World Bank Annual Meeting 2025 Nordic-Baltic CSO Letter

Dear Ms. Rawet

We, the Nordic-Baltic civil society constituency working for human rights, the eradication of poverty, climate justice as well as fair distribution of power and resources, thank you for the opportunity to comment on the Nordic-Baltic Constituency's work within the World Bank and would like to take the opportunity to raise some issues of concern ahead of the 2025 Annual Meetings.

Global Sovereign Debt Sustainability

Many countries are in severe debt crises, with external debt payments at the highest level in three decades. This crisis is compounded by a status quo secured by the alliance of the G20, IMF and World Bank which considers that debt cancellation is not needed, allows private creditors to drag out debt relief negotiations for years, and leaves countries highly indebted even after debt relief is finally agreed. The status quo allows debt contracts to remain secret, provides weak rules for responsible lending and borrowing, and so ensures the repetition of debt crises.

It is urgent and vital that the international community takes bold action to enable countries to create a new financial architecture which resolves current debt crises in a fair, fast and deep way, and prevents future crises through rules on transparency and responsible lending and borrowing. We are happy that the outcome document of this year's UN Financing for Development Conference clearly states the need for progress on bettering global systems for ensuring responsible sovereign lending & borrowing, as well as increased transparency on sovereign debt composition.

There is a need for political will to back proposals for a more inclusive and democratic global debt architecture, rather than limited offers to improve the ineffective Common Framework, promotion of debt swaps and state contingent clauses. Strengthening of the Common Framework will not deliver on sufficient, comprehensive and fair solutions for borrowing countries, as it remains a voluntary framework lacking in multilateral legitimacy. In this context, we call on the Nordic Baltic group to support the efforts of global south governments that try to achieve ambitious reform of the global debt architecture to ensure a fair and transparent multilateral sovereign debt resolution mechanism, in order to deliver on faster, fairer and more orderly debt restructurings and cancellations for the borrowing countries.

The IMF & World Bank's current review of the joint Low-Income Debt Sustainability Framework (LIC DSF) constitutes a fruitful opportunity to materialize concrete steps to honor the commitments made in the FfD outcome document regarding strengthened global systems to ensure responsible sovereign lending and borrowing practices. Going forward, the World Bank can also play a crucial role in providing detailed information regarding specificities on government debt contracts in order to facilitate public scrutiny. Along with global civil society we have previously submitted a joint statement detailing recommendations on changes to strengthen the LIC DSF in the current review - the submission can be found in the attached documents.

In relation to recommendation 1 in the mentioned joint civil society policy brief on the Framework (consistency with “acceptable progress on development goals”) we would like to emphasise that *obligations to continue to deliver social protection programs* over the projection period of the DSF should, as a minimum, be included in the assessments. In this context, we would also like to remind you that the Compromiso de Sevilla (51 a) “encourage the IMF and the World Bank to continue to refine debt sustainability assessments to better account for sustainable development priorities and spending needs including in relation to climate and nature actions; consider multidimensional vulnerabilities...”

In relation to both recommendation 1 and 3 (ambitious scenarios in line with SDG`s and human rights) we suggest that the financing gap estimates that Act Church of Sweden will soon publish together with Development Pathways, will be a useful source of reference. We would also like to remind you that the positive impact of social spending on economic growth and exports (including long-term positive impacts on productivity) should be considered in this context. The IMF Operational Guidance Note On Program Design and Conditionality states that IMF staff “should seek to protect social spending and mitigate the adverse effects of program measures on the poor and vulnerable” and “be mindful of the positive macro impact of social spending, via relatively high fiscal multipliers.”

As the sovereign debt situation is critical in many countries, reinforcing other crises and undermining progress in areas such as health, poverty reduction, education and climate resilience, a broad mobilisation is underway to raise the debt issue on the global political agenda. The initiative for the campaign Turn Debt into Hope which is implemented globally during 2025 originates from the Catholic Church and ecumenical networks, but there are also secular organisations and networks supporting. In Sweden, the campaign is hosted by Act Church of Sweden and called *Vänd skuld till hopp* and is supported by all churches in the Christian Council of Sweden (*Sveriges kristna råd)* as well as the faith-based organisations Caritas Sweden, PMU, Dakonia and the Swedish Missions Council.

