



INFRA Update: Greening

November 2009

Online at <http://www.worldbank.org/infra>

INFRA Update is a newsletter containing information about the World Bank's Infrastructure Recovery and Assets platform. INFRA was launched during the Spring Meetings in April 2009 to scale up the World Bank's infrastructure lending during the financial crisis, coordinate the response among international financial institutions and donors to bridge gaps in infrastructure financing and capacity, and raise awareness on the need to continue financing infrastructure to provide the foundation for rapid recovery and job creation and to promote long term growth. For more information and to access INFRA publications, please visit the [INFRA website](http://www.worldbank.org/infra).

1 INFRA Event at the Annual Meetings: Greening Recovery, Seizing Opportunities

The issue of green investments as part of economic stimulus packages was front and center at the recent World Bank/IMF Annual Meetings in Istanbul. There, more than 350 people turned up to hear a high-level panel analyze the idea, under the heading of "Greening Recovery, Seizing Opportunities."

Moderated by Nancy Birdsall, founder and President of Washington's Center for Global Development, the discussion brought together senior policy makers from the United Nations, Brazil, Korea, and Turkey, as well as a Nobel-award winning economist. [Learn more.](#)

2 Guidance Note: "Greening" The Infrastructure Recovery and Assets Platform

"Greening" infrastructure potentially offers a convergence of delivering multiple objectives: promoting economic growth and development, enhancing long-term competitiveness, and poverty reduction along with environmental sustainability. This [guidance note](#) is aimed at providing a broad framework for the design and implementation of infrastructure investments, developed as part of the INFRA Platform, that helps increase resilience to climate variability and change, and provide infrastructure services through lower emission alternatives wherever possible. Additional guidance notes for are available on the [INFRA website](#).

3 Africa to Receive \$1.1 billion in New Financing for Climate Action

African efforts to invest in **clean energy** and prepare for the devastating consequences of climate change have received a boost with six countries set to receive **\$1.1 billion in new financing for climate action**. **Morocco, South Africa, and Egypt** will receive very low-interest loans for **\$150 million, \$500 million, and \$300 million** respectively from the **Clean Technology Fund (CTF)** to strengthen their investments in clean energy in support of national priorities for low carbon development. The CTF supports scaled up demonstration, deployment and transfer of low-carbon technologies for significant greenhouse gas reductions within country investment plans. **Mozambique, Niger and Zambia** will each receive up to **\$50-70 million** in grants and/or very low interest loans to help integrate climate risk and resilience into their core development planning as part of the **Strategic Climate Fund (SCF) Pilot Program for Climate Resilience**. The SCF finances targeted programs in developing countries to pilot new climate or sectoral approaches with scaling-up potential.

Together, these **Climate Investment Funds (CIF)** are a unique pair of financing instruments designed to initiate **transformational change towards low-carbon and climate-resilient development** through scaled-up financing channeled through the Multilateral Development Banks, and are **implemented jointly** by the **African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, International Finance Corporation, and World Bank**. [Learn More.](#)

4 Project Spotlight: Mexico Framework for Green Growth Development Policy Loan (Approved 10/20/2009, \$1.5 billion)

Mexico, like many countries in the region, has committed itself to initiating **infrastructure investments that combat the effects of the financial crisis** on the Mexican economy. While infrastructure investment has been shown to generate employment and provide economic stimulus, the programs implemented

during times of crisis may have mixed long term effects on the environment.

Throughout the deepening economic crisis, the Government of Mexico has explicitly retained—and even strengthened—its commitment to the development of infrastructure policies that combat climate change and reduce GHG. At the heart of this long-term vision is a set of **transport and energy sector reforms that are being promulgated with the dangers of Climate Change in clear focus**. This Development Policy Loan (DPL) sets out to respond to the Government's specific request for support of the key sectoral reforms that underpin the vision to help Mexico lock-in **long-term sustainable growth** benefits in the face of **short-term financial pressures**. In addition, this DPL is an integral part of a scaled-up financing package for Mexico that responds to the current macro-economic conditions of the country.

