

August 18, 2021

Dear Secretary Yellen,

Thank you for the steps you have taken to restrict US support for fossil fuel projects at the multilateral development banks in the Treasury voting guidance released this week. As the US Treasury works to implement this guidance on the use of the US government's "voice and vote" in international financial institutions (IFIs) in which it participates to support the goals of the Paris Agreement – as outlined in the January 27 [Executive Order on Tackling the Climate Crisis at Home and Abroad](#) --**we urge you to put the voices, interests and demands of grassroots communities and movements from around the world front and center.**

The US provides [billions of dollars annually](#) to fossil fuel projects and policies overseas, much of which flows through multilateral development banks (MDBs). In addition to providing billions of dollars in direct project finance for energy projects around the world, international financial institutions also play a significant role in influencing policy changes in countries globally to influence the types of investments that are made.

According to the World Bank, climate change will push [132 million](#) more people into poverty by 2030. This continued financing of fossil fuel expansion around the world by international financial institutions is not only fueling a crisis that is impacting developing countries, and vulnerable groups within them, first and most acutely, it is also contributing to the establishment of sacrifice zones, harming and displacing local communities and ecosystems in countries around the world in the name of "development".

Continued financing for fossil fuels, including gas, is also subjecting national economies around the world to the risks of fossil fuel dependency in a quickly transitioning world, including more volatile and expensive fossil fuel prices for importing countries, fiscal distress for those with active power purchase agreements, the risk of stranded assets and lock-in of obsolete infrastructure for those expanding fossil fuels, and falling global demand for fossil fuels for exporting countries. In addition, according to research by the African Development Bank and the IMF, fossil fuel-based economies have been associated with a [lower likelihood of democratization](#), and [slower growth](#).

The US is the largest shareholder, or among the largest, in the Boards of the World Bank Group, the European Bank for Reconstruction and Development, the African Development Bank, the Inter-American Development Bank, the Asian Development Bank and the North American Development Bank. As such, the US has outsized power to influence the energy and climate policies at these institutions. Not coincidentally, the US is also the world's largest historic contributor to climate change, giving it a historic and moral responsibility to lead global efforts and funding streams to shift energy pathways away from fossil fuels and towards renewable, distributed, community-centered energy.

In April of this year, President Biden convened 40 world leaders for a virtual discussion of global strategies to combat the climate crisis. While this was an important signal of the US's return to international climate discussions, conspicuously missing was the meaningful inclusion of voices from grassroots communities and movements around the world, of people who are often on the front lines of climate destruction, and who know better than anyone the impacts of climate change and of fossil fuel projects in their communities, and of the needs of people in their countries for renewable, community-centered energy pathways.

In response, grassroots leaders representing 30 organizations from 17 countries convened on June 2-4 to discuss climate and energy issues in their communities and to elevate their demands to the US government regarding its public finance for fossil fuels overseas. **As a continuation of this effort, we write to you today to share our demands as global grassroots leaders for the US Treasury to set clear guidelines for the rigorous implementation of the guidance on the US government's "voice and vote" in MDBs to:**

- Oppose all new fossil fuel projects, across the oil, gas, and coal value chain (from extraction, to transport, to production and distribution).
- Support a just transition away from fossil energy and to community-centered renewable energy for workers and communities, with improved consultation at country level.
- Support for improved disclosure and full transparency of climate finance accounting and decision-making processes.
- Ensure that these changes apply to all MDB funding streams and modalities, including indirect financing provided through financial intermediaries, and policy-based lending.
- Include grassroots communities and movements from developing countries in the full process of drafting these policies, and meaningfully and demonstrably consider their feedback.

