REPORT TO CONGRESS FROM THE
CHAIRMAN OF THE NATIONAL ADVISORY COUNCIL
ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES

A Report to Congress

consistent with

Section 1701 of the
International Financial Institutions Act,
as amended by the Omnibus Appropriations Act, 1999,

Section 9006 of Division K of the
Consolidated Appropriations Act, 2016,

Title 22 of U.S. Code Section 262r-6(b)(2),

Sections 9722(b) and 9724(d) of the William M. (Mac) Thornberry National Defense
Authorization Act for Fiscal Year 2021,

Section 6103(b) and 6105(c) of the National Defense Authorization Act for Fiscal Year 2022,

and

Section 834(b) of the United States-Mexico-Canada Agreement Implementation Act

United States Department of the Treasury

July 2025

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INTRODUCTION

To promote private sector-led global economic growth and support our national interests, the United States plays an active role in the policies and lending of the international financial institutions (IFIs). The IFIs are a cost-effective means to further U.S. foreign policy and national security interests and encourage open markets and sound macroeconomic and financial policies. They also help to fight poverty, support economic growth and development, enhance energy access and security, develop quality infrastructure, promote private sector development, and respond to emerging crises and emergency situations, including economic and financial crises, pandemics, natural disasters, and violent conflict. Importantly, IFI financing serves as a high-quality alternative to nontransparent, unsustainable, and coercive lending from other sources, such as China.

U.S. leadership was instrumental in founding and designing these institutions, and thanks to strong, America First leadership, the IFIs share core American values of transparency and accountability, anti-corruption, and economic development driven by the private sector and free enterprise. Today, the United States remains the largest or joint largest shareholder at all the institutions of which it is a member, except the African Development Bank, where the United States is the largest non-African shareholder and second-largest overall. The United States uses its shareholding, voice on the governing bodies, and convening power to proactively shape IFI policies and programs in support of U.S. economic interests, foreign policy, and national security, with a goal of making America safer, stronger, and more prosperous. A thriving global economy increases opportunities for the American people by opening new markets for U.S. exports and investment that will strengthen U.S. economic prosperity, while also supporting stability that enhances our national security.

This report responds to the requirement in Section 1701 of the International Financial Institutions Act, as amended, that the Chairman of the National Advisory Council on International Monetary and Financial Policies (the Secretary of the Treasury, as designated pursuant to Executive Order 11269 of February 14, 1966, as amended) report annually to Congress on the participation of the United States in the IFIs. It also reports on matters pursuant to the provisions of law outlined below.

1. Section 9006 of Division K of the Consolidated Appropriations Act, 2016 (P.L. 114-113) requires the Secretary of the Treasury to report annually until 2025 on changes in the lending, surveillance, technical assistance (TA), and exceptional access policies of the International Monetary Fund (IMF), including whether those changes increase or decrease the risk to the United States financial commitments to the IMF, and any new or ongoing exceptional access loans in place during the year preceding the submission of this report.

2. Section 262r-6(b)(2) of title 22 of the U.S. Code directs the Secretary of the Treasury to report to Congress on how the World Bank's International Development Association-financed projects contribute to the eventual graduation of a representative sample of countries from reliance on concessional financial assistance and international development assistance.

3. Sections 9722(b) and 9724(d) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (P.L. 116-283) require the Secretary of the Treasury, as the Chair of the National Advisory Council on International Monetary and Financial Policies, to report on:

   - Progress made toward advancing the policy of the United States to use its voice and vote at each IFI to seek to secure greater transparency with respect to the terms and conditions of financing provided by the government of the People's Republic of China to recipient member countries of each IFI;

   - Financing provided by entities owned or controlled by the government of the People's Republic of China to the member states of IFIs that receive financing from the IFIs, including any efforts or recommendations by the Secretary to seek greater transparency with respect to the former financing; and

   - Progress made toward advancing nondiscrimination against Taiwanese nationals in the employment decisions of the IFIs.

4. Sections 6103(b) and 6105(c) of the National Defense Authorization Act for Fiscal Year 2022 (P.L. 117-81) direct the Secretary of the Treasury to report on:

   - Activities undertaken by the IMF in the most recently completed fiscal year to provide technical assistance to Fund members to enhance their capacity to evaluate the legal and financial terms of sovereign debt contracts with multilateral, bilateral, and private sector creditors, and to promote international standards and best practices with respect to sovereign debt contracts, as well as efficacy of U.S. efforts to support achievement of these goals; and

   - Progress made toward advancing IFI support for advanced wireless technologies.

5. Section 834(b) of the United States-Mexico-Canada Agreement Implementation Act (P.L. 116-113) requires the Secretary of the Treasury to report on progress in imposing the North American Development Bank's (NADB) performance measures that demonstrate how projects and financing approved by the NADB are meeting the NADB's mission and providing added value to the region near the international land border between the United States and Mexico.

It is a strategic priority for the United States to maintain its leadership position in the IFIs, with the goal of supporting U.S. interests and achieving robust reforms so that the institutions remain relevant and aligned with President Trump's America First policy agenda while reducing opportunities for malign actors to expand their influence within and through the IFIs.

This report covers the period from January 2024 through December 2024 and looks at prospects for 2025 for the following IFIs: the IMF, the multilateral development banks (MDBs), including the World Bank Group, African Development Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank Group, and North American Development Bank, and the International Fund for Agricultural Development.

INTERNATIONAL MONETARY FUND (IMF)

The IMF plays a vital role in preserving global economic and financial stability through its macroeconomic surveillance, capacity development, and short-term balance of payments lending. As the largest shareholder of the IMF, the United States has used its position and influence to shape the policy priorities and strategic direction of the IMF since the signing of the Bretton Woods Agreement in 1944. The Treasury Department is committed to preserving the IMF's important role as part of the global financial safety net, while insisting on adherence to its original mandate and core areas of expertise: fiscal, monetary, foreign exchange, and financial sector.

As part of the Trump Administration's evaluation of its membership in international organizations, Treasury will continue to help ensure that U.S. membership in the IMF remains in the best interest of the U.S. taxpayer. In doing so, Treasury will insist on stronger macroeconomic surveillance, more effective lending programs with robust conditionality, strengthened efforts to support debt sustainability and transparency, and a readiness to confront members that fail to be good stewards of the international monetary system, such as China. The IMF was once unwavering in its mission to promote global monetary cooperation and financial stability and Treasury intends to return its focus back to macroeconomic stability and away from other areas outside of its mission, such as climate, gender, and social issues. When adhering to its mission, the IMF supports U.S. economic and strategic interests by stabilizing the global economy at times of crisis and strengthening markets abroad to both protect and expand American prosperity. As part of the America First agenda, Treasury will reaffirm the leadership role of the United States at the IMF and will use it to build a more sustainable international economic system that better serves the American people.

Major Issues Affecting U.S. Participation at the IMF

The United States plays a key role in shaping IMF policy and institutional issues as the IMF's largest shareholder. The United States participates in the IMF financially through a quota subscription and a contribution to the IMF's secondary line of resources, the New Arrangements to Borrow (NAB). The United States requires congressional approval to participate in a quota increase under the 16th General Review of Quotas, which would further entrench the U.S. vote share and veto over major decisions while reducing the influence of other countries, such as China. The quota increase under the 16th GRQ is now contingent on U.S. participation and will become effective once the United States provides its consent.

IMF Financing and Policy Developments in 2024

The IMF plays an important role in safeguarding the international financial system and promoting economic and financial stability through its principal functions of surveillance, lending, and technical assistance. The IMF's bilateral and multilateral surveillance identifies risks and recommends policies that contribute to sustainable economic growth and macroeconomic and financial stability, thereby reducing crises. The IMF also discourages policies that increase domestic and external imbalances, are economically unsustainable, or have harmful spillover effects on other countries. IMF financing plays an important role in supporting the global economy and the prosperity of American workers, households, and businesses by reducing the severity of economic crises abroad. The IMF complements its financing and surveillance with expert analysis and technical advice and helps governments build capacity to improve the efficiency and effectiveness of policies, including domestic revenue mobilization, debt management, monetary policy operations, financial sector oversight, and the design and implementation of anti-money laundering and combating the financing of terrorism (AML/CFT) policies. The combination of IMF financing and policy advice helps to support private sector-led growth that can create investment opportunities and export markets for American businesses.

As of end-2024, the IMF had 27 active financing arrangements with member countries using its general resources (quota resources) for a total commitment of $86 billion. This includes five precautionary arrangements totaling $48 billion with Chile, Colombia, Jamaica, Mexico, and Morocco. New financing arrangements approved during 2024 include Pakistan, Jordan, and Ecuador. Previous arrangements in Argentina, Chile, Costa Rica, Gabon, Jamaica, Jordan, North Macedonia, Pakistan, Peru, and Serbia expired during 2024. In 2024, Ecuador was the only country to secure a new exceptional access program using general resources.[1] For additional information on exceptional access programs, please see Annex I on IMF Exceptional Access Programs in 2024.

The IMF also had 32 concessional financing arrangements with low-income countries (LICs) totaling $15 billion in commitments under the Poverty Reduction and Growth Trust (PRGT). During 2024, the IMF Executive Board approved seven new concessional financing arrangements for Ethiopia, The Gambia, Liberia, Madagascar, Sao Tome and Principe, Sierra Leone, and Togo, while arrangements for Chad, Democratic Republic of Congo, Madagascar, and Uganda expired. Ethiopia and Kenya have exceptional access programs; Kenya's program was initially approved in 2021 and augmented to exceptional access status in 2024 using non-concessional resources. The IMF is also working with low-income and vulnerable middle-income members to build long-term resilience to external shocks. As of end-2024, the IMF had 19 financing arrangements under the Resilience and Sustainability Trust (RST), to which the United States does not contribute, totaling $6.7 billion in commitments. During 2024, the IMF Executive Board approved five new arrangements under the RST for Cameroon, Cote d'Ivoire, Madagascar, Papua New Guinea, and Tanzania.

In 2024, the IMF approved one concessional emergency financing arrangement for Guinea, a low-income country, under the Rapid Credit Facility (RCF), totaling $54 million. No new emergency financing arrangements under the Rapid Financing Instrument (RFI) were undertaken in 2024. The RCF and RFI both provide emergency financial assistance to countries facing urgent balance of payments needs. The RFI is available to all member countries, while the RCF is available only to the low-income IMF members that qualify for the PRGT.

In the face of numerous economic shocks over the past few years, the IMF's toolkit has expanded to support vulnerable economies and their capacity to address both near- and longer-term challenges:

- *The Poverty Reduction and Growth Trust (PRGT):* The PRGT is the IMF's primary concessional financing facility that provides loans to support 70 eligible LICs. Since the

[1] Argentina's exceptional access program expired on December 31, 2024.

beginning of the pandemic in 2020 through 2024, the PRGT has committed over $7 billion annually in new lending commitments—a roughly fourfold increase in lending commitments from the PRGT's pre-pandemic average. This support has helped hard-hit LICs, which typically lack reliable access to global capital markets, respond to economic shocks and prevent economic collapse. IMF programs through the PRGT generally support policy reforms to help address longstanding economic, governance, and debt sustainability issues that result in balance of payments problems. In this context, and as part of a regular five-year review, the IMF Executive Board in October undertook a comprehensive assessment of the IMF's framework for concessional financing under the PRGT. The Board agreed to increase the long-term, self-sustained lending envelope to $3.6 billion per year, introduce a three-tiered interest rate structure to reduce the concessionally of PRGT lending for higher-income, PRGT-eligible countries, and move forward with a Board-approved plan to close the remaining gap in subsidy resources without resorting to further fundraising from donor countries. These subsidy resources allow the PRGT to lend on concessional terms to LICs. In March 2024, Congress authorized the United States to lend $21 billion to the PRGT; Treasury executed a loan agreement with the IMF in 2024 and worked with IMF staff to operationalize it.

- *Resilience and Sustainability Trust (RST):* The RST provides long-term concessional financing to low- and vulnerable middle-income countries to build resilience to external shocks and support balance of payments stability. The RST complements the IMF's existing lending tools by addressing longer-term fiscal and external risks related to energy security, natural disasters, and climate change. RST programs must be accompanied by an upper credit tranche (UCT) IMF program. In May 2024, the IMF Executive Board completed the interim review of the RST, which looked back on the progress and challenges encountered in the initial period of operationalizing the RST. In 2024, the IMF Executive Board approved $2.9 billion in commitments across 5 RST programs. The United States does not contribute to the RST.

- *Charges and Surcharges Review:* In October 2024, the IMF Executive Board reviewed and approved reforms to the Fund's basic rate of charge and surcharge policies. IMF lending through the GRA, which applies to middle- and upper-income economies, is subject to a basic rate of charge. If applicable, surcharges are also levied on credit outstanding above a certain quota-based threshold and an additional surcharge on credit that is outstanding above that threshold for longer than a set period of time. After careful consideration of the IMF's balance sheet, including credit risk from large borrowers, the level and rate of accumulation of precautionary balances, and incentives for timely repayment of IMF credit, Treasury supported reducing the basic rate of charge and increasing the threshold for level-based surcharges, while maintaining the overall framework of the surcharge policy. The reforms reduced borrowing costs for member countries while preserving the underlying structure of IMF charges and surcharges and sufficiently safeguarding the IMF's resources. The IMF Board also agreed to review the surcharge policy every five years, or earlier if warranted, should changes to the IMF income position and risk outlook warrant further adjustments to surcharges.

