting Coal

In addition to providing a $3.5 billion loan to Eskom's 4,800 MW Medupi Coal Power Plant (accounted for in Table 1), Table 2 includes support for coal investments through mixed energy operations in Mozambique, Kenya, Egypt, and South Africa (for specific operations, see Table 6 and Appendix Table 3). In Mozambique, the WBG continues to advise the government to provide more favorable tax rates for coal mining and for the use of coal for domestic power generation.[21] In March 2016, MIGA approved a $783 million guarantee covering FI loans by Deutsche Bank AG and Mizuho Bank Ltd in support of Eskom's capacity expansion program to expand generation and transmission by over 17GW by 2021. MIGA claims proceeds will only be used for transmission but money is fungible and a significant portion (9600 MW) of Eskom's expansion program is coal (9600 MW Medupi and Kusile Coal Power Plants) so transmission is linked to coal power generation. The loans may also be partially used to service very high debt payments starting in 2019, which is tied to the mega coal power plants (See Appendix Table 5).

21. http://www.ipsnews.net/2018/10/new-ifc-vision-greening-banks-emerging-markets/
https://www.brettonwoodsproject.org/2018/10/csos-meeting-with-international-finance-corporation-ceo-philippe-le-houerou/
22. World Bank Mozambique Poverty Reduction Support Credit-10, Program Document, Paragraph 47: "There are concerns that the approved Fiscal Regime for Mining may impose an excessively high burden on potential investors and discourage investment.... The Government will have a new bidding round for coal mining in the near future, to be governed by the new sector law and fiscal regime. This bidding round will be a good opportunity to test whether the new regulatory framework strikes the right balance between investors' and the public's interests. If the new regulatory framework deters further investment in the sector, particularly at a time of relatively low coal prices, a further revision of the legislation may be needed and the ongoing [PRSC] series could support such a revision."

Pledge to End Upstream Oil and Gas Finance

In December 2017, at the One Planet Summit in Paris, the WBG announced that it will no longer finance upstream oil and gas after 2019. The Bank goes on to say: "In exceptional circumstances, consideration will be given to financing upstream gas in the poorest countries where there is a clear benefit in terms of energy access for the poor and the project fits within the countries' Paris Agreement commitments."[23]

Although a step in the right direction, it is not a meaningful pledge. The pledge should be effective immediately given the world already cannot remain under 2 degrees warming if the already existing oil and gas reserves are burned. Second, in order for the pledge to be meaningful, it must specify that it includes WBG assistance provided through financial intermediaries, DPFs, and technical assistance operations. Furthermore, the IFC must divest all existing equity in companies/financial intermediaries linked to upstream activities (see Table 5).

23. http://www.worldbank.org/en/news/press-release/2017/12/12/world-bank-group-announcements-at-one-planet-summit

Table 5

WBG Projects Contradict Pledge to End Support for Upstream Oil and Gas after 2019 (million US$)

Project	Country	Amount (million$)	Active Timeframe	Activities
Apache Egypt (OPIC)	Egypt	$150 MIGA guarantee	October 2012 to October 2025	Exploration, development and production of oil and gas
Apex International Limited	Egypt	$75 IFC equity	August 2017 until divestment	Exploration, development and production of oil and gas
Delonex Energie	Subsahara-Africa	$60 IFC equity	September 2013 until divestment	Oil and gas exploration
Seven Energy	Nigeria	$75 IFC equity (17%)	March 2014 until divestment	Exploration and development of oil and gas
Supporting Gas Project Negotiations and Enhancing Institutional Capacities	Mauritania	$20 IDA grant technical assistance	March 2018 to September 2022	Financing Agreement: detailed analysis of policies and government operations involved in gas exploration and production; Develop relevant policies for oil and gas development
Africa Oil	Kenya	$50 IFC equity	July 2015 until divestment	Oil and gas; exploration and appraisal activities and working capital – South Lokichar Basin
Pan African Energy	Tanzania	$85 IFC loan $15IFC equity	May 2015 – active May 2015 until divestment	Field infrastructure investment required to expand natural gas production at the Songo Songo gas field from current level of 92 million standard cubic feet per day to 102 MMscfd, maximizing gas production for the license period to 2026.
Equity in Coal				
National Cement Company Limited	Kenya	$30 IFC equity (15%)[24]	June 2014 until divestment	15 MW captive generation coal power plant[25]

24. It also includes 7.5% equity (or $15 million) by IFC's African, Latin American and Caribbean Fund LP
25. In addition to the fuel used to heat the kiln (which can be fossil fuels and/or waste and/or biomass), cement plants also use large amounts of electricity for grinding the raw materials and finished cement. Article in Business Daily Africa (11/15/2016) discusses the new 15 MW captive generation coal power plant associated with National Cement's Kajaido cement factory. It also metions IFC funding for the cement factory. https://www.businessdailyafrica.com/corporate/Devki-Group-switches-on-15MW-Kajiado-coal-power-generator/539550-3453498-awufgfz/index.html

Financing Renewable Energy and Fossil Fuels a Win-Win for the World Bank but Disaster for the Climate and the Poor

Despite the WBG's overarching mission to end poverty, the World Bank is foremost a BANK. As such, staff is incentivized to push as much finance out the door as possible. This simple business model explains their general approach to the energy sector. The WBG finances plenty of renewable energy projects and plenty of fossil fuel projects, which is a win-win for the Bank but disaster for the climate and the poor, who are harmed disproportionately by climate change.

