

# Between rhetoric and practice: The ADB's Updated Energy Policy and climate change

*(Post-Bali note: ADB Dir. Woonchong Um stated toward conclusion of Panel Discussion that the Bank will revert to “Captive-Use” language as contained in Para. 86.ix of 1995 ADB Energy Policy regarding coal mine development in the forthcoming Updated ADB Energy Policy)*

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*ADB Energy Policy, Energy Efficiency Initiative Panel Discussion  
Bali International Convention Center, Indonesia, May 4, 2009*

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# Change is in the air – climate change

- Opening conferences with the statement “Business as usual is not acceptable” has become the new business as usual.
- Spike in global awareness and press attention.
- Impacts are already taking place: Wilkins Ice Shelf and Bonn.

# Welcome contribution to global debate

"Climate change impacts threaten to reverse decades of progress in poverty reduction in Asia and the Pacific."

*Ursula Schaefer-Preuss, ADB Vice-President for Knowledge Management and Sustainable Development*

# Costly climate impacts in SEA

- “The economic cost, according to the report, would be 2.2 percent of gross domestic product by 2100 if only the impact on markets is considered, 5.7 percent if health costs and biodiversity losses are factored in and 6.7 percent of gross domestic product if losses from climate-related disasters are also included.” *The Economic Costs of Climate Change in Southeast Asia: A Regional View*, ADB, April 2009
- “That far exceeds the projected cost globally of climate change, estimated at 2.6 percent of gross domestic product each year by the end of the century.” *The Economic Costs of Climate Change in Southeast Asia: A Regional View*, ADB, April 2009

# Glaring omission

- Discussions yesterday in high level governors seminar on the financial turmoil shows ADB emphasis will be on fuelling consumption-based growth without regard to the unsustainability of current consumption patterns, which was not discussed at all.

# Updated ADB Energy Policy draft

- Greater attention to renewables and energy efficiency
- Attention to off-grid support
- Sustainable transport
- Retention of position NOT to support nuclear projects
- Cautionary approach to biofuels.

# No sense of urgency

- No timeframe
- No targets
- No clear drivers of shift to low-carbon economy
- Reliance on large scale, centralized, conventional energy systems

# Deficiencies

- Continued disparagement of renewables and efficiency options: "Thus, while energy efficiency initiatives and renewable energy should have a priority, this should not be at the expense of 'turning out the lights.'" (*para 20*)
- Updated Energy Policy draft dropped the numerous 1995 operating ADB Energy Policy references to "environmental cost internalization".
- Perpetuation of the fantasy of clean coal.

# ADB: promoting greater greenhouse gas emissions?

- 1995 Energy policy, Para. 86.ix -- "the Bank should not directly finance coal mine developments except where it is for captive use by a thermal power plant."
- para. 13.vi of the Energy Policy W-paper: : "ADB will maintain its current position on non-involvement in the financing of nuclear power generation, coal mine development (except for substantial use by thermal power plants)". [underscores ours].

# Policy must be equal to urgency

- We can't change the science but we can change the politics.
- Policy will encourage business as usual within the Bank.
- Shift to low-carbon economy is urgent.
- ADB energy solutions appear to be way off target: policy, operations and clean energy private equity funds