

Letter to Governments and the World Bank from Civil Society Organisations

5th April 2008

The Head of Delegation

Dear Sir/Madam

Re: World Bank's Climate Change Investment Funds

We, the undersigned civil society organisations who are gathered here in Bangkok, Thailand on the occasion of the Climate Talks as well as those around the world, bring to your attention our grave concerns regarding the World Bank's initiative on the Climate Change Investment Funds (CIFs).

Among the key concerns that we have about the current direction of the proposals are as follows:

- The CIF initiative is currently being led by a small group of G8 members, and without clear participation by developing country governments or civil society. For initiatives taken by the developed countries to be beneficial, it is vital they be opened up to wide ownership and engagement from civil society and developing countries at this critical proposal stage on the desirability and design of such initiatives.
- We are concerned that inclusion of the US-led Clean Technology Fund could imply support for the US Major Economies Meeting process, which threatens the UNFCCC and Kyoto Protocol track of negotiations by failing to support economy-wide emission reduction targets for all developed countries.
- We are also concerned about the complications which may arise from two parallel processes going forward: the proposed "Pilot Programme for Climate Resilience" (PPCR), and the UNFCCC Adaptation Fund agreed at Bali. The latter has a balanced Board in terms of regional representation that was elected at Bali that has already held its first meeting, and is moving forward. This UNFCCC Adaptation Fund should be supported through more sources of funding beyond the levy from CDM. The World Bank initiative potentially undermines the UNFCCC fund by diverting away potential funds from it.
- We understand that it is currently suggested that the proposed PPCR will offer highly concessional loan finance for adaptation. We believe loans are highly inappropriate, given that the problems that developing countries must tackle were largely created by rich countries in the first place.

- The main climate fund proposed by the Bank is a Clean Technology Fund with proposed \$5-10 billion. New funds for clean technology are urgently needed. However, this proposal for a separate fund prejudices the negotiations now underway in the UNFCCC in which several developing countries are suggesting a multilateral fund within the UNFCCC itself aimed at technology development and transfer. If the Bank proceeds with its plans, it would prejudice the outcome of the technology and finance negotiations at the UNFCCC, and may even undermine the negotiations. At the UNFCCC many are envisaging a technology system including funding in which developing countries have a fair voice in decisions, while the Bank is attempting to quickly adopt a competing fund with a different governing structure and without approval or guidance from the UNFCCC member states.
- We have reservations about the role of the Bank itself: its energy portfolio continues to be skewed towards fossil fuels over decentralised renewable energy, and there are also concerns about the Bank's own environmental track record and governance arrangements. It is imperative that these concerns be addressed. In addition, if the Bank were only to be the administrator of the CIFs, then a further concern would be whether the implementing agencies - such as regional development banks - have adequate social and environmental safeguards in place.
- We understand that substantial parts of the Climate Investment Funds will be counted as ODA. We believe, however, that funding to help developing countries respond to the challenges of climate change should be additional to the long-standing ODA commitment of 0.7% GDP.
- At the plenary sessions of the UNFCCC's ad hoc working group on long-term cooperation, the G77 and China has criticised the World Bank initiative and individual developing countries have also raised grave concerns that the Bank initiative would undermine their efforts in UNFCCC. (Note: Philippines for G77 and China, and India etc have raised this issue on 2 and 3 April in the Bangkok Climate Talks).

While we believe that urgent action is required, we are concerned that the current rush could lead us into establishing top-down funds, without adequate participation of developing countries, without much-needed accountability mechanisms, and without promoting the wider environmental and development benefits and sustainable transformation that are so vital.

Until UNFCCC negotiations have clarified how climate-related financing issues will be comprehensively dealt with, we urge developed country governments to channel resources through the Adaptation Fund (in the case of adaptation-related funds) and ensure that any new mitigation-related funds address the aforementioned concerns, are provided on an interim basis, and are channeled through relevant UNFCCC institutions at the earliest possible stage.

In addition, we also call on the developing country governments to give attention to our concerns and raise them with donor countries, the World Bank and other relevant institutions.

We therefore urge the World Bank secretariat to withdraw or suspend its proposal for climate funds, at least until the above concerns are addressed.

Yours sincerely,

1. The Third World Network
2. Friends of the Earth International
3. Oxfam International
4. Greenpeace International
5. Oil Change International
6. Christian Aid
7. Bretton Woods Project
8. Norwegian Church Aid
9. Birdlife International
10. Consumers Association of Penang, Malaysia
11. International Forum on Indonesian Development (INFID)
12. Indonesian Society for Social Transformation (INSIST)
13. Konphalindo
14. Bali Collaboration on Climate Change
15. Sustainable Energy and Economy Network, US
16. Ecologistas en Accion, Spain
17. Germanwatch
18. International Forum on Globalization
19. International Rivers Network
20. Global Environment Centre, Malaysia
21. Red Ambiental Loretana
22. Mexican Action Network on Free Trade
23. Centre for Encounter and Active Non-Violence
24. World Economy, Ecology and Development, Germany

Copy sent to:

Mr. Robert Zoellick,
President,
World Bank,
Washington, DC