

# World Bank Spring Meeting 2023 Nordic-Baltic CSO Letter

**Dear Ms. Lind**

We, the Nordic-Baltic civil society constituency working for human rights, the eradication of poverty, climate justice as well as fair distribution of power and resources, thank you for the opportunity to comment on the Nordic-Baltic Constituency's work within the World Bank. We would like to take the opportunity to raise some issues of concern ahead of the 2023 spring meetings.

## **Social protection**

In October 2022, the World Bank published the strategic document *Charting a Course Towards Universal Social Protection: Resilience, Equity, and Opportunity for All*. The Global Coalition for Social Protection Floors (GCSPF) provided extensive input to the document during the drafting process, and also published a [response to the final version](#). In the response, the GCSPF welcomes the explicit commitment to Universal Social Protection, the strategy's systems approach and support for increased financial investment in social protection systems. However, a number of critical issues were also raised, in particular the suggested role of voluntary individual savings accounts in the expansion of coverage for informal workers, and that the strategy lacks a clearly articulated pathway for the progression from largely poverty-targeted to universal systems.

In this regard, we would also like to refer to an official letter sent to you and the other Executive Directors on 20 December, by Gunnel Axelsson Nycander at Act Church of Sweden and Lena Simet at Human rights Watch, on behalf of the Global Coalition for Social Protection Floors. In the letter we called on the World Bank to develop, through meaningful consultation, concrete action plans for the Bank's engagement at national levels to move towards universality.

Finally, with reference to earlier discussions on universal social protection, we would like to call to your attention a proposal for a roundtable discussion around the role of the IMF and the World Bank in promoting universal social protection, a proposal that has now been prepared and sent to the Nordic-Baltic coordinators on the World Bank side. We look forward to a positive response to the idea, and believe that a meeting along the lines of the proposal can deepen the understanding of the critical issues and the role that the Nordic-Baltic constituency can play in this regard.

## **Question:**

- *Are you positive about the proposed roundtable meeting on the role of the Bretton Woods institutions in promoting universal social protection, and when can it be arranged?*

## **Sovereign debt crisis: Progress on relief and restructuring**

We welcome the World Bank's strong voice on the urgent need for debt relief for low- and middle-income countries with unsustainable debt levels. In light of the WB effort in helping organize the new G20 debt roundtable:

- *What progress did you think was made at the roundtable? What role do you see for the World Bank in unblocking debt restructuring negotiations?*

## **Evolution Roadmap**

The publication of the "Evolution Roadmap" marks the beginning of what may become a significant reform that increases capability of the Bank to respond to the deep and overlapping

crises which are disproportionately impacting the world's poorest. Some ideas are very welcome; it is in fact surprising that suggestions are not already in place, such as

- using other criteria than GNP per capita (e.g. climate vulnerability) as lending criteria,
- broadening the definition of poverty,
- including countries' exposure and contribution to global challenges in country level engagement, stronger focus on crisis preparedness, disaster risk reduction, and crisis response.

However, adding another objective (such as climate) to the mission may run the risk of creating separate tracks. Rather than adding new objectives to the World Bank's mission, global challenges should be *integrated* in the mission and throughout the Bank's work. Agenda 2030 is a blueprint and framework for such an integration. (The climate aspects of the Evolution roadmap are commented in the climate section of this letter)

We welcome that the G20 Capital Adequacy Framework (CAF) Review recommendations are considered alongside broader consideration of the Bank's financial model and financing capacity. However, we are not convinced that the Bank has exhausted all the CAF recommendations enough, before it calls for new capital. In its analysis, [E3G argues](#) that "by not explicitly committing to immediately adopt the G20 Capital Adequacy Framework (CAF) recommendations, or even mentioning SDR recycling, the Bank is leaving stones unturned in its effort to increase its lending capacity".

