

Global Civil Society Statement on World Bank Climate Investment Funds

June 5, 2008

UN Secretary General Ban Ki Moon has called on all nations to “come together in a global, collective, inclusive and low-carbon approach to growth and development.” Public money could and should have a vital and central role to play in encouraging and supporting a global shift to low carbon technologies.

We, the undersigned representatives of development, environment, faith-based, human rights, community, and indigenous rights groups oppose the World Bank's current initiative to establish Climate Investment Funds (CIFs).

While we recognize that efforts have been made to improve the original proposal (e.g. in governance structures), we are simultaneously alarmed that Bank management is offering minimal public comment period, in English only, on an issue of obvious global significance. This kind of disregard for the importance of the input of global civil society is unfortunately typical of the World Bank and illustrative of our concerns regarding the Bank's administration of climate funds. We further note the following concerns:

- ***It is highly inappropriate to issue loans for adaptation, given that rich countries are overwhelmingly responsible for climate change.*** It is currently suggested that the proposed Pilot Program for Climate Resilience will offer loan finance for adaptation, even though the overwhelming responsibility for climate change we experience today lies clearly with rich (World Bank donor) countries.
- ***The World Bank's energy lending patterns must be addressed before it takes control of climate funding.*** Unfortunately, and in sharp contrast to the transformational role that any useful public finance mechanism must play, the World Bank Group continues to commit scarce international development finance in a manner that locks in long-term energy pathways inconsistent with international climate needs. In fact, since the Gleneagles G8 meeting in 2005, where the Bank Group was tasked with designing a clean energy investment framework and leading the fight against climate change, lending for fossil fuels has actually increased at a rate that exceeds the increase in renewable technologies – thus exacerbating an already large imbalance in funding.¹ Meanwhile, on November 29, 2007, the European Parliament overwhelmingly passed a Resolution calling for an end to fossil fuel financing by the European Investment Bank and Export Credit Agencies.
- ***The Clean Technology Fund (CTF) has no definition of clean technology,*** and there are serious concerns that it will be oriented heavily toward funding large-scale coal plants². Without a clear definition of “clean technology,” the Clean Technology Fund may thus be used to finance projects that do not clearly mitigate climate change or may take up scarce resources that bring minor or incremental change, when fundamental change is needed. Public finance meant to combat climate change should not be used to subsidize any carbon intensive technology, even if they represent a marginal improvement in emissions. *Clean must mean “clean”, not “slightly less dirty”.* A prime example of this practice is the

¹ World Bank Group support for fossil fuel extraction in FY06 actually increased 93% compared to FY05. The private sector lending arm of the World Bank Group – the IFC actually increased its support for oil alone by more than 75% from FY 05-06. Current World Bank Group support for fossil fuels, including power, has increased at least 42% over FY05 levels. World Bank support for renewables and efficiency is also increasing but by less than its support for fossil fuels – 28-40% by the Bank's own estimates. So the gap in funding is actually growing larger, and exactly the wrong signals are being sent to the market.

² Annex A, p. 14 of the draft “Proposal for a Clean Technology Fund,” April 29, 2008, Rev. 1, states: “Financing from the CTF could cover one or more of the following proposed transformational investments:”... “(iii) Achieve significant greenhouse gas reductions by adopting best available coal technologies with substantial improvements in energy efficiency; (iv) Support readiness for implementation of carbon capture and storage”...

recent approval of a \$450 million loan by the International Finance Corporation (IFC) for a 4000 MW supercritical coal fired power plant.³

- ***The governance structure of the World Bank is not sufficiently inclusive of developing country governments.*** While we recognize that improvements to the proposed governance structure of the CIFs have been recently proposed, any such improvements are inadequate when located within an institution that is both undemocratic and lacks transparency. The World Bank, as an institution, is burdened by fundamental issues of trust with the very constituencies that it professes to serve. Therefore, any initiative administered by the Bank will at best have to work very hard to overcome legitimate scepticism, and at worst will be undermined and rendered ineffective by the reputation of its parent.
- ***The World Bank initiative could undermine the United Nations Framework Convention on Climate Change (UNFCCC).*** The proposed funds could divert funding that should come through a global agreement based on the model of common but differentiated responsibilities. The UNFCCC Adaptation Fund that was established at the Conference of Parties in Bali in 2007 has already held its first meeting, and is moving forward. However, it will require additional funding beyond the levy from the Clean Development Mechanism. Additional funds that might have gone to this Adaptation Fund, could now be diverted into the World Bank.
- ***Clean energy funding for the purposes of addressing climate change in developing countries should be in the form of grants.*** The Bank currently proposes both grants and loans for “clean” energy technologies. At the very least, climate funds should provide grants equal to the difference in price between conventional technologies and truly clean technologies that will help put countries on a clean development path. A policy such as this could do much to “level the playing field” for truly clean renewable technologies.
- ***Funding to help developing countries respond to the challenges of climate change must be explicitly additional*** to the long-standing Overseas Development Assistance (ODA) commitment of 0.7% GDP.
- ***Developing countries have already voiced grave concerns.*** In Bangkok, at the plenary sessions of the UNFCCC’s ad hoc working group on long-term cooperation, the G77 and China criticized the World Bank’s Climate Investment Funds. Individual developing countries have also expressed alarm that the Bank initiative would undermine their efforts in the UNFCCC.

We believe that urgent action on climate change is required. However, the current rush to establish the CIFs could lead to establishing top-down funds that fail to promote the vital, wider environmental and development benefits and sustainable transformation required to address climate change.

