The Big Shift Needed for Climate Justice

- 1 billion people around the world still have no access to modern, clean energy. The World Bank Group (WBG) needs to develop a roadmap to increase its lending for energy access, including substantial investment in small-scale and distributed renewable energy.
- At the same time, the WBG needs to prioritise fighting climate change. The Paris Agreement's goal of limiting warming to 1.5°C means reducing emissions radically and rapidly, by shifting financial flows to zero or low-carbon investments.
- The WBG needs to ensure that its 2018 pledge to implement the Paris Agreement is put into action through a transparent and consultative process.

Climate change is a symptom of our broken global economic system. Despite evidence that our economic activity is causing irreparable environmental damage, which will plunge millions into poverty, global institutions continue to pursue growth at all costs.

The reason is clear: global institutions are led by an elite who benefit from growth and experience limited impacts of climate change. Meanwhile it is the poorest people who stand to suffer most from this, and have the least resource and power to adapt.

For decades, scientists have been warning us about the harmful effects of burning fossil fuels. The Paris Agreement goal requires a rapid phase-out - yet the World Bank is still investing in exploration and extraction of fossil fuels. One justification used is that fossil fuels provide for the world's energy needs, particularly in developing countries where demand is growing.

But 1 billion people in the world still lack access to electricity; investing in fossil fuels is clearly not meeting their energy access needs. Distributed renewable energy would better serve the needs of left-behind communities - building grid infrastructure to remote areas is expensive. However, the WBG is massively underinvesting in such energy systems.

For these reasons, the WBG remains part of the problem. It is contributing to climate change while failing to provide energy to those who need it. Christian Aid is calling for a Big Shift in finance: out of fossil fuels and into distributed renewable energy. It is asking the WBG to rebalance finance towards energy access and the needs of the world's poorest people. As a major distributor of public finance, the WBG has a duty to change; to be part of the solution for the world's most marginalised people, rather than a source of the problem.

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Breaking the Barriers to energy access

- Christian Aid, together with its partners in Ethiopia, Malawi, Burkina Faso and Honduras, is tapping into the huge potential of women-led energy enterprises through the EU-funded 'Breaking the Barriers' project. The project represents an opportunity to scale up energy access while creating rural jobs and generating incomes. This work recognises that women often play a strategic role in access to energy, and are hardest hit by the impacts of climate change.
- Christian Aid is strengthening the capacity of women entrepreneurs to deliver energy services and products. It is providing business development training, support and technical assistance, as well as access to capital to scale up energy access.

Energy access

The WBG's mission is to reduce poverty; it needs to ensure that 'no one is left behind' by its financing decisions. Clean energy access for all is essential to achieve sustainable development. It is essential in its own right, and to support the achievement of the SDGs: for healthy lives, education, clean water, decent work, industry and infrastructure, reduced inequalities, sustainable cities, responsible consumption, climate, and institution-building.

Of the 1 billion people without access to electricity, the vast majority are in rural communities in sub-Saharan Africa and Asia. Around 43% of people living in sub-Saharan Africa still lack access to energy. Towards resolving this unacceptable situation, the 2013 Energy Directions Paper committed the WBG to focusing its energy operations on the goals of the UN Sustainable Energy for All (SEforAll) initiative and Sustainable Development Goal 7 (SDG7). These goals include universal energy access by 2030 and enhanced use of renewable energy to reduce climate risks.

Energy access goals and climate goals are inextricably linked. Poor communities are the hardest hit by climate change impacts, and climate change threatens current and future poverty eradication.

Unfortunately, global progress is still far behind on universal energy access and keeping temperatures well below 1.5°C warming. Without rapid change, we will not meet either goal.

Among other things, the WBG's current Climate Change Action Plan (CCAP):

- upholds the commitment to support the SE4All and SDG7 goals
- maintains that WBG assistance should be consistent with the Paris Agreement and countries' individual pledges
- sets out renewable targets, including the provision of 150,000 solar home systems in sub-Saharan Africa.