We welcome the Bank's ambition to protect the level of concessional money to low-income countries (IDA loans to IDA countries) while expanding lending (including concessionary) to middle-income countries. However, we wonder how, in practice, it will be possible to ensure that contributions to World Bank climate subsidies in middle-income countries don't come at the expense of future IDA rounds. We ask that it is made clear that measures will not come at the expense of, or displace, increases in financing that are needed for low-income countries most affected by poverty and climate risk.

We further believe that it is in the public's interest for the technical notes on options for IBRD to be made available, including those forthcoming on loans to equity ratios and subsequent papers. In addition, there is a need for broad stakeholder engagement throughout the Roadmap process. The roadmap promises transparency and inclusion, and this must be a central pillar in the process.

Although assessing balance sheet optimization options is important, we agree with the Roadmap highlighting that they need to be done alongside other capacity-enhancing options, such as capital increases and subsidy resources. For the Roadmap to move forward effectively, it is urgent that shareholders commit to providing these, and would like to see the WB outline a specific and ambitious plan including an envelope of resource needs over the medium to long term.

We welcome the WB's review of its operating model taking into account the 5 questions posed in the Roadmap. In particular, we believe there is a critical need to listen to client voices equally and provide agency to them in refining these, rather than pursuing top-down implementation. In order for the reform to be really successful in making the Bank fit for purpose, it should include many more stakeholders in the process.

In order for the Bank to evolve into a truly global institution which embraces Agenda 2030 and contributes to human development and Global public goods, the underlying questions about international interdependencies, common interests, and power structures must be addressed.

This means, the reform agenda and process should be opened up and include governance issues.

Finally, we support the Bank strengthening its focus on outcomes, data, and further engagement at global, national, and local levels. Combined with increasing financial operations, this will require a significant increase in human resources. This needs to be considered and agreed on as part of the Roadmap process, rather than as an afterthought.

**Question:**

- *Do you think the Evolution roadmap shows that the World Bank's ambition to integrate climate in its core business is sufficient? Do you see any other measures the Bank can take to follow up the CAF recommendations before asking for new finance? How do you see the risk that concessional loans to MIC will crowd out IDA-loans to LIC - despite the ambition that this should not happen?*

**Bridgetown Agenda**

The welcome Bridgetown agenda initiated by president of Barbados Mia Mottley last September seems to be gaining momentum, with the upcoming Paris Summit expected to be centred around it. We welcome the agenda's recognition of the interrelation between the multiple crises the world is experiencing, including the need for climate action and the increasing debt crisis.

High-income countries and historical emitters must lead the way in contributing their fair share of climate finance flows. There should be balance between mitigation, loss and damage and adaptation funding, with a focus on projects that specifically benefit children most affected by inequality and discrimination

There is an urgent need to increase climate finance to go far beyond the unmet pledge to mobilize at least \$100 billion annually by 2020, using specified metrics to ensure child-sensitive investment. This includes new and additional financial support, given as grants and based on principles of predictability, transparency, and embedding the Principles for Locally-led Adaptation.

We support the call in the Bridgetown agenda to ensure access to affordable and sustainable lending for countries seeking debt treatment, and the call for the G20 pledge to recycle \$100bn of SDRs to countries that need them to be rapidly fulfilled. It is an indictment of the state of the global system of development cooperation that no recycled SDR has yet reached the balance sheet of a low- or middle-income country.

Finally, there is an urgent need to bring back emergency debt relief mechanisms that were previously in place, including a revamped G20 DSSI with updated eligibility criteria to at least include all lower-middle income countries.

**Fiscal space for social services**

Before the COVID-19 pandemic hit, there was already significant underinvestment in children to meet their developmental needs in low- and lower- middle-income countries. In 2019, the IMF estimated that an additional \$700bn was needed in the education and health sectors alone by 2030. The onset of the pandemic accentuated this issue further, as reduced economic activity reduced government revenue, which constrained their fiscal space.

While governments did prioritize social spending within the means available to them, it was not sufficient to adequately support populations and prevent worsening developmental outcomes, with children among those impacted the most. As a result, the IMF has estimated

that the financing gap to meet SDG targets on health and education in low- and lower-middle-income countries grew by 21%.