- *Precautionary Balances:* IMF precautionary balances provide a buffer to protect the Fund against potential losses resulting from credit, income, and other financial risks. The IMF Executive Board completed the precautionary balances review in March 2024, and reaffirmed the adequacy of the current precautionary balances target of $33 billion, which the IMF reached in 2024. This review also raised the floor for precautionary balances to approximately $26 billion.

- *Sovereign Debt and the Common Framework:* The IMF, in coordination with the World Bank, continues to support sovereign debt restructurings when a country is seeking an IMF lending arrangement, and its debt is unsustainable. In 2024, Ethiopia, Ghana, Sri Lanka, Suriname, Ukraine, and Zambia all made progress on their ongoing IMF-supported debt restructurings, both under and outside of the G20 Common Framework. With the exception of Ukraine, China is a major official bilateral and commercial creditor to all of these countries, thereby requiring significant coordination to ensure that no creditor receives more favorable treatment than the rest. By the end of 2024, nearly all of these countries had reached debt restructuring arrangements with official bilateral creditors, and most have made progress on reaching agreements with private external bondholders and non-bonded commercial creditors, though some negotiations remain ongoing. The IMF, World Bank, and G20 Presidency co-chair the Global Sovereign Debt Roundtable (GSDR), which has helped propel this progress by building a common understanding among relevant stakeholders on key debt policy issues to make debt workouts more expeditious, orderly, and efficient.[2] The GSDR will continue to hold technical discussions and workshops to help achieve this goal, as well as work to address countries' debt vulnerabilities.

- *Lending into Official Arrears (LIOA) and Financing Assurances Review:* In April 2024, the IMF Executive Board endorsed staff recommendations for reforms designed to help strengthen and streamline IMF support to countries undergoing debt restructuring. The reforms aim to provide a more agile and robust approach to deriving financing assurances along with clarifying when and how to apply additional safeguards under IMF's Lending into Official Arrears policy. The reforms also clarify the conditions under which the IMF can lend to members with official arrears impacted by exogenous, emergency situations. The policy also allows for the IMF to lend to a borrower country running bilateral arrears to its official creditors even when there is a holdout creditor country under certain circumstances.

- *General Resources Account (GRA) and PRGT Access Limits:* In December 2024, the IMF Executive Board set members' normal access borrowing limits under the GRA at 200 percent of quota annually and 600 percent cumulatively, making permanent levels that the Board had previously approved on a temporary basis in March 2023. During the same 2024 Board meeting, the Board agreed to lower the normal GRA access thresholds to 135 percent annually and 405 percent cumulatively upon the implementation of a quota increase under the 16th General Review of Quotas (GRQ) to maintain constant access levels in nominal terms. Similarly, in October 2024, the Board maintained the

[2] The GSDR is a deliberative, non-decision-making group of official bilateral creditors, sovereign borrowers, and representatives of private sector creditors that discusses the latest issues in sovereign debt.

PRGT's access limits at the same levels (200 percent annually, 600 percent cumulatively) that the Board had previously approved on a temporary basis in December 2023, while reducing the access norm to the prevailing 145 percent of quota. Like the GRA, the PRGT's access limits will fall to 135 percent and 405 percent upon the implementation of the 16th GRQ.

- *Capacity Development (CD):* In April 2024, the IMF Executive Board reviewed the Fund's Capacity Development Strategy. The review called for CD to become more flexible, integrated with the Fund's policy advice and lending, and better tailored to respond to member needs. The review also laid the groundwork for further consideration of a CD stabilization mechanism to mitigate funding risks. At the 2024 Spring Meetings, the IMF launched the Global Public Finance Partnership (GPFP), a multi-partner thematic fund for CD in public finance. The GPFP provides flexible regional coverage to help IMF member countries strengthen both fiscal policy-making and fiscal institutions to support policy implementation, with an emphasis on supporting emerging market and developing countries and fragile and conflict-affected states.

IMF Priorities in 2025

In 2025, Treasury will focus on getting the IMF back to basics so that it can perform its critical functions. As part of our commitment to leadership in the IMF, Treasury will work with Congress on authorization and appropriations for the 16th General Review of Quotas. We will have key opportunities to advance meaningful reforms through the Comprehensive Surveillance Review and the Review of Program Design and Conditionality. Treasury will also continue engaging with the IMF on the review of the Debt Sustainability Framework for Low-Income Countries.

- *16th General Review of Quotas (16th GRQ):* The 16th GRQ was approved by the IMF Board of Governors in December 2023 and will become effective once 85 percent of the total quota share provide their domestic consents to participate. Because the United States holds a 17.4 percent quota share, the quota increase is not effective without our consent. The 16th GRQ would increase quota shares for all members by 50 percent and reduce the IMF's reliance on borrowed resources, such that the IMF's overall available financing for lending will be held constant at current levels. The outcome under the 16th GRQ would increase members' quotas on an equiproportional basis; thus, all members' relative quota positions would remain the same. For the United States, this means it would maintain its position as the largest shareholder at the IMF with a quota share of 17.4 percent and a 16.5 percent voting share, the only individual member with a voting share above the IMF veto threshold of 15 percent for major institutional decisions. The IMF's overall resources are comprised of quota resources, which are supplemented by borrowed resources from participating countries under the NAB and individual borrowing agreements under the Bilateral Borrowing Agreements (BBAs). The NAB and BBAs serve as the first and second backstops, respectively, if the IMF's quota lending capacity comes under strain. The outcome under the 16th GRQ would also reduce the overall size of the NAB, while slightly increasing the relative NAB share of the United States, and would fully eliminate the BBAs, in which the United States does not participate. This quota increase will make the IMF a more quota-based institution and reduce the ability of major BBA lenders, with China being the second largest, from exerting influence at the IMF. Treasury is seeking Congressional appropriations and authorization for the increase in U.S. quotas. Implementation of the 16th GRQ requires this approval and would be a critical step in maintaining the leadership and central role of the United States at the IMF.

- *Comprehensive Surveillance Review (CSR):* Surveillance of economic and financial risks is a core component of the IMF's mandate. The IMF will begin considerations this year for the CSR, a five-year regular review that looks to improve the quality and impact of the IMF's surveillance and policy recommendations to member countries, as well as enhance the IMF's approach to assessing risk. The IMF will also review its use of the Financial Sector Assessment Program, the main surveillance mechanism for member countries' financial sectors. Treasury will work to help ensure the IMF remains committed to its core surveillance functions—exchange rate, fiscal, monetary, and financial policies—while advocating for reforms that push back on recent efforts to expand the scope of IMF surveillance into new policy areas outside the institution's core mandate and expertise. The IMF aims to conclude this review in 2026.

- *Program Design and Conditionality:* The IMF Executive Board will begin consideration of the Review of Program Design and Conditionality, a regular review that evaluates the efficacy and applicability of these elements in IMF-supported programs. Prior reviews have evaluated the following elements: realism of program baseline assumptions, timetables for structural reform implementation and payoff, granularity of fiscal conditionality, attention to sustainable and inclusive growth, and the degree of focus on social protection. Following the stock-taking and analysis of the performance of recent IMF-supported programs, the review will propose ways to improve conditionality and program design to help countries avoid or resolve balance of payments crises and achieve sustainable economic growth and stability. The IMF aims to conclude this review in 2026.

- *Low-Income Country Debt Sustainability Framework (LIC-DSF) Review:* The IMF and World Bank Executive Boards will continue consideration of debt-related policy issues as part of a comprehensive review of the LIC-DSF, a tool for assessing debt vulnerabilities and guiding members' borrowing and lending decisions. The review will assess the effectiveness of the existing framework, including in the context of debt restructurings, reexamine fundamental features of the framework in the context of challenges and analytic advances, and seek improvements to strengthen its predictive capacity. Since the last LIC-DSF review in 2017, financing conditions and the debt landscape for LICs have evolved considerably, reflecting a growing heterogeneity of debt situations and macroeconomic performance among LICs. Application of the LIC-DSF has become more common amid the increase in requests for debt restructurings over the past few years. The IMF and World Bank aim to complete the review in 2026.

IMF Activities to Prevent Money Laundering and the Financing of Terrorism

Following the IMF Executive Board's comprehensive 2018 review of the Fund's AML/CFT strategy, the IMF has incorporated AML/CFT activities into program conditionality and its annual Article IV and regular financial sector surveillance when financial integrity issues are macro-critical. The IMF has also provided CD in support of these objectives in multiple countries. The IMF has longstanding cooperation with the Financial Action Task Force (FATF) and FATF-Style Regional Bodies and has intensified its participation in AML/CFT assessments carried out by these and other entities. Since 2002, the IMF has provided targeted AML/CFT assistance through approximately 257 projects in 144 countries, helping to support adoption of critical AML/CFT reforms in 14 countries from the FATF's list of countries under increased monitoring (also known as the "grey list"). The United States, through the U.S. Executive Director at the IMF, has consistently pressed for increased internal Fund resources to support AML/CFT work among IMF member countries. The IMF has maintained a robust level of its AML/CFT assistance budget, estimated to total $8.1 million in FY 2025, and $4.8 million in FY 2026. In addition, the AML/CFT Thematic Fund, a multi-donor trust fund initiative, launched two country-specific projects in FY 2025, while the Fund's shorter-term engagements stand to benefit multiple countries in implementing AML/CFT structural conditionality under IMF lending programs.

IMF's Administrative Issues

The IMF employs approximately 3,100 people and has an annual administrative budget of about $1.5 billion. At the consistent urging from the United States and like-minded Executive Board members, the IMF has broadly maintained a flat real administrative budget over the past decade. In 2021, during the COVID-19 pandemic, the Board approved a three-year phased-in structural budget increase totaling 6 percent over FY2023-25 to address an increase in IMF work on emerging global challenges. However, anticipated spending in FY 2026 and beyond will revert to a nearly flat real envelope. The United States has stressed that the IMF must make tradeoffs to help ensure that all essential spending requirements are fully funded in the context of a flat real budget. In response, IMF Management is identifying savings, streamlining internal policies and procedures, and reprioritizing funding and activities between departments. The United States will continue to vociferously advocate for the IMF to remain focused on its core mandate and to refrain from expanding its work into unnecessary new areas that reach beyond its mission and require additional resources.

Conclusion

As Treasury advances the Administration's America First priorities, it will leverage its unique role at the IMF to help ensure that the international financial system is fair and fit for purpose. Together with likeminded partners, Treasury will refocus the IMF to deliver on its core mandate and embolden the institution to deliver difficult messages to its member states when they are not behaving responsibly within the international financial system, either as borrowers or creditors. Over the past year, the IMF has pursued technical policy changes that aim to safeguard IMF resources while ensuring that its most vulnerable members have adequate access to financial assistance in times of crisis. In the year ahead, Treasury will push the IMF to continue to revise its policies and approaches to improve the effectiveness of its core activities, best support its members in the face of external shocks and maximize the value of U.S. membership.

MULTILATERAL DEVELOPMENT BANKS (MDBs)

This section addresses key U.S. policy goals that the MDBs help advance and details developments in institutional reforms, priorities, performance, and effectiveness at the MDBs during 2024. In 2024, the MDBs of which the United States is a member provided around $167 billion in financing to developing countries. Through their financing, policy advice and technical assistance, the MDBs are vital to global efforts to reduce poverty, increase private sector-led economic growth and job creation, develop quality infrastructure, modernize health systems, enhance energy access and security, improve governance and public financial management, and build human capital. MDB grants and concessional lending are an important and reliable source of financing for the development needs of the poorest and most fragile countries, particularly those most affected by conflict and disasters.

MDBs provide a range of tangible benefits to the American people. Their support for projects and policy and regulatory reforms helps drive private sector-led economic growth and private sector development, which expands markets for U.S. exporters, directly benefits U.S. firms through trade financing, increases opportunities for U.S. investment, and creates opportunities for U.S. firms to supply goods and services to MDB-funded projects and for U.S. financial institutions to co-finance those projects. Work with MDBs can be a significant business line for U.S. firms and financial institutions. In turn, MDB support advances developing countries' economic self-reliance. MDBs work to prevent and respond to crises, including economic and financial crises, health emergencies, and violent conflict (through post-conflict reconstruction), help safeguard the U.S. economy and national security from potential spillovers and reduce the demand for more expensive humanitarian assistance. MDB efforts to reduce poverty, address food and energy security, fragility, and the fallout from natural disasters, and spur growth and stability reduce the threat of extremism, crime, and migration pressures. In addition, the MDBs provide countries with a transparent, accountable, and sustainable alternative to opaque and coercive financing from China, lessening China's ability to pursue an international agenda that runs counter to U.S. interests.

The United States is the largest or joint largest shareholder at all MDBs in which it holds membership, except the African Development Bank (AfDB), where the United States is the largest non-African and second-largest shareholder. As such, the United States has exceptional influence and leadership opportunities to work with MDB Management and other shareholders to shape important institutional reforms and high standards in the international financial architecture, and to obtain financial and political support for major U.S. priorities. This makes the MDBs important partners in advancing U.S. economic, national security, and foreign policy interests.

