

Bank Information Center

**Strategic Plan
2009 - 2012**

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Inputs to BIC's Strategic Plan

This strategic plan is the outcome of a staff process, which is informed by consultations with our Board and our best intelligence gathering. BIC commissioned work or engaged in processes that produced the following inputs to our Strategic Plan:

- BIC's "Strategic Planning Survey" of its partners, which was conducted from May through June 2008
- "Bank Information Center Evaluation," Chee Yoke Ling and Phil Twyford, June 2008
- A Gender Audit Report on the Bank Information Center, prepared by Gender Action, June 2008
- "Understanding, Mapping and Using the Shifting International Financial Institutional and Development Finance Landscape" by Sony Kapoor, August 2008

Executive Summary

Over its 20-year history, the Bank Information Center (BIC) has partnered with civil society in developing and transition countries – as well as the Global North – to influence the World Bank and other international financial institutions (IFIs) to promote social and economic justice and ecological sustainability. For the 2009-2012 period, BIC will pursue this mission with a primary institutional focus on the World Bank Group.¹

The strategic plan will guide BIC’s work for the next four years, assuming a \$2.2 million annual budget and adding two staffers to the current count of 19 full-time staff.

With the emergence in recent years of various international financial regulatory bodies as well as alternative sources of finance, the power and influence of the World Bank has been called into question. In the face of the global economic crisis sparked in 2008, the World Bank Group is likely to increase its power and finance for at least the next few years, particularly for aid-dependent countries and middle-income countries with high levels of debt. At the same time, the markets will shun goals, such as economic justice and ecological sustainability, if they are perceived as short-term costs rather than long-term benefits. Hence, the need for BIC’s mission and role as the premier go-to organization on the World Bank Group (WBG) is greater than ever.

Campaigns

BIC proposes **three campaigns** through which it will make its mark during the next four years. Within each campaign, BIC will design and be held accountable for continuous progress in attaining gender-related goals and objectives.

- **World Bank Transparency.** BIC will work to empower groups affected by World Bank-financed operations by ensuring that the Bank adopts a modern information policy based on a true presumption of disclosure and implements it rigorously.
- **Extractive Industries.** World Bank engagement in extractive industry operations should be endowing host countries with resource “blessings” rather than “curses.” To this end, the campaign will promote new IFC requirements for EI transparency and improvements in social and environmental standards.
- **Climate Change.** This is the most dire threat to the planet. BIC’s campaign will focus on shifting the WBG’s energy sector strategy/portfolio away from fossil fuels to one focused on financing renewable energy and energy efficiency.

Regional Engagement

Regional development banks. Through agreed divisions of labor or possible Memoranda of Understanding, BIC hopes to support the leadership role of our regional partners in Europe

¹ The World Bank is comprised of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The private sector affiliates of the World Bank are the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The fifth arm of the World Bank Group (WBG) is the International Center for the Settlement of Investment Disputes (ICSID).

and Asia on key issues relating to the development banks in those regions. It will also explore the potential for collaboration with partners in Latin America.

In Africa, BIC will work with African civil society groups to conceptualize what a civil society network dedicated to monitoring the African Development Bank could and should look like and will support the creation of any new entity decided upon.

BIC's regional offices (La Paz, Bangkok, New Delhi, Nairobi). The functions of these offices will be under review during 2009.

Core BIC Activities

Information Services and Training. Information provision will continue to be BIC's long-standing hallmark as the premier organization focused on the WBG's policies and operations. Resources permitting, BIC will respond to demand for training and capacity-building. As with the campaigns, information services will be designed in gender-attentive ways.

Facilitating Advocacy. Each campaign will entail facilitating advocacy in the regions and vis-à-vis the WBG and its shareholder governments. In addition, where warranted, BIC will continue to respond to communities harmed by Bank-financed projects and support claims to the Inspection Panel and the IFC's Compliance Advisor Ombudsman, particularly when such claims are emblematic of systemic negligence by the institutions. BIC will also seek to build the capacity of other organizations to respond to the needs of these communities.

Convening Partners. BIC will continue to play its traditional convening role in Washington and facilitate access by its partners to decision-makers. We will also continue to convene, participate in, and lead international discussions and strategy sessions regarding the IFIs, where appropriate.

BIC Advocacy: Focus on the US government. BIC will coordinate and facilitate efforts by Washington organizations to influence the decisions of the U.S. government (e.g., Congress, the Department of Treasury, and the White House) regarding IFI-related issues.. In addition, it will work with its partners to influence primarily the members of the World Bank Group's Boards of Executive Directors.

Prospective Project on Aid Flows and National Budgets. BIC will seek to raise the resources to support Budget Revenue Check groups in at least 12 countries to bolster citizens' national budget monitoring initiatives. Many existing budget watchdog groups work only with domestic budget flows. BIC will support groups wishing to bring knowledge of external flows, as well as IMF and World Bank policy conditions, to the table.

I. CONTEXT

The financial crisis. The global economic crisis triggered in 2008 is causing the tectonic plates of the international financial system to crack and shift. In the end, we could be left with a smaller financial world; stagnant or shrunken economies; and many castaways – people who have lost their livelihoods and, in some cases, their means for survival.

