Headline: Time for ADB to take sides on coal issue

Byline: Gerry Arances

Published Date: 05:10 AM September 29, 2020

Section: opinion

Word Count: 4527

Content:

Since the Asian Development Bank (ADB) adopted its 2009 Energy Policy, the bank has taken pride in portraying itself as the partner of Asian countries in increasing energy access and developing renewable energy technologies. At first glance, the bank has ample reasons to justify this stance.

From the promulgation of the 2009 Energy Policy, the ADB has spent $42 billion on energy projects, as reported by its Independent Evaluation Department, and has exceeded its targets on clean energy investments. Since 2014, the ADB has not made any investments on coal-fired power plants.

Nevertheless, a deeper look into its energy investment portfolio and practices would expose the ambiguities with which the ADB operates concerning its clean energy policies. The ADB, for example, includes natural gas and energy efficiency improvements to fossil fuel projects as “clean energy.” Even if only 19 percent of the number of power generation projects under the policy are fossil fuel projects, they represent 50 percent of the total capacity of the ADB’s power generation projects in the same time period. A total of 14 gigawatts was allocated to fossil fuels, and the bank continues to maintain a funding ratio of 50-50 for fossil fuels and renewable energy (RE).

Furthermore, despite not making any investments in coal projects for the past six years, the ADB has refused to categorically state that it is against coal, leaving the path open to future investments. And its practice bears it out. It may declare its commitment to RE, but its actions show it does not believe that RE can displace fossil fuels.

From these facts, it is tempting to think that the ADB is simply not really committed to RE, and that its previous pronouncements and commitments are just part of a PR plan to clean the image of the bank. Unfortunately, the drive against coal is not a PR campaign, but a struggle against an existential threat to our way of life.

The commitment made under the Paris Agreement in 2015 to pursue efforts to limit global temperature increase to 1.5°C from pre-industrial levels is based on the climate emergency that threatens the survival of vulnerable communities, especially in the developing world. In achieving the goals set by the agreement, radically reducing greenhouse gas emissions is urgent.

There is already a movement in advanced countries to starve coal, the fossil fuel most responsible for emissions in the energy sector, of the funding it needs. Leading economies and financial institutions have declared their intention to divest themselves of coal projects. Unfortunately, in developing countries, governments have embraced the expansion of coal and other fossil fuel projects even as these are driven away from advanced countries.

Given its key role in financing economic development in Asia, the ADB must look into itself and decide: Will it join the drive to save humanity from even more catastrophic climate crises, or will it be satisfied with doing nothing concrete to solve the problem?

Civil society groups across the region have already made a call for the ADB to formally divest investments in coal as its starting point for decarbonizing its energy portfolio. This we did most recently through the publication of a critical review of the bank's energy policies and portfolio from the perspective of civil society.

The ADB's 2009 Energy Policy, with its lenient approach to fossil fuels, has helped fuel the carbon-intensive energy landscape of Asia. It is only fitting that it takes the lead in decarbonizing the region's energy sector. Given its influence, a new energy policy from the bank that aligns itself with the 1.5°C goal of the Paris Agreement, integrates just transition, emphasizes community microgrids, and excludes projects that do not meet more stringent emission performance standards would resonate throughout the region, and improve the chances of Asia and the world to respond accordingly to the climate emergency.

* * *

Rayyan Hassan is the executive director of NGO Forum on ADB, a multinational network of civil society organizations that has been monitoring the projects, programs, and policies of the Asian Development Bank and the Asian Infrastructure Investment Bank.

Gerry Arances is the executive director of think tank Center for Energy, Ecology, and Development and convenor of advocacy group Power for People Coalition.