

Congress of the United States

Washington, DC 20515

September 29, 2022

The Honorable Joseph R. Biden
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Biden:

We are writing to express our concern about the recent statements of World Bank Group President, David Malpass. His recent statements about climate change are troubling and we urge you to advocate for the removal or forced resignation of David Malpass as World Bank Group President. The facts are clear that we are in a climate crisis and there's no alternative but to take bold action.

On September 20, 2022, at an event coinciding with the 77th session of the United Nations General Assembly in New York City, World Bank Group President, David Malpass was asked a direct and simple question regarding whether "manmade burning of fossil fuels is rapidly and dangerously warming the planet." Mr. Malpass avoided the question but added, "I don't even know. I'm not a scientist." This is unacceptable.

The policy and programming of the World Bank Group needs to be fully based on the findings of the Intergovernmental Panel on Climate Change (IPCC) and aligned with the goals of the Paris Agreement. People and governments now more than ever need a World Bank leader who listens to the science and is a global leader in combating climate change and adapting to the impacts that are unavoidable.

Since the Paris Agreement, the World Bank Group has provided over \$14 billion in project financing to the fossil fuel industry, more than any other multilateral development bank.¹ The figure does not include billions more in support to fossil fuels through policy based lending and financial intermediaries. One of the most troubling sectors where the funding for climate-destroying fossil fuels continues unchecked is international fossil fuel financing for development projects, further continuing the reliance on fossil fuel with damaging results to communities and countries' economies.

Furthermore, the data is clear that the markets are shifting away from fossil fuels towards cleaner, cheaper sources.² Renewables outperform fossil fuel investments, and the cost of capital remains lower for renewable energy companies than fossil fuel companies. For example, First Solar is trading at a price/earnings ratio more than 10x higher than Shell and Tesla is trading similarly in comparison to Exxon. Capital markets understand the impacts of climate change, but they are leaving behind regions that depend on fossil fuel extraction. The World Bank is uniquely positioned to respond to this, through the prudent redirection of capital, away from those assets that are contributing to the problem and towards those resources that help solve the problem while still helping humanity meet their energy needs.

Your Executive Order on Tackling the Climate Crisis at Home and Abroad took the bold step of requiring the U.S. Treasury Department to develop a strategy for how the voice and vote of the United States can be used in the international financial institutions, like the World Bank Group and the International Monetary Fund, which led to the U.S. Treasury Department's updated energy financing guidance released last summer. These are

¹ Oil Change International (2022) Public Finance for Energy Database. <https://energyfinance.org/#/data>

² Clean Energy Investing (2021) Global Comparison of Investment Returns. <https://iea.blob.core.windows.net/>


welcome first steps, but we need to go well beyond them if we're going to have a chance at making meaningful climate progress.

While the World Bank Group is a sizeable investor in climate action, it can and must significantly increase its climate investments to meet the moment. Peer entities such as the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) already have committed to direct half of their finance toward climate action. The World Bank Group has only committed to align 35 percent of their financing. Given the urgent investment needs in developing countries, the World Bank Group must do better.

The United States is the largest shareholder in the World Bank, and our influence can determine the direction of their investments for years to come. The United States has significant influence to push the institutions to end their support for fossil fuel investments and significantly increase the quality and quantity of their climate finance. We must pursue bold steps, both at home and through our investments abroad, to avoid the most disastrous impacts of the climate crisis and transition toward clean energy.

The World Bank Group must be a global leader of responsible and sustainable financing for developing countries and it is unacceptable for David Malpass, as President for this leading international development institution to be so brazenly ignorant toward the impacts of the climate crisis. We need a World Bank Group leader who fully appreciates the threat of climate change and the need to accelerate the global transition to a clean just energy future to improve living standards, reduce poverty, and encourage sustainable growth. Thank you for your attention to this important issue.

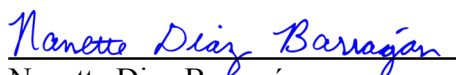
Sincerely,



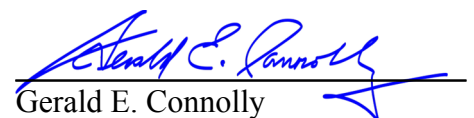
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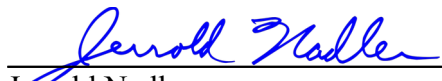
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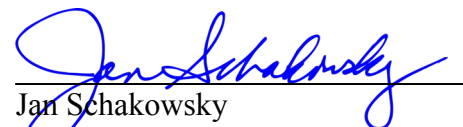
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