Financing through the MDBs is also a cost-effective way to stretch limited U.S. resources. Specifically, U.S. taxpayer contributions to the MDBs catalyze contributions from other shareholders, the MDBs' internally generated resources, and funding from capital markets to significantly increase the assistance levels that the MDBs provide. For example, between 1944 and 2024, the United States contributed $9.2 billion in paid-in capital to the non-concessional windows of the six MDBs in which it is a member, which helped to enable those institutions to make over $2.4 trillion of financing commitments during that period. And, with U.S. leadership, these institutions and programs reflect and promote American values related to good governance, transparency, and sound debt management. Leveraging American leadership at the MDBs, the Trump Administration is committed to refocusing the institutions on their core mandates, driving private sector-led growth, and broadening energy access through an all-of-the-above energy strategy.

Since January 2024, the MDBs have played leading roles on a number of critical issues, including the following:

- *Private Sector Development*. The MDBs help to drive private sector growth in developing countries through support for policy and regulatory reforms that remove obstacles to private investment expansion, direct investments in private firms, and public sector investments that facilitate private economic activity (e.g., in infrastructure). Recently, the MDBs have improved diagnostics aimed at identifying key obstacles to private investment, developed new business models, platforms, and tools for crowding in private finance, and improved their capacity to mitigate foreign exchange risk. They also continue to be critical players in mobilizing private capital for investment in developing countries, which they did to the tune of nearly $98 billion in 2023, the latest available data.[3] Building strong and vibrant private sectors in developing countries has commercial and financial returns to U.S. businesses and workers and is critical to making these countries less reliant on aid and MDB financing.

- *Quality Infrastructure*. The MDBs are among the leading providers and enablers of infrastructure finance globally. Collectively, the MDBs of which the United States is a member approved $50 billion in infrastructure finance in 2024, which amounted to over 30% of their total financing approvals. Much of the MDBs' most important work to enhance infrastructure investment is not captured in financing totals because it is work that enables private sector investment. This includes technical assistance to prepare projects for investment, structuring effective public-private partnerships, building institutional capacity within recipient governments, and providing concessional and non-concessional financing designed to attract private sector financiers. MDB technical advisors are also a key resource to aid countries in crafting necessary policy reforms that lay the groundwork for better delivery of public services and a greater influx of private investment. These reforms are especially important in the energy, mining, and transport industries, where poor regulation, corruption, ineffective legal systems, and weak utility and state-owned enterprise balance sheets often contribute to underinvestment by the private sector. MDB involvement provides credibility to projects, serves as a powerful assurance that projects have been thoroughly vetted for potential governance and reputational risks, and provides direct and indirect safeguards against potential financial losses. Improving developing country infrastructure creates investment opportunities for U.S.-based project development and financial firms and expands markets for U.S. exports and investment.

- *Energy Access and Security*. MDBs play a crucial role in expanding affordable, reliable energy access in developing countries by financing generating capacity and transmission infrastructure and supporting policy reforms that improve energy planning, system

[3] Latest data available is from 2023. Private capital mobilized by ADB, AfDB, EBRD, IDB (IDB and IDB Invest), and World Bank Group (IBRD, IDA, MIGA, IFC) totaled $97.8 billion. Source: [2023 Joint Report: Mobilization of Private Finance by MDBs and DFIs].

efficiency, and regulatory regimes. The United States is encouraging MDBs to adopt technology-neutral, all-of-the-above energy strategies that give countries choices to expand access to reliable and affordable energy based on their development needs and priorities. In many cases, this includes investments in gas and other fossil fuel-based energy production, or investing in renewable energy coupled with systems to help manage the intermittency of wind and solar. In addition to direct support, MDBs are critical partners in leveraging increased private investment, including through co-financing, de-risking, and improving business environments. Energy investments directly contribute to economic growth and geopolitical stability and create new markets for American technologies and investments.

- *Procurement*. The MDBs finance billions of dollars of procurement annually, and the United States has a strong interest in that money being spent in a way that maximizes efficiency and development impact and does not disproportionately benefit Chinese firms. The United States is pursuing reforms to MDB procurement frameworks to move them further toward quality procurement approaches, rather than those based on least cost bids that reward distortive industrial policies that undermine development, encourage subsidies that stifle the private sector, incentivize corruption and collusion, and result in higher long-term costs. We are seeking to build on past reforms, including by making increasingly mandatory the use of quality procurement approaches, rather than lowest cost, improving MDB engagement with the U.S. business community on MDB-financed procurement opportunities, and heightening scrutiny of state-owned enterprise participation in MDB-financed procurement. These efforts will provide U.S. firms with increased opportunities, opening the door for them to win a larger share of MDB-financed procurement contracts.

- *Risk Mitigation*. The United States continues to advocate for improved MDB efforts to screen their projects for key risks and mitigate those that are found. In the case of forced labor, U.S. leadership has convinced the MDBs to improve significantly the due diligence they apply to eliminate the risk that components or inputs to renewable energy projects are produced with forced labor. U.S. leadership has also led to improvements in MDB due diligence with respect to privacy and cybersecurity risks in digital and telecommunications projects. This screening includes assessments of national law and regulations aimed at protecting consumers as well as ensuring companies' cybersecurity standards are fit for purpose and aligned with international best practice.

- *Russia's 2022 full-scale invasion of Ukraine*. The MDBs have been key partners through which the United States has provided vital and timely support to Ukraine. The World Bank Group and the European Bank for Reconstruction and Development have swiftly moved to program billions of dollars in assistance to Ukraine since Russia launched its full-scale invasion, mobilizing approximately $42 billion and $4 billion, respectively. These institutions have provided significant support to the immediate crisis response in Ukraine, including food security, through support for vital infrastructure in transport and logistics as well as direct finance to farmers and producers; energy security needs; and support for vulnerable populations and internally displaced persons. U.S. support provided through the WBG has helped meet Ukraine's budgetary needs and support continued provision of critical government services. Additionally, U.S. support through the EBRD has helped to bolster Ukraine's private sector and assisted small- and medium-sized enterprises (SMEs) continue their daily operations, laying the groundwork for post-war reconstruction and recovery. The MDBs have also provided financing and technical assistance to help address the spillovers of Russia's 2022 full-scale invasion of Ukraine.

- *Support for the Poorest Countries*. The MDBs are the main providers of finance and technical expertise to the world's poorest countries through their concessional windows. Collectively, the MDBs in which the United States is a member committed over $39 billion in new concessional financing to the poorest countries in 2024, supporting private sector development, job growth, and essential health and nutrition services, expanding social safety nets, increasing productive agriculture, and building resilience to fragility and conflict. In 2024, the United States and other donors concluded the negotiations for the International Development Association's 21st replenishment (IDA-21) and the Asian Development Fund's 13th replenishment (AsDF-14), both of which will support poor countries' ability to invest in their own growth, maintain or restore debt sustainability, and preserve macroeconomic stability, with investments across a broad range of sectors. The United States also expects to conclude negotiations on the 17th Replenishment of the African Development Fund (AfDF-17) this year. U.S. contributions to the concessional windows bolster U.S. credibility and influence at the MDBs and are critical to boosting growth and reducing extreme poverty and its associated effects (e.g., extremism, crime, and migration) around the globe.

During 2024, the United States worked to improve performance across all MDBs. These efforts included focusing more on the quality of project loans by reviewing about 1,550 projects; improving transparency, including of loans through financial intermediaries; helping developing countries improve policy environments to support private investment and capital inflows effectively; strengthening incentives for countries to increase their debt management capacity and transparency; and increasing assistance for poorer countries with limited access to private capital.

All the MDBs implement high quality standards to enhance transparency and reduce fiduciary and environmental and social risks. These standards increase the quality of MDB projects, all with a view of delivering high impact. The United States continues to encourage the MDBs to improve implementation of these standards, including by devoting adequate staff and budgetary resources to help build the capacity at the country level. This increases the likelihood of project success, fosters a more level playing field for MDB-financed contracts, and helps projects achieve better development and financial outcomes than the lower standards that competing financiers, including China, offer.

Below are the major developments for the World Bank Group (WBG), African Development Bank (AfDB), Asian Development Bank (AsDB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank Group (IDBG), and North American Development Bank (NADB).

Commitments / Approvals by MDB in 2024 ($ billions)	
MDBs with U.S. Membership	**166.6**
World Bank Group*	**98.5**
International Bank for Reconstruction and Development	37.6
International Development Association	31.2
International Finance Corporation**	21.5
Multilateral Investment Guarantee Agency	8.2
African Development Bank Group	**11.1**
Asian Development Bank	**24.3**
European Bank for Reconstruction and Development	**17.9**
Inter-American Development Bank Group	**14.4**
Inter-American Development Bank	11.9
Inter-American Investment Corporation (IDB Invest)**	2.4
Multilateral Investment Fund (IDB Lab)	0.1
North American Development Bank	**0.4**

*Commitments are for the World Bank Group's Fiscal Year 2024

** Long-term commitments/approvals

World Bank Group (WBG)

Performance in 2024: During the World Bank's fiscal year 2024 (FY 2024, covering July 2023 through June 2024)[4], the WBG committed nearly $99 billion in loans, concessional credits, grants, equity investments, and guarantees.

- **The International Bank for Reconstruction and Development (IBRD)** committed $37.6 billion in assistance to client countries to promote market-based economic growth and reduce poverty. Latin America and the Caribbean received the largest portion of IBRD's new commitments at $9.5 billion (25%), followed by Europe and Central Asia at $9.3 billion (25%), and East Asia and Pacific at $6.8 billion (18%). Ukraine, Turkey, and Indonesia were the top three borrower countries in FY 2024, and the largest sectors for IBRD investments were infrastructure[5] ($11.4 billion, or 30%), public administration ($7.7 billion, or 20%), and social protection and health ($8.5 billion, or 23%).

- **The International Development Association (IDA)** committed $31.2 billion in concessional credits and grants to the world's poorest countries. The Sub-Saharan African

[4] Unless otherwise noted, reporting is for World Bank fiscal year 2024.

[5] This includes investments in energy, information and communications technology, transportation, and water and sanitation.

region received the largest portion of IDA's new commitments in 2024 at $22.0 billion (71%), followed by the South Asia region at $6.2 billion (20%). Ethiopia, Bangladesh, and Nigeria were the top three IDA recipients in FY 2024. The largest sectors for IDA investments were infrastructure ($12.8 billion, or 41%), social protection and health ($6.3 billion, or 20%), and public administration ($4.7 billion, or 15%). In July 2024, IDA began the third year of a three-year cycle under its 20th replenishment, which began one year earlier than planned in response to the fallout from COVID-19.

- **The International Finance Corporation (IFC)**, the private sector arm of the WBG, committed $21.5 billion in long-term investments from its own resources, and mobilized an additional $22.5 billion from other sources for development projects. The IFC provided $270 million in advisory services in 2024, with Africa receiving $96.7 million (36%). IFC is increasingly orienting its advisory services to building a pipeline of projects in IDA-eligible and fragile and conflict-affected countries.

- **The Multilateral Investment Guarantee Agency (MIGA)** provided $8.2 billion in guarantees for political risk insurance and credit enhancement, supporting $9 billion in total financing. Of the forty projects MIGA supported during FY 2024, 65% were in IDA-eligible countries and 25% were in fragile and conflict-affected countries.

Key Institutional Reforms and Initiatives: In 2024, the WBG continued to pursue its mandate to reduce poverty and boost private sector led economic growth and job creation. It did so through support for projects, policy reforms, and technical assistance that improved infrastructure, business environments, energy access and security, access to essential health and nutrition services, water and sanitation, and education, among others, which benefitted hundreds of millions of people. The WBG continued to grow its efforts to address the root causes of fragility and conflict and mitigate their harmful effects, and provide a transparent, high-quality alternative to opaque and coercive financing from the People's Republic of China.

- *Private Sector Development and Jobs*. The WBG redoubled its efforts to promote private sector development, create private sector jobs, and mobilize private capital by establishing the infrastructure foundation for jobs, strengthening governance and supporting business-enabling policies and a predictable regulatory environment, and more proactively seeking to mobilize private capital. The group also moved forward on a number of recommendations from World Bank President Banga's Private Sector Investment Lab, including increasing regulatory and policy certainty, improving the accessibility and utility of guarantees, increasing the availability of foreign-exchange risk solutions, doing more IFC equity investment, and exploring originate-to-distribute approaches. Also, in FY 2024, IFC mobilized a record $22.5 billion in additional long-term finance, which equates to $1.05 for every $1.00 of IFC's own-account investment.

- *Fragility*. The World Bank continued to grow its portfolio of projects in countries affected by fragility, conflict, and violence, where its work to promote growth and stability can directly reduce the lure of extremism and crime, along with pressure to migrate. A full 38% of IDA-20 commitments were in countries affected by fragility, conflict, and violence, and IBRD commitments to these countries totaled about 15% of its total FY 2024 commitments, despite these countries representing only a tiny fraction of IBRD borrowers. During FY 2024, the World Bank also reviewed its Strategy for Fragility, Conflict, and Violence, which runs through the end of the current year, and made a number of updates to strengthen its approach and adapt it to the changing landscape.

- *Crisis Preparedness and Response*. The World Bank further built out its approach to preventing and responding to crisis, which helps safeguard the United States from potential spillover threats. In FY 2024, the World Bank introduced a new Crisis Preparedness and Response Toolkit to help developing countries prepare for and respond to unexpected shocks. This toolkit helps countries put in place more contingent resources that can be drawn on during crises, allows faster access to more new financing when crises hit, and expands the tools available to countries, allowing for a more comprehensive response in times of crisis. To date, 60 countries have put at least one instrument falling under the Crisis Response Toolkit in place, and some countries have already activated the instruments to support their efforts to respond to emergencies following natural disasters.