In developing countries, there are few if any large scale oil, gas or coal projects that are not backed by public money in some form or another, either through government or multilateral loans, guarantees, tax breaks or countless other ways. In many cases, large fossil fuel projects are receiving multiple forms of these subsidies and in too many cases the public money is linked back to the World Bank (see Table 6 below). **The World Bank needs to truly protect the climate and the poor and stop providing public money to fossil fuels** (see Appendix Table 4 Pending WBG Fossil Fuel Projects).

Table 6

Examples of Ongoing WBG Assistance to Mega-Fossil Fuel Projects in Africa (million US$)

Project	Country	Amount (million$)	Timeframe	Description
Block CI 27 Expansion Program	Cote d'Ivoire	$437 $8.1 $95 MIGA, guarantees $60 IDA, guarantee	Dec 2012 June 2013 June 2014 all to Dec 2019 2013 to March 2017	Construction and operation of Block CI-27 on/offshore oil and gas facilities including an existing production platform (Foxtrot), gas transportation and onshore facilities, and a new production platform with five wells (Marlin). Block CI-27 represents 70% of Cote d'Ivoire gas production.
Sankofa Gas Project	Ghana	$500 IDA & IBRD guarantees	July 2015 to Dec 2018	Development of the offshore Sankofa gas field within the offshore cape three points (OCTP) block in Western Ghana, which will be developed by two private sponsors (Eni and Vitol) together with Ghana National Petroleum Corporation (GNPC). Development of the OCTP oil and gas block is the largest foreign direct investment ($8 billion) in sub-Saharan Africa in recent times.
Vitol Sankofa	Ghana	$235 IFC loan	June 2016 - active	Development of the Sankofa East oil field, with first oil production planned for 2017; and development of non-associated gas in the Sankofa and Gye Nyame fields, with first gas production planned for 2018. The OCTP block is a large deep water block with estimated reserves of 500 million barrels of oil and 1,080 billion cubic feet of gas.
Kosmos Energy (Jubilee Oil Field)	Ghana	$100 IFC loan	Dec 2011 - active	Key elements of Kosmos' business plan are: to complete the development of the Jubilee oil field in Ghana; and complete appraisal and development of other hydrocarbon discoveries offshore Ghana (Deep Water Tano Block).
West African Gas Pipeline Company	Ghana	$75 MIGA, guarantee	June 2005 to June 2025	Covers Ghana's contractual obligations for the West African Gas Pipeline project – 678 km natural gas pipeline to supply natural gas from Nigeria to markets in Benin, Ghana, and Togo. IDA also gave a $50 million guarantee, which has closed.

Kenya Petroleum Technical Assistance (South Lokichar Basin)	Kenya	$50 IDA, Technical Assistance loan	July 2014 to Feb 2021	Build capacity of institutions engaged in development of petroleum sector to allow execution of their mandates in a way that is conducive to investments while ensuring safeguards. Transaction Advisory Services: support Government in a variety of upstream petroleum sector negotiations, including for the first crude oil pipeline. Cost of Service Study for Energy Regulatory Commission (ERC): The study might strengthen regulatory reinforcement capacity and potentially increase the consumption of petroleum products through reductions in consumer price. Project Indicators: Approved Petroleum Bill; Approved Exploration License
Africa Oil (South Lokichar Basin)	Kenya	$50 IFC, equity	July 2015 to divestment	Fund the Company's oil and gas exploration and appraisal activities and general working capital requirements, primarily aimed at the South Lokichar Basin in Blocks 10BB and 13T. Note: Africa Oil is also the developer of the first crude oil pipeline in Kenya.
Mining and Gas Technical Assistance (Moatize Coal Mine & Rovuma Gas Basin)	Mozambique	$50 $28 IDA, TA grants	Mar 2013 to May 2020 Nov 2017 to Dec 2021	Move forward pipeline of LNG projects and support new investment into minerals sector. New legal and regulatory regime/licensing for extractive sectors. Results include: Coal Price Benchmark; Passage of Decree Law for Rovuma Basin paving the way for future LNG projects; Preparation and negotiation of 3 agreements for LNG projects (financial advisor for Block 1 Anadarko & Block 4 ENI; End Targets: 5 New mining/gas related contracts negotiated benefitting from the new frameworks and procedures. 5 studies assessing economic and financial feasibility for development of gas infrastructure.