The education sector can serve as an example of how limited fiscal space affects the delivery of basic needs. Last year, Save the Children found that one third of the poorest countries in the world spend more on servicing debt than they do on education. Similarly, the percentage of ODA set aside for education sank from 11.7 % in 2010 to 9.7 % in 2020. These numbers highlight the need for more sustainable debt service systems and the need to increase the fiscal space of low- and middle-income countries.

## **Gender**

### *The update of the World Bank Gender Strategy (2024-2030)*

These are times of shrinking space for women's rights activists – both in terms of funding and being vocal, in times of polarisation, of backlash on women's rights and of increasing militarism and insecurity. The updated World Bank Gender Strategy must be an instrument to counter these trends.

### Consultation process

The World Bank started the process of revising and updating its Gender Strategy end of last year. At the annual meeting in October 2022, Kvinna till Kvinna and a group of CSOs met for a briefing with the Global Director of Gender, Hana Bixi, and the gender team. A second meeting was held in February with additional information on the consultation process. We are, however, concerned that the formal consultation process has now been delayed until July, shortening the timespan for consultations. It is also unclear when (if) we will receive a concept note to comment on. We requested a transparent and inclusive consultation process to be able to reach grassroots organisations. The delay means that local women's rights organisations and other CSOs have less time to engage.

### **Question:**

- *Can you support us in, in dialogue on the Gender Strategy process, make sure that the gender team understands the importance of allowing sufficient time and space for consultations, as well as sharing the concept note with civil society?*

No strategy is useful unless there is an action plan and a plan for monitoring and evaluation. The updated Gender Strategy needs to be followed by a detailed and clear *Action Plan* to make the implementation concise and transparent and to bridge the gap between policy and practice.

### **Questions:**

- *In dialogue on the Gender Strategy, would you be willing to push for an action plan to be developed, including clear answers to how the strategy be implemented and if a multi-dimensional results framework will be used to monitor?*

### The Gender Strategy should:

- Have an *intersectional perspective*, including age, rural-urban, class, sexual identification and orientation, indigenous women, ethnicity, disability, and refugee status, understanding the need to include women in all diversities.
- Push for increased transparency at all levels, including (but not limited to) making sure consultations on policy and programming are *transparent, inclusive and intersectional*.

Provide civic space by insisting on meaningful and effective consultations with independent civil society and women's rights actors.

- Make sure that contextual knowledge, gender analysis and requests from women's rights organisations are included in *country partnership frameworks* by setting up formal channels for a continuous dialogue.
- Provide *adequate funding for women's rights organisations* as partners in change, and in recognition of their expertise.
- Require that gender analysis inform all funding and particularly any obligations for states, such as structural adjustment policies, in order to assess how such policies may impact women and men differently and to ensure a *gender-responsive, do-no-harm, approach*. Continue to encourage and support states to institutionalise gender-responsive budgeting based on the Public Expenditure and Financial Accountability (PEFA) Gender Framework
- Make sure that the Gender Strategy includes follow-up mechanisms and action plans and that adequate resources are allocated. A robust and multi-dimensional results framework that also addresses macroeconomic policies should be in place. The Gender Strategy should also be monitored on a national level.

We welcome that the updated strategy will have a specific focus on conflict and climate crises and want to make sure that the gender strategy is systematically linked to the *Strategy on Fragility, Conflict, Violence (FCV)* and the *UN SC Women, Peace, and Security Agenda*. The Gender Strategy should:

- Ensure that women are meaningfully included in decision-making on *economic reforms and post-conflict recovery plans and infrastructure reconstruction*.
- Strengthen the understanding of the nexus of *gender, conflict and the environment and climate crises* and address the disproportionate harm of environmental and climate change on marginalised groups and women in conflict-affected countries.
- Push for an intersectional approach to climate change and environmental degradation in policy development and programming.
- Support feminist actors to be visible and meaningfully engaged in peace processes and climate (adaptation and mitigation) decision-making.