- *World Bank Capital Increase and Reform Package*. The World Bank has continued to implement a set of important measures agreed as part of the 2018 capital increase package, which consisted of a $60.1 billion capital increase for the IBRD, of which $7.5 billion was paid-in capital. It also included a $5.5 billion paid-in capital increase for the IFC. In FY 2024, the World Bank continued its efforts to strengthen IBRD financial sustainability, such as by maintaining differentiated loan prices according to country income, which provided IBRD with $57 million in additional income in FY 2024 that can be used to support poorer countries, priority initiatives, and increased lending to lower-middle income countries. It also moved forward with ambitious investment targets agreed to as part of the package. Treasury assesses that the IBRD needs to make better progress enforcing its graduation policy. The IBRD needs to further reduce lending to China, though IBRD commitments to the country have been on a downward-sloping trajectory since FY 2017 when China borrowed nearly $2.5 billion, falling to $1.05 billion in FY 2024 (and projected at only $750 million in FY 2025).

- *Financial Sustainability Framework*. In FY 2019, the IBRD adopted a Financial Sustainability Framework to restrict annual lending commitments to a level that can be sustained over a rolling ten-year horizon through organic capital accumulation. It included a “crisis buffer” to allow the IBRD to respond to crises without jeopardizing its financial position. For FY 2024, Bank Management and the Board agreed on a $10 billion crisis buffer. With this buffer, IBRD committed $37.6 billion in FY 2024 compared to $38.6 billion in FY 2023.

- *IFC 3.0 Strategic Approach*. The IFC is dedicating resources and considerable focus to achieve its goal of proactively creating markets and mobilizing private capital to benefit the poorest countries. This is a challenging undertaking because of the nascent stage of private sector and market development in IDA countries. As part of its 2018 capital package commitments, the IFC pledged to increase commitments to IDA and fragile and conflict-affected (FCS) countries to 40% of the total by 2030. In FY 2024, IFC’s commitments in IDA and FCS-affected countries were just 21% of total commitments, the same as the previous year, and well shy of its targeted average of 32.5% between FY 2019 and FY 2030. That said, IFC's total commitments grew markedly in FY 2024, meaning that even though its IDA and FCS-affected country business did not grow as a proportion of the whole, those commitments grew substantially on a dollar value basis from $5.8 billion to $6.6 billion. And, in FY 2024, about half of IFC's advisory services were deployed in IDA and FCS-affected countries as part of its effort to build a stronger pipeline of bankable projects.

- *Accountability.* The United States continued its work to strengthen accountability at both the World Bank and IFC/MIGA in 2024. The United States supported restructuring the World Bank Accountability Mechanism so that the Inspection Panel and the Dispute Resolution Service operate as two parallel units, both reporting directly to the Board. This restructuring was based on a recommendation from an external review and was approved by the Executive Board in January 2025. Other recommendations from the external review on the effectiveness of the 2020 Accountability Mechanism reforms were deferred for consideration in 2025. The Compliance Advisor Ombudsman (CAO) substantially cleared its backlog of older complaints in addition to new cases. IFC and MIGA also established responsible exit principles and continued their work on a framework for remedial action, which was approved in 2025.

- *Support for Debt Sustainability.* The World Bank continued to support debt sustainability in developing countries. This support included IDA's implementation of the Sustainable Finance Development Policy, which seeks to incentivize countries to move towards transparent, sustainable financing. It also included the World Bank's work with the IMF on assisting countries facing liquidity challenges through a three-pillar approach that focuses on reforms to increase domestic resource mobilization and private capital inflows, external financial support, and reducing debt servicing burdens where relevant.

<u>2025 Priorities</u>: The WBG accomplished important outcomes in 2024, but did so under the weight of a sprawling, unfocused agenda. During 2025, the United States will be refocusing the WBG on its core mission by pursuing the following priorities:

- Making the WBG more responsive to countries' priorities and needs by pursuing an all-of-the-above approach to energy that prioritizes affordability in energy investment and helps end energy poverty by improving access to reliable and affordable energy, including nuclear energy, supports economic growth, and increases demand for U.S. exports.

- Supporting WBG efforts to expand critical mineral supply chains outside of China in order to improve energy and mineral access and security, while also helping to diversify away from reliance on these important resources from China.

- Securing concrete steps by the WBG to mandate use of value-for-money approaches in international procurement, better engage the U.S. business community on World Bank-financed procurement opportunities in cooperation with the U.S. Department of Commerce and heighten scrutiny of state-owned enterprise participation in MDB-financed procurement. We seek to prevent firms from countries that financed or supplied the Russian war machine from receiving Bank-financed procurement contracts for Ukraine's reconstruction.

- Eliminating IBRD and IFC financial support for China. Pushing the World Bank to apply its Graduation Policy to China and other countries eligible for graduation to free up resources for more impactful uses in poorer, less creditworthy countries.

- Concluding the 2025 IBRD Shareholding Review with no proposed changes in shareholding.

- Supporting the WBG in providing high quality, transparent, and impactful development financing that reduces the impetus for countries to pursue nontransparent, unsustainable, and coercive financing from other sources such as China. This includes robust assistance to developing countries through an IDA-21 replenishment focused on bolstering resilience by addressing fragility, conflict, and pandemic preparedness; supporting debt sustainability, transparency and sustainable financing; promoting private sector development and job creation; and preserving IDA's financial sustainability.

- Supporting a continued strong WBG focus on private sector development and job creation, including by shaping IFC's new strategy, Vision 2030, to drive private capital mobilization, expand opportunities for U.S. firms, and make countries less reliant on MDB financing. This includes strengthened coordination between the World Bank and IFC/MIGA so that public sector reforms and investments target key constraints to growth identified by the private sector.

- Incentivizing countries to improve debt sustainability and management and promoting debt transparency, including through collection and publication of debt data.

- Modernizing and resourcing WBG accountability units adequately, including consideration of remaining external review recommendations for the World Bank Accountability Mechanism; approval (in April) and effective implementation of the pilot IFC/MIGA Remedial Action Framework; effective implementation of the IFC/MIGA expanded pilot approach on responsible exit; and the launch of the IFC's review of its Sustainability Framework (including the Performance Standards).

- Promoting digitalization across all industries and regions, while supporting privacy protections and reducing and eliminating the use of untrusted vendors.

- Restraining budget and salary growth.

African Development Bank (AfDB) Group

Performance in 2024: The following section summarizes AfDB Group activity during the period between January 1, 2024, through December 31, 2024.

- AfDB Group financing approvals (including special resources) totaled $11.0 billion in 2024. Approvals from the AfDB window (the window for non-concessional sovereign and private sector lending) were $7.3 billion. Financing approvals from the African Development Fund (AfDF), the AfDB Group's concessional window, including through the Transition Support

Facility, were approximately $3.0 billion, while approvals through other special resources[6] totaled $0.8 billion.

- In 2024, the largest sectors for AfDB Group investments were infrastructure ($3.9 billion, or 35%), transport ($2.4 billion, or 22%), finance ($1.9 billion, or 17%), and agriculture ($1.8 billion or 10%).

- Distribution of total AfDB Group approvals in 2024 by sub-region were as follows: Southern Africa ($3.0 billion, or 27%), East Africa ($2.7 billion, or 24%), West Africa ($2.4 billion, or 22%), North Africa ($1.6 billion, or 14%), and Central Africa ($1.2 billion, or 11%). The five largest recipients of AfDB Group assistance in 2024 were South Africa, Nigeria, Morocco, Kenya, and Egypt.

- The share of AfDB non-sovereign operations was 19% in 2024.

- The AfDB plays a critical role in developing and opening African markets for U.S. businesses. AfDB financing helps develop physical and telecommunications infrastructure that boosts trade, leverages business climate reforms, supports local SMEs, and contributes to the growth of an African middle class of consumers. The United States supports these key investments as a foundation for economic growth – led by the private sector – in Africa.

Key Institutional Reforms and Initiatives: In 2024, AfDB Management made progress implementing a package of reform commitments agreed to in 2019 under the seventh AfDB general capital increase (GCI-VII). AfDB Management continues to work toward fully executing the operational selectivity strategy and cost containment framework, implementing a quality assurance plan to improve project quality, and strengthening the AfDB's approach to governance, anti-corruption, and internal controls.

- *Ten Year Strategy (TYS)*. The Board approved a new Ten Year Strategy in March 2024. The Strategy keeps AfDB focused on its selectivity strategy and core sectors where it has a comparative advantage and a high potential for development impact, such as energy infrastructure, transportation, industrialization, and agriculture.

- *General Callable Capital Increase.* The Governors approved a general callable capital increase in May 2025. This was necessary to maintain AfDB's lending levels and the Bank's AAA rating following Fitch Ratings' downgrade of the U.S. sovereign credit rating from AAA to AA+ on August 1, 2023. The General Callable Capital Increase, which requires authorization and a program limitation but no budget outlay for the United States to subscribe to our allocated shares, will support the AfDB in providing high quality, transparent, and impactful development financing in Africa that reduces the impetus for countries in the region to pursue nontransparent, unsustainable, and coercive financing from other sources, to include China. Participation in the callable capital increase is necessary to avoid significant dilution of U.S. shareholding.

[6] The Special Relief Fund, Private Sector Credit Enhancement Facility, and Nigeria Trust Fund.

- *Governance*. The AfDB worked on strengthening institutional governance through a Board of Directors committee-led review of the independence of oversight and accountability units, for which an action plan was provided to Governors at the May 2025 AfDB Annual Meeting.

<u>2025 Priorities</u>: Key U.S. priorities for the AfDB in 2025 are:

- As Mauritanian national Sidi Ould Tah takes on the Presidency of the AfDB for a five-year term starting September 1, 2025, we will work with the new President to advance the Administration's key priorities at the Bank of 1) expanding financing for all-of-the-above energy projects prioritizing affordability in energy investment; 2) reforming the Bank's procurement policies to ensure value-for-money and fair and competitive procurement; and 3) continuing our focus on the Bank's governance, effectiveness, and impact.

- Participation in the general callable capital increase and the 2019 capital increase. Authorization for the former, appropriations for the paid-in portion of the 2019 capital increase, and a program limitation for the callable capital for both are necessary to avoid dilution of U.S. shareholding that could benefit our strategic competitors.

- Monitoring the AfDB's capital adequacy, cost efficiency, and other key financial ratios to maintain the financial strength of the institution, which is the only AAA-rated institution in Africa.

- Executing the action plan on institutional governance, which will strengthen the audit, evaluation, integrity and redress units.

- Initiating a review and update of the AfDB's Independent Recourse Mechanism (the AfDB's institution-level independent accountability mechanism).

- Encouraging the AfDB and AfDF to improve their ability to support private sector operations and private capital mobilization for high-quality infrastructure to reduce reliance on donor resources.

- Participating in the negotiations for the AfDF-17 replenishment to advance the Administration's priorities, including energy access and procurement reform.

- Restraining budget and salary growth and maintaining transparency and sound governance over the construction of a new headquarters building.

Asian Development Bank (AsDB)

<u>Performance in 2024</u>: The following section summarizes AsDB activity during the period between January 1, 2024, through December 31, 2024.

- Total AsDB financing commitments in 2024 were $24.3 billion. Non-concessional financing commitments from AsDB's ordinary capital resources, including non-sovereign operations, were $18.3 billion, while concessional financing commitments from ordinary capital resources were $5.7 billion. Grants from the Asian Development Fund (AsDF) and other special funds, which are provided to eligible low-income AsDB members, totaled $1.1 billion, while technical assistance provision totaled $298 million.

- AsDB non-sovereign operations accounted for about $4.8 billion or 20% of total financing commitments, and the Bank complemented its own resources through mobilized sovereign and non-sovereign loan co-financing that totaled $14.9 billion in 2024.

- The top five recipient countries of AsDB financing in 2024 were India ($5.0 billion, or 21%), the Philippines ($2.4 billion, or 10%), Pakistan ($2.3 billion, or 10%), Indonesia ($2.0 billion, or 8%), and Bangladesh ($1.9 billion, or 8%).

- In 2024, the largest sectors for AsDB investments were finance ($5.9 billion, or 24%), energy ($3.8 billion, or 16%), transport ($3.5 billion, or 14%), water and urban infrastructure ($3.3 billion, or 14%), and public sector management ($3.2 billion, or 13%).

<u>Key Institutional Reforms and Initiatives</u>: In 2024, AsDB continued to implement several key initiatives, in addition to carrying out its regular lending activities.

- *Asian Development Fund (AsDF) Replenishment*. In 2024, AsDB completed the thirteenth replenishment of the AsDF (AsDF-14), which will run from 2025 to 2028. The AsDF is the AsDB's largest source of concessional assistance to the poorest and most vulnerable countries in the Asia and Pacific region, and AsDF-14 will focus on supporting the Pacific Island Countries, investing in quality infrastructure, and providing basic services and community infrastructure to the people of Afghanistan and Myanmar. AsDB will continue efforts to increase private sector development and quality procurement under AsDF-14.

