

July 19, 2011

Senator John Kerry
Chair, Senate Foreign Relations Committee
218 Russell Senate Office Building
Washington, DC 20510

Senator Richard G. Lugar
Ranking Member, Foreign Relations
Committee
306 Hart Senate Office Building
Washington, DC 20510

Senator Benjamin L. Cardin
Chair, Subcommittee on International
Development and Foreign Assistance,
Economic Affairs, and International
Environmental Protection
509 Hart Senate Office Building
Washington, DC 20510

Senator Bob Corker
Ranking Member, Subcommittee on
International Development and Foreign
Assistance, Economic Affairs, and
International Environmental Protection
185 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators,

We are writing to urge Congress to take advantage of the rare opportunity presented by the World Bank Group's request for a General Capital Increase. As the World Bank Group seeks additional capital from US taxpayers, it is critical that Congress ensure that limited US resources are effectively and efficiently utilized. Without the adoption of a World Bank Energy Sector Strategy with clear guidance, metrics, and timeframes, a General Capital Increase could result in an inefficient use of limited resources and fail to carve out the proper role for World Bank Group resources in the energy sector. This is the time to insist on much needed reform at the World Bank Group with regard to poverty alleviation and the Energy Sector Strategy. The World Bank Group last asked for a General Capital Increase 23 years ago, and it last revised its Energy Sector Strategy more than a decade ago. Leveraging the power of the purse, Congress can increase the chances that limited resources are effectively and efficiently used to ensure energy access for those in poverty without compromising public health and long term development.

Despite decades of development initiatives, more than 20% of the world's population does not have access to electricity, and nearly 40% rely on traditional biomass for heating and cooking. While access to energy services is a prerequisite for modern development and poverty alleviation, regrettably, according to an independent study, none of the World Bank Group's fossil fuel finance directly targeted the poor or ensured that energy benefits reached them in FY09 and FY 10¹. At the same time, fossil fuel extraction is strongly correlated with corruption, increased poverty, child mortality and malnutrition, conflict, and gender inequality.²

¹ Mainhardt-Gibbs, Heike and Elizabeth Bast with Stephen Kretzmann, "World Bank Group Energy Financing: Energy for the Poor?" Oil Change International, 2010.

² Jeffrey D. Sachs and Andrew M. Warner, Natural Resource Abundance and Economic Growth. Center for International Development and Harvard Institute for International Development, Cambridge MA, November, 1997.

Further, the International Energy Agency (IEA) 2010 World Energy Outlook found that: (1) traditional centralized supply and grid extension approaches to rural electrification will barely outpace population growth, achieving only a 14 percent reduction in the un-electrified population worldwide by 2030; (2) for universal energy access to occur by 2030, 70 percent of rural populations will need to be served by decentralized renewable energy; and (3) electrification strategies should focus heavily on decentralized renewable energy systems in order to achieve universal energy access by 2030.

We therefore urge you to make provision of funds for the General Capital Increase contingent on the World Bank Group adopting an Energy Sector Strategy - with clear guidelines, metrics, and timetables - that:

- Overwhelmingly targets energy-poor populations in developing countries with clean energy access - with quantifiable targets that prioritize decentralized renewable energy projects - and requires transparent reporting on energy access metrics;
- Finances only non-fossil fuel-based clean energy technologies, as measured on a full lifecycle basis, except in extreme cases where there is clearly no other viable option for increasing energy access to the poor;
- Includes a robust definition of clean energy -- one that excludes fossil fuels, large hydropower, unsustainable biomass, and nuclear energy. Financing, including for policy loans and financial intermediaries, should count as "clean" only if it complies with such definition, and only transmission lines and distribution that support clean energy sources should be considered "clean;" and
- Mainstreams and prioritizes energy efficiency at all levels of policy, financing, and project implementation, including a focus on "efficiency power plants^[3]," precluding efficiency projects that refurbish or retrofit existing fossil fuel power stations except in the case of waste heat recovery.

In order to facilitate this transition, the World Bank Group will have to properly staff itself with experts on energy access, energy efficiency, and clean energy.

In almost all instances, positive change has occurred at the World Bank Group as a result of the power of the purse. The General Capital Increase provides Congress with critical leverage to help redirect the World Bank Group's energy financing to truly serve the needs of the poor in today's world. As Congress is closely scrutinizing fiscal issues, it is essential that the General Capital Increase be provided only if the World Bank Group adopts an Energy Sector Strategy with clear guidelines, metrics, and timetables to ensure the efficient use of resources. This is a

http://www.cid.harvard.edu/ciddata/warner_files/natresf5.pdf Stephen Kretzmann and Irfan Nooruddin, Oil Change International, Jubilee USA Network, Institute for Public Policy Research, Milieudefensie, and Amazon Watch. "Drilling into Debt: An Investigation into the Relationship Between Debt and Oil," July 2005.

<http://priceofoil.org/educate/resources/drilling-into-debt/> Ross, Michael, *Oil, Islam, and Women*, 2008.

[http://www.sscnet.ucla.edu/polisci/faculty/ross/Oil Islam and Women - aprs final.pdf](http://www.sscnet.ucla.edu/polisci/faculty/ross/Oil%20Islam%20and%20Women%20-%20aprs%20final.pdf)

^[3] This is a bundling of energy efficiency programs resulting in energy savings equivalent to the creation of a new power plant.

once-in-a-generation opportunity that would support a significant change in the World Bank Group's financing.

Thank you for your consideration.

Sincerely,

ActionAid USA	International Rivers
Africa Faith and Justice Network	Jubilee Northwest Coalition
Center for Biological Diversity	Jubilee Oregon
Center for Food Safety	Jubilee USA Network
Center for International Environmental Law	KyotoUSA
Center of Concern	Labor Network for Sustainability
Church World Service	Marianists International
Citizens Climate Lobby	Maryknoll Office for Global Concerns
Climate Change, Sustainability, and Psychology Program of Psychologists for Social Responsibility	Missionary Oblates – USA
Columban Center for Advocacy and Outreach	Natural Resources Defense Council (NRDC)
Crude Accountability	New Rules for Global Finance
Earth Day Network	Oil Change International
Earthjustice	Pacific Environment
EcoEquity	Public Citizen
Environmental Investigation Agency	Rainforest Action Network
Friends Committee on National Legislation	Rural Coalition/Coalición Rural
Friends of the Earth	The Shalom Center
Gender Action	Sierra Club
Global Witness	Sisters of Mercy of the Americas--Institute Justice Team
Greenpeace	Sustainable Energy & Economy Network, Institute for Policy Studies
Holy Spirit Missionary Sisters, USA-JPIC	Union of Concerned Scientists
Institute for Agriculture and Trade Policy	United Methodist Women
Institute for Governance & Sustainable Development	Voices for Progress
	Washington Association of Churches 350.org

cc: Senator Daniel K. Inouye, Chair, Appropriations Committee
Senator Thad Cochran, Ranking Member, Appropriations Committee
Senator Patrick J. Leahy, Chair, Subcommittee on State, Foreign Operations, and Related Programs
Senator Lindsey Graham, Ranking Member, Subcommittee on State, Foreign Operations, and Related Programs