

Suite of development banks put on notice by independent climate legal opinion

Development banks at risk climate litigation over continued fossil fuel finance and failures in due diligence

5 March 2026 – Multilateral development banks (MDBs), and the governments that oversee them, could be in violation of international legal obligations if they do not improve their climate change due diligence in line with best available science and to stop funding fossil fuels. Those are the main conclusions of [a new legal opinion](#) transmitted yesterday by 34 civil society organizations to the [Inter-American Development Bank Group](#), [African Development Bank](#), [Asian Infrastructure Investment Bank](#), [European Investment Bank](#), and their member states, with a request that these banks take immediate action to meet these requirements.

The opinion by Drs. Lorenzo and Lin lays out, for the first time, the international law obligations of MDBs and their member states when acting at them. It follows the groundbreaking [Climate Change Advisory Opinion](#) by the UN's highest court, the ICJ, which stated countries' legal obligations to act on climate change.

Its relevance is paramount given the MDBs' key role in climate finance delivery, confirmed by the COP30 climate summit, and the influential role these banks have in decarbonisation and electrification efforts across the Global South.

"This groundbreaking opinion is the first to address the legal obligations of multilateral development banks (MDBs) and their member states to act on climate change," said Jason Weiner, Executive & Legal Director at Bank Climate Advocates, who commissioned the opinion. "This marks a watershed moment for climate ambition at MDBs. It is a critical and previously missing piece needed to push the needle in aligning MDB financing policies and investments with 1.5°C."

Drawing primarily on customary international law, as well as on human rights, the Law of the Sea treaty, and the Paris and other climate change agreements, Drs. Lorenzo and Lin's Opinion concludes:

*Under international law, **the Major Shareholders—not accidentally, also major emitters—are especially obliged to ensure that their voting power is exercised towards the rejection of fossil fuel-based development projects** and the promotion of alternative energy options that not only emit the least amount of GHGs (greenhouse gases) but are also suitable to the development needs of borrowing States.*

*International financial institutions' (IFIs') member States are further **required not to finance new fossil fuel related projects** or increase financing of existing ones, to prevent adverse human rights impacts on the right to life and the right to health.*

On 24 November 2025, a group of 22 civil society organisations (CSOs) sent letters to the [World Bank Group](#) (including its private sector and guarantee arms, the IFC and MIGA), the [Asian Development Bank](#), and all of their shareholders, urging them to put "an immediate halt to WBG's and ADB's support for fossil fuel projects and associated infrastructure, and to start using best available science for GHG assessments and to avoid climate impacts, consistent with international law obligations" and the UN climate convention. [A similar request was submitted by 14 CSOs to the European Bank for Reconstruction and Development on 9 January 2026](#) in the context of that bank's climate-lacking Green Economy Transition 2030 Strategy.

"Multilateral development banks are seen as rising stars on the climate stage, yet their continued funding of destructive projects is undermining progress and justice. This landmark legal opinion makes clear what civil society organisations have been saying for years — MDBs' claims of Paris Agreement alignment are based on false premises, including a failure to exclude fossil fuels and stick to the science in their investment decisions," added Petra Kjell Wright, Advocacy Director at Recourse

MDBs continue to support fossil fuels in many ways, for example:

