

September 28, 2022

Re: IFC support for Chan May LNG-to-power plant in Vietnam

Dear Executive Directors,

We have learned that the IFC is considering support for the Chan May 4,000MW LNG-to-power plant in Vietnam. The IFC is listed as a project sponsor on the Chan May LNG project's [website](#), and also in an [IEEFA report](#). The IFC also confirmed to CSOs via email in April that "IFC's involvement with Chan May LNG Joint Stock Company (CML) is in very early stages." These sources also indicate that additional financiers are showing interest to co-finance this [misguided project](#) including U.S. Exim Bank and the US International Development Finance Corporation. **We are writing to urge you to use your collective voices to stop IFC from considering support for this project.**

In the past year, four Vietnamese climate and environmental leaders have been arrested for allegedly violating tax laws, despite attempts to understand and be in compliance with them. It is incumbent upon the IFC and its shareholders to use their leverage to ensure the release of these environmental leaders and the assurance of civic space for non-profit organizations to engage safely and effectively.

According to [an analysis of different energy transition scenarios](#), Vietnam can transition to clean energy without any new LNG development; while this will require significant upfront investments in the short-term, in the long-term this pathway will represent cost savings as compared to other scenarios. Developing LNG would only crowd out investments in renewable energy, delaying Vietnam's green transition. It would also make it harder for Vietnam to achieve energy security by increasing the country's dependence on volatile and expensive gas prices. The IFC should be spending its limited resources supporting renewable energy development instead, particularly investments in solar power grid and storage needs.

The United States' new guidance on fossil fuel financing at MDBs stipulates that the US will only support gas projects in exceptional circumstances, after a series of criteria are met. The first such qualifying criteria is that the recipient country be an IDA country, which Vietnam is no longer. As such, the US Treasury—the largest IFC shareholder—is prevented from being able to support this project. In addition, IFC shareholders [representing 45%](#) of the institution's voting power signed on to the [Glasgow statement](#) saying that they will not finance fossil fuels after 2022. Therefore, it is difficult to understand why the IFC is engaging in conversations about potentially supporting this project when there is nearly enough collective commitment from shareholders to foreclose Board support for it. In addition, we understand that the US, the UK, France, Germany, Japan and the EU are in discussions with the Vietnamese government about

a Just Energy Transition Partnership to support the country to move away from coal. It would be illogical for these governments to undertake this new JETP initiative to help reduce Vietnam's fossil fuel dependency while simultaneously financing fossil fuel expansion. Support for this project will represent a blow to the credibility of the IFC and shareholders' recent commitments to supporting countries' clean transitions.

It is past time for the IFC and its shareholders to stop repeating the dangerous myth that gas is a clean or transitional fuel. Gas is a fossil fuel that [generates](#) significant (and [underestimated](#)) life-cycle emissions that make it only marginally less polluting than a coal plant or equally polluting depending on the location. Since methane is a greenhouse gas that is [87 times](#) as potent as carbon dioxide over a 20-year timeframe, methane emissions make both conventional and shale gas [worse for the climate than coal](#). The climate impacts of gas are even worse when it is turned into liquefied natural gas (LNG) because of the cooling required for the liquefaction process, shipping, and re-gasification. Last year, the International Energy Agency [concluded](#) that no new coal, oil or gas can be developed if the world is to stay within (already dangerous) climate targets. Gas infrastructure takes 2-5 years to build and in order to be financially viable is generally built to operate for 30 to 40 years - which can hardly be considered "transitional".

The Chan May LNG-to-power project risks locking Vietnam into decades' worth of greenhouse gas emissions, pollution, and high fuel costs. It takes away critical resources from what could otherwise be spent on renewable energy investments. Likewise, we are also concerned about the potential medium- and long-term health impacts to communities of a massive LNG power plant such as this, especially considering Vietnam is already suffering the worst air quality ever recorded.

Finally, this project will serve as a pretext for countries with advanced economies like [the United States](#) – the world's largest historic polluter – to continue producing and exporting LNG, contradicting science, global climate justice principles, and harming frontline US communities.

We look forward to your response at the earliest opportunity.

Sincerely,

Asian Peoples' Movement on Debt and Development

AbibiNsroma Foundation ANF

Bank Information Center

BankTrack

Big Shift Global

Both ENDS

Bretton Woods Project

Center for Energy, Ecology and Development (Philippines)

Center for International Environmental Law

Citizens for Clean Air and Water in Freeport, Texas

Clean Energy Action

CO Dem. Party - Energy & Environmental Initiative

Empower Our Future

Friends of the Earth US

Gender Action

Inclusive Development International

International Rivers

Methane Action

Oil Change International

Our Revolution Michigan

Recourse

Stand.earth

Stop SPOT & GULFLINK

Trend Asia

Turtle Island Restoration Network

urgewald e.V.

Waterway Advocates