

# THE FOSSIL

## FILES

As new President Ajay Banga addresses his first Annual Meetings he faces urgent calls to clean up the World Bank from those suffering the worst climate impacts. From fires, to floods, to heatwaves, people in the Global South are paying the price for the Bank's failure to act.

Outlining its updated strategy for net zero The International Energy Agency warned there is 'no room' for new coal, oil and gas fields or mines if global warming is to be kept to 1.5°C – the target set at the 2016 Paris Agreement. Yet the World Bank has funnelled more than US\$15bn into these projects since signing the treaty.

This has led to the loss of livelihoods, homes and health in countries where the Bank purports to be tackling poverty and promoting development. Compiled by investigative journalists in Argentina, Egypt and Indonesia, our new report illustrates the catastrophic human impact of fossil fuel funding.

**“The only thing it brings to our district is destruction and death,”**

says one resident of Argentina's biggest gas field Vaca Muerta, a project which the World Bank Group supported to the tune of US\$317 million between 2011 and 2021.

Addressing the General Assembly in June, António Guterres, Secretary-General of the United Nations, said the fossil fuel age has failed. “To stand a fighting chance of limiting global temperature rise, we must phase out coal, oil and gas in a fair and equitable way – and massively boost renewables...No more dirty production. No more fake solutions. No more bankrolling climate denial.”

As discussions continue about the role that institutions like the World Bank can play in financing climate action, the focus cannot just be on a bigger Bank, President Banga must act on demands from people across the world calling for a better Bank, including:



Lorena Maripe, Campo Maripe near Vaca Muerta, quoted above

### Phasing out all direct and indirect finance for fossil fuels

Including recognition that gas expansion is not the solution. It can be as polluting as coal; is often at the expense of finance for renewable energy, and gas projects regularly yield profits for big companies overseas without improving energy access.

### Debt cancellation

Especially for countries pushed into the cycle of reliance on fossil fuel investment to repay debt. Projects should not increase debts or lock countries into fossil fuels when they could be shifting to clean, sustainable renewable energy.

### Commit to 1.5°C

Increase ambition and reassess the Bank's Paris Alignment methodology to ensure actions are in line with a pathway keeping global warming to 1.5°C.

### Shifting finance out of fossil fuels

and into sustainable renewable energy and a just transition, to ensure economic and development benefits to communities.

### Ensuring a rights-based, transparent, people-centred, democratic approach

to all investments. Instead of replicating the issues created by fossil fuel projects, projects must protect and promote the rights of marginalised communities.



THE BIG SHIFT

# FOSSIL FILE 1

**COUNTRY:** Argentina**PROJECT:** Vaca Muerta – shale oil and gas reserve located in Argentine Patagonia**WORLD BANK FINANCE:** US\$317 million between 2011 and 2021 and ongoing IFC involvement in projects linked to Vaca Muerta

## IMPACT ON THE GROUND

To extract shale gas or oil from the source, it is necessary to use fracking. Extraction in Vaca Muerta is responsible for water conflicts, waste management problems and seismic activity. It is estimated there are six environmental incidents per day. At least 15 workers have been killed in different accidents since 2017. Fracking requires deep drilling which has severe impacts on both people's health and the environment including pollution, radioactive waste, and tremors which have caused cracks in houses.

It is extremely costly to operate, requiring millions of dollars per well. Therefore, the industry cannot develop without financial assistance. Argentina is a highly-indebted country with 39.2% of the population living in poverty. It is mainly foreign companies that have invested in this project (with significant subsidies) and so the profits also go to these foreign companies.

Argentina has enormous wind and solar resources. Relying on oil and gas extraction which has no future growth prospects will harm the country in the long-term.

## VOICES FROM THE LOCAL COMMUNITY

“We’ve seen the effect, the serious effect [Vaca Muerta] has had on our life, on our culture. Our health has also been affected by air pollution, water pollution. We drink well water and we know the quality is bad; it’s contaminated with all the products that they inject into the wells through fracking. It’s been a constant struggle against the oil companies to stop them from carrying out this action whereby we see the only thing it brings to our district is destruction and death.”

**Lorena Maripe, indigenous community member, Campo Maripe**

“When they started working, we started to hear serious explosions, then tremors. Seismic movements which, when you were sitting, standing still...and after, well, you remain a little traumatised, and the kids too. My house had three bedrooms. Cracks started to show in the walls in various parts. So they suggested that I should leave it.”

