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,

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,

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

Section 5702(a) National Defense Authorization Act for Fiscal Year 2023

and

Section 7070(b)(4) of the Consolidated Appropriations Act, 2026.

United States Department of the Treasury

September 2026

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INTRODUCTION

A stable, growing, and resilient global economy advances U.S. prosperity and security by expanding opportunities and opening new markets for American businesses, workers, and investors, while reducing risks that can emerge beyond our borders and supporting stability that enhances our national security. To promote private sector-led global economic growth and support our national interests, the United States plays an active role through its leadership on the Executive Boards in determining the policies and lending decisions of the international financial institutions (IFIs). U.S leadership at the IFIs helps us promote these objectives and support a more balanced international economic system. Through their financing, policy advice, and technical assistance, the IFIs help countries strengthen economic governance, promote growth, expand access to energy and infrastructure, support private sector development, and respond to crises. Their work also helps address poverty and development challenges that contribute to instability and can affect the United States and our economy. By keeping to their core mandates, encouraging sound macroeconomic policies, responsible borrowing, and durable investment, the IFIs can help reduce economic imbalances and support a stronger foundation for long-term global growth.

At the same time, the work of the IFIs highlights how certain countries' distortionary, non-market policies and practices generate persistent and unsustainable imbalances. IFI financing provides countries with a transparent, high-quality alternative to opaque, unsustainable, and coercive lending practices from other sources. The Trump Administration is strategic in its support and engagement in international institutions, focusing American time and resources in institutions that support American interests.

American leadership was instrumental in creating the IFIs to help foster economic stability and recovery in the aftermath of World War II and remains a leading force in shaping their direction. Today, the United States is the largest or joint-largest shareholder in every IFI of which it is a member, except the African Development Bank, where it is the largest non-African shareholder and second-largest shareholder overall. Thanks to strong, America First leadership, and through its shareholding, representation on governing bodies, and convening power, the United States promotes policies that reflect core American principles, including transparency, accountability, anti-corruption, open markets, and private sector-led growth. Consistent with our America First approach, the United States seeks to strengthen its leadership within the IFIs to advance U.S. economic interests, support a more balanced international economic system, and safeguard America's economic and national security. By promoting increased investment, productivity, and growth around the world, the IFIs help create conditions that expand opportunities and markets for American exports and investment, reinforce U.S. economic competitiveness, and contribute to a stronger and more secure America.

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. This report also covers matters pursuant to the provisions of law outlined below.

1. 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.

2. 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.

3. 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.

4. 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.

5. Section 5702(a) of the National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263) amended the International Financial Institutions Act by requiring the Secretary of the Treasury to report on any actions that have been taken, in coordination with international

financial institutions, by official creditors, including the government of, and state-owned enterprises in, the People's Republic of China, and relevant commercial creditor groups to advance debt restructuring or relief for countries under the Common Framework or other coordinated international arrangement in which the U.S. participates as well as Common Framework implementation challenges, and recommendations on how to address such challenges.

6. Section 7070(b)(4) of the Consolidated Appropriations Act, 2026 (P.L. 119-75) directs the Secretary of the Treasury to report on progress made to promote multilateral development bank assistance for nuclear energy and establish or report on the activities of nuclear energy trust funds at the multilateral development banks.

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 focused on their core mandates 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 2025 through December 2025 and looks at prospects for 2026 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 an important role in maintaining global macroeconomic and financial stability by helping to address and prevent imbalances in the international economic system. The IMF is most effective when adhering to its core mandate, which requires it to focus on fiscal, monetary, external, and financial sector issues through its surveillance, lending, and capacity development. These tools enable the IMF to help its members navigate economic challenges and resolve balance of payments crises. Over the past year, the United States has used its position and influence as the IMF's largest shareholder to reorient the institution back to its core areas of expertise, insist on greater budget discipline, and raise expectations for effectiveness and accountability. The Treasury Department will continue this work in the year ahead to strengthen the IMF's focus on its traditional role as a core component of the global financial safety net, in keeping with U.S. interests.

Since the start of the Trump Administration, we have witnessed some progress at the IMF toward these objectives. We are encouraged by the IMF's proposals this year for a flat real administrative budget and a more conservative capital investment plan. In response to Treasury's call for decisive streamlining, the IMF will increase resources for responding to debt crises and weak governance in borrower countries while reducing allocations for climate, inclusion, and gender issues. We will press IMF management to strengthen their macroeconomic surveillance and work on global imbalances, design more effective lending programs based on robust reforms, and take a tougher approach toward members whose distortive policies generate negative international spillovers. In particular, we will press the IMF to continue its work to enhance its analytical tools and improve surveillance of policies that underpin and drive global imbalances and the associated risks. We also press the IMF to present more granular scenario analysis, including the costs of inaction, and to further integrate this analysis into its bilateral and multilateral surveillance and policy advice. And we will press the IMF to continue to improve data necessary for robust analysis of imbalances including its coverage of non-market policies and practices, and to consider improving their data sources as appropriate.

When it adheres 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 continue to 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

As the IMF's largest shareholder, the United States is uniquely positioned to shape IMF policy and institutional issues. The United States participates in the IMF financially through a quota subscription, participation in the IMF's New Arrangements to Borrow (NAB). The United States requires congressional approval to participate in an increase in the U.S. quota subscription under the IMF's 16th General Review of Quotas (GRQ), which would further entrench the U.S. voting 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, which requires an act of Congressional authorization and corresponding appropriations.

IMF Financing in 2025

As a key part of the global financial safety net, the IMF carries out three principal functions: surveillance, lending, and capacity development. Its bilateral and multilateral surveillance of member countries helps identify risks and provides advice on policies that reduce the likelihood of economic and financial crises. When crises arise, IMF financing can help lessen their severity and encourage reform, thereby mitigating harmful spillovers that can affect American workers, households, and businesses. The IMF complements its surveillance and financing with technical advice and capacity building that helps governments implement policies that will lead to growth and stability, thereby building long-term resilience. Taken together, the IMF's core functions contribute to pro-growth policies that can lead to investment opportunities and export markets for American businesses.

As of end-2025, the IMF had 21 active financing arrangements with member countries using its general (quota) resources, for a total commitment of $117 billion. This includes four precautionary arrangements totaling $47 billion with Chile, Costa Rica, Mexico, and Morocco. During the year, the IMF Executive Board approved new or renewed financing arrangements for Argentina, Armenia, Costa Rica, El Salvador, Mexico, and Morocco. Arrangements in Barbados, Cameroon, Colombia, Georgia, Kenya, Kosovo, Moldova, and Suriname expired, lapsed, or were canceled over the course of the year.

The IMF also had 26 concessional financing arrangements with low-income countries (LICs) totaling $18 billion in commitments financed through the Poverty Reduction and Growth Trust (PRGT). During 2025, the IMF Executive Board approved two new concessional financing arrangements for Chad and the Democratic Republic of Congo. The Executive Board also approved augmentations for ongoing arrangements in Bangladesh, Cabo Verde, Sao Tome and Principe, and Somalia. Arrangements for Burundi, Cameroon, Kenya, Malawi, Mozambique, Republic of Congo, Moldova, and Senegal expired. As of end-2025, the IMF had 17 financing arrangements under the Resilience and Sustainability Trust (RST), aimed at providing long-term resilience to external shocks, totaling $7.4 billion in commitments. During 2025, the IMF Executive Board approved five new arrangements under the RST for the Democratic Republic of Congo, Egypt, The Gambia, Jordan, and Pakistan. The United States does not participate in the RST.

The IMF also offers emergency financial assistance to countries facing urgent balance of payments needs through its Rapid Financing Instrument (RFI), which is available to all member countries, and its Rapid Credit Facility (RCF), which is only available to LICs that qualify for the PRGT. In 2025, the IMF Executive Board approved one concessional emergency financing arrangement for Mali, under the RCF, totaling $129 million and one emergency financing arrangement under the Rapid Financing Instrument (RFI) for Sri Lanka for $206 million.

IMF Priorities in 2026

In 2026, Treasury's priority is to push the IMF to continue its focus on a back-to-basics approach, allowing it to perform its critical functions without distraction or diversion. As part of our commitment to continued American leadership in the IMF, Treasury will work with Congress on authorization and appropriations for the 16th GRQ. 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 IMF-World Bank Debt Sustainability Framework for Low-Income Countries, the review of the Financial Sector Assessment Program (FSAP), and the methodology review of the External Balance Assessment (EBA), which is used to evaluate current accounts and exchange rates.

- *16th GRQ:* The IMF Board of Governors approved the 16th GRQ in December 2023 and will become effective once 85 percent of members by quota share provide their domestic consent to participate. Because the United States holds a 17.4 percent quota share, the quota increase requires U.S. consent to become effective. The 16th GRQ would hold overall IMF resources roughly constant at current levels, while strengthening the role of quotas and preventing erosion of U.S. influence, by increasing quota shares for all members, including the United States, by 50 percent, while reducing borrowed resources. The increase in members' quotas would be equiproportional; thus, all members' relative quota positions would remain the same. The United States 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 comprise 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 reduce the overall size of the NAB, while slightly increasing the relative share of U.S. participation in the NAB. It would also fully eliminate the BBAs, in which the United States does not participate. This outcome will therefore increase IMF reliance on its quota resources and remove BBAs (where China provides the second-largest share of financing) as a source of influence at the IMF. Treasury is seeking Congressional appropriations and authorization for the increase in U.S. quota under the 16th GRQ, as a critical step in maintaining and strengthening 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 initiated the current CSR in 2025and aims to conclude this review in 2026. The review is aimed at ensuring the IMF's surveillance practices are fit for purpose, with a particular focus in this review on macroeconomic policies that support economic resilience to shocks. IMF staff have proposed adjustments to the institution's surveillance practices that would improve the Fund's coverage of fiscal, monetary, financial sector, and structural policies and strengthen analysis of external imbalances and spillovers. Treasury is using the CSR to advocate for reforms that will reverse mission creep and strengthen the IMF's coverage of core issues, especially external sector issues.

