

Written Submission by the Alliance for Climate Justice and Clean Energy (ACJCE) and Twenty-Eight other CSO's on the Second Phase of the World Bank's Stakeholder Engagement with CSOs for the Pakistan Country Climate and Development Reports (CCDR)

According to the World Bank Group's description of the project, the CCDR is being prepared as a "diagnostic report" to "integrate climate change and development considerations." This is an urgent and long overdue exercise. The exercise however, is not taking place in a vacuum. The need for such action arises from a global consensus that past patterns of consumption, production, development, and growth have been ruinous and destructive for mankind as a whole. At this particular historical juncture, there is perhaps no better example of the extent and force of that destruction than the case of Pakistan itself – currently undergoing one of the worst floods of its history after months of record high heat waves and unprecedented climate abnormalities.

Global finance flows have been the single biggest force carving the pathways to this destruction. The World Bank, along with other MDB's and IFI's are fully implicated in the financing and support of a number of socially and environmentally destructive projects and irresponsible development policies in Pakistan – an ignominious history that is both well documented and well understood by Pakistani civil society. The Bank has been directly or indirectly involved in supporting costly and risky hydropower, irrigation, coal, and fossil fuel based power projects to name just a few. Its policy advice has also been at the forefront of some of the most calamitous developmental frameworks – especially in relation to the water and power sectors. Each of these erroneous turns in Pakistan's developmental history have been punctuated by the Bank's high rhetoric about serving "vulnerable" communities and achieving "sustainable growth" only to inaugurate a fresh round of crises.

Over decades of World Bank interventions, Pakistan's climate and economic profile has therefore progressively worsened. The situation points to deep seated more fundamental failures in the Bank's developmental paradigms, financing practices, and mechanisms for self correction – failures which could compromise even the most well meaning initiatives. The glaring neglect of green energy sources in Pakistan's most recent electric power capacity expansion plan – a direct outcome of the Bank's Program for Affordable and Clean Energy (PACE) project – illustrates this pattern of failure and cycles of self-defeating actions. ACJCE and other CSO's have repeatedly brought the fact of these deeper problems to the attention of the Bank's Regional and Country Leadership as well as its Board with the hope of initiating a deeper diagnostic dialogue – as yet to no avail. This CCDR is a chance to correct that.

For the CCDR report to be truly effective as a diagnostic exercise and as a framework for guiding future climate responsible development, a thorough analysis of the historical interplay between the Bank's development policy finance operations, its advisory and technical assistance services, and its paradigms of development (and associated knowledge practices) and their connection to the present climate change crisis is a sine qua non. Any

conversation on “integrating climate change and development considerations” must begin from this place of self-reflection and accountability so that history is not condemned to repeat itself. From the perspective of ACJCE and other CSO’s and activists engaged in climate action in Pakistan, this analysis is entirely missing in the present project design. In fact from the identified themes in the Master Deck of slides shared by the Bank, it is obvious that the Bank has only focused on “what” the problems are — the more important question of “why” they exist is conspicuous in its absence. Considering that the CCDR is a diagnostic report, we are of the view that a detailed examination of the Bank’s past practices is a prerequisite before setting the course for the future. It is imperative for identifying responsible parties, generating appropriate actions for accountability, reforming the process where needed, and creating checks and balances to plug loopholes in the future.

The CCDR should therefore address some basic propaedeutic questions related to its own role before aiming to “inform governments, civil society organisations, the private sector and development partners” on “the development and climate agenda.” We list here some of these questions, with the hope of commencing a collective deliberation on these:

