

Adaptation Loan along with Climate Crises is a Double Burden. Govt. should be careful on this regard.

Taking Loan from PPCR fund of World Bank in the name of Climate Adaptation is Contradiction to the Government's Position on Climate Negotiation.

1. The UNFCCC process of the Multinational Agreement on Climate Compensation

The UNFCCC (United Nations Framework Convention for Climate Change) has been given mandate to form a unanimous framework on climate financing. In the Cancun conference (2010) of UNFCCC the industrially developed countries were agreed to provide 30 billion dollar financial support as the FIRST START FINANCE. They were also agreed to provide 100 billion dollar to the affected countries every year within 2020. Despite protests from developing countries and from the civil societies' organizations, the World Bank has been selected as the temporary trustee of the Global Green Fund in that Cancun Conference.

2. Establishing the World Bank as the Source of Climate financing bypassing the Multinational Process.

Industrially developed countries are going to establish the World Bank as the source or hub of the climate finance, not the *channel* of the climate adaptation financing. The developed or annex 1 countries are trying to bypassing the main theme of UNFCCC treaty which is; according to the exploiter/polluters pay principle these countries are to pay the compensation. Rather, they are now indulging themselves with the old conspiracy of lending liabilities to and to create market in the developing countries for the multinational companies with the help of the World Bank.

It is to be noted that, World Bank is conducting the following funds in the name of climate financing: Global Environment Fund (GEF) of 1 billion dollar, Least Development Country(LDC) Fund of 685 million dollar, Adaptation fund of 40 million dollar, Carbon fund of 215 million, Forest Carbon Partnership Facility (CBF) Fund of 107 million (Carbon Asset Development 7 and carbon fund 100 million), Global Facilities for Disaster Reduction and Recovery (GFDRR) of 27 million dollar (*Source: Development and climate*

change; A strategic Framework for the World bank Group, Interim Progress Report, April 11, 2010, Washington DC).

3. PPCR: From Where Bangladesh will get Fund

The World Bank is both the trustee and the implementer of the Climate Investment Fund (CIF), where the donors have already provided 6 billion dollar. This fund has been recoded as development Support or Climate Aid. One part of this fund is Pilot Project on Climate Resilience (PPCR), where donors have provided 972 million dollar until September 2010. Here the highest donor is the Britain, after that there are USA, Japan and others. After analyzing different complex process it has been found that, only one sixth of this fund will be provided as grant, and the remaining fund will be provided as loan. (*Source: Storm in the horizon, Eurodad, February 2011*)

Bangladesh applied to the PPCR and it was granted in September 2010. Bangladesh will get 50 million dollar as grant along with 60 million dollar as loan. Besides that, Bangladesh will also take a loan of 515 million of which 300 million dollar will be from the International Development Association (IDA) and remaining 215 million dollar will be from Asian Development Bank (ADB). So, Bangladesh will get only 50 million dollar grand against a loan of 565 million dollar, the grant is just 9% of the loan. According to the Annual report of PPCR available in its website, Bangladesh will spend the aforesaid amount in the following development projects: a) Climate resilience and food security, b) Coastal embankment and afforestation in 12 polders, c) Coastal climate resilient water supply and improvement, d) Capacity building for mainstreaming resilience and KM e) Feasibility study on climate resilient housing.

According to various governmental sources, the Forest and Environment Ministry is the focal Point of this fund or these projects. According to Govt. website, another mission is coming in the

next September, or Bangladesh is going to present project Concept Note (PCN).

4. **The Problems with the loan process of the World Bank Climate Investment Fund.**

In a publication titled 'Storm in the horizon? Why World Bank climate investment funds could do more harm than good' Eurodad mentions some problems with the fund. Such as:

- Only one sixth of this fund will be grant,
- The grant will be only used in the preparation of the project or as operational cost, there will be no scope to say anything for any country on this regard, because according to the deed, all expenditures will be made under the supervision of Multilateral Development Banks. This fund will monitor and supervise the operational policy process, finance management and expenditure policies
- In principle, this fund is to promote private sector and Public Private Partnership, even though the main aim of private sector is to maximize profit. There is no policy of environment and social safety for the private sectors. In our country PPP is still controversial, it is mainly an effort to establish private sector using public money
- As this fund will be via World Bank, World Bank will try to insist on commercialization and privatization of sectors related with public interest (water, electricity, health and education) and it will create more problem for the poor,
- It has been said that, opinion from the mass people will be taken in all the stages of the projects. In Manila, in a meeting of PPCR a government official stated that, participations from citizens had been ensured. We do not know, from where and from whom govt. had taken the participation. Question can be raised that, Not only public participation, how much control can be maintained by the govt. itself?

5. **Why it is Questionable in Bangladesh**

a) It is against Bangladesh's Interest and It will create Image Crisis

The Climate Negotiation Team and Ministers of Bangladesh have been frequently iterating that, Bangladesh will never take any loan for climate adaptation, since it is a matter of getting compensation from the developed countries. Bangladesh

took the leadership among the G 77, LDC and Merely Vulnerable Countries by taking this position. So, by receiving loan, Bangladesh will have to turn back from its earlier stands, which will hamper the image internationally and the leadership will be come under question.

b) It is an immature decision and a bad instance. It is an effort of bypassing UNFCCC.

For Bangladesh it will be a immature decision to take loan when other countries are trying to come to a compromise. Taking loan before any final decision come and before the finale multinational climate financing framework is formed will be a bad instance for others.

c) Increasing liabilities with Climate Change and Double Burden

Bangladesh is being provided loan from the UNFCCC fund, from where Bangladesh is to get compensation. Currently per capita foreign loan in Bangladesh is 210 dolla, 17-21% of revenue income is to spent in repaying international debt. Bangladesh is going to receive another big loan without analyzing future capacity of loan repayment. We think that, imposing loan in the name of climate adaptation will be definitely double burden for Bangladesh.

6. **Our Demand to the Government**

- The framework of Climate financing under the UNFCCC is to be finalized within 2012, wait until then and don't take any loan before this.
- Publish details of all loan process and project documents in website to ensure public participation.
- Ensure democratic ownership i.e. participation of opposition parties, civil societies and affected people besides the govt. and donor ownership.
- Prepare a policy to make it mandatory to analyze the national loan taking and repaying capacities before taking any loan and for setting priorities.