Unwinding of excesses on such a scale involves four giant processes: a drop in asset prices to a sustainable level; de-leveraging the private sector; recognizing the magnitude of losses; and recapitalizing the financial system. Martin Wolf states that, “Making all this worse will be the collapse in private sector demand, as credit shrinks and wealth falls. None of these processes is even close to completion”² (as of late 2008).

We have witnessed years of deregulation of financial markets in the U.S. and, through the auspices of the international financial institutions (IFIs), in developing countries. Over the next years taxpayers around the globe will be picking up the tab for years of misguided market fundamentalism in Washington.

One can hark back to 1989 when, with the collapse of the Soviet Union, the U.S. relished the “triumph of capitalism” and worked with the IFIs to ensure that national enterprises and financial markets were wrested from state control. Now, suffering from the corruption of its own financial system, which disguised sliding asset values and proliferated risk throughout the international financial system, the U.S. has done an “about face,” engaging in nationalization of enterprises on an historic scale.

Heretofore, with the steady rise of private capital available to many countries in the Global South, the IFIs stepped up their private-sector facilitation roles. The World Bank is a pace-setter with regard to reforming countries’ investment climates and promoting private sector development. The International Finance Corporation is also a pace-setter, pushing the boundaries of private finance in so-called “frontier” economies.

As the 2008 financial crisis rapidly unfolds, it is unclear how deep and sustained a dive in investor appetite for risk could be. Already, inflation in middle- and low-income countries has hit the highest level in this decade. Investors have reduced foreign direct investment in middle-income countries and have pulled back portfolio flows. Remittances are sharply reduced. While the full extent of the reversal in private capital flows to low- and middle-income countries remains to be seen, it is clear that the international financial institutions will assume greater importance in many developing countries than they have today. In an era of restricted credit – particularly cheap, long-term credit, these institutions will provide a lifeline to many more economies for some time to come.

The financial crisis may also accelerate the development of regional monetary and financial cooperation – Banco del Sur, the Chiang Mai Initiative, sub-regional unions in Africa (e.g.,

² Martin Wolf, Financial Times, September 17, 2008.

the West African Economic and Monetary Union) or a continental union. However, as yet, these initiatives do not present significant alternatives to the IFIs.

Poverty and inequality. Since 1990, levels of inequality have grown significantly between rich and poor, dominant elites and indigenous groups, and between the Global North and South. Meanwhile, profound inequality persists between men and women, which is manifested in culturally unique ways.

In 2008, the World Bank began using different metrics to measure poverty (e.g., a \$1.25/day poverty line rather than \$1 per day) and found that levels of poverty are much deeper than previously thought.³ For instance, in sub-Saharan Africa, the \$1.25 a day poverty rate has shown no sustained decline since 1981 (50 percent of the population remains mired in extreme poverty). In absolute terms, the number of poor people has nearly doubled, from 200 million in 1981 to 380 million in 2005.

A September 2008 UN report, “Delivering on the Global Partnership for Achieving the Millennium Development Goals,” notes that, “Aid to poor nations has slumped even as higher food and energy prices and slowing global economic growth have made such assistance more urgent.” The report showed that aid dropped 8.4 percent in 2007, after a 4.7 percent drop in 2006. Commitments to help Africa in particular have lagged. In 2005, the G8 pledged to donate more than \$25 billion to Africa by 2010, but just \$4 billion has been delivered to date.

In contrast, World Bank assistance to Sub-Saharan Africa rose to \$7.3 billion in FY08. Overall WBG assistance grew by 11% to \$38.2 billion over the previous year (CHECK), driven by responses to food and financial crises and rising infrastructure lending. Negotiations of the 15th replenishment of the Bank’s concessional assistance window, the International Development Association, produced a record \$42 billion replenishment – a nearly 30 percent increase over the previous round.

The IFC financing for private sector development increased to \$16.2 billion, a 34% rise. The IFC contributed \$1.75 billion to the IDA replenishment and, in the coming three years, in addition to its own operations in Africa, the IFC could co-finance up to 40% of IDA projects. The IFC-IDA partnership will merit close monitoring to ensure that the institutions are not further eclipsing “policy space” in developing countries or undermining transparency or social and environmental standards.

The natural world. Our natural world is facing severe limits: warming caused by escalating greenhouse gas (GHG) emissions, rampant pollution of land and water, severe loss of biodiversity. IFI member governments, particularly in the Global North, are driving a Faustian bargain. In the legend, Faust traded his soul to the devil in exchange for knowledge.

³ These new estimates have sparked controversy from analysts that claim the Bank’s new estimates are based on the same methods it used earlier and are undermined by the same problems as the earlier estimates. A response paper by expert Sanjay G. Reddy: “World Bank’s new poverty estimates - digging deeper into a hole” argue these issues. See: Latin American Monitor, September 2008.

Particularly in times of financial turmoil, such as these, governments and the markets are driven to trade planetary survival in exchange for short-term economic recovery.

To date, the IFIs are pursuing two contradictory paths – the primary path is one of fossil fuel-driven growth; the other route, trying to position themselves as “green” or “climate” banks.

Despite heightened awareness of the extreme risks posed by continued growth in human-generated carbon emissions, the World Bank Group has actually increased its fossil fuel investments by 59% over the last three years.⁴ The IFC has recently invested in gigantic coal thermal plants, with plans for further such investments in the future.

