



Ms. Bernice Van Bronkhorst, Global Director, Climate Change
Mr. Demetrios Papathanasiou, Global Director, Energy and Extractives Global Practice
World Bank Group
Washington, DC 20433 USA
[Via email](#)

Dear Ms. Van Bronkhorst and Mr. Papathanasiou:

As the IPCC [Sixth Assessment Report](#) (AR6) makes clear, the impacts of climate change have the power to undermine efforts at poverty reduction and sustainable development, and avoiding and minimizing them are thus essential to the mission of the World Bank Group (WBG). As President Malpass said at the One Planet Summit in January, “It’s very clear: we cannot succeed in helping countries reduce poverty and inequality without rising to the challenges of climate change and the loss of biodiversity.” In this context, the Bank’s new Climate Change Action Plan (CCAP) has elements, such as the commitment to preparing Climate Change and Development Reports, that integrate responses to these two challenges. However, in other ways, the CCAP falls significantly short, especially in the rapidly evolving context of climate impacts.

As the world looks ahead to the COP26 summit, it is incumbent on the World Bank Group to position itself as an unequivocal climate leader, responsive to climate science and to the millions of global citizens clamoring for more committed climate action. Since we understand the CCAP as a [living document](#), the Big Shift Global campaign and its members would highlight the following as requiring your immediate attention:

1. Stop Funding Fossil Fuels: In the last few months alone, the Medupi coal power plant in South Africa [exploded](#); Mozambican youth blocked roads in protest of [unmet promises](#) from WBG-supported gas development in Inhambane province; and, a faulty gas-reliant power system led to [economy-crushing blackouts](#) in the Ivory Coast. The WBG supported all of these misguided and damaging projects in the name of “development.”

The US Treasury Department recently joined other WBG shareholders in releasing guidance on its voting position to restrict US support for fossil fuel projects at the MDBs. This puts a significant portion of the WBG shareholder voting power behind fossil fuel restrictions that are more ambitious than the policies of the WBG itself. Rather than forcing shareholders to expend significant resources screening thousands of individual projects for compliance with complex internal criteria, the WBG should immediately align its [fossil fuel policies](#) with the most ambitious standards, latest science, and [calls](#) from grassroots movements, and make them binding. These reforms are vital, since we know that the Bank has provided some [\\$12 billion in financing that](#)

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[supported fossil fuels](#) since the Paris Agreement, and billions more if we include sums flowing to financial intermediaries and policy based lending, which are hard to calculate due to fungibility and lack of transparency.

The Bank's new CCAP leaves important questions unaddressed: Will the WBG rule out project support for midstream and downstream oil and gas? How will the WBG address indirect channels used for fossil fuel financing such as policy based lending, financial intermediaries, and technical assistance? Will the Bank commit to immediately revising its Development Policy Financing policy to prevent future subsidies to fossil fuel production, the IFC's Green Equity Approach, and MIGA's climate policy? And will these revisions be made with the benefit of full public consultation?

2. Just Transition away from coal: The CCAP commits to support countries that request it on a just transition away from coal. How will the WBG ensure that this is done in a way that does not lead to new gas development but leads to a true energy transition, to renewables, and that ensures the public interest is served, rather than bail out fossil fuel producers?

3. Paris Alignment: The CCAP commits the Bank to 100% Paris alignment by 2023, and for IFC/MIGA by 2025. Even as this is worryingly far-off, for this to be credible, the Bank needs to share more detail on its approach and how it will explicitly target a 1.5°C pathway. The current [joint MDB Paris Agreement aligned and non-aligned projects list](#) is highly problematic and in conflict with what science currently dictates must be done to have even a 50% chance at limiting warming to 1.5°C. The current non-aligned list only includes: thermal coal mining, coal electricity generation, peat extraction; and electricity generation by peat. Given it has been nearly 6 years since the adoption of the Paris Climate Agreement, public finance should already be rejected when found not to be in alignment with the Paris climate mitigation goals. While grey areas still exist, the International Energy Agency (IEA) and UNEP as well as many other experts have determined that no more investments in new oil, gas or coal production can be made if we are to limit warming to below irreversible, catastrophic levels. UN Sustainable Energy for All [recommends](#) that “financing of fossil fuel projects as a means of closing the energy access gap should be terminated.”