- *Review of Program Design and Conditionality (ROC):* The IMF Executive Board began consideration of the ROC in 2025 and aims to conclude the review in 2026. The ROC is a regular review that evaluates the efficacy of IMF-supported programs and proposes reforms to improve program design and implementation. IMF staff are developing reforms to help ensure that programs include credible, realistic, and balanced macroeconomic policy adjustments and reforms; are well designed amid elevated uncertainty; and are well suited to resolve persistent balance of payments financing needs. Treasury is using the ROC to press for policy changes that will make IMF programs more effective at durably addressing balance of payments problems and better able to hold borrowers accountable for implementing meaningful reforms.

- *External Balance Assessment (EBA) Methodological Update:* IMF staff are updating the EBA methodology to further strengthen the IMF's framework for monitoring external sector and exchange rate issues. Treasury is leveraging this update to push the Fund to better evaluate the severity and causes of external imbalances, which will complement other priority areas related to surveillance and policy advice, in particular to strengthen the IMF's focus on global imbalances. The IMF Executive Board continues to engage with IMF staff on the methodological update, with IMF staff targeting implementation of the new methodology in time for the 2027 External Sector Report.

- *Low-Income Country Debt Sustainability Framework (LIC-DSF) Review:* Following a two-year comprehensive review process, the IMF and World Bank Executive Boards will present proposed updates to 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 among creditors, an increased reliance on domestic borrowing by LICs, and uneven macroeconomic performance among LICs. The IMF and World Bank aim to complete the review in 2026.

- *Financial Sector Assessment Program (FSAP):* The FSAP is one of the IMF's core surveillance tools, providing in-depth assessments of potential financial sector vulnerabilities, systemic risks, and financial stability frameworks. The IMF is currently conducting a review of the FSAP to make sure that it remains focused, effective, and fit for purpose. IMF staff have proposed reforms to streamline assessments, sharpen risk-based scoping, reduce duplication, and better prioritize systemically important risks. Treasury is pushing for reforms that strengthen the FSAP's focus on the IMF's core comparative advantage in macro-financial surveillance. Treasury is also advocating for a more disciplined and selective approach that prioritizes material financial stability risks, emphasizes depth over breadth, reduces unnecessary burden on national authorities and

IMF staff, and preserves capacity for high-quality voluntary assessments. The IMF expects to conclude its review of the FSAP in 2026. The upcoming U.S. FSAP will take place ahead of the 2027 U.S. Article IV, which will likely occur in summer 2027.

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 capacity development 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 268 projects in 145 countries, helping to support adoption of critical AML/CFT reforms in 16 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 AML/CFT assistance budget, estimated at $6.7 million in FY 2026, and $6.6 million in FY 2027. In addition, the AML/CFT Thematic Fund, a multi-donor trust fund initiative in which the United States does not participate, has launched one multi-country project, two country-specific projects, and two analytics and development projects, while the Fund's shorter-term engagements support multiple countries in implementing AML/CFT structural conditionality under IMF lending programs.

IMF's Administrative Issues

The IMF employs approximately 3,150 people and has an annual gross administrative budget of about $1.69 billion. Over the past several years, the IMF has largely maintained a flat real budget at the insistence of the United States and other like-minded Executive Board members, with the exception of the COVID-19 period when the Executive Board approved exceptional financing to support increased lending activity. The United States continues to underscore that the IMF is a public institution and as such, it must make tradeoffs so that all essential spending needs are fully funded in the context of a flat real budget. In response, IMF Management has conducted a streamlining exercise to reprioritize funding and activities between departments. This includes cutting or reducing non-core work areas, such as climate and DEI-related work. The United States will continue to vociferously advocate for the IMF to contain its activities to those related to its core mandate and to reverse the mission creep of recent years.

Conclusion

As Treasury continues to advance the Trump 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. Treasury has seen the beginnings of positive momentum over the last year, as the IMF has taken some steps toward pivoting back to basics and improving the quality of its core workstreams while paring back its work on non-core topics. Strengthened IMF engagement has shown positive effects: for instance, in Argentina, where the IMF has helped authorities to create a foundation for increasing economic and financial stability, and in stronger analysis of imbalances and the negative effects they can have on the global economy. Further work remains in the year ahead, as key policy reviews provide the United States an opportunity to further return the IMF's focus to its principal objectives. The United States will continue to leverage its position as the largest shareholder to improve the IMF's ability to deliver on its core mission, support greater fairness and balance in the international economic system, 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 2025. In 2025, the MDBs of which the United States is a member provided around $192 billion in financing to developing countries. Through their financing, policy advice and technical assistance, the MDBs play a key role in global efforts to reduce poverty, increase economic growth, 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.

MDBs provide a range of tangible benefits to the American people. Their support for projects and policy and regulatory reforms helps drive economic growth and private sector development, which expands markets for U.S. exporters, increases opportunities for U.S. investment, and creates opportunities for U.S. firms to supply goods and services to MDB-financed projects and for U.S. financial institutions to co-finance those projects. Indeed, work with MDBs can be a significant business line for U.S. firms and financial institutions, and U.S. firms can secure MDB financing for their own investments in developing countries. 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), helping to safeguard the U.S. economy and national security from potential spillovers and reducing 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 durable 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 influence and leadership opportunities to work with MDB Management and other shareholders to shape important institutional reforms, promote the adoption and implementation of high standards, and secure 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 and leverage U.S. resources for U.S. strategic priorities. 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 financial support that the MDBs provide. For example, between 1944 and September 2025, the United States contributed $9.5 billion in paid-in capital to the non-concessional windows of the six MDBs of which it is a member, which helped to enable those institutions to make over $2.5 trillion in 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 missions, promoting affordable and reliable energy access and country self-reliance, and driving economic growth.

In 2025, the MDBs played leading roles on a number of critical issues, including the following:

- *Affordable and Reliable Energy*. MDBs play a role in expanding access to abundant, affordable, and reliable energy in developing countries by financing generating capacity and transmission infrastructure and supporting policy reforms that improve energy planning, system efficiency, and effective regulation. The United States is encouraging MDBs to focus on increasing access to reliable and affordable energy by expanding the energy technologies they support, including fossil fuels, and removing distortionary and inefficient climate finance targets. In addition to direct support, MDBs are 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 exports, technologies and investments.

- *Private Sector Development*. The MDBs can 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 players in mobilizing private capital for investment in developing countries which they did to the tune of nearly $113 billion in 2024, the latest available data.[1] 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 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 over $55 billion in infrastructure finance in 2025, which amounted to about 29% of their total financing approvals. In addition to their financing, the MDBs' most important work to enhance infrastructure investment is work that enables the private sector to invest in infrastructure. This includes technical assistance to prepare projects for investment, structuring effective public-private partnerships, building institutional capacity, and providing concessional and non-concessional financing designed to attract private sector financiers. MDB technical advisors are also a key resource to countries as they craft necessary policy reforms that lay the groundwork for better delivery of public services and enable and encourage 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

[1] Latest data available is from 2024. Private capital mobilized by ADB, AfDB, EBRD, IDB (IDB and IDB Invest), and World Bank Group (IBRD, IDA, MIGA, IFC) totaled $113 billion. Source: 2024 Joint Report: Mobilization of Private Finance by MDBs and DFIs.

underinvestment or even prevent investment by the private sector. MDB involvement can serve 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 also creates investment opportunities for U.S.-based project development and financial firms and expands markets for U.S. exports and investment.

- *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, is responsive to U.S. commercial interests, and does not disproportionately benefit firms from China. The United States is partnering with a number of countries to pursue reforms across the MDBs aimed at increasing competition for the contracts these institutions finance and improving the quality of the works, goods, and services their financing is used to procure. In this effort, we are prioritizing increased use of quality procurement approaches rather than those based on lowest upfront bids, which 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 also seeking to boost the capacity of countries and Bank staff to pursue these quality procurement approaches, and to strengthen MDB engagement with U.S. businesses so U.S. firms are better able to take advantage of MDB-financed procurement opportunities. And, we are seeking heightened scrutiny of state-owned enterprise participation in MDB-financed procurement to avoid the competitive distortions that these firms can introduce, while also taking proactive steps to address anti-competitive practices more generally. We expect these efforts to provide U.S. firms with increased opportunities, opening the door for them to win a larger share of MDB-financed procurement contracts.

- *U.S. Commercial Benefits*. American businesses are significant beneficiaries of MDB commercial activity. U.S. vendors won corporate procurement contracts valued at nearly $1.7 billion from the MDBs in 2025, and U.S. firms won $162 million in procurement contracts related to MDB operations. In addition, the private sector arms of the MDBs provided $7.2 billion in financing and guarantees to U.S. firms investing in developing countries and mobilized nearly $17.5 billion more from the private sector for those investments.[2] U.S. financial institutions dominate the provision of financial services such as bond underwriting and pension asset management to the MDBs, earning nearly $900 million in fees from these activities in 2025, while MDBs purchased over $1.7 billion in insurance from U.S. insurers in that same year. U.S. financial institutions are also significant co-financiers of MDB private sector projects, co-financing over $2.8 billion with the MDBs in 2025, and they did almost $6.5 billion in trade finance business with the MDBs in 2025, which had the added benefit of supporting over $2.2 billion in U.S. exports to developing countries.

- *Risk Mitigation*. The United States continues to advocate for improved MDB efforts to screen projects for key risks and mitigate those that are found. In the case of forced labor,

[2] U.S. firms include those for which (a) the client/sponsor is incorporated in the United States or (b) any ownership interest of the client/sponsor is incorporated in the United States.

