10 September 2019

Via email

To: DFID IFI Department Team

Copy to: Richard Montgomery, UK Executive Director to the World Bank

UK civil society recommendations for strengthening draft IDA19 climate policy commitments

Dear DFID IFID Team,

As UK-based civil society organisations (CSOs) working on climate and environmental issues, we are writing to encourage the UK government to champion more robust climate policy commitments during the concluding negotiations for the International Development Association's 19th replenishment process (IDA19).

IDA19 was identified in the UK government's July response to the International Development Committee's report, *UK Aid for combating climate change*, as a key opportunity to implement one of the report's recommendations: that the ***UK should use its influence with MDBs to champion more strongly a shift away from high-carbon investments and a scaling up of investments that are compatible with a 1.5°C world***.

While it is encouraging that climate change is once again a special theme under IDA19, as in IDA18, the draft policy commitments for climate published by IDA on 17 May could be considerably strengthened, in order to assist IDA countries to pursue development pathways that are both low-carbon, pro-poor and responsive to a rapidly changing global climate.

The proposed climate policy commitments for IDA19 could be made more robust in the following ways:

1. Greater investment in renewable energy and in scaling up support for energy access

Under the objective, 'Facilitate Economic Transformation through Low-Carbon and Resilient Transition', a proposed policy commitment seeks to:
'*Facilitate further penetration of renewable energy access in IDA countries by mobilizing concessional climate finance and public and private investments for five gigawatt hours (GWh) of battery storage, and supporting generation, integration, and enabling infrastructure for six gigawatts (GW) of renewable energy in IDA countries, which covers grid, distributed generation, mini-grids, and off-grid renewable energy*.'
In June's IDA19 deputies meeting in Addis Ababa, World Bank management agreed to consider raising the renewable generation target from six to 10 GW, according to the co-chairs' summary.

IDA19 offers a timely opportunity to support renewable energy investments, particularly off-grid renewable electricity as this is the most cost-effective way to connect the majority of the 840 million people without electricity and meet Sustainable Development Goal 7's target of ensuring 'access to affordable, reliable, sustainable and modern energy for all'. **While it is encouraging to see renewable energy generation from off-grid and mini-grid sources specifically mentioned, this commitment would benefit from more details on what types of investments, in which countries, these broad targets will support.**

Specifically, this policy commitment on renewable energy should prioritise support for improving energy access in 10 IDA 'high impact' countries (HICs), where energy access deficits are most severe, especially in sub-Saharan Africa. This is absent from the draft currently.[1]

In addition, investment in renewable energy generation does not automatically translate into improved energy access. Transparent decision-making criteria focussed on the energy poverty-reducing impacts of investments with appropriate results management frameworks are required if investments are to improve energy access. Finally, the IDA climate change briefing does not refer to clean cooking, despite this being the largest form of energy poverty, impacting three billion people globally, especially the poorest women and girls, and the significant climate change benefits clean cooking solutions can bring (see attached Bond DEG briefing submitted to DFID in July, for more information).

For these reasons, we recommend the **inclusion in the target of clear indicators to measure how the renewable energy generation target will improve energy access for the poorest and additional support for scale-up of access to clean cooking solutions.**

Detail is also lacking on how IDA19 will mobilise the public and private finance in order to meet the renewable energy generation target: the finalised policy package should explain **what type of blended financing approaches and investments will be undertaken** to ensure greater transparency.

2. Adaptation and resilience

Under the objective, 'Boost Support on Adaptation and Resilience' IDA19 proposes a policy commitment aimed at, '*Developing new resilience metrics designed to give increased incentives for more effective climate adaptation actions and pilot them in 20 IDA operations*.'

The briefing notes, '*Projects will be rated along two dimensions of resilience – the resilience of the specific project to climate risks and the extent to which the project builds adaptive capacity and strengthens in-country climate resilience.*'

This second dimension is essential, and it will be vital that the Bank is able to develop robust metrics for this part of the ranking, including through consultations with CSOs and communities.

We call for additional language on the need to consult project-affected communities, including women and girls, as part of assessing the 'resilience' of IDA projects to be added to this policy commitment, and for the UK to encourage the World Bank to **open up the pilot version of its resilience rating to public consultation, so that CSOs and other groups can provide feedback on the ranking's development.**

3. Support for Nationally Determined Contributions and other country-level activities

Under the objective, 'Drive Systemic Impact at the Country Level', IDA19 proposes a policy commitment aiming to,
'Support at least 10 IDA countries to systematically implement and/or update their Nationally Determined Contributions (NDCs) or similar national action plans; where appropriate, set climate related or NDC-based objectives and/or results indicators in the Country Partnership Frameworks (CPFs).'

[1] Five out of the 10 countries supported in IDA18 to develop investment prospectuses are not in the top 20 electricity deficit countries.

At June’s IDA19 deputies meeting, Bank management agreed to consider increasing this target from 10 to include 15 IDA countries.

This policy commitment is linked to an attempt to continue to scale up climate-related ‘prior actions’ in Development Policy Operations (DPOs), with the IDA briefing noting: ‘*The WB will increase its use of DPOs, where appropriate and based on client demand, to support climate informed policies and reforms at the sectoral level.’* These could, according to the IDA climate briefing, be developed to support NDCs as well as other climate-related national plans and green-growth strategies. Examples cited include support for fossil fuel subsidy reforms, agriculture subsidy reforms, environmental tax reforms, water pricing, and priority policies in NDCs.

However, in other cases DPOs support ‘business as usual’ extractivist forms of development (see the recent example of the World Bank’s support for offshore oil development in Guyana, for example). Such support for fossil fuel development is inconsistent with efforts to keep below 1.5˚C of global warming and the urgent need to shift to pro-poor, low-carbon development.

We urge IDA19 to introduce an exclusion preventing DPOs from supporting the expansion of fossil fuels production in IDA countries, by adding coal, oil, and natural gas to the Excluded Expenditures of World Bank Development Policy Finance. The following language should be added to all Development Policy Finance legal agreements: The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures[2].

We look forward to discussing these recommendations on the IDA19 proposed climate policy commitments with you at your earliest convenience.

Sincerely,

The undersigned organisations:

ActionAid UK
Bank Information Centre Europe
Bretton Woods Project
CAFOD
Practical Action
Tearfund

[2] “Excluded Expenditure” means any expenditure: for goods or services intended for coal, oil, or natural gas power plants, exploration, extraction, and/or transport.