



The World Bank's Climate Investment Funds: Still Fueling Global Warming

The World Bank, the world's largest multilateral lender for fossil fuel projects, plans to reinvent itself as the world's leader on climate and development. It has proposed at least two new "Climate Investment Funds" to help "developing countries to address urgent climate change challenges." But a closer look at these funds reveals that the Bank would continue to fund greenhouse gas emissions, while re-branding its business as usual as "transformational, low-carbon" technologies.

World Bank: World Champion Fossil Fuel Funder

The World Bank currently funds oil and gas industries to the tune of some \$1 billion per year and growing, contributing substantially to global warming. In 2006, oil, gas, and power commitments accounted for 77 percent of the World Bank's total energy program. Only about 6 percent went to "new renewables," such as wind, solar, and mini-hydro. Worse, the Bank's International Finance Corporation (which lends to the private sector) is actually growing its fossil fuel lending portfolio. In April 2008, the Bank approved a \$450 million loan for a massive 4,000 megawatt coal project in India, expected to be one of the 50 largest greenhouse gas emitters in the world.

The "Slightly Less Dirty" Technology Fund

The stated purpose of the World Bank's proposed Clean Technology Fund (CTF) is to "provide scaled up financing to assist developing countries in transitioning to low-carbon economies." But neither "clean" nor "transformational" nor "low-carbon" is defined. What is clear is that limited public resources, including U.S. taxpayer money, could potentially be used to fund massive coal projects that are only somewhat less polluting than the dirtiest existing projects. Public money may also be used to prepare for "carbon capture and storage," a technology which doesn't even exist yet. Thus, it appears likely that the CTF will be used to finance projects that do not effectively mitigate climate change, that add to the atmosphere's total carbon load, that do not transform energy systems, and will not effectively provide clean energy to the 1.6 billion people in the world who lack access to energy. No wonder the Bank doesn't want to define clean.

Polluter Pays Principle Goes South (Or Making Poor Countries Poorer)

The World Bank's proposed climate investment funds include the possibility of concessional loans. This means that poor countries would end up owing money to rich countries in order to deal with the impacts of global warming – even though it is the rich countries that caused the problem! The Bank's proposal comes at a time when many poor countries are just shaking off their debt burdens with the help of recent debt relief initiatives. A much better use of public money would be to subsidize proven clean energy technologies, such as solar thermal, so as to make them cheaper than coal. Instead of further indebting poor countries, the Bank could help them leapfrog to climate friendly energy systems.

Democracy and Circumventing the United Nations

The proposed World Bank funds have come under heavy fire from civil society and southern governments for marginalizing the voices of developing countries and bypassing United Nations negotiations on climate change. At April climate change talks in Bangkok, Thailand, developing countries criticized the funds for being designed without guidance from parties to the UN Framework Convention on Climate Change (UNFCCC), without due transparency, and at the risk of undermining UNFCCC efforts and commitments.

The United States should not support the World Bank Climate Investment Funds, and Bank management should withdraw its proposal to establish them. Critically needed multilateral funds for adaptation to climate change should be directed to the United Nations Adaptation Fund. The US should back the UN process already underway to support the transfer of clean technology.

For more information, contact:

Friends of the Earth, www.foe.org, korenstein@foe.org, 202-222-0717

Oil Change International, www.priceofoil.org, Kenny@priceofoil.org, 718-788-4402