However, analysis in 2018 by Big Shift partner BIC-Europe showed that the WBG is lagging behind:

- The WBG does not adequately prioritise energy access and renewable energy. Given that the unsubsidised cost of solar and wind technologies is competitive with fossil fuels, and compared with the energy access and renewable energy pledges made by other international organisations, the WBG's 2020 targets are highly deficient.
- There is not enough WBG support for rural electrification. Despite

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increases in electricity connections in the past three years, the overall rate of electrification for the poorest 40% of the population is not improving in countries with WBG operations.

- The CCAP aimed for only 150,000 distributed solar systems in sub-Saharan Africa over five years – but it will take well over 15 million new off-grid connections annually to reach universal access by 2030. Such systems address rural poverty and global climate goals.

Paris compliance

In December 2018, the WBG and other multilateral development banks (MDBs) stated that they would make their operations compatible with the Paris Agreement. Big Shift members interpret Paris alignment on mitigation to mean meaningful alignment with the 1.5°C goal, including no more investments in fossil fuel infrastructure by 2020.

The MDBs plan to divide their joint approach into practical work on six core areas: the building blocks of Paris alignment. These include: aligning their operations against mitigation and climate resilience goals, ramping up climate finance, capacity-building support for countries and other clients, and an emphasis on climate reporting. More detail should be announced later in 2019, but the process being adopted is not transparent, much less consultative. This needs to change.

Investing in the future

The WBG must not roll back any commitments it has made around climate change compliance, reduction in fossil fuel lending or increased renewable energy lending. This will require engaging national executive directors around the need for a Big Shift – a move to funding distributed renewable energy for energy access, and an end to fossil fuel investments.

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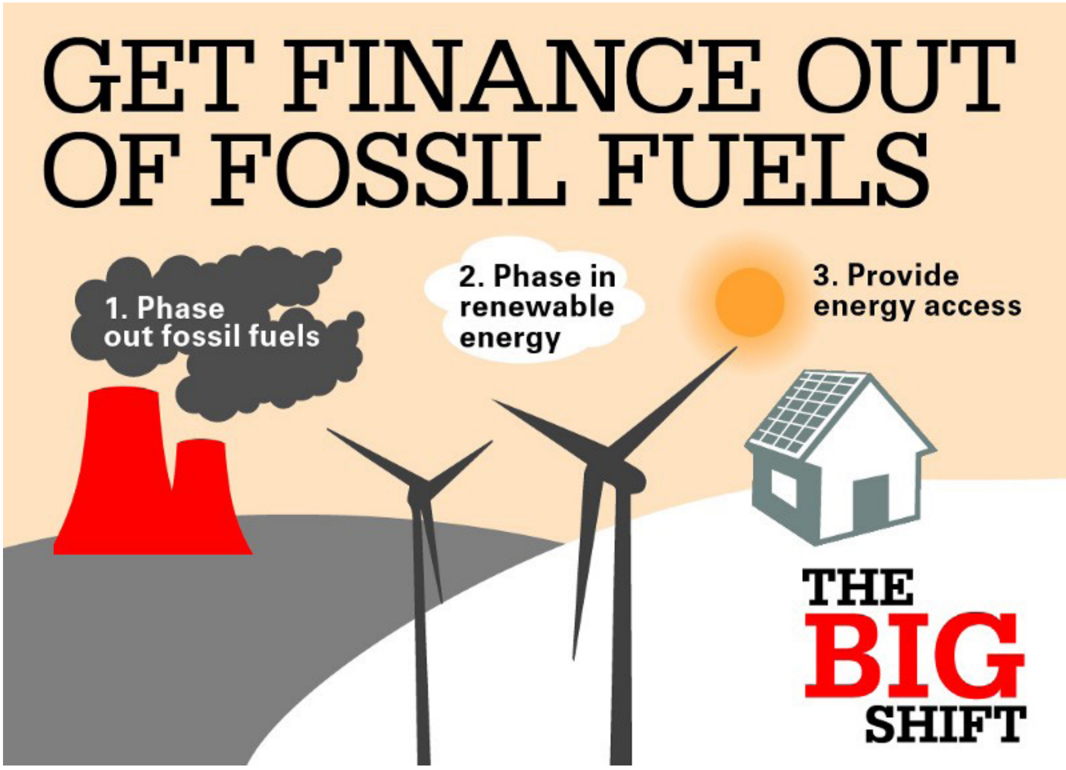

