

## Issue update

### *Selected Issues on International Financial Institutions*

Volume VII, Number 7 – January 31, 2012

## Energy Poverty, Climate Change & the World Bank

The United Nations has declared 2012 as the *International Year of Sustainable Energy for All*. Access to energy is a cornerstone to meeting basic livelihood needs, and holds enormous implications for health, gender equality and climate change. Throughout the Global South, 2.7 billion people rely on traditional biomass for cooking. The use of wood, coal and agricultural waste in rudimentary cooking stoves causes more than 1.5 million deaths each year from chronic lung disease and child pneumonia. Deforestation in sub-Saharan Africa, a key source of CO<sub>2</sub> emissions, is largely due to the use of wood for cooking and in charcoal production.

The International Energy Agency estimates that annual investments of \$34 billion over the next two decades are required to resolve the problem of energy poverty. Despite the World Bank's mandate as an anti-poverty institution, only 9 percent of its energy portfolio in 2009 and 2010 targeted access for the poorest sectors. Energy access is often used as a justification for large-scale fossil fuel projects. However, coal projects in India show that nearby communities often experience health impacts and displacement as a result of major fossil fuel investments, and do not benefit from improved access to energy. Energy is instead transported to urban and industrial centres, bypassing rural communities entirely.

The World Bank continues to finance fossil fuel projects despite a vigorous CSO campaign during the Bank's recent energy policy review. CSOs seek to shift the institution's strategy towards renewable energy and energy efficiency. In 2010, the Bank approved a \$3.75 billion loan for a coal plant in South Africa, one of the largest in the world. While the World Bank has responded to civil society concerns to stop financing coal projects in middle income countries, the Bank says it will continue to provide loans for coal to poor countries. Meanwhile, investments in small-scale and renewable energy are lagging behind (see **JUST THE FACTS**).

*Also in this issue:*

Durban Postmortem

Notice Board, new publications and upcoming events

**JUST THE FACTS: World Bank Funds Fossil Fuels, Renewable Energies Lag Behind**



Halifax  
**INITIATIVE**  
d'Halifax

Our core funders are the C.S. Mott Foundation, the International Development Research Centre, the Sigrid Rausing Trust and coalition members.

Email [subscriptions@halifaxinitiative.org](mailto:subscriptions@halifaxinitiative.org) to automatically receive our *Issue Update* newsletter each month.

153 Chapel Street  
Ottawa, ON K1N 1H5  
Canada

TEL: (613) 789-4447  
FAX: (613) 241-4170  
WEB: [www.halifaxinitiative.org](http://www.halifaxinitiative.org)

# Postmortem: The Durban Climate Change Conference

The United Nations Climate Change conference held in Durban, South Africa in November and December 2011 failed to deliver solutions to climate change.

In Durban, Northern and Southern nations expressed conflicting views on a fair and effective climate change plan. The first round of emission reduction targets established through the Kyoto Protocol will expire in 2012. Countries from the Global South sought a commitment to a second timetable of reductions beginning in 2013. While the European Union and Norway signaled their support for a renewed commitment under Kyoto, a number of the major emitting countries did not. Canada, a Kyoto signatory, formally withdrew from the Protocol following the conference. In the absence of commitments from major emitting countries, the Kyoto Protocol was significantly, perhaps fatally, weakened.

The main outcome of the conference was the “Durban Platform,” an agreement to develop a climate treaty that will be implemented in 2020. Southern countries attempted to ensure that the principle of Common but Differentiated Responsibility (CBDR), a foundation of the Kyoto Protocol, be placed at the centre of the Durban Platform. The CBDR principle is based on recognition that Northern countries have contributed most to climate change and thus have a greater responsibility to reduce emissions. However, CBDR was blocked by Northern countries, particularly the United States.

Southern countries also came to Durban expecting concrete commitments to the Green Climate Fund, the UN Framework Convention for Climate Change mechanism for financing mitigation and adaptation activities in the South (see June 2011 Issue Update). However, Northern countries have yet to deliver the \$100 billion of long term financing pledged at the Copenhagen climate change conference.

There was no progress or even debate on sources of innovative financing, such as the Financial Transaction Tax (FTT), a tax of less than 1% paid by financial institutions that could raise billions for mitigation and adaptation activities in the South. The FTT proposal was raised by several delegations, but quickly dismissed by others. Momentum is building, however, for the adoption of the FTT, with the endorsement of new countries such as South Africa.

The World Bank is currently the provisional trustee of the Climate Fund and in Durban it angled for a permanent appointment. However, conference participants decided that the trustee of the fund will be chosen through an open bidding process. Southern nations are concerned about their exclusion from World Bank decision-making, Bank lending for fossil fuel projects, and the institution’s bias in favour of the private sector.