There is an urgent need for the World Bank to provide a solid response to the critique in the Mid-term review of the current strategy in terms of *strengthening knowledge and capacity in analysing and delivering on gender and intersectionality among staff at the country level* within the World Bank to improve programmes and operations.

- Every country and regional office should employ a senior gender advisor with special attention to dialogue with the women's rights movement in that specific context.
- Staff guidance notes to the Gender Strategy needs to be clear, consistent and fully financed.
- Underline the urgency to reform family laws, including religious family law/personal status laws, that discriminate against women. Family law is absolutely crucial for the fulfilment of women's and girls' rights and gender equality, not the least when it comes to economic empowerment. Research shows that family law reform may be the most important prerequisite for this.
- Engage religious and faith-based actors in meaningful dialogue as they can be changemakers. By including them, there are new opportunities to change discriminatory family law and harmful norms that obstruct the fulfilment of women's and girls' rights. Religious actors can play a crucial role both through advocacy in their religious communities to promote legislative change and through shadow reports to CEDAW regarding discriminatory religious legislation and share examples of how reform can take place.

- Promote inclusive dialogue with local civil society and create safe spaces for conversations where especially women, girls, youth, LGBTIQ+ persons, migrants, and indigenous or religious minorities, can participate and set the agenda.

In the **Evolution Roadmap**, the World Bank states in their context analysis that “hard-won gains on gender equality are also at risk”. That is the only time throughout the document that gender is mentioned. Paragraph 9 emphasises the global increase in fragility, conflict and violence. This needs to be analysed from a gender and intersectional perspective, as men and women in all their diversity are affected differently. Paragraph 26 points out that there needs to have a “stronger focus on crisis preparedness, disaster risk reduction, and crisis response”, again without including a gendered analysis.

**Question:**

- *What is your view on including stronger language on gender analyses and gender equality in the Evolution Roadmap?*

**Providing care services through cooperatives**

It is favourable that the current gender strategy acknowledges the role unpaid care and domestic work play in perpetuating gender inequalities and that the strategy’s update FY23-30 is said to pay special attention to this matter. However, The Bank has predominantly shown interest in promoting the provision of care services through the private sector. This is risking leaving the most vulnerable groups without access to care services and exacerbating inequalities behind since people who are worse off economically are less likely to contract care services in the market (UN Women & ECLAC, 2021)

A strategic alternative for the World Bank is to foster and support care cooperatives, additional to the private sector and the responsibility of care services from the state. Cooperatives as jointly owned, and democratically controlled enterprises have demonstrated several advantages:

- **Economic development:** Cooperatives generate positive spill-over effects at the community level and economic activity since they can provide care as an extension of other cooperative services (Chang-bok (2012) cited by ILO, 2017).
- **Formal employment:** Most cooperatives consistently reinvest their profits into wages, professionalisation, training and benefits for workers, such as health insurance, guaranteed hours, and retirement plans.
- **Care and voice:** Care cooperatives not only provide quality services but also have a focus on people’s inclusion and autonomy, rather than on illness and dependency, since they encourage collaboration and democratic inclusion.
- **Collective agency:** Care cooperatives have the capacity to strengthen the sustainability of women’s collective agency and productive processes, through reinforcing the organic and institutional capacities of women’s organizations, the political and economic empowerment of women and the gender transformative action of co-responsibility of care work

**Policy asks:**

Promoting care cooperatives in the public agenda and amongst stakeholders is particularly key at this point when there is a momentum regarding the care economy and the path forward is being defined worldwide. To that end, The World Bank should:

- **Recognise, promote, and support care cooperatives as key actors:** This advancement should include financial support, technical assistance, partnership building and research.
- **Strengthen the legal state of care rights by engaging care cooperatives:** Regulatory instruments such as laws and policies are essential to advance the recognition and provision of care, by for instance cooperatives, as a key factor for the individual and economic development. An example is the Municipal Law of Co-responsibility in Unpaid Care Work for Equal Opportunities in Cochabamba (Bolivia).
- **Guarantee employees' rights by engaging care cooperatives:** This as the care sector is currently highly informal, and workers tend to be underpaid and exploited.
- **Ensure holistic care services:** People who require care services must be able to both receive quality attention that meets their physical and mental needs and gain the opportunity to influence that consequently empowers them. For instance, cooperatives serving the elderly allow them to actively participate in caregiving planning and cooperatives serving persons living with disabilities provide job preparation and life skills training (Chappelle (2016), ILO (2015a), Health Coops Canada, n.d, cited by ILO, 2017).

