

I. What are your views on the direction and ambition of the new mission statement?

We welcome the incorporation into the Bank mission that environmental sustainability, resilience and inclusion are integral to ending extreme poverty and increasing global prosperity. At the same time, the mission statement could demonstrate more ambition with reference to the Bank's value-add within the context of global development finance. Per the Bank's own estimate, some US\$2.4 trillion per year between 2023 and 2030 is required to adequately respond to global development challenges, which is likely very conservative. The International Renewable Energy Agency estimates that \$131 trillion is needed to meet the Paris Agreement climate targets. At such a scale, the budgets of all international financial institutions put together cannot provide nearly enough.

BIC views the Bank's value-add in the development space as one that should involve being a leader on sustainability as well as environmental and social standards. The Bank's work should be centered around the people it aims to benefit, and should include local communities and marginalized groups in all of its projects. The Bank faces a multitude of crises that will require a delicate balance between growth and efficacy in order to accomplish its proposed new mission. In that vein, there needs to be scaling up of resources for safeguards implementation, increased supervision and monitoring, and a strengthening of accountability mechanisms. This includes a fully resourced remedy framework for those who do face harm as a result of WBG-financed development projects.

The auspicious goal to be a 'climate Bank' will remain far-fetched without a significant improvement in the Bank's approach toward Paris alignment. A focus on alignment with client country commitments is insufficient to meet the 1.5 degree target and instead the Bank needs to identify ways it can play an additive role, going beyond aggregate country commitments in order to meet the goals of Paris.

While the Bank remains focused on the scale of their investments and playing a catalyzing role in global sustainable development, it is critical that the Bank prioritize quality investments. The Roadmap proposes dramatic increases in the lending of the World Bank Group without sufficient discussion of how its environmental and social due diligence, capacity to supervise compliance with E&S requirements, accountability frameworks, and transparency of reporting on development outcomes will keep up with such an escalation. Considering the Bank already holds a substandard track record when it comes to remedying harm from its projects, these accountability frameworks will

become increasingly important as the Bank increases the quantity of its investments. An increase in risk requires a proportional increase in safeguard capability, something the Bank is already lacking in now.

II. Do you agree with the enhancements to the operating model, and are there specific improvements you consider as priorities?

Many of the most promising improvements to the Bank's ability to address global challenges may fall into the operating model discussion. Some of the most significant needed improvements have yet to be discussed in connection with the Evolution Roadmap proposal, because the Roadmap has thus far taken a light touch toward the *quality* of investments and focused instead on the amount of capital available to the Bank. Our comments here speak to some examples of how the Bank might improve upon its development impact, whether or not the Bank is able to increase the amount of capital available for lending.

A. The Bank has a tendency to work in silos, and would benefit from working across sectors and themes to achieve multiple objectives and co-benefits in many of its projects. In doing so, the Bank can address critical global challenges while simultaneously contributing to ending poverty and increasing shared prosperity. For example, investments in regenerative agricultural techniques and inputs can achieve objectives related to food security, livelihood support for marginalized groups, water scarcity, and resilience in the face of changing weather patterns with co-benefits like mitigation of climate pollution, desertification abatement, and geopolitical conflict prevention. There is no shortage of such investment opportunities where there is also a dearth of public financing that could lower risk for other investors. However, the Bank will have to find ways to become more internally collaborative to consider impacts of each investment that reach across sectors, regions and development aims.

B. We also welcome certain elements of the Bank's proposal to Governors in advance of the Spring meetings, and offer some recommendations.

1. Revamping core WBG country diagnostics - Core diagnostics should include the value of nature and the impact of externalities that are often missed in standard national accounting. In addition, SCDs should [incorporate analysis of civic space](#) at the country level as another global challenge that is a barrier to sustainable development.

