LaRutadelClima

World Bank and the Loss and Damage Fund Participation and Advocacy Handbook

N.º 24 Climate Justice in Latin America Series

Credits

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CONTENTS

Financial Intermediary Fund (FIF)

According to the World Bank (WB), a Financial Intermediary Fund (FIF) is a financial arrangement that typically leverages a variety of public and private resources in support of international initiatives. "FIFs are a type of trust fund for which the World Bank provides customized administrative, operational, legal and financial services. In a FIF, the Bank acts as a limited fiduciary and may also act as a secretariat and/or implementing entity[1]".

Effective Participation

Participation becomes effective when the representation of citizens is significant in the decision-making processes, spaces are created where they present their opinions, and these are included comprehensively in the negotiations and agreements. In addition, the number of spaces enabled for civil society representation is taken into account, since effective participation cannot exist without sufficient representation of the different populations and their differentiated needs. This topic can be explored in depth in La Ruta del Clima publication "Participating is a Right[2]"

Citizen participation

According to the WB, citizen participation is defined as the two-way interaction between citizens and governments or the private sector within the scope of World Bank Group interventions. This includes spaces for dialogue on policies, programs, projects, and advisory and analytical services. The concept has several dimensions including access to information, participation in consultation processes, collaborative actions, empowerment of the population and feedback spaces to improve the results of project development.

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1. La Ruta del Clima (n 21)..

2. La Ruta del Clima, 'Participar es un Derecho: El camino de Egipto a los Emiratos' (La Ruta del Clima, 26 November 2023) <https://larutadelclima.org/2023/11/26/participar-es-un-derecho-el-camino-de-egipto-a-los-emiratos/> accessed 16 May 2024.

WHAT IS THE WORLD BANK?

The World Bank (WB) fundamentally presents itself as an international organization that serves as a source of financial and technical assistance for developing countries around the world.

The primary objective of the World Bank, as described in Article 1 of its Articles of Agreement, is to "assist in the reconstruction and development of the territories of members by facilitating the investment of capital for productive purposes" and "to promote balanced long-term growth." of international trade and the maintenance of balance in the balances of payments by promoting international investment... thus helping to increase productivity, the standard of living and working conditions in their territories"[3]. The implementation of this objective and the political purpose behind the bank's existence has been questioned[4].

Photo 1: Image taken at COP28

3. Bretton Woods Project, 'The World Bank: What It Is and How It Operates' (INSIDE THE INSTITUTIONS, 16 July 2020) <https://www.brettonwoodsproject.org/2020/07/the-world-bank-what-is-it-and-how-it-works/>.
4. María Paula Calvo, Angélica Cordero and Marie Fisher, 'El legado dañado del Banco Mundial: Donde se aloja la esperanza de millones de personas' <https://larutadelclima.org/wp-content/uploads/2024/06/LRDC-Aporte-tecnico-sobre-el-Banco-Mundial-1.pdf>.

This autonomous international organization but coordinated by the Economic and Social Council of the United Nations, has gone from being a single entity when it was created at the Bretton Woods Conference (USA) in 1944, to becoming a group of five closely related development institutions. Currently, the World Bank group is made up of:

