POWER 4 PEOPLE

Invest in clean local energy for all.

After several hundred billion dollars have been spent on development aid for energy projects, 1.3 billion people around the world remain without access to electricity.

These people live in a state of permanent blackout that affects their health, education and livelihoods.

Without drastic action, the International Energy Agency estimates that roughly one billion people will still be without access to electricity by 2030.

The energy projects of the World Bank and other international financiers over the past 60 years have focused on large fossil fuel and hydropower plants. Such projects have displaced millions of people, destroyed ecosystems and fueled climate change. In contrast, energy conservation, energy efficiency and decentralized renewable energy reduce energy poverty, protect the environment and strengthen climate resilience.

The UN has called for ensuring universal access to electricity and massively expanding renewable energy and energy efficiency by 2030. In spite of this, multilateral development banks continue to prioritize large, centralized power plants. The World Bank and the European Investment Bank recently approved energy strategies that open the door for more large hydropower and gas projects, and possibly more coal. Such an approach would wreak environmental havoc and continue to leave the world's poorest people in the dark.

After billions of dollars spent on large dams, 85% of the electricity in the Democratic Republic of Congo is consumed by the mining industry, while only 6-9% of the population has access to electricity.

Global energy finance must be shifted towards decentralized renewable energy solutions – towards Power for People. The World Bank and other financiers must put their energy dollars where the people are.

A LEGACY OF DAMNING THE POOR

Large hydropower and fossil fuel projects have displaced millions of people, destroyed ecosystems, fueled climate change and weakened the climate resilience of the world's poor. The electricity generated by these projects has favored large corporations over residential consumers, and affluent consumers over the poor.

In the past 65 years, the World Bank has funded roughly 600 dam projects at a cost of US$100 billion. Huge hydropower projects such as the Kariba, Akosombo and Inga 1 and 2 dams were supposed to modernize poor African countries almost overnight. But these dams have not delivered their promised results.

Despite billions spent on the Inga 1 and 2 dams on the Congo River, 85% of the electricity in the Democratic Republic of Congo is used by high-voltage consumers while less than 10% of people have access to electricity. More than 50 years later, the communities displaced by the Inga and Kariba dams continue to fight for compensation and economic rehabilitation. The Kariba Dam also degraded critical ecosystems of the Zambezi, southern Africa's "River of Life."

The Kariba Dam displaced 50,000 villagers who have struggled for decades with impoverishment.
Credit: Karin Retief

Professor Thayer Scudder, –who has advised the World Bank on hydropower projects since the 1950s – comments: "In most cases, large dams – and especially those over 60 meters in height – are part of a flawed paradigm that causes an increasing disconnection between the necessary environmental health of river basins and the current needs of people and governments for the provision of water, energy and food."

The World Bank and other multilateral development banks have for decades funded dirty coal power plants, arguing that they provide the cheapest form of electricity in many developing countries. Examples include a $450 million IFC loan for the Tata Mundra project in India in 2008, and a $3.75 billion World Bank loan for the Medupi plant in South Africa in 2010. Both projects are some of the largest new sources of greenhouse gases on Earth, and will emit more carbon than 115 countries each year.

In India and South Africa, energy efficiency and renewable energy would have been cheaper options to bridge the countries' energy gaps. In both cases, electricity is primarily produced for large power consumers, and only one tenth of one percent of the power generated by Tata Mundra is allocated to households without power.

A RETURN TO HYDROPOWER & FOSSIL FUELS

In July 2013 the World Bank decided to limit support for new greenfield coal projects to "rare circumstances," and scale up support for large hydropower and gas projects instead. While the move away from coal is welcome, the Bank will continue to consider funding the expansion of existing coal power plants (including India's Tata Mundra plant), and could support dirty new projects such as the proposed Kosovo lignite plant as a rare circumstance.

"Only 9% of the World Bank's energy portfolio in 2009 and 2010 targeted increasing energy access for the world's poorest."

(Access to Energy for the Poor: The Clean Energy Option. Oilchange International, Action Aid and Vasudha Foundation, June 2011.)

Already in March 2013, the World Bank announced its intention to return to funding large mega-dams for hydropower generation after two decades of relative caution. The Bank identified dams on the Congo River, the Zambezi River and in the Himalayas as illustrative examples of its new approach. It argues that a new generation of mega-dams could "catalyze large-scale benefits to improve access to infrastructure services." Yet the proposed projects on the Congo and Zambezi are once again designed to power the mining industry and urban centers, not the rural poor.

BETTER OPTIONS AVAILABLE

Better solutions are readily available. In the past 10 years, governments and private investors installed more new wind power than hydropower capacity. Electrifying rural areas in Africa and South Asia through solar, wind and micro-hydropower projects has become cheaper than through large, centralized power projects that depend on the electric grid.

Decentralized renewable energy solutions effectively reduce energy poverty, have a small environmental footprint, and strengthen the climate resilience of the poor. Yet financial support for such solutions is woefully lacking. Like other donors, the World Bank is behind the curve on this. From 2007-2012, it spent $7 billion on coal and $5.4 billion on hydropower, but only $2 billion on wind and solar projects combined. A renewed focus on mega-dams and gas would make matters worse.

