INTERNATIONAL ACCOUNTABILITY PROJECT

ENERGY FINANCE TRACKER:

Monitoring energy finance trends to demand for a community-led and just energy transition

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INTRODUCTION

COPping out of a just transition

The COP28 summit in Dubai, held from 30th November to 12th December 2023, was inaugurated with the passing of the Loss and Damage Fund, where in 700 million USD was allocated to countries most affected by climate change. This fund will be hosted by the World Bank for an interim period as was agreed by the Transitional Committee, despite civil society criticism about the World Bank's track record with investing in fossil fuels, its propensity to increasingly invest in the private sector and its spotty track record of delivering adequate remedy for environmental and human rights associated with its investments.

The UN Framework on Climate Change Convention (UNFCCC), the agency responsible for managing the annual Conference of the Parties (COP), announced that the COP28 agreement signals the "beginning of the end" of the fossil fuel era. That does not seem to be the case for the 2400-plus fossil fuel companies – whose representatives were numerously present at the event in Dubai and were responsible for diluting the language and commitments for phasing out of fossil fuels. This was also reflected in the final Global stocktake text which had weaker language such as "transitioning away from fossil fuels" and also recognised gas as a transition fuel along with other false solutions such as Carbon Capture, Utilisation, and Storage (CCUS). Many civil society organizations present at the COP were unhappy with the outcome of the agreements which according to them, lacked a human rights-based approach and gave further legitimacy to false solutions that allow polluters to continue to harm the climate.

The lack of clear commitments and accountability is only further supporting oil and gas companies, many of whom signed important contracts just a few days after the conclusion of the conference.Just to name a few, Chevron, Shell, Qatar Energy, and Total Energies concluded agreements with the governments of Suriname and Venezuela to benefit from the Latin American countries' rich oil resources. Moreover, the oil output of the OPEC (Organization of the Petroleum Exporting Countries, the most powerful international oil cartel) rose in December 2023.

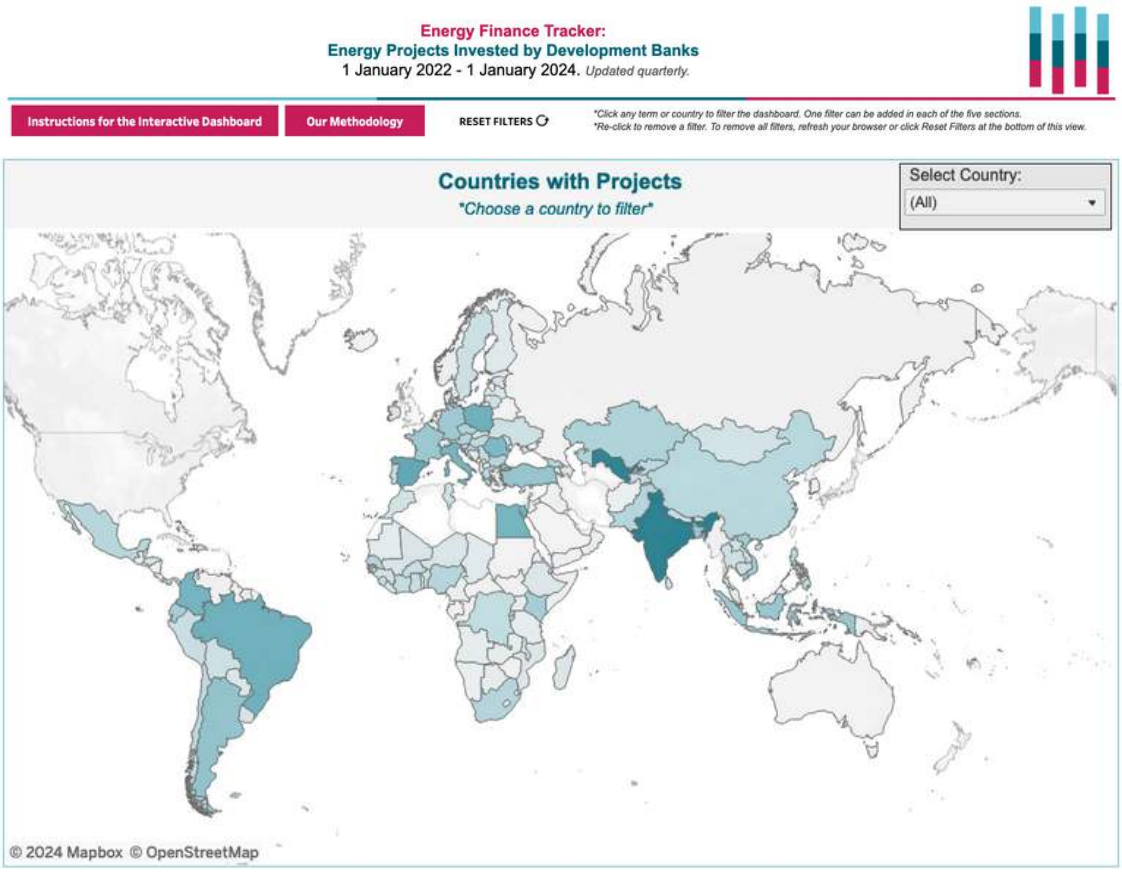
With the intensifying climate crises in the Global South, record-breaking levels of CO2 emissions, and global temperatures crossing 1.5 degrees Celsius in 2023, a complete phase-out from fossil fuels is an urgent need to address the planetary crisis. Unfortunately, this is still not reflected in the financing and policy decisions of Multilateral Development Banks (MDBs) nor of the companies and governments which continue to provide support for the fossil fuel industry. According to research by Oil Change International, between 2020 and 2022, MDBs provided an average of 3.2 billion USD towards fossil fuel projects with the World Bank Group providing 1.2 billion USD at an average per year.

It is imperative that climate action for a just, energy transition - including the newly-established Loss and Damage Fund - takes a community-led approach and is grounded on principles of accountability and justice. Though the urgency and scale of the climate crisis unequivocally warrants a rapid shift towards renewable energy, this transition must still ensure that investments to address the climate crises do not exacerbate the losses and damages that have already occurred, and cause further harm to communities. Indeed, those people who contributed the least to climate change and global warming, are now suffering the worst consequences, often without the appropriate means to defend themselves and ensure an adequate recovery from the destruction these events bring.