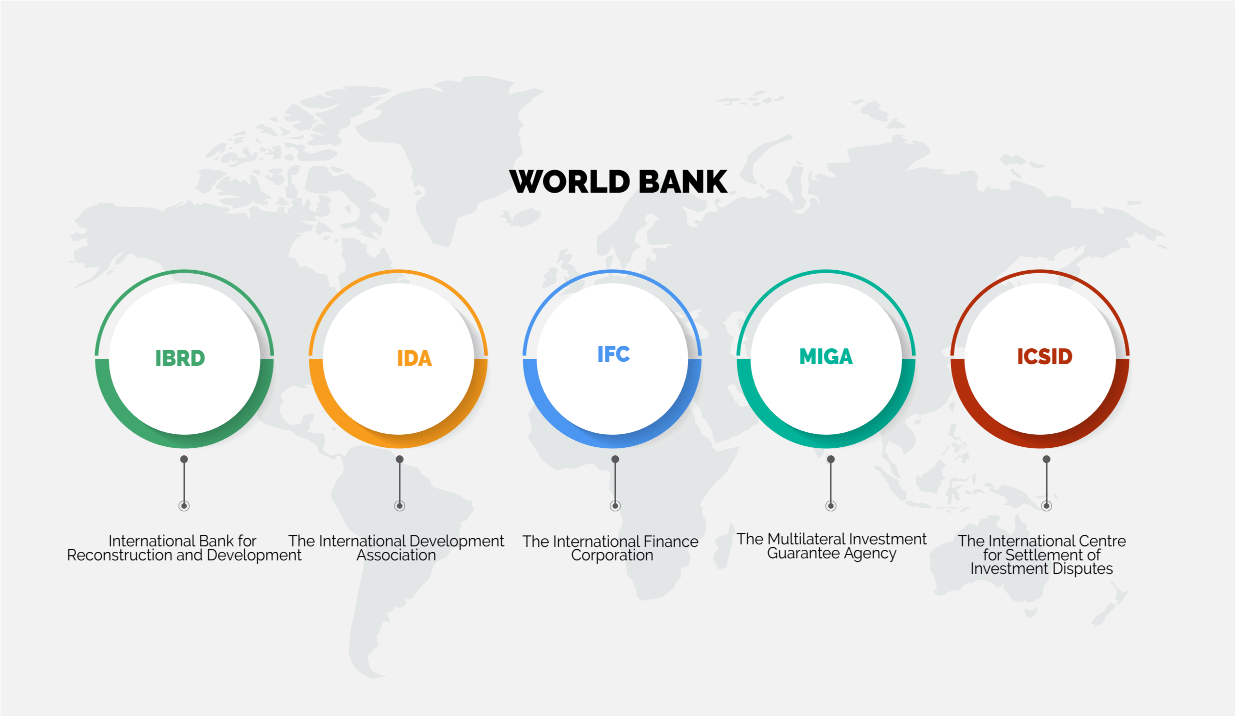

Figure 1 Structure of the World Bank

The functions of each institution that make up the World Bank can be further explored in La Ruta del Clima publication "The Damaged Legacy of the World Bank: Hosting the Hope of Millions[5]".

5. María Paula Calvo, Angélica Cordero and Marie Fisher, 'El legado dañado del Banco Mundial: Donde se aloja la esperanza de millones de personas' <https://larutadelclima.org/wp-content/uploads/2024/06/LRDC-Aporte-tecnico-sobre-el-Banco-Mundial-1.pdf>.

In general terms, the World Bank operates as a cooperative made up of 189 member countries. The countries are represented by a Board of Governors, the highest body responsible for formulating policies in the institution. These governors generally meet once a year at the Boards of Governors of the World Bank Group and the International Monetary Fund (IMF). The 189 member countries share ownership, votes are allocated differently in IBRD, IDA, IFC and MIGA, and their voting power is based on members' capital subscriptions. This means that members with higher financial contributions have a greater say in the WB's decision-making processes.