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March 2019

A Just Global Economy

- Governments, donors and civil society must reject the idea that mobilising global capital is the only solution to financing the Sustainable Development Goals (SDGs). We must show that much more can be done to increase public and private finance from within national boundaries. This means emphasising the importance of debt restructuring, tackling tax dodging, and ensuring that aid promises are met.
- Governments and institutions are pushing for a rapid scaling-up of global private capital flows into developing countries, including public-private partnerships and subsidising these flows from aid funds. They must acknowledge that the *quality* of finance matters as much as, if not more than, the quantity. We need new ways to measure the impact of finance which reflect the breadth of ambition in the SDGs, human rights frameworks and the Addis Ababa Action Agenda.
- Any global private finance used to meet the SDG funding gap must be 'good investment' if it is to be counted as 'Financing for Development'. The measured impact of such finance must go beyond 'do no harm'. It must add value, enabling poor countries to tackle the root causes of poverty; build stronger, more resilient national economies; build sustainble and rights-based infrastructure, and ultimately capture a more equal share of global wealth.

Summary

Creating a fairer global economy is a core part of the moral imperative to create a fairer global society. We are seeing real progress towards the SDGs in some areas. But broadly, we are off track from meeting the SDGs by 2030, due to a failed economic model based on a 'private sector first' approach to development.

We are calling for a rethink of this growth-first model, and for a transition towards a sustainable and transformative economy that serves everyone.

Economic inequality, within and between countries, continues to grow. This is driven by unequal ownership of wealth and a shift in the ownership of resources from state to private sectors. 40% of low-income countries are at high risk of debt distress; an increasing percentage of this debt is owed to private creditors, but bailed out by the public sector in cases of debt distress. Governments in more than two-thirds of countries have enacted drastic austerity measures, cutting investment in human rights and the delivery of the SDGs. Failure to keep global temperature increases below 1.5°C endangers all aspects of the SDGs.

How do we tackle this? With fundamental changes to the way capital is managed and invested. Governments and multinational institutions such as the World Bank are focusing overwhelmingly on mobilising, subsidising and building capacity for

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public-private partnerships (PPPs) and other private-sector instruments to deliver the SDGs.

This unbalanced focus does not reflect the Addis Ababa Action Agenda (AAAA) - the global agreement reached at the Third International Conference on Financing for Development in 2015. Privileging global private finance in this way risks exacerbating the negative trends – and there is little evidence that it can deliver either the quantity or the quality of finance required. Rather, this trend will exacerbate debt risk. An urgent rebalancing of the agenda is needed.

When investment goes wrong

In Sierra Leone, a country at high risk of debt distress, the past decade has seen more than one-fifth of the country's arable land leased to (mostly foreign) companies for industrial-scale mono-agriculture, including oil palm, sugarcane, rubber and rice plantations. Many communities have been moved off their traditional lands in return for promises of compensation and other benefits, such as employment, roads, electricity and better water supplies. Green Scenery,[1] a local NGO, has looked into four major land investment deals and found that the reality failed to live up to expectations. Many people felt that the compensation paid did not make up for their lost land or the revenue and food it had provided. Others claimed that investors had backtracked on promises to provide jobs and infrastructure. Instead of making poor people better off, the investment made their lives more precarious and insecure.