- In January 2026, the African Development Bank approved a **\$150 million senior loan** for the Coral North Floating LNG Project off the shore of Cabo Delgado, Mozambique, facilitating a \$7+ billion fossil gas expansion, led by Eni, that will extract 3.55 million tonnes of LNG annually from a climate-vulnerable and insecure region.
- In November 2025, the Inter-American Development Bank’s private sector arm, IDB Invest, financed two fossil gas plants and LNG infrastructure in the Port of Manzanillo, Dominican Republic, via the Manzanillo Gas & Power SA company. The bank based its financing decision on ‘least cost energy generation’, eschewing use of best available science and methods to assess the feasibility of renewables in supplying forecasted energy demand.
- In November 2025, the International Finance Corporation (IFC) announced it was providing its advisory services to help develop a new 825 MW fossil gas plant and LNG infrastructure in Lebanon.
- In June 2025, the IFC and ADB financed the Barrick Gold heavy fuel oil power plant in Pakistan that will emit 1.3 million tons CO₂-eq/year, even though solar power infrastructure was economically and technically feasible. *See [analysis](#) of the banks’ lack of climate change due diligence far out of line with legal obligations, by Bank Climate Advocates.*
- The Energy Policies of the WBG, IDB Group, ADB, EBRD, AIIB, and AfDB, including those updated just last year (ADB), fail to exclude support for fossil gas expansion. *See [analysis](#) by Big Shift Global.*
- IFC and MIGA (World Bank private sector and guarantee arms) policies lack adequate checks or restrictions on fossil financing by commercial clients (financial intermediaries) that constitute half of their portfolios. *See [analysis](#) by Recourse. These deficiencies extend to AfDB, EIB, AIIB, EBRD, and IDB Group.*
- Heading into its 3-5 March 2026 Annual Forum, the EIB continues support for projects and companies that extend the life of fossil fuels and do not sufficiently avoid emissions, while at the same time failing to meet the best available science standard to avoid and assess GHG emissions from the projects it finances.

40 governments committed to end international public finance for fossil fuels by 2022 when they signed the 2021 Clean Energy Transition Partnership, including many EU states, the UK, Canada, New Zealand and Switzerland. Yet, as WBG and ADB shareholders, they continue to approve financing for specific fossil projects.

“Whether MDBs and their member states adhere to their climate due diligence obligations under international law is poised to have a tremendous impact on the future of the planet and its people,” added Jason Weiner. “This opinion puts considerable legal might behind what should already be obvious: public money should not be used to enable dirty projects and worsen the climate crisis.”

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// QUOTES FROM CIVIL SOCIETY WORKING BEFORE AfDB, IDB Group, AIIB, and EIB//

Frank Vanaerschot, Director, Counter Balance: *"It's striking to see that the EIB, which takes pride in calling itself the EU's climate Bank, is failing to meet its climate obligations under international law, especially by continuing support for projects and companies that extend the life of fossil fuels and do not sufficiently avoid emissions. The EIB and the Member States should take immediate measures to honor their legal climate obligations and fulfil their role as a public bank using taxpayer money to develop a sustainable economy within planetary limits."*

Javier Dávalos, Climate policy lead, The Climate Reality Project Latin America: *"Latin America's ecosystems and communities are being affected by the expansion of fossil gas. Under the false label of "transition energy," this fuel is putting people's health, climate stability, and community rights at risk. In this context, it is imperative that the IDB Group, and all multilateral development banks fully meet its climate commitments. Every dollar and every policy decision must be aligned with a rapid and just transition away from fossil fuels and toward resilient, community-centered renewable energy. Anything less not only undermines the Paris Agreement but deepens injustice for the very communities these institutions are mandated to serve."*

Rayyan Hassan, Executive Director, NGO Forum on ADB: *"It is time for AIIB to make a decision, at a time when it is moving closer to its Energy Sector Strategy Review: Is the Bank a climate institution in substance, or merely in slogans? The academics' opinion, and this CSO submission, is that the current suite of AIIB policies, including the Energy Sector Strategy, still allows upstream, midstream and downstream fossil gas in its climate program, which is incompatible with a credible 1.5°C pathway. AIIB must use this Strategy revision to hard-wire 'best available science' due diligence, ensure Paris-alignment determinations are transparent, inclusive and monitored, and close the fossil loopholes once and for all. If it does not, 'Paris alignment' will be a stamp for lock-in and communities will pay the price while shareholders look the other way."*

Dr. Nora Sausmikat, Senior Campaigner AIIB, Urgewald on Asian Infrastructure and Investment Bank (AIIB): *"A bank, which spends taxpayers money, and promises to spend the money for building "the green Infrastructure of Tomorrow" needs to walk the talk. The bank cannot simply create its own taxonomy without paying respect to the sciences of IPCC. The IPCC clearly indicates that limiting global warming to 1.5°C requires an immediate, rapid phase-out of fossil fuels, with no new coal, oil, or gas infrastructure. The AIIB needs to obey the climate change obligations of their member states under customary international law and treaties. All shareholders must hold the bank accountable, they are responsible towards their citizens to urge the bank to concretely define measurements how to exclude new upstream, midstream, and downstream natural gas and other fossil fuel projects."*