Photo 2: Image taken at COP28

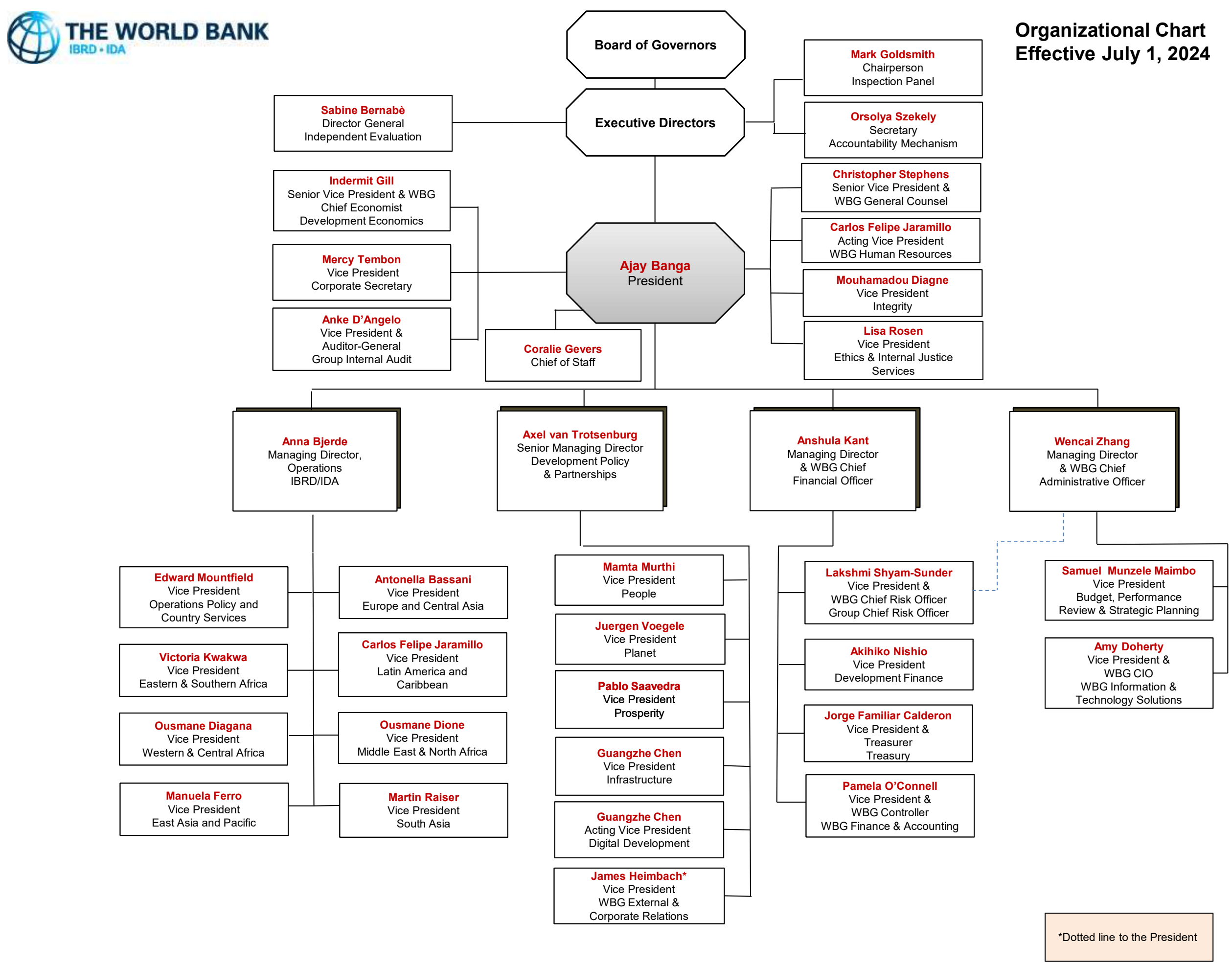

Figure 2 World Bank Organization Chart[6]

6. ' World Bank Organization Chart' (2024) <https://thedocs.worldbank.org/en/doc/404071412346998230-0090022021/original/TheWorldBankGroupOrganizationalChartEnglish.pdf> accessed 16 July 2024.

The countries with the largest number of shares, in order, are the United States, the United Kingdom, China, France and India. The subscription to the bank's capital was directly related to the voting power that each country would have, this meant that by 1947 the United States already had 37.2% of the votes[7].These percentages set the tone for how power has been distributed throughout all these years of the bank's operation. Currently, the United States owns 16.37% of the World Bank's shares, which means it holds 15.49% of the voting power[8].