For the past decade, the World Bank has promoted a model of PPPs, which it sees as solving the infrastructure gap and providing further economic growth that is needed in developing countries to end poverty. However, PPPs are

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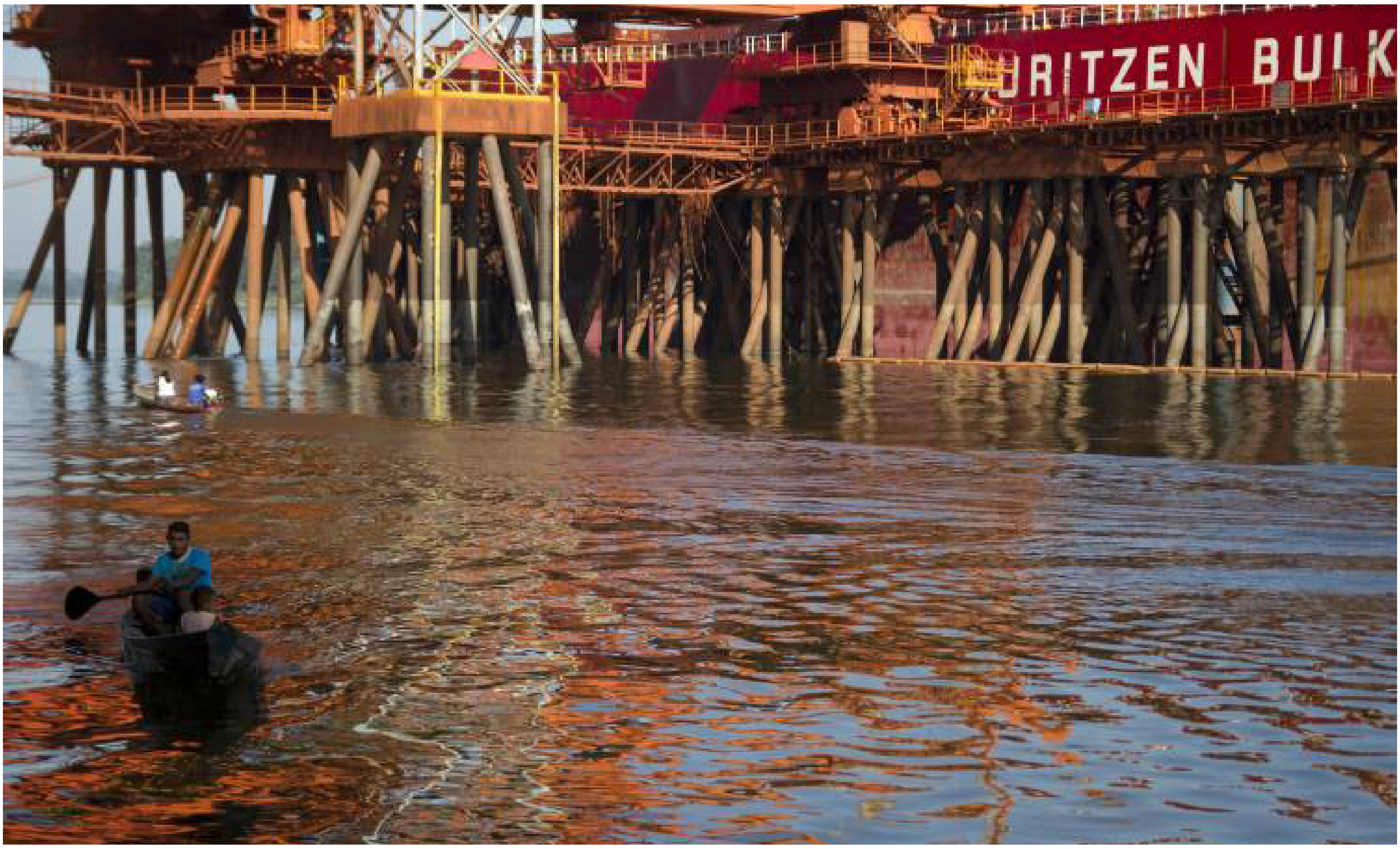

often more expensive than public sector provision, and carry considerable associated debt risk. PPPs create a knowledge and expertise transfer: from a public sector that manages public services to a dependency on private contractors. These contractors are more likely to change the nature of the service, to less consultative and less gender-transformative approaches. The profit motive in PPP contracts may lead providers to fail health and safety standards and other decent working conditions; they may also fail to deliver adequately, especially where they have a long-term fixed contract that is not easy to terminate. As a result, discrimination based on intersecting inequality may take place on the basis of gender, race and other factors. Marginalised groups may have less access to infrastructure if its development is driven by profitability, rather than more rights-based and sustainable principles.