Project	Country	Amount (million US$)	Timeframe	Description
Poverty Reduction Support Credits 9, 10, & 11 (Moatize Coal Mine & Rovuma Gas Basin)	Mozambique	$110 $110 $70	July 2013 to Mar 2014 Dec 2014 to Mar 2015 Dec 2015 to Dec 2016	Adoption of New Mining Tax Law and New Petroleum Tax Law; Adoption of New Mining Law Regulations and New Petroleum Law Regulations; EITI compliance – New Tax Laws include: hyper-accelerated rate of depreciation coupled with a loss carry forward allowance of 5 consecutive years, and VAT exemptions for oil and gas investments; subsidized coal for domestic uses (power generation, cement production), VAT exemption, and low royalty for coal (3%). Note: Moatize Coal Mine is the world's 4th largest coal mine with 954 million tonnes.
Dangote Industries Limited (Dangote Oil Refinery and Petrochemical Complex)	Nigeria	$150 IFC, loan	May 2016 (not invested until April 2018) - active	Construction of the world's largest single oil refinery with capacity of 650,000 barrels per day and petrochemical plant. African Development Bank = $300 million loan. See Table 4 for IFC Financial Intermediaries.
Eskom Power Investment Support Project (Medupi Coal Power Plant)	South Africa	$3,500 IBRD, loan	April 2010 to Dec 2019	Construction of the 4,800 MW Medupi Coal Power Plant and the Majuba Railway for coal transportation. The WBG also provided $268 million for solar power.
Eskom Holdings SOC Limited (Medupi and Kusile Coal Power Plants)	South Africa	$783 MIGA, guarantee	Mar 2016 to Mar 2031	Covering loans by Deutsche Bank AG and Mizuho Bank Ltd in support of Eskom's capacity expansion program to expand generation and transmission by over 17GW. MIGA claims guarantees will only be used for transmission but money is fungible and a significant portion (9600 MW) of Eskom's expansion program is coal so transmission is linked to coal power generation (see Appendix Table 5 below).
ERC Refinery	Egypt	$120 IFC equity	June 2012 until divestment	$4,2 billion oil refinery. The Dutch development bank FMO ($29 million equity) and Germany's DEG ($26 million equity)

Bailing Out
Chad-Cameroon Oil Pipeline

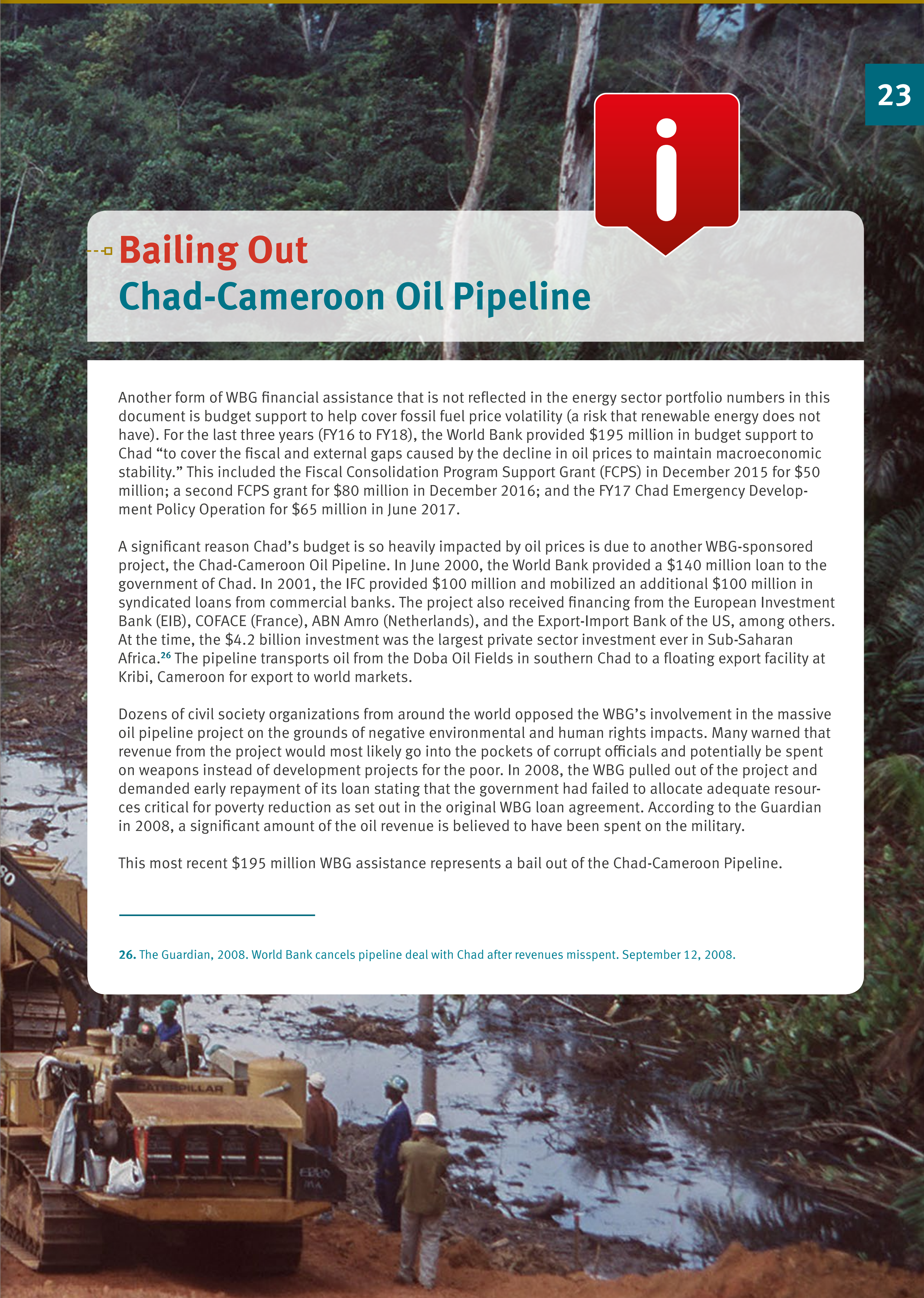
Another form of WBG financial assistance that is not reflected in the energy sector portfolio numbers in this document is budget support to help cover fossil fuel price volatility (a risk that renewable energy does not have). For the last three years (FY16 to FY18), the World Bank provided $195 million in budget support to Chad "to cover the fiscal and external gaps caused by the decline in oil prices to maintain macroeconomic stability." This included the Fiscal Consolidation Program Support Grant (FCPS) in December 2015 for $50 million; a second FCPS grant for $80 million in December 2016; and the FY17 Chad Emergency Development Policy Operation for $65 million in June 2017.