The Nordic Baltic constituency should encourage:

- a review of the IMF & World Bank joint Low-Income Countries Debt Sustainability Framework (LIC DSF) ensuring the assessments are aligned with human rights, climate and sustainable development needs through the inclusion of, for example, obligations to continue to deliver social protection programs and including ex-post and ex-ante gender, human rights and environmental impacts assessments and audits to identify illegitimate, illegal and odious debts.
- the IMF & World Bank to back major jurisdictions in passing domestic legislation to limit holdout creditors and facilitate effective debt restructuring.
- the development of a binding single global public debt registry, independent from creditors, to promote transparency and accountable borrowing and lending. The World Bank needs to be mandated to provide relevant sovereign debt information on a country level to such a global registry.
- the operationalization and implementation of binding multilaterally agreed principles of responsible sovereign lending and borrowing, and promotion of legislation, both in

lender and borrower countries, that mandates transparent and fair governance and management of sovereign debts.
- the development of automatic debt service cancellation mechanisms that protect global south countries from extreme climate, environmental, economic, health, food and security shocks.

Climate finance

The World Bank and other multilateral development banks (MDBs) play a central role in scaling up climate finance—and in ensuring it actually delivers mitigation and adaptation results.

At COP29 in November 2024, Parties adopted a New Collective Quantified Goal (NCQG) that commits developed countries to taking the lead in mobilizing at least $300 billion per year by 2035 for developing countries, and calls on all actors to work toward at least $1.3 trillion per year by 2035 from public and private sources. The World Bank and other MDBs play a central role in delivering on the NCQG. At COP29, MDBs projected providing $120 billion per year by 2030 for low- and middle-income economies. Joint data released in September 2025 show MDB climate finance to low- and middle-income economies rose 14 percent in 2024 to about $85 billion. Within that landscape, the World Bank remains the largest multilateral financier: In FY2024 it reported $42.6 billion in climate finance—44 percent of total financing.

These figures signal momentum toward increased climate finance and toward the World Bank's own goal of aligning its operations with the Paris Agreement. But the credibility of these statistics is undermined by civil society reports highlighting several systemic flaws – including continued support for fossil fuels, the debt-driven model, and a lack of transparency and impact tracking.

Nordic countries have long championed transparency, social equity, and ambitious climate action. We call on you to uphold these principles at the World Bank. Meeting the NCQG—and, more importantly, averting catastrophic climate change—depends on the Bank and other MDBs ending fossil lock-in, aligning all financing with countries' NDCs and just-transition pathways, and fixing the transparency and impact-tracking gaps that undermine trust and real progress.

1. Ensure that all WBG instruments are aligned with the Paris Agreement

In 2018, the World Bank Group committed that by July 2025, all new operations would be aligned with the Paris Agreement's goal of limiting global warming to 1.5°C. To operationalize this, the Bank has published Instrument Methods and Sector Notes that describe how Paris alignment assessments should be conducted across lending instruments and sectors. But the practice reveals gaps. For example, a Bretton Woods Project briefing covering 71 projects financed between July 2023 and June 2024 found that many continued financing activities inconsistent with deep decarbonization. Similarly, a Recourse analysis showed that fossil fuel-only energy finance increased eightfold between 2022 and 2024. The World Bank's commitment to Paris alignment is not credible if upstream gas, carbon-intensive reforms, or weak adaptation safeguards are still financed.

What we ask:

- Implement the commitment to align all services with the Paris Agreement.
- Close loopholes that allow for fossil-linked projects or carbon-intensive reforms under the Paris alignment framework.
- Strengthen adaptation alignment by requiring all projects to assess climate risk and integrate resilience.
- Benchmark alignment not only against national NDCs, which may be insufficient, but against the Paris Agreement's 1.5°C trajectory and equity principles.

