CEE Bankwatch Network

Methodology note: Fossil fuel lending by public finance institutions, 2008-2020

For more information

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Introduction

This document describes the methodology used to calculate estimated fossil fuel lending in the energy sector from 2008-2020 by four international public finance institutions: the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank and the World Bank Group. These estimates, as well as a composite figure for all the institutions, was included in a CEE Bankwatch Network documentary *Turning the Tide* (November 2021). The database can be downloaded here.

Overview

Estimated fossil fuel lending was calculated using official project figures reported by each institution and classified according to the authors' methodologies in a way that would best capture as many fossil fuel projects as possible. Thus, the figures presented here are considered estimates, as they may not reflect all of the banks' investments in fossil fuels due to different categorisation methods and unclear reporting. In addition, much of these institutions' lending is done through financial intermediaries, and only some of the databases used capture this kind of financing as in many cases information about the sub-projects financed is not publicly available through the institutions' own reporting. Fossil fuel lending was calculated for each year, and then summed to get an overall amount for the period from 2008 to 2020 both for each institution and overall (as used in *Turning the Tide*).

Exchange rates. The final figure is reported in euros; however, because some banks (ADB, World Bank Group) report their data in US dollars, the annual totals for these banks were converted to euros using the exchange rate reported by InforEuro for January of that year. This is another reason the figures presented here are considered estimates.

Original sources. The database includes data provided by CEE Bankwatch Network, Oil Change International and the Bank Information Center from 2002 to 2020. Despite some potential differences between the methodologies of different organisations, including different categorisations within different financial institutions and different types of financing provided by those institutions, these potential differences are not expected to prevent including these data points in one calculation for overall fossil fuel financing.

Timeframe. Because data for all four institutions was only available from 2008 to 2020, this period was selected for presentation. Due to lags in reporting, data for 2020 may not be up-to-date for some institutions, but is the best estimate given the available information at the time of assessment.

Methodology by institution

Asian Development Bank

Data source: Project information made publicly available by the ADB, i.e. the ADB's webpage, 'Projects and Tenders'

Calculations: Calculations were made by CEE Bankwatch Network based on Oil Change International's (OCI) database, which uses original data publicly available from the ADB. It is available from 'Oil Change International's Shift the Subsidies Database' for public use under a Creative Commons Attribution-NonCommercial 4.0 International License.

Scope of projects included: According to OCI's methodology as described in their 2020 report *Still Digging*, the database includes energy sector projects classified based on project descriptions and documents. Fossil fuel projects are classified as follows:

> **Fossil Fuel**: The oil, gas, and coal sectors. This includes access, exploration and appraisal, development, extraction, preparation, transport, plant construction and operation, distribution, and decommissioning. It also includes energy efficiency projects where the energy source(s) involved are primarily fossil fuels. Coal is separated from oil and gas finance in many sections of this report, but as many transactions combine support for oil and gas they are not disaggregated. Transactions are classified as 'Mixed Fossil' where coal as well as oil and gas support is present, or where it is unclear what mix of fossil fuels is involved.

Their methodology further states:

> The finance amount is the amount committed from the financial institution on the date that the loan, grant, or guarantee was approved by the institution. If it can be determined from project information that only a portion of the project or loan went to energy, then only that percentage will be included as the finance amount.

According to the methodology, only approved or published data was used in the database. It includes the following forms of finance: equity, grant, guarantee and loan. The year calculated is the fiscal year.

Full original methodology here: Oil Change International, 'Shift the subsidies methodology' (accessed 5 November 2021)

European Bank for Reconstruction and Development

Data source: EBRD official database of signed investments, *EBRD investments 1991-2020*, provided on request.

Calculations: Calculations were made by CEE Bankwatch Network based on the original data provided by the EBRD.

Scope of projects included: All projects were categorised according to Bankwatch's own methodology for energy projects which is presented below; thus, differences appear between the EBRD's and Bankwatch's categorisation. Fossil fuel lending includes energy-related projects, natural resource projects and transport projects with links to fossil fuels or which almost entirely benefit the oil and gas sector. Specifically, 'fossil fuels' refers to the following:

> Oil, gas, LNG, coal: extraction, storage, transportation infrastructure and combustion, refineries, research. Transmission lines, if they are clearly constructed due to a fossil fuel generation project and will mainly serve to transmit electricity from this project. Environmental and safety improvements in fossil fuel projects are classified as fossil fuels.

