

Chapter 69

Mind the Gap Please!

Contrasting Renewable Energy Investment Strategies between the World Bank and Poor Customers in Developing Countries

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ABSTRACT

This chapter scrutinises the World Bank's nine guiding principles for investment strategies on renewable energy in developing countries. Drawing on two World Bank-funded solar lighting projects in Bangladesh and India as examples, it demonstrates a wide gap in investment strategies between the Bank and local people. It suggests that a rigid distinction of renewable and non-renewable options risks restricting poor people to adopt an energy-mix approach to cope with poverty. The economic assumptions of the strategic choice for renewable energy investment pay inadequate attention to the cultural norms that shape people's preferences for energy sharing. A lack of participation of NGOs and local communities in shaping the Bank's investment strategies also undermines the effectiveness of its renewable energy policies in the long term. This chapter suggests that the World Bank re-conceptualises the complex relationships between energy and poverty and seeks a better understanding of local people's daily energy consumption practices.

INTRODUCTION

The World Bank plays a multiple and indispensable role in promoting renewable energy in developing countries. It is a big investor—US\$11 billion has been spent on renewable energy since 1990 (2007:

ix). It has approved 366 renewable energy and energy efficiency projects in 90 countries between 2004 and 2009 (2009). It has spent billion dollars on research and development in order to find suitable renewable technologies that match with the needs of poor people. It is also an ambitious campaigner—the 'Lighting Africa' campaign alone, launched in 2008, was intended to provide

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solar lighting to more than 250 million Africans (Wamukonya, 2005).

What are the driving forces underlying the World Bank's very considerable interest in renewable energy? Sustainable development, concerns over climate change, and the Clean Development Mechanisms have provided the Bank with a continuous flow of funding and legitimate reasons for interventions. What is equally important is that renewable energy fits into the Bank's overall plan of poverty reduction (World Bank, 2000). From the Bank's perspective, solving energy-poverty by renewable energy is crucial to providing solutions to other poverty-related problems, such as economic stagnation, environmental degradation and gender inequalities.

Based on this complex rationality, the World Bank has developed nine strategic investment principles for renewable energy in developing countries (World Bank, 2007a, 2004, 2002). They are:

1. Use localised renewable energy supplies;
2. Apply sustainable technologies to provide renewable energy;
3. Give heavy subsidies to promote renewable energy market;
4. Recognise that poor people are potential customers for renewable energy;
5. Ensure that charges for renewable energy should not be as high as non-renewable options;
6. Insist that customers pay for services, no matter how poor they are;
7. Create different services for different customers;
8. Decentralise energy supplies at local levels; and
9. Work with NGOs and private companies to provide renewable energy services.

How are these strategic investment principles actually translated on the ground? How effective are they? What impact have they made on poor

people's lives, and how will people respond to the changes? To provide answers to these questions, we will draw on two World Bank-funded solar lighting projects in South Asia: an individual solar home system in South Bangladesh and a solar lantern project in Rajasthan, India. We will compare the World Bank's renewable energy strategies with local people's energy consumption practices.

In this chapter, we will expose a wide gap in the investment strategies between the World Bank, as the funder and project initiator, and local people, as users and customers. Firstly, it will suggest, with evidence, that, in contrast to the World Bank's rigid distinction between renewable and non-renewable energy options, poor people take a pragmatic approach to energy use. Rather than considering renewable and non-renewable energy as either-or, they adopt a flexible energy-mix strategy which enables them to cope with their daily struggle against poverty.

Secondly, it will suggest that, most of the World Bank's guiding principles for renewable energy are over-economic and pay inadequate attention to socio-political factors, such as cultural norms of sharing collective resources and the right-to-free-electricity, that shape their preferences for energy uses. Thirdly, it will argue that the World Bank considering NGOs as purely an implementer of its renewable energy policies has missed the opportunity to hear the voice of local people.

This chapter will suggest that the widening gaps raise doubt over the effectiveness of the Bank's investment in renewable energy on the ground. In addressing the problems, it urges the Bank to reconceptualise the 'energy-poverty' relationships, to seek a better understanding of poor people's energy consumption practices, and to encourage NGOs to be more critical of its own energy policies.

This structure of this chapter is as follows: it will first discuss the nature of the World Bank's nine guiding principles of strategic investment in renewable energy in developing countries. It will then provide contextual backgrounds of the two

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