2. Quality of financing - The Bank can improve upon the quality of its financing by doubling down on principles of good governance:

especially transparency and accountability. This was one of the recommendations from the G20 commissioned report on MDB's capital adequacy frameworks: "Create an enabling environment for reform through greater transparency and information." The Bank's development impact can improve with more robust and proactive stakeholder consultation, information disclosure, in addition to systematically 'reporting out' on the impacts of financing. Below we reiterate relevant recommendations we have made previously in discussions with Bank management.

- a)** We strongly urge that the Bank require stakeholder engagement plans for all DPFs. This type of lending constitutes a significant percentage of Bank climate finance, but its effectiveness remains poorly understood due to the lack of transparency and disclosure. Although the ESF does not cover DPFs, this type of financing represents about a third of total public sector commitments in recent years. In 2015, an IEG report found DPFs included actions with significantly more risk than were identified by Bank task teams, risk that would be mitigated by consulting with civil society about prior actions before client governments commit to them. The Bank did not provide an adequate response to the IEG recommendations that included augmenting accountability mechanisms, and we encourage the Bank to go back to that report and disclose how it will address each IEG recommendation .
- b)** The Bank must disclose project-level analysis of mitigation and adaptation co-benefits. BIC and CSO partners have found extremely concerning gaps in the rigor and consistency of how mitigation co-benefits are calculated at the project level, and project-level disclosure of adaptation-related metrics and analysis is nearly non-existent. Our conclusion is that the effectiveness of Bank climate finance will benefit from a significantly more proactive approach toward transparency and stakeholder consultation on project-specific mitigation and adaptation accounting, as well as a more apparent connection of climate finance strategies with country-specific low carbon strategies such as those laid out in CCDRs.

- c) The Bank should also commit to do systematic stakeholder consultations upstream in the project cycle. This includes during drafting of CCDRs, CPFs, SCDs, as well as other and country-specific analyses like climate change action plans.
 - d) The WBG, and IFC in particular should disclose information regarding development aims of its investments prior to board approval, and should report back on achievement of those aims upon exiting the investment. The IFC project portal discloses very little information regarding the development rationale for projects with sometimes dubious development aims and serious negative impacts on communities and the environment. Investing in good governance measures up front can be part of a strategy to maximize effective use of Bank resources. Comprehensive utilization of the AIMM (Anticipated Impact, Measurement and Monitoring) system could be a component of this disclosure, as AIMM already exists, although it is apparent that the Bank is not comprehensively implementing AIMM in that results of past projects do not appear to inform future projects. Whether it is a more internal implementation of AIMM or not, IFC should demonstrate how previous shortcomings inform better project design, management and implementation.
3. **Corporate Scorecard** - We strongly support an overhaul of the scorecard so that it is focused on outcomes and not on money spent. The purpose of the Corporate Scorecard should be to report out to stakeholders and shareholders on the Bank's development impact. As such, we propose that 'Tier 2' indicators are the core of the scorecard, as these illustrate the direct impact of Bank support on communities and the environment. While 'Tier 3' indicators are pertinent to the Bank's operating model, this information should be presented separately. As Tier 1 indicators are about the global context in which the Bank works, these also are useful but should be presented separately from report-out about a causal effect of the Bank's work. We have several recommendations regarding the scorecard's logic and purpose, the specific indicators, and how the WBG develops and uses the scorecard.
- a) **Purpose, rationale, and process.** With previous scorecards, the Bank has said the aim was to provide a snapshot or overarching view of Bank activities. It would be

more useful to stakeholders and shareholders if the purpose was to report on the *impact* of WBG activities and its contribution toward achieving its broader mission, which some aspects of the scorecard seemed designed to do. The corporate scorecard should include clear metrics about impacts to social, economic and environmental objectives that result from investments per fiscal year, including the impact of prior actions to address discriminatory laws or policies that promote further inclusion such as accessibility. The scorecard should distinguish impacts resulting from public versus private sector support. Impacts should also be differentiated in a way that allows stakeholders to understand the direct correlation to investments from each lending instrument. This differentiation is an important aspect of full transparency since impacts of individual investments are disclosed differently or with different degrees of transparency for IPF versus DPF, and for IBRD/IDA versus IFC/ MIGA.

