

Recourse reaction to nomination of Ajay Banga as President of the World Bank
4 May 2023

An Unbelievable Truth: The World Bank approves US nominated Ajay Banga as President of World Bank

As the World Bank carries out its [“Evolution Roadmap”](#) to address the world’s multiple crises, it has fundamentally failed to put its own house in order. As the world’s largest and most influential public finance institution, the World Bank is critically important to catalysing a just transition to sustainable renewable energy and tackling global poverty. Yet currently the Bank is not fit for purpose. The role of World Bank President is therefore crucial for bringing about the transformational change needed to make the institution democratically accountable, transparent and truly reflective of the needs of the Global South and countries it apparently seeks to serve.



But yesterday, 3 May 2023, in a staggeringly undemocratic process, with no contenders for the role, the World Bank board of governors elected former Mastercard chief executive officer, Ajay Banga, as World Bank President for a five year term. This was a result of the World Bank’s embarrassing adherence to its archaic and colonialist “Gentlemen’s Agreement” whereby the US nominates candidates to lead the World Bank, and Europe nominates the candidates to lead the IMF.

Banga’s past

Banga’s experience in private finance, and in supporting the fossil fuel industry, suggests that he is not fit to lead global efforts to tackle poverty and climate change.

Banga served as vice-chair of US private equity group General Atlantic and former chief executive of MasterCard until the end of 2020. He was nominated by US President Joe Biden, despite his lack of experience in the development field, to lead the World Bank Group towards seriously tackling the generational challenges of climate change and global inequality.

Banga has recently sat as Chairman of Exor, which has investments in Welltec (47.6% voting rights), a company that provides technologies that are used to build and repair oil and gas wells, as well as Carbon Capture and Storage (CCS).

Aside from Exor, Banga has also sat as Director in Temasek since 2021. Temasek's portfolio includes Keppel which is involved in oil and gas infrastructure; Pavilion Energy which is involved in Liquefied Natural Gas trading, Sembcorp which operates gas power plants, and SP group which provides electricity and gas transmission and distribution services in Singapore.

The election of another investment banker with such a fossil fuels background to this role illustrates how Wall Street financiers are at the heart of the international financial institutions, particularly the World Bank Group and International Monetary Fund.

Banga and Paris Alignment

The World Bank Group published its [Paris alignment methodology](#) and associated sector notes in April 2023. But the Paris alignment methodologies still only consider coal and peat to be universally non-aligned. And the various sector notes provide a score of exemptions for oil and gas, and for false solutions like CCS.

Given Banga's legacy thus far, it seems unlikely he will lead the World Bank to being a leader or standard setter on tackling the climate crisis. Will he urgently phase out fossil fuel finance? Or support a rapid transition to a sustainable renewable energy economy? Civil society will have their work cut out to hold Banga to account on his private sector engagement through direct and indirect finance, and will demand that social and human rights safeguards are protected in projected affected communities.

Banga and the Evolution Roadmap

Given Banga's trajectory as an investor in fossil fuels and CCS it is unlikely that the Evolution Roadmap will include a whole institutional phase out of finance for fossil fuels, including fossil gas. The Evolution Roadmap should have been a vehicle for tackling the climate crisis through an equitable and just energy transition, enhancing public financing for public services, reversing austerity measures and promoting heavily concessional finance and multilateral debt cancellation.

With Banga at the helm what is more likely is a "business as usual" roadmap focused heavily on [de-risking private capital](#), while failing to put governance reforms, energy access and a just energy transition at its core.

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