

The grave ecological destruction sponsored by the World Bank

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The meeting of IPCC at Paris in the beginning of 2007 had sounded the alarm bell on the gravity of the situation with reference to the climatic imbalance and opened the road to the climate conference at Bali. The governments present at the conference had affirmed their will to “actively work” for a struggle against the climate change and came into an agreement on the “necessity of helping the developing countries to struggle” against the global warming. In the same stride, the World Bank announced the creation of two funds for investment.

The first, the Clean Technology Fund (CTF) was created with the objective of financing projects aimed at the reduction of CO² emissions in the developing countries; this includes the promotion of renewable energies, the transformation of polluting factories to more clean plants, or designing less energy consuming buildings. The granted aid would be essentially in the form of loans at favourable rates and could be managed by the multilateral development banks [1].

The second fund, named the Strategic Climate Fund (SCF) was destined to finance the trial programmes in a new fashion to fight the global warming. But the detail of these programs remains as fuzzy as hypothetical. The WB estimated that it will be able to raise \$ 5 billion (3 billion Euros) within 3 years. The US informed that they wished to allocate \$ 2 billion, Japan, like UK a little more than a billion; according to the World Bank, the remaining billion would be made available by other donor countries the details of which were not made public. One has the right to ponder about this group that has ostensibly failed in the fight against poverty [2] ; would it be able to bring suitable solutions in the fight against the climatic imbalance?

The gap between the theory and the practice is immense and does not cease widening.

Within its new Strategic Framework for Development and Climate Change [3] the WB acknowledges that the principal factors responsible for the global warming are greenhouse gas emissions and deforestation. However, the projects financed by the WB involve both of them.

Robert Goodland, an environmental consultant with the WB for 23 years, is today very critical of his former employers recalling the funding of palm oil plantations in Indonesia which destroyed the mangrove, the soya plantations of Amazonia or the extensive livestock farming in Argentina: **“A quarter of the Amazonian forest has already disappeared and this with the assistance and the encouragements from the World Bank”** [4].

In a similar manner, the WB and its right hand, the IFC [5], continue to increase their investments in the field of fossil-fuel. During 2008, the funds allocated to clean energies were 5 times lower than those assigned to non-renewable energies which increased by more than 165% [6].

The WB invested considerable funds (at a level of \$ 2.3 billion) in large-scale projects intended for energy production. In April the IFC approved a \$ 450 million loan for the construction of a power plant in western India, Tata Ultra Mega power, whose total cost of construction was \$ 4 billion. Once

running, the plant will be one of the world's 50 largest greenhouse-gas emitters. The IFC also provided \$ 300 million dollars for the Calaca power project in Philippines, \$ 550 million dollars for the "oil and gas" project in Argentina, \$ 300 million dollars in Peru and \$ 250 million for the Cairn India II oil project. In February 2009, the IFC also approved an agreement in principle for the payment of over \$ 5 billion to Eskom in 5 years to contribute to its development. It should be taken into account that Eskom is a company held by the Southern African state and provides 95% of electricity to the country, 90% of which comes from coal. A number of reports or evidences are damning [7].

On Wednesday, May 20, 2009, the WB announced a new loan of \$ 80 million to China for the exploitation and the use of methane from coal. This substance resulting from the deep layers of coal is 21 times more pollutant than CO² and highly explosive. The WB is completely inefficient to fight any climatic imbalance.

The worst irony is that it has just published a list of the projects that is going to profit from the Clean Technology Fund: the agro-fuels and the power stations run on coal form part of it. [8]

The WB projects are themselves responsible for 7% of greenhouse gases emitted by the energy sector in the world [9]. In a decade, the WB financed the emission of 62 Gigatonnes of CO², which approximately represents 45 times the annual CO² emission of the UK [10].

The attitude of the World Bank is schizophrenic but above all extraordinarily hypocritical.

