

AWC Special Edition: Updates from the 2024 IMF & World Bank Annual Meetings



During the 2024 [Annual Meetings](#) of the International Monetary Fund (IMF) and the World Bank Group (WBG), held from Monday, October 21 to Saturday, October 26 in Washington, D.C., United States., Arab Watch Coalition (AWC) participated in the Civil Society Policy Forum (CSPF) and engaged with various stakeholders, including bank staff, management, and civil society organizations (CSOs), through both CSPF sessions and closed meetings.

While CSPF sessions are recorded and accessible online, not all closed meetings are available. We aim to share key insights and updates from these discussions with our members across the Arab region, especially those unable to attend in person.

For IMF-related sessions, visit: <https://www.imf.org/en/About/Partners/civil-society>

World Bank CSPF sessions will be available here:

<https://www.worldbank.org/en/events/2024/06/26/civil-society-policy-forum-annual-meetings-2024>

World Bank-CSO Group on Citizen Engagement (CE) Meeting

On October 15, 2024, the World Bank-CSO Group on Citizen Engagement (CE) held a meeting to reflect on the review of the Citizen Engagement and Social Accountability (CESA) practices, addressing lessons learned and gaps. The aim was to inform the next Citizen Engagement Strategy of the World Bank, focusing on scaling up meaningful civic and citizen engagement. During this meeting, select CSOs provided feedback on the final review draft to enhance engagement quality and push for Bank staff's commitment to implementing these recommendations.

[The World Bank's Strategic Framework for Mainstreaming Citizen Engagement in WBG Operations](#), initially developed in 2014, sought to integrate citizen engagement systematically across Bank-supported operations. After years of implementation, this framework has been reviewed by the World Bank and external consultants, with the findings soon to be published.

The primary goal of this review is to strengthen the application and impact of CESA approaches in country strategies, projects, and analytical work. It aims to (i) analyze how CESA practices are currently implemented by the Bank, (ii) identify key challenges and opportunities at the project, country, and institutional levels, and (iii) propose entry points to inform an updated approach to World Bank support for CESA.

This review aligns with the Bank's evolution roadmap, which calls for "**enhanced civil society engagement**" and "**enhanced CESA**," acknowledging that partnerships with civil society are essential for meaningful development outcomes. Four key strategic objectives were identified for renewing and strengthening the World Bank's CESA agenda:

1/Improving the quality and outcomes of project-level CESA, 2/ Strengthening country systems

for CESA, 3/ Supporting enabling conditions for CESA, 4/ Ensuring a fit-for-purpose institutional support system for CESA.

The review emphasizes that for the World Bank to meet its goals of ending extreme poverty and promoting shared prosperity, it must engage people as primary stakeholders, with both the Bank and governments accountable to them. While citizen engagement and social accountability (CESA) have gained more recognition since 2014, the review highlights the need to place CESA at the core of the Bank's operations. It proposes actionable steps for a renewed "CESA 2.0" approach, focusing on inclusive, systemic engagement and accountability across all aspects of the Bank's global development work, in alignment with its evolution roadmap.

Please refer to this link to access a [powerpoint presentation](#) that was presented during the meeting.

Conflict Resolution Day

On October 17, 2024, to mark the anniversary of Conflict Resolution Day, independent accountability mechanisms (IAMs) of various international financial institutions (IFIs) hosted an [event](#) in Washington, DC, aimed at strengthening collaboration with civil society organizations (CSOs) in dispute resolution¹ processes. The event featured interactive sessions and roundtable discussions on enhancing IAMs' effectiveness in addressing project-related disputes and achieving better outcomes for affected communities.

A central theme was the **Challenges and Recommendations in Dispute Resolution for CSOs and IAMs**, where participants explored

¹ Dispute resolution is a process facilitated by Independent Accountability Mechanisms (IAMs) that enables communities impacted by development or infrastructure projects to raise concerns, engage with responsible parties, and reach agreements to address and mitigate those impacts.

difficulties and offered solutions from both CSO and IAM perspectives. **Key challenges included:**

- Reluctance to Engage with NGOs:

Mechanisms may be hesitant to recognize or respect NGOs as legitimate actors which can hinder collaboration.