2. Redirect energy-sector finance from fossil expansion and false solutions to renewables and real solutions

The World Bank ended direct financing for upstream oil and gas in 2019, but in September 2025 multiple outlets reported that the Bank is actively reconsidering its restriction on upstream gas. The Bank continues to finance fossil gas infrastructure and reforms that incentivize fossil fuel dependence. A Recourse analysis of 142 energy projects approved by the World Bank between 2022 and 2024, representing $23.9b in total investments, showed that the approved funding for fossil fuel-only projects increased eightfold over the three years. In 2024, 27 percent of energy-related finance still backed fossil-linked projects, and another 20 percent went to projects with significant environmental and human rights implications – such as large hydro, waste-to-energy, and carbon markets. The analysis also found that the total allocated spend on sustainable renewable energy did not increase significantly over the three years, but rather remained steady at around USD 2.5 billion. Some civil society analyses suggest that policy advice provided by the World Bank may, in certain contexts, incentivize fossil fuel extraction as a means to service debt or boost revenue.

What we ask:

- Publicly confirm that the 2019 restriction on upstream oil and gas remains in force; oppose any rollback; and publish the review timeline and any draft policy text if changes are being considered.
- Adopt a WBG-wide fossil exclusion. Establish a clear, public exclusion on new coal, oil, and gas expansion with only narrow, time-bound exceptions for genuine energy-access gaps and a published justification.
- Refrain from funding large hydropower projects, stop funding false solutions – including fossil-based hydrogen, waste-to-energy, and offset schemes – and reallocate finance to sustainable renewables plus enabling systems such as grids, storage, and clean cooking.
- Ensure that country diagnostics and reforms do not encourage fossil extraction as a revenue strategy or for debt repayment; prioritize reforms that advance affordable clean power, grids, and efficiency consistent with updated NDCs.

3. Make climate finance verifiable: clear definitions, achieved climate benefit, and stable data

It is hard to tell what the Bank really finances for climate, or what climate benefits are achieved. A recent review by the Center for Global Development (CGD) shows the climate tag is applied very broadly, even to activities like teacher training in Guyana or civil-service payment systems in Afghanistan. In FY23–FY24, 825 of 925 tagged projects were labeled "climate," yet 630 of those had less than 10 percent of the loan value tagged as climate. When a project has at least 20 percent climate spending, it has to include a climate metric – but that metric usually counts activities rather than proven climate benefits, such as emissions avoided. The Bank also typically does not report whether those benefits actually happened: An Oxfam audit of the Bank's climate finance during 2017-2023 showed that actual spending often diverges from the climate-tagged plan by as much as 43 percent, and that the Bank's public data typically cannot verify which climate actions were ultimately financed. CGD also highlights unreliable documentation and unreliable data, making it hard for civil society to serve its important watchdog function.

What we ask:

- Define and disclose clearly what "counts" as climate, publish the rationale for each tag, and set a minimum tag threshold at the component/sub-component level to avoid 1–5 percent token tags.
- Report what is spent, not only what is planned. Publish disbursed climate finance and grant-equivalent values, with component-level detail and sub-project disclosure.
- Verify results by requiring independent ex-post verification of climate outcomes, such as lifetime emissions avoided and adaptation results.
- Demonstrate that climate finance is new and additional.
- Focus adaptation flows on the poorest, most-vulnerable countries; explain when mitigation finance goes to contexts with negligible emissions.
- Maintain a public, versioned climate-finance database with stable data fields and full, downloadable metadata so independent replication is possible.

Gender equality

Development of new Fragility, conflict and violence strategy, from a gender transformative perspective

The Kvinna till Kvinna Foundation has followed the process of developing a new FCV strategy, and it has so far proven to be non-inclusive and non-transparent, despite early indications at the beginning of this year of plans for consultations with a broad and diverse civil society. This has not happened. It is therefore of utmost importance that the N-B Constituency push for a strategy with a strong and transformative gender perspective, a close link to the Women Peace and Security agenda, as well as the nexus of conflict and gender with environment and climate crises.

In conflict affected and fragile settings, as well as in contexts heavily impacted by the environment and climate crises, unequal power structures add on to the vulnerability of women and girls. There is a strong connection between the impacts of climate change and community and family conflicts, leading to violence.

