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Trading with Our Future

IFC Trade Finance Commitments for Fossil Fuels

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Executive Summary

In FY2023, the IFC committed **$16.1 billion to its trade finance programs, with 29% of that amount, or $4.7 billion**, estimated to go towards fossil fuel projects. In comparison to FY2022, this is an increase of 17% in total trade finance and 28% in fossil fuel commitments. The IFC operates nine trade finance programs, including the Global Trade Finance Program (GTFP) and the Global Trade Supplier Finance (GTSF). As we already highlighted in our analysis from last year, transparency still remains an issue across all programs. The exact nature of the financed goods and businesses, especially those tied to fossil fuels, remains unclear. Despite calls for greater transparency, it is difficult to assess how much of the funding is aligned with the World Bank Group's goal to end poverty on a livable planet.

The IDA Private Sector Window (PSW), which aims to catalyze private sector investments in high-risk IDA countries, also supports trade finance. However, the lack of detailed reporting raises concerns about whether PSW funds are adequately monitored, particularly in relation to fossil fuel projects. Around **24% of PSW approvals between FY2020 and FY2024 were directed toward trade finance**, yet many of these projects lack information on their development impact or environmental effects. Based on our findings about the IFC's total trade finance portfolio, it is likely to assume that the trade finance commitments from the IDA PSW are invested in fossil fuels as well. Our recommendations:

1. Add coal, oil, and gas on the IFC exclusion list.

2. Audit all trade finance programs with regard to their fossil fuel commitments on country level.

3. Publicly disclose complete and consistent information for all trade and supply chain finance, including financial intermediaries, trading firms, projects, and traded goods.

Introduction

Trade finance is an umbrella term for short-term financing meant to make trade transactions faster and easier. In many cases, trade would not be feasible without trade finance. It includes a variety of financing instruments that can act as guarantees or short-term loans. When the International Finance Corporation (IFC), the private sector arm of the World Bank Group (WBG), acts as a guarantor for trade transactions, it hands out guarantees to pre-approved confirming banks within 48 hours.
The confirming bank can then provide capital for a trade transaction while bearing limited or no risk itself in case of payment default. The list of pre-approved confirming banks[1] includes many that are still evidently investing in coal, oil, and gas like Santander or Standard Chartered.[2] Trade finance loans are used to provide liquidity for cash flows, to pay for supplies and services to produce the goods or to pay for their import. Loans are usually short-term, while IFC trade guarantees typically last up to three years and can be used for multiple transactions. In short, trade finance allows exporters and importers to support and grow their businesses without putting much of their own money on the line.

Since 2019, the IFC has doubled its trade finance commitments. From FY2019 to FY2023 the IFC has invested over $60 billion through trade finance, with a majority of these investments in low- and middle-income countries. The IFC claims that higher investments in trade finance are meant to counteract the decreasing trade flows the COVID-19 pandemic caused in low-income countries. However, this reasoning alone cannot explain the 95.8% increase in trade finance from pre-COVID-19 times in FY2019 to FY2023. It also cannot explain the 17.2% increase from FY2022 to FY2023 (Table 1), at a time when the pandemic's most severe effects on global trade have been overcome.[3]

[1] https://www.ifc.org/content/dam/ifc/doc/2023/gtfp-confirming-banks.pdf

[2] https://www.bankingonclimatechaos.org/?bank=Santander#fulldata-panel, https://investinginclimatechaos.org/data

[3] https://www.oecd-ilibrary.org/trade/challenges-to-international-trade-and-the-global-economy_5c561274-en

Table 1: IFC trade finance commitments in USD million						
FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
8,668	9,865	8,221	10,291	12,544	13,738	16,094
Annual change in trade finance commitments in percentage						
-	13.8%	-16.7%	25.2%	21.9%	9.5%	17.2%
Share of trade finance in IFC own account in percentage						
47%	52%	56%	58%	61%	62%	58%

Source: IFC Annual Report FY2023, IFC disclosure website and Urgewald (2023)[4]

Despite the increasing role of trade finance in the IFC's budget over recent years, the program remains largely non-transparent when it comes to the specific businesses, goods and services it supports. In many instances, even World Bank Group shareholders, including governments, are unaware if taxpayer money is being used to back environmentally harmful fossil fuel projects, raising concerns about how public funds are allocated without sufficient oversight. Moreover, the fact that coal, oil, and gas are not on the IFC's exclusion list[5] makes them eligible for financing, further heightening the risk that public funds could support unsustainable industries.

As shown in Table 1, the share of trade-related transactions in the IFC's portfolio steadily increased from FY2017 to FY2022, only seeing a slight decrease in FY2023. However, this decline is primarily due to the overall growth in IFC expenditures, which rose by $5.8 billion in FY2023, and highlights a clear shift of priorities toward more trade finance.

Given that over **$16.1 billion or 58% of the IFC's own account in FY2023 was dedicated to trade finance**, (Figure 1) greater transparency regarding the use of such investments is sorely needed. The eligibility of oil, gas, and coal for financing further raises questions whether taxpayer money is truly being used to end poverty in a sustainable way — especially if such progress is inevitably linked to keeping the planet livable, in large part by phasing out fossil fuels.