- What are the main methodological limitations in the Bank’s research and analytic practices that have led it to support environmentally risky projects in the past?
- What are some of the Bank’s values, assumptions, and beliefs about economic development and market growth that have proved incompatible with climate responsible and socially just outcomes in the past?
- What explains the perpetual historic gap between the rhetoric of “protecting vulnerable” sections of the population and practices and outcomes on the ground?
- What sources of knowledge and forms of data have the World Bank typically relied on and what other sources and forms are necessary to incorporate in order to achieve the CCDR’s goal of “building on data and rigorous research to identify concrete, priority actions to support the low-carbon, resilient transitions” in an inclusive and meaningful way.
- What limitations in the institutional framework of development policy finance have caused or exacerbated Pakistan’s political instabilities, economic crisis, and climate vulnerabilities? Is the present practice and process of attaching prior action conditionalities a help or a hindrance to the quest for climate justice and macrosocial stability?
- What would responsible climate finance look like given the historical failures of the Bank’s financing models? What types of financial products, services, or policies are incompatible with the principle of climate justice and which ones could serve as models for a more just outcome?
- How shall we quantify the damages incurred by Pakistani people due to the environmentally damaging projects and developmental paradigms supported by the Bank? What form of restitution is needed for compensating these damages? What kind of climate reparations are appropriate under the present conditions?

- What framework for an inclusive consultative process would ensure the diagnostic exercise and proposed correctives benefit maximally from local beliefs, value-systems, and indigenous practices and knowledge resources?

To understand why such an exercise needs to be a core part of the CCDR, we need only take up a study of any major energy or developmental projects supported by the Bank. The Bank's 1997 Left Bank Outfall Drainage (LBOD) project should serve as an instructive case. The project, which was meant to be a flagship "modern" solution to Pakistan's irrigation and agriculture problems is presently implicated in the devastating flooding of Badin, Sajawal, and neighbouring areas in Sindh that has left thousands homeless and led to damages and losses in excess of Rs. 40 billion. This is only its most recent involvement in a climate related disaster — it has sparked or exacerbated several crises in the past including during the heavy rains of 2003 and again in 2008. This massively flawed project effectively dismantled the natural hydrology, habitats, and socio-cultural ecology of the entire region in one fell swoop. The fall out has left the region permanently vulnerable to flooding, food crises, and ecological destitution. The astounding failures of this project are a well known historical fact – extensively documented by the Pakistani civil society, academia, and policy experts. They were also made the subject of investigation by the Bank's own inspection panel which was eventually forced to admit a number of these failures and acknowledge the Bank's responsibility. The panel found, for instance, that the project "design had substantial inherent risks" and that construction had gone ahead "without adequate provisions to minimize the risks that the structures would give way" a failure that eventually "contributed to suffering of local people in lower Badin" including a heightened exposure to the dangers of flooding – a state of vulnerability *created by the Bank* that has sadly led to the loss of so many lives since the project. These failures were the direct result of pursuing a "technically and environmentally risky" project that the investigation lays clear "has led to major harm to the dhands ecosystem, wildlife and fisheries, upon which many people depend for their livelihoods" along with a "serious problems of drinking water and a loss in grazing lands. In the words of the panel: "The overall morphology of the region is being changed."

All this is probably well known to the CCDR consultants. What is less known, however, is how central the absence of a meaningful and effective consultation process was to the failure of the LBOD project. At the time the project was being put into motion, several CSO's and local community based groups had raised concerns, writing to the Bank and organising peaceful protests to call attention to what they recognized as serious flaws in the proposed project. Drawing on their local knowledge, customary practices, familiarity with the region, and cultural embeddedness in the broader socio-natural ecologies, these voices diagnosed and predicted the very environmental and structural problems technocrats, experts, and bureaucrats now routinely identify in the LBOD with the benefit of hindsight. These same local voices had also diagnosed underlying systemic failures in the Bank's practices, including

“a serious lack of institutionalised mechanisms for information sharing and consultation with the affected people. The project planning process remained the business of few bureaucrats and donors....[was] non-transparent and hence failed to obtain informed consent since the outset”

At the conclusion of the inspection panel investigation, the World Bank President Paul Wolfowitz promised that the Bank’s *“future work will be strengthened by the lessons learned from the LBOD and NDP projects.”*

