



UNITED NATIONS
HUMAN RIGHTS
OFFICE OF THE HIGH COMMISSIONER

World Bank Group Evolution Roadmap

Comments and recommendations of the UN Human Rights Office

1 June 2023

Introduction

1. We are grateful for the opportunity to comment upon the document “Evolution of the World Bank Group – A Report to Governors” (30 March 2023) (“Evolution report”). Our comments reflect and draw upon our ongoing operational policy engagement with bilateral and multilateral development finance institutions, and our field-level work in connection with economic, social and cultural rights, the SDGs, and investment projects in various regions, and more specifically in low- and middle-income countries.

An integrated approach to climate and poverty goals

2. We very much welcome the proposed focus by the World Bank Group, and MDBs more generally, on global public goods (GPGs) including climate change. In this regard we note the importance of encouraging clients along the path of a *just transition*, in which human rights and environmental aims are pursued in an integrated fashion. As many other stakeholders have done, we would also urge that a focus on GPGs does not draw attention from the Bank’s and clients’ existing poverty reduction efforts, given the alarming reversals of progress on poverty reduction in so many countries since the onset of the COVID-19 pandemic.

A call to action

3. While noting the WBG’s emphasis on public private partnerships (PPPs), we would like to highlight our concerns about the potential adverse impacts of PPPs and privatization of essential social service sectors, including education at all levels, water and sanitation, social security, and the health sector, on disadvantaged and marginalized people in terms of quality, availability, accessibility and affordability of such services.¹
4. PPPs and privatization of essential social services, if not well-designed, implemented and regulated, keeping in mind the State’s legally binding human rights obligations, could deepen existing socio-economic inequalities. We suggest that the proposal recognizes the human rights duties of private actors, particularly those in essential social service sectors, as set out in the UN Guiding Principles on Business and Human Rights² and General Comment no. 24 of the UN Committee on Economic, Social and Cultural Rights (on the subject of States’ obligations in the context of business activities).³

Updated mission statement

Reducing inequalities

5. We welcome the proposal that the Bank’s twin goals should be achieved through “sustainable, resilient and inclusive development”. However, given the increasing inequalities within and between countries caused by climate change, COVID-19⁴ and cost-of-living crises, among others, we would urge the World Bank Group to consider defining “inclusion” more specifically by reference to a reduction in inequalities. This requires a focus not only on the bottom 40 per cent

¹ See the concluding observations of the UN Committee on Economic, Social and Cultural Rights on Tajikistan (2022), Pakistan (2017), Viet Nam (2014), New Zealand (2012), Israel (2011), Kazakhstan (2010), Korea (2009), Poland (2009), India (2008), among others. Available at https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/Home.aspx.

² Available at <https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights>.

³ Available at <https://www.ohchr.org/en/documents/general-comments-and-recommendations/general-comment-no-24-2017-state-obligations-context>.

⁴ [COVID-19 leaves a legacy of rising poverty and widening inequality \(worldbank.org\)](https://www.worldbank.org/en/news/press-release/2020/07/20/covid-19-leaves-a-legacy-of-rising-poverty-and-widening-inequality).

of the population, under the Bank's current definition,⁵ but a comparison between the bottom 40 per cent and the top quintile (or less) of the population. To better facilitate sustainable, resilient, and inclusive results it's important that the mission is aligned with human rights, labour and environmental norms and standards. OHCHR's recommendation is based on our work towards a *human rights economy*⁶ that seeks to address and redress barriers to equality, justice and sustainability.

Ending extreme poverty and boosting shared prosperity

6. We welcome the WBG's continuing commitment to eradication of extreme poverty. However, we regret that the proposal remains vague as to the measures that explicitly recognize that basic needs grow with average income levels, which supplement the existing measures to end extreme poverty particularly in MICs and LICs (para. 21). In this regard, we would suggest that the proposal explicitly mention building robust, universal and rights-based social protection (or social security) systems as a key measure to help people out of extreme poverty and meet their growing basic needs, and achieve a substantially higher standard of prosperity.
7. The investment in social security systems and essential social services, including healthcare and livelihood support, in countries at all income levels during the COVID-19 pandemic has strengthened countries' resilience to shocks and promoted sustainability and inclusion, despite the temporary nature and limited scope of these measures. We note that the Bank, along with ILO and OECD, has recognized that the development of social protection systems in tandem with economic policies generates a robust, inclusive, and sustainable economic recovery and increases the resilience of individuals and societies to future shocks.⁷ Once the final Evolution Roadmap is adopted, our Office would be happy to contribute to the development of indicators and dimensions of robust social security systems, drawing from the human rights framework.