Durban’s Climate Debacle: Institute for Policy Studies.  
[http://www.ips-dc.org/articles/durbans\\_climate\\_debacle](http://www.ips-dc.org/articles/durbans_climate_debacle)

COP17 in Durban: A Largely Empty Package. Heinrich Böll Foundation.  
<http://www.boell.org/web/index-A-Largely-Empty-Package.html>

## Notice Board - This month...

- 📄 Robert Zoellick's term as President of the World Bank President ends this year, with many speculating that he will step down. CSOs are once again challenging the tradition of appointing an American to the position and instead argue that a candidate with a solid international track record in anti-poverty activities should be appointed.
- 📄 In November 2011, the UN Human Rights Council created a new Working Group on Human Rights and Transnational Corporations and Other Business Enterprises. The Group solicited input on its agenda and in December, ECA-Watch made a formal submission recommending that the Group focus on export credit and human rights. <http://halifaxinitiative.org/sites/default/files/ECA-Watch%20submission%20-%20UN%20WG%20business%20&%20HR.pdf>
- 📄 In December, Chilean community and civil society organizations wrote to Canadian cabinet ministers to complain about Export Development Canada's due diligence process regarding Barrick Gold's Pascua Lama project. [http://halifaxinitiative.org/sites/default/files/EDC\\_2011.pdf](http://halifaxinitiative.org/sites/default/files/EDC_2011.pdf)

## Coming Events...

- 📄 On February 27-29, Professor Léonce Ndikumana, co-author of *Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent*, will be lecturing in Ottawa and Montreal. For more information, contact the Halifax Initiative office, 613-789-4447.
- 📄 On March 29 and 30, a coalition of Canadian organizations, including the Halifax Initiative, is organizing a *Fair Tax Summit* in Ottawa. Speakers will include activists from the Tax Justice Networks in Europe and Africa. For information: [www.taxfairness.ca](http://www.taxfairness.ca)

## New Publications...

- 📄 ***Who Will Control the Green Economy?*** ETC Group Report, December 2011. A publication warning against potential land grabs under the auspices of the 'Green Economy' agenda at the upcoming Rio+20 Summit in June 2012. <http://www.etcgroup.org/en/node/5296>
- 📄 ***Corporations, Climate and the United Nations***, Polaris Institute, November 2011. A document outlining corporate influence at UN climate talks. <http://www.polarisinstitute.org>
- 📄 ***Exporting Goods or Exporting Debts? Export Credit Agencies and the roots of developing country debt.*** Eurodad, December 2011. Export credit guarantees are at the root of most developing country debt. Eurodad assessed the debts owed by developing countries to four European countries and found that almost 80 percent of poor countries' debts to other governments came from export credits, not development loans. <http://eurodad.org/?p=4735>

### World Bank Funds Fossil Fuels

The World Bank continues to fund fossil fuel projects, at the expense of renewable and clean energy investments. Renewable energy initiatives are a win-win proposition for poor communities. They provide off-grid communities with access to energy and mitigate climate change, which disproportionately affects the poor. In the first ten months of 2010, World Bank Group financing for fossil fuels increased to \$4.7 billion, the highest level ever.

There are many examples of renewable energy and energy efficiency alternatives that are viable and economical for rural and poor communities:

- Access to small-scale, renewable, efficient energy can make an enormous difference in the lives of rural women. The burden of collecting firewood often falls on women and girls, a barrier to education and employment. Energy efficient cooking stoves can reduce the need for wood and charcoal. Biogas stoves are also an effective option.
- Small-scale electricity through solar power can refrigerate vaccines and medicines in rural clinics. Cell phones in rural areas can provide useful agricultural market information to local farmers, but require electricity for re-charging. Basic lighting can extend the hours of productive activity among poor households.
- Small-scale hydropower, solar and wind power technologies are well-suited to off-grid areas. Micro hydropower can provide electricity to small systems for irrigation and household use.
- Renewable energies create more jobs per dollar invested than coal or natural gas. Jobs created by renewable energies include construction, manufacturing, installation and maintenance.
- Grameen Shakti, a non-profit company in Bangladesh, aims to install 1 million solar home systems and create 100,000 jobs for youth and women as solar technicians and maintenance specialists.

Decentralized, renewable energy is not a temporary solution. It can provide for basic needs while replacing dirtier and more expensive technologies. However, despite the benefits, civil society actors warn that some forms of energy generation that are often categorized as renewable, such as biofuels, can lead to the displacement of marginalized communities without their consent. Massive corporate “land grabs” and displacement are currently taking place in a number of African countries.

Oil Change International: Access to Energy for the Poor: The Clean Energy Option.

<http://priceofoil.org/educate/resources/access-to-energy-for-the-poor-the-clean-energy-option/>

International Institute for Environment and Development: Rising demand for renewable energy could drive more land grabs. <http://www.ied.org/natural-resources/media/rising-demand-for-renewable-energy-could-drive-more-land-grabs>

Bretton Woods Institute: World Bank clings to fossil fuels, stumbles on clean energy.

<http://www.brettonwoodsproject.org/art-566379>