**Mabel Panero, member of Sauzal Bonito, a neighbourhood heavily affected by earth tremors caused by fracking. The government demolished her home and she now lives in a prefabricated house given to her by the government.**



“We don’t have drinking water in the town. Here it’s always supplied by trucks from the companies. We’ve had complete summers without having water in the mains, with no pressure or no water at all. We’re in Vaca Muerta, in Añelo, Neuquén province, where they have put in a gas pipeline – the Néstor Kirchner – to Buenos Aires, with a gas pipeline of over a thousand kilometres. Yet the people of Añelo, around 600 families, don’t have gas, so it was a mockery of the people there. And hence the decision of several groups to take to the road to fight for these needs which are basic in a village, like drinking water, electricity and gas.”

**Luis Castillo, local resident from Añelo community**

“And why do we have to suffer the consequences of others lining their pockets? [...] I've read a lot and I've done a lot of research and I know that in other parts of the world work like they are doing here has been banned.”

**Noemi Painemil, resident of Sauzal Bonito**



THE BIG SHIFT

**FOSSIL FILE 2****COUNTRY:** Egypt**PROJECT:** Coal power for the Titan Cement Project, Alexandria

**WORLD BANK FINANCE:** This project was funded by the International Finance Corporation (IFC), the private sector arm of the World Bank Group. The World Bank was one of the first to support coal projects as a source of energy in Egypt by funding coal for the cement industry. IFC funded the fourth coal energy oven for the factory. In 2020, the CAO confirmed the harmful impacts of the factory and the IFC divested from Titan without taking any responsibility for the harm and damage that was caused. Communities are still demanding the Bank redress the damages caused by this project

**IMPACT ON THE GROUND**

A complaint was brought by communities surrounding the factory based on its violation of the environmental and social sustainability standards adopted by the IFC and to which those financed by the IFC must adhere. The Titan Cement Factory was the main reason behind pulmonary ossification disease for the residents of Wady Elamar and Titan factory workers. Additional impacts from this project include cracks in buildings due to the high level of noise. The complaint also referenced violations of the rights of contract workers with regard to wages, benefits, and health and safety.

**VOICES FROM THE LOCAL COMMUNITY**

“Coal is a disaster. [...] We have workers here with pulmonary ossification and others with malignant diseases. The damage will be to the Egyptian people, our future and our economy.”

**Hamid Ika, one of the terminated workers of Titan Cement Factory**

“Enough is enough. We are sick most of the time, coughing in the morning because of this pollution all around.”

**Community member in the vicinity of the factory**

“I wish life could go back to what it used to be, when we would sit on the roof and find clean air and see the sea – but now, dirt is everywhere.”

**Community member in the vicinity of the factory**

“Damn cement. My son and I have a rattling sound in our chests now.”

**Community member in the vicinity of the factory**



THE BIG SHIFT

**FOSSIL FILE 3****COUNTRY:** Indonesia**PROJECT:** Java 9 and 10 in Banten Province, Indonesia are two new coal plants under construction as part of the expansion of an existing coal power plant**WORLD BANK FINANCE:** The Bank's private lending arm the International Finance Corporation (IFC), supported the construction of the new plants at the Suralaya coal complex through a 2019 \$15.36 million equity investment in one of the projects' financiers, Hana Bank Indonesia. Hana provided project finance to Java 9 & 10 in 2020**IMPACT ON THE GROUND**

A formal complaint has been lodged by local and international organisations against the IFC for indirect financing to these coal plants. The complaint calls for construction of Java 9 and 10 to be stopped immediately, and for fair and full redress for harms already suffered.

Farming and fishing in the area are becoming increasingly unviable, families have been forcibly evicted without adequate compensation to make way for the new plants, and the last remaining beach in the area has been destroyed, damaging tourism and local businesses. The air pollution caused by coal dust and toxic waste is leading to respiratory problems. The complaint also argues that construction of new coal plants is unnecessary in the region, where electricity supply already exceeds demand.

**VOICES FROM THE LOCAL COMMUNITY** \*Anonymity has been exercised to protect communities

"The Suralaya coal plant has many units from 1 to 8 and now it has increased with 9 and 10 for the new construction. If the development of Java 9 and 10 continues it will create a lot of problems related to health, the economy of the community and also to the impact of the environment."

"There is no life in the sea here, it is difficult to look for fish, they can't be sold because the coral reefs are in ruins."

"One thing that I have found in my work is that the public are aware of the impact of the activities of the coal plants. The former governor of Jakarta stated that the dust that was blown through the air. The flight distance was about 32 km."

"At the time of the eviction there were 120 houses that were evicted, in the beginning they promised thousands of jobs for local workers. There were only two people there out of 120 other people. Only two people got jobs."

"We can't stop this development individually, but we will be aware of the impact and danger of Java 9 and 10, we can do it together."

"If we can stop the construction of the coal plants, we can switch to clean, environmentally friendly energy. Those of us aware of the impact and dangers of coal-fired power plants, must work together for the sustainability of our lives and the sustainability of our children and grandchildren."

