

# 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.<sup>1</sup> 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 plants<sup>2</sup>. 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

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<sup>1</sup> 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.

<sup>2</sup> 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”...

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

- ***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.**

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

**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.**

**Endorsers:**

**Argentina**

Amigos de la Tierra

**Australia**

Friends of the Earth Australia  
Jubilee Australia

**Bangladesh**

BanglaPraxis  
Community Development Library (CDL)

**Belarus**

IPO "Ecoproject Partnership

**Belgium**

11.11.11 - 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

**Ecuador**

Jubileo 2000 Red Ecuador

**European Networks**

Eurodad  
Client Earth  
Friends of the Earth Europe  
CEE Bankwatch Network

**Finland**

Kepa, Finland

**France**

Les Amis de la Terre, France

Greenpeace France

**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)  
Both Ends

**Nigeria**  
Environmental Rights Action  
Africa Network for Environment and  
Economic Justice (ANEJ)

**Norway**  
Friends of the Earth Norway  
Norwegian Church Aid (NCA)  
SLUG (Norwegian Campaign for Debt  
Cancellation)  
FIVAS – Association for International Water  
Studies

**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  
Jubileo Peru

**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  
Globalitzación

**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  
The Corner House  
Jubilee Debt Campaign, UK

**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)