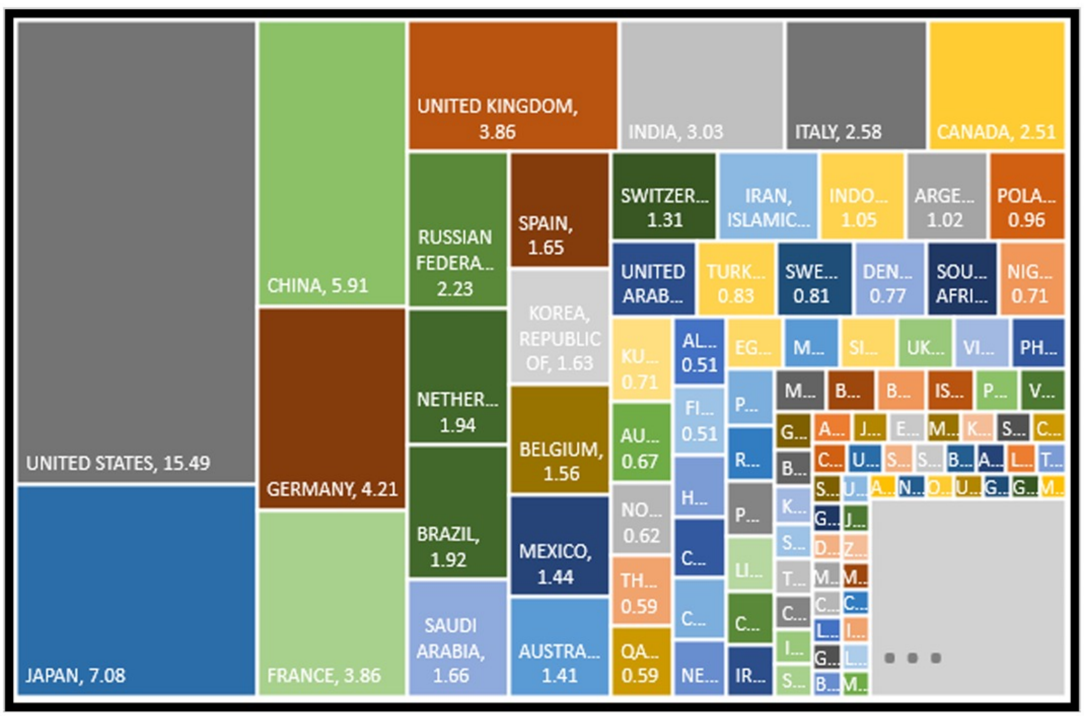

Figure 3 Voting power of country members 2024

7. Edward S Mason and Robert E Asher, The World Bank since Bretton Woods: The Origins, Policies, Operations, and Impact of the International Bank for Reconstruction and Development and the Other Members of the World Bank Group: The International Finance Corporation, the International Development Association, the International Centre for Settlement of Investment Disputes (The Brookings Institution 1973).
8. Banco Mundial, 'International Bank for Reconstruction and Development Subscriptions and Voting Power of Member Countries' <https://thedocs.worldbank.org/en/doc/795101541106471736-0330022021/original/IBRDCountryVotingTable.pdf> accessed 16 July 2024.

The World Bank collaborates with the International Monetary Fund (IMF), the central institution of the international monetary system, in the following aspects[9]:

- **Assessment of financial stability** in member countries to ensure they are resilient and have adequate regulations
- **Reducing the debt burdens** of the most indebted poor countries
- **Climate Change** to help countries adapt to climate change and increase their resilience to this phenomenon
- **2030 Development Agenda** to help member countries achieve their Sustainable Development Goals (SDGs)

The current President of the World Bank is Ajay Banga who has the role of overseeing the operations of the bank and began on June 2, 2023. Banga is the fourteenth president of the World Bank and is responsible for leading the meetings of the Board of Directors and the management of the World Bank Group.

HOW TO PARTICIPATE IN THE WORLD BANK?

The World Bank holds annual meetings and spring meetings. These meetings are intended to increase "awareness and participation in these issues and promote the agenda on fundamental issues.[10]"

Information about the World Bank annual meetings and the registration process for civil society can be found here: https://meetings.imf.org/

9. 'Civil Society Policy Forum' (World Bank) <https://www.worldbank.org/en/about/partners/civil-society/civil-society-policy-forum> accessed 16 July 2024.
10. 'Global Partnership for Social Accountability' (Global Partnership for Social Accountability, 15 July 2024) <https://thegpsa.org/> accessed 16 July 2024

The annual meetings are held two years in the city of Washington and in the third year in a member country. In 2023, the annual meeting was in Marrakech, Morocco. During the annual and spring meetings the World Bank holds the Civil Society Policy Forum (CSPF)[11].

Participation in this forum is free of charge, but civil society organizations (CSOs) must register. CSOs can propose sessions during this forum through this form: [Call for Proposals: Civil Society Policy Forum (Annual Meetings 2024) Survey (surveymonkey.com)]

Spring CSPF April	**CSPF Annual Meetings October**
Call for proposals: January – February Registration for CSOs: February - March	Call for session proposals: May – July Registration for CSOs: August-September

The World Bank also provides non-reimbursable funds to CSOs through the Global Partnership for Social Accountability (GPSA). GPSA seeks to facilitate CSO collaboration with governments and citizens to solve "development problems, strengthen accountability and improve sector governance.[12]" In its different offices, the World Bank says it seeks to interact with CSOs through political advocacy, public policy dialogues, consultations, information exchange, operational collaboration and alliances.

11. 'Civil Society Policy Forum' (World Bank) <https://www.worldbank.org/en/about/partners/civil-society/civil-society-policy-forum> accessed 16 July 2024.
12. 'Global Partnership for Social Accountability' (Global Partnership for Social Accountability, 15 July 2024) <https://thegpsa.org/> accessed 16 July 2024.

