

Wednesday, November 14, 2007
1:15-2:45pm U.N. Conference Room 3
on

The World Bank's Clean Investment Mechanism

with
Guest Speaker Oscar A Valle

Meeting Minutes:

- Oscar A. Valle comes to the Office of Special Representative of the World Bank to the United Nations from the position of Operations Manager for Bolivia, Ecuador, Peru, and Venezuela posted in Lima. Before accepting this assignment he was the Special Assistant to the World Bank's Vice President for Latin America and Caribbean region. Until 1998, Mr. Valle worked at the Global Environment Facility (GEF), the financial mechanism that assists developing countries in responding to global environmental challenges. Before joining the World Bank, Mr. Valle was an Argentine career diplomat representing his country from 1991 to 1996 in the UN negotiations related to sustainable development and humanitarian affairs. Among others, he served with the Argentine delegation to Rio, UNCED, to the Climate Change Convention and the Biodiversity Convention.

AVALE: In sustainable development, the major challenge we face is integrating humans into the environment while minimizing the global impact. We need to address human needs and work to eradicate poverty without affecting future generations. It is about striking a balance. In my first job with the World Bank I was managing energy for my home country of Argentina. I learned very quickly that an important part of the World Bank's strategy is always to work with the local community and address what the people need. This continues to be our strategy.

When we talk about access to electricity, we need to be realistic about how we're going to work with the people. Oil, gas, and coal are part of the short-term picture and we need to promote efficient use of these fossil fuels. We have to ensure that short-term investments are as clean as possible. More importantly, we need to push for renewables for the long-term solution.

We also need to understand the setbacks of all energy forms and be clear about the costs. For example, the World Health Organization has identified that 1.5 million people die every year from the impact of using biomass. How do we work around such problems?

In addition, we must consider the crucial link between peace building and energy. To achieve the Millennium Development Goals, we need to provide energy. In Sierra Leone, the link is clear: factories have no power, unemployment is high, and these are obstacles in the peace process. A local woman explained to him, '[We see] Energy as the Mother. Without mother energy, we will not be able to develop.'

The discussions within the World Bank must be connected to real problems; they cannot be isolated from the real world. We must incorporate feedback from the local communities of the solutions we're providing if we want to make any process. It is also crucial that the people understand. If we can achieve energy efficiency and equip the people with knowledge and understanding, it is a win-win situation.

ATTENDEE: What are the protections from the World Bank? In the year 2030, there will still be 1.4 billion people without electricity and 2.4 billion relying on biomass, which has serious health effects. The bottom billion are even less able to escape poverty. If we don't address climate change, we will have more floods, more diseases, and consequently mass migration. If we want to do something about these challenges, we will have to pay a bill. Who pays the bill?

MR. AVALE: There are many studies and projections done by experts who consult the World Bank. Energy consumption in developing countries will be 2.5-5x larger than it is today. That requires a yearly investment of 165 billion dollars just to satisfy energy demands. It is predicted that up to \$48 billion will be required additionally to make it sustainable.

This is why partnership with the private sector is crucial. There is no way we can afford the bill alone.

The World Bank is asked firstly, to solve current energy problems, and secondly to promote renewables that are sustainable. For the short-term, access to energy is critical, and ultimately energy security is critical. This calls for a diversification in the energy matrix, we must use many sources.

ATTENDEE: Sun is always available in Africa, but I'm concerned that it will not be invested in because there is no profit to be made. Is there some constraint on where the capital from the World Bank is going? How can you have the public buy-in if they don't know what the expectation is? The public has to know where these figures are coming from.

MR. AVALE: There is international agreement on the figures, and the information is available for the public from our website. A team of trusted experts create the figures and there is an internal review process within the World Bank.

ATTENDEE: How do you determine the needs? They are culturally and socially driven. The local people know their needs, not the North or the elite sector that benefits.

MR. AVALE: This raises a good question. How do you ensure that figures meet the needs of the people? In terms of planning, you need a scenario of *business as usual*, and then consider different options. We must calculate needs based on current consumption patterns. We work with the existing patterns, and if there is change hopefully it is for the better.

ATTENDEE: The current problem in indigenous communities is the disappearance of natural resources. Indigenous people need extensive information about renewable energy problems. Most countries in Latin America don't take renewable energy seriously.

MR. AVALE: This is a critical issue. Now, this is Oscar speaking: The history of Latin America is one of exclusion. How do we change that into a policy of inclusion? I believe if the perception is out there that financial institutions will deplete resources, we have to deal with that. Indigenous people have a much better understanding of sustainability than our own society. There is a belief that they relate to the underground and what is there. We have to work together, listen, and ensure local ownership.

While I was in Bolivia, we were promoting the construction of a hospital for a village where no hospital existed. However the local people there did not want it. Instead, they wanted a dirt road to be built to a hospital in a neighboring village that was underutilized. This is an example that the solution can be done by the community itself. The question is how do you manage property rights when society has the right? That is where the World Bank is working with such groups to move forward.

I hope when I go back to such villages, the people there trust me. I want to have dialogue with these people. This is the only way the Clean Energy Investment Framework will work.

ATTENDEE: Would the World Bank commit to help to build solar panels in Latin America?

MR. AVALE: Yes! Let's discuss this at another point in time. That is great...I need the business!

It is critical to transfer knowledge so the community understands. The issue is knowledge, not money, and this is why partnership is critical. There also has to be catastrophic risk insurance. Insurance has to be available to help with reconstruction.

How do you actually make development sustainable? In local communities, you must convince people that what they are doing is sustainable. This is what the Clean Energy Investment Framework is about- going to the community and developing partnerships.

The importance of partnership between local communities, government, and other partners has been talked about throughout this entire discussion. Everything we are doing, we cannot do it by ourselves. We need to help local communities because they are the ones to implement projects, and we must incorporate other players as well. We have to interact and built partnerships with other agencies. This is a critical element.

The World Bank ensures that our projects are as clean and sustainable as possible. If we overload our projects with environmental conditionality, we may lose business. As you negotiate, you are walking this fine line.

100% solar can be done, but there is the question of costs. You have to hedge your risks! You don't want to risk everything on one source. It is about risk management. We need to diversify between using wind, solar, geothermal sources etc.

On the carbon trading issue, we need to ensure that carbon trading appeals to both small and large companies. In addition, you have to ensure that those emissions are used for good targets. The Clean Investment Mechanism is a government-devised mechanism to promote such targets.

Also, we need to take a look at ourselves. If we are promoting carbon-neutrality, we must be carbon-neutral ourselves. In other words, we must *walk the talk and do as we say*.

At this point, I'd like to turn the floor over to a very special guest, Dan DeClemett from the TBT group.

MR. DECLEMETT: The TBT group is working on a new kind of renewable energy. We are taking vibrations and making it into electricity. We first started with small devices such as cell phones and pdas, and are hoping to eventually compete with solar. The beauty of this technology is that you can put power where you need it without a power grid.

There are vibrations all around, for example this room has vibrations that can be harnessed for energy. The ceramic material picks up vibrations and translates them into electricity. It functions in a way parallel to silicon solar panels. It is simply harvesting energy with a different material. Basically, there is an energy-harvesting circuit that feeds the battery-like unit. So, in a place with no infrastructure and no power grid, you can use the vibrations that are there and exist all over the planet. We are expecting our first product to hit the market in the next twelve months.

