

World Bank energy strategy

European Parliament resolution of 17 February 2011 on the World Bank's energy strategy for developing countries

The European Parliament,

- having regard to its resolution of 18 May 2010 on the EU Policy Coherence for Development and the ‘Official Development Assistance plus’ concept¹,
 - having regard to its resolution of 13 March 2008 on the Global Energy Efficiency and Renewable Energy Fund²,
 - having regard to the climate and energy package which it adopted on 17 December 2008,
 - having regard to its resolution of 1 April 2004 on the World Bank-commissioned Extractive Industries Review³,
 - having regard to the ‘World Development Report 2010: Development and Climate Change’,
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas access to modern energy services is a prerequisite for poverty eradication and economic development, and whereas the right to energy means that energy services must be reliable, affordable, especially for the poor, and evenly distributed so as to bridge the gap between urban and rural areas,
- B. whereas some 1.5 billion people are currently without access to electricity, four out of five of whom live in sub-Saharan Africa and South Asia, mainly in rural areas, and whereas nearly 2.4 billion people still use traditional biomass fuels for cooking and heating, causing severe health problems and the death of 1,9 million people per year from indoor pollution, as well as environmental damage resulting from unsustainable use of natural resources⁴,
- C. whereas conventional rural electrification programmes financed by the World Bank have, on the whole, failed to reach the rural poor, and whereas off-grid sustainable technologies can be particularly suitable for providing electricity services in rural areas because of their decentralised nature,
- D. whereas, according to the reference scenario in the International Energy Agency's World Energy Outlook 2008, the world's primary energy demand will increase by 45% by 2030, and non-OECD countries will account for 87% of that increase due to rapid economic development; whereas, in the same scenario, this rapid increase in energy demand in non-OECD countries is expected to account for some 97% of additional CO₂ emissions,

¹ Texts adopted, P7_TA(2010)0174.

² OJ C 66 E, 20.3.2009, p. 35.

³ OJ C 103 E, 29.4.2004, p. 819.

⁴ UNDP & WHO (2008): *The Energy Access Situation in Developing Countries*, New York.

- E. whereas the World Bank is currently preparing a new energy strategy, expected to be finalised in mid-2011, which seeks a multi-stakeholder input and of which the concept of efficient, affordable and clean energy supply for poverty reduction and economic growth is a pivotal component,
- F. whereas in 2008 the World Bank committed itself to making half of its energy investments ‘low-carbon’ by 2011¹,
- G. whereas the provision of financing to the private sector by multilateral development banks (MDBs) has increased tenfold since 1990; whereas that increase is particularly marked at the World Bank’s private-sector arm, the International Finance Corporation (IFC), whose total lending and investment more than doubled between 2003 and 2008,
1. Welcomes the energy strategy and recalls that it should specifically address how access to energy can help lift people out of poverty, while facilitating the shift to an environmentally sustainable energy development path; urges the World Bank to pursue an approach to private-sector development that delivers maximum benefit to the poor while tackling climate change; underlines that environmental and social factors, at both national and local community levels, must be taken into account in a comprehensive cost-benefit analysis of energy options;
 2. Notes that fossil-fuel lending continues to play a dominant role in the World Bank’s overall energy portfolio, despite recent increases in lending for renewable and energy efficiency initiatives; points out that fossil-fuel investments are also taking place through financial intermediaries, and that this is not being accounted for by the Bank in its annual energy sector figures; notes also with concern that the Bank is continuing to make significant investment in coal-fired power plants, locking developing countries into coal-based energy for decades to come;
 3. Welcomes, in line with the G-20 leaders’ commitments in Pittsburgh in September 2009, which were renewed in June 2010 in Toronto, the World Bank’s strategic goal of phasing out lending to fossil-fuel projects by 2015;
 4. Encourages the World Bank to prioritise small-scale, local-level energy access, particularly in the least developed countries in Africa and Asia;
 5. Expresses its concern about the fact that the World Bank considers energy from large hydropower dams and from biofuels as clean energy; highlights, in particular, the warnings of the UN Food and Agricultural Organisation about the threat of biofuels to food supply;
 6. Calls on the World Bank to lead the development and implementation of innovative norms and standards in order to protect the rights of communities and ensure that they have access to and benefit from energy-sector developments regarding energy efficiency and renewable energy sources;
 7. Notes with concern that a large amount of multilateral financing provided to financial intermediaries is poorly monitored; stresses the need to define clear requirements that financial intermediaries must meet in order to be eligible for multilateral financing; takes the view that these should include having clear development objectives (beyond financial

¹ World Bank Group (2008): *Strategic Framework on Development and Climate Change*.

performance), as well as strong social and environmental safeguards as embodied in international protocols and treaties;

8. Emphasises the importance of internalising the costs related to climate change; calls for the Environmental Life Cycle Costing approach to be used in the accounting process, so as to effectively evaluate the available energy alternatives;
9. Stresses the need to diversify the energy portfolio, given the problems arising from over-reliance on one energy source for power generation, such as imported fossil fuels or hydropower (where prolonged drought means empty reservoirs that dramatically reduce generating capacity); urges the World Bank to scale up its investment in renewable energies and energy efficiency, but to refrain from investing in large hydroelectric projects, whose negative social and environmental impact resulting inter alia from greenhouse gas emissions from reservoirs must be properly assessed prior to their financing; underlines that small hydropower dams are more sustainable and economically viable than large hydropower facilities;
10. Regrets that the World Bank mainly promotes a large-scale and export-oriented energy model rather than supporting small-scale decentralised energy projects that are often more appropriate and effective in meeting basic needs in rural areas; urges the World Bank to support alternative, small-scale decentralised energy projects which take account of the needs of local communities and the economic realities of different countries, and to set specific targets and monitoring guidelines to ensure that energy lending will benefit the poor;
11. Considers that the best way to resolve potential trade-offs is to examine supply security, health, environmental and economic impacts on local communities and the development and transfer of technology needed both at national and local level in order to guarantee access to sustainable technologies and renewable energy sources;
12. Stresses the need to develop reporting and disclosure rules that allow maximum transparency; insists that the World Bank clearly identify and publicly disclose the specific development benefits before financing is committed; expresses its concern at the fact that the principle of 'free, prior, and informed consent' (FPIC), as embedded in the UN Declaration on the Rights of Indigenous Peoples, is not recognised in the IFC's performance standards framework;
13. Encourages the World Bank to focus its energy strategy on making sustainable technology projects commercial and competitive through innovative financing and institutional development programmes, in order to promote a combination of energy efficiency and renewable energy as a viable and attractive option;
14. Points out that the development of clean technologies in poor countries is linked to technology transfer, which requires the main barriers to the dissemination of green technologies in developing countries to be identified in order to address climate change, as well as though to be given to new flexibilities with regard to intellectual property rights;
15. Instructs its President to forward this resolution to the World Bank, the Council and the Commission.