At this delicate moment in history, pushing forward with World Bank-led climate investment funds could lead to a serious erosion of trust in the international community. Therefore:

We urge developed country governments not to support the launch of the World Bank initiative until and unless all the aforesaid concerns are fundamentally addressed. We call on developing country governments to give attention to our concerns and raise them with donor countries, the World Bank, and other relevant institutions.

³ The Tata Mundra Ultra Mega \$450 million loan was approved by the IFC’s Board on April 8th, 2008. For a critique of the project, please [click here](#).

Endorsers:

Argentina

Amigos de la Tierra

Australia

Friends of the Earth Australia

Bangladesh

BanglaPraxis

Community Development Library (CDL)

Belarus

IPO "Ecoproject Partnership

Belgium

Coalition of the Flemish North-South Movement

Friends of the Earth Flanders & Brussels

Brazil

AGAPAN, Associação Gaúcha de Proteção ao
Ambiente Natural

Esplar - Centro de Pesquisa e Assessoria

Rede Brasil sobre Instituições Financeiras
Multilaterais

Cameroon

Centre pour l'Environnement et le Développement

Canada

KAIROS: Canadian Ecumenical Justice Initiatives

Denmark

DanChurchAid

NOAH, Friends of the Earth Denmark

EU

CEE Bankwatch Network

France

Les Amis de la Terre

Germany

GENDERCC - Women for Climate Justice

SÜDWIND e.V.

Urgewald

World Economy, Ecology & Development (WEED)

Honduras

Movimiento Madre Tierra Honduras, Member of
ATALC

Movimiento Madre Tierra, Friends of the Earth
Honduras

India

Bharatiya Krishak Samaj (Indian Farmer's
Organization)

Indian Society for Sustainable Agriculture and
Rural Development

Indonesia

Anti Debt Coalition Indonesia (KAU)

Association of Prison Ministries (APM)

Indonesian Foundation of Education and Self-
Reliance (YPSI)

INFID (International NGO Forum on Indonesian
Development)

Institute for Essential Services Reform (IESR)

Jakarta Christian Communication Forum (FKKJ)

Kalikasan-People's Network for the Environment
(Kalikasan-PNE)

Law Enforcement Watch (LEW)

Pantau Foundation- Indonesia

Perhimpunan Solidaritas Buruh (Association of
Workers Solidarity)

Wahana Lingkungan Hidup Indonesia

WALHI/Friends of the Earth

INSIST (Yogyakarta)

International

ActionAid International

Eco Equity

Friends of the Earth International

Greenpeace International

Jubilee South - Asia/Pacific Movement on Debt
and Development

Solidarity Workshop

Italy

Coopi Lazio

Fair

Legambiente

Lunaria

Intersos

Tavola della Pace

Terra Nuova

Un Ponte Per

VIDES International

Campagna per la riforma della Banca Mondiale
(CRBM)

Kazakhstan

BAITEREK

Kyrgyzstan

Ecological Movement "BIOM"

Malaysia

Friends of the Earth Malaysia

Third World Network

Nepal

Least Developed Country Watch

Rural Reconstruction Nepal

South Asia Alliance for Poverty Eradication

Netherlands

A SEED

MAID (Management Projects for Individual
Empowerment and Democratic
Development)

Milieudefensie (FoE)

Nigeria

Environmental Rights Action

Norway

Friends of the Earth Norway
Norwegian Church Aid (NCA)
SLUG (Norwegian Campaign for Debt
Cancellation)

Papua New Guinea

Center for Environmental Law & Community
The Papua New Guinea Eco-Forestry Forum
Rights Inc. (CELCOR)/Friends of the Earth

Peru

ECOVIDA
Instituto Ambientalista Natura

Philippines

Center for Environmental Concerns-Inc
Climate Action Network Southeast Asia
(CANSEA)
Kalikasan-People's Network for the Environment
NGO Forum on the ADB
Philippine Network on Climate Change (PNCC)
Philippine Rural Reconstruction Movement
(PRRM)
The Freedom from Debt Coalition (FDC)

Portugal

Quercus-Associação Nacional de Conservação
da Natureza

Romania

Foundation TERRA Millennium III

Russia

Biodiversity Conservation Center
Center for Assistance to Environmental Initiatives
Counterpart for Development Association
Assessment Center ECOM (St. Petersburg)
Society of Naturalists

Serbia

Center for Ecology and Sustainable Development
(CEKOR)

Slovakia

Friends of the Earth-CEPA

South Africa

Centre for Civil Society Economic Justice Project
University of KwaZulu-Natal

South Korea

KFEM/Friend of the Earth South Korea

Spain

Xarxa de l'Observatori del Deute en la
Globalització

Switzerland

Alliance Sud

Tajikistan

Foundation to Support Civil Initiatives
Youth Ecological Centre of Tajikistan

Timor Leste

Haburas Foundation
La'o Hamutuk (Timor Leste Institute of
Development Monitoring and Analysis)
Luta Hamutuk Institute

Togo

Jeunes Volontaires pour l'Environnement-
International

UK

Bretton Woods Project
Christian Aid
Down to Earth: the International Campaign for
Ecological Justice in Indonesia
Plan B
Platform
The Forest Peoples Programme
The New Economics Foundation

Ukraine

Nikolaev Club for Promotion of the Sustainable
Development and Civil Society "Joint
Action"
Black Sea Women Club
Ecoclub
National Ecological Centre of Ukraine
Ukrainian Children's Union "Ecological Guard"

USA

Amazon Watch
Circle the Earth
Crude Accountability
Friends of the Earth US
International Accountability Project
International Forum on Globalization
International Rivers
Jubilee USA Network
Oil Change International
Rainforest Action Network (RAN)
Sustainable Energy and Economy Network
(SEEN)