At the same time, the WBG has ramped up its “environment” lending over the years and recently maneuvered – with donor government encouragement – to control a number of climate-related funds. Furthermore, given its size and influence, the WBG de facto determines social and environmental standards for the world of development finance. When the Bank adopts policies, regional development banks often follow. IFC Performance Standards⁵ form the basis of the Equator Principles to which over 60 financial institutions subscribe (as of late 2008), effectively setting the standards for 80% of global project finance. With the explosion in recent years of external financing by China, Brazil, India, and others (often absent social and environmental requirements), the WBG’s social and environmental standards have assumed added importance.

Political Change in the US. Barack Obama’s victory in the 2008 US Presidential election will undoubtedly lead to significant shifts in US foreign and economic policies. With a heightened commitment to addressing global poverty and climate change through multilateral fora, observers anticipate that the Obama administration will exercise greater leadership at the World Bank and other international institutions. Civil society organizations expect strong, collaborative working relationships with the new administration.

As these profound crises play themselves out in the realms of finance, ecology, poverty and inequality, BIC is more necessary than ever. Over the coming period, BIC will pursue three overarching campaigns to help prevent the shareholders of the World Bank Group from clinching this Faustian bargain and to demonstrate the power of an alternative, sustainable development path.

II. CAMPAIGNS

From 2009 to 2012 BIC will undertake three strategic campaigns relative to the World Bank Group in the following areas: transparency, extractives and climate change.

⁴ BIC figures, November 2008.

⁵ IFC Performance Standards: 1) Social and Environmental Assessment and Management Systems; 2) Labor and Working Conditions; 3) Pollution Prevention and Abatement 4) Community Health, Safety and Security; 5) Land Acquisition and Involuntary Resettlement; 6) Biodiversity Conservation and Sustainable Natural Resource Management; 7) Indigenous Peoples; 8) Cultural Heritage.

BIC has chosen to concentrate its resources and energies on pursuing change at the World Bank Group given its prominence and pace-setting role among development finance institutions. While in past years BIC has also worked on the Regional Development Banks (RDBs), the organization has chosen to heed the advice of its external evaluators that the organization was stretched too thinly. BIC will continue to support partner organizations in leading advocacy efforts on the RDBs.

Thematic issues of transparency, accountability, and environmental and social policies, were all recommended as continued BIC foci in BIC's partner survey. Issues related to the financing of extractive industries received the highest number of partner responses. In addition, partner organizations also called for attention to the growing World Bank role in international climate change efforts.

A. Campaign For World Bank Transparency

Desired Outcomes

- The Bank's information disclosure policy is strengthened (see part 1, below), and
- The policy is effectively implemented, resulting in increased access and usage of Bank documents by civil society groups (see part 2, below).

1. Revision of the World Bank's Information Disclosure Policy:

- a. The World Bank adopts a modern disclosure system based on a true presumption of disclosure (i.e., adopts a "negative list" approach) with expanded routine disclosure, narrowly drawn constraints, process guarantees for requests, an appeals process, and a public interest override.
- b. The Bank expands access to draft information (draft Country Assistance Strategy, Project Appraisal Document), implementation information (aide memoires, supervision documents), and information on Board discussions (summaries of Board discussions)
- c. The Bank's new initiatives/product lines (technical advice, consulting services) fall within new policy
- d. The Bank strengthens its guidelines and budget for translation and expands access to translated documents

Opportunity

The World Bank will launch a review of its disclosure policy in late 2008 that will run through most of 2009. The Bank's transparency standards have fallen significantly behind other institutions since its last policy review (2002). BIC and the Global Transparency Initiative (GTI) have been pushing the Bank to modernize its access to information system.

Background

"Freedom of information is a fundamental human right and [...] the touchstone of all freedoms." Access to public information is a necessary precondition for individuals to make free choices and to live autonomous lives.

The right to access public information is enshrined in international and regional legal agreements, and in over 50 national constitutions. Nearly 80 countries have adopted access to information legislation, the majority since 2000. This “fundamental human right” is steadily taking concrete, enforceable form.

The International Financial Institutions (IFIs) are vast producers and storehouses of public information, from general economic conditions of shareholder countries to specific information on health conditions, education systems, infrastructure needs, and exploitation of natural resources.

Through successive bouts over the past fifteen years, civil society organizations have forced significant changes in the degree of transparency of IFI operations. IFIs now generally acknowledge that public access to information is essential for effective development.⁶

Challenges

Fundamental challenges remain in ensuring timely stakeholder access to information held by the World Bank and in strengthening democratic accountability.

- **Lack of “upstream” and draft information:** The World Bank generally withholds concept stage documentation and release critical information only after decisions have been finalized (i.e., project appraisals, program loans), blocking informed participation of stakeholders.
- **Gaps in “downstream” information:** External monitoring of World Bank projects/programs is hindered by the lack of adequate monitoring information. The World Bank still does not require disclosure of information on monitoring and supervision.
- **Weak Translation Framework:** The current Translations Framework is largely aspirational. As it is, full project or program documentation is most often not available in local languages. In some regions, such as the Middle East and North Africa, the Bank does not comply with its own information policy by translating the requisite documents into Arabic.
- **No access to shareholder positions at the World Bank:** Citizens have few if any means to learn of the positions taken by their governmental representatives on the executive boards of the IFIs.
- **Less transparent private sector operations:** The World Bank invokes a “business confidential information” exception to many aspects of IFI-financed private sector operations, presenting a range of access challenges.
- **Unaccountable disclosure systems:** Some IFIs are only now instituting request systems with process guarantees, but nearly all fail to allow for independent appeals for unduly denied information.