What specific steps is the WBG taking in each of its business units to accelerate Paris Alignment; to directly prioritize renewable energy development; and to ensure that its activities in the meanwhile do not create further fossil fuel dependency and contribute to global warming?

4. Sectoral Integration: While the Bank's climate programs are for the most part effective in addressing aspects of the climate crisis, in many instances they are undermined by the activities financed by other sectors, notably energy, infrastructure, transport, and extractive industries. For example, the transport sector and IFC continues to fund [diesel buses](#) and [logistics companies](#) without any resource efficiency and pollution prevention policies. The last WBG energy strategy (2013) specifically mandates increasing support of fossil gas. These show clear misalignment of WBG sectors with its own climate goals and a failure to take the needed holistic

approach that could give co-benefits across the SDGs¹. How are these incongruities being addressed?

5. Inclusion: The CCAP roll-out process and lack of meaningful consultation of civil society in the development of the plan failed to adhere to the WBG's own guidelines, and to the principle of inclusive development. Although the CCAP mentions taking an inclusive approach, it is not clear how that will be accomplished, and how marginalized communities, including Indigenous Peoples (IPs), will be incorporated and empowered in the WBG's climate action. AR6 specifically notes the role of indigenous knowledge in addressing the climate crisis.[i] The Bank has administered the successful [Dedicated Grant Mechanism](#) for Indigenous Peoples and Local Communities (IPLCs); why is it not proposing to build on this success? What steps are being taken to ensure the WBG addresses climate change in a way that is credibly inclusive?

6. Gender: Since harmful climate impacts expose and exacerbate gender inequalities, the CCAP (and all Bank activities and outputs) should explicitly address joint [climate/gender issues](#), including the potential [contribution of IPLC women](#) in climate action. How will the WBG mainstream gender-sensitive approaches in all its climate activities?

7. Transparency: For each project, the Bank should report what sub-components are counted as climate finance within the project information documents, and rate their effectiveness in implementation status reports. This would promote transparency, currently lacking, around whether/how new and larger climate finance targets are being met. What steps will the Bank take, and by when, to improve transparency of its climate accounting?

In addition, the increased focus on mobilizing private finance means increasing financial intermediary portfolios, and de-risking facilities. However, the [lack of disclosure and transparency](#) surrounding sub-projects financed through these instruments makes it impossible to assess results. [Recent research](#) shows that the billions-to-trillions agenda is actually delivering billions-to-a few hundred million in private co-financing for climate and development.

How do you ensure that public funds used to mobilize private finance are in fact delivering on climate action and meeting environmental and social standards, rather than subsidizing private goods or worse, contributing to harm?

In addressing all of these areas, it is important that the Bank not only describe what it plans to do, but to establish clear targets and measures of success for each of its business units, including the tools and metrics that it will use to achieve them. Given the centrality of climate change to its mission of reducing poverty and raising shared prosperity, the Bank must commit itself in ways that are clear to its staff, its clients, and the communities affected by World Bank investments.

We look forward to your answers to our questions.

¹ <https://www.ipcc.ch/sr15/> Chapter 5: Sustainable Development, Poverty Eradication and Reducing Inequalities

Sincerely,

The Big Shift Global Campaign

Cc: Jurgen Voegele, VP, Sustainable Development
Executive Directors

[i] AR6 1.2.3.3: “Community approaches, including those that are informed by indigenous knowledge and local knowledge, can accelerate the wide-scale behaviour changes consistent with adapting to and limiting global warming to 1.5°C.” It is important to take advantage of these soon since per AR6 1.5.1.2 these “are in danger of being lost as indigenous knowledge-holders pass away.”