IFC commitments in FY2023
(in USD million)

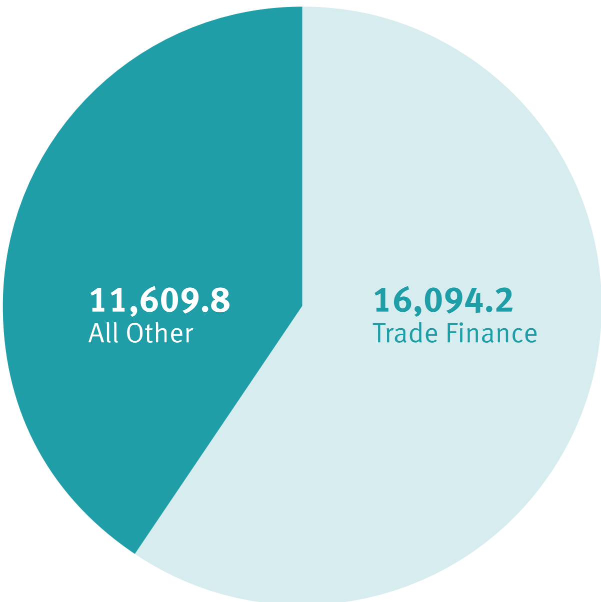


Figure 1: IFC commitments in FY2023 (in USD million)
Source: IFC annual Report FY2023 and IFC disclosure website

[4] https://www.urgewald.org/sites/default/files/media-files/urgewald%20-%20Briefing%20-%20World%20Bank%20and%20Trade%20Finance.pdf
[5] https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/ifc-exclusion-list-2007

Methodology: Estimating Fossil Fuel Commitments in IFC's Trade Finance Portfolio

Every country in the world relies on trade finance to facilitate the import or export of oil, gas, coal, and petrochemicals (such as raw materials for fertilizers and plastics). Additionally, to develop new coal, oil, or gas fields, or to construct thermal power plants or refineries, countries must import vast amounts of machinery, construction elements, and other essential materials. The fossil fuel industry systematically depends on trillions of US dollars in trade finance. In 2021 alone, fuel exports hit a record $2.6 trillion.[6]

As previously highlighted[7], the question is not whether IFC invests in fossil fuels through trade finance, but how much. The purpose of this report is to follow up on our findings of $3.7 billion for fossil fuels in IFC's trade finance commitments in FY2022. Most of the trade-related projects cannot be allocated towards one investment. Therefore, in our estimations we are obliged to use the most up-to-date information that is publicly available to estimate the share of trade finance that goes to fossil fuels.

Since our first report on IFC's trade finance commitments to fossil fuels, no progress has been made in the information disclosure of the IFC. Due to the lack of transparency and inconsistent reporting, we use the same historic data for the share of oil and gas in the FY2023 portfolio as before. The data we use to estimate the share of oil and gas shares in trade finance is taken from the Independent Evaluation Group's (IEG) assessment of the Global Trade Finance Program (GTFP) from 2006 to 2012[8]. The IEG's assessment provides a sectoral distribution of commitments within the GTFP that include oil and gas on regional level and allow us to estimate the shares of fossil fuel investments in a given region.

According to the IEG assessment, oil and gas accounted for 18 percent in the GTFP portfolio on average. The regional distribution in the IEG report reveals that in Africa, oil and gas averaged 50%, in the Middle East and North Africa – 28%, in Europe and Central Asia – 14%, in East Asia and the Pacific – 6 %, in South Asia – 15%, and in Latin America and the Caribbean – 3%. The rates in the IEG report remain valid as no changes have been made to trade transaction eligibility for IFC coverage since the IEG evaluation in 2013, which means that all oil- and gas-related trade transactions are eligible.

In the estimation of the fossil fuel share in IFC trade finance commitments, we used direct project information wherever possible. If a project was only invested in oil and gas, the total amount of the commitment was included in the estimation. Conversely, if a project could be ruled out from fossil fuels, it was excluded from the estimations. For projects with no clear sectoral allocation of the investment, the IEG sectoral assessment was applied.

For 17 projects in the estimation, IFC states that no activities in upstream oil and gas production will be supported. However, this only covers the production of oil and gas and does not apply to any other fossil fuel involvements. Especially for trade-related investments, the transport of oil and gas is important, which is categorized as a midstream activity.[9] IFC's wording also means that oil- and gas-related products like transmission lines or machinery are not excluded from the commitments. Furthermore, in IFC's definition of climate smart trade, old fossil fuel-based technology can be replaced by lower-emission fossil fuels. For example, gas investments are reported as sustainable if they replace higher-emitting coal technology[10]. Therefore, the 17 projects that exclude upstream oil and gas activities remain within our estimations.

Applying the above methodology, we estimate that **$4.7 billion of IFC's trade finance commitments went into oil and gas in FY2023.** This number is in sharp contrast to the needs of a world grappling with a runaway climate crisis. It also represents a **28% increase in oil and gas commitments in trade finance compared to FY2022.** The estimations show that **almost one-third of the IFC's trade finance goes into oil and gas**, undermining the WBG's goal to end poverty on a livable planet (Figure 2).

