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Making energy lending sustainable

Greenpeace submission to the World Bank Safeguards review consultation

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Greenpeace is a global campaigning organization working for sustainable energy in over 40 countries all over the world, including all major economies. This submission by Greenpeace International proposes ways in which World Bank lending practices can help to deliver energy for all while making energy systems sustainable and to combat climate change.

The World Bank should not finance coal-fired power plants, other coal-burning facilities, coal mining or coal transport infrastructure projects.

According to the IEA World Energy Outlook 2011, continued buildup of fossil fuel dependent infrastructure will have locked the world into 2 degrees Celsius warming by 2017. Any coal project seeking finance now will only come online after 2017. Hence, any new World Bank financing of coal is in explicit conflict with the goal of limiting global warming below 2 degrees, which the Bank's donors have committed to.

For all World Bank energy projects, the health impacts from chronic exposure to air pollution should be explicitly quantified in terms of annual cases of mortality and morbidity caused. All projects involving fuel combustion should at the very least comply with best regulatory practice.

Air pollution, in particular PM2.5 pollution, is the most significant environmental health risk globally and in many of the countries receiving World Bank IDA financing. Coal-fired power plants emit more PM2.5-related pollution per output than any other major power generation option, and are one of the most significant sources of population exposure to PM2.5.

There is a wide range of regulatory practices and limits for air pollution from fuel combustion. The World Bank should maintain a benchmark of best regulatory practices and require all energy projects to comply with the international best practice.

For all World Bank energy projects, the feasibility of renewable energy and energy efficiency options should be assessed using a standardized best practice approach, including latest cost data. All energy lending should be accompanied by a commitment to policies to remove barriers to energy efficiency and renewable energy.

The World Bank should develop an internal center of excellence for renewable energy and energy efficiency to ensure state-of-the-art feasibility studies covering renewable energy and energy efficiency

options are carried out for all projects that the Bank is involved in. This center would be charged with providing all other departments with latest cost data and state-of-the-art methodology, including assessment of grid integration of variable renewable energy sources. Once established, such a benchmark could serve other financiers as well.

The Bank should have standardized guidelines on valuing CO2 emissions and negative health impacts avoided through investment in clean energy sources.

Energy access finance should focus on distributed renewable energy

Sadly, centralized energy projects financed by World Bank have in general failed to deliver the energy access benefits that have been used as their justification.

There is an opportunity to directly link energy access and the support of clean energy: Distributed renewable energy gives communities control over energy generation, does not represent a drain on scarce cash like diesel does, and is now the most affordable way to deliver off-grid electricity in most locations lacking reliable supply from the grid.

World Bank should evaluate the CO2 impacts of its lending portfolio, and have performance targets for level of lending to energy efficiency and renewable energy

As the World Bank increasingly recognizes the role of combatting climate change as a part of its mission, it is crucial for stakeholders to be able to measure the Bank's contribution. The World Bank should assess the CO2 impacts of all its financing, and disclose the impacts of each project, as well as the annual gross and net impacts.

Development of energy efficiency and renewable energy are crucial for our ability to cut global CO2 emissions. In order to contribute to climate mitigation, the World Bank should set a target for lending to energy efficiency and renewable energy. The target would imply a commitment from the Bank to engage in promoting favorable investment conditions in recipient countries, and could include financing renewable energy support schemes and investment in grids. 100% of the energy portfolio of the Bank should go to sustainable renewables and energy efficiency.

No diversion of water from agriculture and environmental flows to power generation

Many of the Bank's borrowers are facing a water crisis. Thermal power plants, and coal-fired power plants in particular, are massive users of water. Half of water use growth in the next decades is projected to come from energy sector¹. Impacts on other water users should be assessed for all projects, and projects should not lead to diversion of water from drinking water and agricultural use to power generation, or endanger water flows required for ecosystem conservation – including during dry months or years.

¹ OECD 2012: OECD Environmental Outlook to 2050: The Consequences of Inaction.