⁶ World Bank Policy on Disclosure of Information (2002), p. 2.

Strategies

- **Promote International Standards/Upward Harmonization:** Pressure the Bank to incorporate principles of GTI Transparency Charter (based on best international standards/practices) in new policy Utilizing the GTI scorecard, generate upward pressure by identifying deficiencies in the Bank's standards compared to other IFIs
- **Name and Shame:** Highlight specific projects/programs in which informed civil society engagement has been blocked by lack of access to information (i.e., monitoring), with particular attention to gender dimensions of access and participatory decision-making
- **Link Networks:** Engage FOI, PWYP, Publish What You Fund (PWYF), gender advocacy groups, think tanks, environmental groups, governance/corruption groups (TI), budget groups, and other networks in review.
- **Coordinate CSO engagement around consultations:** Utilize GTI network and other groups to coordinate civil society preparation for regional consultations.
- **Direct advocacy:** Build and coordinate CSO team (from borrower and donor countries) for targeted advocacy with Executive Directors. Conduct expert briefings. Elicit support from legislatures and relevant ministries.

2. Monitoring and Advocacy during Bank implementation of its new information disclosure policy

It is vital that citizens in developing countries (not only businesses) be able to access and use the documentation that is now in the public sphere. Hence, BIC will engage in a rigorous effort to ensure that the Bank is accountable to the users of its documentation.

Already, BIC has interested the Bank in launching a pilot project in conjunction with its new information disclosure policy.

Desired outcomes

- The number of Development Information Centers is increased by one-third. Thirty Development Information Centers have been created that carry the documentation of operations not only of the World Bank Group, but also a range of other creditors and donors. The Bank's Public Information Centers (PICs) only carry its own documentation.
- The policy is implemented, resulting in increased access and usage of Bank documents by civil society groups.

Strategies

- **Test implementation.** Organize targeted requests for information at the country-level (through information centers and country offices) to ensure new disclosure requirements are being implemented. A Monitoring Form (currently being designed) to evaluate the accessibility, services, and documentation available in these Centers.

- **Provide feedback.** BIC will provide feedback to the Bank about the performance of its Centers and advocate for improvements.

B. Campaign for IFC Standards for Extractive Industries

Desired outcomes

The International Finance Corporation reforms its Sustainability Policy, Performance Standards and Disclosure Policy to make its operations more transparent and accountable by:

- requiring full transparency for EI-related contracts, payments to governments, and budget expenditures.
- adopting new, more rigorous indicators of gender impact, poverty reduction and sustainability for EI activities and EI policy lending.
- with its clients, putting into practice and reporting publicly on policies to obtain prior informed consent and broad community support (particularly from women) for EI projects.

Opportunity

Beginning in 2009, IFC's review of its environmental and social standards and disclosure policy presents a major opportunity to advance BIC's extractive industry objectives.

Links to Other BIC Campaigns

The EI campaign builds on the transparency expertise of the organization as a whole, and will complement the more public sector-focused WB Disclosure Policy Review. The focus on the extractive sector will also highlight the high contribution of this sector to climate change so as to ensure it remains in the forefront of the climate change campaigns efforts to limit GHG emissions while ensuring energy security of developing countries.

Background

The International Finance Corporation has an influential role in the extractive industry sectors (oil, gas, and mining) and makes an effort to ensure that its EI activities contribute to positive development outcomes. The IFC invested a total of \$853 million in 2006 and \$1,058 million in 2007, of which 79 percent went to fossil fuel projects. It increased its lending for fossil fuel projects by a staggering 165 percent in FY2008. The IFC is more influential than the numbers suggest. Through its lending and advisory activities, it mobilizes funds from private lenders because its involvement is considered as a means of reducing political risk.

The IFC also plays an important role in setting social and environmental standards for investments in the extractive industries in developing countries. In particular, the IFC exerts an increasing influence on the standards applied by private banks involved in project finance. Sixty-one financial institutions (as of late 2008) have adopted the Equator Principles, which are based on the IFC's Performance Standards, to assess the social and environmental consequences of projects that they finance. While the Performance Standards adopted by the IFC in 2006 reflected some improvements over previous standards, they fell short of the

recommendations of many civil society groups. Moreover, implementation of the Performance Standards has been uneven.

Challenges

BIC and other civil society groups have expressed concerns about the IFC's involvement because extractive industries leave heavy environmental and social footprints, often adversely affecting surrounding land, air and water and disrupting the livelihoods and community life of people who live nearby. They are generally characterized by large-scale projects that involve not only local extractive processes but substantial investment in large infrastructure, such as roads, pipelines and ports to transport raw materials and refineries to process them. In some resource-rich developing countries, extractive industries have transformed the economies of large regions and sometimes the entire country. Extractive industries are the single largest source of green house gas emissions, as oil and gas are consumed for power generation, transportation and so on. The benefits of extractive industries tend to be unevenly shared, with a few powerful interests profiting greatly, while most of the local population gains little. The social and environmental costs are borne disproportionately by women, indigenous peoples and others in the communities living near extractive industry projects.