[6] https://www.wto.org/english/res_e/booksp_e/wtsr_2022_c2_e.pdf

[7] https://www.urgewald.org/sites/default/files/media-files/urgewald%20-%20Briefing%20-%20World%20Bank%20and%20Trade%20Finance.pdf

[8] https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/GTFP_eval.pdf

[9] https://gogel.org/about-data

[10] https://www.ifc.org/content/dam/ifc/doclink/2024/sustainable-trade-finance-reference-note.pdf

Estimated oil and gas commitments within IFC's trade finance FY2023

(in USD million)

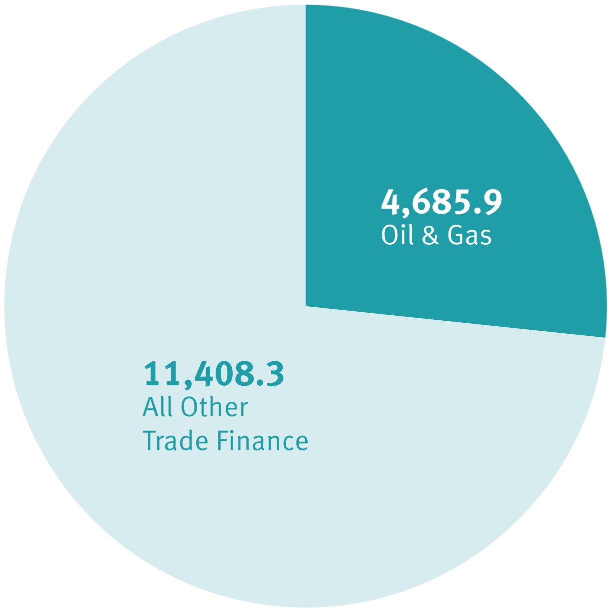


Figure 2: Oil and gas commitments within IFC's all other trade finance

Source: IFC Annual Report FY2023 and IFC disclosure website

IFC Trade Finance Programs

The IFC organizes its trade finance commitments in nine different programs. However, only two of these nine programs are included in the IFC annual report,[11] namely the Global Trade Finance Program (GTFP) and the Global Trade Supplier Finance (GTSF) Program. Moreover, the commitments within the GTFP and the GTSF are only reported on the aggregate level. Fortunately, the commitments of GTSF for FY2023 are listed on the program website[12], which enables us to trace GTFP investments respectively For the seven remaining programs, the Global Trade Liquidity Program (GTLP), the Critical Commodities Finance Program (CCFP), the Risk Sharing Facility (RSF), the Working Capital Systemic Solutions (WCS), the Structured Trade & Commodity Finance (STCF), the Global Warehouse Finance Program (GWFP), and the Global Supply Chain Finance (GSCF), we collected project information through the IFC disclosure website.[13]

Table 2 depicts the commitments of the nine trade finance programs and the estimated amounts that go into oil and gas. It shows that the GTFP is by far the largest IFC trade finance program and accounts for over 55%, of which $3.7 billion go into the funding of oil and gas. In four trade finance programs, no commitments could be found or no use of funds for fossil fuels could be confirmed. Further, Tables A1–A5 (see Appendix) show that with $7 billion, the majority of all trade finance commitments go to Sub-Saharan African countries, of which over $3.5 billion are estimated to finance oil and gas.

[11] https://www.ifc.org/content/dam/ifc/doc/2023/ifc-annual-report-2023-building-a-better-future.pdf

[12] https://www.ifc.org/en/what-we-do/sector-expertise/trade-and-supply-chain-finance/global-trade-supplier-finance

[13] https://disclosures.ifc.org/

Table 2: Trade finance and fossil fuel commitments in all IFC programs in FY2023		
Program	**Trade Finance in USD million (share of total trade finance)**	**Trade Finance in Oil and Gas in USD million (share of oil and gas in each program)**
Global Trade Finance Program (GTFP)	8,877 (55.2%)	3,697.82 (41.7%)
Global Trade Supplier Finance (GTSF)	2,150 (13.4%)	0 (0%)
Global Trade Liquidity Program (GTLP)	3,125 (19.4%)	542.5 (17.4%)
Critical Commodities Finance Program (CCFP)	-	-
Working Capital Systemic Solutions (WCS)	952.2 (5.9%)	314.6 (33%)
Risk Sharing Facility (RSF)	425 (2.6%)	55.5 (13.1%)
Structured Trade & Commodity Finance (STCF)	165 (1%)	75.5 (45.8%)
Global Warehouse Finance Program (GWFP)	400 (2.5%)	0 (0%)
Global Supply Chain Finance (GSCF)	-	-
Total	**16,094.2**	**4,685.9 (29%)**

Global Trade Finance Program (GTFP)

The Global Trade Finance Program (GTFP), launched in 2005, is the largest trade finance program of the IFC, offering risk mitigation guarantees to over 285 financial institutions. The program covers up to 100% of transactions, especially in high-risk markets, and issues guarantees to pre-approved banks within 48 hours. The GTFP does not reject projects based on the types of goods that are promoted through the investment – unless they are on the IFC exclusion list.[14] The exclusion list does not contain coal, oil, or gas-related goods. For example, the GTFP can facilitate fossil fuel-related investments through its financing of energy efficient replacement goods, including gas generators and steam/gas turbines.[15] This flexibility allows the GTFP to support both renewable and fossil fuel technologies, raising concerns about the extent of its involvement in fossil fuel infrastructure.

Estimates about the GTFP are based on the data that is publicly available through the IFC disclosure website and the IFC annual report. The IFC disclosure website does not include all necessary information to spot investments or guarantees the IFC made in FY2023.

[14] https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/ifc-exclusion-list-2007

[15] https://www.ifc.org/content/dam/ifc/doclink/2024/sustainable-trade-finance-reference-note.pdf

In a best-case scenario, the website displays the disclosure date, the projected board date, the date of the latest update, and when the project was approved, signed, and invested. Furthermore, the status of a project is displayed (see Appendix, Figure A2). However, for the majority of the researched projects not all of the information listed above is available.