A significant reason Chad's budget is so heavily impacted by oil prices is due to another WBG-sponsored project, the Chad-Cameroon Oil Pipeline. In June 2000, the World Bank provided a $140 million loan to the government of Chad. In 2001, the IFC provided $100 million and mobilized an additional $100 million in syndicated loans from commercial banks. The project also received financing from the European Investment Bank (EIB), COFACE (France), ABN Amro (Netherlands), and the Export-Import Bank of the US, among others. At the time, the $4.2 billion investment was the largest private sector investment ever in Sub-Saharan Africa.[26] The pipeline transports oil from the Doba Oil Fields in southern Chad to a floating export facility at Kribi, Cameroon for export to world markets.

Dozens of civil society organizations from around the world opposed the WBG's involvement in the massive oil pipeline project on the grounds of negative environmental and human rights impacts. Many warned that revenue from the project would most likely go into the pockets of corrupt officials and potentially be spent on weapons instead of development projects for the poor. In 2008, the WBG pulled out of the project and demanded early repayment of its loan stating that the government had failed to allocate adequate resources critical for poverty reduction as set out in the original WBG loan agreement. According to the Guardian in 2008, a significant amount of the oil revenue is believed to have been spent on the military.

This most recent $195 million WBG assistance represents a bail out of the Chad-Cameroon Pipeline.

26. The Guardian, 2008. World Bank cancels pipeline deal with Chad after revenues misspent. September 12, 2008.



Appendix

Table 1

World Bank Group Divisions & Assistance

Division	IBRD* International Bank for Reconstruction and Development	IDA* International Development Association	IFC International Finance Corporation	MIGA Multilateral Investment Guarantee Agency
Clients	Governments of middle-income countries (per capita income of $1,025 to $6,055)	Governments of the poorest countries (per capita income of less than $1,025)	Private companies in member countries	Private foreign investors in member countries
Products	■ loans ■ guarantees (risk insurance)^ ■ technical assistance ■ DPF (policy reform requirements)	■ grants ■ interest-free loans, with maturities of 35-40 years, 10-year grace period ■ guarantees (risk insurance)^ ■ technical assistance ■ DPF (policy reform requirements)	■ loans, with maturities up to 15 years ■ equity investments ■ guarantees (risk insurance)	■ political risk insurance, i.e., guarantees ■ maturities of 15 to 20+ years

**Note: IDA and IBRD are together referred to as the World Bank.*
^In recent years, the IBRD and IDA now provide guarantees to both government and private sector projects.

Table 2

Active Fossil Fuel Finance in Africa by WBG Division

World Bank Group Division	Funding (million US$)
IDA	1,151
IBRD	4,867
IFC	2,037
MIGA	1,958
Total:	**10,013**

Table 2 shows the active fossil fuel project portfolio in Africa by the division of the WBG that provided the funding. IBRD has the most active fossil fuel funding of the WBG portfolio with $4,9 billion. This is largely due to the $3,5 billion given for the 4,800 MW Medupi Coal Power Plant in South Africa, which was approved in April 2010 and remains an active WBG project loan until December 31, 2019.

