

118TH CONGRESS
1ST SESSION

S. 3455

To require the use of the voice and vote of the United States in international financial institutions to advance the cause of transitioning the global economy to a clean energy economy and to prohibit United States Government assistance to countries or entities to support fossil fuel activity, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 7, 2023

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To require the use of the voice and vote of the United States in international financial institutions to advance the cause of transitioning the global economy to a clean energy economy and to prohibit United States Government assistance to countries or entities to support fossil fuel activity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Sustainable Inter-
5 national Financial Institutions Act of 2023”.

1 **SEC. 2. CLEAN ENERGY AND CLIMATE JUSTICE AT INTER-**
 2 **NATIONAL FINANCIAL INSTITUTIONS.**

3 The International Financial Institutions Act (22
 4 U.S.C. 262c et seq.) is amended by adding at the end the
 5 following:

6 **“TITLE XX—CLEAN ENERGY AND**
 7 **CLIMATE JUSTICE**

8 **“SEC. 2001. CLEAN ENERGY AND CLIMATE JUSTICE.**

9 “(a) IN GENERAL.—The United States Executive Di-
 10 rectors at the international financial institutions specified
 11 in subsection (c) shall use the voice and vote of the United
 12 States in those institutions—

13 “(1) to advance the cause of reducing green-
 14 house gas emissions and transitioning the global
 15 economy to a clean energy economy, including by
 16 seeking to channel assistance toward countries and
 17 entities that are building clean and sustainable en-
 18 ergy systems;

19 “(2) to oppose any policy reform, or investment,
 20 loan, or extension of financial or technical assistance
 21 to any country or entity, that is intended to create,
 22 or will have the effect of creating, new capacity for,
 23 or the expansion of, fossil fuel activity, including—

24 “(A) any such policy reform, investment,
 25 loan, or extension of assistance that would sup-

1 port the refurbishment or life extension of exist-
2 ing fossil fuel capacity; or

3 “(B) any such investment, loan, or exten-
4 sion of assistance to a country or entity that
5 would necessitate, or is predicated upon, in-
6 creased fossil fuel capacity outside of the coun-
7 try receiving the investment, loan, or extension
8 of assistance or the country in which the entity
9 operates, as applicable, without regard whether
10 the activity falls within the portfolio of the
11 international financial institution providing the
12 investment, loan, or extension of assistance; and

13 “(3) to support the phasing out of funding for
14 internal combustion engines for passenger vehicles
15 and buses by 2025 in a way that is sustainable and
16 sensitive to communities in need of mobility.

17 “(b) REDUCTION OF CONTRIBUTIONS; DEPOSIT IN
18 ESCROW ACCOUNT.—

19 “(1) DETERMINATION OF EXPENDITURE ON
20 NEW FOSSIL FUEL CAPACITY.—In each fiscal year,
21 the Secretary of the Treasury shall—

22 “(A) determine the amount of investments,
23 loans, and extensions of financial or technical
24 assistance provided by each international finan-
25 cial institution specified in subsection (c) to any

1 country or entity to create new capacity for fos-
2 sil fuel activity during the preceding fiscal year;
3 and

4 “(B) reduce the contribution of the United
5 States to that institution by the amount deter-
6 mined under subparagraph (A).

7 “(2) DEPOSIT IN ESCROW ACCOUNT.—The Sec-
8 retary shall deposit in an escrow account the amount
9 by which the contribution of the United States to
10 each international financial institution specified in
11 subsection (c) is reduced under paragraph (1)(B).

12 “(3) RELEASE FROM ESCROW ACCOUNT.—The
13 Secretary shall release to each international financial
14 institution specified in subsection (c) the amount in
15 the escrow account under paragraph (2) attributable
16 to contributions to that institution reduced under
17 paragraph (1)(B) at such time as the Secretary de-
18 termines and certifies to Congress that the institu-
19 tion is no longer providing investments, loans, or ex-
20 tensions of financial or technical assistance to any
21 country or entity to create new capacity for fossil
22 fuel activity.

23 “(4) REPORTS REQUIRED.—Not later than 120
24 days after depositing amounts into the escrow ac-
25 count under paragraph (2) attributable to contribu-

1 tions to an international financial institution speci-
2 fied in subsection (c) reduced under paragraph
3 (1)(B), and annually thereafter until amounts are
4 released to that institution under paragraph (3), the
5 Secretary shall submit to Congress a report that
6 documents investments, loans, and extensions of fi-
7 nancial or technical assistance provided by that in-
8 stitution to any country or entity to create new ca-
9 pacity for fossil fuel activity during the preceding
10 fiscal year.

11 “(c) INTERNATIONAL FINANCIAL INSTITUTIONS
12 SPECIFIED.—The international financial institutions spec-
13 ified in this subsection are the following:

14 “(1) The International Bank for Reconstruction
15 and Development.

16 “(2) The International Development Associa-
17 tion.

18 “(3) The International Finance Corporation.

19 “(4) The Multilateral Investment Guarantee
20 Agency.

21 “(5) The African Development Fund.

22 “(6) The African Development Bank.

23 “(7) The Asian Development Fund.

24 “(8) The Asian Development Bank.

1 “(9) The European Bank for Reconstruction
2 and Development.

3 “(10) The Inter-American Development Bank.

4 “(11) The Inter-American Development Bank
5 Invest.

6 “(12) The North American Development Bank.

7 “(d) DEFINITIONS.—In this section:

8 “(1) FOSSIL FUEL ACTIVITY.—The term ‘fossil
9 fuel activity’ means the exploration, development,
10 mining or production, processing, refining, transpor-
11 tation (including pipelines transporting gas, oil, or
12 products thereof), combustion, distribution, or mar-
13 keting of, or the construction or operation of plants
14 for the processing or refining of, coal, petroleum,
15 natural gas, or any derivative of coal, petroleum, or
16 natural gas that is used for fuel.

17 “(2) FOSSIL FUEL.—

18 “(A) IN GENERAL.—The term ‘fossil fuel’
19 means all forms of coal, oil, and gas.

20 “(B) INCLUSIONS.—The term ‘fossil fuel’
21 includes—

22 “(i) bitumen from oil sands;

23 “(ii) kerogen from oil shale;

24 “(iii) liquids manufactured from coal;

25 “(iv) coal bed methane;

1 “(v) methane hydrates;

2 “(vi) light oil derived from shale or
3 other formations;

4 “(vii) natural gas liquids; and

5 “(viii) all conventionally and uncon-
6 conventionally produced hydrocarbons.

7 “(3) POLICY REFORM.—The term ‘policy re-
8 form’ means a process at an international financial
9 institution that changes rules, regulations, or insti-
10 tutions and results in incentivizing fossil fuel invest-
11 ment, such as by lowering tax liability or increasing
12 energy tariffs.”.

13 **SEC. 3. PROHIBITION ON FOREIGN ASSISTANCE THAT**
14 **WOULD SUPPORT FOSSIL FUEL ACTIVITY.**

15 The United States may not provide, directly or indi-
16 rectly (such as through a financial intermediary), any
17 loan, insurance, guarantee, or extension of financial or
18 technical assistance, including policy guidance, to any
19 country or entity for any fossil fuel activity (as defined
20 in section 2001(d) of the International Financial Institu-
21 tions Act, as added by section 2) or a related infrastruc-
22 ture project, including through the United States Inter-
23 national Development Finance Corporation, the Export-
24 Import Bank of the United States, the Trade and Devel-
25 opment Agency, the United States Agency for Inter-

1 national Development, or the Millennium Challenge Cor-
2 poration.