Even if all information for a project is available on the IFC disclosure website, it is not possible to determine with certainty that a project was active within a given period in the past, or specifically in FY2023 in our case. For the analysis of the GTFP portfolio, we included all projects that were approved within or before FY2023 and that were active at the time of writing. In many cases the IFC disclosure website does not state when the information was last updated. Therefore, projects that are signed or invested more than three years prior FY2023 were also excluded from the estimates. This conservative approach led to commitments that are $117.67 million higher than what the IFC annual report states.

For a conservative estimate of the fossil fuel commitments within the GTFP portfolio, this difference of $117.67 million was subtracted from commitments within the African region that has historically the highest rate of oil and gas investments (50%).

Table A1 (see Appendix) shows that with $6.4 billion, the majority of GTFP commitments are in Sub-Saharan African countries. With the conservative approach explained-above, this means that only within **Sub-Saharan countries $3.2 billion were channeled in oil and gas through GTFP.** Given the fact that over $1 billion of GTFP commitments are in Nigeria and that in Nigeria the oil and gas share of GTFP finance is 54%, the real sum of oil and gas financing in Sub-Saharan Africa is probably even higher. The total fossil commitments of GTFP are estimated at $3.7 billion. This is by far the biggest contribution of a single program within the IFC trade finance portfolio and accounts for 79% of all estimated oil and gas commitments.

Global Trade Supplier Finance (GTSF)

The Global Trade Supplier Finance (GTSF) Program, launched in 2012, provides short-term financing to emerging-market suppliers and SMEs, enabling them to secure payments through receivables from international buyers. In FY2023, the program disbursed $2.15 billion to over 350 suppliers across sectors such as retail, transport equipment, and agribusiness. While information is available for some projects, such as promoting sustainability standards, including examples like Levi’s supply chain,[16] concerns remain about the program’s overall transparency regarding its broader impact.

Since its inception, GTSF has supported $12.8 billion in trade, with $5.45 billion in FY2022 and FY2023 alone. Given this growth, ensuring transparent reporting and avoiding investments in harmful activities is crucial.

According to Urgewald’s findings, the IFC database[17] suggests the GTSF’s approved investments in FY2023 may actually total $4 billion, which exceeds the official figure by $1.85 billion.[18] Furthermore, an additional $3 billion was reportedly channeled through the GTSF after FY2023.

Notably, GTSF investments in FY2023 included firms like McCormick (spices), Barry Callebaut (chocolate), Under Armour (clothing), and Wolverine World Wide (footwear), none of which indicate involvement in oil and gas finance. Therefore, no GTSF commitments are included in the fossil fuel estimations. However, the discrepancies in reported investments and the lack of full transparency raise questions about the true extent of the program’s operations.

[16] https://www.lawyers-auditors.com/downloads/private_placement_trading/IFC_2017_Trade-and-Commodity-Product-Book.pdf

[17] https://disclosures.ifc.org/

[18] https://www.ifc.org/en/what-we-do/sector-expertise/trade-and-supply-chain-finance/global-trade-supplier-finance

Global Trade Liquidity Program (GTLP)

The Global Trade Liquidity Program (GTLP), launched in 2009, boosts liquidity for trade financing in emerging markets by providing funding or guarantees to financial institutions. The program has supported over $53 billion in trade and completed nearly 24,000 transactions across 69 countries, including 28 IDA and 7 fragile and conflict-affected countries. However, its exclusion from the IFC's annual report raises concerns about transparency, making it hard to assess the environmental impacts of its investments, especially in sectors like energy or resource-intensive industries. Without detailed disclosures, there is a risk that the program might finance environmentally harmful activities, complicating its alignment with IFC's sustainability goals.[19]

Due to the lack of detailed information, we estimate the fossil fuel share of the GTLP's commitments based on the same methodology as the GTFP, as both programs involve the same large international banks. As shown in Table 2, our analysis indicates that **$542.5 million of GTLP commitments were invested in oil and gas.** For the majority of these fossil fuel investments, the IFC website does not mention a specific country or region. Therefore, we resorted to using the world average of 18% in the oil and gas sector in the estimation of the fossil fuel contribution of the GTLP (Table A2).

Critical Commodities Finance Program (CCFP)

The Critical Commodities Finance Program (CCFP), launched in 2012, finances the trade of agricultural commodities and energy imports in some of the world's poorest regions, particularly in Africa and the Middle East. It provides funding or guarantees for both financial institutions and corporates, with risk participation covering up to 50% of the portfolio. Despite supporting over $23.5 billion in trade, including more than $10 billion in IDA countries, the program is absent from the IFC annual report and lacks transparency.

The CCFP's focus on agricultural and refined energy commodities raises concerns about its potential environmental impacts, particularly regarding energy imports, which may include fossil fuels. With 200 firms across 45 emerging market countries, including 27 IDA countries and 7 fragile states, the program's environmental and social impacts remain unclear. However, in FY2023 we did not find any CCFP project on the IFC's disclosure website. This raises the question whether the program is still active, or if information about the program is simply not publicly available.

Working Capital Systemic Solutions (WCS)

The Working Capital Systemic Solutions (WCS) program, launched in 2011, provides short-term loans to emerging market banks to offer USD liquidity, especially during crises like foreign exchange shortages in Bangladesh or the Ebola crisis in West Africa. The program primarily supports SMEs, benefiting about 12,000 entities across 18 countries, half of which are IDA countries.

WCS focuses on sectors like agribusiness, manufacturing, and energy-efficient products, offering one-year loans that can be renewed twice. Despite facilitating over $2.4 billion in trade, the program lacks transparency on its investments, raising concerns about its environmental impact. Its inclusion of energy-efficient products could support fossil fuel-related activities, further complicating the assessment of its alignment with sustainability goals, especially as WCS commitments are absent from the IFC's annual reports.