- MDBs' Preference for Direct Engagement:

Multilateral Development Banks (MDBs) often prefer direct communication with communities, which can sideline CSOs.

-Anti-CSO Culture: There is a broader cultural issue where CSOs are seen as obstacles rather than partners.

- Trust in CSOs' Role: Concerns about the legitimacy of CSOs in representing communities can undermine trust and delay mediation.

- Negotiating CSO Involvement: A significant amount of time is often spent negotiating the entry of CSOs into mediation, slowing down the process.

- CSOs' Capacity: There is a significant capacity gap between IAMs and CSOs, placing a heavy burden on civil society organizations to manage.

- Pressure on IAMs: IAMs are often under tight deadlines, such as the 90-day timeframe, which can create pressure in the mediation process.

- Information Gaps: There are significant information gaps regarding the work of the IFIs and IAMs, compounded by language barriers and limited access to information.

Key Recommendations for Improved Collaboration:

- **Mediation Requires Trust:** Mediation inherently depends on earning trust among all parties, which includes recognizing the role of CSOs.
- **Balancing Power Imbalances:** Mediators need to be skilled in addressing power imbalances between

communities and other parties, ensuring fairness in the process.

- **Mapping Stakeholder Roles:** It's important to understand the different roles of stakeholders, including local and international CSOs, to better facilitate collaboration.
- **Developing Principles for CSO-IAM Collaboration:** Drafting guidelines could streamline CSO involvement in IAM processes.
- **Leverage CSO Expertise:** IAMs should leverage CSOs' knowledge, particularly in areas like addressing fear of reprisals against communities.
- **Explaining Compliance vs. Dispute Resolution:** CSOs and IAMs need to develop a shared explanation of the difference between compliance and dispute resolution to improve collaboration and communication.
- **Shared Goal of Supporting Parties:** Early in the process, it's important for all actors to agree that the primary goal is to care for the parties involved and adhere to shared principles.

This event underscored the importance of building a cooperative, trust-based approach between IAMs and CSOs to make dispute resolution processes more effective and community-centered.

IEO - A Conversation with Civil Society

On October 23, 2024, the Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) held a meeting with civil society organizations (CSOs) to discuss upcoming evaluations. The [IEO](#) discussed several new evaluation papers, including those

on the exceptional access policy²—set for IMF board review in December—along with evaluations on fiscal and climate policies.

Main Points Raised on the Evaluations

- **Social Protection:** CSOs questioned how exceptional access programs incorporate social protections, especially amid austerity measures.

- **Criteria for success under exceptional access policy :** Funding under this framework depends on a strong likelihood of program success, including the member country's political and institutional capacity. CSOs raised concerns about how the IMF assesses these factors without input from in-country experts or political economists.

-**Transparency:**, clarity of criteria, and the application of judgment in exceptional access programs remain key topics for this evaluation.

- **Program Ownership:** In some cases, the regimes pressure the IMF to waive certain conditions that are essential for the whole program to succeed, like progressive taxation and other measures that might impact the political elites. CSOs emphasized that both the authorities' ownership of the program and IMF considerations of what constitutes a "proper" program are critical areas of evaluation.

- **Balancing Flexibility with Rules:** A central question is how the IMF can balance flexibility with adherence to its policies, especially regarding debt sustainability and the social impacts of austerity.

² This policy allows a country under specific circumstances, and provided it meets certain requirements, to have access to the Fund General Resources (borrow more money) beyond the limits of its quota.

- **Repeated Programs:** CSOs raised concerns about the prolonged or repeated use of IMF programs (when countries repeatedly rely on IMF programs, and often end up with significant debt without achieving real economic improvement.) which the IEO confirmed could be a future evaluation focus

- **Fiscal and Climate Evaluation:** This evaluation will address fiscal policy in middle and low-income countries, focusing on the alignment of fiscal and climate policies. There is an increasing emphasis on integrating climate issues into IMF programs and examining the social and gender impacts of these policies, , which has become an area of concern for mission chiefs.