Miriam Azurin, Deputy Director for Campaigns, Global Alliance for Incinerator Alternatives (GAIA): *"Since 2015, AIIB has invested over USD4 Billion on incineration technologies reliant on plastic waste, a 99% fossil fuel-derived energy feedstock. Incinerating plastic emits nearly 3 tonnes per tonne of plastic burnt whereas recycling 1 tonne of plastic packaging can be a saving of 500 kg CO2 eq. Reduction of one tonne plastic packaging results in avoiding 6 times more emissions but incineration discourages these better routes. AIIB could be liable for destroying the capacities of developing countries in undertaking transformative shifts to reduce its GHG emissions in the waste sector, extending lifelines for downstream fossil fuel industry, and exposing marginalized communities to environmental and social harms."*

Nukila Evanty, Chairperson of Inisiasi Masyarakat Adat (IMA) – *"We, representing indigenous peoples and members of Inisiasi Masyarakat Adat (IMA) an Indigenous peoples organization in Indonesia, strongly feel that development projects can have significant*

environmental impacts on indigenous peoples, affecting our lands, seas, cultures, resources, and livelihoods. It is important for us to work together with Bank Climate Advocates, who can voice the concerns experienced by indigenous peoples. We also appreciate the legal opinion issued by Dr. Lorenzo and Dr. Lin, which explains that all development projects must comply with international legal obligations and that any financial contributions should refrain from supporting development projects that do not lead to decarbonization and they must listen to the aspirations of indigenous peoples on any development projects. The scholar opinions at MDB is an essential tool for our organisation to do effective advocacy, because it provides the credibility needed to influence policy, shape public opinion, furthermore to drive social change. This opinion strengthens our campaigns by contributing precision data, then enlightening strategic decisions, as well as helping to identify core stakeholders.

// NOTES //

The legal opinion was authored by Dr. Johana Aleria P. Lorenzo from the University of Amsterdam Law School, Amsterdam Center for International Law and Dr. Jolene Lin from the National University of Singapore Faculty of Law, Asia-Pacific Centre for Environmental Law. It can be accessed in full [here](#).

Key relevant findings from the Opinion can be found [here](#).

In sum, the Opinion authoritatively and independently demonstrates the following:

- (1) that each WBG and ADB member state has its own stringent climate change due diligence obligations under customary international law and the Paris Agreement, UNFCCC, the Law of the Sea, and or human rights treaties that apply to the adoption of WBG's and ADB's policies and financing and guarantees;
- (2) that WBG and ADB are bound by these same climate obligations under customary international law, and further must meet their Board adopted policy requirements per the obligations in their charters;
- (3) that WBG's and ADB's suite of climate policies, including their Paris Methodologies, Environmental and Social Safeguards, Performance Standards, Energy Policies and Prohibited Investment Lists, fall severely short of their and their member states' climate due diligence obligations for the following core reasons:
 - They fail to exclude upstream, midstream, and downstream natural gas and other fossil fuel projects;
 - They allow WBG and ADB to defer to the countries' desires, discretion, and plans (e.g. Nationally Determined Contributions) where a contemplated investment is located, instead of ensuring the investment is consistent with the climate change obligations of the banks and their member states.
 - They fail to mandate use of a "best available science" standard which requires ensuring best available science and methods are used for and applied to: (i) quantifying Scope 1, 2, and 3 greenhouse gas (GHG) emissions, analyses of GHG emissions cumulative and community impacts, and GHG emissions alternatives analyses prior to financing and guarantee decisions; (ii) providing public review and opportunity to comment on these analyses; (iii) avoiding financing fossil fuel projects wherever possible and where renewables can meet energy demand even at higher costs; and (iv) for all projects, avoiding of GHG emissions as far as the alternatives and mitigation analysis demonstrates is feasible.

The letters from 34 civil society organizations transmitting Drs. Lorenzo and Lins' MDB climate change legal opinion to the [Inter-American Development Bank Group](#), [African Development Bank](#), [Asian Infrastructure Investment Bank](#), [European Investment Bank](#), and their members can be found in these hyperlinks.