



CSOs & MDB ADVOCACY TOOL 2025

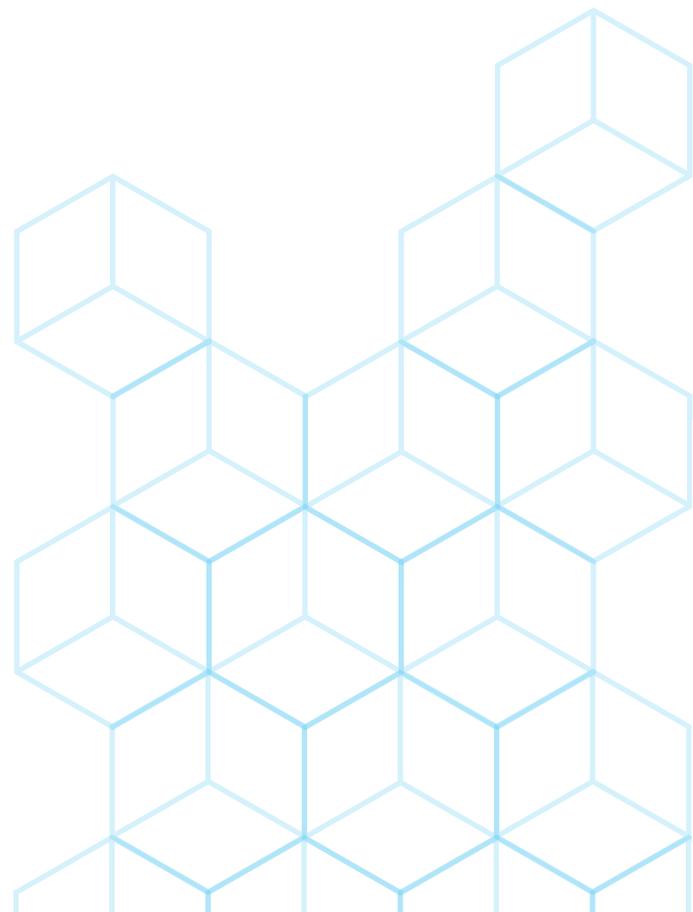
The relations of Multilateral
Development Banks and
Civil Society Organisations

Acknowledgements

The Africa Just Transition Network Finance Working Group (AJTN-FWG) expresses its appreciation to the AJTN secretariat for their support in developing these tools. Civil Society in Africa will be essential in ensuring that current and future private investments from International Finance Institutions (IFIs) and Multilateral Development Banks align with the inclusive Just Transition Energy agenda. This includes providing energy access to impoverished communities in Africa by 2030, as outlined in the global Sustainable Development Goals.

The finance working group members and their allies continue to collaborate to ensure that the voices of marginalized communities are represented in the highest decision-making processes of these banks. These advocacy tools will facilitate the necessary capacity development for Civil Society Organizations (CSOs), enabling them to engage with and influence the operations and decisions of these institutions. Additionally, the tools will offer AJTN members and CSOs in Africa a valuable starting point for working with Multilateral Development Banks towards a fair Just Transition in Africa.

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Introduction

What are MDBs ?

Multilateral Development Banks (MDBs) and other financial institutions such as the International Monetary Fund originated in the aftermath of World War II when the United States and its allies established the Bretton Woods institutions to rebuild war-ravaged nations and stabilize the post-war international financial system. MDBs operate worldwide controlling trillions of dollars, funding infrastructure, energy, education, and environmental sustainability in developing countries.

While commercial banks seek to make profits on loans and other financial services, the goal of MDBs is to issue grants and low-cost loans to improve the economic conditions of impoverished or developing nations. They prioritize development goals, such as ending extreme poverty and reducing economic inequality. They often lend at low or no interest or provide grants to fund projects in infrastructure,

energy, education, environmental sustainability, and other areas that promote development.

