

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<sup>1</sup> 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

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<sup>1</sup> International Energy Agency, *Net Zero by 2050 - Analysis and key findings*, <https://www.iea.org/reports/net-zero-by-2050>, May 2021.

with disabilities, children and young people, First Nations Peoples, farmers, food producers, and LGBTIQ+ 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.<sup>2</sup> 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.”<sup>3</sup> 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.”<sup>4</sup>

Globally, governments and institutions are making strong commitments to cease the financing and support of all fossil fuel related projects abroad. The US,<sup>5</sup> UK,<sup>6</sup> and the EU,<sup>7</sup> 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.<sup>8</sup> The European Investment Bank has committed to end financing of coal, oil, and gas projects by the end of 2021.<sup>9</sup> 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.<sup>10</sup> Out of 68 regional and non-regional members, Australia is the fifth largest shareholder<sup>11</sup> and fourth in terms of its voting power, with 4.9% of the shares.<sup>12</sup> As of 31 December 2020, Australia had provided \$8.85<sup>13</sup> billion in capital subscriptions to the ADB.<sup>14</sup>

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<sup>2</sup> 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.

<sup>3</sup> United Nations, *Secretary-General’s statement on the IPCC Working Group 1 Report on the Physical Science Basis of the Sixth Assessment*, <https://www.un.org/sg/en/content/secretary-generals-statement-the-ipcc-working-group-1-report-the-physical-science-basis-of-the-sixth-assessment>, 9 August 2021.

<sup>4</sup> As above.

<sup>5</sup> The White House, *Executive Order on Tackling the Climate Crisis at Home and Abroad*, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>, 27 January 2021.

<sup>6</sup> Gov.uk, *PM announces the UK will end support for fossil fuel sector overseas*, <https://www.gov.uk/government/news/pm-announces-the-uk-will-end-support-for-fossil-fuel-sector-overseas>, 12 December 2020.

<sup>7</sup> European Council, *Council adopts conclusions on climate and energy diplomacy*, <https://www.consilium.europa.eu/en/press/press-releases/2021/01/25/council-adopts-conclusions-on-climate-and-energy-diplomacy/>, 25 January 2021.

<sup>8</sup> Reuters, *In climate pledge, Xi says China will not build new coal-power projects abroad*, <https://www.reuters.com/world/china/xi-says-china-aims-provide-2-blm-vaccine-doses-by-year-end-2021-09-21/>, 23 September 2021.

<sup>9</sup> European Investment Bank, *EU Bank launches ambitious new climate strategy and Energy Lending Policy*, <https://www.eib.org/en/press/all/2019-313-eu-bank-launches-ambitious-new-climate-strategy-and-energy-lending-policy>, 14 November 2019.

<sup>10</sup> Asian Development Bank, *Board of Directors*, <https://www.adb.org/who-we-are/organization/board-directors>.

<sup>11</sup> Asian Development Bank, *Member Fact Sheet: Australia*, <https://www.adb.org/sites/default/files/publication/27750/aus-2020.pdf>, May 2021.

<sup>12</sup> Asian Development Bank, *Annual Report 2020: Members, Capital Stock, and Voting Power*, <https://data.adb.org/media/7886/download>, 31 December 2020.

<sup>13</sup> All figures quoted in this letter are USD.

<sup>14</sup> 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.<sup>15</sup> The ADB has spent approximately \$10 billion on fossil fuel projects since its 2009 energy policy was released,<sup>16</sup> and over \$4.7 billion on gas since the adoption of the Paris Agreement.<sup>17</sup>

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.<sup>18</sup> 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.<sup>19</sup>

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 derails 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.

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<sup>15</sup> Oil Change International, *Sowing the Seeds of Climate Chaos: The Asian Development Bank's Support for Gas*, <http://priceofoil.org/2021/05/03/sowing-the-seeds-of-climate-chaos-the-asian-development-banks-support-for-gas/>, 3 May 2021.

<sup>16</sup> Fossil Free ADB, *Public Letter: 36 organizations send letter to President calling for action*, <https://fossilfreeadb.org/2021/03/03/public-letter-26-organizations-send-public-letter-to-the-ADB-president/>, 3 March 2021.

<sup>17</sup> Oil Change International, *Sowing the Seeds of Climate Chaos: The Asian Development Bank's Support for Gas*, <http://priceofoil.org/2021/05/03/sowing-the-seeds-of-climate-chaos-the-asian-development-banks-support-for-gas/>, 3 May 2021.

<sup>18</sup> Climate Council, *Passing Gas: Why Renewables are the Future*, [https://www.climatecouncil.org.au/wp-content/uploads/2020/12/FINAL-CC\\_MVSA0245-CC-Report-Gas\\_V5-FA\\_Low\\_Res\\_Single\\_Pages.pdf](https://www.climatecouncil.org.au/wp-content/uploads/2020/12/FINAL-CC_MVSA0245-CC-Report-Gas_V5-FA_Low_Res_Single_Pages.pdf), 2020.

<sup>19</sup> Carbon Brief, *Analysis: Global fossil-fuel emissions up 0.6% in 2019 due to China*, <https://www.carbonbrief.org/analysis-global-fossil-fuel-emissions-up-zero-point-six-per-cent-in-2019-due-to-china>, 4 December 2019.

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](mailto:katherine.tu@actionaid.org) and [dina@jubileeaustralia.org](mailto: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

act:onaid



350 Australia



Bushfire Survivors for Climate Action



CLIMATE ACTION NETWORK AUSTRALIA



CLIMATE AND HEALTH ALLIANCE



climate Change Balmain-Rozelle



Conservation Council of Western Australia ccwa Look forward



Doctors for the Environment Australia



Edmund Rice Centre Awareness. Advocacy. Action.

Environment Centre NT protecting nature | living sustainably | creating a climate for change



Environmental Paper Network



GREENPEACE



Nature Conservation Council The voice for nature in NSW



NUCA NEIGHBOURS UNITED FOR CLIMATE ACTION



Outdoors People for Climate



OXFAM Australia



The charity for girls' equality



Union Aid Abroad APHEDA  
The global justice organisation of the Australian union movement

