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FREQUENTLY ASKED QUESTIONS STRATEGIC FRAMEWORK ON CLIMATE CHANGE AND DEVELOPMENT (SFCCD)

What is the SFCCD?

The Strategic Framework on Climate Change and Development (SFCCD) is being developed by the World Bank Group to help address development challenges in the context of climate change. Recognizing that climate change is a major development, investment, economic and social issue, which affects most sectors, the World Bank Group has embarked upon an initiative which will seek to examine climate change from a multi-sectoral and multi-faceted perspective, institution-wide.

The key issue for the SFCCD is to understand how the World Bank Group can help developing countries achieve their development and poverty reduction goals through development strategies that integrate climate change considerations, including measures to build adaptive capacity to climate risks (adaptation), and to grow in a lower carbon manner (mitigation).

The SFCCD for the World Bank Group will be proposed for endorsement by the Board in September 2008 and is subsequently expected to be discussed at the 2008 Annual Meetings to be held from 11-13 October in Washington D.C. This consultations draft, which outlines objectives, principles, approaches and key issues, was distributed at the April 2008 Spring Meetings, together with the Clean Energy for Development Investment Framework Implementation Report on the World Bank Group Action Plan, which served as a platform to launch a more comprehensive and multi-sectoral SFCCD.

Is addressing climate change new for the World Bank Group?

For some people climate change seems like a new agenda for the World Bank Group, but actually the Bank has been working on it for quite some time. The Bank played a key role in creating the Global Environment Facility (GEF) which provides financing for several operational programs dealing with climate change, and played a leading role in the development of the carbon market, helping to operationalize the Clean Development Mechanism (CDM). We have grown our carbon finance business to \$2 billion.

The Bank developed and published Fuel for Thought, An Environmental Strategy for the Energy Sector in 2000, and the Board of Executive Directors endorsed a corporate environmental strategy, Making Sustainable Commitments: An Environment Strategy for the World Bank in 2001. Both of those documents gave significant consideration to addressing climate change. Finally, the Bank developed and is implementing the Clean Energy Investment Framework (CEIF), which focuses on energy access, low carbon growth in the energy sector, and a better understanding of adaptation needs in our client countries.

However, what was done is still not enough given the significance and the magnitude of the climate change challenge: that's why the Strategic Framework on Climate Change (SFCCD) is necessary.

Why is the World Bank involved in climate change?

Climate change impacts directly on the World Bank's mission of poverty reduction, and has the potential to hamper the achievement of many of the United Nations Millennium Development Goals, including those on poverty eradication, child mortality, combating malaria and other



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diseases, and environmental sustainability. Climate change is clearly a development issue with severe socioeconomic implications, particularly in developing countries.

What Did the Bank's IDA and Climate Change Paper highlight?

The IDA and Climate Change Paper (October 2007) demonstrated clearly how important adaptation to climate variability and change is to sustain and advance development gains in poorer countries. This paper pulled the evidence together to show, for example, that the distribution of major climate-related risks around the world is skewed against poor countries. It also showed that making development climate resilient requires additional financial aid.

What are the expected roles for the World Bank Group?

Through strategy development and implementation, the World Bank Group can mobilize financing for the climate change agenda, and can facilitate private sector flows and help to create incentives across all spheres of the economy, thereby ensuring that climate change aspects can be integrated in the development of our client countries *without diverting resources from their current development priorities*. These consultations are specifically designed to seek inputs from stakeholders on where the Bank may best deploy its comparative advantages in addressing the challenges of climate change with its clients. See the consultation questions for comment.

What is the approach of the SFCCD - in a nutshell?

First, the SFCCD will build on and seek to concretize six areas of action:

- (i) Make effective climate action – both adaptation and mitigation – part of core development efforts;
- (ii) Address the resource gap through existing and innovative instruments for concessional finance;
- (iii) Facilitate the development of innovative market mechanisms;
- (iv) Accelerate the deployment of existing, and the development of new, climate-friendly technologies;
- (v) Create an enabling environment for private sector finance;
- (vi) Step-up policy research on climate change and its links with development.