The first type of MDB which includes the largest and best-known institution —the World Bank—, makes loans and grants. The World Bank, founded in 1945 is composed of the International Bank for Reconstruction and Development (IBRD), Created in 1944 which provides primarily market-based loans (often referred to as non-concessional financial assistance) to the governments of middle-income countries. Initially the IBRD focused on providing financing for large infrastructure projects and has broadened to also include social projects and policy-based loans. Membership of the IBRD has grown from 28 countries in 1944 to 189 countries today. Also within the World Bank is the International Finance Corporation (IFC) established in 1955. The IFC focuses on extending loans and equity investments to private firms in developing

countries. The third member of the World Bank is the International Development Association (IDA) created in 1960 to extend concessional loans (with low interest rates and long repayment periods) to the poorest countries. The IDA also now provides grants to these countries.

The second type of multilateral development bank is formed by governments of low-income countries that can then borrow collectively via the MDB to secure more favourable rates e.g., the Caribbean Development Bank (CDB), founded in 1969. In addition to their main lending facilities, the MDBs operate several trust funds, whereby one or more donors contribute funds for a specific purpose. Trust funds at the MDBs have proliferated in recent decades. Currently, the World Bank has more than 100 such funds.

The following is a list of the major multilateral development banks, ranked by total assets as of Dec. 31, 2018, except for the World Bank Group, which reflects Dec. 31, 2019 assets (exchange rates are as of April 15, 2020):



Institution	Total Assets Value
1. European Investment Bank	€555.8 billion (\$606.5 billion)
2. International Bank for Reconstruction and Development, World Bank Group	\$283 billion
3. Asian Development Bank	\$191.9 billion
4. International Development Association, World Bank Group	\$188.5 billion
5. Inter-American Development Bank	\$129.5 billion
6. European Bank for Reconstruction and Development	€61.9 billion (\$67.7 billion)
7. African Development Bank	33.8 billion UA
8. Asian Infrastructure Investment Bank	\$19.6 billion
9. Islamic Development Bank	22 billion Islamic dinars (\$18.5 billion)
10. Central American Bank for Economic Integration	\$10.9 billion
11. New Development Bank	\$10.4 billion



Within global MDBs each member country's voting share is generally weighted on the basis of its cumulative financial contributions and commitments to the organization. The voting power of the United States is large enough to veto major policy decisions at the World Bank and the IDB. However, the United States cannot unilaterally veto more day-to-day decisions, such the approval of individual loans.



MDBs in Africa

In the 1950s-1990s, governments in key regions created development banks to specialize in funding development projects in specific geographic regions. The World Bank has a near global membership, the regional banks are smaller. Their members include countries in the region, as well as some donor countries from outside the region. The African Development Bank is the continental MDB of Africa.