Operating model

Ensuring quality as well as quantity

8. In terms of the operating model, we would encourage the Bank to include more explicit affirmation of the importance of social and environmental safeguards for ensuring project quality. We understand the reasons now for focusing on the quantum of financing, however project quality is equally important. Rigorous social and environmental safeguards adapted to different financing modalities and central to this goal.
9. Our reason for raising this concern has less to do with the content of the Evolution report than with the policy debates surrounding it.⁸ The World Bank Group has played an instrumental role in setting high social and environmental standards for others to follow. To loosen them now may

⁵ [Inequality and Shared Prosperity Overview \(worldbank.org\)](https://www.worldbank.org/en/topic/inequality), and SDG target 10.1.

⁶ [Statement by UN Human Rights Chief on human rights economy | OHCHR](https://www.ohchr.org/en/press-releases/2020/06).

⁷ ILO, OECD and the World Bank, [Financing social protection through the COVID-19 pandemic and beyond](https://www.oecd.org/coronavirus/policy-responses/financing-social-protection-through-the-covid-19-pandemic-and-beyond/).

⁸ See e.g. See e.g. [Rebooting the World Bank by Suma Chakrabarti & Chris Humphrey - Project Syndicate \(project-syndicate.org\)](https://www.project-syndicate.org) and [The time is now: what the World Bank's \(R\)evolution Roadmap should look like | ODI: Think change](https://www.odi.org/en/publications/the-time-is-now-what-the-world-bank-s-revolution-roadmap-should-look-like/).

have the opposite effect. We note the relevance of the G20 Principles on Quality Infrastructure Investment in this regard, particularly principle 5.2 on respecting human rights.⁹

Strengthening remedy

10. Closely connected to the above point, it seems difficult to imagine how the volume of financing can significantly be enhanced, and how the World Bank Group can be effective in fragile and conflict-affected contexts and overcome risk aversion, without a stronger remedy framework. This is the subject of a separate submission by our Office in connection with the draft IFC/MIGA Approach to Remedial Action.¹⁰
11. Civic space and freedoms of expression and association are closing in many countries, exacerbated by authoritarian responses to the COVID-19 pandemic. Judicial, administrative and other remedial mechanisms are often weaker or further out of reach, meaning that more and more project-related harms will not be remedied. This, in turn, may fuel community grievances and violent conflict,¹¹ and undermine sustainable development objectives.
12. A strengthened, holistic remedy framework can help to counter these worrying trends. Approaching remedy as an ordinary project contingency can help to transcend punitive associations with the term “remedy,” improve sustainability, and increase risk appetite. We’d recommend that the next iteration of the Roadmap give explicit attention to this issue.

Resilience, sustainability, inclusion and shared prosperity

13. We welcome the focus on resilience, sustainability and inclusion in the mission statement and the links with shared prosperity. Fragility, unsustainability, exclusion and inequalities are often the result of discrimination and violations of human rights. Human rights norms and standards such as non-discrimination, participation and transparency, and recommendations from the Universal Peer Review and other UN human rights bodies and mechanisms, can inform and support the achievement of development outcomes. We would welcome the opportunity to discuss these issues further, pending finalization of the Roadmap.

Debt sustainability analysis

14. We welcome the concern expressed in the Roadmap document concerning unsustainable debt and the need for debt sustainability analysis (DSA) to be made publicly available in a more timely and predictable manner. For the next iteration of the Roadmap we would suggest that it would be important also to distinguish between liquidity and solvency crises, and underscore the need to develop long-term DSAs, and incorporate fiscal space for human rights, SDGs and climate investments into DSA analyses.

