

## **Comments on ADB's Energy Strategy (version May 2007)**

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### Comments on draft Energy Strategy

While the ADB draft Energy Strategy seems to take into account the current context (increasing energy demands and increasing interest in energy security, and the implications of these interests on the environment), the Strategy does not do enough to address the need to reduce the impact of energy production on the environment and on the climate in particular. The Strategy indicates that the ADB will continue to finance climate change.

I applaud the Strategy's effort to promote clean energy and sustainable development, but I do not think the Strategy goes far enough. I also applaud the Strategy for not including large hydro or nuclear in its definition of renewable sources of energy.

The ADB should not be funding oil production projects. The Strategy notes that "with oil price fluctuations, a number of DMCs are actively exploring and development of domestic oil fields. There has been some success. Though the government and private sector are actively involved in oil prospecting, ADB support in management of such sources, oil extraction, refining, transportation and distribution, including support in developing tariff policy and accountability, will greatly enhance economic development" Paragraph 43.

The Strategy explains that the ADB Energy Policy "recommended that ADB should not fund [hydrocarbon] development projects as oil was an internationally-traded commodity with established private sector involvement." Para. 43. However, the Strategy later states, "interest in oil continues to be a priority for many DMCs and ADB should continue to pursue active support for oil development and use . . . ." Para. 45.

The Strategy recognizes the significant GHG emissions from coal-based power plants, as well as the need for better enforcement of emission standards for other pollutants, but still envisions funding new coal-fired power plants in Asia. Para. 49. Although the ADB will continue its policy of not funding coal mine prospecting, it will promote use of coal in the energy sector. Para. 85. The ADB should not be funding coal projects which have serious environmental and health impacts, including contributing to climate change.

While recognizing that current emission standards are not enforced, the ADB says it will support coal projects because cleaner technologies are now available. It seems inconsistent to acknowledge that governments are not enforcing emission standards while counting on the use of new technologies to reduce the impacts of coal projects. Even if we could count on the technologies to reduce the emissions, the ADB cannot be sure that the technologies will be used consistently,

The Strategy indicates ADB support for large hydropower projects. It mentions large hydro projects planned for many countries. Para. 53. ADB should only provide financial support to small hydro projects. Large hydro projects have significant environmental and social impacts.

I applaud the ADB's decision to maintain its current policy of non-involvement in the financing of nuclear power generation. Although technology has advanced, there are still many serious problems associated with nuclear energy including the treatment and storage of the waste.

The ADB should not push energy sector restructuring. Restructuring and competition have not worked well in many places. We should not be pushing everyone to move toward a privatized electricity sector. The ADB must stop pushing for privatization of the energy sector. Privatization is not helping countries move toward poverty alleviation.

I encourage the ADB to adopt a Strategy that further reduces dependency on oil and coal and helps promote production of electricity from truly renewable resources.

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