In order to categorise the projects, sources of information like the Project Summary Documents on the EBRD's website were used, and where these were not sufficient, additional documents like environmental impact assessments and project promoters' websites were consulted. The year calculated is the calendar year.

Full original methodology here: CEE Bankwatch Network, *Tug of War: Fossil fuels versus green energy at the EBRD* (May 2012)

European Investment Bank

Data source: databases of energy projects received from the EIB on request as well as the databases of the EIB's projects available publicly on the Bank's webpage were used to compile Bankwatch's own database of EIB energy projects.

Calculations: Calculations were made by CEE Bankwatch Network based on the original data obtained from the EIB.

Scope of projects included: All projects included were energy sector investments in fossil fuels. 'Fossil fuels' is defined as gas, oil, coal and LNG:

> Oil, gas, LNG, coal: extraction, storage, transportation infrastructure and combustion, refineries, research LNG installations are categorised separately due to the much higher life-cycle climate impacts of the natural gas transported in this form than that transported by pipelines. Transmission lines, if they are clearly associated with a fossil fuel generation project and will mainly serve to export electricity from this project. Environmental and safety improvements in [fossil fuel] projects are classified as [fossil fuels].

In order to categorise the projects, the EIB's project descriptions were used, and where these were not sufficient, additional documents like environmental impact assessments and project promoters' websites were consulted. The year calculated is the calendar year.

Full original methodology here: CEE Bankwatch Network, *Carbon rising: European Investment Bank energy lending 2007-2010* (2011)

World Bank Group

Data source: Individual project documents published on the World Bank, IFC, and MIGA websites; and World Bank and IFC Annual Reports

Calculations: Calculations were made by CEE Bankwatch based on Oil Change International's (OCI) database, which uses original data publicly available from the World Bank Group. It is available from 'Oil Change International's Shift the Subsidies Database' for public use under a Creative Commons Attribution-NonCommercial 4.0 International License. For data from 2002-2007, not included in CEE Bankwatch Network's video, calculations from Bank Information Center (BIC) were used ('World Bank Energy Sector Lending: Encouraging the World's Addiction to Fossil Fuels', 2009). For amounts 2007 and earlier, Total data (not 'Total Adjusted for Inflation (2007$)') was used from this report.

Scope of projects included: According to OCI's methodology as described in their 2020 report *Still Digging*, the database includes energy sector projects classified based on project descriptions and documents. Fossil fuel projects are classified as follows:

> **Fossil Fuel**: The oil, gas, and coal sectors. This includes access, exploration and appraisal, development, extraction, preparation, transport, plant construction and operation, distribution, and decommissioning. It also includes energy efficiency projects where the energy source(s) involved are primarily fossil fuels. Coal is separated from oil and gas finance in many sections of this report, but as many transactions combine support for oil and gas they are not disaggregated. Transactions are classified as 'Mixed Fossil' where coal as well as oil and gas support is present, or where it is unclear what mix of fossil fuels is involved.

Their methodology further states:

> The finance amount is the amount committed from the financial institution on the date that the loan, grant, or guarantee was approved by the institution. If it can be determined from project information that only a portion of the project or loan went to energy, then only that percentage will be included as the finance amount.

The World Bank Group includes: International Finance Corporation (IFC), International Bank for Reconstruction and Development (IBRD), International Development Association (IDA) and Multilateral Investment Guarantee Agency (MIGA). According to the methodology, only approved or published data was used in the database. It includes the following forms of finance: equity, grant, guarantee, loan and risk management. The year calculated is the fiscal year.

OCI and BIC use a similar methodology to identify projects. Although both OCI and BIC had data for 2008, there was a discrepancy between the two numbers likely due to revisions in the World Bank Group's data and unclarities in its reporting. Because OCI's data was published later it was assumed to be more accurate and thus was used in Bankwatch's final analysis.

Full original methodology here: Oil Change International, 'Shift the subsidies methodology' (accessed 5 November 2021)

Heike Mainhardt-Gibbs, Bank Information Center, 'World Bank Energy Sector Lending: Encouraging the World's Addiction to Fossil Fuels' (2009)