- *Strategy Review*. In 2024, AsDB updated its corporate strategy by approving the Strategy 2030 Midterm Review, which is a roadmap for how the Bank will transform in a changing development landscape and respond to challenges in the Asia and Pacific region. There are five areas of enhanced focus in the strategy: private sector development, regional cooperation and public goods, digital transformation, resilience and empowerment, and climate action. Aligned with the strategic review, in 2024, AsDB also approved a new Corporate Results Framework (2025-2030), which enhances accountability, promotes innovation, integrates new targets, and ensures AsDB is responding to evolving development needs.

- *Private Sector Development.* In 2024, AsDB committed to enhance its focus on private sector development, including by improving private sector enabling environments and expanding its non-sovereign operations in frontier economies (the poorest and most vulnerable countries in Asia and the Pacific). In line with this enhanced focus, AsDB established new private sector financing targets to be achieved by 2030, including a $13 billion total private sector financing target, of which at least $4.5 billion will be mobilized from the private sector, and a target of 40% of sovereign operations contributing to private sector development. AsDB also set a target for half of its non-sovereign commitments to be made in frontier economies by 2030, and its Trade and Supply Chain Finance Program supported 719 transactions valued at $1 billion with banks domiciled in the United States, 250 of which were for American exports valued at over $345 million.

- *Efficient Use of Resources*. In 2024, AsDB continued working on the Capital Utilization Plan (CUP) for effectively deploying the additional lending capacity unlocked through recent capital adequacy framework reforms. The CUP was approved in February 2025.

- *Procurement.* In 2024, AsDB worked with other MDBs to establish the Sustainable Procurement Resource, an AI-enabled online platform. AsDB also worked with developing member countries (DMCs) to finalize their procurement capacity development plans and delivered training on its procurement policies and procedures to 2,447 participants from 35 DMCs, of whom 255 were procurement practitioners that achieved certification under a program to professionalize procurement functions called BuildProc.

- *Safeguards*. In 2024, AsDB approved a new Environmental and Social Framework that replaced the Bank's Safeguard Policy Statement and aligned AsDB's policies more closely with safeguards modernization efforts at the World Bank, IDB, and AfDB. This will be followed in 2025 by implementation preparations; entry into force of the new policies is expected in early 2026.

<u>2025 Priorities</u>: Key U.S. priorities for the AsDB in 2025 are:

- Refocusing the AsDB on its core mission of poverty reduction and transitioning countries toward greater self-reliance by spurring private sector-led growth and development, including by mobilizing private investment.

- Eliminating AsDB financial support for China. Pushing the AsDB to apply its Graduation Policy to China and other countries eligible for graduation.

- Improving procurement outcomes, particularly in the Pacific Island Countries, through mandatory use of quality procurement approaches, expanded AsDB outreach to U.S. firms and industry, and heightened scrutiny of state-owned enterprise participation in AsDB-funded procurement.

- Making the AsDB more responsive to countries' priorities and needs through an all-of-the above energy approach that prioritizes affordability in energy investment and bolsters the Bank's support for natural gas and removes its prohibition of support for civilian nuclear energy.

- Supporting AsDB's focus on private sector enabling environments and a commitment to expand non-sovereign operations in frontier economies, while advocating that AsDB's private sector financing be additional and not crowd out private sector financing, create market distortions, or provide inappropriate subsidies.

- Supporting AsDB in providing high quality, transparent, and impactful development financing in Asia, including through robust AsDF-14 implementation, with strong grant support for the Pacific Islands Countries that face unique development challenges and vulnerabilities. Maintaining continued strong AsDB and AsDF support to provide a high-quality alternative to non-transparent, unsustainable and coercive financing from other sources such as China.

- Improving AsDB's management of income and capital to strengthen its financial sustainability and better direct its resources toward the most developmentally impactful activities as the Bank implements the CUP.

- Updating the AsDB's Accountability Mechanism Policy to establish a stronger approach with better access and outcomes for project-affected people.

- Restraining budget and salary growth.

European Bank for Reconstruction and Development (EBRD)

Performance in 2024: The following section summarizes EBRD activity during the period between January 1, 2024, and December 31, 2024.

- EBRD investments in 2024 totaled $17.9 billion. Top countries for EBRD investments were Türkiye ($2.8 billion, or 16%), Ukraine ($2.1 billion, or 12%), Egypt ($1.6 billion, or 9%), Poland ($1.6 billion, or 9%), and Uzbekistan ($1.0 billion, or 6%).

- In 2024, 76% of the total EBRD business volume was with the private sector and was concentrated in financial institutions (38%); infrastructure (38%); and industry, commerce, and agribusiness (24%).

- In 2024, the EBRD continued its strong support for Ukraine, deploying a total of over $2.4 billion, including $472 million in cumulative turnover under the trade facilitation program.

- In 2024, the EBRD engaged in 1,567 advisory projects under its Small Business Initiative and provided $1.4 billion in financing to partner financial institutions to support on-lending to micro, small and medium-sized enterprises.

- In 2024, the EBRD directly mobilized over $5.2 billion of additional financing and indirectly mobilized nearly $23.8 billion of additional financing.

Key Institutional Reforms and Initiatives: In 2024, EBRD continued to implement key initiatives, in addition to carrying out its regular lending activities.

- *General Capital Increase*. In 2024, 18 shareholders had subscribed to the 2023 General Capital Increase (GCI) to enhance the EBRD's lending capacity to continue its private sector-focused support to Ukraine and other countries of operations as they confront the impact of Russia's 2022 full-scale invasion of Ukraine. As of June 2025, an additional 19 shareholders had subscribed for a total of 37 of 77, or 69.72% of total shareholding. Subscriptions to paid-in shares may be made at any time up to December 31, 2025.

- *Expanded Membership*. In 2024, Ghana, Kenya, Nigeria, and Senegal became members of the EBRD, with the expectation of becoming countries of operation once shareholders ratify amendments to the Bank's Charter to allow for a limited and incremental expansion of EBRD operations to sub-Saharan Africa and Iraq. (Iraq, Benin, and Côte D'Ivoire became members in 2023.)

- *Safeguards and Access to Information Policy*. In October 2024, EBRD approved a new Environmental and Social Framework and a new Access to Information Policy. In both cases, the reforms enhanced the existing policy but did not require fundamental revision. Both policies will enter into force in 2025.

- *Re-election of President.* In May 2024, EBRD Governors reelected President Renaud-Basso for a second four-year term. The President committed to delivering on the EBRD's commitments as part of the 2023 GCI, including continued support for Ukraine, reviewing and strengthening its procurement policies, scaling up private capital mobilization, and maximizing cost efficiencies.

2025 Priorities: Key U.S. priorities at the EBRD in 2025 are:

- Refocusing the EBRD on its core mission of transitioning countries toward market-based economies, and spurring private sector-led growth and development, including by mobilizing high levels of private investment. Securing authorization for U.S. participation in the GCI by December 31, 2025, is critical for advancing these reforms and maintaining U.S. leadership and influence in the EBRD.

- Achieving a renewed emphasis on less developed economies where the EBRD's support makes the biggest difference and strengthening incentives for countries with higher incomes and ample access to other sources of financing to graduate from EBRD assistance.

- Moving EBRD toward an all-of-the-above approach to energy that prioritizes access to reliable and affordable energy through all technologies that can provide affordable baseload generation, including gas and nuclear power. Persuading the EBRD to respond to markets and not distort the investment decisions of private firms and municipalities by unnecessarily prioritizing financing to mitigate or adapt to climate change.

- Pressing for robust implementation of procurement reforms, including those aimed at enhancing the use of quality procurement approaches and development of procurement tools to combat anti-competitive practices by state-owned enterprises, particularly from China.

- Programming financial support to Ukraine to support immediate critical needs and prepare for eventual reconstruction.

- Preventing firms from countries that financed or supplied the Russian war machine from bidding on Bank-financed procurement contracts for Ukraine's reconstruction.

- Maintaining a strong culture of integrity and accountability, and a speak-up culture by advocating for strong safeguards and access to information policies and preserving the independence and resourcing of independent oversight units. Initiating a review and update of the EBRD's Independent Project Accountability Mechanism (the EBRD's institution-level independent accountability mechanism).

- Restraining budget and salary growth.

Inter-American Development Bank (IDB) Group

Performance in 2024: The IDB Group approved $14.4 billion in loans, guarantees, grants, and equity investments during the period between January 1, 2024, and December 31, 2024.

- **IDB** approved about $11.9 billion in public sector loans and guarantees in 2024 to its 26 borrowing member countries in Latin America and the Caribbean. In addition to these financial commitments, the IDB also approved $330 million in technical assistance, including $159 million funded by the Bank's ordinary capital resources.

- Top recipients of IDB sovereign lending and guarantees in 2024 were Argentina ($2.5 billion, or 19%), Brazil ($2.5 billion, or 19%), Ecuador ($1.6 billion, or 13%), Peru ($1.3 billion, or 10%), and El Salvador ($0.6 billion, or 5%).

- IDB's 2024 sovereign lending was distributed across multiple sectors, with the largest amounts going to infrastructure and the environment ($4.9 billion, or 40%); institutional reform ($3.9 billion, or 32%); and social sector programs ($3.4 billion, or 27%).

- **IDB Invest** (also known as the Inter-American Investment Corporation), the arm of the IDB Group that solely focuses on the private sector, committed about $2.4 billion in long-term loans and equity investments in 2024, and mobilized an additional $5.0 billion in short- and long-term private sector resources. Total commitments and mobilization were distributed across sectors such as financial intermediaries ($0.9 billion, or 38%), the corporate sector ($0.8 billion, or 32%), and infrastructure and energy ($0.7 billion, or 30%).

- **IDB Lab** (also known as the Multilateral Investment Fund) approved $107.4 million in grants and loans across its thematic and crosscutting priority areas of agriculture and natural capital, talent and employment, essential infrastructure services, financial inclusion, and health. IDB Lab's mission is to pilot new approaches to private sector development with a special emphasis on promoting innovation and early-stage entrepreneurs using technology as a tool for development impact. Within the IDB Group, the IDB Lab's role is to serve early entrepreneurs, a relatively riskier, smaller client segment than IDB or IDB Invest.

Key Institutional Reforms and Initiatives: Key reforms underway and continuing beyond 2024 include:

- *IDB Group Reforms and Institutional Strategy.* IDB Group Management developed a new Institutional Strategy, "Transforming for Scale and Impact," to guide the Group's overall strategy through 2030. Governors approved the Institutional Strategy at the IDB Group

Annual Meetings in March 2024, and the institutions have since heavily focused on its implementation. The Institutional Strategy presents an ambitious plan to improve development effectiveness, address the region's vulnerabilities, and foster transformative economic progress. The Institutional Strategy also includes improving and expanding the IDB's lending instruments, establishing a stronger process for tracking and evaluating impact, and more efficiently using available capital. Transparency, accountability, and partnership with stakeholders are embedded throughout the Institutional Strategy. At the 2025 Annual Meeting, Management received strong support from Governors for shifting greater focus across organizations to activities that support the private sector. By better addressing institutional challenges, the IDB Group can advance regional stability and address regional challenges, such as migration.

- *IDB Invest New Vision and Business Model*. Over 2023 and 2024, IDB Invest developed a $3.5 billion capitalization proposal, which more than doubles its capital base, to provide the scale and capacity to implement a "New Vision and Business Model." Governors unanimously approved the capital increase and implementation plan for the New Vision and Business Model at the IDB Group Annual Meetings in March 2024. The new focus and capital increase will allow IDB Invest to scale up support for local currency financing, equity investing, de-risking, and private capital mobilization. Over the coming years, IDB Invest plans to significantly increase the scale at which it brings in private investors to participate in development projects. Bank management forecasts that the $3.5 billion capital increase, along with implementing its New Vision and Business Model, will help generate more than $100 billion in long-term financing to the region over a 10-year period, with more than half that amount achieved through private capital mobilization.

- *Capital Management.* The IDB has a strong track record of efficient balance sheet management over recent years, including adopting a Capital Adequacy Mandate and Regulations in 2013, implementing policies to reduce portfolio concentration, completing a series of "exposure exchange agreements" with other MDBs to improve portfolio diversification, and piloting credit protection agreements with private insurers. Starting in 2023, the IDB committed to utilize additional balance sheet measures under its control to expand lending capacity by $2 billion per year, which it has since achieved. IDB Invest has also prioritized efficient use of its scarce capital. In 2024 it became the second MDB to ever launch a synthetic securitization of a portfolio of loans to private investors, which freed up capital for about $600 million of new lending capacity and was enthusiastically welcomed by investors. The transaction included significant participation by U.S.-based asset managers.

- *IDB Lab*. IDB Lab Management developed a $400 million replenishment proposal to support small entrepreneurs, with a specific emphasis on empowering poor and vulnerable populations, which could generate $307 million through increased use of reimbursable financing, and mobilizing a projected $398 million from third-party organizations. Governors approved the replenishment at the IDB Group Annual Meetings in March 2024. Given large past contributions from donors like the United States and Japan, IDB Lab is transitioning under this replenishment to a business model that relies more on contributions from borrowing members and returns on its development investments than expecting future donor funds. The United States did not participate in this replenishment of IDB Lab but negotiated continued credit for past contributions such that it will remain the second largest member of the Donors Committee (after Japan).

