

Mr. Ajay Banga
President
World Bank Group

25 October 2023

Dear President Banga,

I am writing on behalf of the Principles for Responsible Investment (PRI) to congratulate you on your appointment as the 14th president of the World Bank Group and on your leading of successful World Bank Group – International Monetary Fund Annual Meetings. We welcome the Bank's new vision of "*creating a world free of poverty on a livable planet*", announced during the meetings. To support this goal, we wish to highlight the need for leadership from the World Bank on multilateral finance architecture reform.

The PRI is the world's leading proponent of responsible investment, with over 5,300 signatories totalling over 121 trillion USD of AUM. As long-term investors acting in the best interests of their beneficiaries and clients, our signatories work to understand the contribution that environmental, social and governance (ESG) factors make to investment performance, the role that investment plays in broader financial markets and the impact that those investments have on the environment and society as a whole.

We are living through a time of mutually reinforcing crises: climate change and environmental degradation, growing inequalities and rising cost-of-living require governments and institutions to develop ambitious, globally coordinated responses. Finance, both public and private, will be key to the success of the economic transition, and the World Bank is in a central position to ensure this success.

In your [remarks](#) at the 2023 G20 India Leaders' Summit "One Future" session, you pointed out the need for "*a greater appetite for risk, meaningful private sector financing, and a sense of urgency*". For private finance to play the significant role at the scale required, we need systemic changes to public-private partnerships, and strong leadership from the World Bank Group.

The PRI has contributed with research to the topic of how International Financial Institutions can support the needed transition, including our recent paper on [reforming the multilateral financial architecture](#).

Investors are increasingly committing to and implementing sustainability goals, and the reforms suggested below will help them support and strengthen the World Bank's ability to catalyse private finance towards addressing today's challenges.

To further support the outcomes of the 2023 Annual Meetings, we would like to bring to your attention the following key recommendations for your consideration:

- **Review the Bank’s organisational mandate to recognise the need to tackle poverty eradication, social and economic development and climate resilience and mitigation in an interconnected manner.** The current polycrisis requires the World Bank to promote sustainable economic growth and social equity and tackle the planetary crisis of climate change and biodiversity loss as interconnected crises. Revising the existing mandate to encompass today’s crises will cascade down to the Banks’ operations, governance and financing mechanisms.
- **Ensure emerging markets and developing economies (EMDEs) have access to the necessary capital to fund the transition, including by addressing the issue of high cost of capital.** In order to expand its combined lending and financing efficiency while maintaining current institutional ratings, the Bank should scale up blended finance solutions, employing guarantees, insurance and hedging to mitigate risks and improve the overall credit rating of financed projects.
- **Increase the use of existing but underutilised mechanisms to de-risk investments, allowing investors to meet their fiduciary obligations.** Enhancing sizeable and flexible pools of concessional capital to de-risk investments, bringing them within investors’ risk limits, would help to bridge the gap between high investment risk among EMDEs and investors’ fiduciary obligations.
- **Strengthen the Bank’s engagement with the private sector to mobilise private finance and hit the “billions to trillions” towards the Sustainable Development Goals.** The Bank should focus on scaling catalytic products like guarantees, transforming to an ‘originate-and-transfer model of financing’ and improving transparency on MDB credit performance to build private sector interest.

The PRI stands ready to support the World Bank’s work on these issues, and we would be happy to arrange a meeting with World Bank officials at their convenience.

Yours sincerely,



David Atkin

CEO, Principles for Responsible Investment