Given the shortcomings of IFC policies, BIC has an important role to play in ensuring that, when the IFC finances EI projects or provides technical assistance on EI regulation, it genuinely contributes to poverty reduction and sustainable development in a gender sensitive manner. BIC will place primary emphasis on ensuring that the IFC strengthen its requirements relating to the transparency of EI contracts, revenues and expenditures. It will also use its resources to collaborate with regional partners and northern CSOs, especially those with gender expertise, in a broader effort to reform the IFC's social and environmental standards. BIC's regional programs will attempt to achieve these goals by focusing on the implementation of IFC policies at the project level, collaborating with regional partners to identify problems and suggest solutions. An expanded policy program will engage in analysis and advocacy related to IFC policies, with the focus on IFC activities in EI.

Strategies:

- **Monitor the 2009-2010 implementation and policy reviews of IFC's Sustainability Policy, Performance Standards, and Disclosure Policy to influence process and outcomes.** BIC will secure information about the IFC reviews as early as possible so as to strategize with partners to influence the processes and outcomes.
- **Advocate higher environmental, transparency and social standards for EI activities.** BIC will identify the best international practices for EI (such as international human rights, gender & development, and environmental standards and the recommendations of the Extractive Industries Review) and urge that they be adopted by the IFC.
- **Develop closer ties with partners in the regions and build capacity to advocate for change at the IFC.** BIC will play a convening role around specific projects as well as the standard-setting policies of the IFC.

- **Monitor EI projects to document how IFC policies affect local populations.** BIC will focus on selected problem projects to leverage broader industry and institutional change in support of environmental, social, economic and gender justice. BIC will convene meetings/workshops in which parties affected by extractive industry operations can engage directly with key IFC actors and US Treasury.

C. Campaign on Climate Change

Desired Outcome

- WBG supports global transition to lower-carbon energy production by reducing its fossil fuel lending and increasing financing for renewable energy and energy efficiency
- Climate Investment Funds and Forest Carbon Partnership Facility are governed transparently and consistently with United Nations Framework Convention on Climate Change (UNFCCC) principles and decisions
- Civil society partners have deeper understanding of the role of the WBG in both contributing to and mitigating climate change.

Opportunity

The World Bank Group will revise its Energy Sector Strategy in 2009-2010, presenting a significant opportunity to secure a portfolio shift toward more sustainable energy production.

Links to Other BIC Campaigns

BIC's regional and policy programs have long focused on IFI energy projects. BIC was actively engaged in the Extractive Industries Review and will bring that experience forward to the Energy Sector Strategy Update. Many of the projects likely to be cited as opportunities to reduce GHG emissions involve the extractive industries; indeed the impact of such projects is one of the rationales for BIC's work on extractives. Ensuring the governance of both the CIFs and the FCPF is transparent will be a high priority, as will attaining access to new documents and other sources of information pertaining to the design and implementation of World Bank Group facilities, policies, and projects related to climate – with a special emphasis on the energy sector. BIC's work on the IFC's Performance Standards with respect to extractives (see above) may provide additional opportunities to reduce WBG support for fossil fuel-heavy projects.

Background

The World Bank has been working on climate, or talking about working on climate, since the 1992 Rio Earth Summit. It has yet to develop an approach that responds satisfactorily to the triple imperative of 1) reducing global warming; 2) balancing that with the drastic need to expand energy access in developing countries (countries that bear little culpability for the climate crisis); and 3) providing resources for vulnerable countries to adapt to the impact of climate change. But, to be fair, neither has anyone else.

At the same time, the WBG continues to promote development models largely based on prolonged reliance on fossil fuels that will only exacerbate global climate challenges. World

Bank Group fossil fuel lending has increased by 59% over the last three years. Moreover, the overall funding amount (past three-year average) for fossil fuels is still twice as much as renewable energy and energy efficiency, and is five and half times as large as financing for new renewables alone. A low-carbon economy will never be reached if fossil fuel growth is not drastically curtailed – it certainly cannot continue to be on par (or sometimes exceed) growth in new renewables.⁷

The WBG has moved aggressively to position itself as a pace-setting institution on climate and development issues. Its status will be bolstered by its control – for now – of the Climate Investment Funds (CIFs), which are slated to exceed all the Bank’s other trust funds in size. The Bank also has taken the lead in developing and controlling carbon markets over the last 10 years, and has now launched the Forest Carbon Partnership Facility (FCPF), designed to integrate unspoiled tropical forests into those markets, under the logic of “reduced emissions from deforestation and degradation” (REDD). Given the Bank’s inequitable governance structure, it is critical to ensure that decisions on climate mitigation and adaptation are reached by the UNFCCC – and respected by the WBG.

Challenges

Securing a shift in the WBG’s energy portfolio away from fossil fuels presents numerous challenges. Given that historical GHG emissions belong primarily to OECD countries, developing and transition countries – the Bank’s clients – reject restrictions on Bank energy sector financing. With an estimated 1.6 billion people in developing countries without access to electricity, the Bank’s approach to energy sector investments must balance climate change concerns with availability of energy for the poor. To date, the Bank has often ignored the cost competitive nature of renewables and off-grid energy solutions. Where renewables incur incremental costs, it will be imperative to increase financing to cover these to provide incentives for shifting the “energy mix.”

