



April 10, 2024

Dear World Bank Governor:

On behalf of The Climate Reality Project and our millions of advocates worldwide, we urge you to push the World Bank Group (WBG) to act more aggressively on the climate crisis and lead the world toward our Paris Agreement goal of limiting global warming to 1.5 degrees.

We believe the WBG is uniquely positioned to drive the global system change we need to meet the climate challenge. We applaud the meaningful progress the WBG has made under President Ajay Banga on climate finance and ending poverty on a "livable planet." Especially the WBG's commitment to increase funding for climate-related projects to 45% of its total financing and to balance mitigation and adaptation lending.

While we welcome these steps, the magnitude of the climate crisis demands that the WBG increase the scale and urgency of its efforts. We strongly support the WBG's continued progress on translating the Evolution Roadmap into effective policy and urge you to use the spring meeting with the International Monetary Fund to advance the following reforms to catalyze sustainable development and ambitious climate action worldwide.

1. **Add all fossil fuels to a list of excluded expenditures for borrowers and establish required audits with independent verification for transparency.** The exclusion list must be part of the legally binding financial agreement between the World Bank and the borrower. This is the only way to avoid further support for fossil fuels, especially through indirect lending instruments such as development policy lending and financial intermediaries (especially trade finance). As the Intergovernmental Panel on Climate Change reports, any new fossil fuel development or infrastructure will lock in emissions that warm the planet beyond 1.5 degrees and accelerate climate devastation. Enabling new fossil infrastructure is not only an inefficient use of resources but can saddle Global South nations with expensive assets stranded by the net zero transition.
2. **Increase funding for climate purposes to at least 50% of total annual financing and expand fair and accessible credit for climate vulnerable nations.** Other multilateral development banks (e.g., the EBRD) have already met this threshold and the WBG should follow suit. Moreover, the WBG should set clear and ambitious lending targets for 2025 and 2030 for increasing climate finance (and concessional finance) within the overall portfolio. Priority grants and lending should be based on accelerating the transition away from fossil fuels in the energy sector and critical adaptation needs during this critical decade. It should be split equally between mitigation and adaptation efforts, based on priority systems highlighted in the 2021–2025 Climate Change Action Plan, enhance resiliency, and not add

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greenhouse gases to the atmosphere. As the Bridgetown Initiative points out that crippling debt payments prevent climate-vulnerable countries – who did not cause this crisis – from fully recovering and rebuilding when yet another climate disaster strikes, trapping many in a desperate cycle of poverty. Accordingly, grants should be prioritized, and credit should be low cost and open to all countries in need.

3. **Commit to funding International Development Association (IDA) replenishment at levels that align with a 1.5 degrees pathway.** Experts have recommended ambitious levels that would enable IDA 21 to reach \$279 billion by 2031. This funding is key to supporting climate vulnerable countries with adaptation and mitigation needs and falls squarely within WBG's expanded mission to end extreme poverty and boost prosperity on a livable planet. Grant funding should be prioritized and followed by highly concessional lending. All measures should be taken to avoid additional indebtedness by receiving country.
4. **Ensure the WBG actively works to identify unintended negative impacts of funded projects.** The WBG must create a process to detect impact early through an independent complaints' mechanism and remedy them through people-centered redress frameworks. This is critical not only to ensure truly just and sustainable development, but also to build trust in and support for the WBG's mission and work.

Our window of opportunity for realizing the goals of the Paris Agreement is narrowing by the day. Given its outsized role in global development and climate finance, the WBG is uniquely positioned to fill the current leadership vacuum and catalyze sustainable, resilient, and inclusive development.

Please continue your efforts to increase public climate finance and access at the spring meeting. There is no time to waste.

Sincerely,

African Climate Reality Project
The Climate Reality Project Australia & Pacific
The Climate Reality Project Brazil
The Climate Reality Project Canada
The Climate Reality Project Europe
The Climate Reality Project India & South Asia
The Climate Reality Project Indonesia
The Climate Reality Project Japan
The Climate Reality Project Latin America
The Climate Reality Project Philippines
The Climate Reality Project United States