

IMF-World Bank Energy Investment Plan A Recipe for Climate Disaster

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The World Bank's new investment framework to tackle climate change does nothing to address global warming, while sacrificing the poorest on the altar of "business as usual," activists charged today. The World Bank and IMF staff approved the framework at their spring meetings in Washington on Sunday.

The Bank was asked in July 2005 by the eight most industrialized countries (the UK, US, Canada, Japan, France, Germany, Italy and Russia), or G8, to develop the framework for climate stability. But research conducted by the Institute for Policy Studies has found that the World Bank's oil, gas and coal projects financed just since 1992 will release over 43 billion tons of CO₂ over their lifetimes. The World Bank has yet to conduct a full assessment of the climate impact of all of its lending. The Bank remains heavily invested in fossil fuels--close to \$30 billion worth since 1992. The Bank has also ignored the 2004 recommendation of its own "extractive industries review" to get out of all oil and coal investments by 2008 on the grounds that the poorest are harmed by these investments.

Instead, the Bank strategy proposes the world embrace untested coal technologies, nuclear power, and large hydropower as solutions to global warming, while giving short shrift to renewable energy.

"This is a giant step backward from the G8's Renewable Energy Task Force, which in 2001 envisioned providing one billion people with renewable energy by 2010," said Daphne Wysham, a fellow with the Institute for Policy Studies in Washington. (The Bush Administration killed that initiative.) "The needs of the poorest who are least responsible for climate change are once again being sacrificed in favor of an energy and development model that primarily serves the wealthy."

"The Bank cannot bow under pressure from the carbon lobby to continue to promote the status quo. This is no longer an academic exercise. The effects of global warming are already being experienced worldwide and it is the global poor who will bear the brunt of the West's gluttonous lifestyle," said Stephen Mills, director of International Programs at the Sierra Club.

"Only a comprehensive shift to renewables and to strengthening community-centric energy security programs can contribute to a reduction in greenhouse gases," said Smitu Kothari, Director of Intercultural Resources, in New Delhi, India.

The World Bank draft investment framework claims the vast majority of finance for clean energy will come from carbon trading, for which they are one of the world's largest brokers. Yet carbon trading is largely designed to facilitate the continued exploitation of fossil fuels, which causes global warming. "The Bank's fossil fuel policy is nullifying the effects of the "climate solution"; it itself is pretending to offer," said Larry Lohmann of the Corner House, a British research and advocacy organization.

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