

World Bank unfit to manage climate funds

Monday 12 October 2009, by [FoE](#) (Date first published: 9 December 2008).

POZNAN, POLAND - 142 organizations fighting for climate justice are issuing today (Tuesday 9 December) at the UN climate talks a joint statement rejecting any role for the World Bank in controlling climate change finance.

Currently at the climate talks, discussions are taking place about the billions of dollars that industrialised countries are required to provide to developing nations - to enable them to adapt to the effects of climate change and build low carbon economies. On the agenda is how this money should be handled, and how to guarantee that developing countries have direct access to mitigation and adaptation funds.

The World Bank Group is positioning itself to take significant control of climate change financing. The joint statement issued today calls instead for climate funds and their utilisation to be fully accountable to the United Nations Framework Convention on Climate Change.

The G-77 and China bloc of developing countries (representing 133 developing countries at the UN climate talks) also favour climate funds under the UNFCCC.

The three main criticisms of the World Bank are:

- * Its current climate schemes undermine UN climate change negotiations - World Bank climate funds force developing countries to pay for the industrialised world's pollution by providing loans for them to adapt to a climate crisis they did not create. This contravenes the UN climate change convention obligation that industrialised countries are obligated to provide finance for mitigation and adaptation, and compete with UN schemes for money.
- * The World Bank has serious conflicts of interest with tackling climate change - As a major climate polluter and a major deforester, the World Bank is in no position to address the climate crisis that it is helping to cause. The Bank increased its lending for fossil fuels by 94% between 2007 and 2008; coal lending alone increased 256%. It is even financing coal in the name of fighting global warming.
- * It is undemocratic and unaccountable - Its management structure significantly marginalises developing countries, which the World Bank is supposed to serve. Further, many communities throughout the world have suffered human and environmental rights violations as a direct result of World Bank projects.

Friends of the Earth US International Finance Campaigner Karen Orenstein said:

"The World Bank is not a credible institution to play any role in addressing the climate crisis. Its Climate Investment Funds are irreparably flawed and should be shut down. Developing countries urgently need billions of dollars - to cope with the increase of storms, droughts, famines and floods that they face due to climate change, and to build low carbon economies. But these funds must come through financial mechanisms controlled by the UN climate convention, in which all parties have equal say."

Tom Goldtooth, Executive Director, Indigenous Environmental Network said:

“The World Bank is not a credible institution to play any role in addressing the climate crisis. Its Climate Investment Funds are irreparably flawed and should be shut down. Developing countries urgently need billions of dollars - to cope with the increase of storms, droughts, famines and floods that they face due to climate change, and to build low carbon economies. But these funds must come through financial mechanisms controlled by the UN climate convention, in which all parties have equal say.”

Lidy Nacpil, Coordinator, Jubilee South - Asia/Pacific Movement on Debt and Development, said:

“It is simply outrageous for climate financing to be given to southern countries in the form of loans. Peoples of the South are the most vulnerable to the effects of climate change because of poverty and lack of government programs and resources, which is in no small part due to the debt they are forced to pay to northern countries. Now the World Bank and northern governments, who bear overwhelming responsibility for the climate crisis, want our people to assume the cost of dealing with its impacts and add to our debt burdens. This is unjust on many levels. Further, it is sheer hypocrisy for the World Bank to claim any role in supposedly assisting the South in addressing the climate crisis when it continues to finance environmentally destructive projects and policies.”

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