To: 24 Sept 2018

Jim Yong Kim, World Bank President

Via email

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European Executive Directors to the World Bank Group
Kristalina Georgieva, Chief Executive Officer, World Bank Group
Philippe Le Houérou, Chief Executive Officer, International Finance Corporation
Keiko Honda, Chief Executive Officer, Multilateral Investment Guarantee Agency
Laura Tuck, Vice President, Sustainable Finance, World Bank
John Roome, Senior Director for Climate Change, World Bank
Riccardo Puliti, Senior Director for Energy and Extractives, World Bank
Karin Kemper, Senior Director, Environment and Natural Resources Global Practice, World Bank
Alzbeta Klein, Director and Global Head of Climate Business, International Finance Corporation
Morgan Landy, Director of Infrastructure and Natural Resources, International Finance Corporation
Genevieve Connors, Manager, Strategy & Operations, World Bank
Olivier Mussat, Chief Investment Officer, Global Oil and Gas, International Finance Corporation
Dana Rysankova, Global Lead, Energy Access, World Bank
Marcus Williams, Global Head & Sector Manager, Energy and Extractive Industries, Multilateral Investment Guarantee Agency
Elizabeth Mealey, Climate Change Communications Advisor, World Bank
Nicholas Andrew Keyes, Senior Communications Officer, World Bank
Aaron Rosenberg, Head of Public Affairs, International Finance Corporation Communications

Dear President Kim,

We are writing regarding the World Bank Group's plans to announce new post-2020 climate goals at COP24 in Poland in December 2018. As the need for swift climate action becomes increasingly clear in order to avert catastrophic climate change, we call on the World Bank Group to reaffirm its commitment and adherence to the Paris Climate Agreement, with ambitious and robust post-2020 climate goals. This is critical, given that we continue to see the warning signs of climate change flashing red around the globe, with many locations recording new record temperatures and extreme weather events thus far in 2018, and the poorest and most vulnerable continuing to be hit hardest.

We welcome that the Bank has exceeded its own target and reached 32% climate-related investments for FY18[1]. We also welcome the World Bank's commitment to increase its energy access finance, with its investment in off-grid and mini-grid energy growing to $600 million in FY18. This follows the climate commitments the Bank announced at the One Planet Summit in December 2017, including the phase-out of 'upstream' oil and gas lending after 2019. We, the undersigned civil society organisations, urge the World Bank to build on these efforts and take further steps to align itself with the low-carbon energy future mandated by the Paris Climate Agreement and the Sustainable Development Goals, and to create the confidence needed for countries to implement and go beyond their own 2030 commitments (i.e. Nationally Determined Contributions).

We call on you to consider the following civil society recommendations for inclusion in the forthcoming post-2020 climate goals:

Commit to developing and adopting a science-based emissions target for World Bank lending and operations: We call on the Bank to commit to developing an emissions target that is aligned with the

[1] The World Bank's proposed general capital increase for IBRD & IFC has signaled a longer-term commitment in this area, calling for 30% of IBRD support by June 2023 and 35% of IFC support by June 2030 to constitute climate-related investments.

Paris Climate Agreement's 1.5ºC pathway by 2020, that applies to the World Bank's entire project lending portfolio and operational costs, building on the 2017 commitment to track aggregate GHG emissions for World Bank project lending in high-emitting sectors in 2018[2]. As the WBG implements this commitment to track GHG emissions in high-emitting sectors, it should be sure that these efforts consider Scope 3 emissions, as other development finance institutions such as AFD already do, and that assessment of emissions informs investment decision-making by applying a shadow carbon price in line with the upper end of the recommendations of the High-Level Commission on Carbon Prices[3].

