

World Bank criticised over climate crisis spending

Oxfam research suggests up to 40% of bank's reported climate-related spending cannot be accounted for



The World Bank president, David Malpass. The former US vice-president Al Gore led calls for his resignation last month after he avoided a journalist's questions on climate science. Photograph: Justin Sullivan/Getty Images

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The World Bank has come under fire for failing to show that its claimed spending on the climate crisis is real, in a report suggesting up to 40% of its reported climate-related spending is impossible to account for.

Of \$17.2bn that the World Bank reported it spent on climate finance in 2020, up to \$7bn cannot be independently verified, according to **research by Oxfam**.

The findings are the latest **blow to the World Bank over its climate finance activities**. Last month, the former US vice-president Al Gore led calls for the president of the bank, David Malpass, to resign after he avoided a journalist's questions on climate science.

Malpass later apologised but his apparent climate denial followed **years of concern among governments and NGOs over his leadership** of the bank, and the bank's **continued finance for fossil fuels**. Malpass was appointed in 2019 by the then US president Donald Trump, under the convention by which the bank's head is chosen by the US.

Oxfam examined the \$21.3bn of climate finance the bank reported in 2020, of which \$17.2bn was provided by the bank's two main lending arms, the International Development Association and the International Bank for Reconstruction and Development.

Climate finance is money provided to developing countries in the form of grants and loans, and intended to help them cut greenhouse gas emissions or adapt to the impacts of the climate crisis.

The Oxfam report's authors took the World Bank's published information on its climate financing efforts then applied the bank's own stated methodology to see if it could reproduce the \$17.2bn spending figure claimed.

In a **report published on Monday**, Oxfam found that the bank's figures could be inaccurate by as much as 40% on either side of \$17bn. Oxfam said the bank could also be spending more than it claims, but the difficulty of accounting for the money devoted to climate-related activities meant it was impossible to say.

Part of the problem with accounting for the bank's climate finance activities is that many projects have a climate-related component, without being mainly geared towards the climate. For instance, if a school or hospital is under construction, it could be built in such a way as to make it more resilient to the impact of extreme weather. That is essential for countries adapting to the climate crisis, but is a "co-benefit" rather than the main point of the project.

Nafkote Dabi, the international climate policy lead at Oxfam, said: "We simply can't be sure of the actual value [of climate finance provided by the bank]. Our concern is the worst-case scenario – that the bank could be significantly overstating its contribution."

The World Bank rebutted Oxfam's claims. A spokesperson told the Guardian: "Our co-benefits are calculated using the joint MDB [multilateral development

bank] methodology. We are rigorous about how we apply the methodology and only assign co-benefits for the share of financing in a given project that is directly tied to climate action. We stand by our assessment of co-benefits.”

The spokesperson also said the bank had **increased its climate spending**, providing \$31.7bn of project financing directly tied to climate action for projects that went to the bank’s board in 2022.

The bank has also long held that much more of its spending **relates to the climate** than may be formally apparent, because relieving poverty or encouraging development can also have a beneficial impact on making countries more resilient to the impacts of extreme weather.

However, Oxfam said the bank’s accounting methods could be made much more transparent. Dabi said: “This audit exposes the danger that some climate finance claims could simply be greenwashing.”

The World Bank faces a stormy set of annual meetings later this month, during which it will come under pressure to show how it is **helping developing countries recover from the Covid-19 pandemic** and the cost of living crisis. The future of Malpass as president is in doubt: the Guardian understands that some countries behind the scenes are looking at ways to oust the Trump appointee.

Climate finance will be one of the **biggest issues at the UN’s next climate conference, Cop27 in Egypt next month**. Poor countries are concerned not only that rich countries have **failed to provide the \$100bn a year in climate finance** that has long been promised to flow to them from 2020, but that much of the money currently provided goes to middle-income countries that already find it easy to attract investment, and more than 70% of it **comes in the form of loans**, which can drive poor countries further into debt.