- **IMF-CSO Engagement:** While the IMF currently engages with CSOs on an ad-hoc basis, there is no formal mandate for such engagement. CSOs highlighted the need for a structured engagement framework, and the IEO noted that IMF-CSO engagement "might" be an evaluation topic under governance.

Building Capacity in Fragile States from Iraq to Yemen

On Wednesday, October 23, 2024, the IMF held a 25-minute Capacity Development Talk titled "Building Capacity in Fragile States from Iraq to Yemen," focusing on its capacity-building efforts in Yemen and Iraq.

In Yemen, the IMF is supporting authorities by providing tools and know-how to conduct macroeconomic statistics, a crucial step toward unlocking external financing. This support is directed toward the Ministry of Finance, the Ministry of Planning and Cooperation, and the

Central Bank, aiming to address key issues such as the fiscal deficit and reliance on monetary financing due to declining oil revenues. Given Yemen's limited repayment capacity, substantial external funding is essential. The IMF's approach emphasizes coordination among these institutions to foster engagement, build capacity, and enhance fiscal and debt statistics. Efforts also focus on data-driven decision-making, increasing transparency through publishing fiscal and debt data, and clarifying the funding landscape.

In Iraq, the IMF's technical assistance focuses on strengthening the central bank's capacity for informed policy decisions and improved macroeconomic forecasting. The capacity development journey has been complex, with progress dependent on building consensus around macroeconomic projects. Iraq faces several challenges, including limited experience in forecasting, reliance on outdated methods, and logistical issues like communication barriers, time zones, language differences, and security-related travel restrictions that require mission work to take place outside Iraq, often in Jordan. Additionally, high staff turnover has slowed advancement. To address these issues, the IMF has prioritized fostering trust with Iraqi authorities, who were particularly keen on enhancing forecasting for specific economic indicators.

It is worth noting that this technical assistance work is financed by some Gulf countries.

Update on Strengthening and Streamlining ESF Implementation for Stronger Impact

As part of the Civil Society Policy Forum (CSPF), the World Bank organized a virtual meeting on Thursday, October 24, 2024, to provide an update on the Environmental and Social Framework (ESF).

Key Discussion Points

The World Bank has implemented ten actions to strengthen and streamline ESF application, focusing on increased reliance on country frameworks, hands-on client support, and streamlining internal processes to flag potential issues early. However, implementing the ESF remains challenging, particularly in small states and fragile contexts with limited capacity.

1. the ESF

[The ESF](#) is The World Bank's framework to assess and manage the environmental and social risks of its Investment Project Financing (IPF) which includes 10 Environmental and Social Standards. Adopted in 2018, the ESF expanded the Bank's safeguards to include labor, community health and safety, non-discrimination, inclusion, gender, and stakeholder engagement.

2. Implementation Challenges

- Implementation has proven more complex than expected, requiring a significant shift in entrenched behaviors and processes. This transformation involves closer collaboration with civil society organizations (CSOs) and clients to drive on-the-ground change.

- Feedback from various stakeholders pointed out that too much time is spent on document

preparation and internal reviews, rather than supporting clients during implementation.

3. Streamlining Efforts:

- To address these challenges, the World Bank developed ten actions (not policies) aimed at strengthening and streamlining the implementation of the ESF. These actions focus on:

- A more risk-based, proportionate approach where high-risk projects receive the most attention.

- Hands-on support to strengthen client capacity and shift the focus from compliance to long-term outcomes and impacts.

- Reducing internal duplications, allowing faster response and more meaningful engagement.

4. Focus on Capacity Building:

- A critical goal is to build local capacity for managing environmental and social risks, relying on borrower frameworks where they meet international standards.

- 5. Civil Society Engagement:

- CSOs are encouraged to engage more actively in the process by reviewing and participating in stakeholder engagement plans, which are mandatory under the ESF.

CAO's Civil Society Roundtable

On Thursday, October 24, the Compliance Advisor and Ombudsman (CAO) ³organized a roundtable with CSOs. The meeting's agenda included an introduction and an overview of the

³ The Office of the Compliance Advisor/Ombudsman (CAO) is the independent accountability mechanism for projects supported by the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group

fiscal year 2024, updates on remedy and responsible exit approaches, the CAO's planned efforts regarding the International Finance Corporation's (IFC) Performance Standards Review, and an upcoming publication on strengthening greenhouse gas mitigation in IFC-financed projects.

