



By Bruce Rich

Bank: Waiting for Real Leadership

Last year the appointment of Jim Yong Kim by President Obama to be the new president of the World Bank aroused hope that finally the bank would have a leader committed to promoting environmentally friendly, pro-poor development not just in rhetoric, but in action. In contrast to the finance background of previous bank presidents, Kim is a physician and anthropologist who co-founded Partners in Health, the innovative non-profit that has worked to treat HIV and resistant strains of tuberculosis.

In 2000 Kim co-edited a forceful indictment, “Dying for Growth,” of the disastrous impacts on public health of what he claimed were the neoliberal, pro-corporate economic globalization policies of the World Bank and other international financial institutions. Writing about his experiences in Peru in the 1990s, he lambasted the World Bank Group’s support for private-sector mining and oil production, declaring that its policies promoted “environmental laws shaped to encourage investments [that] have led to significant ecological degradation.”

Kim has pledged to make fighting global warming a priority, and to strengthen the bank’s poverty alleviation mission. But his positions on recent lending controversies raise troubling questions about how real the changes are.

In September 2012, in his first over-

seas visit on behalf of the bank, to South Africa, he effusively praised the local work of its private-sector finance arm, the International Finance Corporation, but made no mention of the worst massacre of workers since the apartheid era at the IFC-supported South Africa Markana platinum mine just three weeks before. The IFC had committed \$200 million to finance Markana thorough the Lonmin corporation, the world’s third-largest miner of platinum. Lonmin promised an ambitious community development program, including workforce training, opportunities for women, and HIV education.

The South African Council of Church’s Benchmarks Foundation conducted site visits and reported on the real conditions at Markana. Just two days before the massacre, Benchmarks released an update on the failure of “corporate social responsibility” at the mine, reporting “unacceptable” levels of fatal accidents and “appalling” housing conditions. Spills of sewage resulted in chronic illnesses for children.

Kim has praised the IFC as a model for the rest of the World Bank Group, despite ongoing environmental and social conflicts in IFC extractive projects not just in South Africa, but in Peru, Mongolia, Colombia, and West Africa. He also lauded the bank’s \$3 billion loan to South Africa in 2010 for the Medupi project, the fourth largest new coal plant on earth, with annual greenhouse emissions greater than over 100 of the world’s countries. He maintained that “there was a very strong sense that this clean coal project was the way to go.”

The bank is planning to finance a new 600-megawatt lignite (brown coal) power plant in Kosovo near the country’s capital, Pristina. Lignite is the dirtiest of all fossil fuels, with higher emissions of sulfur, heavy metals such as lead and mercury, as well as carbon, than conventional coal. Bank management asserts that there is no alternative to a new lignite plant, with brown coal

being the only cheap, plentifully available domestic fuel. Kim claimed that not building a coal plant would condemn poor people in Kosovo to freeze because of rich country ideologies.

None other than the former renewable energy czar at the bank from 2010 to 2011, University of California at Berkeley professor Daniel Kammen, has pointed out that simply addressing Kosovo’s huge power losses from inefficiency — some 40 percent of the electricity generated — would be much more economical than funding a new plant. Combined with investments in renewable energy, efficiency measures would also create more jobs. Indeed, 200 MW of private sector wind projects were already waiting for approval from the Kosovo government.

The health impacts of the plant, even if it met EU standards, would expose Kosovo’s inhabitants to pollution responsible (according to the bank’s own country economic study) for the premature deaths of hundreds of people annually. Kammen warned the project would leave “a devastating legacy for a young nation that we know can have a different path.”

A bank energy-lending “directions paper” approved in July limits future lending for coal plants to poorer countries for supposedly rare instances where there is no alternative. But the case of Kosovo shows that “no alternative” can have an Alice in Wonderland quality to it — meaning, even in the face of contrary evidence, exactly what bank management decides to say it means.

We are still waiting for real leadership from Mr. Kim.

Bruce Rich, an ELI Visiting Scholar, is an attorney and author who has served as senior counsel for major environmental organizations. This column draws on his forthcoming book “Foreclosing the Future: The World Bank and the Politics of Environmental Destruction” (Island Press). His email is bruce-rich@gmail.com.

The bank’s choices in mining and energy have an Alice in Wonderland quality