Since the LBOD case, however, those very same lessons have been consistently neglected. As with countless other projects before and since we find no mention of these lessons in the present CCDR. What is truly alarming is how even in the presence of a formal process of “consultation,” the errors of the past continue to be repeated. Prior to the first phase of the CCDR consultation, we had raised our concerns with the consultation process and urged the Bank’s regional leadership to first formulate through a consensus building exercise, a formal process and framework for dialogue and local community participation before settling on the scope and TOR’s, analytic methodologies, data sources, thematic agenda items, and underlying values guiding the CCDR. That concern is nowhere reflected in the slides we now have in the CCDR Master Deck, in the content of the presentations provided by the Bank’s consultants, or in the form and method of the consultation event itself. In fact, as witnessed in proceedings during the second phase of the consultation, the Bank has reverted to an even more aggressively insular, non-dialogic, and self legitimating mode of “consultation.” Rather than nurturing a deep and meaningful dialogue and an exchange of views built around practices of consensus building through critical engagement with concrete testimony, evidence, data, history, and ideas, the consultation process was structured around top down presentations by the Bank’s consultants followed by self serving close ended online polls, with bare minimum time for brief questions with no attempt to engage any critical views.

This concern with the consultative process isn’t a mere focus on “form” to the neglect of the “content” of the CCDR. The limitations in the process in fact correlate to a number of interrelated weaknesses in the content that compromise the usefulness of the CCDR in serious ways. For instance:

- Chapter 1 of the CCDR Master Deck baldly lists oil imports, disincentives for the private sector, and circular debt in the energy sector as “challenges” in the developmental context. It does so however, without any assessment of the developmental philosophies and policy paradigms that led to these challenges in the first place. This approach conceals contradictions in the Bank’s own models (e.g. the expensive, import based fossil fuel heavy mix is in fact directly related to the Bank’s past policy advice to privatise the power markets and incentivize investments by fuel based IPP’s). The source of such contradictions need to be made the topic of discussion, dialogue, evaluation—else that basic paradigm runs the risk of turning purported climate friendly action into counter-productive obstacles much the same

way as the Bank's past "reforms" to Pakistan's energy sector have led us to our present predicament.

- The CCDR also suffers from an inadequate framing of issues related to climate change that restricts analysis to a surface level account of individual variables without attending to their interactive effects. This risks putting the cart before the horse on climate matters. For instance, Chapter 1 states that climate change will impoverish and displace millions due to water stress without asking the core question of what specific anthropogenic practices contributed to the troubling hydrological changes or exacerbated the water stress in the first place. For the same reason, it fails to adequately trace the multifactorial interactions that together compound climate related humanitarian crises. For instance, from years of experience as a lower riparian region on the receiving end of mega hydro projects, communities in Sindh know that large dams are linked to coastal water intrusions which can compromise mangroves and local fish populations forcing fisherfolk communities to abandon traditional livelihood practices and disperse inland leaving them vulnerable to perpetual displacement and hotter weather. The same process also adds to the problem of water salinity exacerbating food crises and creating a felt need for extensive irrigation and drainage projects that end up compounding flooding risks as witnessed in the LBOD. The historical factum of such vicious cycles is testament to the analytic inadequacy of the Bank's present (and past) framing of climate change related challenges. The Bank's analysis of the GHG emission inventory is also woefully limited in its scope — a much broader evaluation of pollutants (including for e.g. soil, water, and food chain based) as well as their appropriate limits and mechanisms for their removal is needed for effective climate action on this front.
- Chapter 2 is hit by similar shortcomings related to a neglect of the political context. The spatial and socioeconomic analysis considers regional variation in climate vulnerability, but declines to assess the cross-regional impacts of development projects and the political challenges it gives rise to. For instance, while drought and flood risks are mentioned — their etiologies and the differential nature of that risk in the north and south has not been analysed. Nor has the connection between water storage, irrigation, and hydropower projects in upper riparian regions and extremes of drought and floods in lower riparian regions been considered. The past examples of Tarbela and LBOD point squarely to such connections. The absence of such analysis is inexplicable and quite concerning given that conflicts between provinces and communities over water distribution and access have dogged hydropower development in Pakistan for decades now.
- Chapter 4 exposes the limitation of the CCDR's analytical underpinnings in all its starkest detail. An action point here calls for strengthening NbS — nature based solutions — as a pathway to climate resilience. Yet the report neglects to mention that it is precisely such local indigenous solutions that have been the historic casualty of MDB funded mega projects. The CCDR needs to excavate some of those historic

practices (e.g. Rod Kohi irrigation in the Waseb, or pastoralist practices in the South) and determine the best policy, market, and financial environments for them to flourish. This can only happen if intensive engagements with local populations and with their historical cultural sources and practices are first incubated, and their past experiences with local and international markets documented and studied in their language and terms prior to any solutions being proposed. This is perhaps the biggest opportunity with the CCDR that is likely to go begging unless a radical course correction is initiated at this stage.