It is crucial that groups often marginalized in decision-making processes can participate meaningfully in designing climate and energy solutions. Similarly, the meaningful participation of affected communities is essential in determining effective and meaningful remedies. Yet, our experience has demonstrated that the MDBs' access to information policies and practices often lack the people-centered focus central to fulfilling communities' right to development.

The Early Warning System Energy Finance Tracker

The Early Warning System is the first centralized, civil-society-led database to provide both granular-level project documentation and analysis of investments made by the largest and most influential 16 development banks.[1] The Early Warning System is updated daily and holds more than 26,000 projects since 2016 by 16 MDBs and more than 14,000 private actors recorded. The information is reviewed and published at the time of disclosure. This interactive database shows project-level information on investments going to energy projects.



[1] In Latin America and the Caribbean, the Early Warning System is co-administered by a network composed of Cohesión Comunitaria e Innovación Social, Colectivo sobre Financiamiento e Inversiones Chinas, Derechos Humanos y Ambiente, Fundación para el Desarrollo de Políticas Sustentables, Instituto Maíra, Interamerican Association for Environmental Defense, Sustentarse, Plataforma Internacional Contra la Impunidad.

At the time of writing, the Early Warning System has tracked and published 2 years of data - from 1 January 2022 to 1 January 2024 - and shared information on 933 known[2] investments, totaling at least 139.8 billion USD, proposed by 14[3] MDBs in the energy sector. That means MDBs considered or approved, on average, more than one investment per day in the energy sector.

The Energy Finance Tracker centralizes information on proposed energy investments funded by MDBs and provides an interactive analysis of financing trends by region, development bank, investment amount, risk rating, energy sector, linkage to fossil fuels, and the recipient of the funds (whether the direct borrower or recipient was the public sector or private sector). Instructions on how to use the Energy Finance Tracker can be found in Annex A.

[2] Data for the Early Warning System is taken from publicly disclosed information by 16 MDBs on their websites. For purposes of the Energy Finance Tracker, we filed access to information requests, where information about projects or sub-projects related to the energy sector was not clear. This number does not include some projects that were publicized by the DFC, and not yet disclosed on the bank's website.
[3] At the time of writing, the Early Warning System is in the process of adding projects funded by the Caribbean Development Bank. Energy-related projects funded by this bank will be added to subsequent updates of the Energy Finance Tracker.

The Energy Finance Tracker includes:

- Energy infrastructure projects, such as wind, solar, hydropower, oil and gas (example);
- Investments in financial intermediaries (e.g., private equity firms, commercial banks, or other development funds) that are ring-fenced for energy projects (example);
- Technical assistance or budgetary or policy support loans that are cross-cutting across many areas of government (example);
- Funding for associated infrastructure like transmission lines, ports or roads that will be primarily used for the transport of energy-related goods (example);
- Projects that support energy efficiency measures in residential, commercial and public buildings (example), as well as energy storage facilities (example);
- Investments in energy access initiatives (example) and electric mobility (example);
- Projects that provide alternative, newer energy production technologies and the associated facilities, such as hydrogen, biomass, and waste-to-energy (example);
- Investments in energy transition projects and programmes (example), and in transition minerals value chains (example);
- In lower amount, projects that finance geothermal, nuclear, and coal plants (example); and
- Investments in carbon credits initiatives, or in policies that support the development of carbon markets (example).

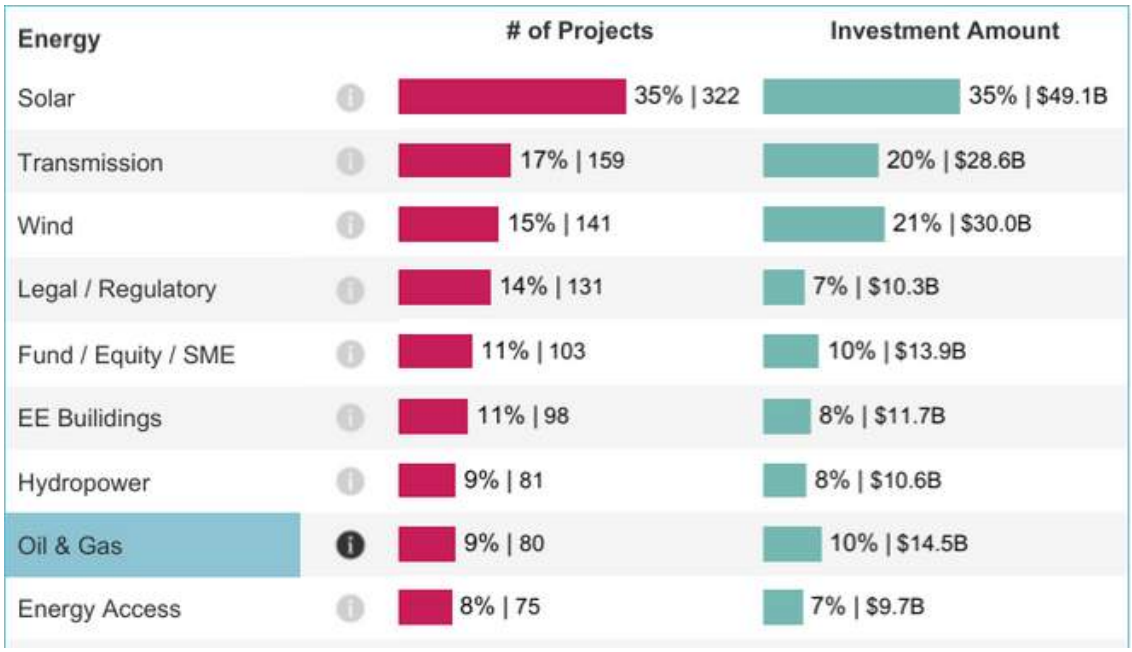
The Energy Finance Tracker will be updated with new projects quarterly. After verification, project-level information is distributed by the Early Warning System regional teams to civil society organizations and community organizations who are connected to or can reach out to communities most likely to be impacted. The trends emerging from the collected data can also be useful for civil society organizations and networks for their research on energy and climate finance.