U.S. leadership has resulted in significantly improved due diligence to address 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 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 moved swiftly to program billions of dollars in assistance to Ukraine since Russia launched its full-scale invasion, reporting that they have mobilized approximately $89 billion and €10 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 World Bank Group has helped meet Ukraine's budgetary needs and support continued provision of critical government services. Additionally, U.S. support through the European Bank for Reconstruction and Development 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 invasion of Ukraine.

- *Support for the Poorest Countries*. MDBs are the main providers of finance and technical expertise to the world's poorest countries through their concessional windows. Collectively, the MDBs of which the United States is a member committed nearly $47 billion in new concessional financing to the poorest countries in 2025, 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. U.S. contributions to the concessional windows are critical to boosting growth and reducing extreme poverty and its associated effects (e.g., extremism, crime, and migration) around the globe and bolster U.S. credibility and influence at the MDBs. Where concessional windows fail to demonstrate a clear commitment to reducing poverty and spurring economic growth, the Trump Administration will not hesitate to cancel funding.

During 2025, the United States worked to improve performance across all MDBs. These efforts included focusing more on the quality and impact of MDB financing through the review of about 1,600 projects; improving transparency; 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.

The MDBs implement high-quality standards to enhance transparency and reduce fiduciary and environmental and social risks. These standards aim to increase the quality of MDB projects and the impact they deliver. The United States continues to encourage the MDBs to improve implementation of these standards, which can increase the likelihood of project success, foster a more level playing field in MDB-financed contracts, and help projects achieve better development and financial outcomes than the lower standards offered by competing financiers, including China.

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 2025 ($ billions)	
MDBs with U.S. Membership	**192.4**
World Bank Group*	**108.4**
International Bank for Reconstruction and Development	40.9
International Development Association	39.9
International Finance Corporation**	18.2
Multilateral Investment Guarantee Agency	9.5
African Development Bank Group	**11.1**
Asian Development Bank	**29.3**
European Bank for Reconstruction and Development	**19.0**
Inter-American Development Bank Group	**23.4**
Inter-American Development Bank	17.9
Inter-American Investment Corporation (IDB Invest)**	5.4
Multilateral Investment Fund (IDB Lab)	0.1
International Fund for Agricultural Development	**1.0**
North American Development Bank	**0.2**

*Commitments are for the World Bank Group's Fiscal Year 2025

** Long-term commitments/approvals

World Bank Group (WBG)

Performance in 2025: During the World Bank's fiscal year 2025 (covering the period between July 1, 2024 and June 30, 2025),[3] the WBG committed over $108 billion in loans, concessional credits, grants, equity investments, guarantees, and insurance.

[3] Unless otherwise noted, reporting is for World Bank fiscal year 2025.

- **The International Bank for Reconstruction and Development (IBRD)** committed $40.9 billion in financing to client countries to reduce poverty and promote private sector-led economic growth and jobs. Latin America and the Caribbean received the largest portion of IBRD's new commitments at $12.4 billion (30%), followed by Europe and Central Asia at $10.5 billion (26%), and East Asia and Pacific at $6.4 billion (16%). Brazil, Turkey, and Argentina were the top three borrower countries in 2025, and the largest sectors for IBRD investments were infrastructure ($13.3 billion, or 33%), public administration ($8.7 billion, or 21%), and social protection and health ($6.5 billion, or 16%).

- **The International Development Association (IDA)** committed $39.9 billion in concessional credits and grants to the world's poorest countries. The Sub-Saharan African region received the largest portion of IDA's new commitments in 2025 at $22.4 billion (56%), followed by the Europe and Central Asia region at $8.1 billion (20%). Nigeria, Bangladesh, and Ethiopia were the top three IDA recipients in 2025. The largest sectors for IDA investments were infrastructure ($10.0 billion, or 25%), public administration ($7.9 billion or 20%), and social protection and health ($6.1 billion, or 15%).

- **The International Finance Corporation (IFC)**, the private sector arm of the WBG, committed $18.2 billion in long-term investments from its own resources, and mobilized an additional $38.1 billion from other sources for development projects. Firms in Africa received the largest share of long-term IFC commitments at $4.8 billion (26%), followed by firms in Latin America and the Caribbean at $4.3 billion (24%), and firms in South Asia at $2.5 billion (14%). And, the largest sectors for IFC investment included financial markets ($8.8 billion, or 48%), infrastructure ($2.2 billion, or 12%), and manufacturing ($1.5 billion, or 8%). The IFC provided $290 million in advisory services in 2025, with Africa receiving $101 million (35%).

- **The Multilateral Investment Guarantee Agency (MIGA)** provided $9.5 billion in guarantees for political risk insurance and credit enhancement, supporting $9.8 billion in total financing. Of the 44 projects MIGA supported during FY 2025, 34% were in IDA-eligible countries and 18% were in fragile and conflict-affected countries.

<u>Key Institutional Reforms and Initiatives</u>: In 2025, the WBG continued to pursue a range of activities to reduce poverty and boost economic growth and job creation. This included support for projects, policy reforms, and technical assistance to improve infrastructure, business environment, energy access and security, access to essential health and nutrition services, water and sanitation, and education, among others, that will benefit hundreds of millions of people. The WBG also continued to grow its efforts to address 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 continued its efforts to promote private sector development, create private sector jobs, and mobilize private capital by supporting the infrastructure, energy, and human capital foundation for jobs, strengthening governance and supporting business-enabling policies and predictable regulatory environments, and proactively seeking to mobilize private capital.

- *Affordable and Reliable Energy*. The WBG removed its prohibition on technical assistance and financing for nuclear energy generation, expanding the suite of options available for increasing developing country access to affordable and reliable energy. The WBG also began work with other MDBs on a Platform for Nuclear Development intended to foster coordination and knowledge sharing and align work on technical assistance and investment support. And, the Bank began the process of establishing a trust fund to support developing countries in their pursuit of nuclear energy.

- *Critical Minerals*. The WBG developed a critical minerals strategy intended to help developing countries turn resource abundance into long-term growth and jobs through improved policies and governance, investment in foundational infrastructure, and facilitation of private sector investments. We expect implementation of this strategy to result in more deals that help diversify critical minerals supply chains and increase domestic value capture across the supply chain.

- *More Competitive and Higher Quality Procurement*. The World Bank made several updates to its procurement processes that were intended to boost competition and quality. These included putting a stronger emphasis on non-price factors (e.g., quality, durability, technical merit) when evaluating bids in most international procurements, imposing a local labor requirement for certain civil works, and mandating early market engagement for large international procurements. Together, these updates will foster increased competition and improved quality, and be positive for the prospects of U.S. and other Western firms, which excel when value-for-money, rather than lowest-bid, considerations drive procurement decision-making.

- *Fragility, Conflict, and Violence*. The World Bank continued to grow its portfolio of projects in countries affected by fragility, conflict, and violence (FCV), where its work to promote growth and stability can directly reduce the lure of extremism and crime, along with pressure to migrate. In 2025, over 50% of IDA commitments were in FCV countries, and IBRD commitments to these countries totaled about 12% of its total commitments, despite these countries representing only a tiny fraction of IBRD borrowers. During 2025, the World Bank reviewed its FCV Strategy, which expired at year end, and developed a new one that will run through 2030.

- *Crisis Preparedness and Response*. The World Bank further built out its approach to preventing and responding to crises, which helps safeguard the United States from potential spillover threats. In 2025, the World Bank continued to build out its Crisis Preparedness and Response Toolkit to help developing countries prepare for and respond to unexpected shocks, allowing for a more comprehensive response in times of crisis. To date, 75 countries have utilized at least one instrument in the Crisis Response Toolkit.

- *World Bank Capital Increase and Reform Package*. The IBRD and IFC continued to achieve mixed results in implementing the set of reforms agreed as part of the 2018 capital increase package. IBRD financing to countries below the income level that triggers analysis of graduation readiness was 62% in 2025, which is down some from the 2024 level, but still leaves the Bank on track to hit its 70% target by 2030. Notably, the IBRD fell short on enforcing its Graduation Policy, and still lent far too much to China at $750 million in 2025, even if commitments to the country have been trending steadily downward since 2017, when China borrowed nearly $2.5 billion. The IFC is dedicating considerable resources and focus to proactively creating markets and mobilizing private capital to benefit the poorest countries. However, IFC again missed its capital package target of making an average of 32.5% of total commitments to IDA and FCV countries between 2019 and 2030, with just 24% of commitments going to those countries in 2025, and marked improvement is needed. In 2025, IFC deployed about half of its advisory services in IDA and FCV countries to help build a stronger pipeline of bankable projects, which should contribute to the improvement needed.

- *Accountability.* The United States continued its work to strengthen accountability at both the World Bank and IFC/MIGA in 2025. The United States supported efforts to consider whether, and if so, how to integrate the independent accountability mechanisms of the WBG, namely, the World Bank Accountability Mechanism, consisting of the Inspection Panel and the Dispute Resolution Service, which operate as two parallel units, and the IFC/MIGA Compliance Advisor Ombudsman (CAO). An external Task Force was commissioned to prepare a report and recommendations for consideration in 2026. The United States also supported initiating a targeted review of the IFC/MIGA CAO Policy, with a report and recommendations from external reviews expected in 2026. Also in 2025, IFC and MIGA established a Board-approved framework for remedial action.

- *Support for Debt Sustainability*. The World Bank continued to support debt sustainability in developing countries. This support included IDA's implementation of the Sustainable Development Finance Policy, which seeks to incentivize countries to move towards more transparent, sustainable financing. The World Bank also worked with the IMF to update the Low-Income Country Debt Sustainability Framework and assist 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>2026 Priorities</u>: The WBG accomplished important outcomes in 2025, but can move farther and faster in the direction of refocusing on its core mission. In 2026, the United States is pursuing the following priorities:

- Eliminating IBRD and IFC financial support for China and 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.