- *IDB Policy Based Lending Reform.* As part of the new institutional strategy, the IDB launched a reform process for its policy-based lending (i.e., budget support) instrument with the aim of improving the quality and impact of these operations. Management has implemented internal organizational reforms intended to improve the impact of these operations, and there are ongoing discussions with the Board regarding other measures to improve the impact of this instrument.

- *IDB Access to Information Policy Reform*. The IDB presented to the Board a revised draft Access to Information Policy, which the Board approved for public consultation. The policy revisions aim to clarify the disclosure exceptions, eliminate the negative override (i.e., disallow ad-hoc non-disclosures outside of the approved exceptions), include a harm test that must be met for non-disclosure, and improve the information request system.

2025 Priorities: Key U.S. priorities at the IDB Group in 2025 are:

- Supporting the IDB Group in providing high quality, transparent, and impactful development financing in Latin America and the Caribbean that reduces the impetus for countries in the region to pursue nontransparent, unsustainable, and coercive financing from other sources such as China. Securing authorization for U.S. participation in the IDB Invest capital increase by March 10, 2026, is critical for advancing these reforms and maintaining U.S. influence and leadership in the IDB Group.

- Advancing IDB Group Management's implementation of its Institutional Strategy, as outlined in its "reform roadmap" that will operationalize the Institutional Strategy's reform commitments, with particular emphasis on:

    - Reforms to improve the development effectiveness of policy-based loans, including by reviewing their appropriate scope and scale and encouraging reform agendas that reduce barriers to private-sector growth and investment.

    - Implementation of the "One Caribbean" Framework that will allocate $20 million over five years in technical cooperation to support Caribbean countries in increasing their institutional capacity to absorb greater levels of investment.

    - Reforms to improve IDB Group's programs addressing regions affected by conflict and criminal-based violence.

    - Implementing an impact framework that sets corporate targets and reflects the achievement of development outcomes.

    - Reforms to effectively leverage the IDB Group's capital base to increase development lending, including IDB Invest building out the organizational capacity to rapidly scale up cofinancing opportunities for private investors as it receives new capital.

    - Developing tools to target more resources to poor and vulnerable countries, including through better approaches on country classification, deployment of concessional resources, and reviewing the suitability of lending instruments.

    - Complementary reforms to improve project and data disclosure and transparency, including through the approval of a strengthened Access to Information Policy.

- Advancing IDB Invest's implementation and execution of its New Vision and Business Model.

- Increasing awareness among U.S. companies about procurement opportunities relating to IDB-financed projects. Pressing IDB to increase the use of quality procurement approaches and heighten scrutiny of state-owned enterprise participation in MDB-financed procurement.

- Promoting an all-of-the-above approach to energy access and security that prioritizes affordability in energy investment, including removing prohibitions on support for civil nuclear energy.

- Restraining budget and salary growth, which Management has committed to maintain within a multiyear framework that balances investments in institutional capacity with improving efficiency ratios.

North American Development Bank (NADB)

Performance in 2024: The following section summarizes NADB activity during the period from January 1, 2024, through December 31, 2024. NADB has a mandate to fund infrastructure programs that benefit the environment on either side of the U.S.-Mexico border. Please also see Annex III: Report on the Performance Measures of the North American Development Bank.

- In 2024, NADB approved $362 million in total financing across all programs, including $348 million in loans and $14 million in grants.

- NADB's outstanding loan portfolio consisted of 72 loans with a value of $1.13 billion at the end of 2024. Of this total, by loan volume 63% was for sustainable energy and buildings, 22% was for water and wastewater, 8% was for air quality (including public transportation projects), and 3% was for urban development.

- NADB's outstanding loan portfolio was 39% in United States and 61% in Mexico by volume. The portfolio was 28% public sector, 68% private sector, and 4% public-private.
- NADB administers two grant programs – the Border Environment Infrastructure Fund (BEIF), which administers funding from the U.S. Environmental Protection Agency (EPA) to finance priority municipal drinking water and wastewater projects on the border, and the Community Assistance Program (CAP), which provides grants largely from NADB's retained earnings to fund critical infrastructure projects in low-income communities. Of the $14 million in grants approved in 2024, $11 million was under BEIF and $3 million was under CAP.

Key Institutional Reforms and Initiatives:

- *Strategic Plan Implementation.* In 2023, the NADB Board and Management approved a new five-year Strategic Plan 2024-2028. The plan focuses on five core objectives: 1) optimize community impact; 2) catalyze investment and make prudent use of financial capacity; 3) improve strategic effectiveness; 4) strengthen internal alignment; and 5) promote NADB's strategic value. In 2024, NADB made progress on implementing the plan with efforts to build the total loan book to at least $1.5 billion and increase investments in the water and wastewater sectors. NADB is targeting a reorientation towards more water projects, aiming to increase them as a proportion of the renewable energy portfolio, while capping exposure to renewable energy projects.

- *Water Investment Program.* The Board approved a new pilot program to streamline approvals for routine projects in the water and wastewater sectors, increasing the efficiency of NADB's continued support to Border communities as they address transboundary wastewater flows and provide improved services to communities in both Mexico and the United States.

- *Personnel and Ethics Policies.* NADB updated its personnel policies to improve workplace culture and increase training for staff and enhance whistleblower protection and clarify procedures. The Board approved new procedures for handling ethics and misconduct complaints involving senior members of NADB management.

- *Deputy Managing Director Appointment.* The Board appointed Mr. Alejandro Olivo, a Mexican national and experienced finance executive, as the new Deputy Managing Director, following the appointment of Mr. John Beckham, a U.S. national, as the Managing Director at the end of 2023.

2025 Priorities: In 2025, key U.S. priorities for NADB are:

- Maintaining strong support for water and wastewater projects, including increasing the volume of loans in the sectors and helping address cross-border wastewater flows into the United States.

- Developing a fund to provide concessional resources from the Bank's net income to support water conservation and water resource diversification in industry, agricultural, and household use on both sides of the border.
- Updating NADB's strategic communications to better connect with project sponsors, border communities, the Federal governments in the United States and Mexico, and others.

- Reviewing NADB's approach to procurement, especially in the energy sector, to promote use of quality suppliers and consistency with U.S. trade policies.

- Discussing NADB's capital investment needs.

- Maintaining strong budget and salary discipline.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

The International Fund for Agricultural Development (IFAD) is a UN specialized agency and IFI supported by 180 member countries that is dedicated to alleviating rural poverty, hunger, and malnutrition and supporting rural people to increase their incomes, productivity, and resilience to economic and other shocks. The United States is a founding member of IFAD and its largest historical contributor. Since 1977, the United States has contributed $1.2 billion to IFAD. In December 2023, the United States pledged $162 million to IFAD's Thirteenth Replenishment over 2025-2027, subject to Congressional approval.

Performance in 2024:

- In 2024, IFAD approved a record $2 billion in projects, additional financing, and grants, and its total project portfolio amounted to $9.3 billion.

- The regional distribution of IFAD's approvals and additional financing in 2024 was: Asia and the Pacific (37.8%); Eastern and Southern Africa (20.6%); Western and Central Africa (19.7%); Near East and North Africa and Europe (11.2%); and Latin America and the Caribbean (10.8%). Most IFAD financing approved in 2024 (77%) is focused in low- and lower-middle-income countries.

- According to the 2024 Report on Development Effectiveness authored by IFAD's impact measurement unit, 96 million rural people benefitted from IFAD-financed projects. Over 10 million people gained access to financial services, with 3.7 million individuals being trained in income-generating activities and 724,000 rural enterprises accessing business development services. In addition, 3.3 million individuals and households were provided support to improve their nutrition.

Key Institutional Reforms: In 2024, IFAD underwent a corporate reorganization and recalibration process to streamline its operations, reduce redundancies, and increase its efficiency and effectiveness. This exercise included significant organizational adjustments to, for example, consolidate results and knowledge management functions; embed the private sector division into country operations and program design; and centralize all programmatic and operational functions under the purview of the Vice President of IFAD for improved operational efficiency. As a result, IFAD achieved a record $2 billion program of loans and grants in 2024 and successfully completed the IFAD12 Replenishment cycle (2022-2024).

IFAD's Independent Office of Evaluation (IOE) reports directly to the Executive Board and is responsible for validating project completion reports and conducting corporate-level reviews on governance and operational effectiveness. The 2024 IOE annual report found continued strong performance in project relevance, innovation, and natural resource management and climate adaptation measures, such as through procurement of more drought and flood tolerant seeds. The IOE highlighted room to further assess and strengthen IFAD's efficiency, effectiveness, and rural poverty impact, particularly in fragile contexts. To address these findings, IFAD will strengthen support to projects at the design and implementation stages, as well as assess the role of IFAD Country Offices.

2025 Priorities: Key U.S. priorities for IFAD in 2025 are:

- Monitoring IFAD’s proposed measures to avoid program delivery delays, including by (1) approving approximately 40 percent of the total projected $3.5 billion IFAD13 program in 2025, and (2) instituting commitment deadlines after which country lending envelopes may be reallocated.

- Working with IFAD Management and other member states to explore potential capital and balance sheet optimization measures that could augment IFAD’s capacity for efficient and effective implementation of IFAD13 through additional stretching of its core resources.

- Supporting IFAD to operationalize the newly created private sector operations division, including by advising on the development of the non-sovereign investment strategy and encouraging IFAD to pursue additional partnership opportunities with U.S. industry.

- Continuing to advocate for credible implementation of the IFAD Graduation Policy adopted in 2020 to prioritize the use of IFAD’s limited donor resources in the poorest and least creditworthy countries.

DEBT ISSUES ACROSS INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)

Reporting Pursuant to Section 9722(b) of the National Defense Authorization Act for Fiscal Year 2021 (P.L. 116-283)

This section responds to the following legislative language included in Section 9722(b) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (P.L. 116-283)

> *SEC. 9722. ENSURING CHINESE DEBT TRANSPARENCY. (a) UNITED STATES POLICY AT THE INTERNATIONAL FINANCIAL INSTITUTIONS.—The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act) that it is the policy of the United States to use the voice and vote of the United States at the respective institution to seek to secure greater transparency with respect to the terms and conditions of financing provided by the government of the People's Republic of China to any member state of the respective institution that is a recipient of financing from the institution, consistent with the rules and principles of the Paris Club. (b) REPORT REQUIRED.—The Chairman of the National Advisory Council on International Monetary and Financial Policies shall include in the annual report required by section 1701 of the International Financial Institutions Act— (1) a description of progress made toward advancing the policy described in subsection (a) of this section; and (2) a discussion of financing provided by entities owned or controlled by the government of the People's Republic of China to the member states of international financial institutions that receive financing from the international financial institutions, including any efforts or recommendations by the Chairman to seek greater transparency with respect to the former financing.*

Over the previous year, Treasury has actively pressed the IMF and World Bank through the respective U.S. Executive Directors and in other fora to pursue increased transparency around the debt that borrower countries owe to all their creditors, including China. Treasury's efforts have contributed to significant progress by the IMF and World Bank to enhance debt transparency. Both the IMF and World Bank have continued their steadfast implementation of their revised policies on debt data reporting. Since 2022, the World Bank has conducted an annual data sharing exercise with creditors to reconcile the debt data reported by borrowing countries. For the world's poorest countries, the World Bank's IDA-21 replenishment will support debt sustainability and debt transparency efforts in all IDA countries at moderate or high risk of debt distress. Such policies and initiatives increase the scope and granularity of debt data that all member states must provide to both institutions and that the institutions subsequently incorporate in their reports to their respective Boards. These policies also increase the incentives for member states to improve their debt data reporting to the IFIs. At the IMF, Treasury is also pressing for wider and more granular coverage of all public and publicly guaranteed debt in members' regular surveillance reports and debt sustainability analyses.

Member states have made notable progress on debt transparency, driven in large part by stronger IMF and World Bank frameworks on debt data disclosure as well as increased technical assistance and capacity building from these institutions. These updates are most recently included in the 2024 updates to the IMF's policy on lending into official arrears, and ongoing periodic reviews of its debt sustainability frameworks. Significant transparency gaps remain, however, including limited disclosure of loan level information from both borrowers and creditors, the lack of supportive legislative frameworks for public disclosure, and the continued pursual of opaque and ad hoc restructurings. In late November, the Fund published its guidance note on the financing assurances and sovereign arrears policies and the Fund's role in debt restructuring. The IMF and the World Bank have also co-chaired the Global Sovereign Debt Roundtable, a deliberative, non-decision-making group of official bilateral creditors, sovereign borrowers, and representatives of private sector creditors that discusses the latest issues in sovereign debt, where debt transparency has been a major focus. In addition to encouraging the IMF and World Bank to improve their surveillance on borrower and creditor countries' debt data, Treasury has continued to press both institutions to hold official creditors like China to account to address key gaps in debt data reporting, including on collateralized debt, central bank FX currency swap lines, and contingent liabilities associated with debts of state-owned enterprises.

Treasury continues to monitor developments on Chinese lending and to press the IFIs to improve the reporting and coverage of Chinese debt in their databases. The 2024 World Bank annual international debt report (IDR) highlights ongoing research demonstrating opaque Chinese lending practices that obscure the scale of Chinese overseas lending and the terms of such arrangements (e.g., collateral arrangements, escrow accounts, and repayment guarantees). The Common Framework for debt restructurings (which includes G20 official creditors) has made material improvements in restructuring coordination and timelines, but there is still a need for non-traditional lenders such as China to improve sharing debt data for specific cases in a timely way. Treasury continues to push for increased transparency of Chinese lending terms via all channels, including with the IFIs, at the Paris Club and the Common Framework, bilaterally with China, and with borrower countries.