Initial Findings from the Energy Finance Tracker

This section of the report outlines the trends and cases emerging from the financial flows charted out in the Energy Finance Tracker. It provides an initial analysis based on general observations and is not meant to be an exhaustive analysis of issues – we urge you to explore the data in the Energy Finance Tracker.

1 Governments and companies continue to rely on MDBs to support their investments in fossil fuels, specifically the oil and gas industry

Globally, from 1 January 2022 to 1 January 2024, 10 out of the 14 MDBs tracked through the Early Warning System invested in 80 projects, with a total amount of 14.5 billion USD, being directed toward the oil and gas industry. Out of the MDBs that are continuing to invest in oil and gas, we found that the United States Development Finance Corporation (DFC) had the highest number of investments with 19 projects, followed by the International Finance Corporation (IFC) with 15 projects, and the European Bank for Reconstruction and Development (EBRD) with 14 projects.



The largest number of projects were found to be in the African continent with 32 projects, largely financed by DFC and IFC. This includes:

- DFC's insurance for an up to USD 1.5 billion investment by ExxonMobil for the "development, construction, operation, and maintenance of an onshore natural gas liquefaction plant" near the recently discovered Rovuma gas fields in Mozambique. Oil giants TotalEnergies, ENI, China National Petroleum Corporation, and others also have interests in the project.

- DFC's USD 71 million loan to ContourGlobal Senegal, LLC for the expansion of a thermal power plant that "operate[s] on heavy fuel oil with an option to convert to natural gas, in Cap des Biches, approximately 27km from Dakar, Senegal";

- IFC's advisory services to "assist the Government of Morocco in evaluating the feasibility of developing an LNG [liquefied natural gas] import terminal and associated distribution infrastructure"; and

- IFC's investments in "two syndicated borrowing base commodity-backed trade finance facilities for up to USD 40 million each, arranged by Société Générale Corporate & Investment Banking for Addax Energy S.A. to finance imports of petroleum products in Mauritania and West African countries".

> *There is considerable financing for oil and gas projects in Africa despite the repeated outcry by communities regarding the adverse effects that they present. Efforts to push back against huge projects like the East African Crude Oil Pipeline project have been frustrated by this continued financing despite the call to transit to clean energy.*
>
> *John Mwebe,*
> *Community Organizer at the International Accountability Project*

Additionally, during this period, MDBs, including the Asian Development Bank (ADB), the World Bank, and the Inter-American Development Bank (IADB), have invested in technical cooperation projects to support governments in designing and implementing national energy policies that strengthen the continued reliance on fossil fuels, prompting civil society concerns about this technical assistance "loophole".

- In Indonesia, the ADB is funding the Sustainable and Inclusive Energy Program (Subprogram 3), which aims to support the Indonesian government's energy sector reforms under the National Medium-Term Development Plan (RPJMN) 2020-2024", a plan that contains more projects linked to fossil fuels' infrastructure (natural gas, liquified petroleum gas, and oil) than in renewables (hydropower and biomass).

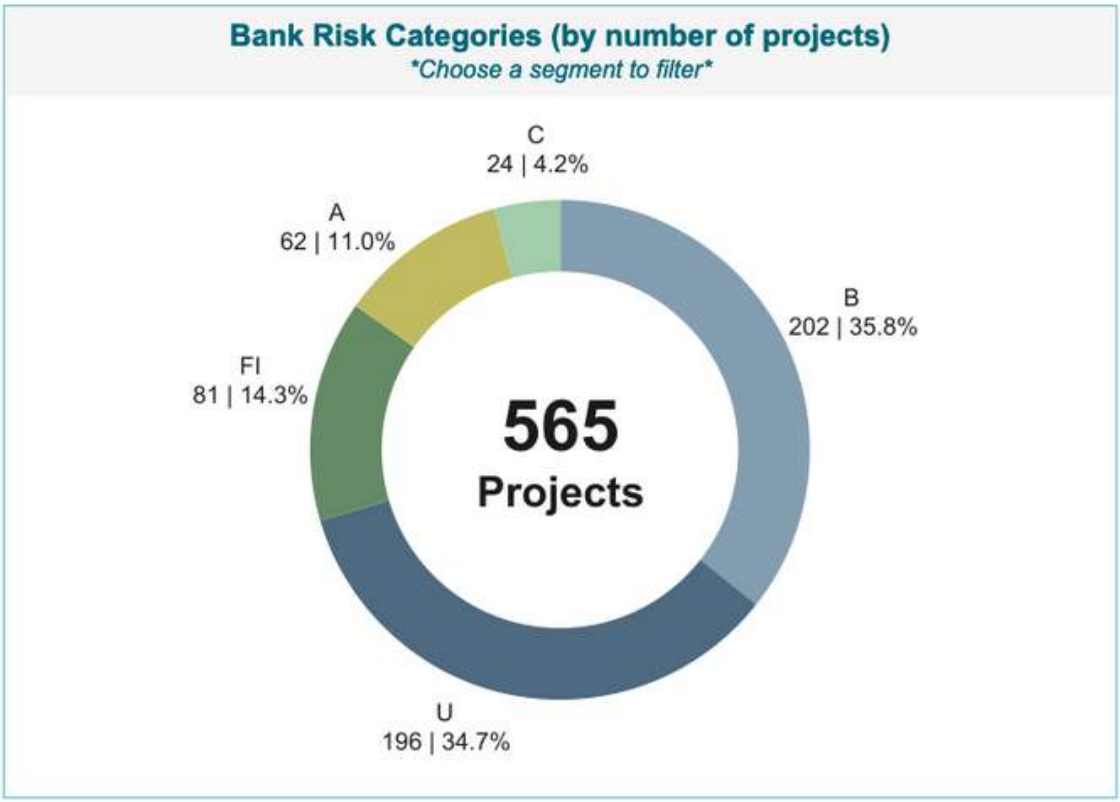
- In Argentina, the IADB is funding a technical cooperation project aimed at supporting the implementation of Argentina's Nationally Determined Contribution Plan 2030, the second, updated version of which - dating back from October 2021 - seeks to "increase the production of natural gas in absolute terms".

The increasing investments by MDBs towards fossil fuels, like oil and gas, which have massive environmental and climate-harming implications are a clear violation of the terms of the Paris Agreement and are taking us many steps behind where we need to be to achieve a just and clean energy transition.