The next annual meeting will be held October 21-26 in Washington and CSOs must apply for accreditation. For information about this process you can write to: csoregistration@worldbank.org

PARTICIPATION AND THE WORLD BANK

At the 2013 World Bank annual meeting, former WB President Jim Yong Kim promised that beneficiary feedback would be included in 100% of WB projects. This refers to including the perspective and feedback of citizens who benefit from the different development projects that have been financed by the WB, with the aim of strengthening citizen participation within the Bank's actions. This promise was materialized in the "Strategic Framework to integrate citizen participation in the operations of the World Bank Group", which was published in 2014.

The World Bank sought to accelerate its efforts to meet the Millennium Goals on time by 2015, which is why it decided to generate this Strategic Framework to focus on improving the effectiveness of development projects. This proposal arose from the objective that citizen participation would allow for more detailed monitoring of the performance of governments and other implementing institutions of these projects.[13]

This Strategic Framework establishes that any project financed by the WB should follow a series of **Citizen Participation** indicators (see definition

13. Banco Mundial, 'NOTA CONCEPTUAL PROMOVER LA PARTICIPACIÓN DE LA CIUDADANÍA PARA MEJORAR LOS RESULTADOS EN EL ÁMBITO DEL DESARROLLO' <https://consultations.worldbank.org/content/dam/sites/consultations/doc/migration/concept-note-mainstreaming-citizen-engagement-in-wbg-operations-spanish-final.pdf>.

in glossary), in addition consultations would be carried out with interested parties and representatives of civil society, including public hearings, focus groups and sessions. feedback to make adjustments to the project seeking to bring them closer to community realities. From these processes, joint actions and collaborations with civil society would be defined.

These actions appear to be a solution to the need to strengthen citizen participation in a space like the World Bank. Unfortunately, many of these measures have remained only on paper and not in reality. A clear example of this occurred last April 2024 in Senegal, where an allocation of international financing funds for the fight against climate change by the WB was given to help restore the Saly coast where luxurious tourist hotels are located.

These funds sought to support actions in the face of the serious coastal erosion that the area has been suffering due to climate change. It is difficult to understand that a few kilometers to the south on the coast of M'Bour, the second largest port in Senegal, local fishermen are seeing their work seriously affected by this coastal erosion that has damaged their homes and considerably reduced their income. economical. This is a reality that is happening in many parts of the world and that would hardly happen if citizen participation actions were truly being implemented and community perspectives were being integrated into WB projects[14].

From our perspective, there is still a long way to go to ensure effective participation of civil society, and we must find other ways to express the needs of communities. In addition, share the injustices that have been suffered in spaces like these. One of the strategies that have been taken are demonstrations outside the WB meeting spaces. These protests seek to demonstrate the urgency of taking action on climate change with an approach based on the rights of communities and not solely for the benefit of the richest.

14. Matteo Civillini Thompson Jack, 'World Bank Climate Funds Green Hotels While Fishermen Sink' (Climate Home News, 16 April 2024) <https://www.climatechangenews.com/2024/04/16/world-bank-climate-funding-greens-african-hotels-while-fishermen-sink/> accessed 17 May 2024.

Due to the lack of effective participation of civil society, demonstrations have been held in order to make the needs of the communities visible and make known the injustices suffered within these spaces. This type of protests aims to focus on the urgency of actions on climate change for communities vulnerable to these impacts.

At the annual meeting of the WB and IMF in October 2023, civil society showed up outside the meeting facilities in Morocco to demand an end to fossil fuel financing. Also, demonstrations were seen by different organizations and civil society representatives seeking to demand justice for those people who have been most affected by climate change[15].

Considering that the WB will host the LDF, it is worrying to think about what will happen with the participation of civil society. It cannot be allowed that in spaces such as those of the Damage and Loss Fund, access to information and effective participation of communities is limited. The WB has repeatedly left aside the interests and needs of the communities, so it is of utmost importance to demand that this does not happen with the LDF. The negative legacy of the WB cannot prevail over the LDF.

15. Lidy Nacpil, 'Fossil Fuel Debts Are Illegitimate and Must Be Cancelled' (Climate Home News, 16 April 2024) <https://www.climatechangenews.com/2024/04/16/fossil-fuel-debts-are-illegitimate-and-must-be-cancelled/> accessed 17 May 2024.

WHAT IS LOSS AND DAMAGE?

The literature defines loss and damage as impacts that people cannot cope with or adapt to, causing repairable damage or irreversible loss[16]. These climate impacts that affect people and their territory can mean loss of economic and non-economic elements such as culture, traditions, languages and even being forced to abandon their homes to protect their lives.

