

World Bank secretly finances Asian 'coal boom,' group says

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Coal power plants contribute to climate change and deforestation as well as premature deaths due to respiratory illnesses

The World Bank is indirectly financing a boom in some of Asia's dirtiest coal-fired power generation despite commitments to end most funding for the sector, a development advocacy group charged on Monday.

The power plants, which contribute to climate change and deforestation as well as [premature deaths](#) due to illness, are cropping up from

Bangladesh to the Philippines, all with financing provided by financial intermediaries supported by the Bank, said a report produced by the organization Inclusive Development International.

In a policy shift in 2013, the Bank said it would end virtually all support for the creation of coal-burning power plants, supporting them only in "rare circumstances" where there are no viable alternatives.

However, since that pledge, 41 coal projects have received funding from banks and investment funds supported by the World Bank's private-sector arm, the International Finance Corporation, according to the report.

In response to questions from AFP, Frederick Jones, an IFC spokesman, said the global lender took the report seriously.

"It raises important long-term questions about how we need to create stronger markets for clean energy and create incentives for countries and the private sector not to invest in coal, but rather in renewable energy," he said.

Jones added that since 2005 the IFC had already invested more than \$15 billion in renewable energy, energy efficiency and other areas, and had mobilized \$10 billion more.



Members of the Freedom from Debt Coalition lead a protest in front of the World Bank office in Bonifacio Global City in suburban Manila, in 2014

However, Jones conceded that IFC policy did not prohibit equity clients from funding coal plants, meaning the institution might be indirectly exposed to the industry.

This is despite the fact that IFC loans to financial services industry players are not intended to finance coal-related projects and targeted lending is "ring-fenced" to prevent this, according to Jones.

The report's release coincided with the start of this week's high-profile annual meetings of the Bank and the International Monetary Fund, as the world's finance chiefs gather to discuss efforts at poverty reduction.

Campaigners in recent years have been sharply critical of the IFC's support for third parties in the financial services sector, such as banks

and investment funds, saying they can represent an end-run around environmental and social safeguards that apply to projects directly supported by the IFC.

Financial-sector lending now accounts for 52 percent of the IFC's long-term commitments, according to IDI, which jointly produced the report with other advocacy organizations including the Bank Information Center and Accountability Counsel. Founded in 2011, IDI is an advocacy organization focusing on human rights and ethics in development.

Seeking compensation tough

The IFC does not identify the end recipients of financing received by such intermediaries.



Greenpeace activists demonstrate on the driveway of the Department of Energy

in Manila

That can make it difficult for people harmed by such projects to demand compensation or seek redress, the report said.

However, through an analysis of records, the report identified 56,127 megawatts of new coal capacity funded indirectly by the IFC.

These included the planned 1,360-megawatt Rampal power station in Bangladesh, to be situated on the edge of the sprawling Sundarbans mangrove forest, which is home to endangered species and supports the livelihoods of two million people.

The report said the World Bank itself declined to support the project, which could threaten the Sundarbans with air and water pollution. But six local banks, all IFC-financed, agreed to support the project instead.

The [report](#) also cited power construction in the Philippines, where coal burning is estimated to result in almost a thousand premature deaths annually and where more than thirty environmental activists were killed in 2015 alone.

IFC-financed banks have supported at least 20 new coal projects since 2013 in the Philippines.

They include the proposed 540-megawatt Lanao Kauswagan power station, which is expected to begin operations next year and may threaten marine life in nearby Panguil Bay and the livelihoods of fishing communities, Inclusive Development International said.

"While the IFC has tried to distance itself from the projects funded by

its intermediaries, the fact is that these banks are brazenly disregarding the IFC's environmental and social requirements," David Pred, IDI's managing director, said in a statement.

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