Key Updates:

1. IFC's Responsible Exit Approach:

- [IFC's approach to Responsible Exit](#) was approved by the IFC's Committee on Development Effectiveness (CODE) in July and published in October.

- The implementation of these principles is set for three years, with a formal evaluation planned after this period. However, interim monitoring is still under discussion at the board level.

- These principles will be integrated into the IFC's existing Environmental and Social Performance Standards (ESPS), which will involve updates to tip sheets, guidance notes, and the Environmental and Social Review Procedures (ESRP) manual utilized by ESPS specialists.

2. Remedial Actions Framework:

- The Remedial Actions framework was also presented to the board in July but has not yet been approved.

- The Remedy and Responsible Exit frameworks are closely linked; responsible exits could provide opportunities for remedial actions to address outstanding harms. The CAO encouraged the board to consider both frameworks together, particularly given the remedy gaps observed in previous exit-related cases (when the IFC exited projects leaving behind the communities who were harmed by these projects without providing remedy).

CSO Strategy Meeting on the Upcoming IFC Performance Standards Review- Friday 25 October

The International Finance Corporation (IFC- The arm of the World Bank Group that invests in, and gives loans to private companies) is due to review its Sustainability Framework composed of its [Performance Standards](#) –a set of do no harm safeguards policies–and its [Access to Information Policy](#). The last time this Framework was reviewed was in 2012.

As of October 2024, the IFC has not yet publicly shared information about the process or the timeline for this long awaited review.

In anticipation, a group of civil society organizations from around the world are getting organized to work on, and influence the review process and also the new reviewed policies. A meeting for the interested CSOs was hosted by Oxfam International where CSOs shared information about this process. The participants also discussed how to be proactive and organized to effectively engage in this process. Instead of waiting for the IFC’s approach to be posted and then submit feedback on it, CSOs will, preemptively, develop and submit to the IFC management and Board their proposal on how this process should look like. The CSO proposal will include details on how consultations should be conducted around the world. AWC will play a leading role in developing this proposal.

CSOs will also get organized in different groups, each focusing on a different policy according to their interests and expertise. Channels of communications between these groups, including group email and regular meetings, will be developed to exchange information and inputs. Here is a list of the different policies that are subject to this review with links to the

current policies (there are links to the Arabic translation inside these pages):

[Access to Information Policy](#)

Performance Standards (PSs):

PS1- [Risk Management](#)

PS2- [Labor](#)

PS3- [Resource Efficiency](#)

PS4- [Community](#)

PS5- [Land Resettlement](#)

PS6- [Biodiversity](#)

PS7- [Indigenous People](#)

PS8- [Cultural Heritage](#)

CSOs are also pushing for a new PS to be added for Climate Change.

If you are interested in being engaged in any of these policies, please contact AWCs Executive Team.

Inspection Panel – Civil Society Organization Update Meeting

On October 30, the Inspection Panel⁴ hosted a meeting with civil society organizations (CSOs) to discuss updates on panel case work, covering both investigations and eligibility cases. For details on specific panel cases, please refer to [this link](#).

Another significant announcement at the meeting was the introduction of a new instrument within International Financial Institutions (IFIs), particularly the World Bank and the Asian Development Bank (ADB), called the [Full Mutual Reliance Framework \(FMRF\)](#). Other Multilateral Development Banks (MDBs) are expected to adopt this approach as well.

Under the FMRF, one institution will act as the "lead lender" for co-financed projects, responsible for the project's preparation and supervision, with their operational policies and procedures applied. In terms of accountability, all complaints related to the project will be addressed by the lead lender or their Accountability Mechanism, depending on the requirements.

Independent accountability mechanisms (AMs) are currently discussing options for handling complaints under this new arrangement. Further information is available in [this presentation](#).

⁴ An independent body that investigates complaints against World Bank-funded projects.