When GBV increases as a direct result of increased levels of conflict, insecurity and climate related disasters, women's rights organisations are crucial actors to work with protection, shelters and legal advice to victims/survivors. Women also have knowledge about the needs of their communities, they see early warning signs of conflict that get lost when they are left out of discussions and decision-making. Inclusion in itself is an act of prevention and makes actions and contributions more sustainable.

We ask that the new World Bank Fragility Conflict and Violence Strategy should:

- Align with the Women Peace and Security agenda, incorporating also aspects related to climate and environment crises and climate security.
- Strengthen and support women's rights organisations in conflict affected and fragile settings. To amplify voices in policy dialogues also requires funding and investment. Government and international actors must engage with and fund the actors that have the knowledge in responding to gendered violence in a meaningful way.
- The gender and FCV analyses and perspectives in Country Partnership Frameworks, programming and other country engagements must be strengthened. It is crucial that meaningful consultations with a broad and diverse women's rights movement is an integral part of the development and implementation of World Bank engagements.

Questions on the FCV strategy, CIVIC platform and the Gender strategy:

- At the point of this letter, we assume that the final evaluation of the current FCV strategy has been published. What are the main learnings in relation to the above?
- Could you please update us on the progress of the Civic umbrella fund that was discussed last year, where one of four pillars would be on gender?
- The gender strategy and the action plan: We understand from the gender team at the World Bank that implementation is not developing as they had planned. It seems there is little support and engagement in the implementation from other units of the World Bank (for example country offices in "fast track" countries). How is N-B Constituency pushing and supporting the implementation?

Inequality

Inequality is a major obstacle to poverty reduction. We welcome the fact that the World Bank has introduced a new vision indicator on inequality that tracks the number of countries with a Gini index above 40 and emphasise that it is important that the indicator is used to guide the Bank's work on a practical level.

Two-thirds of Southern and Eastern African countries now fall into the category "highly

unequal" (Gini Index above 40), which is the highest proportion of any global region. It is therefore especially vital for the World Bank to focus on tackling inequality in these regions, in order to reduce extreme poverty. There is also momentum on this issue in the region, given AU:s recent commitment… Earlier this year, four CSOs from Norway, Sweden and Finland, together with the All African Council of Churches, co-published the report *Tackling Inequality at Its Epicentre: Eastern and Southern Africa*. Based on the Commitment to Reduce Inequality (CRI) Index the report analyses how governments address inequality through public services, taxation, and labour rights, and also highlights the role of the international community, in particular IMF and the World Bank.

The report includes detailed recommendations to national governments and the following recommendations address the international community:

- Support countries to design and implement anti-inequality action plans.
- Put tackling inequality at the centre of IMF and World Bank efforts to promote growth, stability and development.
- Provide comprehensive relief of debt burdens.
- Redouble efforts to provide more concessional financing.

The regional rapport was launched at the IMF/WB Spring meetings and also presented at a side event to the recent SADC meeting. In addition, a number of country briefings, focusing on the policies of countries such as Malawi, Tanzania and Zambia are produced and launched at national level, in order to influence national policy debates.

In the Sevilla Commitment, Member States commit to promote progressivity and efficiency across fiscal systems to address inequality and increase revenue. Paragraph 54 h) specifically mentions to strengthen the consideration of social protection and social spending in IMF-supported macroeconomic adjustment programmes.

We hope that the constituency will find the above-mentioned reports useful and encourage you to make use of the data and analysis whenever inequality is on the agenda and in issues related to the situation in countries in Eastern and Southern Africa. Tackling inequality needs a range of concrete actions across different areas. We encourage the constituency to actively push for plans and measures to improve the inequality indicator.

The Nordic Baltic constituency should encourage:

- The IMF and World Bank to support countries develop anti-inequality action plans

Question:

- What will the World Bank do to support countries to improve on the inequality indicator?