In 2004 the WBG rejected recommendations of the Extractive Industries Review to phase-out financing for oil and to formalize its then-moratorium on coal projects. In 2008, the IFC roared back into coal lending with over \$1 billion to three mammoth coal plants. The recent World Bank Strategic Framework on Climate Change and Development also signals continued support for coal. Civil society groups must generate significant political pressure to ensure that discounted public finance does not subsidize the most carbon-intensive modes of energy production.

Little has been done on the gender element in climate change. Due to a number of, women are likely to be disproportionately vulnerable to the effects of climate change. Women in most poor societies have more domestic responsibilities and in most cases also have to conduct income-generating activities that often depend on natural resources. The depletion of natural resources therefore places additional economic and time burdens on women, which further entrenches the status quo and hinders women’s efforts to find more roles in their societies. It is still to be seen if and how the World Bank’s climate strategies and their

⁷ BIC figures, November 2008.

implementation through project and program investments will address this need. BIC, for its part, will closely monitor the gender aspect in the WBGs energy sector update.

Strategies

- **Coordinate advocacy on Energy Sector Strategy Update.** BIC will convene CSO strategy sessions as well as advocacy meetings, acquire documents, and provide networking services. BIC will coordinate a process with partners on specifying specific objectives (i.e., phase-out coal and oil investments, % increase in new renewable lending, etc.) for the energy sector update.
- **Track the WBG’s energy portfolio and generate civil society, media, and political interest in Bank’s contribution to climate change.** Produce regular analyses of the WBG’s “climate contradictions,” that is, how its energy investments produce significant GHG emissions while it claims to be funding reductions.
- **Track CTF, FCPF, and regional World Bank climate strategies.** BIC will pay particular attention whether gender aspects and women needs are being addressed. Regional programs might choose other sectors (e.g., water for MENA, infrastructure for LAC, etc.) to monitor or focus on “showcase” projects.
- **Advocate for stronger climate change provisions in IFC Performance Standards.** As the IFC review its Performance Standards in 2009-2010, BIC will advocate for stronger climate-related provisions, including more stringent GHG emissions requirements.
- **Provide timely climate related documents/information and analysis.**

III. BIC’S REGIONAL ENGAGEMENT

A. BICECA

The BICECA project, *Building Informed Civic Engagement for Conservation in the Andes-Amazon*, has constituted the primary strategy for achieving BIC’s overall strategic goals in the Latin America region. Consisting of sub regional project and policy campaigns, the BICECA project links partner efforts in six Latin America countries and targets problems associated with the Initiative for Integration of Regional Infrastructure in South America (IIRSA) and its promotion of regional transport, energy and logistics corridors that are resulting in extensive alterations to landscapes, hydrology, and livelihoods in the region.

In 2009, BICECA will ramp up support for four ongoing campaigns⁸ around emblematic IIRSA projects, seeking to strengthen national advocacy coalitions proposing sustainable local land management plans, and change the future design and implementation of Amazon highways, which currently represent one, if not the most significant driver of deforestation in world’s largest tropical rainforest and source of one fifth of all GHG emissions. In years

⁸ Pasto Mocoa Amazon Highway in Colombia, the Southern Interoceanic Highway in Peru, the Northern Corridor Highway in Bolivia and the Madeira Hydroelectric Complex in Brazil.

2010 to 2012 of the strategic plan, BICECA's work will be integrated with the three organizational campaign themes.

B. BIC's Regional Presence

BIC will conduct a case-by-case analysis of the objectives for regional engagement in each region in consultation with regional partners and other relevant parties. In the meantime, BIC will maintain its presence in countries where gains have been made in building CSO interest and capacity and adopt a more flexible approach in others. Where the offices (currently La Paz, Bangkok, Nairobi, and Delhi) are making gains, they could provide services by: 1) working with partners to implement the regional work of the three campaigns; 2) continuing to facilitate advocacy, particularly relative to World Bank-financed projects where communities allege that the institution has violated its safeguard policies; and 3) by late 2009, supporting BIC's prospective project on aid flows and national budgets (see below).

C. Regional Development Banks

BIC's long-term goal is to support functioning civil society networks to effectively and professionally monitor the regional development banks. BIC will continue to collaborate with and provide support to the CEE Bankwatch Network (and allied groups) to monitor the European Bank for Reconstruction and Development (EBRD). Regarding the Asian Development Bank (ADB), BIC will support the NGO Forum on the ADB to strengthen its capacity to cover aspects of ADB operations that BIC had previously monitored. While BIC will continue to strengthen partnerships with groups in Latin America, we will not advocate for the (re)creation of an Inter-American Development Bank (IDB) network at this time.