Indeed, the Bank defends its policies by affirming that the need for electricity is a priority for the development of the Southern countries and that with or without its assistance, the use of coal is inescapable. The WB considers that its role is to limit the damage by allowing the construction of more profitable and less polluting factories. However, the increasingly massive recourse to fossil-fuel for "development" is not inescapable. A report of World Watch Institute affirms that it is possible for the Southern countries to bypass the "whole oil/coal" directly to renewable energies. This would also enable them to limit their import dependence but, that is obviously not at all palatable for the Bank. Vijaya Ramachandran, member of the Centre for the Total Development insists that "'The World Bank has become very dependent on fossil fuel loans in order to maintain its own financial strength," [11].

By creating this Climate Investment Funds (CIF) the WB positioned itself as the new leader entering consequently in competition with the United Nations Framework Convention on Climate Change (UNFCCC). The countries of the South are thus deprived of a democratic platform to find them once more in the hands of the Bank. According to Lidy Nacpil of Jubilee South: "It is simply outrageous for climate financing to be given to southern countries in the form of loans. Peoples of the South are the most vulnerable to the effects of climate change because of poverty and lack of government programs and resources, which is in no small part due to the debt they are forced to pay to northern countries. Now the World Bank and northern governments, who bear overwhelming responsibility for the climate crisis, want our people to assume the cost of dealing with its impacts and add to our debt burdens. This is unjust on many levels. Further, it is sheer hypocrisy for the World Bank to claim any role in supposedly assisting the South in addressing the climate crisis when it continues to finance environmentally destructive projects and policies." [12]

In October 2008, India wholeheartedly agreed on this issue, refusing the World Bank aid arguing that it is a non democratic institution, and dialogues on the subject should take place within the United Nations framework where each country has a vote.

On February 25, 2009, the American Congress declined the participation of the US in the Clean

Technology Fund created by the Bank, since it included the power stations with coal in its list of clean technologies.

At such levels of rejection, it is time that the governments and social movements unite to bring an end of what we call the IFI's. The time is up for these extended financial arms of US capitalism and they ought to be relegated to the historical archives before it is not too late.

P.S.

* Translated by Sushovan Dhar

<http://www.cadtm.org/The-grave-ecological-destruction>

Footnotes

[1] Multilateral development banks, or MDBs, are supranational institutions set up by sovereign states, which are their shareholders. Their remits reflect the development aid and cooperation policies established by these states.

[2] The World Bank is historically, the generator of the growth of poverty across the world. See "Eric Toussaint "The World Bank - A Permanent Coup d'état, VAK, Mumbai, 2006.

[3] Development and Climate Change: A Strategic Framework for the World Bank Group in "climate Bank or fossil fuel Bank?" World Bank Group increases lending to high carbon projects, Srabani Roy, 29 September 2008, in www.brettonwoodsproject.org

[4] "A quarter of the Amazon forest has already been destroyed, aided and encouraged by the bank" in Robert Goodland, "How aid destruction? My former employees, the WB, is damaging the planet and punishing the poor", the Guardian, 23 October 2007.

[5] The International Finance Corporation or the IFC is a member of the World Bank Group, in-charge of promoting private sector investments.

[6] "Climate Bank or fossil fuel Bank ? World Bank Group increases lending to high carbon projects, Srabani Roy, 29 September 2008, in www.brettonwoodsproject.org.

[7] Read the reports: "How the World Bank's Energy Framework sells the Climate and Poor People short - A civil society response to the World Bank's Investment framework for clean energy and development" published by the friends of the Earth International, Bank Information Center, Bretton Woods Project, Campagna per la Riforma de la Banca Mondiale, CEE Bankwatch Network, Institute for Policy Studies, International Rivers Network, Oil Change International, Urgewald : "Dirty is the new clean : World Bank Climate Initiatives Come Under Fire."

[8] Anne Sophie Simpère, "la Banque mondiale veut sauver le climat avec des centrales à charbon", 2 February, 2009, in www.amisdelaterre.org

[9] "World Bank still supporting carbon intensive future", Heike Mainhardt Gibbs, 17 April 2009, in www.brettonwoodsproject.org

[10] Report of WWF-UK.

[11] Declaration made at Bloomberg News in “Climate Bank or fossil fuel Bank”, op.cit.

[12] See [World Bank unfit to manage climate funds](#)