### **Climate Finance & Energy**

It is positive to see the World Bank's growing efforts to include climate change as part of its work and operational model. Through the launch of the Climate Change Action Plan, 2021-2025, the Country Climate and Development Reports (CCDRs), the record share of climate financing in fiscal year 2022 and most recently the many references to climate change in the evolution roadmap.

As stated in the [IPCC AR6 Synthesis Report](#) climate change poses immense threats to and is already impacting human health and wellbeing across the world but the impacts and the severeness of these greatly differ in characteristic and magnitude across regions, countries, and different groups. The countries and communities that have contributed the least to the climate crisis - including marginalized groups such as women in all their diversity, children, indigenous peoples and local communities, migrants, and displaced populations - are bearing the heaviest burden of its consequences. These are groups that the Bank works with or that are impacted by its work. The Bank should therefore be well placed to expand its work in adaptation and green resilience and to manage climate shocks as referenced to in the evolution roadmap.

It is unequivocal that tackling climate change and achieving human and societal development go hand in hand. Energy access, SDG 7, is a critical enabler for societal and economic development. The Bank is an important player in this field. However, the World Bank's approach towards the linkages between energy and climate change remains unclear. As the IPCC report highlights, the difference between a 1.5-degree and 2-degree warming is massive, where many impacts would be two times worse with a 2-degree warming. The evolution roadmap references mitigation especially in MICS at many places, phase out of fossil fuels is a clear-cut part of mitigation. The extraction and burning of fossil fuels represent over two thirds of global greenhouse gas emissions. It is therefore surprising that the evolution roadmap makes no reference to the 1.5 degree target, no reference to fossil fuels and does not mention the Paris Alignment methodology that the MDBs are developing. Historically, fossil fuels have been an important part of economic development, however, this is not the case anymore, supporting fossil fuel projects (including gas) in low- and middle-income countries is counterproductive as it creates [fossil fuel lock-ins](#).

Additional financing is needed to live up to demands for increased climate financing such as financing for loss and damage and the **MDBs** role in that. The [Sharm el-Sheikh Implementation Plan](#) also called on multilateral development banks to reform its practices and priorities and encouraged them "...to define a new vision and commensurate operational model, channels and instruments that are fit for the purpose of adequately addressing the global climate emergency". In the [joint COP27 statement](#) of MDBs there was neither any mention of fossil fuels nor the 1.5 degree target, this must be included in the MDBs ambition of mainstreaming just transition efforts.

These points raise concerns on whether the World Bank is ready to take on the role as a central player in tackling climate change. With the Bank's ambition comes a larger responsibility, we would like to raise the following points that we hope can inform the World Bank's ambition as a credible development actor and climate finance player:

