

Climate Debt The World Bank versus the United Nations Adaptation Fund

Recent floods in Pakistan have caused huge devastation. At the time of writing, 20 million people had been displaced from their homes, and the Pakistan government estimates rebuilding will cost £10 billion.

The floods are part of a trend. Rainfall has increased in northern Pakistan over the last forty years. Scientists predict that as temperatures increase, the summer monsoon will get stronger. Flooding in Pakistan is yet another example of 'natural' disasters linked to the changing climate we have and are causing.

International institutions like the World Bank have promised £2 billion to help with rebuilding. But this is loans, further increasing Pakistan's unjust debt. The South Asian country's tiny greenhouse gas emissions mean it has made effectively no contribution to climate change. Therefore money to pay for the damage caused by climate change should be compensation, not loans.

In international negotiations, which resume at Cancun, Mexico in December, rich countries have refused to accept responsibility for paying for climate damage. However, it is accepted that rich countries should help developing countries prepare themselves for a changing climate, a concept known as adaptation. For example, Pakistan needs better flood defences and drainage for the predicted worsening floods.

In 2008, international negotiations created a UN Adaptation Fund. Uniquely, any developing country can apply for money, with each proposed project assessed by the Fund's board. The board is drawn in an equal way from UN regions, meaning around three-quarters of countries are from the global South.

Red Constantino from the Philippines Institute for Climate and Sustainable Cities says, *"Among global climate funds, the Adaptation Fund represents today the benchmark in terms of accountability principles, democratic governance and accessible, developing country-sensitive financing mechanisms."*

However, some rich countries decided a second fund to help developing countries adapt to climate change was needed. Outside the international negotiations the World Bank Pilot Programme for Climate Resilience was created, alongside sister funds intended to help countries use lower carbon technologies and manage forests. In response, the Indian government said: *"These parallel funding channels could further marginalise developing countries from having a stake in the fight against climate change."*

Unlike the UN Adaptation Fund, the World Bank climate funds have no accountability to international negotiations. Moreover, donors hand-pick which countries will receive money; at a recent meeting the US sought to block Bolivia from getting funds because it is opposed to the Obama Accord agreed by a select group of countries in Copenhagen last year.

The World Bank Pilot Programme for Climate Resilience will give half its money as loans. Countries such as Zambia, Niger and Mozambique will be burdened with new debt at the same time as climate change is expected to bring more droughts and flooding respectively.

Humphrey Mulemba from the Zambian Jesuit Centre for Theological Reflection says: *“For low-income countries like Zambia, Niger and Mozambique to firstly receive adaptation support through a top-down institution like the World Bank, and secondly through a system that will continue to use loans, means policy and adaptation support are being driven by the priorities of donor countries at the expense of developing countries.”*

The UN and World Bank present alternatives of how to manage climate change resources. The UN offers the possibility of funds being managed in a fair way, open to all countries impacted by climate change, accountable to international negotiations and given as grants. In contrast, the World Bank shows a vision of funds created by rich countries, to be used to support their political and economic objectives, and giving loans increasing unjust debt.

The UK government has given the World Bank climate funds £440 million out of the aid budget, but just a £660,000 loan to the UN Adaptation Fund. Over coming months the will decide how a further £1.2 billion of aid money for climate change will be used.

Whilst the World Bank Pilot Programme for Climate Resilience is working out the terms on which nine hand-picked countries will receive money, the UN Adaptation Fund is being inundated with requests. In June Pakistan applied for resources to help make the north of the country more able to cope with heavy rains and melting glaciers. But the UN's lack of funds means the South Asian country can hope for just £2.5 million.

Getting serious resources to the UN Adaptation Fund is vital to enable it to respond to the real needs countries face now. Supporting the UN Adaptation Fund will also help to create fairer ways of tackling climate change over coming decades.

At Cancun in December, one key debate will be whether the World Bank or UN should manage climate change money. Developing country governments and campaigners will continue to call for support to be given to the UN Adaptation Fund, and a new UN Mitigation Fund to be created. We need to support them in their demands, so that climate finance can be genuinely used to tackle climate change, rather than to protect the interests of the rich and powerful.

Comparing Adaptation Funds of the World Bank and the UN Adaptation Fund

This table compares the World Bank's Pilot Programme for Climate Resilience, which the UK is currently pushing to manage climate finance, and the UN's Adaptation Fund, which has received no money from the UK government aside from a start up loan that it wants repaid.

	World Bank Adaptation programme (PPCR)	UNFCCC Adaptation Fund
Creation	By donor governments such as the US and UK in conjunction with the World Bank.	By southern and northern governments during the international climate change negotiations.
Governance	The Board is made up of half donors / half recipients. This is better than much of the World Bank's governance structure, but still gives a disproportionate amount of control to rich countries	Around 70 per cent of the governance is made up of countries from the global south.
Choice of recipients	Countries who can receive funds are hand-picked by the World Bank. Donors can also block any country from receiving funds, which leave it open to rich countries basing choices about who to support on political decisions rather on the basis of need.	The structure is bottom-up, meaning that anyone can apply for funds, which are then approved by the Board. This is much fairer and gives a broader number of countries the chance to receive funds. Donors are less able to use political and economic decision to decide who should receive money.
Conditions	Recipient countries are required to have an active World Bank programme in their country already. This means that the fund reinforces World Bank economic conditions. Donors can select countries and block countries, meaning that they could do this on a political or economic basis – as they threatened they would with countries who refused to sign the inadequate Copenhagen Accord.	In the UN Adaptation Fund, the board is responsible for approving or rejecting proposals. This makes it harder for the global north to reject countries, which can in turn protect countries from being pressured into signing agreements in order to receive funds.
Ultimate authority	World Bank – an institution that is known for being top down and controlled by rich countries.	Conference of Parties of the UNFCCC – a structure which has much more potential for being democratic than the World Bank.
Grants and loans	Half of the money that is given out will be grants, half will be loans	All the funds under the UN Adaptation Fund will be given as grants.
Funds so far	£600 million, directly from donors	£50 million from donors, £20 million from CDM levy
Likely size of programmes	£30 million grants plus £30 million of loans	£5 million to £15 million
Projects supported so far	None, but with nine countries and two regions in the pipeline	Four, with a further nine countries applied for funds and more expected to.