Expanding fiscal space

15. We welcome the Roadmap document’s focus on expanding fiscal space, including through domestic resource mobilization which is essential for sustainability. Fiscal space is needed for realization of human rights, most importantly economic, social, and cultural rights, as well as for the delivery of public services, including education, health, and social protection for

⁹ [QII Principles \(worldbank.org\)](https://www.worldbank.org/), and [annex_01.pdf \(mofa.go.jp\)](#).

¹⁰ [IFC/MIGA Draft Approach to Remedial Action: Comments and Recommendations of the UN Human Rights Office](#) (Apr. 13, 2023).

¹¹ World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025, pp. viii–ix, 2–3, and paras. 8, 12–13, 48, 53, 87, 97, 99, 126–128, 148, 164, 172, 230 and annex 2.

communities facing multiple and persistent forms of discrimination. In addition to generating revenue through progressive taxation on income and wealth, the private sector paying its fair share, addressing corruption and illicit financial flows, and promoting efficient tax systems, it is crucial that social spending be ring fenced according to states' obligations under international human rights law. Additionally, transparency of budget data will increase accountability, inclusiveness and legitimacy, among other benefits.

Rethinking the Cascade approach

16. We would suggest that the Evolution process may offer a valuable opportunity for critical reflection on the Cascade approach. In our understanding, it is not clear that the promise of the Cascade approach has been realized in practice, or that the strengthened use of this approach, as proposed in the Evolution report, is warranted by the available evidence. To the contrary, de-risking private capital may create unacceptable balance sheet risks for States already in debt distress.¹²
17. Moreover, as Bank research has shown, the maximization of finance does not necessarily equate to the optimization of finance.¹³ The reverse logic (a "reverse cascade," with public finance as the default option) may well be more appropriate when country and sector characteristics are factored in.¹⁴ On the fiscal risks of PPPs, the IMF has noted that "in the short term, PPPs may appear cheaper than traditional public investment," however "over time they can turn out to be more expensive and undermine fiscal sustainability."¹⁵ The remunicipalization of water services in many countries exemplifies these concerns.

Risks of financialization

18. Related to the above point, we note the proposal (para. 38(vi)) to introduce a securitization platform to attract institutional investment at scale. We acknowledge the aims of securitization in encouraging efficient use of capital, lowering borrowing costs for companies and consumers, and spreading risk. However bundled investment products of this kind can conceal multiple financial and non-financial risks, which many be exacerbated by regulatory changes undertaken to attract private investment.¹⁶
19. There needs to be a realization that the market has its limitations to address poverty and guarantee that all human rights are respected (e.g., housing, health, education, water, etc.). We would suggest that the next iteration of the Roadmap document engage explicitly with critical analyses of financialization and be open to the policy conclusions which may follow, including on

¹² See e.g. Gabor, D., [The Wall Street Consensus](#), *Development and Change* (Mar. 26, 2021).

¹³ Cordella, T (2018) [Optimizing Finance for Development](#). World Bank Group Policy Research Working Paper 8320.

¹⁴ OHCHR & Heinrich Boell Foundation, [The Other Infrastructure Gap: Sustainability – Human Rights and Environmental Perspectives](#) (2019), pp.116-118.

¹⁵ IMF, [How to Control the Fiscal Costs of Public-Private Partnerships](#) (Oct. 16, 2018). The Fund has also noted that PPPs are "generally considered to carry higher fiscal risks than budget financing." IMF, [Making Public Investment More Efficient](#), Staff Report (June 11, 2015).

¹⁶ See e.g. OHCHR & Heinrich Boell Foundation, [The Other Infrastructure Gap: Sustainability – Human Rights and Environmental Perspectives](#) (2019), pp.120-141; Rowden, R., [From the Washington Consensus to the Wall Street Consensus: the financialization initiative of the World Bank and multilateral development banks](#), Heinrich Boell Stiftung (Oct. 2019).

how to strengthen and expand the role of public development finance at both international and national levels.

Special Drawing Rights

20. We agree that the use of SDRs should be expanded, and it's critical that they are used to increase the attainment of human rights, and economic, social and cultural rights in particular.

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