The UK Foreign and Commonwealth Office Prosperity Fund aims to "remove barriers to economic growth"[2] in developing countries, at the same time as creating "opportunities for international business, including UK companies". Using the UK's aid budget, the Prosperity Fund is financing 16 fossil fuel projects – ranging from shaping market regulation for shale gas fracking in China to assessing health and safety in oil and gas infrastructure in Brazil.[3] This undermines both SDG 13 and the AAAA.

A framework for 'good' investment

Global private investment in developing countries, and the regimes that govern such investment, should be judged on the difference they are shown to make. Donors, civil society and developing-country governments should be prepared to examine five separate but overlapping areas:

- **Do no harm.** An absolute minimum requirement that investment should respect human rights and the environment. This is the core foundation of good investment, but it is not enough to ensure that investment is good.
- **Develop resilient and diverse national economies.** Good investment results in progressively higher-value goods and services being produced within domestic economies, and increases tax revenues which can be used to fund essential public services.
- **Tackle inequalities.** Good investment helps to ensure that the benefits of economic development are fairly shared. It enables poor and marginalised women and men to participate in the economy on fair terms, by creating decent work and addressing different kinds of inequality.
- **Build a low-carbon, environmentally sustainable economy.** Good investment supports structural changes to production and consumption patterns, so that economic development is consistent with maintaining the environmental life-support systems on which we all depend.
- **Accountable governance of investment.** Good investment is subject to careful scrutiny to ensure that it does not undermine national development priorities. Investors can be held to account; when something goes wrong, people who are hurt can get justice.

Despite the many questions raised about the approach, governments - with the UK a leading example - and multinational institutions such as the World Bank are focusing overwhelmingly on mobilising private sector funding to deliver the SDGs. However, when the driving force for investment decision-making is profit,

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such funding is unlikely to promote the type of 'just' transition that is needed to deliver the SDGs. This situation is an indication of our broken economic system.

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Leave No One Behind? From Violence to Peace

- The World Bank and the United Nations must commit to spending significantly more on peacebuilding. This is the only way to reliably prevent conflict. Christian Aid acknowledges the importance of defence and security to peace. However, amoral and illegal arms sales are undermining peace, particularly in the Middle East.
- International institutions, along with other governments, need to restate a clearer vision of peacebuilding – one that puts those living in conflict, particularly local peace actors, at the heart of their approaches.
- The informal and illicit economy has become a mechanism for coping and survival in the lives of people living in conflict-affected societies. Governments must strive to understand this, and ensure that the larger problems of marginalisation and exclusion from markets and public services are equally tackled.

In 2016, more countries experienced violent conflict than at any time in nearly 30 years. If current trends persist, by 2030 – the horizon set by the international SDGs – more than half of the world's poor will be living in countries affected by high levels of violence.[1] Much of this is due to recurring violence and protracted conflicts. Estimates show that 135 countries have experienced recurrences of conflict: where issues and grievances remain unresolved, and hostilities either restart or resurface in another form.[2]

Without an explicit focus on peace, we cannot achieve sustainable development – or even safeguard the gains already made. The failure to address violence and conflict has immense consequences worldwide. In 2017, estimates showed that up to $14.3 trillion was being spent on violence containment in the global economy.[3] This is despite an almost universal acknowledgement that only real conflict prevention can stop development gains from being lost to worsening violence.

We have seen that, in itself, providing development relief or economic investment does not build peace.[4] It needs to be the right type of investment, assessed to mitigate against harm, prevent further conflict, be accountable for causing any harm and upholding human rights, targeted at excluded groups, and complemented with an explicit peacebuilding focus.