- Making the WBG more responsive to countries' needs by pursuing an approach to energy that prioritizes access to abundant, affordable, and reliable energy, including from fossil fuels, which is essential to end energy poverty and increase economic growth, and helps spur demand for U.S. exports.

- Eliminating the WBG climate finance target, which distorts incentives and undercuts progress on the Bank's core mission of reducing poverty and increasing private sector-led economic growth and job creation.

- 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 greater competition and quality in World Bank-financed procurement, including through increased scrutiny of state-owned enterprises, measures to address anti-competitive practices, capacity building for countries and staff to implement quality procurement approaches, improved data collection and dissemination, and stronger outreach to U.S. industry in cooperation with the U.S. Department of Commerce.

- Reserving unallocated shares from the 2018 IBRD and IFC capital increases for their original recipients or low-income countries.

- 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 and conflict; supporting debt sustainability, transparency and sustainable financing; promoting private sector development and job creation; and preserving IDA's financial sustainability.

- Supporting a strong WBG focus on private sector development and job creation, including by shaping IFC's strategy, Vision 2030, to drive private capital mobilization, while maintaining support for poorer, less creditworthy countries where private capital is scarcer, and not competing with the market.

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

- Strengthening the WBG accountability system, including through the potential integration of the World Bank Group independent accountability mechanisms and the targeted external review of the IFC/MIGA CAO Policy. IFC is expected to make progress in the review of its Sustainability Framework (including the Performance Standards), which was launched in 2025.

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

- Discouraging WBG guarantees for, as well as co-financing or parallel financing with the Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB).

- Restraining budget and salary growth, particularly for the Board of Directors.

African Development Bank (AfDB) Group

Performance in 2025: The following section summarizes AfDB Group activity during the period between January 1, 2025 and December 31, 2025.

- AfDB Group financing approvals (including special resources[4]) totaled $11.1 billion in 2025. Approvals from the AfDB window (the window for non-concessional sovereign and private sector lending) were $8.8 billion. Financing approvals from the African Development Fund (AfDF), the AfDB Group's concessional window, including through the Transition Support Facility, were approximately $2.0 billion, while approvals through other special resources totaled $0.3 billion.

- In 2025, the largest sectors for AfDB investments were infrastructure ($4.2 billion, or 38%), finance ($2.3 billion, or 21%), multi-sector ($2.1 billion, or 19%), and agriculture ($1.5 billion, or 14%).

- Distribution of total AfDB Group approvals in 2025 by sub-region were as follows: West Africa ($3.2 billion, or 29%), North Africa ($2.8 billion, or 25%), Southern Africa ($2.2 billion, or 20%), East Africa ($1.9 billion, or 17%), multi-regional ($0.5 billion, or 5%), and Central Africa ($0.4 billion, or 4%). The five largest recipients of AfDB Group assistance in 2025 were Morocco, South Africa, Nigeria, Cote d'Ivoire, and Algeria.

- The share of AfDB non-sovereign operations (NSO) was 28% in 2025.

- The AfDB plays an important role in developing and opening African markets for U.S. businesses. AfDB financing helps develop physical and telecommunications infrastructure that boosts trade, leverages business environment 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 2025, 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.

- *General Callable Capital Increase.* The Governors approved a general callable capital increase in May 2024 that 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. Congress authorized U.S. subscription to and provided a program limitation for the U.S. callable capital shares under the AfDB's General Callable

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

Capital Increase in early 2026. This U.S. subscription will support the AfDB in providing quality, transparent, and impactful development financing in Africa that reduces the impetus for countries to pursue nontransparent, unsustainable, and coercive financing from other sources, including China, and avoided significant dilution of U.S. shareholding.

- *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. We welcomed a report that included 61 recommendations to improve the independence of the Bank's accountability units, and establishment of a high-level working group that is prioritizing and implementing those recommendations in 2026.

- *Accountability*. In 2025, AfDB undertook initial internal work for the review and update of its Independent Recourse Mechanism, which was set to be launched publicly in 2026.

<u>2026 Priorities</u>: Key U.S. priorities for the AfDB in 2026 are:

- Expanding support for improved access to affordable and reliable energy from all sources, including fossil fuels, to foster poverty reduction and economic growth.

- Seeking the removal of inefficient and distortive climate finance targets.

- Working with partners to reform the AfDB's procurement policies to boost competition and quality so that the Bank's procurement contributes more to African development.

- Securing further improvements to the Bank's governance, effectiveness, delivery capacity and impact.

- Encouraging the AfDB to do more to expand critical mineral supply chains outside of China to improve energy and mineral access and security, while also stimulating African economies and helping to diversify away from reliance on these important resources from China.

- Continued participation in the 2019 capital increase through appropriations for the paid-in portion, and program limitations for the callable capital portion, both of which 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.

- Undertaking a review and update of the AfDB's Independent Recourse Mechanism (the AfDB's institution-level independent accountability mechanism), with a new policy to be considered by the Board in late 2026 or 2027.

- 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.

- Emphasizing a prudent, measured approach to AfDF market borrowing, with due attention to financial sustainability of AfDF and debt sustainability of AfDF countries.

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

- Discouraging AfDB co-financing or parallel financing with the AIIB and the NDB.

Asian Development Bank (AsDB)

<u>Performance in 2025</u>: The following section summarizes AsDB activity during the period between January 1, 2025 and December 31, 2025.

- Total AsDB financing commitments in 2025 were $29.3 billion. Non-concessional financing commitments from AsDB's ordinary capital resources, including non-sovereign operations, were $24.2 billion, while concessional financing commitments from ordinary capital resources were $4.7 billion. Grants from the Asian Development Fund (AsDF) and other special funds, which are provided to eligible low-income AsDB members, totaled $1.3 billion, while technical assistance provision totaled $286 million.

- AsDB non-sovereign operations accounted for about $5.5 billion or 19% of total financing commitments, and the AsDB complemented its own resources through mobilized sovereign and non-sovereign loan co-financing that totaled $14.7 billion in 2025.

- The top five recipient countries of AsDB financing in 2025 were India ($5.3 billion, or 18%), the Philippines ($4.3 billion, or 15%), Bangladesh ($3.3 billion, or 11%), Pakistan ($2.7 billion, or 9%), and Indonesia ($2.7 billion, or 9%).

- In 2025, the largest sectors for AsDB investments were finance ($7.3 billion, or 25%), transport ($5.0 billion, or 17%), public sector management ($4.4 billion, or 15%), energy ($3.5 billion, or 12%), and agriculture, natural resources, and rural development ($2.3 billion, or 8%).

<u>Key Institutional Reforms and Initiatives</u>: In 2025, AsDB continued to implement several key initiatives.

- *Private Sector Development.* In 2025, AsDB approved its Private Sector Development (PSD) Shift Approach paper, which outlines planned improvements to ADB's approach to supporting private sector development, with PSD-related targets in ADB's Corporate Results Framework (2025-2030) to be achieved by 2030. These targets include: (1) $13 billion in total private sector financing, of which at least $4.5 billion will be mobilized from the private sector; (2) 40% of sovereign operations contributing to private sector development; and (3) 50% of annual committed non-sovereign operations in frontier economies, among others. Implementation of this approach will enhance development impact through increased private sector growth and investment and is AsDB's first PSD-focused operational-level document.

- *Energy Policy.* In 2025, AsDB updated its Energy Policy, removing the prohibition on technical assistance and financing for nuclear energy, thereby expanding the suite of options available for increasing developing country access to affordable and reliable energy.

- *Procurement.* In 2025, AsDB made several positive updates to its Procurement Directive. First, the Directive now requires weighting of 50% for quality criteria in procurement bid evaluation for most international procurements, which will help move bid evaluation away from lowest upfront bidders – often Chinese state-owned enterprises – and focus it instead on quality. Second, AsDB adopted local labor requirements for certain civil works, which will contribute to local jobs and skills, while making it harder for foreign firms that import labor from their home countries to win contracts. And third, AsDB made early market engagement mandatory for most international procurement, which will result in stronger and earlier outreach to potential bidders, something U.S. firms have said will improve their ability to bid for contracts. In 2025, AsDB also pursued more active outreach to U.S. businesses, including adding a business and engagement officer to the North American Representative Office in Washington DC.

- *Critical Minerals*. In 2025, AsDB established a critical minerals strategy focused on boosting diversification and resilience of critical mineral supply chains.

- *Safeguards*. In 2025, AsDB prepared to implement its new Environmental and Social Framework (ESF), approved in 2024. The ESF 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. The new ESF entered into force in early 2026.

<u>2026 Priorities</u>: Key U.S. priorities for the AsDB in 2026 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.

- Ending AsDB financial support for China, and pressing the AsDB to apply its Graduation Policy to China and other countries eligible for graduation.

- Making the AsDB more responsive to countries' needs by supporting increased access to affordable and reliable energy, including from fossil fuels, to end energy poverty and support economic growth, while fueling demand for U.S. exports. Pressing the AsDB to grow the number of natural gas projects in its pipeline to keep up with rising energy demand in Asia.

- Eliminating the AsDB's climate finance targets, which distort incentives and undercut progress on the Bank's core mission of reducing poverty and spurring private sector-led economic growth.

- Supporting AsDB 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.

- Monitoring implementation of AsDB's new Procurement Directive and securing greater competition and quality in AsDB-financed procurement through the reform effort we are pursuing with partners. These reforms include increased scrutiny of state-owned enterprises, measures to address anti-competitive practices, capacity building for countries and staff to pursue quality procurement approaches, improved data collection and dissemination, and stronger outreach to U.S. industry in cooperation with the U.S. Department of Commerce, among others.

- Supporting AsDB's focus on improving private sector enabling environments and expanding non-sovereign operations in frontier economies, while advocating for AsDB's private sector financing to 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 implementation of the Asian Development Fund's (AsDF) Thirteenth Replenishment, 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.