Table 3

Mixed Energy Operations

Project	Country	Amount (million US$)	Timeframe	Objectives and Activities
Mixed Operations with Both Fossil Fuel-specific and Renewable Energy-specific Benefits				
Electricity Sector Support Project	Burkina Faso	$80 IDA, project loan	June 2017 to June 2021	Increasing access to and reliability of electricity; including 7.5 MW diesel power station; 30 MW grid connected solar plants and construction of transmission lines; and hybrid (PV/diesel) mini grids.
DPO Series on Energy and PFM	Burkina Faso	$55 IDA, DPF $45 IDA, grant	Dec 2016 to June 2019	Improving financial sustainability of energy sector and leveraging private investment in least cost electricity sources. 34% is slated for oil and gas; 11% to transmission; and 22% to other forms of energy, including RE.
DPO2 Series on Energy and PFM	Burkina Faso	$75 IDA, DPF	Dec 2017 to June 2019	See above objectives. 19% is slated for renewable energy; 6% to transmission; and 38% to other forms of energy, including fossil fuels.
Second Fiscal Management, Education, Energy and Cocoa Reforms Development Policy Operation	Cote d'Ivoire	$125 IDA, DPF	Dec 2017 to June 2020	Enable private participation in energy sector; establish investment framework for Independent Power Producers (IPPs). IPPs can be fossil fuel or RE. Current IPPs include three natural gas plants and one biomass plant. Under new investment framework, IPPs receive VAT exemptions.
Additional Financing Infrastructure Finance/Public Private Partnership Project (IFPPP)	Kenya	$50 IDA, project loan (first tranche $40)	July 2017 to Oct 2022	Improve enabling environment to generate pipeline of bankable PPP projects. Seed money for feasibility studies. WB as transaction advisor. Priority PPP projects: 980MW Lamu Coal Plant, Lamu Port Development Project: including Oil Refinery and Pipelines; Kitui Coal Plant 960 MW; and geothermal power plants.
Renewable Energy Access Project	Liberia	$2 IDA, TA	Jan 2016 to June 2021	Indirect support for energy access, target 100,000 people connected through hydropower generation, hybrid mini-grid, and thermal diesel generation.

First Fiscal Consolidation and Private Sector Support Project	Mauritania	$28 IDA, DPF	Dec 2016 to Dec 2017	Expand private sector participation by strengthening the framework for PPPs, address land tenure and property rights.
Nigeria Power Sector Guarantees	Nigeria	$395 IDA, guarantee	May 2014 to Jan 2019	Independent power producers (IPP) transactions include: credit enhancement guarantees; and/or commercial debt mobilization guarantees; privatization of generation companies (GENCOs) will include both gas fired and hydropower companies.
Nigeria Kaduna State Economic Transformation Program-for-Results Project	Nigeria	$350 IDA, DPF	June 2017 to Mar 2021	Improve investment policy and promotion, including the development of PPPs; **AKK gas pipeline is 1 of 4 priority PPP projects. It is by far the largest, PPP project at $2.8 billion.**
Public Private Partnership Program	Nigeria	$115 IDA, DPF	June 2011 to June 2018	Capacity building to key ministries in the area of PPPs, technical support for legal/regulatory reform. Upstream support for project preparation and transaction advisory services to develop PPPs. Provide infrastructure financing for projects prepared under the Viability Gap Facility (VGF) and a financial intermediary loan (FIL) facility. **AKK gas pipeline is 1 of 4 priority PPP projects. It is by far the largest PPP project at $2.8 billion.**

Project	Country	Amount (million US$)	Timeframe	Objectives and Activities
Electricity Sector Support Project - Additionl Financing	Senegal	$155 IDA, grant	July 2016	Improve Urban electricity services through improvements to transmission; increase private sector investment; policy reform advice on renewables and LNG.
Eskom Holdings SOC Limited	South Africa	$783,2 MIGA, guarantee	March 2016 tenor: 15 yrs	Covering loans by Deutsche Bank AG and Mizuho Bank Ltd in support of Eskom's capacity expansion program to expand generation and transmission by over 17GW. MIGA claims guarantees will only be used for transmission but money is fungible and a significant portion (9,600 MW) of Eskom's expansion program is coal so transmission is linked to coal power generation. The loans may also be partially used to service very high debt payments starting in 2019, which is tied to the mega coal power plants. (See Appendix Table 5 below).
First Fiscal Consolidation, Sustainable Energy and Competitiveness DPF	Egypt	$1,000	Dec 2015 to June 2017	New infrastructure investment framework providing subsidies to oil, gas, coal and renewable energy.
Second Fiscal Consolidation, Sustainable Energy and Competitiveness DPF	Egypt	$1,000	Dec 2016 to June 2018	New infrastructure investment framework providing subsidies to oil, gas, coal and renewable energy.
Third Fiscal C onsolidation, Sustainable Energy and Competitiveness DPF	Egypt	$1,500	Dec 2017 to June 2019	New infrastructure investment framework providing subsidies to oil, gas, coal and renewable energy.
Total 15		**$ 5,718**		