Increased finance for clean cooking, off-grid and mini-grid renewable energy access: We welcome that the World Bank is committed to increase its energy access finance. However, if we are to get back on track to achieve SDG 7, finance needs to be scaled up significantly to mainstream off-grid renewable energy access as a key component of the Bank's energy portfolio. We call on the World Bank to **rapidly scale up investments in energy access** in energy-poor countries **so that this accounts for at least 50 per cent** of the WBG's energy lending portfolio, aiming to ensure that **70% of that energy access finance supports distributed renewable energy (35% of total WBG energy finance)[4].** This should be reported as a share of the total energy portfolio annually. The WBG should also assist the top 20 'high impact' countries - where energy access rates are lowest - to integrate universal energy access into the objectives and mitigation measures of their NDCs, and ensure that Country Partnership Frameworks include robust consultation on energy issues with civil society groups, in line with integrated national planning approaches to achieving SDG 7.

Improve the quality of the Bank's climate-related investments whilst scaling up both mitigation and adaptation finance: In solidarity with longstanding calls by developing countries for climate finance to be in addition to promised ODA, we caution that further increases should happen in the context of rising overall aid, so that it does not displace other critical ODA spending for health, education and other lifesaving areas. We call for a better balance for adaptation (the priority for the world's poorest countries and the area least able to attract private finance), and for only the grant element of WBG loans to be counted towards the $100 billion climate finance commitment.

Develop a policy for the exclusion of coal from the IFC's financial intermediary (FI) investments and public disclosure of the fossil fuel exposure of IFC's FI investments: The IFC is lagging behind many private banks and companies in terms of its policies on coal divestment. For example, Dutch bank ING no longer finances clients in the utilities sector that are over 5% reliant on coal, while Allianz has announced it will end underwriting for companies that are at least 30% reliant on coal. This is a major and far-reaching issue as IFC has debt and equity exposure in 125 countries and over 2,000 companies. Last year, IFC committed to begin tracking financial intermediary clients' exposure to coal; in order to take steps towards further transparency of the IFC's FI lending and potential links to supporting fossil fuels, we call for this information to be publicly disclosed, including the name, sector and location of FI sub-projects; and for the IFC to not invest in FI clients where coal accounts for more than 5% of their portfolios.

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[2] To cite one example of current work on this: The Science Based Targets Initiative is currently developing a new methodology for financial institutions to track their emissions that will be ready in draft form by the end of 2018.

[3] We advocate that the World Bank's GHG reporting and emissions target cover: Scope 1 emissions (direct); Scope 2 emissions (off- site production of energy used by the project); and **Scope 3 (upstream/downstream) GHG emissions**. The WBG currently does not account for any Scope 3 GHG emissions such as those associated with the ultimate burning of the oil and gas from WBG-funded exploration, field production, offshore loading/storage facilities, pipelines, and refineries. In many of these projects, significant volumes of oil and gas are being exported and burned in developed countries. The WBG must recognise its contribution to global GHG emissions through such operations.

[4] The World Bank Group spent $600m on mini-grid and off-grid energy, which is 43% of $1.4bn on energy access finance in the past year. The International Energy Agency recommends that 71% of additional investments for energy access go towards mini-grid (48%) and off-grid (23%) renewable energy, compared to 29% on grid, which is often the default approach, in order to meet SDG 7.

Aligning World Bank infrastructure lending, guarantees and assistance with low- or zero-GHG pathways, and supporting development of countries' strategies under the Paris Agreement (i.e. NDCs and 2050 Pathways): The World Bank has effectively helped countries to develop their NDCs to the Paris Agreement, and support will continue to be necessary for implementing and enhancing these plans - as well as developing 2050 development plans. It should be noted that the NDCs currently pledged are in line with about 3ºC of warming, rather than the 1.5ºC that countries agreed to try to achieve in Paris, and so greater and faster action is needed. The World Bank must continue to build on efforts such as Scaling Solar in Sub-Saharan Africa to move countries away from being locked-in to fossil fuels and high-emission infrastructure (such as planned new 'mega-corridors' that are heavily dependent on fossil fuel extraction)[5], and assist countries in implementing 'just transition' measures.

