

# **Country Dialogue (Phase II) on the Strategic Framework for the World Bank Group: Development and Climate Change**

**September 9, 2008 - La Paz, Bolivia**

## **1. Feedback to the Strategic Framework**

### Area 1: Support Climate Actions in Country-led Development Processes

- Adaptation should have a primary role in the climate agenda.
- The WBG should guide its actions following the Paris Declaration recognizing Bolivia's priorities and allowing the participation of all stakeholders.
- It is necessary that the WBG capitalizes over the lessons learned from NGOs, civil society and governments.
- Programs should be multisectoral, multidisciplinary and integrated.
- Adaptation should be prioritized in sectors such as health, food security, equity, water and others.
- The strategy should foresee the design and application of models of conflict prevention at national and regional levels.
- Clarify: How has the strategic framework incorporated the rights of communities that live in forest areas with carbon sink potential?
- Clarify: Does the strategy suggest that high carbon projects will receive lower financing? Does the strategy suggest that large hydro projects will receive increased financing?

### Area 2: Mobilize Concessional and Innovative Finance

- It is not realistic to consider climate funds as additional. The support from International donors is declining (i.e. EU). Climate change financing is going to imply fewer investments in other sectors.
- Additional investments for climate change should be in the form of grants and not credits
- Clarify: Is it possible that external financing for climate change may include conditions that can interfere with national interventions and policies?
- Access to financing seems to be very bureaucratic. Climate change financing should follow more agile processes than the traditional financing for development, given the importance and urgency of climate change.
- CIFs should prioritize adaptation programs.

### Area 3: Facilitate the Development of Innovative Market Mechanisms

- Many comments have indicated the need to insure that carbon markets benefit the communities and to the poorest.
- Allow participation and social (i.e. communal) control of the funds
- The carbon market should consider the carbon sink potential of pre-existing forest areas.
- Give more emphasis to innovative mechanisms of financing at the local and regional level such as ‘payment for environmental services’ and ‘eco-tourism’.

### Area 4: Leverage Private Sector Finance

- Establish a system for the private sector to access information on opportunities in carbon markets. Likewise, establish a system to allow dissemination of technologies for adaptation.
- Climate change consultations have engaged very little the private sector (3% as shown in the PPT)
- Promote a more active participation of the private sector in discussions.

### Area 5: Accelerate Technology Development and Deployment

- Strategic framework should contemplate mechanisms to take advantage of lessons learnt through pilots at the national level, and to take advantage of traditional knowledge.

### Area 6: Stepping up Policy Research, Knowledge and Capacity Building

- Establish mechanism for human resources formation
- The strategy does not seem to touch on the education sector both at the school level and higher education level.
- The strategy should support improved understanding of SECTOR level development / climate change links.

## **2. Relevance of Each Pillar to Bolivia and Scope for Action**

### Area 1: Support Climate Actions in Country-led Development Processes

- WBG: Support the implementation of the National Adaptation Mechanism for Climate Change (MNACC)
- WBG: Support policy programs and norms for adaptation
- WBG: Integrate climate change into investment programs and projects
- WBG: Support Bolivia in its international negotiation efforts on adaptation
- GOB: Integrate climate change issues with the disaster risk management agenda.

### Area 2: Mobilize Concessional and Innovative Finance

- GOB: Promote policies for the development of clean technology.
- GOB: Allow community organizations to access and administer funds to manage climate change.
- WBG: Support capacity to calculate the costs of adaptation at the sectoral level to direct potential adaptation funds.

### Area 3: Facilitate the Development of Innovative Market Mechanisms

- GOB: Carbon markets should be accessible to poor communities and to indigenous communities.
- GOB: The conceptual debate regarding carbon markets should include:
  - Reduction of emissions vs. Negotiations of emission quotas
  - Emission property rights
  - Applicability of funds in Bolivia (beneficiaries, creditors and modality)
- GOB: Roles and responsibilities of different stakeholders/actors should be defined (governments, private sector, indigenous organizations and others).
- GOB: Need to develop national policies for adequate technologies (farmers insurance, environmental services, eco-tourism) and conservation of forest areas.
- WBG: Support the mitigation strategy of Bolivia with a focus on the benefits to local communities.
- GOB: Incorporate research and validation of methodologies for the development of clean technology and insurance for farmers into national strategy