- Monitoring entry into force of the AsDB's ESF, and updating the AsDB's Accountability Mechanism Policy to establish a stronger approach with better access and outcomes for project-affected people. A new policy is expected to be considered by the Board in late 2026 or 2027.

- Discouraging AsDB co-financing or parallel financing with the AIIB and the NDB.

- Restraining budget and salary growth.

European Bank for Reconstruction and Development (EBRD)

<u>Performance in 2025</u>: The following section summarizes EBRD activity during the period between January 1, 2025 and December 31, 2025.

- EBRD investments in 2025 totaled $19.0 billion. Top countries for EBRD investments were Türkiye ($3.1 billion, or 16%), Ukraine ($2.6 billion, or 14%), Poland ($1.5 billion, or 8%), Egypt ($1.5 billion, or 8%), and Romania ($1.1 billion, or 6%).

- In 2025, 75% of the total EBRD business volume was with the private sector and was concentrated in financial institutions (43%); infrastructure (29%); and industry, commerce, and agribusiness (29%).

- In 2025, the EBRD continued its support for Ukraine, deploying a total of over $2.6 billion, including $621 million in cumulative turnover under the trade facilitation program.

- In 2025, the EBRD engaged in 1,529 advisory projects under its Small Business Initiative and provided $2.4 billion in financing to partner financial institutions to support on-lending to micro, small and medium-sized enterprises.

- In 2025, the EBRD directly mobilized over $6.4 billion of additional financing, including $3.1 billion in private capital.

Key Institutional Reforms and Initiatives: In 2025, EBRD continued to implement key initiatives.

- *Support for Ukraine.* Shareholders approved a new five-year strategy – the Strategic and Capital Framework 2026-2030 (SCF) – with a central strategic objective to provide exceptional support to Ukraine. The EBRD committed to continue to support Ukraine's real economy through investment in the private sector and the provision of vital infrastructure, notably in the transport and energy sectors, in wartime. During wartime, the EBRD is committed to deploying at least $1.7 billion annually in Ukraine and, during reconstruction, is committed to investing a minimum of $3.3 billion annually. In 2025, the EBRD provided over $1 billion in support for Ukraine Naftogaz gas purchase facilities.

- *Core Mission Focus.* The SCF reconfirmed the EBRD's strong mandate to promote market-led growth by supporting the private sector and sound economic governance. In the SCF, the EBRD committed to increase the levels of investment and policy activity in countries less advanced in transition, and stated that its ultimate measure of success is when a country graduates from access to EBRD resources.

- *Procurement.* The EBRD adopted a meaningful set of procurement reforms, including those aimed at enhancing the use of quality procurement approaches, increasing the use of local labor, strengthening business outreach, and improving tools to combat anti-competitive practices, including by state-owned enterprises from countries like China.

- *Safeguards and Access to Information Policy*. In 2025, the EBRD's new Environmental and Social Framework and new Access to Information Policy entered into force.

- *General Capital Increase*. By the end of 2025, 95% of the EBRD's 77 members 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 invasion of Ukraine.

2026 Priorities: Key U.S. priorities at the EBRD in 2026 are:

- Refocusing the EBRD on its core mission of transitioning countries toward market-based economies, and spurring private sector-led economic growth and development, including by establishing a strong Economic Governance Strategy.

- Moving EBRD toward an approach to energy that prioritizes access to reliable and affordable energy through all technologies that can provide affordable baseload generation.

- Encouraging 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, including through inefficient and distortive green finance targets.

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

- Pressing EBRD to go beyond the procurement reforms of 2025 to increase competition and quality in the procurement it finances. Additional reforms should cover increasing scrutiny of state-owned enterprises, adopting additional measures to address anti-competitive practices, stronger capacity building for countries, client companies, and staff to pursue quality procurement approaches, improved data collection and dissemination, and stronger outreach to U.S. industry in cooperation with the U.S. Department of Commerce.

- Maintaining a strong culture of integrity and accountability, including by advocating for strong safeguards and policies. Undertaking a review and update of the EBRD's Independent Project Accountability Mechanism. A new policy is expected to be considered by the Board in late 2026 or 2027.

- Restraining budget and salary growth.

Inter-American Development Bank (IDB) Group

Performance in 2025: The IDB Group approved $23.4 billion in loans, guarantees, grants, and equity investments during the period between January 1, 2025 and December 31, 2025.

- **IDB** approved about $17.9 billion in public sector loans and guarantees in 2025 to its 26 borrowing member countries in Latin America and the Caribbean. In addition to these financial commitments, the IDB also approved $309 million in technical assistance, including $159 million funded by the Bank's ordinary capital resources.

- Top recipients of IDB sovereign lending and guarantees in 2025 were Argentina ($3.1 billion, or 18%), Brazil ($2.7 billion, or 16%), Ecuador ($1.8 billion, or 10%), Peru ($1.4 billion, or 8%), and Mexico ($1.3 billion, or 7%).

- IDB's 2025 sovereign lending was distributed across multiple sectors, with the largest amounts going to institutional reform ($7.2 billion, or 40%); infrastructure and the environment ($7.0 billion, or 39%); and social sector programs ($3.1 billion, or 17%).

- **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 $5.4 billion in long-term loans and equity investments in 2025, and mobilized an additional $7.7 billion in short- and long-term private sector resources. Total commitments in 2025 reached $13.1 billion, distributed across sectors including financial intermediaries ($4.8 billion, or 37%), corporates ($4.2 billion, or 32%), and infrastructure & energy ($4.0 billion, or 31%).

- **IDB Lab** (also known as the Multilateral Investment Fund) approved $110.6 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.

<u>Key Institutional Reforms and Initiatives</u>: Key reforms underway and continuing beyond 2025 include:

- *Core Mission.* IDB Group's Institutional Strategy, "Transforming for Scale and Impact," approved by Governors in March 2024, presented a plan through 2030 to improve development effectiveness, address the region's vulnerabilities, and foster transformative economic progress. It also launched initiatives to support country needs, such as supporting the development of regional critical minerals resources.

- *Improving Lending Instruments.* Over 2025 and in early 2026 the IDB advanced a systematic set of reforms to the Bank's investment and policy-based lending instruments intended to improve the development effectiveness of its financing. The IDB specifically approved a new policy and implemented internal organization reforms aimed at improving the quality and impact of budget support operations. The IDB is also piloting a framework to ground the size of budget support loans in the quality and ambition of the policy reform agendas they advance.

- *Procurement*. The IDB laid out and began implementing a strong set of reforms to its procurement process, labeled Procure+, that are focused on improving the quality of IDB-financed projects. The reforms will improve competition in procurement activities, and instill a focus on long-term value instead of lowest cost bidding

- *Private Sector Led Growth*. IDB Invest's New Vision and Business Model, approved by Governors in March 2024, will allow IDB Invest to scale up support for equity investing, de-risking, and private capital mobilization. The first payments for the capital increase began in November 2025 and the corporation ended its subscription period successfully in March 2026. In 2025, IDB Invest implemented operational and policy changes to accommodate the increased volume and variety of private sector financing.

- *Capital Management.* The IDB maintains a track record of balance sheet management. In 2025, the IDB undertook prudential reviews with its Board of standing financial policies to ensure their appropriateness for the Bank. The IDB has expanded its lending capacity over recent years, allowing its lending to grow from about $12.7 billion in 2022 to about $17.9 billion in 2025. In 2024, IDB Invest became the second MDB (the AfDB was the first) to launch a synthetic securitization of a portfolio of loans to private investors, which freed up capital for about $600 million of new lending capacity. IDB Invest was able to "retap" this transaction for an additional $450 million in 2025, freeing up further lending capacity. Both transactions included participation by U.S.-based asset managers.

- *IDB Lab*. Under the replenishment approved at the IDB Group Annual Meetings in March 2024, IDB Lab is transitioning to a business model that relies more on contributions from borrowing members and returns on its development investments than expectations of future donor funds. IDB Lab's fourth replenishment entered into force in December 2025 after receiving 60% of donor commitments.

- *IDB Access to Information Policy Reform*. The IDB Board approved a new Access to Information Policy in 2024 that took effect in 2025.

<u>2026 Priorities</u>: Key U.S. priorities at the IDB Group in 2026 are:

- Pushing the IDB Group to provide high quality and impactful development financing that advances the Group's core mission of supporting economic growth and reducing poverty in Latin America and the Caribbean, while also reducing the impetus for countries in the region to pursue nontransparent, unsustainable, and coercive financing from other sources such as China.

- Prioritizing efforts to expand energy access and availability, including to fossil fuels, in Latin America and the Caribbean through investments that do not favor specific energy technologies but instead provide the most reliable and affordable solutions that are responsive to country needs.

- Supporting robust implementation of IDB's Procure+ reforms, which improve how the bank implements procurement across the full project cycle through value for money, increased competition, higher standards, and stronger reviews of conflicts of interest and beneficial ownership. As part of this, we will press the IDB to continue to expand awareness among U.S. companies about procurement opportunities related to IDB-financed projects.

- Expanding support for developing critical minerals supply chains through the LAC Minerals initiative, including through prioritizing work to improve the legal and regulatory environment, and support the enabling infrastructure, to develop critical mineral resources.

- Restraining budget and salary growth.

North American Development Bank (NADB)

Performance in 2025: The following section summarizes NADB activity during the period between January 1, 2025 and December 31, 2025. 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 2025, NADB approved $163 million in total financing across all programs, including $161 million in loans and $2 million in grants.

- NADB's outstanding loan portfolio consisted of 72 loans with a value of $1.17 billion at the end of 2025. Of this total, 62% of financing was for energy, 25% was for water, 9% was for resource-efficient buildings, and 7% was for air quality.