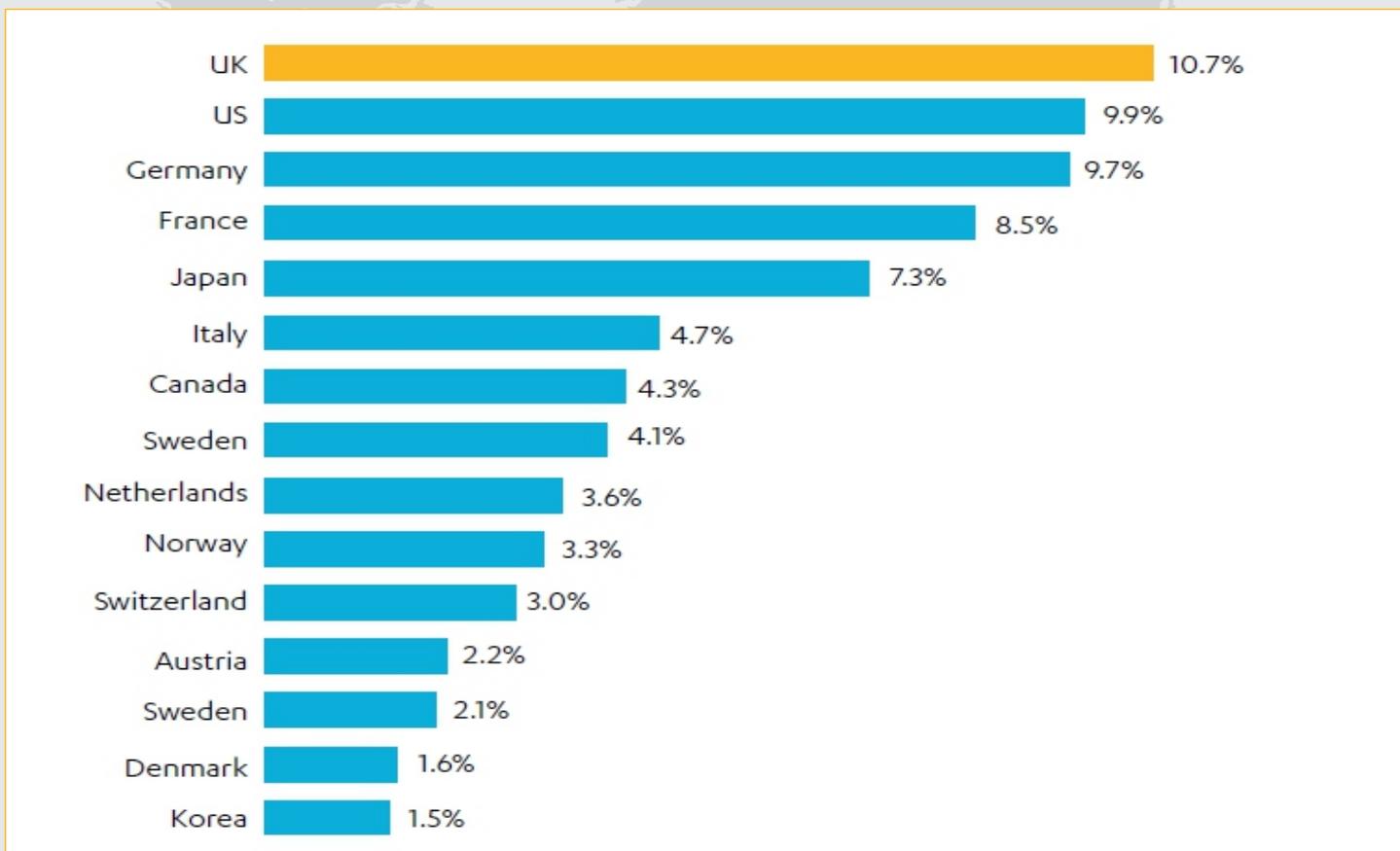
The African Development Bank

The Organisation of African Unity, created the African Development Bank (AfDB) in 1964 and was for nearly two decades an African-only institution, reflecting the goal of African governments to promote stronger unity and cooperation among the countries of their region. In 1973, the AfDB created a concessional lending window, the African Development Fund (AfDF), to which nonregional countries could become members and contribute and the United States joined the AfDF in 1976. The United States is a member and donor to the World Bank and four smaller regional development banks: the African Development Bank (AfDB), the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB).