Many of the private companies that are receiving loans to develop renewable energy projects by MDBs are also linked to oil and gas. One such company is the Abu Dhabi Renewable Energy Company - Masdar, which was ironically presiding over the COP28 in Dubai. The Energy Finance Tracker found 24 projects in the past 2 years that provide investment or technical assistance to Masdar for wind and solar projects. Masdar is jointly owned by Abu Dhabi National Oil Company, Mubadala Investment Company, and Abu Dhabi National Energy Company. The intentions of Masdar were revealed in investigations before COP that stated that Masdar was planning to promote oil deals during the upcoming summit, and also has been clear in the statement made by the former CEO of the company, Sultan Ahmed Al Jaber during COP28 discussions that "there is no scientific evidence to support a phase-out of fossil fuels".

2 MDBs are increasingly relying on private finance for energy projects, with an ensuing decrease in transparency and accountability for sub-projects

The Energy Finance Tracker indicates a significant number of investments by MDBs in the energy sector being channeled via private finance, with 63.8 percent through private actors and 22 percent - more than one fifth - through financial intermediaries. This is a worrying trend, given the lower accountability and transparency of private institutions and the lack of information about harmful sub-projects funded by financial intermediaries. Investments in the energy sector are no exception.



- One such example of the lack of information about subprojects of financial intermediaries is the proposed RBI Repower FL, a USD 217.92 million framework loan from the European Investment Bank (EIB) to Raiffeisen Bank International with the stated objective of developing "renewable energy projects in the European Union". While, at the time of writing, the EIB website did not provide information on the kind of renewable energy projects, the website of the financial intermediary states that they cater to "clients across the oil & gas sector to meet the financial needs of both international and local oil & gas companies". Notably, the EIB is the only MDB that contains an explicit provision against investments in gas infrastructure in its policies.

- In Asia, the ADB recently approved an equity investment in Actis Asia Climate Transition Fund, where the financial intermediary managing the fund, Actis LLP, has several investments in oil and gas companies.

- Another example is the IFC equity investment into Africa50, a platform established by the African Development Bank to support medium- and large-scale infrastructure projects in Africa. The IFC project disclosure provides limited information on the specific sub-projects; worryingly, Africa50's current portfolio includes multiple fossil fuel-fired power plants and large-scale hydropower plants and one of these projects describes natural gas (methane) as "a clean-burning transition fuel."

- Some concerning examples emerged of FI investments to private banks that have been criticized for their continuous support to fossil fuels. The Energy Finance Tracker found numerous MDBs' investments in Banco Santander, a bank that has been criticized by civil society groups for not firmly maintaining its commitments to phasing-out from investments in fossil fuels; while ING N.V. has been recently sued in a Dutch court for the climate harms it caused. One of the projects tracked by the Energy Finance Tracker finances ING Turkiye A.S. - the Turkish subsidiary of ING N.V. - "to support green economy investments including among others energy efficiency, renewable energy and climate resilience measures". The same bank, in 2020, promptly reported the discovery of gas reserves in the Turkish economic zone of the Black Sea. Without increased transparency, it is unclear whether the funds of the EBRD will be kept away from gas investments, or not.

3 MDBs are not clearly disclosing information on the impacts on communities in the energy supply chain and energy sources for power generation

With the increase in investments towards renewable energy technologies, there is also a significant increase in the extraction of transition minerals.[4] These have a direct impact on indigenous and rural communities as more than half of the resources required for energy transition are found in or near indigenous lands. This new wave of extraction fueled by the rise in the demand for transition minerals in the Global North, which are often deemed as 'critical' or 'rare', poses serious human rights violations and environmental risks for communities in the Global South.

The Energy Finance Tracker found 21 projects that are linked to mining for transition minerals, such as lithium and cobalt, with 5 of these projects located in Latin America and the Caribbean - financed by the IADB and the IFC - and 11 in the Europe and Central Asia region. The prior support mining operations, which often results in higher environmental and social impacts; while the latter finance processing facilities, which have, overall, a lesser impact.

> *it is very worrying to see such a strong trend towards investment in the exploitation of lithium in our territories when we know that the affected communities are not being provided with sufficient information in a timely manner, nor with dignified alternatives to decide on their livelihoods; they simply implement projects by force, which break nature's cycles, thus impacting our lives*
>
> *Aimée Martínez Vega,*
> *Executive Committee of the Network of Communities Impacted by IFIs*

[4] Transition minerals are minerals that are required for replacing fossil fuel infrastructure with renewable energy systems, mostly for extraction, storage, and transmission of energy. These include lithium, cobalt, nickel, aluminum, bauxite, copper, manganese, silver and other rare earth elements. Available at: https://waronwant.org/sites/default/files/2021-03/A%20Material%20Transition_report_War%20on%20Want.pdf.

- For instance, an IFC investment into Galaxy Lithium (Sal de Vida) S.A in Argentina supports the construction and operation of a greenfield Lithium mine, which is located close to the Salar del Hombre Muerto Key Biodiversity Area in Catamarca province. A report by Fundación Ambiente y Recursos Naturales, Bank Information Center, Asamblea Pueblos Catamarqueños en Resistencia y Autodeterminación, and Fundacion Yuchan highlighted the indigenous rights violations caused due to this project, including violations of their right to Free, Prior, and Informed Consent and not considering the impact on their sacred sites in the environment impact assessment.

- The IADB is funding a regional project that aims to equip governments in Latin America in the "identification and implementation of effective actions and tools that can be adopted . . . to develop regional value chains around critical minerals for the energy transition".

- The majority of investments (7 out of 11 tracked in this dataset) in the transition minerals value chain in Europe concerns the construction or the expansion of lithium battery production facilities, most of which are described as large-scale.

Another trend that emerged through the *Energy Finance Tracker* is that 17 percent of the projects – a total of 159 projects – were for transmission and distribution infrastructure, and many of them do not specify the information on the energy sources they rely on. Reinforcement or upgrade of transmission lines constitutes a big tranche of MDBs' financing, and the lack of information in this sub-sector is a serious issue. For instance, the disclosure for IFC's investment in the IndiGrid project in the state of Chattisgarh, India lists the transmission lines that are going to be financed under the project. However, there is no information regarding the energy sources these transmission lines rely on, even though most of the transmission lines are located in heavy coal mining areas where indigenous communities are located. Can we assume that the IFC is financing coal-based sources? To avoid this misunderstanding, there is a need for proper information disclosure on the source and destination of power for energy transmission and distribution-related investments.

