

## **Draft New World Bank Group Policies a Missed Opportunity to Tackle Climate Change**

Over the last two years, the Bank has been reviewing its environmental and social safeguard policies. The review process presents an important opportunity for the Bank to adopt best practices for promoting low-carbon and resilient development by establishing strong policy language on climate change. Nonetheless, a draft of proposed new policies does not address climate issues systematically. Despite the Bank's urgent warnings that a warming world poses great risks to its [development objectives](#), the Draft only mentions climate change sporadically, and fails to clearly articulate what Borrowers will have to do to assess the climate impacts of their projects, or how climate change will affect their viability. Only very limited and inadequate climate assessments are envisioned in the new policies.

The Draft contains only a generic requirement that the impacts of projects on climate change be assessed, with no details to guide the scope of assessment and implementation plan. Critically, the Draft does not require impacts on the resilience of host communities be considered. Through its new proposed policies, the Bank will start accounting for some Greenhouse Gas (GHG) emissions of its projects. The new policies, nevertheless, fail to require that accounting takes place for all Bank projects. Similarly, the Draft does not specify how the information collected on GHG emissions will be used and for what purposes, nor the quantification, or even the consideration of environmental and social externalities.

When the Bank has recently [highlighted the significant quantifiable economic and development benefits](#) of taking even modest action on climate change, it is problematic and borderline hypocritical, that such analysis and messaging is not being matched by the Bank's own core operational safeguards in adequately mainstreaming climate change assessments. In order to gain such development benefits, safeguards need to be strengthened, not weakened as is the case with the current draft.

As such, the proposed policies need to be returned by the Bank's Board to the Management and reviewed to properly address the true needs of communities and planet vis-à-vis climate change. The World Bank's new policies should require the use of transparent planning and assessment tools to ensure that the Bank's activities are as low-cost, low-carbon, pro-poor, and sustainable as possible. They should specifically require Borrowers to assess and manage (a) the climate-related risks facing supported projects and their resilience to those risks; (b) the impacts they will have on the climate resilience of local communities and ecosystems; and (c) the effects of the project on efforts to mitigate climate change.

## World Bank Climate Position

Draft language	Remarks
<p><b>Environmental and Social Policy Statement</b></p> <p>4. The environmental and social risks and impacts which the Bank will take into account in its due diligence are project-related and include the following:</p> <p>Environmental risks and impacts, including: (i) those identified in the World Bank Group Environmental, Health, and Safety Guidelines (EHSG);<sup>8</sup> (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global impacts; (iv) any material threat to the protection, conservation, maintenance and rehabilitation of natural habitat and biodiversity; and (v) those related to the use of living natural resources, such as fisheries and forests; and</p>	<p style="color: red;">World Bank proposes to assess climate impacts only at the project level. This limits the strategic opportunities, as the Country Partnership Framework is the place where such assessment needs to begin and continue through the project cycle for better mitigation and adaptation outcomes.</p> <p style="color: red;">Bank will not assess the climate impacts of its investments as part of Development Policy Loans and Program for Results, thus leaving almost half of its portfolio outside the safeguards coverage.</p> <p style="color: red;">World Bank proposes to look into climate aspects in three different scenarios/policies:</p> <ul style="list-style-type: none"> <li>• As part of the social and environmental assessment;</li> <li>• As part of the health impacts on communities and how those get exacerbated by climate change;</li> <li>• As part of larger effects climate has on biodiversity;</li> </ul> <p style="color: red;">In many places, ambiguous language such as “consider”, “where applicable”, “where feasible” are used, allowing for inconsistent implementation and undefined discretion in interpretation.</p>
<p><b>ESS1</b></p>	

