

Opposition to The World Bank's Proposed Climate Funds

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MEDIA ADVISORY

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CIVIL SOCIETY GROUPS OPPOSE WORLD BANK'S PROPOSED CLIMATE FUNDS

WASHINGTON, DC (USA), April 11, 2008 — While welcoming increased international attention to the climate crisis, civil society groups from the global South and global North today are calling on the World Bank to withdraw its proposal to establish climate investment funds.

The World Bank on April 3 detailed plans to establish at least two funds outside of the United Nations Framework Convention on Climate Change (UNFCCC), a Strategic Climate Fund featuring a "Pilot Program for Climate Resilience" and a Clean Technology Fund.

"The Bank's proposals undermine democratic, global efforts to address climate change under the auspices of the United Nations," said Celine Tan of Third World Network in Malaysia. "The Bank's funds are top-down, donor-driven and are in danger of creating parallel and contradictory structures financing climate change adaptation and mitigation. Developing countries have already come out in opposition to these funds at the recent climate change talks in Bangkok."

"The World Bank is not a credible institution for managing these funds, given its poor environmental track record and the negative impact of conditions associated with loans and grants to developing countries," continued Tan.

The World Bank's proposed Strategic Climate Fund outlines the possibility of concessional loans for climate adaptation needs in vulnerable countries.

"Rich countries are overwhelmingly responsible for global warming, yet the World Bank has the gall to suggest that developing countries pay for climate change impacts," said Karen Orenstein of Friends of the Earth.

The World Bank Group is the largest multilateral lender for fossil fuel projects, with some \$1

billion per year in financing for the oil and gas industry. The Bank this week approved a \$450 million loan for the 4,000 megawatt Tata Mundra coal project in Gujarat, India, near an area with huge solar thermal power potential. The coal plant is expected to emit 23 million tons of carbon dioxide per year.

“It is highly ironic that the World Bank is attempting to position itself as a leader in fighting climate change the very same week it approves financing for a massive coal-fired power plant,” said Kenny Bruno of Oil Change International. “The Bank’s expertise in financing technologies that cause climate change does not make it expert in funding the transition to a clean energy future.”

“Public funds should be used to scale up investments in renewable energies, such as solar power, wind and mini-hydro,” said Lucy Baker of Bretton Woods Project in the UK. “Further, the U.S.-led Clean Technology Fund may be used to finance projects that do not take meaningful steps to provide clean energy to the 1.6 billion people in the world who lack access to energy.”

The World Bank’s climate investment funds are expected to be worth between \$7 and \$12 billion. The US, UK, and Japan originally proposed the funds with a view toward their approval at a July 2008 G8 summit in Japan. The Group of 77 and China last week criticized the proposed funds at UN climate talks in Bangkok.

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FOR MORE INFORMATION:

- Third World Network briefing papers on the proposed World Bank climate investment funds as well as UN climate negotiations, <http://www.twinside.org.sg/bangkok.briefings.htm>
- The World Bank and Climate Investment Funds, a fact sheet – http://www.foe.org/pdf/CIF_Factsheet.pdf
- A letter to governments and the World Bank from civil society groups sent during April climate change talks in Bangkok, Thailand, http://www.foe.org/pdf/WBLetter_Governments_Bangkok.pdf
- Background and analysis on the practice of international aid to the oil industry, <http://www.endoilaid.org/wp-content/uploads/2008/01/aidingoilreport.pdf>

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