



Global Policy Coherence 2009

Governance | climate - finance - trade

“India refuses World Bank aid to fight climate change”

Nitin Sethi, The Times of India, 10 October 2008

NEW DELHI: The World Bank cannot help India fight climate change. Claiming so much, the ministry of environment and forests has rejected the institution's recently created Climate Investment Funds meant to provide resources to developing countries to battle the emerging climate challenge.

In a stiff refusal, the environment ministry, the government's nodal agency on climate change issues, told the finance ministry that it was not interested in seeking funds from the World Bank to address challenges of climate change.

For the Bank, observers suggested, the rejection could cause an embarrassment in the international arena, where it would have wished to showcase broad-based approval for its new initiative. A rebuff from India, a prominent "potential client", could tarnish the image of the fund even though some other countries like Mexico have expressed interest.

For India, the rejection represented a hardening of its stance as the UN negotiations on climate change get into higher gear. At the recent UN talks in Ghana, India had led the G77 and China grouping demanding that rich countries, responsible for the release of majority of greenhouse gases in the atmosphere, should directly transfer funds to the affected developing and poor countries.

For the G8 countries, which had backed the Bank initiative by committing resources for it, the Indian snub would be seen as the failure of their climate diplomacy, sources pointed out.

India and other G77 members have on several occasions pointed out that under the UN compact, the rich countries are obliged to transfer funds and technologies to help developing countries and this is not a matter of them providing "doles or loans".

The developed countries have shown little interest in such inter-governmental transfer of resources and have been quick to argue that "market-driven solutions" were far better in diffusing technology and money.

A proposal brought out by the G77 and China in talks in Ghana in August had demanded that a separate adaptation fund be created under the aegis of the UN Framework Convention on Climate Change (UNFCCC) — the global body and not any external agency — hinting at institutions like the World Bank.

The environment ministry pointed out that the Bank fund was not democratically run unlike the UN body where each country had a single vote. The opposition to the Bank fund — which would at best be soft loans with some grants built in — strengthens India's stance that markets and market driven solutions cannot be the answer to the global crisis.

Sources pointed out that while the environment ministry had rejected the overture, the Bank would have the option to talk directly to state level players and run "pilots".