Reporting Pursuant to Section 6103 of the National Defense Authorization Act for Fiscal Year 2022 (P.L. 117-81)

This section responds to the following legislative language included in Section 9722(b) of the National Defense Authorization Act for Fiscal Year 2021 (P.L. 116-283)

> *Section 6103. The Secretary of the Treasury shall instruct the United States Executive Director at the International Monetary Fund to use the voice and vote of the United States to advocate that the Fund promote international standards and best practices with respect to sovereign debt contracts and provide technical assistance to Fund members, and in particular to lower middle-income countries and countries eligible to receive assistance from the International Development Association, seeking to enhance their capacity to evaluate the legal and financial terms of sovereign debt contracts with multilateral, bilateral, and private sector creditors." (b) Report to the Congress. Within 1 year after the date of the enactment of this Act, and annually thereafter for the next 4 years, the Secretary of the Treasury shall report to the Committee on Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate on (1) the activities of the International Monetary Fund in the then most recently completed fiscal year to provide technical*

assistance described in section 1630 of the International Financial Institutions Act (as added by this section), including the ability of the Fund to meet the demand for the assistance; and (2) the efficacy of efforts by the United States to achieve the policy goal described in such section and any further actions that should be taken, if necessary, to implement that goal.

The provision of TA and CD support to address LICs' debt risks is a core component of the IMF's work under the Fund's joint Multipronged Approach to Address Debt Vulnerabilities with the World Bank. However, the TA offered by the IMF does not specifically focus on evaluating sovereign debt contracts, which IMF staff may not have access to, depending on the extent of information sharing between a debtor country and the IMF. In addition, the IMF does not get involved in negotiations between debtor countries and their creditors on specific contract terms. Rather, IMF TA broadly covers the areas of: (1) debt management institutions, processes, and practices; (2) debt transparency; (3) management of debt-related fiscal risks; (4) development of domestic debt markets; and (5) debt sustainability analysis. The objective of IMF TA is to help debtor countries build the long-term capacities to effectively identify and monitor across their debt risks portfolios. The IMF continues to scale up TA and CD activities in response to increased demand from LICs for help in addressing growing debt vulnerabilities. The IMF dedicates a substantial amount of its total TA to debt management support to LICs.

The joint IMF-World Bank Debt Management Facility (DMF III) is a key vehicle for delivery of TA on debt management and transparency to LICs. The United States has contributed $2 million to the joint DMF III, which provides TA to over 80 countries (mostly LICs) to strengthen debt management capacity. Treasury leverages this U.S. contribution through participation in the DMF Steering Committee and is actively supporting DMF efforts to scale up capacity building assistance for developing country debt management, including development of analytic tools that strengthen debt management, reduce debt-related vulnerabilities, and improve debt transparency.

ANNEXES

I. IMF Exceptional Access Programs in 2024

Under normal access limits, total IMF program financing (inclusive of outstanding credit) from general resources is limited to no more than 600% of quota, and disbursements in any one year may not exceed 200% of quota.[7] Financing amounts that exceed normal lending limits are referred to as "exceptional access" programs.

Argentina, Ecuador, Ethiopia, and Kenya had exceptional access programs in 2024.[8] Among these programs, Ecuador, Ethiopia, and Kenya were approved in 2024. When a new exceptional access program comes before the IMF Executive Board for approval, Treasury is required to submit a report to Congress – prior to the U.S. Executive Director voting to approve – in accordance with Section 9004 of the Consolidated Appropriations Act, 2016.

On January 17, 2024, the IMF Executive Board approved Kenya's request for another augmentation of access under its 48-month Extended Fund Facility (EFF) and Extended Credit Facility (ECF) arrangements, which triggered exceptional access. Kenya requested this additional financing to respond to heightened liquidity pressures in the context of tight global financial conditions. The augmentation brought the total size of the IMF's financial commitment to $3.9 billion (540 percent of quota) from $3 billion before the 2024 augmentation.[9] When the Board approved this augmentation in the context of the sixth review of Kenya's EFF/ECF, the Fund's disbursements to Kenya were projected to exceed the normal annual access limit of 200 percent. However, subsequent to this approval, Kenya's exceptional balance of payments financing needs moderated, and the authorities requested a reduction of access which brought actual disbursements below the exceptional access threshold to normal access levels in October 2024. Kenya's EFF/ECF expired on April 1, 2025.

On May 31, 2024, the IMF Executive Board approved Ecuador's request for a 48-month, $4 billion (430 percent of quota) EFF. Due to the size of Ecuador's then-outstanding credit outstanding to the IMF (836 percent of quota) as well as the amount of disbursements scheduled for the first year of the program (207 percent of quota), the request triggered both the cumulative and annual exceptional access thresholds. Ecuador requested this EFF to strengthen macroeconomic stability amid acute balance of payments pressures. The Board approved the first review of this program in December 2024.

On July 29, 2024, the IMF Executive Board approved Ethiopia's request for a 48-month, $3.4 billion (850 percent of quota) ECF. Ethiopia requested this program to support their macroeconomic stabilization and economic reform agenda. The program triggered both the cumulative and annual exceptional access thresholds. The Board approved the first and second reviews of Ethiopia's ECF in November 2024 and January 2025, respectively.

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[7] Upon the implementation of the 16th GRQ, normal access limits will fall to 135% of quota annually and 405% of quota cumulatively for arrangements under the GRA or PRGT.

[8] Argentina's exceptional access program expired on December 31, 2024, and was in an off-track status at the time.

[9] During the combined seventh and eighth reviews of Kenya's EFF/ECF, completed in November 2024, the authorities requested a reduction in access that brought total access under the program down to 500 percent of quota.

II. Report on IDA's Contribution to Country Graduation

The U.S. Department of the Treasury presents this report consistent with 22 U.S.C. § 262r-6(b)(2). This section directs the Secretary of the Treasury to report to Congress on how the World Bank's International Development Association (IDA)-financed projects "contribute to the eventual graduation of a representative sample of countries from reliance on financing on concessionary terms and international development assistance."

IDA provides highly concessional loans and grants to the poorest countries, with the aspiration that countries achieve levels of growth and institutional capacity that allow them to finance their development needs from a mix of non-concessional resources from the public sector, market borrowing, private investment, and their own domestic resources, thereby facilitating graduation from IDA. The United States believes that IDA should direct its scarce concessional resources to the poorest countries that have the most limited access to other sources of finance.

The IDA graduation process is normally triggered when a country's per capita gross national income exceeds the "operational" graduation threshold ($1,335 for WB FY 2025) for at least two consecutive years and the country is deemed creditworthy enough to receive loans from the IBRD. The process involves phasing out IDA lending and phasing in IBRD lending. Before a country fully graduates, there is typically a transitional stage of undetermined length, known as "blend" status, during which countries can access both IDA and IBRD resources. There are currently 16 active IDA blend countries: Belize, Cabo Verde, Cameroon, Republic of Congo, Dominica, Eswatini, Fiji, Grenada, Kenya, Nigeria, Pakistan, Papua New Guinea, St. Lucia, St. Vincent and the Grenadines, Timor-Leste, and Uzbekistan.[10]

To date, 35 countries have graduated from IDA, and many have become IDA donors. No country graduated at the end of the IDA-20 replenishment period, but Guyana is expected to graduate at the end of IDA-21. For the IDA-21 replenishment, Kosovo (a current IDA borrower) and Mongolia (IDA-19 graduate) pledged as first time IDA donors.

In IDA-21, eligible IDA countries in blend and gap[11] status will be offered floating rate borrowing terms with a choice to opt for fixed rates that will incentivize a smoother transition to IBRD borrowing.

[10] Although classified as a blend country, Zimbabwe does not currently receive IDA or IBRD financing due to protracted non-accrual status.
[11] Countries in "gap" status are eligible for IDA financing but exceed the income threshold for IDA-only status and are not yet creditworthy enough for IBRD loans. These include countries such as Haiti, Kosovo, Benin, Bangladesh, Cambodia, Cote d'Ivoire, Ghana, Honduras, Lao PDR, Lesotho, Mauritania, Nicaragua, Senegal, and Sri Lanka.

III. Report on the Performance Measures of the North American Development Bank (NADB) under the United States-Mexico-Canada Agreement Act

Pursuant to the United States-Mexico-Canada Agreement (USMCA), Title VIII, Subtitle C—North American Development Bank, Section 834 states:

"(a) IN GENERAL.—The Secretary of the Treasury should direct the representatives of the United States to the Board of Directors of the North American Development Bank to use the voice and vote of the United States to seek to require the Bank to develop performance measures that—

(1) demonstrate how projects and financing approved by the Bank are meeting the Bank's mission and providing added value to the region near the international land border between the United States and Mexico; and

(2) are reviewed and updated not less frequently than annually.

(b) REPORT TO CONGRESS.—The Secretary of the Treasury shall submit to Congress, with the submission to Congress of the budget of the President for a fiscal year under section 1105(a) of title 31, United States Code, a report on progress in imposing the performance measures described in subsection (a) of this section."

BACKGROUND

NADB is a binational financial institution established by the governments of the United States of America and Mexico to provide financing for the development and implementation of environmental infrastructure projects that preserve, protect or enhance the environment to advance the well-being of the people of the United States and Mexico.

NADB fulfills its mission by providing loans to public and private sponsors in both countries, administering and providing grants, and providing technical assistance to support the development of projects and strengthen institutional capacities in the region. In addition, NADB acts as a liaison in the coordination between the two countries on related matters.

As part of its loan program, in addition to capital, NADB offers a variety of financial services to support the development of projects, including due-diligence coordination, financial structuring, mandated lead arranger services and collateral and agency services.

In the area of grants, NADB administers two programs:

- *The Border Environment Infrastructure Fund (BEIF)*, funded annually through the Environmental Protection Agency's Border Water Infrastructure Program, as appropriated by Congress. Grants are provided for the implementation of high-priority municipal water and wastewater infrastructure projects on either side of the border.
- *Community Assistance Program (CAP)*, funded by NADB, including the possibility of emergency funding, to support the implementation of critical water and solid waste infrastructure projects in economically distressed communities on either side of the border.

NADB also provides grants in the form of technical assistance for the development and preparation of infrastructure projects, including planning, design, environmental clearance and construction management. This program is particularly valuable for border communities with limited experience or institutional capacity to manage a major infrastructure project.

Since 2021, the Bank has received US$9.8 million in grants from the U.S. Department of State for the CAP program and technical assistance activities.

In December 2022, the Board approved the establishment of the Environment Investment and Capacity Facility (EICF) to hold and account for the Bank's grant funds available for construction and technical assistance purposes, including funds provided by third-party donors. As part of the establishment of the EICF, the Board agreed to transfer 20% of the Bank's annual cash earnings to the facility to support its ongoing growth. At the end of 2024, the EICF had a fund balance of US$29.0 million, a 125% increase year-over-year.

In light of the significant water challenges throughout the U.S.-Mexico border region, in its 2024-2028 Strategic Plan, NADB reaffirmed the water sector as its highest investment priority, as well as established the need to adopt innovative solutions and products to meet its water sector goals. To increase its effectiveness, during 2024, the Bank developed the Water Investment Program (WIP), to expedite simpler water infrastructure projects financed with loans and/or CAP and BEIF grants. With this program, NADB expects to improve its responsiveness for basic infrastructure projects and increase its capacity for evaluating innovative solutions to address water stress in the region.

The Bank is also developing an initiative targeted to address water conservation and diversification needs for both communities and the agriculture sector. Recognizing the severity of water scarcity problems along the border, the Board approved a preliminary transfer in 2024 of up to US$10 million to the EICF as seed capital for the proposed program.

PERFORMANCE EVALUATION PROCESS

NADB has a Monitoring and Evaluation System (M&E) in place to measure the performance of each individual project, as well as to track trends in various environmental, human health and socioeconomic indicators at the border region level. NADB uses this information to identify remaining needs in the region and calibrate its strategy and workplan.

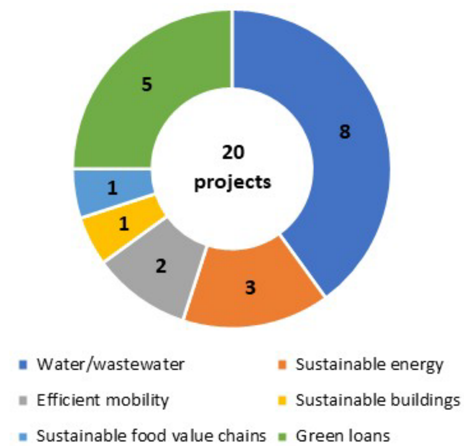
At the project level, the Bank establishes clear, quantifiable goals and targets as part of the Board approval process. A Results Matrix is developed, which includes quantitative estimates of the anticipated project results, divided into *outputs* (e.g., physical characteristics, cost and construction schedule of the project) and *outcomes* (e.g., population served, amount of water treated, renewable energy produced, emissions avoided). After a project has been in operation for one year, NADB conducts a closeout process in which the actual achievements of the project are measured and compared against the goals and targets set out in the Results Matrix, as approved by the Board, and assesses how closely these targets are being met.