- NADB's outstanding loan portfolio was 37% in United States and 63% in Mexico by volume. The portfolio was 30% public sector, 66% private sector, and 4% public-private.

- NADB provided $2 million in grants from the Community Assistance Program (CAP), which provides grants largely from NADB's retained earnings to fund critical infrastructure projects in low-income communities.

Key Institutional Reforms and Initiatives:

- *Water Resiliency Fund (WRF).* In response to ongoing water scarcity along the U.S.-Mexico Border, NADB management developed and the Board approved an ambitious program to provide up to $400 million of concessional loans and grants to support critical investments in water conservation and water supply diversification projects. The financing for border communities and irrigation districts will be split evenly across the United States and Mexico, and the bank issued its first request for proposals in November 2025, targeting the Texas Lower Rio Grande Valley.

- *Water Investment Program.* In January 2025, 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. By the end of 2025, NADB had identified 12 projects for approval under the pilot, with five approved to receive $25.9 million in financing.

- *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 2025, NADB continued 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 approved and began implanting new programs to accelerate its support for water projects, aiming to increase them as a proportion of the portfolio.

2026 Priorities: In 2026, 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.

- Implementing a technology neutral approach to energy projects that improve livelihoods along the border.

- Maintaining strong budget and salary discipline.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

The International Fund for Agricultural Development (IFAD) is an IFI and a UN specialized agency 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. IFAD operates in remote and rural areas of the world's poorest countries, complementing the work of other international financial institutions. 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 2025:

- In 2025, IFAD approved over $1 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 2025 was: Asia and the Pacific (5%); Eastern and Southern Africa (20%); Western and Central Africa (50%); Near East and North Africa and Europe (20%); and Latin America and the Caribbean (5%). Most IFAD financing approved in 2025 was focused in low- and lower-middle-income countries.

- According to IFAD's 2025 Report on Development Effectiveness, close to 100 million rural people have benefitted from IFAD-financed projects since the institution's founding. IFAD beneficiaries saw their income grow by 34% on average, while their productive capacity and access to markets improved by 35% and 34%, respectively.

Key Institutional Reforms: In 2025, IFAD continued to implement its corporate reorganization and recalibration process to streamline its operations, reduce redundancies, and increase its efficiency and effectiveness. This exercise included significant organizational adjustments to consolidate results and knowledge management functions; embed the private sector division into country operations and program design; and centralize programmatic and operational functions under the purview of the Vice President for Country Operations for improved operational efficiency.

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 2025 IOE annual report found continued strong performance in project relevance, innovation, and natural resource management.

2026 Priorities: Key U.S. priorities for IFAD in 2026 are:

- Ending IFAD financial support for China and continuing to advocate for credible implementation of the IFAD Graduation Policy to prioritize the use of IFAD's limited donor resources in the poorest and least creditworthy countries.

- Eliminating the climate finance target, which distorts incentives and undercuts IFAD’s core mission of reducing rural poverty in the poorest countries.

- Supporting the operationalization of the newly created private sector operations division, and encouraging IFAD to pursue additional partnership opportunities with U.S. industry.

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.*

AND

Reporting Pursuant to Section 5702 of the National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263)

This section also responds to the following legislative language included in Section 5702(b) of the National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263)

Section 5702(b) Not later than 120 days after the date of the enactment of this section, and annually thereafter, the Secretary of the Treasury, in coordination with the Secretary of State, shall submit to the Committees on Banking, Housing, and Urban Affairs and Foreign Relations of the Senate and the Committees on Financial Services and Foreign Affairs of the House of Representatives a report that describes— ''(1) any actions that have been taken, in coordination with international financial institutions, by official creditors, including the government of, and state-owned enterprises in, the People's Republic of China, and relevant commercial creditor groups to advance debt restructuring or relief for countries with unsustainable debt that have sought restructuring or relief under the Common Framework, any successor framework or mechanism, or under any other coordinated international arrangement for sovereign debt restructuring in which the United States participates; ''(2) any implementation challenges that *hinder the ability of the Common Framework to provide timely debt restructuring for any country with unsustainable debt that seeks debt restructuring or debt payment relief, including any refusal of a creditor to participate in appropriate burden-sharing, including failure to share (or publish, as appropriate) all material information needed to assess debt sustainability; and ''(3) recommendations on how to address any challenges identified in paragraph (2).''*

Over the previous year, Treasury has actively pressed the IMF and World Bank through their 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 to implement their revised policies on debt data reporting. Since 2022, the World Bank has conducted a voluntary 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 provides allocation incentives for all IDA countries at moderate or high risk of debt distress to undertake specific debt sustainability and debt transparency policy actions. Such policies and initiatives increase the scope and granularity of debt data that all member states 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 recently made 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 2025 review of the IMF and World Bank's debt sustainability framework for low-income countries. 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 pursuit of opaque and ad-hoc restructurings. Since 2023, the IMF and the World Bank have also co-chaired the Global Sovereign Debt Roundtable (GSDR), a deliberative, non-decision-making group of official bilateral creditors, sovereign borrowers, and representatives of private sector creditors that discusses current 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 press official creditors like China to address key gaps in debt data reporting, including on collateralized debt, central bank FX 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 2025 World Bank annual international debt report (IDR) highlights ongoing research demonstrating that while China's official sector is no longer lending at previous levels, Chinese lenders still employ practices that obscure the scale of their overseas lending and the terms of such arrangements (e.g., collateral arrangements, escrow accounts, and repayment guarantees). In addition, we are pressing G20 creditors, including China, to participate in the World Bank's debt data reconciliation system (DRS) where the Bank uses creditor information to verify debt data statistics provided by debtors.

The IMF, in coordination with the World Bank, continues to support sovereign debt restructurings for countries with debt vulnerabilities that seek an IMF lending arrangement. In 2025, Ethiopia, Ghana, Sri Lanka, Ukraine, and Zambia all made progress on their ongoing debt restructurings with official bilateral and external commercial creditors in line with their IMF financing program performance targets. With the exception of Ukraine, China is a major official bilateral and commercial creditor to these countries, thereby requiring significant coordination to prevent any external official or commercial creditor from receiving more favorable treatment than the rest. By the end of 2025, nearly all the countries listed above 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 in its role as co-chair of the GSDR have helped propel this progress by building a common understanding among stakeholders on key policy issues to make debt workouts more expeditious, orderly, and efficient.

The G20 Common Framework, which applies to debt restructurings for low-income countries in which G20 members are official creditors, has materially improved coordination and accelerated timelines, but non-traditional lenders such as China must further improve the timeliness and granularity of debt data sharing in specific cases. China is also an ad hoc participant at the Paris Club, where we have helped push creditors like China to share loan-level lending data with Paris Club official creditors as part of restructurings or other data calls. Treasury continues to press for increased transparency of Chinese lending terms via all channels, including with the IFIs, at the Paris Club and the G20 Common Framework, bilaterally with China, and with borrower countries.

The United States assumed the G20 presidency in December 2025, which it will hold through December 2026. Under the Finance Track, the G20 presidency has two main objectives on debt, which will help improve debt restructurings and limit their occurrence in the future. First, the United States is seeking to facilitate voluntary and contract-based debt restructurings by securing G20 endorsement of increased information sharing among creditors. Second, the United States is seeking to reach an understanding among G20 members on coordinating on debt restructurings for middle income countries where G20 members are significant creditors. As part of these objectives, Treasury has worked with the Paris Club to publish a template MOU for Common Framework cases. Treasury will also seek G20 member support for confidentially providing data to the World Bank Debtor Reporting System (DRS) to improve data reconciliation. And in 2026 Treasury will contribute additional funds to the IMF-World Bank Debt Management Facility, a key vehicle for technical assistance on debt management and transparency to low-income 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.*

Technical assistance to address debt risks among LICs is a core component of the IMF's work under its joint Multipronged Approach to Address Debt Vulnerabilities with the World Bank. However, the technical assistance offered by the IMF does not specifically focus on evaluating sovereign debt contracts, to which IMF staff may not have access, depending on the extent of information shared by the debtor country. In addition, the IMF does not participate directly in negotiations between debtor countries and their creditors on specific contract terms. Rather, IMF technical assistance 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. IMF technical assistance aims to help debtor countries build long-term capacity to effectively identify and monitor risks across their debt portfolios. The IMF continues to scale up technical assistance and capacity development activities in response to increased demand from LICs for help in addressing growing debt vulnerabilities. In FY25, the IMF dedicated around seven percent of total direct capacity development spending on debt-related work.

The joint IMF-World Bank Debt Management Facility (DMF III) is a key vehicle for delivery of technical assistance on debt management and transparency to LICs. Through 2025, the United States has contributed $2 million to the DMF III, which supports 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 the program's efforts to scale up assistance for developing country debt management, including analytic tools that strengthen debt management, reduce debt-related vulnerabilities, and improve debt transparency.

ANNEXES

I. 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 ($1,325 for WB 2026) 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 18 active IDA blend countries: Belize, Cabo Verde, Cameroon, Cote d'Ivoire, Republic of Congo, Dominica, Eswatini, Fiji, Grenada, Kenya, Nigeria, Pakistan, Papua New Guinea, St. Lucia, St. Vincent and the Grenadines, Suriname, Timor-Leste, and Uzbekistan.[5]

To date, 35 countries have graduated from IDA, and 21 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[6] 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.

[5] Although classified as a blend country, Zimbabwe does not currently receive IDA or IBRD financing due to protracted non-accrual status.
[6] 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, Ghana, Honduras, Lao PDR, Mauritania, Nicaragua, Senegal, Kyrgyz Republic, Nepal, and Sri Lanka.

II. 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 infrastructure projects that preserve, protect or enhance the environment in order to advance the well-being of the people of the United States and Mexico.