Project	Country	Amount (million US$)	Timeframe	Objectives and Activities
Mixed Operations with Fossil Fuel-specific Benefits				
Accelerated Electricity Expansion Project (LACEEP)	Liberia	$35 IDA, project loan	May 2013 to April 2020	Extension of electricity transmission and distribution systems will provide access to electricity to about 10,300 new users. Construction of facilities for off-loading, transport, and storage of heavy fuel oil (HFO).
Eleventh Poverty Reduction Support Credit Development Policy Financing (PRSC-11)	Mozambique	$70 IDA, DPF	Dec 2015 to Dec 2016	Part of a series of PRSCs. Improving the business climate and increasing transparency in the extractive industries, by simplifying business regulations, and enhancing the legal and institutional framework, including new favorable tax policies for oil, gas, and coal.
West African Power Pool (WAPP) APL4 (Phase I) - Cote d'Ivoire Liberia Sierra Leone and Guinea Regional Interconnector	Western Africa	$82 IDA, loan $40 IDA, grant	Nov 2017 to Dec 2020	Construction of interconnection transmission line and Supply Alternative Studies, including potential for Cote d'Ivoire oil and gas to be added to WAPP.
Indorama Port	Nigeria	$52,4 IFC, loan	June 2016	Port servicing petrochemicals and off shore oil industry.
Total 4		**$279**		

Mixed Operations with Renewable Energy-specific Benefits				
KenGen Guarantee Project	Kenya	$180 IDA, guarantee	April 2018 to March 2021	Mobilize private sector financing to strengthen the financial position of Kenya's main power generation utility KenGen to create the enabling environment to attract private investments for development of renewable energy.
KE Electricity Modernization Project	Kenya	$250 IDA, project loan	March 2015 to June 2020	The third component, the electrification program, will support the government's objective of 70 percent household connectivity by 2018 by providing grant financing for grid and off-grid connections.
Total 2		**$430**		

Note: DPF stands for Development Policy Financing; TA stands for technical assistance.

Table 4

Pending WBG Fossil Fuel Projects

Project	Country	Amount (million US$)	Objectives and Activities
Nacala Corridor Project	Mozambique	$200 IFC, loan	Construction of a 912 km long railway line extending from the Tete region in north-west Mozambique, through Malawi, to a greenfield deep sea terminal in Nacala-a-Velha. The Project will have an initial capacity of transporting up to 18 million tons per annum of coal from Vale's Moatize coal project.
Additional Financing for Ghana Oil and Gas Capacity Building Project	Ghana	$19.8 IDA, loan	Continues the operation series of assistance to institutions and policies surrounding the development of Oil and Gas. In 2014, the WB granted $19,8 million to the same operation.
OCTP Joint Venture (Vitol & Sankofa)	Ghana	$400 MIGA, guarantee	Covers a non-shareholder loan to Vitol from a group of yet-to-be-identified international financial institutions, including commercial banks, for the development of the Offshore Cape Three Points ("OCTP") license area, including the Sankofa Oil and Gas Fields in Ghana.
Amandi Energy Limited	Ghana	$360 MIGA guarantee	Construction of a combined-cycle gas turbine power plant of 192.4 megawatts, capable of operating on both light crude oil and natural gas. It is anticipated that the plant will switch to natural gas in a few years as gas supply becomes available.
Ghana Energy Sector Transformation Initiative	Ghana	$20 IDA, loan	(a) Management of energy sector financial flows; (b) Sector planning and coordination; (c) Energy access; and (d) Natural gas.
Mombasa Gas Terminal	Kenya	$48 IFC, loan	Greenfield liquefied petroleum gas (LPG) terminal, to be located in the Port of Mombasa, that will import and market LPG across Kenya, commencing operations at the beginning of 2020.
National Cement Company Limited	Kenya & Uganda	$90 IFC, loan $7 IFC, equity	Captive coal plant as part of cement plant expansion in Kenya
Banda Gas to Power Project for Mauritania (Tullow Petroleum)	Mauretanien	$585 MIGA, guarantee	Development of the Banda gas field, an upstream offshore field, and two downstream power plants in Mauritania.
Central Termica de Ressano Garcia	Mozambique	$90 MIGA, guarantee	Natural gas, power generation plant (175 MW).
Que Iboe Power Project (Exxon Mobil & Dangote Group)	Nigeria	$540 MIGA, guarantee	533 MW natural gas power plant
Total		**$2,360**	


LIEBHERR
KUSILE-
CLIMATE
KILLER

Table 5

Eskom New Build Program – Capital Expenditure

	From Inception to September 2017	Cost to Completion (2018-2022)
Medupi Coal Power Plant	$7,39 billion	$9,56 billion
Kusile Coal Power Plant	$8,48 billion	$11,05 billion
Transmission	$2,39 billion	$3,82 billion

Source: Eskom Investor Presentation April 2018
From original, converted South African Rand (ZAR) to USD using 1 ZAR = 0.0708187 USD

The stated plan is for both Medupi and Kusile to have six units each with approximately 800 MW per unit for a total 9600 MW (or 4800 MW each). As of April 2018, Medupi had three units operational and Kusile had one unit operational.

