

Press Release

World Bank paves the way for carbon bomb drilling project in Guyana

Deep sea drilling near Guyana one of the biggest oil projects of our time
World Bank providing millions to oil development in Guyana
Court gave green light to oil companies ExxonMobil, Hess and CNOOC

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The High Court in Guyana just ruled that the oil companies ExxonMobil, Hess and CNOOC can continue their drilling 120 miles off the Coast of Guyana under one petroleum license. All three are now subject to additional potential liability from any environmental damage caused by petroleum operations in the Liza Phase 1 field.

World Bank supports carbon bomb project that endangers entire Caribbean

The oil field off the coast of Guyana is one of the largest crude discoveries of recent years. **13.6 billion barrels of oil** and **32 trillion cubic feet of natural gas** could potentially be drilled by oil companies. If all were exploited and burnt, the resulting emission could get close to **860 million tons of CO2 from oil and 1.7 billion tons from natural gas** [1][2]. Even if only half of the fossil reserves in the Stabroek block were burnt, the resulting emission would still surpass **1 billion tons of CO2**.

On top of the detrimental effect on the global climate, a potential oil accident **would cause severe damages to the entire Caribbean**. A major spill would seriously damage, for example, the Caribbean eco-tourism sector, which is worth US\$ 16 billion annually and creates 650,000 jobs [3]. Exxon itself was responsible for one of the biggest oil spills in history – the Exxon Valdez in which 11million gallons of crude oil devastated the pristine Alaskan coast in 1989.

One major sponsor of the undertaking is the World Bank, which has recently provided Guyana with **over US\$ 50 million in public assistance** largely aimed at facilitating oil development. Both the World Bank's involvement as well as the High Court's decision ignore environmental concerns and would allow the oil companies to massively increase Guyana's climate footprint. The South-American country is smaller than the State of Idaho and has a total population of 780,000. The drilling would transform Guyana from a carbon sink with negative CO2-emissions - thanks to its dense rainforests - to a country with the highest per capita emissions in the world.

Court gives green light, drilling to continue in one of the largest oil finds in recent history

Guyanese law requires companies to obtain an environmental permit before being able to apply for a petroleum licence. While ExxonMobil's subsidiary Esso has an environmental permit, Hess and CNOOC do not. Ramon Gaskin, a public interest litigant supported by the Guyanese campaign Fair Deal, filed a lawsuit arguing that the petroleum production licence should be cancelled because Hess and CNOOC did not have the necessary environmental permits - drilling would then have to stop.

On February 12th, the judge sided with the oil companies, stating that an environmental permit can be granted on a project basis, giving all three of the involved oil companies the green light to continue drilling. Gaskin's lawyers have already filed his appeal.

The court's decision was made **three weeks before the Guyanese government faces re-elections as a result of a vote of no confidence** and just a few weeks after a Global Witness Report claimed that Guyana would get US\$ 168 billion from oil.

The World Bank's role in helping exploit Guyana's oil reserves

Up until oil was discovered, the World Bank provided very limited public assistance to Guyana – only about \$70 million over the last decade. This greatly changed in December 2017 when the Government of Guyana announced that its Oil and Gas Development Program would be jointly funded by the World Bank and Inter-American Development Bank (IDB).[4] For the World Bank's part, **\$35 million** in general budget support was provided in June 2018 followed by **\$20 million** in March 2019 for the **Petroleum Resource Governance and Management Project**. [5]

A large focus of the Bank's petroleum management project is to increase oil investments, including meetings between government officials and oil industry executives to discuss a new legal framework. The initial focus of the Bank's procurement plan was on multiple consulting services aimed at advancing Exxon's Liza Phase 1 first oil.[6] With the World Bank's assistance to the interim Guyanese government, Exxon was able to produce first oil three months ahead of schedule and before a new government could be voted into office in March.

“The World Bank's public assistance to upstream oil development in Guyana is a blatant contradiction to Guyana's climate change priorities and the Bank's commitment to the Paris Climate Agreement. There are no best practices when it comes to new upstream oil development if we are to remain under 2 degrees warming. This is why the World Bank pledged not to finance any upstream oil or gas after 2019. I am perplexed by the World Bank's disregard for their own warning: ‘Without urgent action, climate change impacts could push an additional 100 million people into poverty by 2030.’” says Heike Mainhardt, Senior Advisor for multilateral financial institutions at Urgewald.

Urging World Bank shareholders to step in

“Guyana's development aim has been to have 100% renewable energy by 2025 - it's outrageous that the World Bank is now pushing Guyana to become **one of the biggest greenhouse gas emitters of all time**. We are glad that Germany withheld its approval for this project. We are calling on all remaining shareholders of the World Bank to take a closer look at Guyana's case. This devastating **public assistance to oil has to be stopped** before it irretrievably damages Guyana, the

Caribbean and the global climate system,” says Ute Koczy, Finance Campaigner at Urgewald.

Notes:

[1] Stanford University, Measuring crude oil's carbon footprint, August 2018
<https://earth.stanford.edu/news/measuring-crude-oils-carbon-footprint#gs.wup3xt>

[2] U.S. Energy Information Administration, How much carbon dioxide is produced when different fuels are burned?, June 4 2019
<https://www.eia.gov/tools/faqs/faq.php?id=73&t=11>

[3] Inter-American Development Bank, The Ecotourism Industry in the Caribbean, October 2014 <https://publications.iadb.org/publications/english/document/The-Ecotourism-Industry-in-the-Caribbean-A-Value-Chain-Analysis.pdf>

[4] *OilNOW*, 2017. IDB/IDA begins funding Guyana O&G development programme. December 1, 2017. Available at: <https://oilnow.gy/featured/idbida-begins-funding-guyana-og-development-programme/>

[5] \$1.6 million of which was advanced in July 2018 before Executive Board approval

[6] See the World Bank's procurement plan for the Petroleum Resource Governance and Management Project. Available at: <http://documents.worldbank.org/curated/en/279981574093694224/pdf/Guyana-LATIN-AMERICA-AND-CARIBBEAN-P166730-Guyana-Petroleum-Resources-Governance-and-Management-Project-Procurement-Plan.pdf>

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