4 MDB's schemes on energy transition are providing continued support to fossil fuel-led infrastructure and unaccountable towards harms faced by communities and workers

Recently, some MDBs have supported governments in implementing energy transition programmes and schemes to decommission or repurpose coal power plants and replace them with alternative sources of energy. The Energy Finance Tracker found 19 such projects proposed over the past year by the EBRD, EIB, ADB, and WB. Among these:

- 2 projects explicitly aim to develop renewable energy infrastructure;
- 4 projects aim to replace coal with natural gas;
- 11 projects do not define the alternative energy source;
- One project aims to support the transition of oil refineries to turquoise hydrogen production (i.e., hydrogen produced through methane pyrolysis, a process that still involves fossil fuels, although to a lower extent), along with supporting - the only one in the Energy Finance Tracker to do so - carbon capture, utilization, and storage (CCUS) technologies and infrastructure; and
- Another project promote the transition from coal to biomass pellets.

The fact that MDBs continue to rely on broad terms when describing energy transition projects - such as "clean energy", "low-carbon", or "cleaner technologies" - jeopardizes to some extent communities' access to information rights and may increase risks to communities opposing these projects. While reviewing the documents for these projects, the research team encountered significant barriers to transparency, which calls into question the accessibility and adequacy of project information for local communities and civil society. Most MDBs, including ADB, IADB, and EBRD, still consider natural gas as a "clean" energy source suitable as a transition fuel.

One of the projects where coal is being replaced by gas is an EBRD loan, with the ADB as co-investor, to JSC Almaty Power Plants, a power utility in Kazakhstan owned by Samruk Energy JSC, to modernize its existing thermal power plants. The key objective of the project, as stated in the documents, is the "full replacement of coal by natural gas as a primary fuel."

In some of the energy transition-related projects, it is not clear how this transition from coal-based power will take place. In Southeast Asia, a technical assistance project by ADB supporting the Indonesian State Electricity Corporation aims "to shift the power system from fossil fuel to low-carbon electricity supply", but it has not been clarified if they will be fully replacing fossil fuels with renewables. The ADB also approved technical assistance for Indonesia's Just Energy Transition Partnership which aims to achieve net-zero emissions in the power sector in Indonesia by 2050. Research by Indonesian CSO Trend Asia indicates that the decommissioning of old coal power plants has also been accompanied by proposals to build new captive coal power plants (coal power plants inside industrial parks) which are being allowed to continue under the national regulations.

Civil society organizations in Asia have raised issues with how MDBs are promoting market-based plans to 'incentivize' the private sector to 'transition' coal-fired plants into facilities that operate by burning biomass or waste, and without taking adequate accountability for the environmental damage caused by coal mining projects financed by MDBs.

> *We are seeing the World Bank Group and the ADB preparing to provide hundreds of millions of dollars worth of financing to coal operating companies to 'repurpose' operations under 'fuel switching' schemes. This means companies are being supported to continue to operate highly polluting projects, without being held accountable for redress and reparations owed to residents in the surrounding communities and workers for harm wrought on their health, livelihoods, and the environment. It also obscures the fact that both the ADB and the World Bank have financed coal power projects; they too have been responsible for exacerbating harms and damages and must be held accountable for remedy and redress*
>
> *Tanya Lee Roberts-Davis,*
> *NGO Forum on ADB*

5 MDBs, governments, and companies continue to invest in false solutions in the name of renewable energy

The Energy Finance Tracker indicates the continued investment by MDBs globally towards false solutions. All of these are wrongly promoted as renewable energy and/or innovative solutions to tackle climate change. The reality, however, is that they have adverse environmental and social impacts and externalities that are not adequately considered, nor disclosed.

Hydrogen: The Energy Finance Tracker found 35 projects - representing 4 percent of the projects tracked - supporting hydrogen-related projects over the past year. Out of these, "green" hydrogen is a technology that MDBs are increasingly investing in, with the IADB and the EIB being the lead financiers in this sector for the past year, according to the Energy Finance Tracker. Although it emits less GHGs than fossil fuels, hydrogen is not exempt from criticism. Local communities are often adversely affected by hydrogen production and not appropriately involved in related decision-making processes, and the potential of hydrogen to replace fossil fuels is still highly debated. As the Energy Finance Tracker shows, international financing to the hydrogen industry spans across continents, with the Latin America region being the most targeted, due to IADB's numerous investments in the sector. Fossil fuels-linked companies, such as Engie SA and Iberdrola SA, also received funds to develop hydrogen research and infrastructure.

> *Green hydrogen is a false solution installed within a rhetoric of energy transition of green capitalism, in this sense, we must be cautious given that the technology and its application is still in the experimental phase and with not always successful results. Furthermore, "green" is quite questionable from a socio-ecological perspective, due to the significant impacts that constitute the large extensions of territory necessary for the generation of energy through renewable sources (wind and solar), water desalination, and all the vast associated infrastructure such as ports, pipelines, transmission lines, storage of a highly flammable element, etc*
>
> *Natalia Lueje,*
> *Sustentarse*

Biomass: Although biomass has been praised as a cleaner energy source, it is now becoming clear that the impacts on the environment and biodiversity are as great as those from oil and gas, if not worse. The Energy Finance Tracker found 32 investments towards biomass with 3.8 billion USD being contributed. Considering that it was the European Commission itself who acknowledged this in a recent report wherein they acknowledged that forest-based biomass is more harmful than fossil fuels, it is even more surprising to notice that the EIB is the main financier - with 11 projects and 58 percent of the total investment amount in the past two years - of electricity distribution and district heating systems based on biomass energy. Deforestation and land-grabbing will continue unabated unless MDBs - starting from the European ones - will not change their approach to biomass-based energy systems.