NADB fulfills its mission by investing in public and privately sponsored infrastructure 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 (EPA) Border Water Infrastructure Program, as appropriated by the U.S. 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)*. Grants 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 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$12.8 million in congressionally appropriated grants from the U.S. Department of State (DOS) for the CAP program and technical assistance activities.

In June 2022, the Board of Directors approved a program with up to US$300 million to help increase long-term financing options for small businesses looking to improve their operating efficiencies and reduce their environmental impact. Through this program, NADB provides loans to financial intermediaries, for subsequent lending to eligible projects designed to reduce water and energy consumption, waste generation and related contamination, enabling NADB to extend its reach and benefits to underserved areas. The program also supports capacity-building for smaller financial institutions.

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 2025, the EICF had a fund balance of US$55.7 million, a 91% increase year over year.

In response to 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. In January 2025, the Board approved the Water Investment Program (WIP) to streamline the approval process of basic water infrastructure projects financed with loans and/or CAP and BEIF grants. Under this programmatic certification and financing framework, NADB Management is authorized to ratify qualified water, wastewater and stormwater projects with a defined scope and financial structure, subject to the procedures, guidelines and limitations established under WIP. By December, the first five WIP projects had been approved under the program to receive US$25.9 million in financing, and three of those projects were in the implementation phase prior to year end.

Recognizing the severity of water scarcity challenges along the border, in August 2025, the Board authorized the Water Resiliency Fund (WRF) with up to US$400 million in financing to support the implementation of infrastructure projects aimed at conserving and diversifying water supply sources in the U.S.-Mexico border region. The funds are intended to support border communities and the agriculture sector, which face increasing pressure from prolonged drought conditions. Through the WRF, NADB will allocate up to US$100 million from retained earnings over a five-year period to provide grants and US$300 million in low-interest loans from its lending program, with resources divided equally between the U.S. and Mexico. As of December 31, 2025, the Bank had transferred and allocated US$40 million to the EICF to fund WRF grants. The first call for proposals to address urgent water conservation investment needs in the agriculture sector in the Lower Rio Grande Valley in Texas was launched in November.

PERFORMANCE EVALUATION

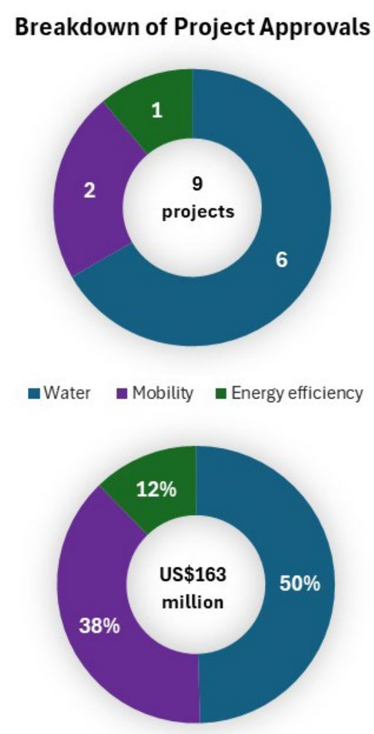
NADB has a Monitoring and Evaluation system in place to measure the performance of each individual project, as well as to track trends in various environmental, human health and socioeconomic indicators at the border region level. NADB uses this information to identify needs in the region and calibrate 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, pollution 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

2025 Project Approvals and Implementation

Projects Approved



During 2025, the Bank approved nine new projects that are expected to benefit an estimated 7.3 million border residents. These projects represent a total investment of US$255.6 million, of which NADB has committed to provide nearly 64% through loans and grants totaling US$163.0 million.

Six of the nine projects were in the water sector, including a water conservation project to upgrade and modernize the conveyance infrastructure of Donna Irrigation District, Hidalgo County No. 1 in Texas, which also supplies water to two treatment plants that serve an estimated 213,000 people in the city of Donna and rural communities in eastern Hidalgo County, Willacy County and northwestern Cameron County. Converting 1.7 miles of open canals to pipeline and other system improvements will save an estimated 746 million gallons of water annually. In addition to reducing water losses from filtration, evaporation and operational inefficiencies in this drought-prone area, technical upgrades will increase service reliability by ensuring uninterrupted water delivery during power outages.

At the other end of the Rio Grande in El Paso County, Texas, two sewer system expansion projects will extend first-time access to wastewater collection and treatment services for an estimated 1,250 residents in the Angels Park and Bejar Estates *colonias*.[7] A total of 387 existing homes will be connected to the new sewer systems, and their aging on-site septic systems will be decommissioned, reducing the potential for groundwater contamination and human health risks associated with waterborne diseases caused by exposure to untreated wastewater. The new connections are expected to collect an estimated 100,000 gallons per day (gpd) of wastewater for treatment.

In Mexico, a comprehensive project for the rehabilitation and expansion of water and wastewater infrastructure will improve service for approximately 5.3 million people in the 16 municipalities that comprise the metropolitan area of Monterrey, Nuevo Leon. The proposed waterworks consist of rehabilitating and expanding approximately 11 miles of a major water transmission main and related infrastructure, including construction of three storage tanks and civil/electrical upgrades at four pump stations, which will improve service quality across nearly the entire area. In addition, aging sewer mains, lines and drains that have exceeded their useful life will be rehabilitated at 113 locations to prevent recurrent operational failures. NADB is financing approximately 16% of the investments.

In Baja California, a private-sector project to build a new wastewater treatment and reuse system for the Rancho La Puerta wellness resort will also treat and reuse part of the wastewater generated in the city of Tecate. The project will improve service for approximately 13,600 Tecate residents by easing pressure on the public treatment system and reducing the risk of untreated discharges into the Tecate River, a transboundary tributary of the Tijuana River. The plant will have the capacity to treat 616,000 gpd of wastewater. The effluent from the treatment plant will be used to irrigate green spaces and crops within the resort, while the biogas generated in the treatment process will be captured and used to help power the resort facilities.

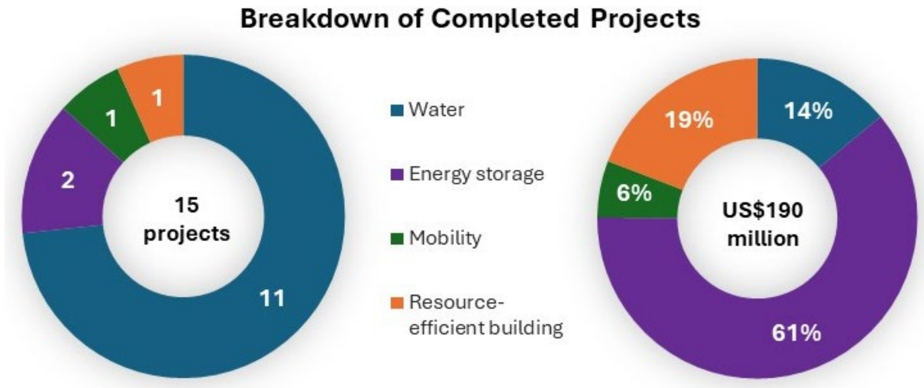
Lastly, the Government of Tamaulipas intends to issue debt for up to $1,000 million pesos (US$55 million) in the form of publicly traded bonds in the Mexican capital market to support the implementation of priority infrastructure projects throughout the border region of the state. The planned investments will initially benefit an estimated 1.75 million residents, mainly by improving water and wastewater services and promoting efficient water use for agricultural purposes, as well as increasing tire recycling capacity and promoting efficient water and energy use in new public buildings. A portion of the funds allocated for wastewater treatment infrastructure will complement projects supported by a BEIF grant aimed at reducing transboundary flows. The Bank is prepared to acquire part or all the bonds upon issuance by the State.

In the area of air quality and other sectors, the Bank approved loans totaling US$82.3 million for three projects sponsored by two financial intermediaries to support their lending and lease operations with small and medium-sized businesses for eligible projects within the 300-kilometer (186-mile) border region of Mexico.

Project Completion and Operation

[7] A "*colonia*" is generally an economically distressed community characterized by substandard housing, a lack of basic infrastructure such as water distribution and sewer systems and informal development patterns.

During 2025, fifteen projects were fully implemented and began operations—the majority in the priority sector of water. These projects represent a total investment of US$493.2 million and benefit more than 1.2 million border residents in the United States and Mexico. Approximately 38.5% of that investment was covered by NADB financing (second pie chart below), including CAP and BEIF grants funded by the U.S. Department of State and EPA, respectively.



Three projects to improve water supply and distribution services were completed during the year, including the replacement of two deteriorated water storage tanks in Hidalgo County, Texas. The new 150,000-gallon tanks constructed south of the city of Alamo are ensuring safe and reliable drinking water service for more than 8,000 people by reducing water outages, incidents of low pressure and the need to boil water. In Jim Hogg County, Texas, the new reverse osmosis water plant with the capacity to treat 1 million gallons a day (mgd) has increased system reliability and improved water quality for the 4,558 residents of the city of Hebbronville by reducing arsenic and total dissolved solids to acceptable levels. In addition, the replacement of all service meters has improved water management and billing. In the case of José Silva Sánchez in Tamaulipas, a new water supply and distribution system is providing first-time access to safe and reliable drinking water for the 135 residents of this small, rural community in the municipality of Soto La Marina, which previously relied on a water truck for bi-weekly deliveries.

Eight projects to rehabilitate and/or expand wastewater collection infrastructure were also completed, including emergency repairs to two major lift stations serving 3,200 residents in the town of Calipatria in Imperial County, California, and 10,800 residents in the towns of Sunland Park and Santa Teresa, New Mexico. The rehabilitated pump stations are back in operation, ensuring that all the wastewater collected in these communities is conveyed to the local treatment plant, preventing the potential discharge of approximately 2.5 mgd of sewage that could back up into homes or overflow onto streets and potentially contaminate surface and groundwater.