Information about WCS projects includes bank names but not the exact investment purpose. Therefore, as for the previous estimations, we relied on the IEG sectoral assessment to estimate the share of fossil fuels in WCS commitments. Table A3 (see Appendix) depicts that **$314.6 million of WCS commitments flowed into oil and gas,** of which $287.5 million were in Sub-Saharan African countries.

[19] https://www.ifc.org/en/what-we-do/sector-expertise/sustainability

Risk Sharing Facility (RSF)

The Risk Sharing Facility (RSF) allows the IFC to guarantee up to 50% of short-term loans extended to agricultural producers or traders, using warehouse receipts or equivalent as collateral. Banks can transfer credit risk from their own portfolios or new portfolios to the IFC, while maintaining the assets on their balance sheets. This arrangement provides partial risk coverage for banks, enabling them to expand lending capacity in sectors such as SMEs, agribusiness, energy efficiency, and other asset classes.

Several major banks participate in the RSF, including BNP Paribas, AUB, Nedbank, BICIS, HSBC, Société Générale, SCB, and ING Group. All of these banks, except AUB, are reportedly investing in fossil fuels.[20] This raises concerns about the environmental impacts of the investments made through the program. As in other trade finance programs, it is not possible to trace the exact usage of RSF commitments. Therefore, we applied the IEG assessment, which led to an estimated **$55.5 million in oil and gas channeled through the RFS.** The region with the highest fossil investments is Sub-Saharan Africa with $37.5 million (Table A4 in Appendix).

Structured Trade & Commodity Finance (STCF)

The Structured Trade & Commodity Finance (STCF) platform facilitates large cross-border commodity trades by using collateral to support lending throughout the supply chain. It operates through risk sharing, co-lending with banks, or providing credit guarantees, particularly filling gaps where commercial banks are absent. From FY2017 to FY2023, the IFC provided $1 billion in revolving trade finance facilities to cover oil and gas trading in Africa.[21]

STCF commitments include support for Ethiopian Petroleum Supplier Enterprise, Sahara Energy Resources, and Addax Energy, owned by Oryx Energies, to facilitate oil and gas trade in different African countries. The platform's heavy focus on fossil fuel-related trade undermines its alignment with sustainability goals.

In FY2023 we found $75.5 million of STCF commitments in oil and gas, of which $40 million were directly invested in petroleum products at Addax Energy (Table A5 in Appendix).

[20] https://www.bankingonclimatechaos.org/?bank=JPMorgan%20Chase#fulldata-panel; https://investinginclimatechaos.org/data

[21] https://www.urgewald.org/sites/default/files/media-files/urgewald%20-%20Briefing%20-%20World%20Bank%20and%20Trade%20Finance.pdf

Global Warehouse Finance Program (GWFP)

The Global Warehouse Finance Program (GWFP), founded by the IFC in 2010, improves access to finance for farmers, producers, and traders by using warehouse receipts to secure short-term loans or guarantees. It offers short-term loans from banks to farmers using commodities as collateral and risk-sharing facilities that cover up to 50% of the risk on loans extended to agricultural producers. This helps farmers avoid selling crops prematurely and manage cash flows. The program supports over $12 billion in global trade, with more than $5 billion in IDA countries, primarily in Sub-Saharan Africa.

The GWFP also finances petrochemical fertilizers, for example through the Nitron Group, which supports fertilizer trade in Latin America and Africa. This raises environmental concerns. While petrochemicals are currently outside the scope of the oil and gas trade finance, it is important to note they need to be accounted for.

Global Supply Chain Finance (GSCF)

The Global Supply Chain Finance (GSCF) Program is the newest trade finance program of the IFC and was launched in 2022. It aims to close the finance gap in emerging markets by offering short-term financing to suppliers, including those traditionally deemed non-bankable. It allows SMEs to convert receivables into cash and finance transactions without collateral while also promoting gender-inclusive and sustainable finance.

Only one active project, a $1 billion commitment to Absa Bank Limited, could be identified. Even though the Absa Group reportedly invests in fossil fuels, [22] the specific use of the GSCF investment is undisclosed. Based on the IEG assessments, up to $500 million may be tied to oil and gas investments in Sub-Saharan Africa, though it was not included in the FY2023 oil and gas estimates due to the timing of the signing in July 2023. The lack of transparency around the actual allocation of funds raises concerns about the program's alignment with sustainability goals.

[22] https://investinginclimatechaos.org/data?org=Absa+Group

Trade Finance in the IDA Private Sector Window

In light of the upcoming IDA21 replenishment, we want to extend our previous research[23] by zooming into the portfolio of the IDA IFC-MIGA Private Sector Window (PSW). The PSW started financing projects in FY2018 with the aim to support private sector investments with public resources in IDA-only countries.[24] The idea behind the PSW is that the private sector is essential to achieve the Sustainable Development Goals (SDGs) but does not invest enough because of high real or perceived risks. With the PSW, the WBG dampens these risks and makes investments by the private sector safer and, therefore, more profitable. In the replenishment of IDA21, the WBG calls for an even greater PSW, from $2.5 billion up to possibly $4.5 billion, in order to deliver on its "goals for energy, food, water, health, climate, digital acceleration and biodiversity".[25] The PSW does not directly fund private investments, but it facilitates them, e.g. through guarantees.