In addition, we demand the US use its "voice and vote" in MDBs to take the following remedial actions with regards to projects and policy reforms supported by MDBs in which the US participates:

- Push the IFC to immediately divest from fossil fuel-related projects including by withdrawing the equity it has in Hana Bank Indonesia, which is still investing in the Java 9 & 10 Coal Power Plant Projects, and bring pressure to bear on Hana Bank Indonesia to stop financing Java 9 & 10.
- Push multilateral development banks to compensate communities harmed by fossil fuel projects that they supported in the Philippines.
- Stop the coal project in San Pedro, Côte d'Ivoire.
- Create a fund to support grassroots organizations in Tanzania and other countries to fight climate change at grassroots levels.
- Equip CSOs with technical and financial assistance to monitor development projects funded by IFIs in Tanzania.

- Bring pressure to bear on the World Bank Group, African Development Bank, and the IMF to evaluate the impact of their lending and policy advice on fossil fuel development and dependency in Mozambique; to create reparations funds at respective MDBs for communities affected by MDB-supported coal, gas, and LNG development in Mozambique; to make a commitment to “do no harm” in exacerbating climate change and inequality by immediately halting all support, direct and indirect, for fossil fuel development, including by cancelling the \$400 million loan by the African Development Bank for Mozambique LNG; to help Mozambique embark on a just transition and leapfrog to renewables for workers and communities; to push the IMF to assess financial liabilities of LNG non-performance risk in Mozambique, and the fairness of risk-sharing between the public sector, financial sector, and export credit agencies involved, making this transparent to civil society, and to support Mozambique in displacing this financial risk, with greatly stepped up input from civil society.
- Require the World Bank and the Inter-American Development Bank to stop promoting oil and gas in Guyana and to align all financing and projects to enable Guyana to convert to 100% renewable energy by 2025 as set out in Guyana's Nationally Determined Contribution under the Paris Agreement.

As happened when the US issued Guidance in 2013 opposing support for new coal power plants through MDBs except in rare circumstances, US leadership in MDBs on a global fossil fuel phaseout and just transition would have a significant domino effect and influence other countries to adopt similar positions on MDB Boards. Thank you for your consideration, and we look forward to hearing from you with updates on the roll out of this Guidance, and how you will center perspectives from grassroots leaders around the world.

Sincerely,

HEDA Resource Centre, Nigeria

Lekeh Development Foundation (LEDEF), Nigeria

Northern Advocacy Center for Peace and Climate Change, NACPACC, Ghana

Zero Hour Philippines, Zero Hour Asia, Philippines

Laudato Si Movement (Formally GCCM), pan-Africa

Foundation for Environmental Management and Campaign Against Poverty, Tanzania

Centre for Citizens Conserving, Uganda

World vision Ghana, Ghana

deCOALonize Kenya, Kenya

Zero Regional Environment Organisation, Zimbabwe

Justiça Ambiental/Friends of the Earth Mozambique (JA!), Mozambique

Alliance for Empowering Rural Communities, Ghana

Trend Asia, Indonesia

Environics Trust, India

Strategic Youth Network for Development (SYND), Ghana

Global Initiative for Food Security and Ecosystem Preservation, Nigeria

Green Carbon Ghana, Ghana

AbibiNsroma Foundation, Ghana

Latinoamerica Sustentable, Ecuador

350.org América Latina, Latin America

Asociación Costa Rica Íntegra, Costa Rica

Climate Action Network Latin America (CANLA), Latin America and the Caribbean

Alliance for Empowering Rural Communities, Ghana

Derechos Humanos y Medio Ambiente - DHUMA, Peru

Derecho Ambiente y Recursos Naturales DAR, Peru

350Africa.org, Africa

African Climate Reality Project, South Africa

Justiça nos Trilhos, Brasil

Fair Finance Philippines, Philippines

Center for Education Promotion and Empowerment of Women, Vietnam

Africa Coal Network, Africa

NGO 350 CÔTE D'IVOIRE, CÔTE D'IVOIRE

Nigeria Coal Network, Nigeria

A Fair Deal for Guyana - A Fair Deal for the Planet, Guyana

WARECOD, Vietnam

Centre for Citizens Conserving Environment & Management (CECIC), Uganda

ResponsiBank Indonesia, Indonesia