- **Commit to a phaseout of all fossil fuels and the 1.5 degree target**, in order to reach IEA's Net Zero Scenario, all investments should be in line with the 1.5 degree target. The World Bank needs to reform its core operations, integrating climate throughout its work and making sure all its funding is aligned with the Paris Agreement's goals (1.5). In fact, climate integration should be a key pillar of the Evolution roadmap reforms.
- Fossil gas and its liquefied form, Liquefied Natural Gas (LNG) cannot be seen as a transition fuel as there is numerous evidence that it is actually a [prohibitor](#) to achieve the just energy transition needed. To stay in line with the 1.5 degree target the Bank must move to Renewable Energy and phaseout of all fossil fuels, this should be stated in the evolution roadmap and clearly defined in the Paris Alignment methodology.
- There are also concerns related to "indirect investments in gas" e.g. investments and policy advice that supports fossil gas and LNG infrastructure. Examples of this have been documented in [Pakistan](#), [Indonesia](#) and other parts of the [world](#).
- Furthermore, Russia's war on Ukraine highlighted the vulnerability of fossil fuel dependency which the International Energy Agency (IEA) refers to as the world being in the midst of its first global energy crisis. This has been felt all over the world with soaring energy prices and it has also contributed to the [global hunger crisis](#). The IEA also [states](#) that "faster clean energy transitions would have helped to moderate the impact of this crisis, and they represent the best way out of it.
- LNG prices hit record levels in 2022, which resulted in a decrease of demand in Asia by 7%. In Pakistan and Bangladesh this resulted in an inability to afford LNG cargoes, resulting in gas and power shortages with severe effects on the economy.
- It is clear that the only approach to ensure energy security, equity and sustainability and a more peaceful world is through investments in renewable energy; this approach must be fully adopted by the World Bank.
- This just energy transition must happen in a way that does not further place the burden and costs on local and marginalised communities - either when land is used for renewable energy projects, or resources mined for the minerals necessary for the transition. The best way to ensure this is through increased transparency and further engagement with local communities and CSOs through its Country Partnership Frameworks and other strategies. The World Bank is well placed to do so given its country presence.
- Align the Country Climate Diagnostic Reports (CCDRs) with the 1.5-degree target and let them guide national strategy and investments and Country Partnership Frameworks
- As the roadmap highlights, given the interconnectedness of global challenges such as climate change, pandemic risks, and rising fragility a more global and cross-border approach is needed. However it is crucial that the Bank contains its country level approach and strengthens its local presence for successful projects. This highly applies to climate finance to adaptation, resilience and loss and damage where it is



crucial with a local approach, such as the [Principles for Locally Led Adaptation](#). Overall the roadmap lacks references on how to engage with local communities and CSOs

- Climate finance to vulnerable countries must be given as grants and concessional loans in order to not put countries in further debt crises. Debt crises drives climate changes as it forces countries to engage in activities related to fossil fuels and deforestation.
- It is also worth highlighting that Paris Alignment of financial flows and investment Article 2.1 C of the Paris agreement and climate finance are two important but separate things.

## Questions

1. *Will you ensure that the Bank tightens language on what Paris alignment means? With a clear exclusion of all fossil fuels (oil, coal and gas)?*
2. *Will you ensure that the Bank excludes any support policy and financial, direct and indirect for gas, including LNG?*

More information on the process and progress on the Paris Alignment methodology:

3. *Will you work for increased transparency and inclusion of CSOs in the development of the Paris Alignment methodology? The EBRD successfully consulted civil society in developing its Paris alignment methodology, so this should be a requirement on all MDBs in the Joint MDB Working Group on Paris Alignment.*

4. *Will (and if so how) the Bank work for increased transparency and participation of local communities and CSOs in the development of the Country Partnership Frameworks, investments and consultations of projects on the ground? There is no mention of this in the evolution roadmap*

5. *In relation to Paris Alignment methodology exclusions, to what extent will the methodology rely on uneconomic and unsustainable solutions such as CCUS, large hydro, nuclear, fossil gas, and fossil-based hydrogen? Resource has developed a [renewable energy methodology](#)*

6. *A truly just energy transition, this means ensuring that the renewable energy transition and the minerals it depends on does not result in a new era of colonial resource exploitation. Can we expect measures to mitigate these impacts and ensure communities do not bear the cost of the transition to renewables? This also includes expansion of green hydrogen.*

7. *What is the status/process of the MDBs role in loss and damage financing?*

8. *Can you please clarify this point stated in the COP27 join statement? "Voluntary Cooperative Approaches: As recognised under Article 6 of the Paris Agreement, the MDBs are supporting the development of market and non-market instruments, such as monetisation of adaptation benefits and verified emissions reductions. What type of projects under article 6 is the bank supporting?"*