Second, reflecting the multi-sectoral nature of the challenge, the SFCCD will encompass activities in many sectors, including energy, transport, urban development, water, agriculture, forestry, industry, economic policy, and social protection. Given the development and economic significance of climate change, the SFCCD will seek involvement and leadership by the ministries of development and finance, in addition to environment and line ministries.

Third, the SFCCD recognizes specific needs of different countries and clients, and the importance of customized approaches driven by country priorities.

Fourth, the SFCCD attaches a critical role to partnerships given the many actors on the international arena with different mandates on the issue, the magnitude of the challenge, and the need to affect global outcomes.

Fifth, the SFCCD will develop a balanced results framework and address the need for internal incentives and capacity to deliver on a novel mandate in the area of Global Public Goods while using a proven country-based assistance model.



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What is the relationship of the SFCCD to the UNFCCC negotiations?

The SFCCD is supportive of the UNFCCC process while being neutral to the negotiating position of any party. The SFCCD draws attention to the disproportional impact of climate change on developing countries.

Is the entire World Bank Group involved in the SFCCD?

Yes. The Bank created a climate change management group, which includes representatives from IFC and all regions, and has been functioning for several months. In addition, the Bank has created the climate change strategic framework team, which also includes IFC and MIGA representatives. The climate change framework team is led by the Sustainable Development Network anchor, and includes the anchor members from all of the Bank regions and most networks, including the Poverty Reduction and Economic Management Network (PREM), the Public Economics and Development Research Group (DEC), the World Bank Institute, and the Treasury Department. This structure has allowed an effective exchange of information within a framework that both encompasses a variety of institutions within the Bank Group but also serves as an effective platform for collaborating and exchanging information with developing country governments and institutions and a range of other partners and stakeholders.

How is the SFCCD related to the 2010 World Development Report on Climate Change?

The Strategic Framework and WDR will complement each other, and are being prepared in a coordinated manner. The WDR 2010, scheduled for released in summer 2009, will advance an analysis and understanding of *development policy* responses to climate change while the SFCCD focuses on articulating a *World Bank Group response* to the climate change agenda.

Will policy advice to Low Income Countries and Middle Income Countries differ?

Strategies for addressing climate change will depend on a number of factors. They will depend on countries' income levels because high income countries have more capacity to adjust both to climate risks and to lower carbon paths than poorer countries. But there are many other factors which matter, such as how vulnerable a particular country is to climate risks, what a country's energy needs and energy sources are, as well as demographic, geographic and climatic conditions. They all matter. The UNFCCC Bali Action Plan adopted in December 2007 emphasized that it is important to develop nationally appropriate actions and strategies for all countries.

What are the main challenges to success?

There are still different views among our key stakeholders and shareholders regarding to what extent the Bank should take a leading role on climate change. Through this exercise the Bank would like to hear different views and facilitate a consensus that climate change must be a central pillar of the development agenda.

The climate change agenda is at the heart of the development agenda and the aspirations of globalization. Fundamentally, developing countries are concerned that addressing climate change may lead to divergence in the levels of economic development between rich countries and poor



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countries, while they – as well as the global development community – of course would like to see convergence. There are ways of addressing climate change and global economic equality in tandem. The World Bank Group can help developing countries reconcile the need to improve living standards of their people, build resilience to climate risks, and grow economic wealth in a less carbon intensive manner.

How can I submit comments on the SFCCD?

You may submit your comments through the global consultations website at www.worldbank.org/climateconsult . There are five specific questions for your consideration. There is also the opportunity to provide comments not directly related to one of the specific questions. Your input is highly valued and will be made available to World Bank Group staff who are working on the SFCCD to inform the full document, and will be posted on the website for others to view unless you specify otherwise.

Where may I find documentation regarding a consultation?

For information pertaining to a consultation, including session summaries and participants lists, and when available, full transcripts and photos, please refer to the box on the right where all documents regarding past and planned consultations are listed. Click on “Consultation and Briefing Summaries and Information.” Other resource materials are available there, too.