Part of the investment risk is shifted from the private sector, IFC and MIGA to IDA.[26] With the support of its AAA-rating, the World Bank claims to be able to leverage significantly larger investments, mostly by the IFC, at an average rate of 5:1. The PSW only started to support trade finance projects in FY2020, coinciding with the outbreak of the COVID-19 pandemic.[27] In the project descriptions on the IFC disclosure website, it is argued that since then there has been a gap of trade finance in the high-risk IDA countries and many trade finance projects would not be bankable for the IFC without PSW support.

According to a recent IFC report,[28] trade and supply chain finance was $894 million or 18.6% of total PSW approvals between FY2018 and FY2024. However, PSW support for trade finance only started in FY2020 and the World Bank does not attribute any Working Capital Systemic Solutions (WCS) projects to the trade and supply chain sector. Examining all PSW-supported trade finance projects disclosed on the IFC disclosure website, we found 12 WCS projects between FY2020 and FY2024 that explicitly stated in their project descriptions that loans will **support working capital and trade finance.**

In all PSW-supported trade finance projects, IFC does not directly invest into companies' trade transactions but provides large loans to financial intermediaries, usually local banks. These banks then pass many smaller loans for specific trade transactions on to companies. As far as we can tell from IFC's disclosure website,[29] local banks can decide on the exact use of IFC's WCS loans. Regarding the financing of activities related to fossil fuels, only IFC's exclusion list applies to the WCS loans, so this money is eligible to be used for oil and gas.

The 12 WCS projects add up to $555 million of IFC investments, supported by approximately $139 million IDA PSW money.[30] If this money is counted as trade finance, this increases the PSW funds channeled towards trade finance projects to **$1.033 billion.**[31] This implies that **trade finance was 24% of total PSW approvals** between FY2020 and FY2024 (Figure 3), of which more than half was provided in the past two financial years.

[23] https://www.urgewald.org/sites/default/files/media-files/urgewald%20-%20Briefing%20-%20World%20Bank%20and%20Trade%20Finance.pdf

[24] https://ida.worldbank.org/en/about/borrowing-countries

[25] https://www.ifc.org/content/dam/ifc/doc/2024/at-the-frontiers-of-finance-ida-psw-20240508.pdf

[26] https://ida.worldbank.org/en/financing/ida-private-sector-window/what-is-ida-private-sector-window; https://documents1.worldbank.org/curated/en/928011520447801610/pdf/123995-BR-PUBLIC-IDA-R2017-0347-1.pdf

[27] https://www.ifc.org/content/dam/ifc/doc/2024/at-the-frontiers-of-finance-ida-psw-20240508.pdf

[28] https://www.ifc.org/content/dam/ifc/doc/2024/at-the-frontiers-of-finance-ida-psw-20240508.pdf

[29] https://disclosures.ifc.org/

[30] The PSW support approximation assumes a leverage of 4:1 as indicated in the project cost section of the disclosure of the WCS facility: https://disclosures.ifc.org/project-detail/SII/44346/wcs-ida-psw

[31] For our calculations we combine the data from the IFC report (footnotes xvi and xvii) with the data from IFC's disclosure website.

IDA PSW board approvals
(FY2020 - FY2024)

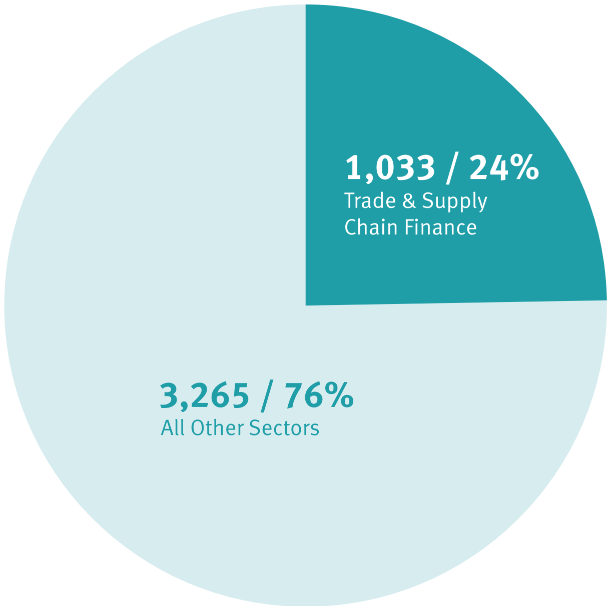


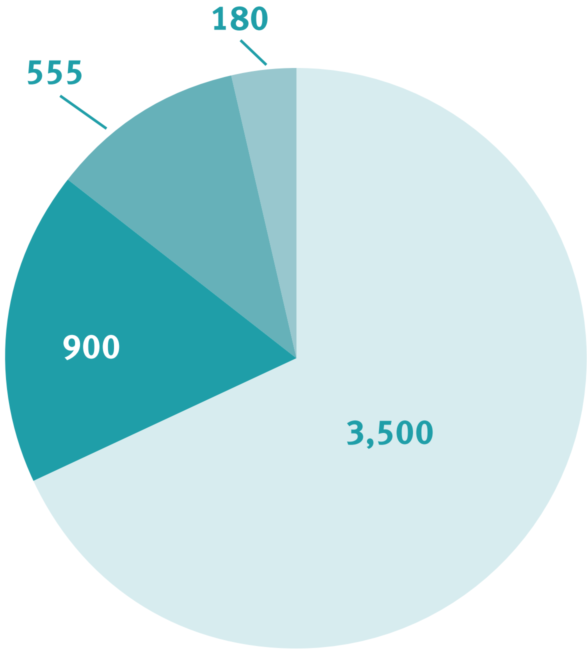
Figure 3: IDA PSW board approvals FY2020 - FY2024 in USD million

