The World Bank Reopens Its Portfolio to Nuclear Energy

July 1, 2025

By Jackie Toth

Last month, the World Bank's board ended the institution's longstanding prohibition on supporting civil nuclear energy projects, enabling future technical assistance, equity, loans, and other backing for reactor-related projects in developing countries.

The World Bank Group (WBG)'s "ban" existed long before the much-reported 2013 date. That year, the bank clarified the decades-long nuclear restrictions on its International Finance Corporation (IFC) exclusion list, i.e., the bank would neither finance, provide technical assistance, nor develop internal capacity to support nuclear development. It reiterated this stance in 2021, declaring: "nuclear energy is not in the WBG's areas of expertise." The bank dabbled in nuclear only once, during the "Atoms for Peace" era, with a loan toward Italy's first nuclear plant in 1959.

Now, the bank is reentering the nuclear energy business. World Bank President Ajay Banga, an appointee of President Biden's, helped spearhead the internal discussions that ultimately led to the lifting of the ban. The U.S. has significant pull at the World Bank as its largest shareholder; its holdings in the bank's (IFC) and International Bank for Reconstruction and Development (IBRD) are more than double that of the next-largest shareholder, Japan. Certainly, Germany's increasingly open position on nuclear energy will have eased the bank's decision, but every indication suggested that the policy shift was influenced more by U.S. pressure — not by the repositioning of nuclear-skeptical countries.

As a result, the WBG can now provide its low-cost capital toward life extensions of existing reactors and related grid upgrades and infrastructure, as well as small modular reactor projects. Banga has signaled that the bank will initially focus not on financing new builds, but rather on extending the operation of existing reactors — projects whose economics are "far more preferential to building a new one."

Already, on June 26, the WBG followed through on its intention to partner with the International Atomic Energy Agency (IAEA) — a fellow United Nations organization — to develop internal capacity to uphold safeguards and security in any future nuclear projects. Some of the bank's future nuclear support may specifically help establish well-equipped nuclear regulatory regimes and oversight capabilities in newcomer countries, strengthening non-proliferation. IAEA Director-General Rafael Grossi has supported the move and welcomed news of the shift on decarbonization grounds.

Todd Moss, founder and executive director of the Energy for Growth Hub (and a former World Bank advisor), has long argued in favor of the policy change at the bank. He credits the lifting of the ban to the work of a steadily growing set of congressional staff and nuclear policy advocates, as well as a thoughtful 2023 article from key former U.S.

officials who urged the bank to reconsider.

Moss also points to Banga's political sensitivity in fostering a positive relationship with President Trump, whose network of policy advocates has sought the U.S.' wholesale withdrawal from the bank. "Climate finance," a feature of much of the bank's recent work, has no currency with the Trump administration: In April, Treasury Secretary Scott Bessent urged the World Bank to dispense with "vapid, buzzword-centric marketing" and to focus on expanding energy access (including by ending the ban on nuclear projects), "rather than seek to meet distortionary climate finance targets." Banga's announcement features no references to nuclear's climate benefits. Instead, he frames the addition of nuclear to the bank's portfolio simply as another tool for developing countries to affordably and reliably meet their electricity demand, which could collectively double by 2035.

The World Bank is not the first such institution to recently revisit its nuclear restrictions, and it will not be the last. In 2019, a successful and bipartisan effort ultimately prevented the U.S. Development Finance Corporation (DFC) from adopting the nuclear ban imposed by its predecessor agency. The European Investment Bank in 2024 moved toward supporting nuclear energy projects and in February resumed support for uranium enrichment. The WBG's move is significant, however, because many multilateral banks apply its IFC exclusion list themselves. In light of the WBG's move, the Asian Development Bank is reportedly looking to lift its own ban on nuclear loans. The governments of the U.S. and Japan, as the ADB's joint-largest shareholders, are among nuclear energy's strongest supporters.

Nuclear projects could eventually benefit from what the WBG believes is a workable and replicable formula for energy transition projects. At the Atlantic Council's Global Energy Forum on June 17, Global Director of the World Bank's Energy and Extractives Global Department Demetrios Papathanasiou articulated the bank's "Scaling Up to Phase Down" approach to the energy transition. A government begins with a strategic energy vision, then implements the necessary laws and regulations to attract investment. Next — and most difficult — is the creation of capable institutions that can take on bankable projects. Countries then ensure competitive procurement and repeat the cycle. He told me that nuclear projects, while more complicated, can be part of the same playbook.

While the effect will not be instantaneous, the bank's openness to nuclear energy can be expected to strengthen the economics of U.S.- and ally-led nuclear partnerships vis-à-vis competitors. Romania, Ghana, Brazil, and the Philippines are among the theoretical beneficiaries. The Energy for Growth Hub has tallied eight countries in Africa alone that could be ready for nuclear by 2030. New nuclear projects could help the World Bank and the African Development Bank meet their shared goal to provide at least 300 million Africans with electricity by that year.

Now that nuclear is back in the WBG portfolio, the U.S. should hone its other export finance tools. The bipartisan and bicameral International Nuclear Energy Financing Act — led in the House by the chairman of the Financial Services Committee — would require the establishment of a nuclear trust fund for project evaluation, financing and technical assistance at the IBRD and other institutions. The DFC and Export-Import Bank (EXIM) are also up for reauthorization. Raising the DFC's caps on individual loans and total loans, and raising EXIM's 2 percent default rate cap to increase its ability to take on risk, for example, would better equip these agencies to back nuclear exports.

As one can expect in an age of disruption, the WBG's action dovetails with some U.S. federal nuclear policy measures, but not with others. The Trump administration is broadly pushing to facilitate exports of U.S. nuclear reactors: President Trump's May 23 "Nuclear for National Security" executive order directs the State Department to "aggressively pursue" (if not to "close") at least 20 new civil nuclear cooperation deals by early 2029. That is far more 123 agreements than the U.S. is likely to clinch; as Kenneth Luongo noted for *The National Interest*, the Biden administration concluded an average of about one such deal per year. Congress also gets the chance to review each agreement. But the direction is clear to prioritize bilateral nuclear partnerships and export reactors in an attempt to close part of the gap with Russia and China on this metric. Less aligned are the administration's removal of an NRC commissioner without cause and the prioritization of tight deadlines over safety in license application reviews. Actions that tarnish the U.S.' reputation as the gold standard for safety and security — a top selling point compared to competitor exporters — could weigh on U.S. civil nuclear export deals.

To quote Secretary Bessent, “America First does not mean America alone.” At a time when an isolationist strain is clouding U.S. federal policy, World Bank-backed nuclear projects would be welcome cooperative ventures. The World Bank’s sole nuclear project featured design and construction by General Electric’s Swiss subsidiary; ownership and operation by an Italian organization; and consulting support from firms in Missouri and London. If nothing else, the bank’s reentry into nuclear energy increases the probability that future multilateral collaborations expand energy access and development opportunity for the people that deserve it most.

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The views expressed herein are solely those of the author and do not represent the views of any other organization or any government.

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