Civil society groups in Africa have yet to focus effectively on the African Development Bank (AfDB). Until recently, the AfDB was known mainly for projects it co-financed, usually with the World Bank. At the 2008 annual meeting in Maputo, Mozambique, there was no civil society program, and BIC was one of the very few, indeed perhaps the only, civil society organization registered as such. BIC has decided that it would be less effective for BIC to "handle" the AfDB than for a recognizably African organization or network to focus on interaction and advocacy with it. BIC will continue, for a period of 18 months to two years, to build up its knowledge of and contacts with the AfDB with the explicit aim of building the capacity of African groups, including women's groups, to influence the AfDB. We will try to secure funding that will allow us to organize regional meetings, with training sessions, to focus on the AfDB and advocacy opportunities. Within the first year of work, we would aim to have candidates for a network steering committee that represents the whole continent (including the Maghreb), and work with them to create a provisional organization which can secure funding for the creation of a permanent network of African organizations working on the AfDB.

IV. CORE BIC ACTIVITIES

A. Information Services

BIC will heed the advice of its evaluators and “consolidate and re-focus around its core business and its strengths, and the services and support that its partners require.” What do its partners require? BIC’s Partner Survey showed that, “perhaps BIC’s greatest contribution is its role in strengthening citizens’ access to IFI-related information; of the respondents, 91% said this work was ‘very important’ to them and the remaining 9% said it was somewhat important.” In addition, BIC should deliver “intelligence from the DC institutions, convenes and facilitates civil society advocacy, as well as direct advocacy with the US Government.”

BIC’s evaluators recommended that BIC should “Increase in-house capacity for policy analysis.” With a focus on three campaigns – transparency, extractive industries, climate change – BIC will strengthen its analytical outputs to support its own and its partners’ advocacy in these areas.

As the three campaign areas are further defined, BIC’s Information Services Program will play a crucial role in not only assisting the regional and policy programs with disseminating key information about each campaign, including coalitions, and key campaign and advocacy opportunities. In addition, the website will be enhanced with dedicated campaign pages, serving as a resource portal on each campaign. BIC’s website is a key advocacy tool, and can be further improved, including through the use of multimedia tools to help inform the IFI watching community about policies and programs related to the four strategic campaigns.

BIC’s Information Services Program will continue to facilitate and coordinate information on the IFIs, not only through BIC’s existing partners, but with other existing global networks concerned with the IFIs. BIC will seek to ensure better synergy and complementarity between groups as well as to reduce duplication of efforts across networks interested in the IFIs.

Training and Capacity-Building

Besides this role as a facilitator, BIC also engages in training and capacity building activities. BIC’s Partner survey included partners who had attended BIC workshops or trainings (47%) and those who had not (53%). BIC asked partners which topics should be included in civil society trainings. The most popular topic, marked by 75% of respondents, was how to influence the IFIs, followed by explanations of IFI environmental and social policies at 68%. Partners overwhelmingly emphasized the importance of training local activists and NGOs.

B. Convening Partners and Facilitating Advocacy

In terms of BIC’s political positioning, the evaluators call for BIC to “develop and manage an effective “inside-outside” strategy that balances access to IFIs with pressure (internal and/or external depending on the issue and situation).” Indeed, this approach is a strong forte of BIC’s Executive Director which will be pursued under his leadership.

BIC will also “re-invigorate its leadership and convening role within the North American and wider international IFI watching community, engaging colleague organizations, including women’s groups in strategizing how to rebuild and re-energize the community around new challenges,” as called for by its evaluators

Regarding facilitating advocacy, BIC’s partner survey showed that sixty-four percent of respondents thought that BIC’s core focus on social and environmental standards at the MDBs was “very important.” Likewise, the majority of respondents found BIC’s work with complaint mechanisms “very important” (56%) or “somewhat important” (40%). BIC will respond, where warranted, to communities harmed by Bank-financed projects and support claims to the Inspection Panel and the IFC’s Compliance Advisory Ombudsman, particularly when such claims are emblematic of systemic negligence by the institutions.

C. BIC Advocacy: Focus on the US Government

BIC Advocacy relative to the US government

BIC will work with its partners abroad to engage governments and Executive Directors of the Boards of the World Bank and IFC in ways that advance BIC’s strategic goals.

Some of the targets of BIC advocacy include: 1) the White House and the Senate which will vet candidates for the office of US Executive Director at each development bank. 2) The US Treasury Department’s new Office of Environment and Energy is deeply engaged in decisions related to climate change. BIC will work with Hill allies in shaping the positions of the Office. 3) BIC will also work with Hill allies to provide input to the mid-term review of IDA (January 2010) and the negotiations on the 16th replenishment of IDA (2011-2012).

V. PROSPECTIVE PROJECT ON AID FLOWS AND NATIONAL BUDGET PROCESSES⁹

Desired Outcome

Budget Revenue Check (BRC) groups are supported in at least 12 countries to bolster capacity of existing civil society groups (including women’s groups) to track budget revenue flows (with focus on international development assistance) and to work with their governments (particularly legislatures) to align aid flows with national goals and aspirations for open, just and sustainable societies.

⁹ The initiative draws ideas from Roberto Bissio, “Paris Declaration on Aid Effectiveness: Application of the criteria for periodic evaluation of global development partnerships – as defined in Millennium Development Goal 8 – from the right to development perspective: the Paris Declaration on Aid Effectiveness,” for the Office of the High Commissioner on Human Rights (Dec. 2007) and Nancy Alexander, “The New Aid Model” (April 2008).