<p>26. The environmental and social assessment, informed by the scoping of the issues, will take into account all relevant environmental and social risks and impacts of the project, including:</p> <p>(a) Environmental risks and impacts, including: (i) those defined by the EHS; (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global impacts; (iv) any material threat to the protection, conservation, maintenance and rehabilitation of natural habitats and biodiversity; and (v) those related to the use of living natural resources, such as fisheries and forests;</p> <p>33. The environmental and social assessment will consider potential project related transboundary and global risks and impacts, such as impacts from effluents and emissions, increased use or contamination of international waterways, greenhouse gas emissions, climate change mitigation and adaptation issues, and impacts on endangered migratory species and their habitats.</p>	<p>The Draft includes only a generic requirement that the impacts of projects on climate change be assessed, with no details that should set the scope of assessment and implementation plan.</p> <p>The Bank should require the use of transparent planning and assessment tools to ensure that the Bank's activities are as low-cost, low-carbon, pro-poor, and sustainable as possible. These should include (1) integrated resource planning (as required by the Energy Sector Strategy); (2) full life-cycle accounting of environmental and social externalities; (3) greenhouse gas accounting; (4) low-carbon development strategies and nationally appropriate mitigation actions (NAMAs); (5) national REDD+ strategies; (6) national adaptation plans; and (7) national action plans to reduce short-lived climate pollutants.</p> <p>It does not require that the project's impacts on the resilience of host communities be considered.</p> <p>The new policies need to specifically require Borrowers to assess and manage (a) the climate-related risks facing supported projects and their resilience to those risks; (b) the impacts they will have on the resilience of local communities and ecosystems; and (c) the effects of the project on efforts to mitigate climate change.</p>
<p><b>ESS 3</b></p> <p>ESS3: Resource Efficiency and Pollution Prevention incorporates key provisions of OP4.09 (Pest Management) and includes the efficient management of energy, water and other resources and material input. It also requires the Borrower to consider options to reduce project-related greenhouse gas (GHG) emissions.</p>	<p>Through its new proposed policies, the Bank will start accounting for some Greenhouse Gas (GHG) emissions of its projects.</p>

<p>Objectives: -To reduce project-related GHG emissions;</p> <p>5. In addition to the resource efficiency measures described above, the Borrower will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project.<sup>6</sup></p> <p>6. For projects that are expected to or currently produce more than 25,000 tonnes of CO<sub>2</sub>e equivalent annually/ the Borrower will, where technically and financially feasible, quantify direct emissions from the facilities owned or controlled within the physical project boundary,<sup>8</sup> as well as indirect emissions associated with off-site production of energys used by the project. Quantification of GHG emissions will be conducted by the Borrower annually in accordance with internationally recognized methodologies and good practice.</p>	<p>The new policies, nevertheless, fail to require that accounting takes place for all Bank projects.</p> <p>Similarly, it remains unknown how the information collected on GHG emissions will be used and for what purposes.</p> <p>ESS 3 should fully apply the mitigation hierarchy to resource efficiency and pollution prevention. Improving resource efficiency should be treated as a frontline strategy to avoid impacts, and prioritized at the top of the mitigation hierarchy. However, ESS 3 limits the application of the mitigation hierarchy in ways that are not anticipated in ESS 1. Whereas ESS 1 favors avoidance wherever possible, (ESS 1, para 5, 25), ESS 3 requires avoidance through efficiency measures only where “technically and financially feasible.” For GHG emissions, ESS 3 further limits the use of the mitigation hierarchy by requiring only “cost-effective” options. (ESS 3, para 5).</p> <p>Rather than requiring only those measures that are “technically and feasible” (and cost effective with regard to GHG reduction), ESS 3 should create a presumption that Borrowers will use “best available technologies” unless they can make a compelling case that they are not appropriate to the specific project circumstances.</p>
<p><b>ESS4</b></p> <p>1. ESS4 recognizes that project activities equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to project activities.</p>	<p>Use of words such as “where appropriate and feasible” allows for Borrowers to choose to assess, account or not for these impacts. The language in this instance, as well as in other instances, needs to be</p>

<p>8. The Borrower will design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements and GIIP, taking into consideration safety risks to third parties or affected communities. When new buildings and structures will be accessed by members of the public, the Borrower will consider incremental risks of the public's potential exposure to operational accidents or natural hazards; the Borrower will also apply the principles of universal access. 1</p> <p>Structural elements will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals. Structural design will take into account climate change considerations, as appropriate and feasible.</p> <p>18. Because the project's direct impacts on the environment may result in adverse health and safety risks to and impacts on affected communities/ the Borrower will identify those potential risks and impacts and, where appropriate and feasible, consider how these may be exacerbated by climate change. Adverse impacts will be avoided, but if they are unavoidable, the Borrower will implement appropriate mitigation measures.</p>	<p>modified to make the requirement compulsory.</p>
<p><b>ESS6</b></p> <p>8. The environmental and social assessment as set out in ESS1 will consider direct and indirect project-related impacts on biodiversity. This process will consider threats to biodiversity, for example habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, pollution and incidental take, as well as projected climate change impacts. It will also take into account the differing values attached to biodiversity by affected communities and other stakeholders. Where paragraphs 15-19 are applicable, the Borrower will consider project-related impacts across the potentially affected landscape or seascape.</p>	<p>As they propose climate to be assessed only at the project level, the new policies avoid any language on assessing project alternatives and externalities upstream. This needs to change to allow for best mitigation and adaptation outcomes.</p>