5 October 2021

ATTN:
The Hon. Josh Frydenberg, MP
Treasurer

CC:
The Hon. Michael Sukkar, MP
Assistant Treasurer
The Hon. Sussan Ley, MP
Minister for the Environment
The Hon. Angus Taylor, MP
Minister for Energy and Emissions Reduction
Dr Jim Chalmers, MP
Shadow Treasurer
The Hon. Chris Bowen, MP
Shadow Minister for Climate Change and Energy

Delivered via email

Re: Asian Development Bank energy policy review

Dear Minister Frydenberg,

As the Asian Development Bank (ADB) circulates the final version of the proposed new energy policy to the Board of Directors on 29 September 2021, we write as representatives of Australian civil society organisations to urge you to support the ADB’s transition away from financing and supporting all fossil fuel related and other resource intensive projects.

We are deeply concerned about reports that Australia is pushing for the ADB to continue to support coal and gas related projects in the negotiation of the ADB’s new energy policy.

By continuing to support the ADB’s involvement in new fossil fuel projects, Australia is undermining the Paris Agreement goal of limiting global warming to 1.5 degrees Celsius\(^1\) and blocking progress on climate action on the international stage, which is out of step with peer governments.

Climate-induced extreme weather events like cyclones, bushfires, floods, and drought are having devastating impacts on communities and the environment, including Australia. As the climate crisis accelerates, existing inequalities are being exacerbated, and excluded and marginalised communities are being impacted disproportionately. This includes people living in poverty, women and girls, people

with disabilities, children and young people, First Nations Peoples, farmers, food producers, and LGBTIQA+ communities.

The Sixth Assessment Report released by the Intergovernmental Panel on Climate Change (IPCC) in August 2021, highlights the need for urgent action on a global scale to reach the Paris Agreement goals and to stop the climate crisis from accelerating.\(^2\) The UN Secretary General, Antonio Guterres called this report a “code red for humanity” and emphasised the need for decisive action now to “avert a climate catastrophe.”\(^3\) In a speech in May 2021, Guterres also called on multilateral development banks like the ADB to stop financing fossil fuels, stating “we can no longer afford big fossil fuel infrastructure anywhere.”\(^4\)

Globally, governments and institutions are making strong commitments to cease the financing and support of all fossil fuel related projects abroad. The US,\(^5\) UK,\(^6\) and the EU,\(^7\) have committed to stop financing fossil fuels abroad. At the end of September at the UN General Assembly, China also announced it would not finance any new coal projects abroad.\(^8\) The European Investment Bank has committed to end financing of coal, oil, and gas projects by the end of 2021.\(^9\) Australia’s current position is undermining this global effort and does not align with the global consensus on the need for urgent climate action.

As you are aware, Australia has notable influence on the governance and operations of the ADB. Our country is a founding member and sits on the ADB’s Board of Directors, with the Director, Anthony McDonald and Alternate Director, David Cavanough, representing Australia and ten other ADB member countries.\(^10\) Out of 68 regional and non-regional members, Australia is the fifth largest shareholder\(^11\) and fourth in terms of its voting power, with 4.9% of the shares.\(^12\) As of 31 December 2020, Australia had provided $8.85\(^13\) billion in capital subscriptions to the ADB.\(^14\)

\(^2\) Intergovernmental Panel on Climate Change, Climate change widespread, rapid, and intensifying - IPCC, https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/, 9 August 2021.
\(^4\) As above.
\(^13\) All figures quoted in this letter are USD.
\(^14\) As above.
Asia is one of the regions most at risk from the impacts of the climate crisis. Yet the ADB is the second largest multilateral institution funding fossil fuels in the region. The ADB has spent approximately $10 billion on fossil fuel projects since its 2009 energy policy was released, and over $4.7 billion on gas since the adoption of the Paris Agreement.

Our organisations welcome the ADB’s exclusion of financing for all coal-related projects and gas extraction from its energy policy working paper, published on 16 August 2021. We urge Australia to support this, and to ensure that the ADB’s final energy policy includes a clear plan for supporting the rapid phase out of all existing coal.

We also urge Australia to advocate for the ADB’s final energy policy to go beyond exclusion of gas extraction to all gas-related projects. Furthermore, it is important that Australia supports the closure of all loopholes around the gas extraction exclusion, to ensure that the ADB does not facilitate this, for example by financing any related trade, transport, burning, and infrastructure.

The ADB’s Energy Policy review is an opportunity for Australia to provide global leadership in ensuring the institution’s policies align and support the goals of the Paris Agreement, rather than undermine them. For Australia to support the ADB to achieve its vision of a prosperous, inclusive, resilient, and sustainable Asia and Pacific, it is vital that Australia advocates for the ADB to implement robust policies that facilitate the withdrawal of financing and support for all coal, oil, and gas related projects. The ADB must provide grants and direct finance mechanisms for Developing Member Country governments to own and operate integrated renewable energy systems and exclude energy sector reform finance and technical assistance programs which require, encourage, or lead to the liberalisation, unbundling, and privatisation of electricity systems. Further, biomass sourced at volume from natural forests and plantations should not form part of any renewable energy projects the ADB supports, as it is problematic for the climate, biodiversity, and local communities’ rights.

Our organisations stress the importance of the ADB’s exclusion of support of gas-related projects in its final energy policy. Gas is not a transition fuel. Emissions arising from gas are often severely underreported - when the actual emissions from gas are taken into account, the alleged climate benefit of gas often disappears. In addition, research by Carbon Brief shows that gas has played a larger role in increasing global emissions than coal in every year between 2013 and 2019.

The lifespan of existing coal and gas projects is 25 to 30 years. Any infrastructure investment related to coal, oil, and gas locks in long-term financial and environmental destruction. It derailed the global community from the inevitable renewable energy transition in the near term as prescribed by Pathway 1 of the Paris Agreement. The ADB must end all financing and support of fossil fuels to help the region make a just and equitable low-carbon transition that includes workers as a key party in all steps. We strongly urge Australia to use its influence to support this position.

Our organisations would appreciate a response to this letter so we can report back to our supporters about this matter. Please direct all correspondence to katherine.tu@actionaid.org and dina@jubileeaustralia.org.

Signed,

ActionAid Australia
Jubilee Research Centre Australia
350.org
Aid/Watch
The Australian Conservation Foundation
Australian Forests and Climate Alliance
Australian Religious Response to Climate Change
Australian Youth Climate Coalition
Bushfire Survivors for Climate Action
Caritas Australia
Climate Action Monaro
Climate Action Moreland
Climate Action Network Australia
Climate and Health Alliance
Climate Change Balmain-Rozelle
Comms Declare
Conservation Council of Western Australia
Doctors for the Environment Australia
Edmund Rice Centre
Environment Centre NT
Forests, Climate and Biomass Energy Working Group, Environmental Paper Network International
Friends of the Earth Australia
GetUp
Greenpeace Asia Pacific
Nature Conservation Council of NSW
Neighbours United for Climate Action
Outdoors People for Climate
Oxfam Australia
ParraCan
Plan International Australia
Public Services International
Save the Children
U Ethical
Union Aid Abroad-APHEDA
Uniting Church in Australia, Synod of Victoria and Tasmania
Union Aid Abroad APHEDA
The global justice organisation of the Australian union movement

Uniting Church in Australia
SYNOD OF VICTORIA AND TASMANIA