- (1) For the information to be understandable and clear, it will also be important to include certain background information in corporate scorecard publication. This will include methodologies for producing each indicator. Also, perhaps in an annex, the Bank should provide full definitions and explanations of Bank-specific terminology, or at least reference to disclosed documents with such detail.
- b) Considering ways in which previous scorecards fell short, we also have recommendations for what the scorecard should *not* do in order to be informative.
 - (1) The indicators should not report average or aggregate impacts in ways that obscure how WBG activities fell short, or ways in which WBG activities were notably successful. For example, it is not useful to provide an indicator that aggregates impacts across distinctive groups of marginalized communities, such as children, Indigenous Peoples, or persons with disabilities.
 - (2) Related, the scorecard will not be credible if it communicates only areas where WBG activities

resulted in a net benefit to development objectives. For example, WBG should report on its climate footprint, not just how much mitigation it achieved.

(3) The Bank's focus should not be how much money it spent, although reporting on how many objectives it achieved per dollar may be useful.

(4) The WBG should not use the scorecard as a way to describe its activities in place of reporting on impacts and outcomes.

- c) Another consideration is which types of activities the indicators should involve. We propose that in order to appropriately report on WBG activities, they should include all WBG activities. This includes public and private sector investments
- d) With respect to the process of developing and utilizing the corporate scorecard, the WBG should proactively share information and seek the views of external stakeholders, including those who are directly affected by the Bank's work, through consultation. Any changes to the scorecard, including currently in the context of the Evolution Roadmap, should involve consultations with stakeholders. Ideally, the WBG would produce an updated scorecard annually, or at the very least publish some indicators annually where feasible. The WBG should also do more than just publish the scorecard on its website, such as having the Bank President present the newest scorecard at each annual meeting.
- e) **Specific Indicators** - We support a narrowing down of corporate scorecard indicators to those that most demonstrate how the WBG has used its resources to achieve direct impacts, which generally is a pared down set of 'Tier 2' indicators. There are also several indicators missing from previous scorecards that we propose are needed for understanding how the WBG is achieving progress, or falling short, with respect to social and environmental issues. The indicators we propose below are not everything we believe should be included, but only where we have expertise to make recommendations. The indicators we recommend below fall into the categories of good governance, social impacts and environmental impacts. We

encourage the Bank to determine the most effective metrics, although we have suggestions in some cases.

- (1)** On principles of good governance, there should be indicators to capture the quality of stakeholder engagement and participation. This includes disaggregating which stakeholders were consulted, as well as focusing on meaningful engagement that indicates how their feedback will be taken up in project design and implementation.
- (2)** As for transparency and disclosure, indicators should capture the quality and consistency of information disclosure.
- (3)** In terms of redress for negative impacts, the scorecard should consider availability of redress. This includes the percentage of IAM/GRM cases that result in remedy, and the number of individuals satisfied with the remedy they've received.
- (4)** On social impacts, indicators should measure inclusion of marginalized groups, including persons with disabilities, LGBTQI+ people, women, and children, in project benefits. The Bank should also seek to measure the effectiveness of measures to protect human rights in Bank-financed projects, including to measure reduction of risks to human rights defenders, and children in terms of reducing child labor and harms like GBV and SEA/H.
- (5)** On environmental impacts, the target should be on climate crisis abatement. This means monitoring gross portfolio-wide GHG emissions, and disaggregating them by top polluting sectors: energy, transport, agriculture, manufacturing/industry, and infrastructure. There should be a net increase in carbon sinks and natural forest cover. Further emphasis should be placed on adaptation and resilience, like the estimated prevention of costs associated with climate impacts.

