World Bank Directors urged to intervene in Guyana’s oil development over conflict of interest

Bank accused of bad governance in Guyana’s oil & gas development assistance
Funding for offshore drilling against Paris Agreement
Urgewald urges Executive Directors to launch independent investigation

Washington D.C. | April 16th 2020
Shortly before the World Bank holds its digital Spring Meeting, the NGO Urgewald and partner civil society organizations have sent a letter to Executive Directors to express concerns with the bank’s involvement in Guyana’s oil & gas development. The World Bank Group has recently provided Guyana with over US$ 50 million in public assistance largely aimed at facilitating oil development, following one of the most significant oil & gas discoveries of recent history.

World Bank funds ExxonMobil’s go-to law firm
Part of the Bank’s funds have been used to hire multiple contractors linked to ExxonMobil, the leading developer of Guyana’s giant Stabroek offshore oil block. It was recently revealed that ExxonMobil’s law firm of 40 years, Hunton Andrews Kurth, was hired under the World Bank operation for US$1.2 million to draft new petroleum laws, covering tax regime, production sharing contracts, and environmental regulations. [2]

Business magazine Corporate Counsel recently quoted Philip Nichols, Professor of Legal Studies & Business Ethics at the University of Pennsylvania, calling the conflict of interest in this case “obvious”, adding: “The bottom line is that this law firm’s revenue is probably far more dependent on the oil company than on the poor country that is writing laws to manage extraction of oil.” [3]

Executive Directors urged to intervene
Urgewald’s research has found several cases of conflict of interest in the bank’s hiring and funding of independent contractors [4]. In a letter sent in late March 2020, Urgewald urged Executive Directors to halt the World Bank’s disbursement of funds and require an independent investigation.

Items of concern raised in Urgewald’s letter to Executive Directors of the World Bank:
Multiple ExxonMobil-linked contractors have been hired to draft Guyana’s new petroleum laws. At least two contractors cleared by the World Bank should have been disqualified due to Conflict of Interests.

The World Bank is in violation of World Bank Procurement Regulations to protect against Conflict of Interest and contract disclosure requirements.

The oil contractor hired to re-draft the new Local Content Policy reduced transparency and accountability.

Activities carried out under the World Bank project are undermining good governance in Guyana.

Activities funded by World Bank public assistance are facilitating the significant expansion of upstream oil operations and thus undermine the goals of the Paris Climate Agreement.

“The World Bank has gone off the rails. It’s the oil companies that are benefitting from the bank’s assistance, not the people of Guyana. Funding Exxon Mobil’s go-to law firm to revise Guyana’s petroleum laws poses a blatant conflict of interest which has to be investigated. We are calling on the World Bank to refrain from such climate-damaging consultations and to give Guyana a sustainable perspective beyond oil and gas,” says Ute Koczy, Finance Campaigner at Urgewald.

The full letter to Executive Directors can be found here: https://urgewald.org/sites/default/files/media-files/Guyana-Letter-Worldbank.pdf

For more information about the World Bank’s involvement in Guyana’s oil development, please read: https://urgewald.org/medien/world-bank-paves-way-carbon-bomb-drilling-project-guyana

Notes:


Contact:

Jacey Bingler, Communications Manager at Urgewald | jacey@urgewald.org  
+ 49 175 521 7571

Ute Koczy, Finance Campaigner at Urgewald | ute.koczy@urgewald.org  
+49 2583/30492-0