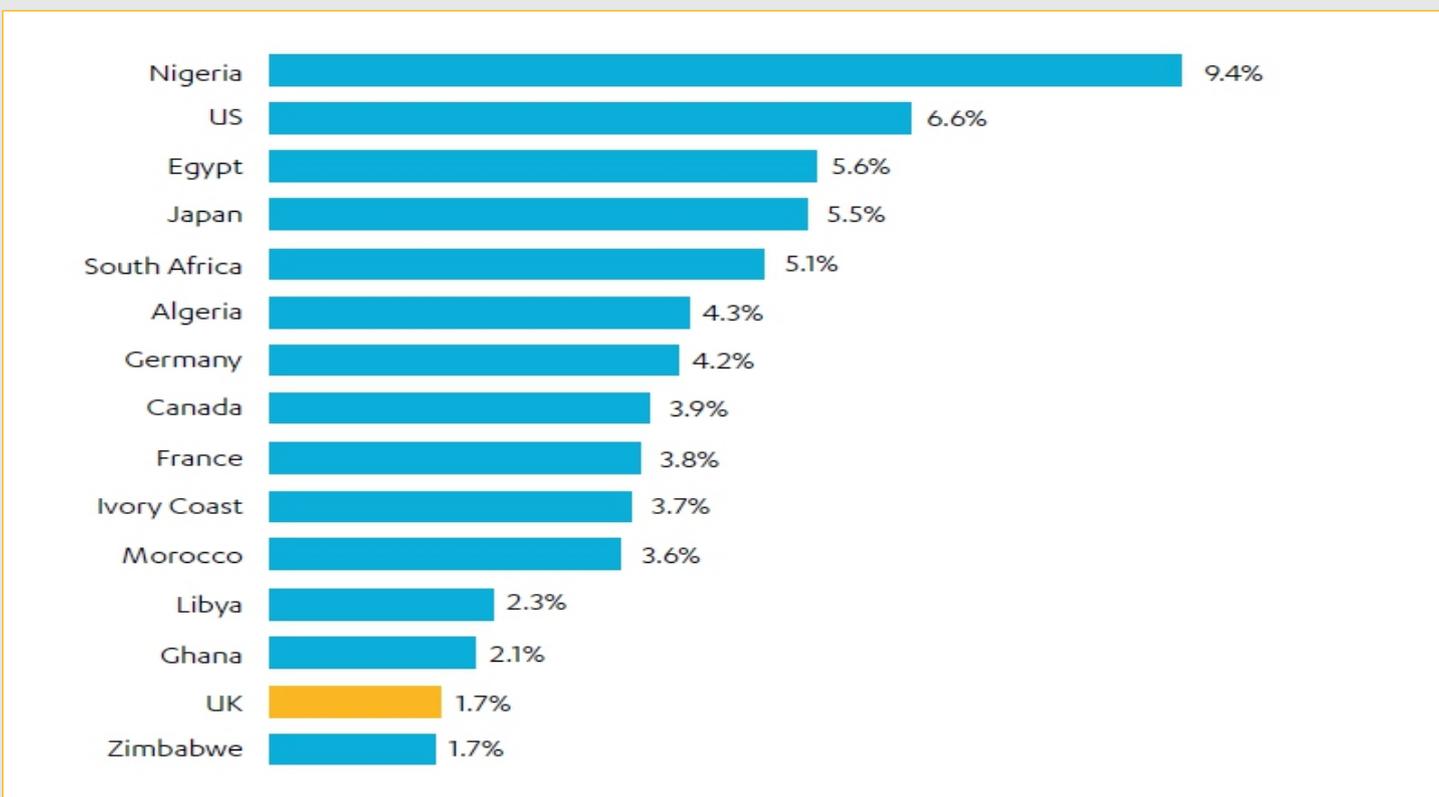
The AfDB like all other MDBs participates in the energy space supporting energy projects through loans, grants and technical capacity projects.

Contributors and shareholders of the AfDB

Top 15 contributors to the 14th replenishment of the African Development Fund (by 5 contribution)



African Development Bank Shareholders



Debates around MDBs

Originally MDBs were created to provide a global safety net during shocks but COVID saw the world's poorest countries' debt service payments skyrocket by 35% in 2022. As of 2024, a significant portion of the world's poorest countries face debt distress or are at high risk of it. Specifically, 28 countries eligible to borrow from the World Bank's International Development Association (IDA) are currently at high risk of debt distress. Additionally, over 40% of low-income countries are already approaching unsustainable debt levels, according to the World Bank. This means that a substantial number of the poorest nations are struggling with debt burdens that hinder their development and well-being.

Accordingly, the number of additional people falling into extreme poverty in countries in or at high risk of entering debt distress is estimated to be 175 million by 2030, including 89 million women and girls. Such issues make it necessary to question the operations of MDBs especially in the global south.

The inclusion of conditionalities on loans and the implications of debt on freedom together with the US dominance in these banks have often seen MDBs viewed with suspicion in the global south. Questions such as, should the head of the World Bank always be a U.S. citizen? Often emerge and are rarely answered satisfactorily. This has seen CSOs call for a financial system that works for all that is not characterised by interest rate differentials that favour developed countries over the developing countries in the name of country risk. Such differentials have seen accusations of the deliberate weaponization of the global financial system using instruments such as sanctions.