### Area 4: Leverage Private Sector Finance

- GOB: Need to establish an incentives and penalties system with an effective monitoring control.
- GOB: Establish strategies that link climate change investment mechanisms with needs and benefits of the communities (municipalities)
- GOB: Promote social and environmental responsibility in regards to climate change.
- GOB: Private sector support should be coherent (aligned) with country policies
- GOB: Promote and optimize the efficient use of natural resources (water)
- GOB: Some innovative instruments (e.g. insurance) need to be promoted through better information

### Area 5: Accelerate Technology Development and Deployment

- WBG: Provide funds for research and capacity building.
- WBG: IFC could prepare the strategies for clean technology in all productive sectors considering the country's plan.
- GOB: Take advantage of local knowledge on adaptation options

### Area 6: Stepping up Policy Research, Knowledge and Capacity Building

- WBG: Base research and capacity building on the principles of Bolivia's National Development Plan and the Paris Declaration
- WBG: Support knowledge management and capacity building (including the training of country negotiators in UNFCCC process)
- WBG: Develop methodologies to cost adaptation at project level.
- GOB: Integrate efforts from GOB, civil society and private sector
- GOB: Information and capacity building should reach vulnerable groups to impact their resilience
- GOB: Improve knowledge on impacts of CC on biodiversity, food security, and public health.

## **3. Additional considerations on specific issues for Bolivia (this is the result of a second round of group work done by participants)**

### Issue 1: In which areas does the country need to concentrate adaptation efforts? What are the capacity gaps to address these challenges?

One of the groups identified a major information gap in terms of what climate impacts are to be expected in Bolivia. Another group identified the following areas as the ones with special adaptation needs:

- Food security and agriculture
- Water resources (both in flood prone areas and drought prone areas)
- Water infrastructures
- Health
- Human settlements

Most groups agreed on the need to plan adaptation work in an integrated way, involving all levels of government. The importance of respecting the geographic characteristics of the country was raised. Working by watersheds is particularly important.

Capacity gaps have been identified across various agencies. In particular there is the need for an agency (possibly the Comision Nacional para Cambio Climatico) that is able to link together the different government bodies in charge of different aspects of adaptation.

Issue 2: What short term actions can the country undertake to actively participate in carbon markets? What is the role of IPs, private sector and academia?

The country counts with an institutional infrastructure including:

- National Commission on Climate Change
- National Mechanism for Adaptation to Climate Change
- National mitigation strategy
- REDD strategy
- Programs for PES

Challenges have been identified in the implementation capacity for the strategies. Some groups also pointed to the lack of information about carbon market opportunities, lack of data on carbon emissions and methods to estimate carbon emission reductions that are possible in each sector.

In particular the groups highlighted the work on REDD which puts Bolivia at the forefront of international discussions on the issue (as highlighted by the representative of Conservation International).

A cross-cutting challenge (as identified by the representative of IPs) is the fact that Indigenous communities are not systematically 'consulted' in the institutional processes that have to do with Climate Change.

Issue 3: In what development sectors (e.g. energy, forests, transport) can the best opportunities for synergy with climate change actions be found?

Synergies between development and climate change action in Bolivia have been identified in the following sectors:

- Energy
- Water resources management
- Urban areas
- Agriculture
- Forest management

Participants have highlighted the very high solar energy potential of the country. With respect to health, the participants have highlighted the collaboration between the Ministry of Health and the Ministry of Planning and Development who just signed a ‘convenio’ to deal with climate change adaptation.

#### Issue 4: How can the WBG provide support?

On several occasions participants mentioned the importance to follow the Paris Declaration principle of respecting country priorities and processes. Some areas of new or continued engagement have been pointed at, including:

- Policy support for agencies in charge of climate change actions in Bolivia
- Improvement of REDD strategy
- Scale up successful pilot projects (in particular it was mentioned the Noel-Kempff National Park experience)
- Build capacity for the country to engage in climate change negotiations