The Honorable Jacob Lew
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

December 4, 2013

Dear Secretary Lew:

We are writing to ask for a shift of global energy finance from the World Bank to institutions better placed to expand clean energy access for the poor. The ongoing IDA 17 negotiations offer an opportunity for such a shift.

We share the World Bank's official goals of ending extreme poverty and promoting shared prosperity, but believe that the Bank's energy strategy, as expressed in the July 2013 Energy Strategy Directions Paper and the documents prepared for IDA 17, is woefully inadequate for achieving these goals. Most importantly it neglects the 1.4 billion people who still lack access to electricity.

The International Energy Agency (IEA) found that 70 percent of rural areas in the developing world are best electrified by local mini-grids and off-grid solutions based on solar, wind and micro-hydropower projects. Yet the Bank prioritizes grid-based projects; over the past six years, it has spent less than 10 percent of its energy lending to target people who lack access to electricity. The proposed increase in support for large hydropower and natural gas projects will worsen this imbalance.

In line with the Bank's energy strategy, the proposed IDA 17 approach focuses on regional "transformational" projects, not the decentralized solutions recommended by the IEA. The Inga 3 and Mphanda Nkuwa dams, which Bank management has identified as models for transformational projects under IDA 17, prioritize the demands of the mining industry and export markets, not the needs of the approximately 90 percent of the population in the Democratic Republic of Congo and Mozambique who lack access to electricity.

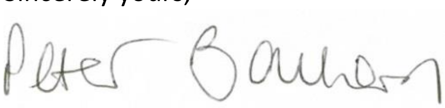
The World Bank risks repeating the errors of the past at a time when better alternatives are readily available. It has refused to answer civil society questions on the proposed increase in support for large hydropower dams, and its strategy documents completely ignore the best-practice recommendations of the independent World Commission on Dams.

From 2008 to 2013, 6.6 percent of all IDA funding (and the majority of IDA energy funding) supported energy projects that did not expand access to electricity for the poor and were not based on renewable energy. We propose that the US Government reduce its planned contribution to IDA 17 by this percentage, and increase its planned contribution to the Green Climate Fund (GCF) or other institutions devoted to climate-friendly energy solutions for the poor by the same amount. At the same time, we urge the US Government to support the adoption of strict safeguard policies and strategic guidelines for the GCF without delay. This will ensure that it indeed supports climate mitigation and adaptation projects within a framework of sustainable development.

The proposed shift of resources from IDA to institutions such as the GCF will send a message that the World Bank's business-as-usual approach is no longer acceptable in an era of climate crisis and energy poverty. It will also provide additional resources for projects that expand access to electricity while simultaneously protecting the climate and local ecosystems.

Thank you for your consideration.

Sincerely yours,



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