United States Senate

April 17, 2024

Ajay Banga
President of the World Bank Group
The World Bank
1818 H Street, NW
Washington, DC 20433

Dear Mr. Banga,

Last year, some of us wrote to former World Bank President David Malpass to demand that the World Bank act in response to the climate crisis by phasing down fossil fuel investments and increasing climate financing. We are following up to understand what climate reforms the World Bank has made, to urge the World Bank to improve financing-decision transparency — especially for financed fossil fuel projects — and to meaningfully engage with developing countries in supporting funding for loss and damage activities.

On February 17, 2023, some of us wrote to then-President Malpass and the World Bank Executive Directors, urging the Bank to do more in the fight against climate change by increasing its investments in climate-friendly projects while reducing fossil fuel project financing.[1] Since President Malpass stepped down and you were confirmed as his successor, we have been encouraged to see the World Bank expand its mandate to "create a world free of poverty on a livable planet" and its commitment to extend debt repayment pauses for nations that experience climate disasters.[2] In particular, we support the Bank's increasing its climate financing pledge from 35 percent to 45 percent of its total operations by 2025, equivalent to more than $40 billion annually.[3] And we are heartened by the Bank's providing $29.4 billion in Fiscal Year 2023 climate financing — funding that went towards decommissioning the Komati coal plant in South Africa, connecting renewables to the grid in Western and Central Africa, and strengthening disaster preparedness in Honduras.[4]

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[1] Letter from Senator Edward J. Markey et al. to World Bank President David Malpass (Feb. 17, 2023), https://www.markey.senate.gov/imo/media/doc/senators_letter_to_david_malpass_and_world_bank_leaderspdf.pdf.
[2] Press Release, The World Bank, World Bank Group Doubles Down on Financial Ambition to Drive Climate Action and Build Resilience (Dec. 1, 2023), https://www.worldbank.org/en/news/press-release/2023/12/01/world-bank-group-doubles-down-on-financial-ambition-to-drive-climate-action-and-build-resilience#:~:text=The%20World%20Bank%20Group%20is%20pushing%20to%20do%20more%20to,%2C%20to%20June%2030%2C%202025.
[3] *Id*.
[4] Fact Sheet, The World Bank, Climate Finance Update (Oct. 10, 2023), https://www.worldbank.org/en/news/factsheet/2023/10/10/climate-finance-update; Press Release, The World Bank, World Bank Approves $497 Million in Financing to Lower South Africa's Greenhouse Gas Emissions and Support a Just Transition (Nov. 3, 2022), https://www.worldbank.org/en/news/press-release/2022/11/04/world-bank-

Yet while the World Bank committed to align its financial flows with the goals of the Paris Agreement in its Climate Change Action Plan 2021-2025,[5] the Bank provided an average of $1.2 billion annually between 2020 and 2022 in direct fossil fuel finance.[6] Although direct financing for fossil fuels has decreased over time, the Bank continues to provide indirect financing and support for fossil fuel projects through financial intermediaries, as well as technical assistance, policy-based operations, and trade finance. According to the Germany-based civil society organization Urgewald, in 2022, the World Bank provided an estimated $3.7 billion in trade finance for fossil fuel projects.[7] The Bank's direct and indirect support for fossil fuel projects supercharges the climate crisis while decreasing lending capacity, leverage capital, and availability of climate financing for developing countries. The Bank must provide more transparency in fossil-fuel-project financing decision-making, including making its process public, in order for there to be needed accountability.

At COP28, the World Bank was selected as the host for the Fund for responding to loss and damages, whose coffers are to be filled by several sources with developed countries that fueled the climate crisis — such as the United States — taking the lead, for the benefit of the developing countries that did not, and that are most affected by climate change. As the World Bank makes much needed climate reforms, we urge it to work constructively with the Board of the new Fund for responding to loss and damage in swiftly finalizing a hosting agreement that ensures direct access for recipient countries and affected communities and support for all eligible countries. We call for the World Bank to meaningfully engage with developing countries, civil society leaders, and representatives from frontline communities to the maximum extent possible in all activities relevant to loss and damage. We ask for full public transparency and accountability of the World Bank's negotiations with the new Fund's Board.

To better understand the climate reforms that the Bank has made to date, we ask you to provide written responses to the following questions by May 7, 2024:

1. Will the World Bank publicly commit to ending financing for all fossil fuel projects, through all financing channels, including indirect methods such as financial intermediaries and policy-based operations?
2. Will the World Bank commit to raising its 45 percent in annual climate financing to 50 percent?

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approves-497-million-in-financing-to-lower-south-africa-s-greenhouse-gas-emissions-and-support-a-just-transit; A New Era in Development Annual Report 2023, The World Bank (2023), https://www.worldbank.org/en/about/annual-report.

5 *Climate Change Action Plan 2021-2025*, World Bank Group (2021), https://openknowledge.worldbank.org/server/api/core/bitstreams/19f8b285-7c5b-5312-8acd-d9628bac9e8e/content.

6 *Public Enemies: Assessing MDB and G20 international finance institutions' energy finance,* Oil Change International and Friends of the Earth (Apr. 2024), https://priceofoil.org/2024/04/09/public-enemies-assessing-mdb-and-g20-international-finance-institutions-energy-finance/.

7 *IFC trade finance continues to invest in fossil fuels, with no board oversight*, Bretton Woods Project (Dec. 13, 2023), https://www.brettonwoodsproject.org/2023/12/ifc-trade-finance-continues-to-invest-in-fossil-fuels-with-no-board-oversight/.

3. As the World Bank develops its 2025-2029 climate action plan, will it commit to incorporating information on how it plans to reduce financing for fossil projects, including oil and gas?
4. What steps is the World Bank taking to improve the Country Climate and Development Reports process to ensure robust engagement with countries in developing the reports?
5. Will the World Bank commit to making alternative analyses public in future financing decisions for gas projects financed by its private sector arms, the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), including financing for four recently-financed gas projects: Central Termica de Temane in Mozambique, Central Termica de Ressano Garcia in Mozambique, Bhola-2 Dual Fual Combined Cycle Power Plant in Bangladesh, and Syrdarya in Uzbekistan?[8]
6. What steps is the World Bank taking to increase transparency in how it defines, calculates, and allocates its climate finance, so that an independent verifier can confirm its claims?
7. Will the World Bank commit to increasing the amount it provides in grant financing and debt cancellation?
8. What steps is the World Bank taking to ensure robust stakeholder engagement with developing nations, civil society groups, and representatives from frontline communities on its role in supporting funding for loss and damage, including through advancing the urgent full operationalization of the Fund for responding to loss and damages?

Thank you for your prompt attention to these questions.

Sincerely,

Edward J. Markey
United States Senator

Martin Heinrich
United States Senator

Sheldon Whitehouse
United States Senator

[8] Natasha Frazier et al., *Misguided: U.S. Supports Financing of Fossil Gas at World Bank Group* (Oct. 2023), https://foe.org/wp-content/uploads/2023/10/WB_Treasury_Voting_Report_v2_101623.pdf.

cc:

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