

**Plenary Session A:  
Opening Ministerial Segment  
Thursday, 3 June, 9.00 – 12.00 h  
Venue: Plenary Hall IKBB**

Internationale Konferenz  
für Erneuerbare Energien, Bonn  
International Conference  
for Renewable Energies, Bonn



## **STATEMENT**

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**Executive Vice President, International Finance Corporation**

On behalf of the World Bank Group, I would like to thank Chancellor Schröder and the government of Germany not only for their leadership and vision in proposing this global forum, but for their generosity and hospitality in hosting such an excellent conference this week.

Today, our world is confronted by challenges at three levels. There is the global challenge of climate change, which is already upon us and which demands more attention to renewable energies. There is the challenge faced by nations that struggle each day to meet the growing energy needs of their economies in cost-efficient ways. And there is the local challenge: the women who spend hours of each day searching for fuel wood, and the women and children who suffer and in some cases die from diseases created by the smoke and pollution of traditional fuels.

These challenges cannot be avoided. They cannot be escaped by handing responsibility from one group of nations to another, from one region to another. Rich nations – however well-intentioned – cannot prescribe difficult, sweeping changes in technology for poor nations while remaining idle, silent, or reluctant on the issue of their own energy efficiency. Poor nations, for their part, cannot expect power investments that are clean and safe for the environment without improving their governance, investment climates, and commitments to sustainable pricing. Environmental advocates who favor new, expensive technology cannot ignore the millions of people who are consigned to clear-cutting forests for lack of low-cost energy options. These are shared responsibilities, shared challenges.

For the past decade, the World Bank Group, through both its lending operations and its technical advice, has sought to address these three challenges by introducing innovative financing models for renewable energy and energy efficiency in nations ranging from Nepal to Kenya to Guatemala, by capturing and sharing the lessons of experience from these projects, by scaling up successes from ad hoc projects into comprehensive programs, and by removing the legal and institutional barriers to energy production that is environmentally, economically, and socially sustainable.

These investments of capital and resources, representing more than \$6 billion in direct financing since 1990 and leveraging more than \$10 billion from other sources, have given us the opportunity to lead. But they have also given us an opportunity to learn: to appreciate the complexity of challenges at the intersection of energy, the environment, and development; to appreciate the limits of both markets and public finance in overcoming the cost barriers of new energy technologies; and, to appreciate the local nature of solutions. For example, we now recognize that microcredit and local financial institutions can play a powerful role in improving the energy options available to communities.

We are convinced more than ever that the transition to a cleaner energy future will be won project by project, village by village, and nation by nation. Indeed, the transition to renewable energy – much like poverty, much like inequality – is a global problem that defies any single institution, any single overarching solution, or any set of fixed prescriptions. We believe it will require a marketplace of partnerships – public and private, corporations and civil society, local and global – that is organized around a few key principles:

- a transition from donor-driven subsidy schemes to market-based solutions;
- the development of policies and regulations that promote renewable energies and energy efficiency;
- openness toward the adoption of new technologies, new partners, and new business models;
- the elimination of market distortions that keep nations tied to inefficient, financially unsustainable, or environmentally damaging energy regimes; and,
- finally, the growth of carbon markets in order to mitigate climate change, accelerate the evolution toward shadow-pricing, and speed the clean energy transformation.

Our goal as a global development institution is to act on these principles through several tangible commitments.

First, our strategy – through programs and policies – will aim to ensure that renewable energy and energy efficiency are seen as economically viable and essential ingredients in the energy choices of our member nations, not marginal considerations.

Second, to ensure an institutional focus on the transition toward cleaner energy sources, we will commit with the concurrence of our Board of Directors to a target of at least 20 percent average growth annually – in both our energy efficiency commitments and our renewable energy commitments – over the next five years. This is equivalent to doubling our current annual commitment of about \$200 million. Thereafter, we will reassess our goal.

Third, nations, academic and research institutions, civil society, business associations, and international financial institutions must come together to lead the transition to a cleaner energy future. The World Bank Group is open to participating in or convening a steering group to help frame this broader agenda, and we welcome discussing ideas and suggestions for this coordinating mechanism.

This effort should be directed, in part, toward making subsidies transparent and focusing the financial commitments of donors. However, above all, it must focus on creating enduring market-based solutions for renewable energy. That is paramount. Renewable energy projects must demonstrate more than the optimism of technological innovators; they should demonstrate the efficient, clean, low-cost delivery of power to the poor.

Fourth, to foster greater collaboration across national and institutional lines, the World Bank Group will commit to reporting its annual performance in renewable and energy efficiency programs against the figures of other leading organizations.

Fifth, as part of our improved reporting regime, we will aim to provide sector-specific information, so we can better engage a wide range of stakeholders on trends regarding specific technologies, whether those are hydroelectric, wind, solar, geothermal, or biomass.

Finally, we will increase not only our staff capacity – but also the resources at their disposal and the incentives within their programs -- so that we can more effectively help our country and sector teams succeed in renewable energy and energy efficiency projects, as well as more rapidly transfer best practice across sectors and regions.

Chancellor Schröder, distinguished guests, the World Bank Group has invested across the spectrum of renewable energy projects over the past decade – from small-scale

solar technology in rural homes to major, on-grid projects. We have indeed learned from this experience. We have learned that targets are not ends in themselves, they are merely tools to help us achieve our larger aim of global, sustainable, and equitable development. So we do not make these additional commitments today without appreciation of the difficulties associated with scaling up our activities.

We must not forget the difficulties faced by the 1.6 billion people worldwide who do not have access to modern lighting and power. They deserve more than conventional wisdom and more than conventional energy solutions, the solutions that will worsen our global, national, and local challenges. They deserve the best energy solutions, the cleaner energy solutions. And a marketplace of partnerships is one way to ensure that we share our strengths and leverage our resources.

Thank you again, for your vision and for your leadership, and we look forward to working in collaboration with our many partners here today.