The Paris Agreement states the importance of avoiding, minimizing and addressing loss and damage related to climate change impacts within art 8[17].These impacts may include extreme weather events and slow-onset events, in addition to the necessary contribution to sustainable development linked to the reduction of risk in loss and damage.

We understand loss and damage as an existential threat to our people. Central America is very vulnerable to climate hazards, but we are not alone, West, Central and East Africa, South Asia, South America, Small Island Developing States and the Arctic are also threatened. In highly vulnerable regions, human mortality due to droughts, floods and storms is up to fifteen times higher than in other regions[18].

Scientists have adopted the term "Loss and Damage" (with capital letters) to refer to the political debate within the framework of the United Nations Framework Convention on Climate Change (UNFCCC). In academia, when used with lowercase letters (loss and damage), it generally refers to damages caused by (observed) impacts and (anticipated) risks (see Mechler et al., in press)[19].

Addressing Loss and Damage has been a demand of communities in the Global South since the inception of the CMUCC. From a policy perspective,

16. Patrick Toussaint and Adrian Martínez Blanco, 'A Human Rights-Based Approach to Loss and Damage under the Climate Change Regime' (2019) 0 Climate Policy 1.
17. Acuerdo de París 2015 (United Nations Treaty Collection).
18. Un fondo Post Colonial de Daños y Pérdidas (2024) La Ruta del Clima.
19. IPCC, 2018: Anexo I: Glosario [Matthews J.B.R. (ed.)] https://www.ipcc.ch/site/assets/uploads/sites/2/2019/10/SR15_Glossary_spanish.pdf

loss and damage seeks to achieve formal recognition by the international community of a response to the adverse impacts of human-caused climate change, which cannot or cannot be avoided by adaptation or mitigation[20].

WHAT IS THE LOSS AND DAMAGE FUND?

The Loss and Damage Fund (LDF) is promoted by civil society in order to address the serious impacts that losses and damage related to climate change are imposing on communities and people are on the front line of these climate impacts[21].

Civil society is demanding a fund with a focus on human rights that recognizes the climate injustice from which developed countries have historically reaped economic growth and wealth. Unfortunately, this vision was ignored at the time of its creation[22].

20. Adrian Martinez Blanco and Adriana Vasquez, 'Un Fondo Post-Colonial de Daños y Pérdidas: Un Intercambio Desigual de Responsabilidades y Recursos' (Asociación La Ruta del Clima 2024) <https://larutadelclima.org/wp-content/uploads/2024/04/Un-Fondo-de-Danos-y-Perdidas-Post-coloniales-1.pdf>.
21. Liane Schalatek and Julie-Anne Richards, 'The Loss and Damage Fund Board: Getting It Right from the Start' (Heinrich-Böll-Stiftung, 18 March 2024) <https://us.boell.org/en/2024/03/18/loss-and-damage-fund-board-getting-it-right-start>.
22. 'A Closer Look into the TC5 Recommendations' (Asociación La Ruta del Clima 2023) <https://larutadelclima.org/wp-content/uploads/2024/03/LDF-TC5-3.pdf> accessed 3 April 2024.

At COP27, the LDF was created and to achieve the implementation of this fund, a Transition Committee (TC) was appointed which issued a proposal that includes establishing the LDF as a Financial Intermediary Fund (see definition in glossary)[23].

To delve deeper into what a FIF is and how it works within the WB, you can visit La Ruta del Clima publications "The Damaged Legacy of the World Bank: Hosting the Hope of Millions"[24] and "A closer look into the TC5 recommendations"[25].

At COP28 in Dubai, the LDF's governing instrument was approved without further discussion, as a joy for a few minutes that later turned into one more discussion[26].

A loss and damage fund positioned in the World Bank, an institution recognized for indebting the Global South and that does not respond to the needs of vulnerable communities. [27]

23. La Ruta del Clima, 'Una mirada detallada a las recomendaciones TC5' <https://larutadelclima.org/wp-content/uploads/2024/03/LDF-TC5-Espanol-1-1.pdf>.
24. Calvo, Cordero and Fisher (n 2).
25'. A Closer Look into the TC5 Recommendations' (n 20).
26. UNFCCC, 'Decision 1/CP.28 Operationalization of the New Funding Arrangements, Including a Fund, for Responding to
27. Loss and Damage Referred to in Paragraphs 2–3 of Decisions 2/CP.27 and 2/CMA.4'.
Calvo, Cordero and Fisher (n 2).

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