Social Protection

We are grateful for the discussions we have had with you and colleagues in the ED office on the issue of poverty-targeted and universal social protection. In particular, we welcome the "Universal Social Protection Briefing" in May 2024, where we had the chance to present evidence that we have published and receive comments from the IMF and World Bank experts. At this meeting, as well as in other forums for dialogue that we participated in during 2024, we saw a more open attitude from IMF and World Bank experts, in the sense that they would recognise that the possibility of implementing universal/categorical schemes in LIC and MIC should not be excluded.

It is therefore with disappointment that we have received the State *of Social Protection Report 2025: The 2-Billion Person Challenge*. In fact, it seems the World Bank is reverting to its old mindset of promoting poverty-targeted benefits as the basis of social protection systems: 'Given the size of the needs and limited resources, low-income countries should focus on expanding non-contributory cash transfers … for the poor.'

Matthew Greenslade has commented on The Social Protection Report on behalf of the organisations which are jointly campaigning for the Right to Social Security in the blog The World Bank's State of Social Protection Report 2025: The 2-Billion Person Challenge shows that it is not learning its own lessons. In the second part of the blog, Greenslade focuses on the World Bank's promotion of social registries, and notes that these registries appear to be inconsistent with the World Bank's own lesson drawn from COVID-19, which is that simple wide coverage programmes respond best to major shocks.

- **Do you agree that there is a back-sliding in the World Bank's position on universal and poverty-targeted social protection?**

As discussed in this forum before, the perception that implementation of universal social security benefits is too costly to implement in low- and middle-income countries is the only, but very powerful, argument in favour of poverty-targeted rather than universal/categorical social benefits. In 2024, ILO published cost estimates of social protection floors indicating that it would require 19.8 per cent of GDP for low-income countries to implement universal social security. (The main reason for the high costs is the very high transfer values proposed for many low-income countries. In particular, the transfer value suggested by the ILO for an old age pension in Sudan was US$5,559 per year, more than 200 per cent of GDP per capita. Sudan alone accounted for around half of the cost of 19.8 per cent of combined GDP across low-income countries.) 19.8 per cent is obviously far beyond the fiscal space of any LIC, and the study thus serves to confirm the argument that universal programs are not affordable. The cost estimates have been challenged by Development Pathways, who has pointed at a number of errors and methodological problems. (defense from ILO and a response to the defense can be found here).

Shortly, Development Pathways and Act Church of Sweden will publish an alternative set of cost estimates for immediate or gradual implementation of a number of universal and life-cycle-based social benefits in all low- and middle-income countries for which there was available data. The key methodological difference, compared to the ILO calculations, lies in the point of reference used to determine benefit levels. The ILO used the nationally defined poverty line as its point of reference; other researchers have relied on global poverty lines. In contrast, the new study follows a pragmatic approach and uses existing benefit levels in other countries as its point of reference. The methodology is a further elaborated version of the model that was used in the report An affordable and feasible pathway to universal social security, which we published in 2024.

We do not claim that the proposed benefit levels will eradicate poverty. Rather, they are aligned with countries' financial capacities. While we do not calculate benefits at an "adequate" level, we argue that our approach is consistent with a human rights framework, as it provides cost estimates that states can realistically finance with domestic resources. We also show how these schemes can be introduced gradually, ensuring that the right to social security is 'progressively realized' in line with human rights standards.

Following this methodology, we find that the total cost of immediate introduction of child benefits, old age pensions, maternity benefits, disability benefits and caregivers' benefit will be 2.6 per cent of GDP for low- and middle-income countries compared to the 3.3 per cent of GDP in the ILO study. The main difference can be seen in low-income countries: our cost of 3 per cent contrasts markedly with the ILO's estimate of 19.8 percent in the ILO study. In addition to data and cost estimates for individual low- and middle-income countries, an on-line costings tool has been produced, where readers can undertake calculations using their own parameters.

We hope that the report, and the online tool, will be useful in policy discussions on social protection, as well as in the context of defining social spending floors and debt sustainability assessments.

- **From the information given above, do you think the report and calculations would be useful to refer to in discussions with World Bank experts?**

Debt Justice Norway

The Kvinna till Kvinna Foundation

Swedish Society for Nature Conservation

Act Church of Sweden

Norwegian Church Aid

Norwegian Forum for Development and Environment

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