These challenges have seen the emergence of the New Development Bank (NDB) as an alternative to the global MDBs led financial system. Formerly referred to as the BRICS Development Bank, the NDB is a multilateral development bank established by the BRICS states. According to the Agreement on the NDB, "the Bank shall support public or private projects through loans, guarantees, equity participation and other financial instruments. Zimbabwe applied to be a member.



Poorest countries' Debt Service payments Skyrocketed by

35% in 2022



Developing countries paid record

\$1.4 Trillion

on foreign debt in 2023



Number of people expected to fall into extreme poverty by 2030 in distressed countries

175 million

MDBs and CSOs

MDB cooperation with CSOs in programming and country-level work is based on the recognition that CSOs and NGOs can play a role in articulating the views, concerns and needs of larger constituencies than those affected by specific projects. NGOs and CSOs give MDBS social acceptance as they allow for social accountability in programming and lending done by MDBs. NGOs, especially those which have developed capacities for policy research, analysis, and advocacy, are a major source of input in shaping the course of national development. NGO advocacies through the years have straddled a broad spectrum they rejected SAPs, the unjust climate transition, etc., in the process creating opportunities and spaces for NGO participation.

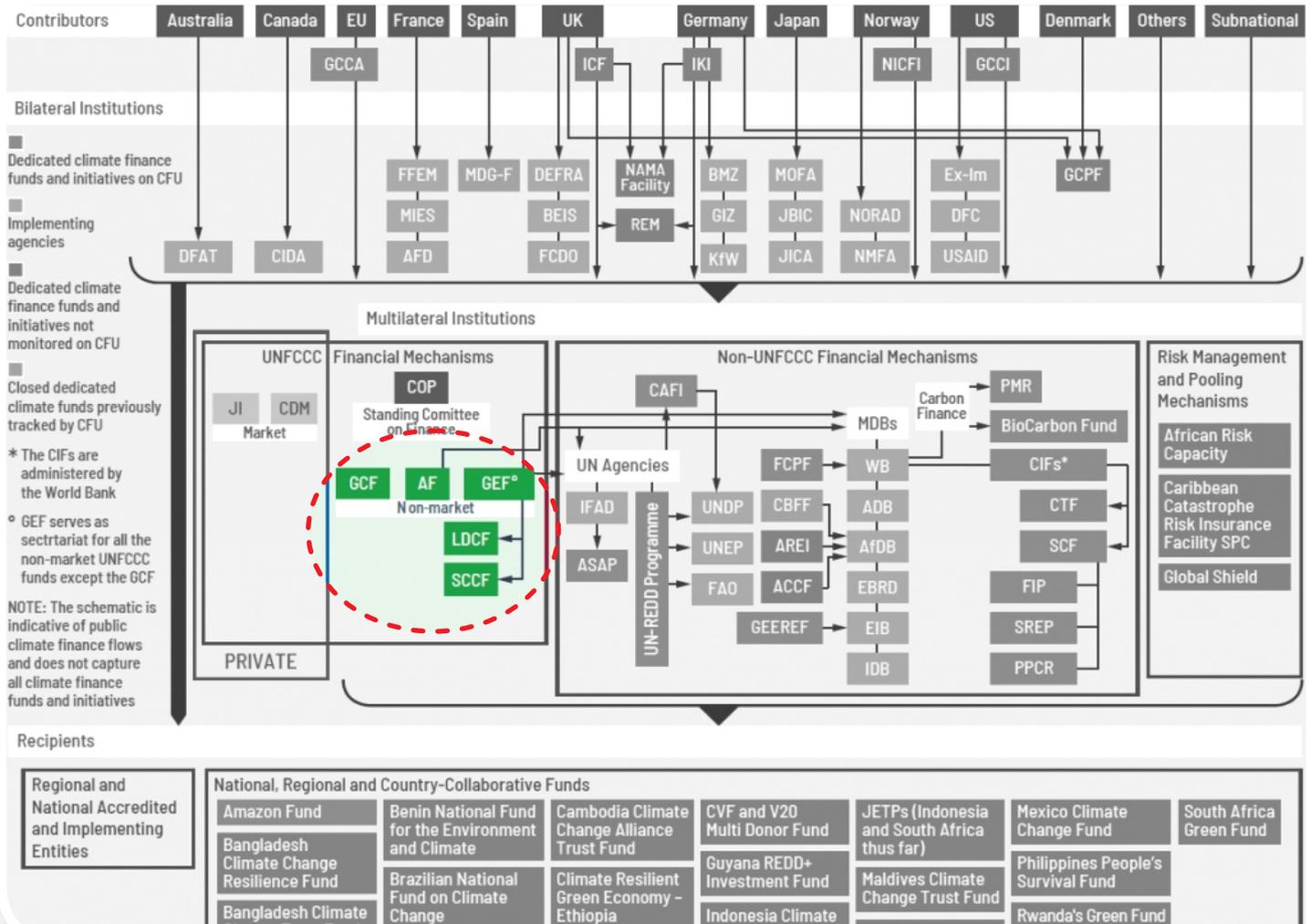
The WB has opened the door to NGO participation in Economic Sector Work (ESW) through input into Poverty Assessments (PAs), National Environmental Action Plans (NEAPs), and analysis of social issues. To date, NGOs have gone as far as having a say in the formulation of Country Assistance Strategies (CAS), the WB document that sets the framework and direction of development and investment financing in developing member countries (DMCs). The Bank has allowed NGO involvement in the formulation of a range of policies and operational guidelines concerning poverty, gender, indigenous people, resettlement, environmental assessment and action plans, forestry, information disclosure, inspection panel, and even in the NGO-initiated reviews of WB programs.