Waste-to-Energy: The Energy Finance Tracker found 11 investments in the past 2 years supporting waste-to-energy projects, mostly financed by ADB and IFC. Waste-to-energy incinerators are increasingly being promoted by MDBs with banks like the ADB recognising it to be a step in the direction of a circular economy and a sustainable, renewable energy source. However, by categorising it as a "clean" source of renewable energy, MDBs are not recognising the high extent of toxic pollution that are caused by waste-to-energy incinerators which are known to emit 68 percent more greenhouse gas per unit of energy than coal plants. Communities and waste-pickers impacted by these projects have been actively speaking out against the harmful climate impacts caused by these incinerators and reinforcing that burning of waste through waste-to-energy incinerators is a false solution.

> *The financing and political support driven by MDBs in its blue finance, green finance, clean energy finance, sustainable urban development portfolio, and its various climate finance including just transition finance, act as harmful subsidies for waste-to energy incinerators, refuse-derived fuel, and biomass incinerators need to be phased out without delay, if real action is to be taken on climate, energy, resource, air pollution and just transition agendas.*
>
> *Mayang Azurin,*
> *Deputy Director, Global Alliance for Incinerator Alternatives* - Asia Pacific

Carbon Credit/Offset schemes: The Energy Finance Tracker also contains 10 projects that support the development of carbon markets, mainly financed by the World Bank and the ADB. The geographical focus is very broad, with projects located, in Indonesia, Uzbekistan, India, and Ecuador, among others.

Over the past few years, carbon markets have been widely promoted by MDBs and they continue to do so, with the World Bank President, Ajay Banga recently announcing plans to launch a mechanism for certifying forest carbon credits. In-depth research by civil society organizations and journalists over the years has revealed the human rights violations faced by communities due to carbon offset-related projects, the lack of accountability for the impacts caused by these projects, and false or exaggerated information about the ability of such projects to reduce emissions. MDBs should thus stop investing in carbon markets which are only being used to further greenwashing and provide a clean chit to big businesses including fossil fuel companies.

6 A significant amount of energy investments by MDBs are being directed toward large-scale solar, wind, and hydropower projects

The data tracked by the Energy Finance Tracker indicates a scaling up of investments by MDBs towards renewable energy, largely towards solar and wind, with 322 solar energy projects tracked (a total investment share of 49.1 billion USD) and 141 wind projects (with a total investment share of 30 billion USD) in the two years of this research.

Multiple renewable energy investments have been proposed in Uzbekistan with 17 MDBs projects supporting large-scale wind farms, and 24 investing in large-scale solar PV plants. For instance, the US$ 145 million loan from the AIIB to the PV power plants in Jizzakh, Samarkand, and Sherabad and the US$ 50 million loan from the ADB to a subsidiary of ACWA Power Co. - a Saudi company with extensive oil and gas operations - for the development of the 500 MW wind power plant in Bash. Many of these have already attracted criticism from civil society organizations, due to their widespread environmental and social impacts.

Similar large-scale solar and wind projects are proposed in other parts of the world, such as in Peru, where the Peruvian subsidiary of ENGIE S.A. - another company linked to oil and gas - received loans from the FMO and from the IDB Invest to build a 296 MW wind farm in Punta Lomitas, which will be (according to the FMO) the largest of its kind in the country.

MDBs should ensure that such renewable energy projects are not displacing communities from their lands and violating their rights. As we have seen with the Salima Solar Project in Malawi and the Araripes wind project in Brazil, in the absence of community input into the decision-making process, large-scale renewable energy projects can have a negative impact on the land and resources of communities.

Large hydropower projects are also being promoted by falsely categorising them as renewable energy,. with 81 hydropower projects tracked through the Energy Finance Tracker. Most of the investments towards hydropower were from the World Bank with 22 projects, followed by ADB with 11 projects, and IFC, IADB, EIB, and EBRD with 7 projects each; and most of these supported large-scale plants. Examples of large hydropower projects proposed during the past two years include IADB's loan for the Modernization of the Salto Grande Binational Hydropower Complex between Argentina and Uruguay, and the World Bank's loan for the Upper Arun Hydroelectric Project which, according to documents provided by the World Bank, will be the largest hydropower plant in Nepal when completed.

From our work on supporting community-led responses of communities impacted by hydropower projects in Tanahu in Nepal,. Dzongu Valley in Northeastern India, Mpatawanga in Malawi, and Lower Sesan 2 in Cambodia, we have seen globally how large hydropower projects can cause immense destruction to rivers and ecosystems, and displace communities from their lands. The disastrous consequences of large hydropower occurred recently in Sikkim, India in October 2023 when a glacial lake outburst led to the breaking of multiple dams and caused massive flash floods on the Teesta River. Despite the immense destruction caused by hydropower projects built on the ecologically fragile topography in the north-eastern Indian state, ADB proposed an investment in December 2023 for support to the power sector in Sikkim which may further lead to an increase in the development of the large hydropower industry.

> *We, Indigenous communities, are closely connected to the environment and nature, we can see the impact of dirty hydropower in fragile ecological areas like ours. Eastern Himalayas are young fold mountains and seismic zones- we have witnessed earthquakes, landslides, and now the recent Teesta floods which have caused irreversible damage to our landscape and ecology. Large hydropower projects are neither renewable nor financially feasible; international financial institutions should not be investing in such destructive projects.*
>
> *Mayalmit Lepcha,*
> *Global Advocacy Team member*

Conclusion and Recommendations to MDBs for a Community-led and Just, Energy Transition

To work towards a truly just transition, MDBs need to reassess the type of projects being funded through energy finance by ensuring that their investments shift from projects that threaten communities' lands and cultural resources to sustainable renewable energy models that work towards inclusive energy access.

One such alternative model is community-led renewable energy which includes small-scale renewable energy projects that are owned and/or managed by communities, and directly benefit them to ensure proper access to energy.

