

Congress of the United States

Washington, DC 20515

July 5, 2023

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

Dear Mr. Banga,

As members of Congress committed to climate action, we congratulate you on your new role as President of the World Bank Group. Your appointment comes at a critical point in time for the World Bank, for its stakeholders around the world, and for the future of our planet and all its inhabitants. Unfortunately, as several of our colleagues indicated to your predecessor, the World Bank has work to do to make good on its commitments to transition away from fossil fuels.

In the wake of a global pandemic and in the throes of the market disruptions caused by Russia's unprovoked invasion of Ukraine, the lower and middle-income nations served by the World Bank find themselves in a highly precarious fiscal and economic situation. We are heartened to see that you recognize the urgency of this problem and hope that the Bank will lead a coordinated and robust response to these challenges. It is imperative that the World Bank increase investment in projects that advance climate adaptation and mitigation goals, provide clear and transparent metrics on what projects the bank funds to meet these goals, and efficiently leverage private resources to expand the reach of these climate efforts.

Direct More of the Bank's Resources to Climate Projects

Last year, the World Bank committed a record \$31.7 billion in climate financing, which meant that 36% of total Bank Group financing went towards climate efforts. This amount was 19% higher than the year before and exceeded the 35% target in the Bank's Climate Change Action Plan.¹ The Bank should continue increasing these investments until 50% of financing goes to climate efforts, which would bring it in line with climate funding goals laid out by other development banks in Europe and Asia.^{2 3 4}

We urge you to leverage the new Country Climate and Development Reports⁵ to guide lending decisions and prioritize mitigation and adaptation actions while integrating climate change, resilience, and development priorities. We also encourage the Bank to build upon the range of successful climate projects over recent years like the expansion of the Indian solar industry⁶, the development of climate-smart agriculture in Uruguay⁷, and the efforts to expand electrification in parts of Kenya⁸. With increased climate funding, the Bank can expand this work, provide leadership globally, and look to examples in other multilateral institutions (like the IMF's Resilience and Sustainability Trust) to supercharge these efforts.

Historically, the wealthiest nations bear the responsibility for most atmospheric carbon emissions, and it makes no sense to overburden poor and climate vulnerable nations with unpayable debts as part of the solution. The Bank must make

¹ <https://www.worldbank.org/en/news/press-release/2022/09/07/world-bank-group-delivers-record-31-7-billion-in-climate-finance-in-fiscal-year-2022>

² <https://www.ebrd.com/news/2020/ebd-unveils-proposal-to-be-majority-green-bank-by-2025.html>

³ https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf

⁴ <https://www.aiib.org/en/about-aiib/who-we-are/infrastructure-for-tomorrow/green-infrastructure/index.html>

⁵ <https://www.worldbank.org/en/publication/country-climate-development-reports>

⁶ <https://www.cif.org/country/india>

⁷ <https://projects.worldbank.org/en/projects-operations/project-detail/P124181?lang=en>

⁸ <https://www.worldbank.org/en/news/press-release/2015/03/31/world-bank-kenya-scale-up-electricity-access-strengthen-kplc-finances-service-delivery>

every effort to extend credit on the most favorable possible terms and rely as much as possible on grants rather than loans. We echo our Congressional colleagues, the Biden administration, and many other shareholder governments in urging you to deploy the existing capital of the World Bank strategically, and for maximum effect.

Provide Leadership on Transparent Climate Metrics and On Phasing Out Investments in New Fossil Fuel Projects

As the Bank increases climate financing, we strongly urge the Bank to clearly define what qualifies as climate finance and climate action and to be transparent about how the Bank chooses climate-related projects. Identifying these methodologies will also position the Bank as a leader in this rapidly growing investment space.

Additionally, while the World Bank increases climate financing, it must stop investing in fossil-fuel projects. Fossil fuel investments still totaled more than \$14.8 billion since the adoption of the Paris climate agreement in 2015; though, this amount has been falling over time. Aggressive action to bring this total to zero is needed immediately so that the Bank does fund the irresponsible creation of these stranded assets that will be left behind by the transition away from fossil fuels.

Leverage Private Sector Capital to Accelerate Climate Action

In light of your previous experience, we hope that you will be able to engage with the private sector in ways that can multiply the resources available for necessary climate investments. By considering its comparative advantages relative to private capital, the Bank can prudently divide up risks and returns to maximize the scale and speed of investments. For our part, we will continue working to ensure that the United States lives up to our commitments to multilateral poverty relief and climate security.

As you consider reform proposals for how the Bank structures development financing, we urge you to maintain focus on a transition to a world without poverty or fossil fuels. We look forward to hearing directly from you about the concrete steps you are taking towards this vision ahead of the Bank’s Annual Meeting in October.

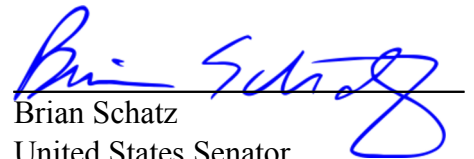
Sincerely,



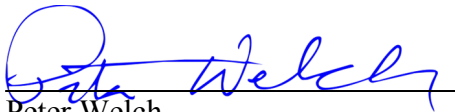
Martin Heinrich
United States Senator



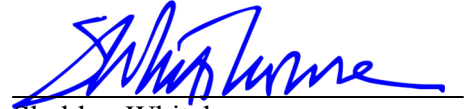
Katie Porter
Member of Congress



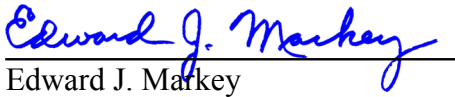
Brian Schatz
United States Senator

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Peter Welch
United States Senator

A handwritten signature in blue ink, appearing to read "Sheldon Whitehouse", written over a horizontal line.

Sheldon Whitehouse
United States Senator

A handwritten signature in blue ink, appearing to read "Edward J. Markey", written over a horizontal line.

Edward J. Markey
United States Senator