Including the 12 WCS projects, in total we were able to identify 21 PSW-supported trade finance projects between FY2020 and FY2024 on the IFC project disclosure website. Combined, these projects enabled **$5.135 billion of trade finance** (Figure 4). Just as with the rest of trade finance, there is a severe lack of transparency, as there is very limited information about the traded commodities. For nearly all of the PSW-supported GTFP projects, not even the receiving financial institutions or countries can be identified on the IFC disclosure website. Therefore, it is not possible to estimate reliable numbers regarding the financing of fossil fuels. However, all 21 projects that we identified explicitly exclude the use of funds for any coal-related activities, while **only 3 projects exclude** the use of funds for **upstream oil and gas.** Where traded goods were specified, we also checked whether trade of any fossil fuels was unlikely. This was the case for one $20-million ATRI project, which financed trade in the grains and beans sector.[32] Excluding this project, we found that **$4.595 billion or 89.5%** of PSW-supported trade finance investments **did not exclude investments in oil and gas** (Figure 5). Since the World Bank excludes investments in fossil fuels for certain projects and based on the evidence from its other trade finance projects, it is likely that part of the trade finance funds will be used to finance fossil fuels where the Bank does not exclude them.

[32] https://disclosures.ifc.org/project-detail/SII/47401/gwfp-valency

trade finance investments through IDA PSW funds

(FY2020 - FY2024)
Total: $5.135 billion

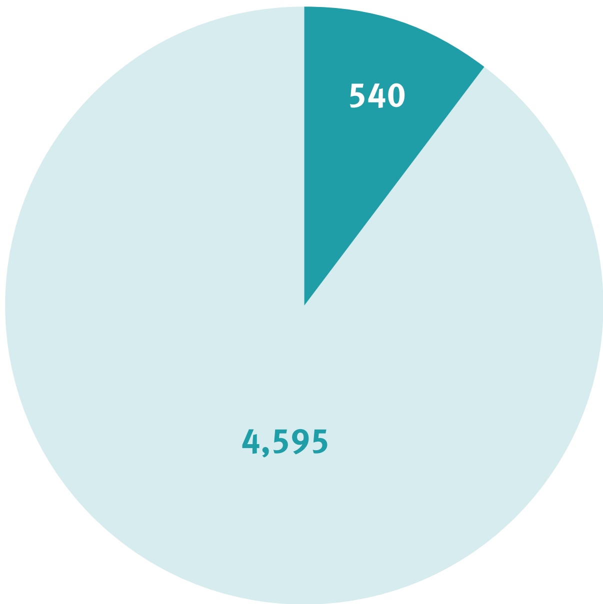


- Global Trade Finance Program (GTFP) $3,500 million
- Africa Trade Recovery Initiative (AFRI) $900 million
- Working Capital Systemic Solutions (WCS) $555 million
- Other Programs $180 million

Figure 4: Enabled trade finance investments through IDA PSW funds FY2020 - FY2024 in USD million

Trade Finance Projects and Exclusion of Oil and Gas

FY2020 - FY2024 in USD million



- Projects NOT excluding investment in Upstream Oil & Gas USD 4,595 million (89.5%)
- Projects excluding investment in Upstream Oil & Gas USD 540 million (10.5%)

Figure 5: Trade finance projects and exclusion of oil and gas FY2020 – FY2024 in USD million

Through trade finance supported by the IDA PSW, the WBG may reduce financial risks for the private sector, but it increases the reputational risk for its own portfolio. Scarce IDA resources should be used wisely to maximize development impact. However, currently about a quarter of IDA PSW resources are used for trade finance, with very limited traceability, questionable development impact and potentially significant investments in trading fossil fuels. We therefore arrive at similar conclusions as a recent report by the Center for Global Development, [33] which opposes the proposal to increase PSW support for trade finance, citing too little additionality or long-term benefit and very low defaults as arguments against the use of scarce PSW resources.

[33] https://www.cgdev.org/sites/default/files/ida-21-and-private-sector-window.pdf

Summary

While preparing this research paper, we had to admit that little had changed since our first trade finance publication in 2023, and the IFC had ignored our call for more transparency and traceability of trade finance projects. In fact, the analysis of the FY2023 portfolio has shown that trade finance is increasing and makes up $16,1 billion in the IFC's own account. Furthermore, an estimated $4,7 billion, or 29% of IFC's trade finance, are committed to oil and gas projects. This is an increase of 28% in fossil fuel financing compared to FY2022 and clearly shows that the IFC moves further away from the WBG goal to end poverty on a livable planet, which can only be achieved if energy production excludes fossil fuels.

Based on the estimates of the oil and gas share in the IFC trade finance commitments, we can assume that trade finance commitments in the IDA PSW are invested in fossil fuels as well. A deeper look into the IDA PSW and IFC MIGA shows that the WBG does not only fail to stand up to scrutiny in established financing instruments, but it keeps on introducing new mechanisms that cannot fulfil the needs and standards of transparency, accountability, and forward thinking for just clean energy for a livable planet.

What We Recommend

1. Add coal, oil, and gas on the IFC exclusion list.

2. Audit all trade finance programs with regard to their fossil fuel commitments on country level.

3. Publicly disclose complete and consistent information for all trade and supply chain finance, including financial intermediaries, trading firms, projects, and traded goods.