Eskom has a very high debt burden and its debt service is about to jump substantially. Eskom's Investor Presentation (April 2018) reports that debt service is climbing from 9 billion ZAR ($637 million) in 2018 to 70 billion ZAR ($4,9 billion) in 2019. A significant portion of this debt is due to the Medupi and Kusile coal plants.

Non-Transparent WBG Finance – Is It Additional Fossil Fuel Finance?

The WBG needs to be more transparent with how its public money is being spent especially for DPFs (including Policy-based Guarantees) and financial intermediaries. Table 5 provides some examples of curious financial intermediaries that could be financing fossil fuel investments but the WBG does not disclose the subprojects (see also Table 4 in the main paper for FIs involved in the Dangote Oil Refinery). There has been a significant jump in the amount of money the IFC is targeting for SMEs with no explanation and no clear definition for what counts as SMEs.

Table 6

Examples of Curious Financial Intermediaries

Project	Country	Amount (million US$)	Timeframe	Objectives and Activities
Development Finance Project	Nigeria	$500 IBRD, financial intermediary loan	Sept 2014 to Dec 2021	Line of credit facility will provide $445 million to the new development finance institution (DFI) designated for lines of credit to eligible participating financial institutions for on-lending to eligible enterprises and subprojects (aimed at small and medium sized enterprises). The credit guarantee facility (CGF) will provide $35 million for a CGF to be established as the DFIs wholly owned subsidiary and housed within the DFI.
Investisseurs and Partenaires Afrique Entrepreneurs II	Madagascar, Mauritius, Ghana, Cote d'Ivoire, Benin, Comoros, Mali, Burkina Faso, Uganda, Kenya, Senegal, Cameroon, Gabon, Benin and DRC	$250 IFC, FI equity	Approved July 2017 Invested Feb 2018 Active until divested	IFC's original proposed investment stated that the plan was to invest only up to $7,5 million equity in a total fund worth $80 million. There is no explanation for why the approved investment jumped to $250 million. The Fund is listed as a 10 year closed-end generalist impact fund that will invest in small and medium companies. There is no definition of SMEs.
Catalyst Fund II	Mauritius; investing in Kenya, Tanzania, Uganda, Ethiopia, Rwanda, the Democratic Republic of the Congo, and Zambia	$15 IFC, FI equity	Approved Dec 2016 Invested July 2017 Active until divested	The Fund is seeking to raise up to US$200 million in third party commitments to make 8-12 mid-market growth capital investments.
Fanisi Kapitalfonds II LLC	Mauritius; investing in Kenya, Rwanda, Tanzania and Uganda	$250 IFC, FI equity	Approved July 17, 2017 Signed May 31, 2017 Invested Jun 29, 2017 Active until divested	Why did IFC sign and invest the money before Board Approval? The IFC proposal was an equity investment of up to $7,5 million. There is no explanation for why it jumped to $250 million. The original proposal stated that the Fund would have a generalist strategy focused on SMEs in the sectors of Agribusiness, Retail Consumer (FMCG), Healthcare and Education – after the significant jump in amount invested, it needs to be verified what sectors received financing.

Kenya Commercial Bank Ltd. (KCB Bank)	Kenya with subsidiaries in Tanzania, South Sudan, Uganda, Rwanda and Burundi	$75 IFC, FI loan; $70 IFC, FI equity	Sept 2016 Active until divested	The original summary of information only said $75 million. There is no explanation for nearly doubling the IFC investment. This investment is part of a US$250 million capital raising exercise by KCB to strengthen the Bank's capital position in the context of the increased regulatory capital buffer requirements while supporting the bank as it expands into the SME segment
Co-op Bank III	Kenya	$150 IFC, FI loan	March 2018	Supposed to target SMEs

How much WBG finance is really going to the Sankofa Gas Project? Is the WBG's increased assistance to gas covering up support for oil?

One of the WBG's largest projects in Africa in terms of amount of financing and size of oil and gas reserves is the Sankofa Gas Project in Ghana. Approved in FY2016, this project received support from IDA, IBRD, and IFC for a total of $935 million in guarantees and loans (see Table 5). It illustrates serious concerns associated with the WBG increasing its support for gas.

Table 7

WBG Support for Sankofa Gas in Ghana[27]

Project	WBG Division	Amount (million US$)	Type of Assistance
Sankofa Gas Project (SGP)	IDA	500	Guarantee, tenor = 22 years
Sankofa Gas Project (SGP)	IBRD	200	Guarantee, tenor = 22 years
Vitol Sankofa	IFC	235	Loan
Total		**$935**	

27. A proposed MIGA guarantee of $450 million is still listed as pending.

Is $400 million Policy-based Guarantee for Sankofa Gas?

