

BOLIVIAN CIVIL SOCIETY PERSPECTIVE ON WORLD BANK ENERGY STRATEGY

POVERTY

The Energy for Our Common Future project brings together responses and alternative approaches to World Bank energy strategy. Fundación Solón and members of the Bolivian Platform on Climate Change lead this Bolivian perspective, which is especially critical of the World Bank Group for creating debt in developing countries and supporting privatisation of Bolivian utilities.

The World Bank energy strategy proposes to increase energy access and reliability, and to ease transition to more sustainable energy development in developing countries. They propose two strategic pillars:

- to improve the financial and operational performance of the energy sector
- to consolidate good governance to improve the contribution of energy to fair economic development.

The energy strategy also sets a series of key goals, which would have an impact in poor countries. It explains that the majority of governments in developing countries are faced with a challenge to increase their reliability, and given that the tendency is towards public administration they need to improve 'good corporate governance'. This strategy is based on market approaches and covers a wide range of sectors including renewable energy, efficient energy, hydroelectric energy, natural gas to generate electricity on a small scale and extractive industries. It also proposes that the energy strategy should be based on regional strategies and existing commercial projects and initiatives.

Rhetoric versus reality

We are worried about the new strategy because we fear it won't change the World Bank Group's approach regarding the predominant use of fossil fuels, or stop it investing in large hydroelectric projects and others that affect the environment and human rights, especially those of indigenous nations. The consultation process focuses on a relatively specialised

group of public stakeholders and non-governmental organisations – however, this will make it difficult for the voice of the people at grassroots to be heard, particularly those affected by the Bank's policies.

The wrong vision of unlimited growth

The Bank's vision facing climatic crisis is to continue with constant, unlimited growth and development. It does not provide an answer to the evidence that unlimited growth is not possible, given that the world has outgrown its capacity as a planet to renew resources, and therefore changes in the development paradigms of consumption and production are of utmost importance.

During the World People's Conference on Climate Change and the Rights of Mother Earth in Cochabamba, Bolivia (see Box 1), the following statement was made: 'The development model we advocate is not destructive or unlimited development. Countries need to produce goods and provide services that satisfy the basic needs of their population, but under no circumstances can they continue a development path where the richest countries have left an ecological print five times bigger than the planet can support.' This agreement proposes the concept of 'living well' as a base for development and maintains that it is not possible to have unlimited competitive growth. Rather, it proposes a type of growth that seeks quality of life for all, which is only possible when resources are more equally shared among the planet's inhabitants.

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The World Bank Group does not provide an answer to the evidence that unlimited growth is not possible

Box 1: World People's Conference on Climate Change and the Rights of Mother Earth

Faced with the perceived failure of the United Nations Framework Convention on Climate Change (UNFCCC) negotiations in Copenhagen in December 2009, the Bolivian government organised this conference in the city of Cochabamba in April 2010. The Conference purpose was to listen to the voices of the people on this problem that is so closely linked to life, the future of our planet and humanity. More than 35,000 people from 142 countries attended the Bolivian Conference, which concluded with the Agreement of Nations declaration. This has been used in the process of the UNFCCC and forms part of proposals to be debated in further UNFCCC negotiations.

The main proposals of the Agreement are that all nations should work to:

- reduce greenhouse gas emissions of developed countries by 50 per cent as stated in the Kyoto Protocol; to be achieved between 2013 and 2017
- stabilise the temperature increase to 1°C and 300 parts per million of carbon dioxide (CO₂) in the atmosphere
- guarantee an equal distribution of atmospheric space taking into account the climatic debt of emissions that developed countries owe developing countries
- ensure full respect for human rights and inherent rights for indigenous nations, women, children and migrants
- ensure full recognition from the United Nations for the rights of indigenous nations
- recognise and defend Mother Earth in order to achieve harmony with nature
- guarantee the fulfilment of agreements made by developed countries through the constitution of an international tribunal for climate justice
- reject new mechanisms for the carbon market which transfer responsibility for reducing greenhouse gas emissions from developed to developing countries
- promote steps to be taken to change consumer patterns in developed countries
- adopt necessary measures in all relevant forums to exclude the protection of intellectual property rights on technology and ecologically sustainable projects that can help alleviate climate change
- give six per cent of gross national product from developed to developing countries to help address climate change
- integrate forest management for mitigation and adaptation, with no market mechanisms, and guarantee the participation of indigenous and local communities
- legislate against the conversion of natural forests in favour of plantations which are not forests and incentives for the protection and conservation of forests.

Energy consumption

The World Bank energy strategy is focusing only on energy production and not on energy consumption. It does not consider the need to stop excessive consumption of our natural resources, especially by developed countries with their excessive energy demands.

Is this clean energy?

The World Bank Group considers hydroelectric, biofuels and nuclear energy as clean energy, although its energy strategy states that it will not finance nuclear energy projects. However, the energy strategy's

legal framework falsely establishes that nuclear energy produces zero carbon emissions. It doesn't take into account carbon emissions from the use, treatment and enrichment of necessary minerals, fuel production, uranium storage and radioactive residue from the construction and maintenance of nuclear plants.

When it comes to biofuels it is even worse, because the Bank ignores the warnings of the UN Food and Agriculture Organization about the threat of biofuels to food supply and the experience of countries where there has been large-scale deforestation to provide more land for agricultural production of these badly named 'clean fuels'.

