



World Bank Holds Consultation on Future Energy Strategy

16 February, 2010

The World Bank on 16 February held a consultation meeting to solicit input on its Future Energy Strategy, which will update the existing 2001 energy strategy. Moderated by Jean-Marie Chevalier, Professor of Economics at the University Paris-Dauphine, the discussion was opened by Cyril Muller, World Bank Special Representative for Europe, and included a background presentation by Jamal Saghir, the Bank's Director for Energy, Transport and Water. Participants included representatives from international organizations, French government ministries, the private sector, civil society, academia and think tanks.

According to the World Bank, 1.5bn people world-wide lack access to electricity and nearly 2.5bn people continue to use traditional bio-combustibles for fuel. Africa faces a particular challenge in terms of energy access due to poor energy infrastructure and low spending in the sector. The Bank estimates that if there is no change to the energy sector in the region, the number of people without access to electricity in Sub-Saharan Africa will increase from 590mn in 2008 to 700mn in 2030.

Consultation highlights

The consultation was organized around six guiding questions:

When asked **where the help of the World Bank Group in the energy sector in developing countries is most needed**, respondents suggested that the Bank should better define its role in the energy sector and specify how it will cooperate with other actors in the sector. In addition, participants suggested that the World Bank has not sufficiently focused on the consumption side of the energy issue, a critical aspect to improving energy efficiency. The French Agency for Development (Afd) suggested that the Bank include the energy sector strategy in its broader development strategy, rather than consider it separately. The International Energy Agency suggested that instead of investing in new energy projects, the Bank should focus on rebuilding already existing but unused energy infrastructure in Africa.

The Bank also asked those present to reflect on **whether its proposed approach adequately addresses the needs of the poor and marginalized, and if not, how could it be strengthened**. Respondents suggested strengthening governance within the Bank and in the countries in question; fighting corruption in developing countries; moving middle income countries away from coal consumption; and increasing transparency in procurement, contracts and reporting on revenue use from energy projects. Participants also suggested that specific geographic approaches are needed as well as a reconciliation of short- and long-term strategies.

When asked **whether the proposed approach strikes the right balance between meeting the needs and priorities of low-income countries and those of middle-income countries**, respondents highlighted the need for efficient investments. In addition, a representative from the Bretton Woods Project voiced his concern that the proposed, broad strategy was a means to justify Bank investment in a wide range of energy projects, including coal. Similarly, a number of participants criticised World Bank investment in coal refineries, citing the long lifespan of such projects and their direct incompatibility with climate change goals.

The World Bank solicited input on **what principles it should follow in resolving possible trade-offs between meeting the local energy needs of individual countries and reducing global greenhouse gas emissions**. In response, the French Ministry for Sustainable Development drew attention to the fact that while short-term investment projects are important for the poorest countries, they need to be implemented as part of a long-term development strategy. Participants also suggested that it is important for the World Bank to step away from individual projects and to instead play a wider role in global energy strategy.

In response to the issue of **what should be the role of the World Bank Group in promoting new technology and/or helping to transfer existing technologies to new markets, and how much weight should the Bank Group give to each**, many participants agreed that the World Bank must be prepared for an uncertain energy future and should structure its projects accordingly. There was a general consensus that the Bank should play a role in capacity building, including technology transfer and knowledge transfer, so that developing countries can make their own choices regarding their energy sector.

The final question of the day was an **open format comment period**. Participants used this opportunity to make a number of key points including the need for the Bank to co-finance energy sector projects and create a favourable environment for the private sector in developing countries; to help developing countries create their own sustainable development strategies; and to promote good governance and provide examples of good practice. Respondents also suggested that the World Bank should play a greater role in fighting corruption in the projects it finances. The importance of cross linking various Bank strategies to increase efficiency was also mentioned, as was the idea that the Bank has an important role to play in helping developing countries to write energy policies and using its influence to eliminate energy subsidies where they still exist.

PNoWB International Secretariat

66, Avenue d'Iéna 75116 Paris, France
T +33 (0)1 40 69 30 55 / F +33 (0)1 40 69 31 64
E-mail : secretariat@pnwb.org
Check our website at <http://www.pnwb.org>