The WBG project documents for the Sankofa Gas Project state that the WBG was also planning to provide a MIGA guarantee of $400 million. The MIGA guarantee, under the name OCTP Joint Venture, is still listed on MIGA's website as pending (see Table 4 above). Curiously, one month before the Bank approved funding for the Sankofa Gas Project, the Bank provided a $400 million guarantee to Ghana as part of the Ghana Macroeconomic Stability for Competitiveness & Growth Credit. This operation includes a $150 million loan and a $400 million "Policy-based Guarantee." While the WBG provides pages of explanation for activities covered by the $150 million loan component, for the $400 million Policy-based Guarantee the Bank simply states that it will "cover a securities issuance[28] of up to US$1,0 billion by the Republic of Ghana." Could the government debt obligations covered by this guarantee be used to fund the government of Ghana's participation in the Sankofa project? More information is needed from the World Bank.

Enabling Development of "Super Giant" Oil Field – In addition to the very peculiar Policy-based Guarantee, the Sankofa Gas Project is an example of the WBG claiming that it is supporting only gas development, when in fact its support is enabling oil fields to be developed through acquiring the necessary finance. The Sankofa oil fields contain an estimated 500 million barrels of oil, which is considered to be a "super giant" field. According to the World Bank's project description on its website:

"The Sankofa Gas Project (SGP) supports the development of the offshore Sankofa gas field within the offshore cape three points (OCTP) block in Western Ghana, which will be developed by two private sponsors (Eni and Vitol) together with Ghana National Petroleum Corporation (GNPC)."

Although the Bank is claiming to only support Sankofa Gas development, the following excerpts taken from the Project Appraisal Document clearly prove that the WBG's support for the "gas project" is interconnected with oil development and makes the development of the "super giant" oil fields possible:

§

Paragraph 39
Project Description: ...The proposed natural gas project will also ensure the development of two non-associated oil fields.

Paragraph 56
Rationale for using World Bank Guarantees. ...The Private Sponsors have been unsuccessful in seeking commercial insurance in support of the payment security structure proposed under the project and as last resort have sought guarantees support from the Bank.

Paragraph 57
The US$700 million World Bank Guarantee support will leverage substantially larger gas payment flows over the terms of the contract (20 years) and facilitate an investment in the OCTP block of up to US$7,9 billion by the private sector.[29]

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28. Securities are government bonds. The WBG does not explain what type of bonds the guarantee will cover. One bond type could be what often is called municipal bonds, which are debt obligations issued by state and local governments usually to fund special projects and are often tax-exempt.
29. http://documents.worldbank.org/curated/en/173561467986250592/pdf/96554-PAD-P152670-R2015-0143-1-IDA-R2015-0200-1-Box391499B-OUO-9.pdf

Glossary

ACA	African Capital Alliance (large African investment firm)
AfDB	African Development Bank
AKK	Ajaokuta-Kaduna-Kano: pipeline in Nigeria
CAPE	Capital Alliance Private Equity: fund of the ACA
CGF	Credit Guarantee Facility
DFI	Development Finance Institution
DPF	Development Policy Financing
DPO	Development Policy Operation (totality of the programmatic operations of the world bank: DPF, PforR)
EIA	Environmental impact assessment
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
ERC	Energy Regulatory Commission
FCMB	First City Monument Bank
FCPS	Fiscal Consolidation Program Support (IDA grant or loan for stabilizing the financial management of a country)
FF	Fossil Fuel
FI	Financial Intermediary
FMCG	Fast-Moving Consumer Goods
FPSO	Floating Production Storage and Offloading
FY	Fiscal year
GNPC	Ghana National Petroleum Corporation
GTB	Guaranty Trust Bank
GW	Gigawatt
HFO	Heavy Fuel Oil
IBRD	International Bank for Reconstruction and Development (Part of the World Bank Group)
IDA	International Development Association (Part of the World Bank Group)
IFC	International Finance Corporation (Part of the World Bank Group)
IPCC	Intergovernmental Panel on Climate Change
IPP	Independent Power Producers
KCB	Kenya Commercial Bank
KfW	Kreditanstalt für Wiederaufbau (German state-owned development bank)
LACEEP	Latin American and Caribbean Environmental Economics Program
LPG	Liquified Petroleum Gas
LNG	Liquified Natural Gases
MIGA	Multilateral Investment Guarantee Agency (Part of the World Bank Group)
MRG	Minimum Revenue Guarantee
MW	Megawatt
NGO	Non-Governmental Organization
OCTP	Offshore Cape Three Points
OECD	Organization for Economic Co-operation and Development
OPIC	Overseas Private Investment Corporation
PForR	Program-for-Results
PFM	Public Financial Management
PPP	Public Private Partnership
PRSC	Poverty Reduction Support Credits
RE	Renewable Energy
SGP	Sankofa Gas Project
SME	Small and Medium Enterprises
TA	Technical Assistance
USD	US-Dollar
VGF	Viability Gap Facility
WAPP	West African Power Pool
WBG	World Bank Group

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D-48336 Sassenberg
www.urgewald.org

Contact:
Ute Koczy
ute.koczy@urgewald.org

Knud Vöcking
knud@urgewald.org

Author:
Heike Mainhardt (Okt. 2018)
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