So what is blocking this explicit focus on peace?

A key challenge is that donors and multilateral institutions are increasingly focusing on security at the expense of peace, human rights and justice. Development aid is regarded as a tool to address 'looming threats' emanating from the global South towards the North. This trend towards securitisation

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- despite the UN's renewed focus on sustaining peace - has been accompanied by strident anti-refugee and anti-migrant pressures in host countries, and a growing trend among some donor governments to restructure development aid 'in the national interest' – a euphemism for isolationist, protectionist or populist foreign policy.

While development aid has become more securitised, the world's military expenditure has increased to $1,739 billion,[5] largely due to the substantial growth in spending by countries in Asia and Oceania and the Middle East, such as China, India and Saudi Arabia.

Local actors and 'inclusive peace'

Part of the answer lies in genuinely learning from, supporting and listening to local actors. The current focus on 'inclusive peace' by key institutions such as the UN and the World Bank is certainly welcome.[6] But unfortunately, it does not eliminate the top-down, blueprint approach – which, in practice, means that only donors, international peacebuilders or elites determine how we respond to violence and conflict.

Yet the conventional understanding of the development challenges in these territories remains problematic. For example, it struggles to address the huge role of illicit and informal economies in societies affected by conflict. The World Bank Group's 'Systematic Country Diagnostics', which informs the Country Partnership Framework, barely mentions the illicit crops that have become main exports and job creators in Afghanistan and Myanmar.

Even in places typically unreached by state institutions and development agencies, there are voices for peace, coming from people who are surviving conflict and violence from day to day. But international actors tend to put themselves at the centre of the

analysis. As a result, they often miss opportunities and entry points to address interlocking conflicts, and to change the logic of competition among elites and power holders using the power of local knowledge; opportunities to connect the local to the national are lost.

Inclusion involves local actors, regardless of their gender, ethnicity, caste, religion, class, sexual orientation, disability or age. It ensures that they keep their agency, and set the terms for how they should live and deal with problems. However, local agency also struggles with power imbalances, so it needs to match certain standards, such as non-discrimination, participation, accountability and transparency. Respect for human rights is key to these approaches to peacebuilding.

Faced with the informal economy, international institutions generally see formalisation as the way forward. However, for the informal private sector this is frequently risky and costly – or even impossible. Communities surviving under constant violence and insecurity may adopt innovative and unorthodox strategies to cope. If their actions are stigmatised or criminalised, their voices are less likely to be heard.

Agenda 2030's promise is to 'leave no one behind'. In reality, the framework is barely reaching the areas most marginalised by conflict and violence.

'When elephants fight, the grass gets trampled'

Civil war broke out in South Sudan in 2013 as a result of a power struggle between political leaders. The peace process again ended up focusing on power sharing and appeasing political and military leaders. This was in spite of a call from faith leaders that 'the roots of the conflict must be addressed, honestly and transparently, and there must be all-inclusive and impartial dialogue'.

Decades of lessons from peace actors, collated by Christian Aid in 2018, emphasise this approach to peace. It is informed by the reality that conflict is connected across multiple levels, and that local peacebuilding has a critical role in achieving a meaningful, sustainable national peace. It can help shore up the likelihood of a peace agreement succeeding, but also help mitigate the worst consequences of conflict if that agreement collapses.

There can be inadvertent outcomes from the intervention of any actor in peace processes. Peace is made, broken, and fixed every day in South Sudan by chiefs, young people, women, and commanders – under trees, in offices, in person or by mobile phone. Yet the countless peacemakers at local level are obscured by the tendency of international and high-level actors to put themselves at the centre of the analysis.

We must appreciate the mandate that local peace actors take up in their communities, and support them to change the logic of high-level competition. We can do this by supporting local peacebuilders to tackle

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the root causes of conflict on their terms, and by prioritising inclusive and long-term approaches to peacemaking.

None of this is new. We should know by now: strategies based solely on elite-focused, short-term fixes rarely lead to transformative and sustainable peace.

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