- Cultivating synergies between climate action and urban and rural development also requires a far more nuanced treatment of the topic of land regulation, land acquisition, land use. From the LBOD and Tarbela projects, we know the fallouts of vague unclear approaches to land policies. At present, Pakistan lacks a systematic federal or even provincial rehabilitation and resettlement policy. This is in addition to draconian land acquisition laws that leave little room for the protection of indigenous communities, customary land use rights, and informal housing settlements. The World Bank's approaches to Land Acquisition and Resettlement have repeatedly failed in the past — in the case of the FLAR's for the Tarbela, LBOD and related water projects, this failure has seen a never ending cycle of displacement spanning decades for already impoverished communities at heightened risk of climate related destitution. The failure can be traced to the Bank's unwillingness to develop a systematic, reliable, locally informed policy to ensure adequate land protections, appropriate compensation, resettlement, and rehabilitation, and strict rationalization and checks on the quantum and type of land acquired for public projects. If left unattended, this issue will plague renewable projects as well – especially given the land intensive nature of solar and wind and the recommendations of RE parks proposed by the Bank in its studies on competitive bidding in renewable markets.
- Priority #3 of the CCDR is equally adrift on a number of important fronts in relation to the energy sector. First, the WB needs to clarify the scope, extent, and pace of the proposed “complete phase out of coal” (e.g. does this phasing out include local coal, coal mining, and coal-to-gas or coal-to-liquid projects?). It also needs to clarify its financial commitment to the decommissioning of legacy coal and fuel projects. Given that the ADB is currently scoping an Energy Transition Mechanism aimed at such decommissioning, what is the quantum of monies the Bank intends to contribute to this important task? Second, the Bank needs to address in detail its stance on Gas. The Bank has had a history of treating gas as a “transition” fuel — a history that is presently informing its equivocation on this subject in the CCDR's of other countries as well. The Bank will need to clarify its vague call for a “significant reduction in gas and oil compared to BAU” — the CCDR needs to provide a stronger more concrete commitment on phasing out gas which is far from an acceptable “transition” source. Third, the CCDR needs to include a mechanism for calculating and factoring the cumulative environmental and climate related costs of energy projects into the economic least cost analysis for the IGCEP.










- Policy package #3 apparently repeats a glaring error from the Bank’s PACE project — it implicitly includes Hydropower as a renewable source in the stated target of 70% renewables by 2030. This is a classification that is in direct contradiction of Pakistan’s ARE Policy and reflects the Bank’s misguided stance on a contentious issue. Hydropower projects can be of different scales, types, designs, and purposes. The relative benefits and harms from a climate perspective inevitably depend on an in-depth analysis of the topological and hydrological profile of a region, historical land use patterns, analysis of upper and lower riparian relations, regional lessons from past project performance trends etc, amidst other factors. The need for a detailed analysis of these factors and for a thorough study to determine the wisdom of a hydro heavy expansion, has already been raised at a previous consultation on the PACE project.
- **The question of climate finance is simultaneously the most important and the most problematic aspect of the CCDR. Pakistan contributes less than 1% in global greenhouse gases emissions. On the other hand, its susceptibility to the harms of climate change are amongst the most severe. The scale of current floods in Sindh and Balochistan, and their impacts including loss of lives, livelihoods, shelters, businesses, and destruction of developed infrastructure underscores this vulnerability. The process of recovery and rebuilding will test the resilience of affected communities and push the nation’s financial resources to the limit. With the Himalayan glacial melt classified as a “tipping point” for the climate, and an unprecedented increase in regional temperatures, such climate disasters are likely to be a regular fixture, and resulting financial needs will be substantial. The CCDR allocates a mere \$0.3 billion from international finance for climate resilient transition. Additionally, no sources have been identified for preparedness of climate related catastrophes, and no strategy has been outlined on how the commitments under the Paris Accord for facilitating climate finance to vulnerable countries are to be actualized. More significantly, the CCDR includes no new non-debt-creating finance solutions that are predictable, fair, and accessible directly to the most vulnerable. There is no discussion of debt cancellation or green financing programs solutions such as debt-for-nature swaps or debt forgiveness programs, nor have climate reparations been made part of the discussion. Similarly, strategies of “degrowth” that seek to undo years of flawed infrastructural investments have not been analyzed. The principles of climate justice and just transitions warrant a serious dialogue on a just and fair climate financing arrangement for Pakistan. This requires a proper scenario analysis comparing the adequacy of different financing solutions.**



