

World Bank bending the carbon credit rules in Czech Republic

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Prague, Czech Republic -- Only three out of the sixteen World Bank carbon projects in the Czech Republic are eligible for carbon credit sales, finds a new analysis produced by CEE Bankwatch Network and the Centre for Transport and Energy, a Prague based environmental group. [1] In spite of this the World Bank Prototype Carbon Fund is moving forward and wants to obtain carbon credits of around USD 1.5 million for electricity generation from small hydropower plants in the Czech Republic. [2]

Confirming widely held doubts about the World Bank as a major player in carbon trading, "An Analysis of Additionality" uncovers serious flaws in the economic assessments of 13 of the Czech hydropower plants, in violation of international, national and even the World Bank's own criteria. [3]

Petr Hlobil, Campaigns coordinator of CEE Bankwatch Network, commented: "The roots of this reside in a major conflict of interest within the World Bank. While theoretically the World Bank should support client countries, in the case of the Prototype Carbon Fund the main interest of the World Bank is to protect the interests of investors. And the main focus for investors is to obtain credits as cheaply as possible."

Klara Sutlovicova, of the Centre for Transport and Energy, added: "Our analysis of this World Bank project unfortunately also shows that the Czech authorities are unable to either negotiate a fair price or monitor the application of their own rules and procedures for the Joint Implementation projects."

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Â Notes for editors:

1. The report "An analysis of additionality" is available now.

2. Carbon credits are used by countries that have ratified the Kyoto Protocol to help meet their commitments to reduce greenhouse gas emissions. A framework cooperation agreement on the implementation of projects to reduce emissions between the Czech Republic and the World Bank was signed in 2003. The respective Czech authorities committed to transfer to the World Bank 500 000 t of CO₂Â within the period running from April 1,2002 to December 31, 2012. The 16 small hydropower plants project represents part of the World Bank's portfolio in the Czech Republic.

3.The Kyoto Protocol, Czech national legislation as well as the World Bank's own criteria allow the issuing of credits only for such projects that would not be economically feasible without the emission credit purchase. Most of the hydropower plants in the portfolio were prepared and even implemented without schemes of additional revenues from carbon credit sales and the economics of the projects were evaluated using standard procedures. It isÂ inconceivable that the investment return ofÂ such projects would be "ages away" as is suggested by the methodologyÂ applied by the World Bank.

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