MDBs financing the just energy transition

The just energy transition is financed through global climate finance flows. Almost all these flows are encapsulated in Bilateral (country to country) and multi-lateral climate and non-climate financing mechanisms. Multilateral non-climate finance sources mainly are Multilateral Development Banks (MDBs) while the five major Multilateral climate funds connected to the institutional framework of the United Nations Framework Convention for Climate Change (UNFCCC), are the Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), Adaptation Fund (AF), Global Environmental Facility (GEF), and Green Climate Fund (GCF) (see Figure 2 with key multilateral funds circled in red).

The global climate financing architecture





The just transition is ideally supposed to be supported through the more neutral UNFCCC mechanisms and not the MDBs. Khan (2020) argued that in this murky space, contributor nations were protecting their right to channel climate finance through their own bilateral agencies (and not just through the multilateral climate Funds established under the UNFCCC) and to provide loans and export credits, instead of grants-based assistance. For instance, while the United States (USA) allocated no money to the UNFCCC or the Green Climate Fund (GCF) in 2018, for example, it channelled a larger amount of its climate finance support through its State Department, its Agency for International Development, and its Treasury (Thwaites, 2018; United States Government, 2018). This preference for prioritizing bilateral transfers is in no way surprising—the Paris Agreement avoids directly referencing some of the key principles of climate finance relating to funds mobilization, administration, governance, disbursement, and implementation (Schalatek and Bird 2015).

Channelling finance through the multilateral climate funds allows for more control of what the funds will be used for by developing countries who are free to craft their own programmes without numerous conditions that often characterise the bilateral funding channels (De Sépibus, 2014). However, since

the creation of the multi-lateral climate funds developing countries have constantly expressed the fear that the new fund would remain an empty shell. For instance, De Sépibus (2014) noted that overall pledges for climate funds in 2013 were 71% lower than in 2012. Also, official development assistance (ODA), which contributed to 80% of adaptation finance is, in most cases, channelled through bilateral aid institutions. Finally, core funding for International Development Organisations (IDO), where donors' contributions are pooled and disbursed according to the priorities set at the level of the multilateral governing bodies, is stagnating whereas 'multi-bi-financing', which allows 'like-minded' donors to earmark voluntary contributions, has witnessed a massive increase.

CSOs Advocacy within MDBs

The final section in this discussion paper proposes an advocacy tool that can be used to advocate function methods CSOs may use to engage MDBs. The 12-step document contains an editable advocacy strategy template for CSO engagement with Multi-Lateral Development Banks. The CSO should follow the guidance under each section to fill in the template, adapting it as needed to your specific circumstances. The suggested highlighted guidelines may be changed in accordance with circumstances.