Residents of two small communities in Texas now have first-time access to wastewater collection and treatment services. In the town of Palmview and the surrounding area, 1,661 existing homes were connected to the new sewer system, and 1,686 on-site septic systems were decommissioned, in benefit of around 8,180 residents in this community located eight miles northwest of McAllen in Hidalgo County. In the case of Vinton, 360 sewer connections were installed, and 355 on-site septic systems were decommissioned extending service to 1,480 residents of this community located 25 miles north of downtown El Paso. These new systems are collecting approximately 1 mgd of wastewater for treatment and preventing potential groundwater contamination.

Likewise, in Nogales, Sonora, the water distribution and sewer systems were expanded to provide first-time service to approximately 16,700 residents in six subdivisions in the southwest area of the city. In addition to installing 673 water connections, 2,391 homes were connected to the sewer system, preventing the potential contamination of local and shared water bodies, including the Nogales Wash, a tributary of the Santa Cruz River, which flows into the United States. The new connections are collecting an estimated 930,000 gpd of wastewater for treatment. In Imuris, Sonora, located 42 miles south of Nogales, improvements to the wastewater collection system serving this small community of 8,750 residents eliminated existing leaks and reduced the risk of future system failures, preventing up to 330,890 gpd of wastewater discharges onto local streets and into the Babasac River, which flows into the Magdalena River. In addition, the sewer system was extended to provide first-time service to 50 homes.

In Mexicali, Baja California, the first two phases of a comprehensive wastewater plan were completed with the replacement of 14.6 miles of deteriorated sewer lines in 37 subdivisions and the rehabilitation of three major lift stations. These improvements have increased system reliability for approximately 594,000 residents by reducing the risk of system failures that could discharge up to 35.3 mgd of sewage onto local streets or into the New River, which flows into the United States.

With respect to resource efficiency, Innercare, a federally qualified health center, completed construction of a new resource-efficient medical complex that will improve access to primary healthcare services for low-income families and the elderly in Imperial Valley, California. In addition to providing outpatient medical and dental services, the 54-square-foot complex includes a Program of All-Inclusive Care for the Elderly (PACE) Center that will offer comprehensive medical and social services to an estimated 600 older adults with chronic care needs, enabling them to maintain their independence at home for as long as possible. Constructed with energy- and water-efficient technology and thermally efficient materials, the building is expected to use about 43% less water and 25% less electricity in comparison with international standards for similar facilities—essential features given the intense heat and constrained water supplies in the region. The complex, which is expected to open for business during the first quarter of 2026, is in the process of filling approximately 150 onsite jobs and is also expected to generate around 250 permanent indirect jobs.

In the area of energy efficiency, two standalone battery energy storage systems (BESS) began commercial operations in the United States. The Pome BESS facility located in San Diego County, California, has the capacity to charge and discharge electricity equivalent to serving 128,750 households or 353,700 people for four hours, while the Fort Duncan BESS facility in Maverick County, Texas, can store and deliver electricity equivalent to serving 66,100 households or 211,550 people for two hours.

Finally, the ten-year disbursement period for the revolving loan provided for the first Border-wide Public Transportation Improvement Program in Mexico, ended in October 2025. The loan agreement was closed out with a total of US$10.9 million disbursed for the acquisition of 107 lowemission buses by public transportation companies in major metropolitan areas in four Mexican border states. In addition to providing a safe, comfortable and accessible means of transportation, these vehicles are contributing to improved air quality in urban areas.

III. 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."

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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 as equals 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 2025, 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 (2016-2025)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ADB	4	5	6	6	7	8	8	8	7	6

IV. 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.

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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 MDB management to support this approach.

In 2025, Treasury reviewed about 27 operations that invested in or enabled 5G and other advanced wireless technologies. Treasury opposed eight of these projects due to untrusted vendor risks and/or inadequate digital risk assessment.

V. Report on MDB Assistance for Nuclear Energy and Nuclear Energy Assistance Trust Fund Establishment

Pursuant to the Consolidated Appropriations Act, 2026, Division F, Title VII–General Provisions, Section 7070 states:

"The Secretary of the Treasury shall instruct the United States Executive Director at the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, and, as the Secretary finds appropriate, any other multilateral development bank (as defined in section 1307(g)) to use the voice, vote, and influence of the United States to advocate for–

(1) the removal of prohibitions at the respective bank against financial and technical assistance for the generation, transmission, and distribution of nuclear energy, to the extent that the prohibitions apply to nuclear technologies, including small modular reactors, that meet or exceed the quality and safety standards of technologies produced by the United States or a member country of the Organisation for Economic Co-operation and Development; and

(2) increased internal capacity-building at the respective bank for the purpose of assessing—

  (A) the potential role of nuclear energy, including small modular reactors, in the energy systems of client countries; and

  (B) the delivery of financial and technical assistance described in paragraph (1) to the countries.

(3) Establishment of nuclear energy assistance trust funds.--Title XV of the International Financial Institutions Act (22 U.S.C. 262o et seq.) is further amended by adding at the end the following:

  (a) IN GENERAL.—The Secretary of the Treasury shall instruct the United States Governors of the International Bank for Reconstruction and Development, and, as the Secretary deems appropriate, of other international financial institutions (as defined in section 1701(c)(2)) to use the voice, vote, and influence of the United States to establish at each such institution a trust fund to be known as the 'Nuclear Energy Assistance Trust Fund' that meets the requirements of subsections (b) and (c) of this section.

  (b) PURPOSES.—The purposes of such a trust fund shall be the following:
    (1) To provide financial and technical assistance to support the generation, transmission, and distribution of nuclear energy in borrowing countries.
    (2) To ensure that the international financial institution makes financing available on competitive terms, including for the purpose of countering credit extended by the government of a country that is not a member of the OECD Arrangement on Officially Supported Export Credits.

(3) To exclusively support the adoption of nuclear energy technologies, including small modular reactors, that meet or exceed the quality and safety standards of technologies produced by the United States or a member country of the Organisation for Economic Co-operation and Development.
(4) To strengthen the capacity of the international financial institution to assess, implement, and evaluate nuclear energy projects.

(c) USE OF TRUST FUND REVENUES.—The revenues of such a trust fund may be made available for activities for the purposes described in subsection (b), or the United States share of the revenues may be remitted to the general fund of the Treasury, as the Secretary finds appropriate.

(4) INCLUSION IN ANNUAL REPORT.—During the 7-year period that begins with the date of enactment of this Act, 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 a description of any progress made—(A) to promote multilateral development bank (as defined in such section) assistance for nuclear energy; and (B) to establish a trust fund pursuant to section 1507 of such Act or, as the case may be, a summary of the activities of any such trust fund."

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At the MDBs, Treasury is prioritizing increased access to affordable and reliable energy for developing countries, including through the expanded support for nuclear energy. Energy abundance sparks economic abundance, and Treasury is pressing the MDBs to take an all-of-the-above approach to energy that responds to client country needs and does not restrict choice. In 2025, the U.S. Executive Directors at the MDBs used the voice, vote, and influence of the United States to remove prohibitions on technical assistance and financing for nuclear energy and engaged the World Bank to establish of a trust fund for nuclear energy assistance.

Promoting MDB Assistance for Nuclear Energy

At U.S. urging, the World Bank revised its energy strategy to remove the prohibition on providing technical assistance and financing for nuclear energy in June 2025. The World Bank is now moving to build its internal capacity to respond to client demand for nuclear energy-related technical and financial assistance. And, the World Bank is also enhancing its cooperation with other MDBs to strengthen coordination and knowledge sharing, align approaches to policy dialogue, technical assistance, and investment support, prepare the ground for potential joint initiatives and co-financing, and is engaging with key partners, including international organizations and the private sector. As part of this effort, the World Bank is partnering with the International Atomic Energy Agency (IAEA), with which it has signed a memorandum of understanding that covers joint work on knowledge building, extending the lifespan of existing nuclear power plants, and advancing small modular reactor technology. While still early, the Bank is already being asked to participate in the financing of lifespan extensions of existing nuclear power plants, and to provide technical assistance as countries consider or further pursue their nuclear energy ambitions.

Similarly, at U.S. urging, the AsDB removed its prohibition on technical assistance and financing for nuclear energy in November 2025. Like the World Bank, the AsDB is building its internal capacity, enhancing its cooperation with other MDBs, and partnering with the IAEA. At the time of this report, the IDB was in the process of updating its energy sector framework to put nuclear energy on par with other energy technologies that the institution can support. The EBRD has a long positive history of work on nuclear energy, with a strong focus on nuclear safety.

Establishing a Nuclear Energy Assistance Trust Fund

The World Bank is in the process of establishing a multi-donor trust fund that would support activities upstream of nuclear energy investments, including by:

(a) Preparing countries for nuclear energy investments through policy advice, support for analysis and development of nuclear program institutions and infrastructure, and informing national strategies to benefit from changes in nuclear technologies;

(b) Preparing nuclear energy investments by developing a project pipeline, identify financing solutions with WBG products, grants, and co-financing, and developing opportunities to contribute to the global nuclear industry supply chain;

(c) Sharing knowledge with client countries on the cost-effectiveness of procurement models for nuclear power plant deployment, opportunities for new fleet deployment in developing countries (including SMRs), and safety, security, safeguards, and liability standards for responsible nuclear finance; and

(d) Building internal WBG capacity through coordination among other development finance institutions, leveraging knowledge of existing nuclear expertise at other MDBs, and developing fit-for-purpose environmental and social capacity and guidance.

The U.S. Executive Director at the World Bank is using the voice, vote, and influence of the United States to support establishment of this trust fund, and Treasury is in the process of negotiating an administrative agreement with the World Bank that will allow us to make a small initial contribution using FY26 appropriations to the Treasury International Assistance Programs account. We expect this contribution to catalyze contributions from others and give the United States a seat at the table as the trust fund's governance, design, and prospective activities are developed.