The big false solution: carbon market

The World Bank Group plays a large part in the application of the carbon market (under the Clean Development Mechanisms introduced under the Kyoto Protocol). Social networks and organisations from various countries question carbon market mechanisms because they don't believe they resolve the problem of carbon emissions and the greenhouse effect, but rather they pass the burden of emissions from developed to developing countries. The carbon market only benefits companies and political elites, and it undermines existing environmental legislation. Above all it stops the developed world from genuinely planning a rapid transition from fossil fuels to more sustainable energy sources.

concepts and visions of developed countries and issues that are still being debated at the UNFCCC.

The degree of change required for climate change stabilisation proposed by the World Bank Group is far below that proposed by developing countries (G77) during the UNFCCC negotiations: for example it talks about a CO₂ stabilisation level¹ of 550 parts per million when the Alliance of Small Island States (AOSIS) and the African Group proposed a stabilisation level of 350 parts per million. Bolivia maintains that it is more responsible to stay below 330 parts per million, because higher goals could lead to disaster. The Bank does not analyse the consequences of accepting high goals, together with a global increase of 1 to 1.5°C, and does not take notice of the precautions suggested by developing countries.

An unclear relationship with the UNFCCC

It seems that the World Bank Group is working on energy and climate change financing in a way that is not compatible with the global UNFCCC negotiations and therefore will not necessarily be in line with the outcome of these negotiations in 2012. The World Bank energy strategy states that 'although there will be a new financial architecture... existing instruments must be used like the World Environment Fund, the carbon funds linked to the Clean Development Mechanisms and the joint implementation initiative for sales contracts to reduce emissions after 2010'. It carries on with proposals and strategies based on

Private investment protection

The World Bank Group counts on institutions within its structure such as the International Centre for Settlement of Investment Disputes (ICSID), which is used by multinational companies to sue countries when their investments are at risk (see Box 2). This includes lawsuits, environmental regulations and health and sovereignty rules that can affect private investment. This mechanism is still used and the number of conflicts involving energy investments in the ICSID is significant: according to the Bank, 16 per cent of cases relate to electricity and other types of energy, and 24 per cent relate to oil, gas and mining.

There is no self-criticism about failed experiences that should be admitted so as not to be repeated

Box 2: ICSID, the private sector and the World Bank Group

The World Bank energy strategy proposes the encouragement of private sector investments stating that private sector participation 'will be crucial, and it emphasises the importance of creating a favourable environment'. There is concern about the level of protection for transnational investments given the Bank's structure and tendencies.

Bolivia has been one of the countries most affected by the demands of ICSID. A classic case of ICSID protecting multinational investments was its defence of Bechtel, the North American company that privatised water supplies in Cochabamba in exchange for managing part of the service in 1999. Bechtel was withdrawn from service delivery for raising water rates by as much as 200 per cent and changing the rules so that access rights to water were taken away from the indigenous population in Cochabamba. The company sued Bolivia for more than US\$30m in lost profits, although they had not yet invested US\$1m in their operations. A huge campaign by global activists prevented them from pursuing their lawsuit, but the Bolivian state had already spent more than US\$1m on their defence – these resources could have been used to invest in better electricity connections in rural areas. Other companies are also trying to sue the Bolivian state for recent nationalisations, among them the company that controlled electrical plants.

In 2007, Bolivia became the first country to denounce ICSID when it officially withdrew from the organisation. It started a campaign for other countries to follow suit, citing the way it attacks poor nations' sovereignty and affects their public resources to benefit multinationals unilaterally.

Lack of self-criticism

In the energy strategy there is no self-criticism about failed experiences that should be admitted so as not to be repeated. There is no critical evaluation of the consequences of promoting large-scale projects, social conflicts that come from privatisation and the impact on the environment and particularly on indigenous and poor communities.

What the World Bank Group should do

Social organisations represented by the Bolivian Platform on Climate Change made recommendations based on their grassroots experiences of the World Bank Group's role in energy and climate change:

- Any consultation should take into account the conclusions of the People's World Conference on Climate Change and the Rights of Mother Earth and, in particular, proposals that are being put forward by the people to tackle the climate crisis and change the development model.
- The Bank should support the new paradigms based on proposals such as 'living well' and the rights of Mother Earth. It should avoid commercial and individualistic interests but rather promote research centres in local communities and respect nations' sovereignty.
- The Bank should not create more debts in countries, as in its energy strategy, but rather it should accept that there should be a payment to compensate for climatic debt, by transferring resources for mitigation and adaptation to our countries.
- The Bank should support the development of clean and renewable energy, but not projects related to biofuels or large hydroelectric projects, and certainly not nuclear energy due to its social and environmental impact.
- The Bank should not impose conditions when offering help.
- The Bank should withdraw the mechanism of carbon markets and stop financing these mechanisms to reduce greenhouse emissions.
- Technology transfers to access clean energy and fight against global warming must be outside commercial intellectual property regimes.
- The Bank should respect each country's processes and proposals such as their constitutions and forms of community organisation. The Bank should respect political and social processes both locally and nationally.

Endnotes

1 This refers to the concentration of CO₂ in the atmosphere, which global efforts to cut climate change should aim at if we are to stabilise global warming at a manageable level.

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