ADVOCACY TOOL: ADVOCACY STRATEGY TEMPLATE

CSOs engaging Multi-lateral Development Banks (MDBs)

Background and context – what is the problem?

Description / guidance: Include a brief statement (bulleted) on the key problems, including issue analysis and context analysis. There is limited knowledge on the roles of MDBs and how they relate with CSOs. Building knowledge on this would highlight the areas of entry for CSOs and allow for contextualised methods of engagement.

Long-term goal – what is the vision of change?

Description / guidance: This is the long-term goal. It is not something which your advocacy alone will achieve. But it is the ultimate reason why you are doing the advocacy and the long-term vision which your advocacy will contribute to improved interaction with MDB programmes from development to review.

Brief statement outlining advocacy goal and overall strategy (clarity about change process) description / guidance:

- What needs to be done to achieve the long-term goal?
- What are the pre-conditions or smaller changes/solutions needed to bring about the long-term change?
- What pre-condition or smaller change will we focus our advocacy on? · What is our advocacy goal?

In this case, the CSO has to assess the current relationship with regional and global MDBs, envisage how it wishes this relationship was, identify obstacles stopping the envisaged from becoming a reality and making plans to overcome the obstacles that would have been identified.

Why? (internal capacity, areas of added value) description / guidance:

- Why is the organisation best placed to advocate for this change?
- Why is this issue important?
- What are the consequences of inaction?

Self-assessment of the CSO regarding its relations with MDBs

Contextual Analysis Description / Guidance:

- What are the opportunities and threats facing our advocacy on this issue?
- What are the relevant policies and policy mechanisms we will need to engage with?
- What space is there for civil society to advocate on this issue?

This step allows for the formulation of actual advocacy activities and involves a detailed environmental scan.

Who are the targets, allies and opponents on this issue? (stakeholder Analysis influence mapping) description / guidance:

- Power analysis – who do we need to influence and persuade to take action? Who might oppose and/or obstruct .
- Who can help us to get what we want and crucially who do we have influence over? · What tactics are likely to persuade our targets to take action?

In addition to a detailed environmental scan the CSO must consider possible partnerships and other leveraging opportunities where synergies may be drawn. Such partnerships should include CSOs and likeminded organisations that have had previous relations with regional and global MDBs.

Risks and challenges description / guidance:

- What are the risks of engaging on this issue?
- What are the risks associated with the selected approach?
- How can these be managed?

The risk analysis should be supported by previous experiences of CSOs globally and supported by a well thought out risk analysis report that has planned mitigation measures.

Specific objectives and sub-objectives for the next years description / guidance:

- What steps need to be taken in the next x years to progress towards the overall advocacy goal?
- What are the interim outcomes you will seek to achieve in order to reach your long-term goal?
- How would you know if you were making progress? What indicators will provide the evidence of progress?

This is the first stage of fleshing out the actual advocacy plan after considering all the previous steps. It gives a broad perspective of what is expected and forms the foundation for actual activities. The outcomes have to be supported by rigorous evidence built through research.

Tasks / activities – what is going to be done? description / guidance:

- To include a description of your overall approach, plus specific outputs and activities, upcoming opportunities.
- To include discussion on opportunities and events (a time line or campaign 'hooks')

The key here is to have a programme of events that shall facilitate MDB engagement, clarity about the specific points of engagement, rationale for engagement and expected outputs of the engagement. The activities should also have fall back strategies.

Audiences

Description / guidance: This needs to reference who the key audiences are for the activities outlined.

Identify the specific departments, offices and projects that relate to the issues the CSO wishes to engage the MDB on.

Funding / Budget

Description / guidance: Include any restrictions and reporting timelines to funders.

Monitoring, Evaluation and Learning

Description / guidance: How are we going to monitor progress towards the advocacy goal and the implementation of strategy?

Have a detailed MnE plan related to advocacy goal, outcomes and outputs.

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