III. Do you agree with the recommendations to adapt the financial model, and the suggested financial proposals to be explored further, to address the wide gap between needs and resources?

- A.** We broadly agree with the recommendations of the G20 review of the capital adequacy framework and the Bridgetown Agenda, as relevant to the Bank. We agree that there must be a significant increase in overall investment to address global challenges to sustainable development. Public finance is a tool for economic development and should therefore always seek to incentivize sustainable economic activities in the broader marketplace. The World Bank Group should look at all of its investments in both the public and private sector with an eye towards understanding how these investments can best address global challenges, and shift broader economic activity in a pro-climate direction. The Evolution Roadmap currently fails to acknowledge issues with private sector accountability. As mentioned above, IFC and MIGA have proposed a deeply flawed “Approach to Remedial Action” that stakes out the position that IFC/MIGA do not intend to hold themselves or their clients accountable when private sector investments fail to achieve development outcomes and leave host communities worse off. A failure to address this gap risks undermining the intended purpose of the Roadmap.
- B.** The private sector has a pivotal role to play in solving development problems; this requires public financing that is intentional. The private sector will act in a way that produces more positive development outcomes when it is incentivized, or as a co-benefit of otherwise typical economic activity. However, we are far from economies with climate neutral footprints, or that automatically address the needs of marginalized communities. This dynamic of the global economy is not new, and neither is there anything fundamentally different about the role of the Bank. What would be fundamentally different is if the Bank commits to move forward only with investments that are intended to promote sustainable development.
- C.** In terms of how the Bank should employ its private sector finance (from both IFC and MIGA), it should commit to investing in an economic shift away from existing industrial, carbon-emitting models and toward investments to demonstrate the viability of, and to scale up, low- or no-carbon production methods. Rather than underwriting business as usual investments, public financing should assist in incubating climate-smart technologies and growing markets reliant on those technologies. For example, IFC and MIGA should reorient support away

from industrial animal agriculture and fossil fuels and toward sustainable agriculture, renewable energy, and electric vehicle infrastructure.

IV. What do you expect by the 2023 Annual Meetings with regard to the WBG evolution, and do you support the proposed next steps for WBG Management and the Bank Group’s Executive Directors to advance the agenda?

We anticipate a revision of the Roadmap that incorporates the above recommendations, along with the views of other civil society and voices of the global south. We appreciate that the Bank has provided the online portal to be transparent regarding the status and next steps, as well as future opportunities for continuing consultation. We also expect transparency from the Bank around how recommendations from civil society were taken into account, and where recommendations were not incorporated into a revised Roadmap.

V. Do you have any other views you would like to share?

Notably, the Evolution Roadmap makes no mention of the communities that host World Bank Group projects and investments and the people that are meant to benefit from such development projects. BIC and other civil society partners have pointed out that WBG projects far too often fail to adhere to E&S requirements, in some cases leaving communities facing negative impacts even after the WBG has exited or closed the project.

For all these enhancements, it is essential that they be accompanied by commensurate enhancement of the accountability framework and adequate resourcing for environmental and social due diligence and supervision. This necessarily includes putting in place robust policies and procedures for providing remedy for those who are harmed by WBG activity. Additionally, we have concerns regarding IFC’s “approach to remedial action,” meant to address the existing accountability gap in IFC projects. This process has failed to address the existing remedy problems, let alone account for the dramatic increase in lending expected as the evolution process moves forward. Taking on more risk will require a proportional increase in resources for providing remedy to impacted communities.

In light of the WBG track record of failing to remedy harm that results from its projects, a massive scaling-up and acceleration of WBG investments without consideration of the

circumstances of and impacts to affected communities is deeply concerning. While we welcome the ambition to position the WBG as a leader in mobilizing financing to address global challenges, including through taking on additional risk, for the poorest and most marginalized communities to be left to carry that additional risk is contrary to the WBG's development mandate and will undermine its efforts to address the climate crisis and other global challenges.