The above critical observations should not, however, detract from some strengths in the present document. The systematic attention to the transport and construction sectors in particular are praiseworthy and very welcome. The focus on electrification and emphasis on public transport in particular appears timely and sensible. The approach to carbon taxation

and emphasis on cutting edge green tech solutions like green hydrogen are equally welcome. However, unless a clear pathway and concrete commitment on financing is forthcoming, the effectiveness of these solutions remain questionable.

Finally, crucial questions on the modalities and significance of the CCDR remain unaddressed – especially the relationship between the CCDR and development policy financing projects (the WB’s and other IFI’s). For example, the IMF’s policy paper on its recent Resilience and Sustainability Trust (RST) fund lists the Bank’s CCDR’s as a “critical input” for determining “reform measures” under the RST. The Bank needs to clarify the manner in which the CCDR could influence (or function as) ‘prior actions’ and loan conditionalities in greater detail and with attention to the specific modalities of this influence. This is critical information about the potential impact of the CCDR that the Bank has chosen not to share and disclose.

Following alliances and CSOs of Pakistan have endorsed this written submission on CCDR to the World Bank Pakistan Country Office:

| S# | Associations/ Alliances Names | CSO's Logo |
|----|--|--|
| 1 | Alliance for Climate Justice and Clean Energy (ACJCE) |  Alliance for Climate Justice & Clean Energy |
| 2 | Grow Green Network, Pakistan |  |
| 3 | Indus Consortium for Humanitarian, Environmental And Development Initiatives |  |
| S# | CSO's Names | CSO's Logo |
| 4 | Alternative Law Collectives |  |
| 5 | The Knowledge Forum |  |
| 6 | Policy Research Institute for Equitable Development (PRIED) |  |
| 7 | Indus Future Foundation |  |
| 8 | Rural Development Foundation |  |
| 9 | HELP Foundation |  |

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| 10 | Initiative for Participatory Development through Peace (IPDP) |  |
| 11 | Social Youth Council of Patriots (Sycop) |  |
| 12 | Participatory Welfare Services (PWS) |  |
| 13 | Tanzeem Tahafuz-e-Maholiat, Environmental Protection Organization (EPO) |  |
| 14 | Al- Rehmat Welfare Society (ARWS) |  |
| 15 | Social Welfare and Community Development Society (SWCDS) |  |
| 16 | Cholistan Development Council (CDC) |  |
| 17 | Good Thinker Organization (GTO) |  |
| 18 | Saiban Kissan Society (SKS) |  |
| 19 | Village Shadabad Organization (VSO) |  |
| 20 | National Disability & Development Forum (NDF) |  |
| 21 | Laar Humanitarian Development Program (LHDP) |  |
| 22 | Advocacy, Research, Training and Services (ARTS) Foundation |  |
| 23 | Sustainable Development Foundation (SDF) |  |
| 24 | National Advocacy for Rights of Innocent (NARI) Foundation |  |

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| 25 | Village Development Organization (VDO) |  |
| 26 | Marvi Rural Development Organization (MRDO) |  |
| 27 | Sindh Community Foundation (SCF) |  |
| 28 | Sukaar Foundation |  |