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WORLD BANK GROUP ENERGY STRATEGY: EUROPEAN PRIVATE SECTOR CONSULTATION PARIS, MEDEF – 17 FEBRUARY 2010

1. Importance of diversified action by the WBG

In addition to its financial role, the WBG should continue to play a support role in establishing a general framework for promoting access to energy and development of sustainable energy.

Energy planning has disappeared from a large number of low- or middle-income countries. At best, it is often limited to a form of energy security strategy.

It is important for the WBG to help developing countries to draw up energy strategy plans for various time horizons. These plans should pay all the necessary attention to rational use of energy and resources, incorporating a dimension of multi-country regional cooperation where possible, to increase security of supply.

This notion of energy planning should be understood as an activity aiming to facilitate market opening in the energy sector. Opening of market and investment possibilities will not only help cover domestic needs, but also open the way for developing countries to take advantage of their natural resources and play a significant role in oil and commodities markets. Governments should be market enablers.

In this context, BUSINESSEUROPE calls on the WBG to encourage policy correction where consumer prices are held below market prices, which generates significant entry barriers to new competitors and impedes energy efficiency.

The WBG's support approach should be guided by the need to balance in a realistic way the objectives of environmental sustainability and economic growth, since access to electricity remains the top priority for low-income countries in the short to medium term.

2. Importance of action by the WBG to draw maximum benefit from the clean development mechanism

The WBG asks stakeholders the following questions in particular:

Where there are trade-offs between meeting the local energy needs of individual countries and reducing global greenhouse gas emissions, what principles should the World Bank Group follow in resolving the trade-offs?

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?



BUSINESSEUROPE underlines that CDM projects frequently represent a win-win-win approach for meeting local energy needs, reducing global greenhouse gas emissions and helping to transfer existing technologies to new markets.

BUSINESSEUROPE considers CDM to be a key instrument of the global cooperation for climate change. WBG's participation in CDM projects may encourage other private/public financial institutions to finance CDM projects, thereby leveraging project financing. The WBG should support CDM projects more systematically, clearly following an approach that does not generate distortions of competition. The WBG should also finance programmatic CDM (program of activities).

The WBG should help developing countries to identify their national potential for CDM projects by listing the needs for investment in the energy supply and energy efficiency areas. In Senegal, a workshop set up by the WBG (WBI's Carbon Finance Assist) helped local experts to identify how they could benefit from CDM and trained them on methodology (formalisation of project idea notes).

CDM projects must satisfy so-called "additionality" criteria. The WBG could enhance the deployment of CDM by helping to assess the additionality of potential investments. As a first example, we can quote the investments linked to the modernisation of the electricity distribution infrastructure in low-income countries suffering from frequent outages. A second example would be coal-based power production, under the condition of clarifying which new generation technologies satisfy additionality criteria.

BUSINESSEUROPE strongly encourages the WBG to use its political weight in order to accelerate the CDM reform. The costs and time lag associated with CDM projects should be reduced: two years from project idea acceptance to the signing of an emission reductions purchase agreement according to the World Bank. A shorter application process would probably encourage more European companies to support CDM investments.

3. Governance

BUSINESSEUROPE supports the WBG's intention to focus on governance in its energy strategy.

BUSINESSEUROPE subscribes to WBG's call for better governance in developing countries as a long-term approach is necessary to diversify energy supply, improve energy efficiency and manage price volatility.

BUSINESSEUROPE supports the Extractives Industries Transparency Initiative (EITI) initiative which sets out to increase ethical standards and create a level playing field, in particular in the procurement process and the mining sector. If a move towards an "EITI++" initiative is considered, it is crucial to develop a well-designed approach to avoid the risk of weakening what has been achieved through the existing EITI.
