

Comments on the World Bank's Strategic Framework on Climate Change and Development

Prepared by WWF

Strengths

1. In principle we welcome the concept. The World Bank has acknowledged that climate change is an issue that needs to be reflected in a comprehensive strategy across its entire portfolio and, if developed in greater detail and actually implemented, the strategy can help the Bank integrate climate issues into a wide range of Bank instruments ranging from policy dialogue to project lending. This provides a good basis for some robust consultation and debate.
2. The holistic approach it applies – thinking about co-benefits, infrastructure and natural resources in integrated manner– is welcome. It will be important to see how this will be implemented, how trade-offs will be managed, and to see clear targets identified.
3. The strategy tries to build on World Bank strengths and comparative advantage in that it:
 - a. Places the direct relationship with national governments at the heart of its engagements to influence climate outcomes, where the WB clearly has a comparative advantage;
 - b. Grounds its climate strategies and responses in the Bank's ongoing efforts to reduce poverty, seeking to ensure no reduction in pursuit of the WB's overarching mission;
 - c. Explores opportunities to use climate finance to address fundamental development challenges, and thus avoids segregating climate from development activities;
 - d. Highlights the Bank's prior, and very innovative, work on carbon markets.
4. The constant reference to developing climate change actions based on the particularity of regional, national, and even local conditions rather than a 'one size fits all' will be in key in a successful strategy.
5. The stated intention to re-deploy existing tools, e.g. SEAs and CEAs, could make important contributions that can help to screen climate vulnerability.
6. WWF welcomes the idea of a results framework and roadmap of actions
7. The emphasis on partnerships and consultative processes with other stakeholders within the strategy should be applauded.

Weaknesses

1. Does not provide realistic goals or approaches for engaging the private sector. Although the paper recognizes the far more influential role of the private sector in facilitating technology transfer, for example, the strategy shows little understanding of how public resources disbursed via the Bank can and should be used to induce changes in private markets;
2. The World Bank continues to invest in fossil fuels, even if there is an increase in cleaner technologies, this sends out the signal to, in particular, the private sector that these investments are still acceptable. Given that the amount already invested in fossil fuel reserves is enough to take us well beyond 'manageable' climate change the World Bank should be using every form of leverage it has to signal to countries, stakeholders, private sector financiers what appropriate investment and development in the context of climate change looks like.
3. It would be good if there was a more explicit recognition in the paper of where the World Bank has failed and has had disadvantages that it needs to address. For instance, the paper grossly overstates the success and contributions of its previous work with private sector actors through the IFC/GEF funding. That pipeline of activities was considerably minimally successful, at best, and a failure, at worse, and hence was not continued.
4. The paper not develop linkages to the UNFCCC, notably disregarding the overarching function of the convention in setting overall policy and coordination with other agencies, government offices, CSOs, technical institutes, etc. Links with broader community of climate change and development work is also not thought through and only mentioned in cursory passing, and is not convincing.
5. More generally, the SFCCD is weak on articulating linkages between climate change, poverty, and natural resources/ecosystem services. The Millennium Assessment has already hammered home the importance of these interrelationships; yet there are few references to how climate change is likely to further disrupt them. Adaptation activities must take account of how the rural poor depend on mangroves, wetlands, rivers, or forests for livelihoods and in terms of buffering against climate-related events. While it is indeed critical that climate change becomes "an overarching development and economic issue, not only an environmental issue" (p12), the World Bank should also emphasize the importance of relationships between climate change and biodiversity, ecosystem services, etc.
6. The WB seems to consider itself an 'impartial broker' and impartial to negotiations. Yet, there is concern about the accuracy of this as long as governance of the Bank continues to outrightly favor donor countries.

7. Despite occasional rhetorical flourishes about promoting energy efficiency/renewable energy, there is no substantive strategy for shifting its lending operations to prioritize demand side management and energy efficiency/renewable energy supply side responses. While investments in new renewables were up in 2006, so were investments in conventional fossil fuels. The lack of a clear strategy and targets have allowed the WB to claim credit where at times it is not due.
8. The link with forests and agricultural emissions, totaling 47% of all Ce emissions, is weak. While the WB's has given priority to promoting forest carbon markets through the FCPF, the far more important aspects of managing forests sustainably and capturing opportunities for improving carbon management in agricultural production landscapes (both large and small scale) is absent.
9. The strategy continues to rely on a large-scale infrastructure approach to energy generation and distribution without addressing the costs and/or trade-offs with that approach.
10. Terms need to be clearly defined, particularly low-carbon and clean technology, as these terms can be misleading. Coal, for example is not low-carbon while CCS technologies remain unproven. Consistency in definitions is important as is verity.
11. The paper does not seem to acknowledge or reflect the possibility that climate change requires a deeper reconsideration of the development model that has been, and continues to be, pushed by the World Bank (free markets, reduced tariffs, liberal tax regimes, growth as an end in itself etc). The current wording still implies that the strategy is to add or adjust what is currently in place. So for instance wider issues of consumption and equity, rather than just 'low carbon'
12. Page 6-7 mentions that the strategy should not overlap with sectoral strategies, etc. However, it should inform them. Climate considerations and targets should inform all areas of policy and financing in a coordinated manner.
13. Two additional reasons for climate vulnerability (#2) are limited access to technology that facilitates mitigation and/or adaptation; and direct dependence of poor countries/communities on ecosystem services which will be affected by CC (not just "greater reliance on climate-intensive sectors"). This may seem like a minor suggestion, yet adding both of them might have implications in terms of targeting future WBG support on this issue.

Questions

- 1) What counts as 'unmanageable climate change'?. The lack of context for the strategy is concerning. What does the WB consider to be an appropriate level a climate change? What activities does the WB therefore need to undertake so that its contribution to GHG emissions and reductions is consistent with meeting that goal and using its leverage to encourage other countries and actors to do the same.
- 2) 'Cost effective' solutions are often alluded to. How is the WB determining costs and therefore what is cost effective? As outlined in the Stern review BAU has high future costs. The IFC is developing a shadow carbon price. WB should take into account the real costs of its actions using a shadow carbon price or similar method for internalising all costs.
- 3) Integration of this strategy is important. In order that climate is represented and integrated does there need to be a revision of staffing levels and representations (more environmental economists, environmental policy staff etc. and relevant representation on high level committees and boards)?