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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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November 22, 2019

VIA ELECTRONIC TRANSMISSION

David R. Malpass
President
World Bank Group
1818 H Street NW
Washington, DC 20433

Dear Mr. Malpass:

On August 13, 2019, Senator Rubio and Congressman McGovern wrote to you to express concerns about World Bank Group's (World Bank) handling of a loan to China with respect to a project in the Xinjiang province.¹ I share those concerns expressed by my colleagues. Moreover, more than just a specific project, I have concerns over the breakdown in World Bank's internal controls and oversight processes designed to prevent its loans from being used for potentially nefarious purposes.

In 2015, World Bank issued a \$50 million loan to support the "Xinjiang Technical and Vocational Education and Training Project."² This project funded a school that is reportedly linked to forcible internment of Uighur Muslims, where they are subject to intense propaganda and are forced to renounce Islam.³

In a statement on August 29, 2019, World Bank stated that it had conducted supervision missions twice a year since the project started, and that these missions included technical, procurement and financial reviews, a review of social safeguards, and a monitoring and evaluation review.⁴ World Bank further stated that "[t]here is no evidence from subsequent reviews of that plan or reviews of contracts and financial statements by World Bank procurement

¹ Letter from Sen. Marco Rubio and Rep. James McGovern to World Bank Group (August 13, 2019), available at <https://www.cecc.gov/sites/chinacommission.house.gov/files/Letter%20to%20World%20Bank%20President%208.13.pdf>.

² Bethany Allen-Ebrahimian, *The World Bank Was Warned About Funding Repression in Xinjiang*, FOREIGN POLICY, August 27, 2019, available at <https://foreignpolicy.com/2019/08/27/the-world-bank-was-warned-about-funding-repression-in-xinjiang/>.

³ *Id.*

⁴ World Bank, *Statement on Education Project in Xinjiang, China*, August 28, 2019, available at <https://www.worldbank.org/en/news/statement/2019/08/29/statement-on-education-project-in-xinjiang-china.print>.

and financial management specialists that funds have been diverted, misused, or used for activities not in line with project objectives or World Bank policies and procedures.”⁵ However, on November 11, 2019, World Bank stated it was making changes to the project, including a reduction in the scope and footprint of the project.⁶ Additionally, World Bank stated that the project has now been placed “under enhanced supervision. . .”⁷

The World Bank has a responsibility to fully assess critical human rights risks, such as those exhibited in Xinjiang, in any region where it considers allocating or lending money. The World Bank’s own social framework standards state that, when assessing potential social risks and impacts, World Bank must assess threats to human security through the escalation of conflict, crime, or violence, and impacts on the health, safety, and well-being of workers and project-affected communities.⁸ Regardless of how monies have been spent on specific items or services for this project in Xinjiang, China, the World Bank cannot adequately assess the project’s full impact without monitoring and examining reports of human rights abuses in the province. To that effect, *The New York Times*, on November 16, 2019, published leaked records indicating a coordinated effort, spanning back years, from President Xi to detain hundreds of thousands of Uighurs, Kazakhs, and other Muslims in internment camps, and “to unleash the tools of ‘dictatorship’ . . .” on the Xinjiang Muslim population.⁹ Given the repeated reports about repression in the province that date back years, it is hard to see how any project in that region could meet World Bank’s social framework standards.¹⁰

It is my understanding that the U.S. Congress will soon be considering World Bank’s proposed capital increase for the next fiscal year, and the International Development Association’s 19th replenishment. Therefore, I request that your office make itself available for a meeting with my staff as soon as possible to discuss World Bank’s oversight initiatives designed to prevent such a loan from being disbursed in the future. It is vitally important that World Bank work to protect the basic human rights of those that it seeks to serve in developing countries, and that World Bank has the proper safeguard to prevent any such loan from contributing, directly or indirectly, to abuse of those rights.

⁵ *Id.*

⁶ World Bank, *World Bank Statement on Review of Project in Xinjiang, China*, November 11, 2019, available at <https://www.worldbank.org/en/news/statement/2019/11/11/world-bank-statement-on-review-of-project-in-xinjiang-china>.

⁷ *Id.*

⁸ See World Bank, *World Bank Environmental and Social Policy for Investment Project Financing*, (2019), available at <http://pubdocs.worldbank.org/en/360141554756701078/World-Bank-Environmental-and-Social-Policy-for-Investment-Project-Financing.pdf>.

⁹ Austin Ramzy and Chris Buckley, ‘*Absolutely No Mercy*’: *Leaked Files Expose How China Organized Mass Detentions of Muslims*, *THE NEW YORK TIMES*, November 16, 2019, available at <https://www.nytimes.com/interactive/2019/11/16/world/asia/china-xinjiang-documents.html>.

¹⁰ See World Bank, *World Bank Environmental and Social Policy for Investment Project Financing*, (2019), available at <http://pubdocs.worldbank.org/en/360141554756701078/World-Bank-Environmental-and-Social-Policy-for-Investment-Project-Financing.pdf>.

Should you have any questions, please contact Quinton Brady or Angel Ventling of my staff at (202) 224-4515. Thank you for your attention to this important matter.

Sincerely,



Charles E. Grassley
Chairman
Senate Committee on Finance