The development of a safeguard for development policy lending that contains specific measures to prevent 'prior actions' (i.e. loan conditions) which directly benefit fossil fuel or extractive industries: The World Bank's policy lending currently lacks safeguards to prevent the 'prior actions' in its development policy lending leading to legislative changes designed to benefit the fossil fuel industry. We call on the Bank to commit to developing a safeguard to ensure that its development project finance is supporting a low-carbon transition and not 'propping up' fossil fuel and extractive[6] industries.

Ensuring that World Bank investments do not serve as a driver of deforestation: Emissions from deforestation account for over 10% of global GHG emissions (more than the emissions from all of Western Europe). Intact, forests can provide resilience to climate change impacts, through mediating hydrology, thereby reducing flood impacts. The Aichi Biodiversity Goals set a target that by 2020, "the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced." Forest protection is also an important facet of SDG 15. To align itself with these efforts, the Bank should: Support countries' implementation of forest-related measures in their NDCs, with a particular focus on IDA countries; prioritise the protection of forests and the recognition of the rights and inclusion of forest peoples in the development and implementation of Country Partnership Frameworks, including in Systematic Country Diagnostics; and ensure the Bank's country-level Forest Notes are open for public consultation.

Ensure strong implementation of the World Bank Group commitment to end upstream oil and gas finance after 2019: This World Bank Group's major announcement to move away from financing for upstream oil and gas activity after 2019 is positively influencing discussions on energy lending at numerous multilateral and bilateral public finance institutions. It is therefore important that as a precedent-setter, the World Bank Group ensures that this commitment also precludes support for associated infrastructure that directly enables the development of new oil and gas exploration (including, for example, financing for oil and gas pipelines that would expand takeaway capacity).

Sincerely,
350.org (Global)
Abibiman Foundation (Ghana)
Africa Renewable Energy Alliance (Africa)
African Centre for Applied Forestry Research and Development (Cameroon)

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[5] The WBG must ensure operations are consistent with NDC targets and associated GHG mitigation measures. In keeping with the WBG *2016-2020 Climate Change Action Plan*'s (CCAP) affirmation that WBG assistance should be consistent with NDCs, the WBG needs to prove that operations will not endanger NDC targets and associated mitigation measures. WBG assistance on infrastructure and energy sector development strategies, development policy lending, infrastructure investment frameworks (e.g., PPP investment frameworks), must ensure that the aggregate results do not threaten NDC targets or lead to exceeding a 2ºC warmer world.

[6] By 'extractives' we refer specifically to the those linked with the fossil fuel industry.

African Climate Reality Project (Africa)
AJVDC - Congo Green Brigade (DR Congo)
Arab Watch coalition for just development (MENA)
Association des Volontaires pour le Développement Durable (Cameroon)
Bank Information Center (USA)
Bank Information Center Europe (Europe)
Both ENDS (Netherlands)
Bretton Woods Project (UK)
Cameroon National Land Platform (Cameroon)
Centre Africain pour la Démocratie et la Gouvernance (Cameroon)
Christian Aid (Global/UK)
Climate Action Network – Tanzania (Tanzania)
Climate Transformation and Energy Remediation Society – CLIMATTERS (Nigeria)
CNCD-11.11.11 (Belgium)
Crude Accountability (USA)
E3G – Third Generation Environmentalism (UK)
Friends of the Earth US (USA)
Green Environment Foundation (Zambia)
Inclusive Development International (USA)
InspirAction Spain (Spain)
International Accountability Project (Global/USA)
Narasha Community Development Group (Kenya)
NGO Forum on ADB (Asia)
Observatoire d'Etudes et d'Appui à la Responsabilité Sociale et Environnementale – OEARSE (DR Congo)
Oil Change International (USA)
Oxfam (Global)
Réseau camerounais des organisations des droits de l'homme (Cameroon)
SustainUS (USA)
Swedish Society for Nature Conservation (Sweden)
Tearfund (UK)
The Afrolutionist (Botswana)
Urgewald (Germany)
Young Volunteers for Environment (Zambia)