IMPACT OF NADB-FUNDED PROJECTS

2024 Project Approvals and Construction Completed

Projects Approved

During 2024, twenty new projects were approved to receive up to US$361.7 million in financing. These projects represent a total investment of US$767.3 million and will benefit more than 1.6 million border residents.



Almost half of the projects were in the priority sector of water, including the replacement of two deteriorated water storage tanks that will improve drinking water service for more than 8,000 people in Hidalgo County, Texas, by reducing water outages, incidents of low pressure and the need to boil water. In Monterrey, Nuevo Leon, where water shortages are a chronic problem, the Bank is supporting a pilot project to install water harvesting systems using hydropanels to provide a reliable drinking water supply for five schools, minimizing school closures and contributing to a healthy learning environment for 1,470 students. To improve water resource management and system sustainability for the 6,150 residents of Naco, Sonora, the Bank is funding the installation of water meters throughout the city, which will help the local utility detect and pinpoint the source of water leaks. The project also includes completing the connection and startup of the existing solar energy system, which will offset 100% of the energy required to operate three production wells.

Five wastewater projects were also approved, including emergency repairs to two major lift stations serving 14,000 residents in the town of Calipatria in Imperial County, California, and the communities of Sunland Park and Santa Teresa in New Mexico. Rehabilitating these pump stations will ensure that all the wastewater collected in these small communities is conveyed to the local treatment plant, preventing the possibility of 2.5 million gallons a day (mgd) of sewage from backing up into homes or overflowing onto streets and potentially contaminating surface and groundwater.

Likewise, the rehabilitation and/or expansion of wastewater infrastructure serving 427,800 residents of Nuevo Laredo, Miguel Aleman and Nuevo Progreso, Tamaulipas, will prevent the potential discharge of up to 13 mgd of wastewater that could impact the Rio Grande River, thus also benefitting communities downstream on both sides of the border that depend on the river for drinking water. In addition to expanding and/or improving three treatment plants with a combined capacity of 37 mgd serving Nuevo Laredo and Nuevo Progreso, first-time wastewater collection and treatment services will be extended to approximately 500 existing homes in unserved areas of Miguel Aleman and to about 150 homes in Nuevo Laredo.

In the energy sector, NADB continued to support clean energy generation and grid reliability in the border region with the approval of three battery energy storage facilities located in Cameron and Maverick Counties in Texas and in San Diego County, California. The capacity to store energy helps the regional system operators manage the grid more efficiently and helps reduce energy losses resulting from mismatches in supply and demand. During their first year of operation, the facilities are expected to store and deliver electricity equivalent to serving 231,600 households, directly benefitting an estimated 681,400 U.S. border residents.

Also in the area of air quality through cleaner and more efficient mobility of people and cargo, the Bank approved loans for the private sponsors of a project to modernize the public transportation system along a major thoroughfare in Tijuana, Baja California, as well as a project to renovate the trucking fleet of a logistics company in San Diego, California, that provides cross-border drayage services between Tijuana and San Diego. In the latter case, the project consists of replacing up to 97 diesel-fuel based freight trucks with a combination of 75 electric and 22 natural gas-based vehicles, which will significantly reduce the harmful emissions generated by its current trucking operations and reduce operating costs.

In the case of Tijuana, NADB is financing the acquisition of 44 new buses that use cleaner technologies, provide a higher passenger capacity and offer a safe, fast, and accessible transportation option for approximately 37,700 passengers a day. In addition to reducing emissions related to vehicle operation and urban congestion, the project will provide more accessible and reliable transportation service supported by formal bus stops and schedules, enhanced security for passengers and a more user-friendly and transparent payment processing system. Moreover, some of the new buses will be assigned for use as part of the subsidized Violet Transportation Program, which provides a more secure service at no cost to women and children. Together, the new buses and freight trucks will avoid an estimated 7,530 metric tons of CO_2 emissions from vehicle tailpipes on a crowded thoroughfare and at congested border crossings.

In efficient urban development, NADB is providing a loan to a leading homebuilder in Mexico dedicated to the development of sustainable and affordable housing for low, medium, and medium-high income families. The company develops integrated communities that offer a better quality of life for its residents through homes with efficient technologies for reducing water and energy consumption by at least 20% compared to standard building practices, as well as other services such as controlled access, equipped parks, recreational areas, urban connectivity, and proximity to schools, health care facilities, and police stations. The loan is expected to fund the construction of approximately 720 efficient single-family homes within the 300-km (186-mile) area south of the U.S.-Mexico border in benefit of an estimated 2,400 residents.

In the area of sustainable food value chains, NADB approved a loan to support a family-owned agricultural business in the municipality of Hermosillo, Sonora, continue to convert its existing crops to less water-intensive, higher-value crops, as well as implement other measures to adapt to water scarcity issues in the region. These measures include installing drip irrigation systems, producing organic fertilizer from vermiculture, and building an on-site packing plant with a photovoltaic solar power system. With these actions, the sponsor expects to use 23% less water per ton of produce harvested, as well as obtain a 140% increase in the market value of the crops.

In addition, drip irrigation will reduce runoff and soil erosion, while eliminating pesticides and synthetic fertilizers will improve soil quality, and packing produce on site will reduce foods losses during transportation.

Finally, the Bank approved five loans totaling US$36.2 million for nine financial intermediaries in Mexico, which will be used to fund their financing and/or leasing operations with small businesses and individual entrepreneurs seeking to implement green projects located within the 300-kilometer border region in Mexico. In general, the loans will be used to support investments aimed at increasing operational efficiencies, while also reducing environmental impacts, through resource-efficient designs, the installation of energy and water-efficient equipment and small-scale renewable energy systems and the use of low-emission vehicles, in a variety of sectors, including agriculture, the food industry, manufacturing, transportation, urban development and buildings.

One of the intermediaries allocated 100% of its loan proceeds to an urban redensification project in downtown Monterrey, Nuevo Leon, which was completed prior to year-end and consisted of replacing and expanding water and wastewater infrastructure to provide service access for the planned construction of a new high-rise apartment building that will house an estimated 10,500 people, as well as rehabilitation and modernization of a roadway to improve mobility. These improvements are also benefitting 23,000 current residents in the downtown area.

Project Implementation Completed

During 2024, seven projects were fully implemented and began operations. These projects represent a total investment of US$831 million and are benefitting more than 410,145 border residents in the United States and Mexico. Approximately 21% of that investment was covered by NADB loans and EPA-funded BEIF grants.

In addition to the urban redensification project detailed above, three water-related projects were completed during the year, including the construction of a water distribution system that is providing first-time access to this basic service for the 330 people residing in the unincorporated Hillcrest subdivision located approximately 17 miles northeast of downtown El Paso, Texas. In addition to providing a safe and reliable drinking water supply and bringing the community into compliance with fire protection requirements, residents in the area have also begun to receive curbside garbage collection services, which can now be billed with the water service.

In Doña Ana County, New Mexico, an estimated 7,900 residents are benefitting from the rehabilitation of a major lift station that conveys approximately 75% of the wastewater flows from the service area to the South Central Wastewater Treatment Plant. The wastewater collection system was also extended to provide first-time service to 30 homes in the nearby community of Sleepy Farms, eliminating their failing septic systems and preventing potential contamination of local groundwater.

In the case of Mexicali, Baja California, the Bank supported the rehabilitation of 12 small lift stations with a combined flow capacity of 19 million gallons per day, which had reached or exceeded their expected useful life. The rehabilitated infrastructure has improved system reliability for 146,000 residents by reducing the risk of pump failures that could cause sewage backups and the potential discharge of up to 8.7 million gallons per day of wastewater onto local streets and into the New River, which flows northward into the United States.

In the area of sustainable energy, a solar park, a standalone energy storage system and the first hybrid solar-storage facility financed by the Bank completed construction and began operations in Texas. In the latter case, a solar park and battery energy storage system (BESS) were constructed just west of the city of Brackettville in Kinney County with the capacity to produce electricity equivalent to the annual consumption of 30,286 households or 86,315 residents during its first year of operation. Pairing the BESS with the solar park allows the system to store excess energy produced during periods of high solar output and deliver it to the grid during periods of peak demand, reducing energy losses and increasing the efficiency and reliability of the solar park.

Likewise, a utility-scale solar park built a few miles east of the community of Knippa in Uvalde County is expected to produce electricity equivalent to the annual consumption of 13,735 households or 38,870 border residents, while a standalone BESS installed northwest of the city of McAllen in Hidalgo County is expected to store and deliver electricity equivalent to serving 28,597 households or 97,230 residents. Altogether the three energy projects are expected to displace the emission of approximately 457,054 metric tons of CO_2 and other contaminants during their first full year of operation.

IV. Report on Nondiscrimination against Taiwanese Nationals at the International Financial Institutions

Pursuant to the National Defense Authorization Act for Fiscal Year 2021, Title XCVII, Subtitle C–Other Matters, Section 9724 states:

"(b) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Executive Director at each international financial institution to use the voice and vote of the United States to seek to ensure that Taiwan nationals are not discriminated against in any employment decision by the institution, including employment through consulting or part-time opportunities, on the basis of—

(1) whether they are citizens or nationals of, or holders of a passport issued by, a member country of, or a state or other jurisdiction that receives assistance from, the international financial institution; or

(2) any other consideration that, in the determination of the Secretary, unfairly disadvantages Taiwan nationals with respect to employment at the institution.

(d) PROGRESS REPORT.—The Chairman of the National Advisory Council on International Monetary and Financial Policies shall submit to the committees specified in subsection (c) an annual report, in writing, that describes the progress made toward advancing the policy described in subsection (b), and a summary of employment trends with respect to Taiwan nationals at the international financial institutions."

ANNUAL REPORT

The IFIs in which the United States is a member hire only nationals from their member countries. The only IFI in which Taiwan is a member is the Asian Development Bank (ADB), making the ADB the only IFI in which Taiwanese nationals can be newly hired. We understand that there are Taiwanese nationals employed at the World Bank but, under the recruitment practices in place since 2019, the Bank does not record or monitor "Taiwanese" as a nationality, and so does not maintain data on the number of these individuals.

The United States expects Taiwanese nationals to be treated equitably at the IFIs, and regularly conveys this view to IFI management and other shareholders. Any efforts aimed at undermining Taiwan at the IFIs by discriminating against its nationals in employment decisions (outside of membership-based hiring policies) would raise serious governance concerns and deprive the IFIs of valuable resources and knowledge sharing given Taiwan's successful development story and graduation from MDB lending.

In 2024, U.S. Executive Directors at the relevant IFIs used their voice and vote to prevent discrimination against Taiwanese nationals in employment decisions (outside of membership-based hiring policies). The U.S. Executive Directors further engaged with management and other shareholders at the relevant IFIs to help ensure that Taiwanese nationals were not unfairly disadvantaged in any other way with respect to employment.

NUMBER OF TAIWANESE NATIONALS EMPLOYED AT THE IFIs (2015-2024)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ADB	6	4	5	6	6	7	8	8	8	7

V. Report on International Financial Institution Assistance with Respect to Advanced Wireless Technologies

Pursuant to the National Defense Authorization Act for Fiscal Year 2022, Title LXI—Financial Services Matters, Section 6105 states:

"(a) IN GENERAL.—The Secretary of the Treasury (in this section referred to as the ''Secretary'') shall instruct the United States Executive Director at each international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act (22 U.S.C. 262r(c)(2))) that it is the policy of the United States to—

(1) support assistance by the institution with respect to advanced wireless technologies (such as 5th generation wireless technology for digital cellular networks and related technologies) only if the technologies provide appropriate security for users;

(2) proactively encourage assistance with respect to infrastructure or policy reforms that facilitate the use of secure advanced wireless technologies; and

(3) cooperate, to the maximum extent practicable, with member states of the institution, particularly with United States allies and partners, in order to strengthen international support for such technologies.

(c) PROGRESS REPORT.—The Chairman of the National Advisory Council on International Monetary and Financial Policies shall include in the annual report required by section 1701 of the International Financial Institutions Act (22 U.S.C. 262r) a description of progress made toward advancing the policy described in subsection (a) of this section.

ANNUAL REPORT

Treasury supports MDB investments in advanced wireless technologies so long as measures have been taken to minimize cybersecurity and data protection risks. Treasury takes seriously the security risks associated with advanced wireless technologies. Working with interagency colleagues, Treasury exercises due diligence in its review of all MDB-financed projects that support the adoption or expansion of advanced wireless technologies, including 5th generation wireless technology, or that enable the adoption of such technologies. For MDB projects that involve digitalization and the roll out of 4G and 5G networks, Treasury seeks clear information about how MDBs and borrowers have assessed risks and adequately mitigated them. One set of risks centers on project procurement from untrusted vendors, which may make project infrastructure vulnerable to corruption or outside influence and undermine efforts to protect data. Another set of risks focuses on the effects of increased digitalization, including increased surveillance, abuse or misuse of personal data, or limitations on digital access.

Treasury opposes MDB projects with substantial digital risks that are not adequately mitigated. Treasury is open to supporting projects that invest in efforts to diversify a country's equipment vendors and service providers away from untrusted vendors. We have engaged with likeminded shareholders and management to support this approach.

In 2024, Treasury reviewed about 20 operations that invested in or enabled 5G and other advanced wireless technologies. Treasury opposed four of these projects due to untrusted vendor risks and/or inadequate digital risk assessment.