



Immediate release

August 26, 2010

## World Bank Attempting to Sabotage Reform of CDM HFC-23 Projects

### New Report Reveals Fatal Flaws in Bank's Justification for Business as Usual

Washington DC/London - In an effort to justify its participation in perhaps the biggest carbon market scandal to date, the World Bank has dismissed concerns that the UN Clean Development Mechanism's (CDM) HFC-23 projects are generating millions of fake carbon credits.

An analysis released today by the Environmental Investigation Agency (EIA), *Ethically Bankrupt: World Bank Defense of the HFC-23 Scandal* (available at: [www.eia-international.org/files/reports205-1.pdf](http://www.eia-international.org/files/reports205-1.pdf)) details the factual and analytical errors rife within the recently published *World Bank Q & A* on CDM HFC-23 projects.

Despite its role as the fiscal agent for distributing billions to combat global warming, the World Bank has defended the flawed program for destroying HFC-23 even as the Executive Board of the CDM launched a comprehensive investigation into the scandal and suspended issuance of credits from six of the projects, including one from the World Bank.

"The World Bank can't be the solution to climate change until they stop being the problem", said Samuel LaBudde, Senior Atmospheric Campaigner with EIA who added, "Self-enrichment at the expense of climate mitigation is indefensible, as is paying chemical plants so much to destroy waste gas that they intentionally produce more."

Under the CDM, 19 projects that manufacture the refrigerant HCFC-22 are paid to capture and incinerate HFC-23 byproduct through issuance of Certified Emission Reductions Units (CERs) that are then sold on international carbon markets. An analysis of HFC-23 projects in the form of a Revision Request submitted by CDM-Watch (available at: <https://cdm.unfccc.int/methodologies/PAmethodologies/revisions/58215>) to the UNFCCC in March, revealed evidence that some CDM plants are intentionally maximizing the amount of HFC-23 waste gas produced up to the level to which they receive CDM credits. This has likely resulted in the issuance of millions of fake carbon credits with no benefit to the climate, and huge subsidies to manufacturers resulting in higher production of super greenhouse gases.

Eva Filzmoser from CDM-Watch said: "We find it astonishing that the World Bank concludes there is not sufficient evidence to support our allegations, while the investigation by the Methodology Panel is still ongoing. There is a clear conflict of interest here."

Manufacturers in China and India, where most of the HFC-23 projects are located, earn as much or more for destroying HFC-23 than they do for producing HCFC-22, which incentivizes

production and use of HCFC-22 for the sole purpose of increasing the amount of HFC-23 created.

Last week in an unprecedented move, members of the Executive Board requested a review of the issuance of more than 9.5 million CERs from six HCFC-22 plants, requiring additional information from the plants to ensure the projects do not result in fake emissions offsets. CERs for HFC-23 destruction account for 51% of the almost 430 million CDM credits issued to date and are used extensively in carbon markets by the EU, Japan and other Kyoto Protocol Parties.

The World Bank's Umbrella Carbon Facility invests in two of the largest HFC-23 incineration projects. In 2006 the Facility contracted to pay 775 million Euros/ (US \$982 million) for almost 130 million CERs (\$2,24 billion at current carbon market value) from two projects in China. Both projects were identified by the Revision Request as operating to generate the maximum amount of HFC-23 that could be credited, resulting in superfluous greenhouse gas emissions and fake carbon credits.

The World Bank Q & A argues against any changes in current crediting for HFC-23 projects and dismisses any and all evidence of wrongdoing. EIA's analysis reveals a number of serious factual errors in their Q & A and a clear avoidance of the larger issues. "The World Bank's position is both scientifically and morally indefensible", said Mark Roberts, Senior Policy and Legal Advisor for EIA. "It should stop trying to subvert the CDM investigation and allow the UN to do a job they are far better qualified for than the World Bank."

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*Ethically Bankrupt: World Bank Defense of the HFC-23 Scandal and the HFC-23 Revision Request* are available at: [http://www.eia-global.org/global\\_climate/global\\_climate\\_reports.html](http://www.eia-global.org/global_climate/global_climate_reports.html)