Appendix:

Table A1: Fossil fuel commitments within GTFP in FY2023			
Region	**Trade Finance in USD million**	**Oil and Gas Multiplier**	**Trade Finance in Oil and Gas in USD million**
Sub-Saharan Africa	6,407.33	50%	3,203.67
Middle East and North Africa	1,500	28%	420
Europe and Central Asia	199.67	14%	27.95
East Asia and the Pacific	770	6%	46.2
Total	**8,877**		**3,697.82**

Table A2: Fossil fuel commitments within GTLP in FY2023			
Region	**Trade Finance in USD million**	**Oil and Gas Multiplier**	**Trade Finance in Oil and Gas in USD million**
Europe and Central Asia	500	14%	70
World	2,625	18%	472.5
Total	**3.125**		**542.5**

Table A3: Fossil fuel commitments within WCS in FY2023			
Region	**Trade Finance in USD million**	**Oil and Gas Multiplier**	**Trade Finance in Oil and Gas in USD million**
Sub-Saharan Africa	575	50%	287.5
Middle East and North Africa	25	28%	7
Europe and Central Asia	32.2	14%	4.5
South Asia	50	15%	7.5
Latin America and the Caribbean	270	3%	8.1
Total	**952.19**		**314.6**

[33] https://www.cgdev.org/sites/default/files/ida-21-and-private-sector-window.pdf

Appendix:

Table A4: Fossil fuel commitments within RSF in FY2023			
Region	**Trade Finance in USD million**	**Oil and Gas Multiplier**	**Trade Finance in Oil and Gas in USD million**
Sub-Saharan Africa	75	50%	37.5
Latin America and the Caribbean	300	3%	9
World	50	18%	9
Total	**425**		**55.5**

Table A5: Fossil fuel commitments within STCF in FY2023			
Region	**Trade Finance in USD million**	**Oil and Gas Multiplier**	**Trade Finance in Oil and Gas in USD million**
Sub-Saharan Africa	50	50%	25
Europe and Central Asia	75	14%	10.5
Addax Energy S.A.	40	100%	40
Total	**165**		**75.5**

Results

$12.8 Billion
Disbursed to over **2,500 suppliers** across 28 countries between 2012 and 2023

$2.15 Billion
Disbursed to over **350 suppliers** in FY 2023

60%
Of disbursements in FY2023 were in sustainability-linked facilities

68%
Of disbursements in FY2022 were provided to suppliers in the world's poorest countries

What we do

GTSF provides short-term financing to suppliers selling to global or domestic corporates by purchasing and discounting invoices accepted for payment by pre-approved participating buyers. IFC provides this financing directly to suppliers via web-based supplier finance platforms or indirectly through financial institutions. By leveraging the credit rating and commercial strength of buyers, GTSF enables access to competitive financing solutions for suppliers, many located in IDA17 countries.

In addition to providing financing, GTSF helps improve the sustainability of global supply chains by offering sustainability-linked pricing that connects receivable discount rates to environmental and social (E&S) performance of suppliers, and by providing advice directly to suppliers on improving compliance with labor and environmental standards, increasing gender inclusion, and developing and implementing decarbonization programs.

Figure A1: Screenshot from the GTSF website

Source, 30.09.2024: https://www.ifc.org/en/what-we-do/sector-expertise/trade-and-supply-chain-finance/global-trade-supplier-finance

The map is for illustrative purposes and does not imply the expression of any opinion on the part of the World Bank, concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries. Country borders or names do not necessarily reflect the World Bank Group's official position. In some cases, available project location information is limited to the country of the project's activities. Locations are approximate.

Summary of Investment Information

Project Number	Company Name	Date SPI Disclosed
47226	BANQUE MAURITANIENNE DE L'INVESTISSMENT	May 2, 2023
Country	**Region**	**Projected Board Date**
Mauritania	Africa	Jun 12, 2023
Environmental Category	**Status**	**Last Updated Date**
FI-2	Active	May 26, 2023
Department	**Industry**	**Previous Events**
Regional Industry - FIG Africa	Financial Institutions	Approved : Jun 15, 2023 Signed: Jun 26, 2023 Invested: Oct 6, 2023
Sector	**Additional Project Attributes**	
Commercial Banking - SME Finance	Blended Finance	

Related Environmental Document
No related documents.

Additional Documents
No related documents.

Map

Project Description
GTFP ATRI BMI #47111: The proposed project consists of a trade finance facility of up to US$10 million for Banque Mauritanienne de l'Investissement ("BMI" or the "Bank") with a maturity of up to 9 months. The investment falls under the IFC's Global Trade Finance Program ("GTFP") and is booked under the African Trade and Supply Chain Finance Recovery Initiative ("ATRI") umbrella (the "Project"). The investment will support BMI's fast-growing trade business (i.e., mainly imports of strategic goods) and is timely since there has not been any GTFP partner bank in Mauritania since 2014.

Similar Projects
Region
Hardest to Reach (H2R) Market Expansion Fund
Region : Africa

Figure A2: Screenshot of a GTFP project

Source, 30.09.2024: https://disclosures.ifc.org/project-detail/SII/47226/bop-bmi

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Published by:
urgewald e.V.
Von Galen Straße 4
D-48336 Sassenberg
Tel.: +49 2583 304920
www.urgewald.org

Authors: Jannis Perzlmeier, Nico Schlag
Editing: Dustin Schäfer
ViSdP: Ognyan Seizov

Design/Layout: Toby Dodwell - bytoby.co
Cover picture and source: Igor Grochev / Shutterstock

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Contact: For more information, please contact
dustin@urgewald.org or jannis.perzlmeier@urgewald.org

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Account Holder: urgewald e.V
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