Background

BIC will seek funding over the next four years to launch a new initiative on aid flows and national budget processes. There are citizens' budget groups in many countries which enhance domestic accountability by tracking *domestic* revenue, monitoring budget execution and bargaining with their governments to achieve an equitable allocation of budget expenditures. BIC's initiative is a necessary complement to such activities because it is equally important that citizens engage in ensuring that revenue, including aid, is "on budget" and transparently aligned with the goals and aspirations of their nation.

There is a strong rationale for increased oversight of development assistance for national budget and sector support, or 'program' support. Such assistance, which involves the pooling of aid and its injection into budgets, comprises a fifth of all official development assistance and nearly 40 percent of World Bank assistance. Increasingly, donors and creditors are creating Budget Support Groups for each developing country to pool their aid, create budget and sector frameworks, and share conditionality frameworks. At present, citizens and legislatures play no role in the formulation of the budget and sector frameworks utilized by aid providers or in providing input to the policy conditionality associated with these frameworks. Budget support conditions rarely support social, gender-specific, or environmental goals. Information on donors and creditor financing at the country level is at best fragmented as they follow different categorization and disclosure rules and often provide inadequate levels of translation.

The World Bank Group will be assuming greater power in the years ahead as it strengthens its coordination role of aid and credit from various donors and creditors. This is largely due to its key role in implementing the 2005 Paris Declaration¹⁰ and the 2008 Accra Agenda for Action (developed in September at the third High-Level Forum on Aid Effectiveness). Among other things, the Paris Declaration calls for a shift from project lending to program-based approaches, primarily national and sector budget support.

BIC's Initiative

In at least twelve countries, BIC will work in partnership with organizations such as the Development Gateway Foundation (DGF),¹¹ Social Watch, and Brazil's Institute for Socioeconomic Studies (INESC), which have just received 3-year funding from the European

¹⁰ The 2005 Paris Declaration on Aid Effectiveness was the outcome of a High-Level Forum (HLF) under the auspices of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC) in Paris. The Declaration is commonly described by official donors as "an unprecedented global consensus" for reforming the delivery and management of aid to improve its effectiveness. It commits 90 partner countries, 30 donor countries, and 30 development agencies, including the United Nations and the World Bank to five specific goals: advancing country ownership, harmonization of donors and creditors, alignment with country-led strategies, managing for development results, and mutual accountability for the use of aid.

¹¹ DGF is an international nonprofit organization that provides Web-based platforms to facilitate the use of information and communications technologies (ICT) to improve the transparency, efficiency, and effectiveness of aid and public institutions. (See: <http://www.dgfoundation.org/news-events/annual-report-2007.html>) The DGF has a collaborative global network of nearly 50 country portals ("Country Gateways"), which are autonomous organizations launched with strategic, financial and technical assistance from the DGF – as well as the largest on-line directory of aid projects and programs in the world.

Commission to promote citizen participation in economic decision-making, particularly in national, state and sector budgets. BIC will develop a Memorandum of Understanding (MOUs) with these organizations to specify the details of the partnership. BIC will encourage these partner organizations to conduct parallel fundraising efforts to help fund this project.

The initiative would pursue three broad objectives:

1. Promoting aid transparency and facilitating the transmission of knowledge and information about development assistance, particularly as it relates to support of national, state, and sector budgets, to citizens' groups in the developing world.

2. Supporting “Budget Revenue Check” groups (BRCs) in at least twelve countries which will use Information and Communications Technology (ICT), training, media, and consensus-building skills to help develop and strengthen national coalitions to hold governments accountable for generating and using aid and revenue. In most cases, the BRCs will be located in the Development Gateway Foundation's Country Gateways or a member organization of the Social Watch network.¹² Tentative “focus” countries are: Mozambique, Ghana, Mali, Brazil, Tanzania, Morocco, and India in year 1; and Benin, Lebanon, Indonesia, Bolivia and Kazakhstan in year 2. Country selection will be informed by factors such as the level of IFI-financing and the strength of domestic budget groups.

3. Enhance the capacity of citizens' groups, particularly BRCs, to strengthen the roles and capacities of legislatures to provide oversight and policy direction for aid and revenue flows. Particularly in parliamentary systems of government, the legislature has a limited role related to the budget. Many legislatures cannot modify the budget proposed by the executive. Moreover, most lack the skills or the capacity to track revenues and aid, ensure that they are on-budget and aligned with national goals and objectives. However, in relatively open societies, legislatures can create oversight committees, such as in Brazil, and build an information and knowledge base.

Links with BIC's Campaigns and Regional Partners

This work program will be dependent on modernized disclosure policies of the World Bank (and IMF). On the revenue side of the budget, the project will support calls for transparency and accountability in the revenue flows from extractive industries and from Climate Investment Funds (CIFs). On the expenditure side, it will support engendered budget analysis, including the analysis of trade-offs arising from the revenue crises relating to diminished financial flows and commodity prices and unpredictable aid flows.

¹² The network is comprised of more than 400 organizations in 60 coalitions in different countries and it seeks to attain its social and environmental objectives through a global strategy of influencing, raising awareness, monitoring, organizational development and linking up in networks.. Details of the member organizations are available at: www.socialwatch.org/en/acercaDe/organizacionesParticipantes.htm

Some of the several partners BIC will work with include: the Integrated Social Development Center in Accra, Ghana; Oxfam in Mozambique; and the Institute for Research and the Promotion of Alternatives in Development (IPAR) in Bamako.