> *Expensive large-scale and cascade hydropower projects in countries such as Nepal are prone to climate risks, earthquakes, and other natural disasters. We have thus been facilitating direct financing for small-scale community-led energy solutions, particularly micro-hydro and solar, that are owned and managed by communities in line with their local energy needs.*
>
> *Prabindra Shakya,*
> *Community Empowerment and Social Justice Network (CEMSOJ)*

Based on the trends and findings emerging from the Energy Finance Tracker mentioned above and community-led responses supported by our partners, we would like to put forward the following recommendations to MDBs for a community-led and just transition:

- **Shift policies and operations towards better practices** in the energy sector at the earliest; this needs to begin with **complete divestment of fossil fuel operations** including coal, oil, and gas, and screening of investments to financial intermediaries to ensure their subprojects are not associated with fossil fuel infrastructure and destructive energy projects like large hydropower;
- **Stop promoting false solutions** that are implemented without consulting with communities, cause damage to the environment, and result in further grabbing of communities' land and resources;
- **Support decentralized, community-led renewable energy solutions** which are provided through direct financing to communities in the form of grants and not debt-intensive loans to countries in the global South;
- **Improve disclosure of information for energy projects** with clear information about the sources of energy of projects and the impacts across all stages of the supply chain;
- **Enforce accountability and inclusivity in investments and practices,** to protect those people affected by energy projects and respect the rights of indigenous communities, women, youth, laborers, farmers, fish workers, LGBTQ+ communities, and differently-abled people; and
- **Incorporate the voices of people and communities** who have been promoting alternative, sustainable solutions for community-led development and climate justice, and not to the economic interests of big multinational private corporations.

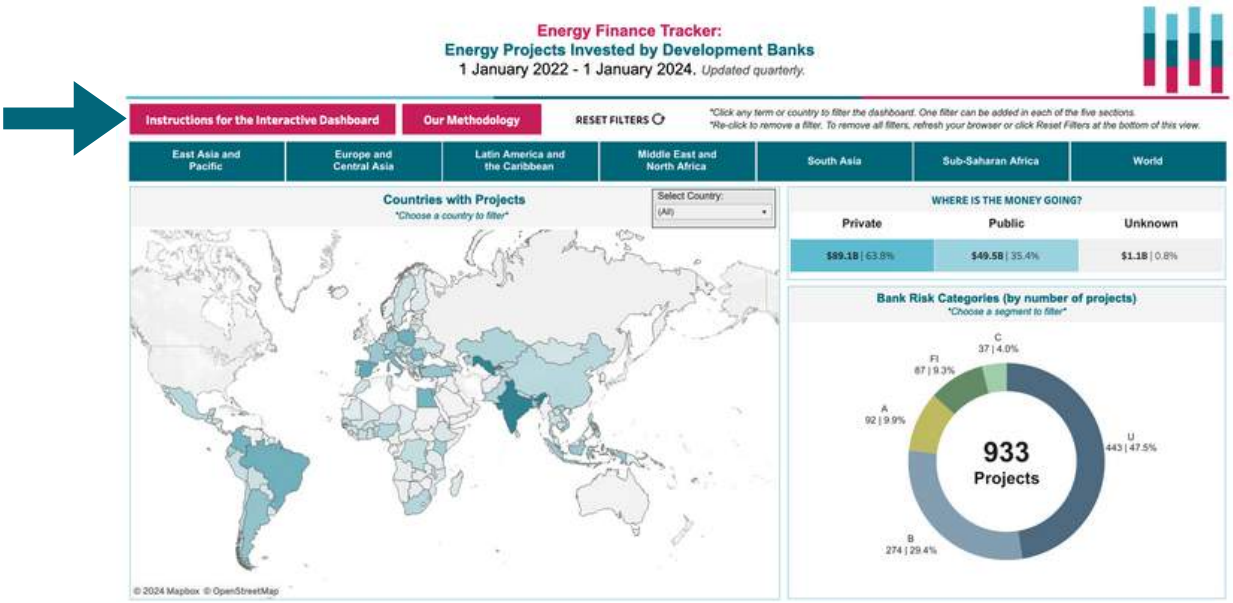
Annex A
How to Use the Energy Finance Tracker

The Energy Finance Tracker (EFT) is an **interactive map** that provides links to project documents, when disclosed by the banks, and facilitates top-level analysis of the investments globally, by region, country, sector, and development bank.

At the top of the page, you can:

> **Explore our methodology** – click on the red button at the top

> **Review instructions on how to navigate the EFT** – click on the left button at the top *(see figure below)*



> **Select the geographical region(s) you want to explore** – if you click on the name of the region in the blue bar, the EFT will show you the number and the characteristics of the projects in that part of the world.

> **Select the specific country of your interest** – by clicking on the little search-bar within the map's frame, or just pressing the country on the map.

> **Select the type of investments, depending on whether the direct recipient of the funds was the Public or the Private sector.**

> **Select the projects by risk category** – if you click on the risk category of your interest in the chart, the EFT will show you all the investments which have been assigned that risk category.

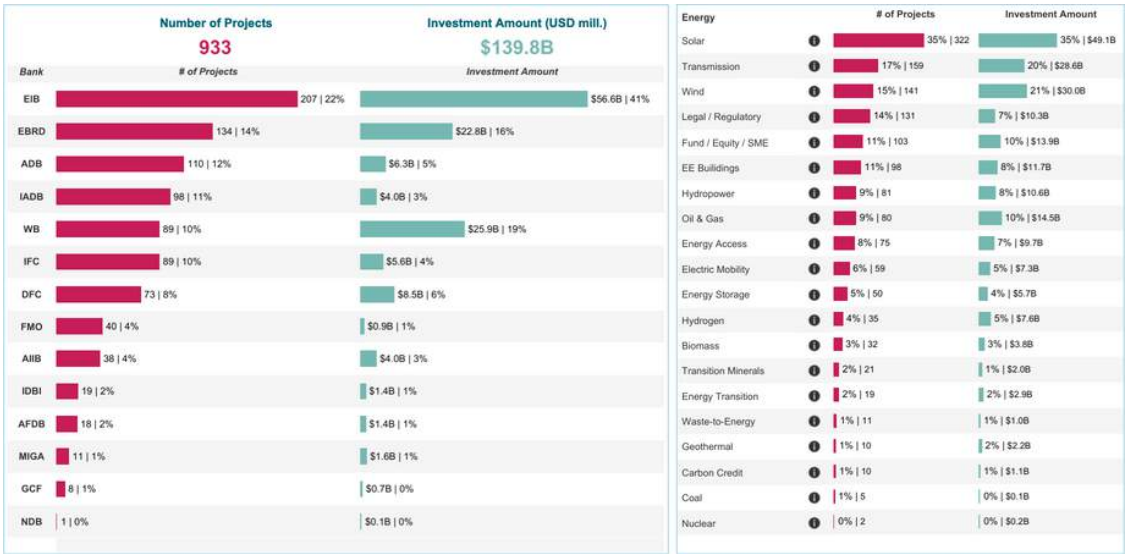
Remember, you can perform these actions at the same time. If you want to see all public investments with risk category A, you just need to click on both these filters, and the EFT will show what you are searching for.