INVESTING IN POWER FOR PEOPLE

The Sustainable Energy for All initiative has called for ensuring universal access to modern energy services, and doubling energy efficiency improvements and the share of renewable energy in the global energy mix by 2030. The International Energy Agency has estimated that $20 billion of the $32 billion per year required for achieving this goal needs to be invested in mini- and off-grid solutions.

WORLD BANK ENERGY LENDING GOES AGAINST THE TIDE

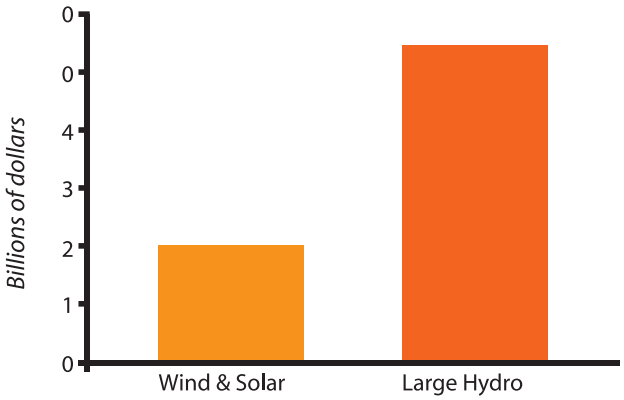
We're calling for a fundamental shift in global energy lending to ensure universal access to modern energy for all people in a sustainable and climate-resilient way by 2030:

- We call on governments, international financial institutions, and private investors and financiers to shift support and investments from destructive forms of energy (coal, oil, gas, destructive dams, nuclear power, unsustainable biofuels) to energy conservation, energy efficiency and renewable energy technologies.

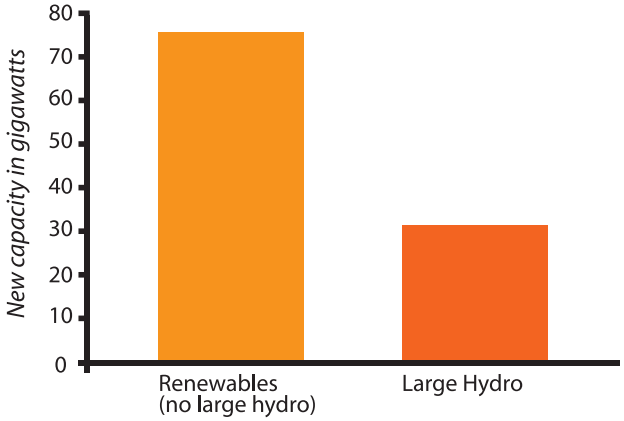
- We call on multilateral development banks to stop funding destructive forms of energy and shift support in the form of lending, guarantees, training and technology transfer to energy conservation, energy efficiency and decentralized renewable energy solutions. MDBs need to create dedicated financing mechanisms, indicators and timetables to make such a transformation happen.

- All energy sector projects need to be developed in transparent and participatory ways, based on a balanced and inclusive assessment of all needs and options, and meet strict social and environmental standards. The performance of existing infrastructure should be optimized before new projects are developed.

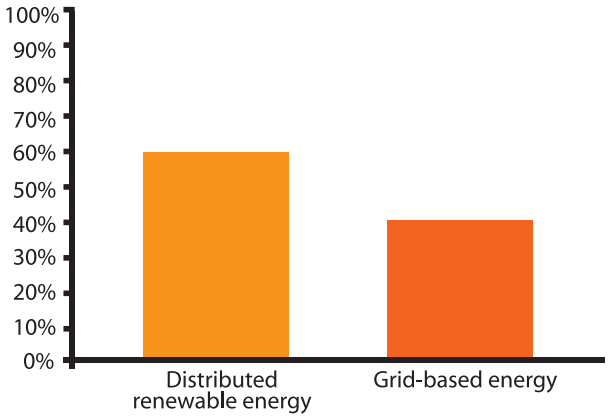
- As long as multilateral development banks continue to fund destructive forms of energy, governments should shift their funding to institutions and mechanisms that are more effective at ensuring universal access to modern energy services. This will include new and existing multilateral, bilateral and non-governmental institutions and mechanisms.



World Bank energy sector spending, 2007-12



Global energy priorities, 2012



International Energy Agency recommendation for achieving universal energy access

FOR MORE INFORMATION

To learn more, visit International Rivers' Power 4 People website at http://www.internationalrivers.org/node/8091. The website includes ideas for what you can do and what others are doing to achieve Power 4 People.

International Rivers is proud to be partnering with Amazon Watch, Jeunes Volontaires pour l'Environnement, the International Accountability Project, the Institute for Policy Studies and other groups on this campaign. We have organized a Power 4 People international day of action on October 12, 2013, as part of Reclaim Power, a global month of action calling for investment in clean local energy for all and a halt to dirty energy projects.