In the central part of the page, you can:

> **Review the development banks investing in the energy sector** – they are listed in order of number of projects (i.e., those with the highest number of projects invested will be at the top of the list); if you click on the red bar next to the name of the banks, the EFT will only show the projects by that bank.

> **Review the investment amounts invested by each development bank** – these are shown by the blue bars in the right part of the left frame; the total is displayed at the top.

> **Select the energy sub-sector of your interest** – if you click on the red or blue bars in the right frame, the EFT will only show the investments in that precise sub-sector (of course, updating all the information and charts accordingly).



At the bottom of the page, you can:

> **Review the projects list** – if you applied any filter, the list will only display the projects with the characteristics you selected above (e.g., country/region, risk category, public/private, bank, sub-sector).

> **Dig deeper into project details** – for each search, there is a project list provided under "Project Details." To access project-specific information and project documents, where disclosed, click on "Project Number" or "Project Name" to be redirected to the Early Warning System "snapshot." A snapshot is a brief summary of key project information, including project sector, approval date, environmental risk category, investment from the banks, financing instrument used, and any relevant parent project.

> **Translate project information** – you can use the Google Translate function on the top right-hand corner to view information in other languages.

Project Number	Project Name	Bank	Bank Risk Rating	Investment Amount (USD millions)	# of Sectors	# of Regions	# of Countries	# of Private Actors
ADB-44439-013	Sikkim Power Sector Development Project	Asian Development Bank (ADB)	B	$148.500	2	1	1	0
ADB-48078-006	Second Power Transmission Enhancement Investment Program (Tr..	Asian Development Bank (ADB)	B	$189.000	1	1	1	0
ADB-49043-003	Sustainable and Inclusive Energy Program (Subprogram 3)	Asian Development Bank (ADB)	C	$500.000	2	1	1	0
ADB-49419-003	Solar Rooftop Investment Program (Tranche 2)	Asian Development Bank (ADB)	FI	$90.500	1	1	1	1
ADB-49419-004	Solar Rooftop Investment Program (Tranche 3)	Asian Development Bank (ADB)	FI	$150.000	1	1	1	0
ADB-49450-030	South Tarawa Renewable Energy Project (Phase 2)	Asian Development Bank (ADB)	B	$36.500	4	1	1	0
ADB-49450-032	Increasing Access to Renewable Energy Project (Additional Financin..	Asian Development Bank (ADB)	B	$7.800	3	1	1	0
ADB-49450-036	Pacific Renewable Energy Investment Facility: Nuku'alofa Network U..	Asian Development Bank (ADB)	B	$7.200	1	1	1	0
ADB-49450-038	Preparing the Pacific Renewable Energy Investment Facility, Phase 3	Asian Development Bank (ADB)	U	$3.500	1	1	2	0
ADB-51131-003	Naulong Integrated Water Resources Development Project	Asian Development Bank (ADB)	A	$5.000	2	1	1	0
ADB-51131-004	Preparing the Naulong Integrated Water Resources Development Pr..	Asian Development Bank (ADB)	U	$0.530	5	1	1	0
ADB-51308-008	Uttarakhand Transmission Strengthening & Distribution Project	Asian Development Bank (ADB)	B	$200.000	2	1	1	2
ADB-51308-009	Tripura Power Distribution Strengthening and Generation Efficiency I..	Asian Development Bank (ADB)	A	$220.000	1	1	1	0
ADB-52282-002	Geothermal Power Generation Project (Additional Financing)	Asian Development Bank (ADB)	C	$10.000	1	1	1	0
ADB-52322-004	Digitize to Decarbonize--Power Transmission Grid Enhancement	Asian Development Bank (ADB)	B	$125.000	3	1	1	1
ADB-53077-001	Gansu Environmentally Sustainable Rural Vitalization and Developm..	Asian Development Bank (ADB)	B	$150.000	3	1	1	0
ADB-53078-001	China, People's Republic of : Shanxi Low-Carbon and Inclusive Rura..	Asian Development Bank (ADB)	B	$160.000	6	1	1	0
ADB-53206-001	AC Energy Wind Power Project	Asian Development Bank (ADB)	B	$40.000	1	1	1	0
ADB-54011-002	Palau : Disaster Resilient Clean Energy Financing - Additional Finan..	Asian Development Bank (ADB)	FI	$5.000	2	1	1	0
ADB-54053-002	Nepal : South Asia Subregional Economic Cooperation Electricity Tr..	Asian Development Bank (ADB)	U	$1.250	3	1	1	0
ADB-54056-002	Uzbekistan: Solar Public-Private Partnership Investment Program - T..	Asian Development Bank (ADB)	U	$10.000	1	1	1	0
ADB-54111-011	Subproject 6: Strengthening Gender Capacity of Pakistan's National ..	Asian Development Bank (ADB)	U	$0.200	3	1	1	0
ADB-54151-003	Palau Public Utilities Corporation Reform Program (Subprogram 2)	Asian Development Bank (ADB)	C	$5.000	4	1	1	0
ADB-54360-001	Renewable Heating Demonstration in Remote Areas	Asian Development Bank (ADB)	U	$2.000	2	1	1	0
ADB-54430-001	Cambodia: Energy Transition Sector Development Program, Subpro..	Asian Development Bank (ADB)	C	$41.200	3	1	1	0
ADB-54448-001	Energy Storage and Green Hydrogen Sector Development Program	Asian Development Bank (ADB)	B	$75.000	1	1	1	0

Lastly:

> **See when the EFT was published, and the last time it was updated.**

> **Share the link to the EFT on social media or by email** – by clicking on the "share" icon in the bottom right corner of the projects list frame.

> **View the EFT in full screen** – by clicking the "full screen" icon in the bottom right corner of the projects list frame.

> **Download the data in the EFT** – in the format you prefer, and according to the filters you selected above.

> **Use this data for further research, advocacy and to inform community-led responses.**

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