Because of the current financial crisis, however, it is uncertain whether all sustainable urban transport investments will be able to meet **private participation** requirements. To address this risk, the Government is also creating the Urban Transport Transformation Program, with support from the World Bank.

Given the impact of the global economic crisis on the Mexican economy, this Green Growth DPL comes at a much needed time in the country's development path, complementing a series of programmatic interventions including loans in addition to **non-lending advisory services and technical assistance** in the areas of environment, energy, transport, and climate change. [Learn more](#).

5 **Project Spotlight: Brazil Second National Environmental Project - Phase II** (Approved 09/22/2009, \$24.3 million)

The World Bank approved a **US\$24.3 million loan** for Phase II of the **Second National Environmental Project** to support efforts to **enhance the environment and sustain economic growth**. While Brazil already is showing clear signs of economic recovery after suffering the impact of the global financial crisis, the project will help support the country's sustainable development goals by improving environmental licenses in the federal and state agencies. It has three core components:

- **Institutional Development**, strengthening environmental licensing policies and procedures at the federal, state and municipal levels; environmental quality monitoring; and economic instruments for environmental management;
- **Integrated Management of Environmental Assets** providing an incentive to states to identify, rank and address some of their most pressing environmental challenges; and
- **Coordination, Dialogue and Communication** supporting a unit with the technical and administrative capacity needed to manage subprojects and activities at a decentralized level.

For more information, click [here](#).

6 **Project Spotlight: China Jiangsu Water and Wastewater Project** (Approved 06/22/2009, \$130 million)

The **World Bank** approved **\$130 million** in loans to **China** as part of a **Jiangsu Water and Wastewater Project**. Water quality and water security are the two most crucial limiting factors for sustainability of water supply and future development in Jiangsu. The project's development objective is to improve the **efficiency of environmental infrastructure** delivery and **improve water quality by reducing pollution discharges in local rivers** in project cities through aggregation of water supply systems, and expansion and improvement of wastewater management.

USAID is providing **technical assistance** to Jiangsu for this project through its regional water sector governance program based in Bangkok, focusing on community participation in the water sector. A full program of collaboration between **USAID** and the project utility companies has been planned for the implementation period, including professional twinning between the project companies and utilities in other countries of the East Asia Region.

7 **Project Spotlight: Turkey Private Sector Renewable Energy and Energy Efficiency Project** (Approved 05/28/2009, \$600 million)

The **World Bank** approved **\$600 million** in loans to **Turkey** as part of a **Private Sector RE and EE Project** (\$500 million from a low-interest IBRD loan and \$100 million from the Bank's **Clean Technology Fund**). The Government of Turkey has ambitious plans for renewable energy. In keeping with the plans, licenses for more than 3,300 MW have been issued so far for wind projects as of January 2009, although a tender by EMRA resulted in applications amounting to 78,000 MW. Similarly, licenses of about 11,000

MW have been issued in hydro. There is a substantial level of viable renewable energy and energy efficiency projects in Turkey, but these have been slow in taking off due to, among other reasons, the lack of suitable financing at reasonable prices.

Some financing is now emerging for renewable energy projects, building on the success of the ongoing **Renewable Energy Project**, which has resulted in significant renewable capacity addition and concomitant emission reductions. **IFC** and other multilateral and bilateral sources such as **EIB, KfW and AFD** have also provided support through **financing and technical assistance**. **KfW and UNDP** have agreed to utilize ongoing and planned TA programs to support capacity building for energy efficiency investments. Financing and technical assistance for this aspect may also be considered by **Agence Française de Développement and Japan International Cooperation Agency** as part of their ongoing and planned assistance to Turkey.

8 Other Greening News

In an effort to raise awareness of the need to continue financing infrastructure during the economic crisis, the INFRA platform provides information about issues affecting infrastructure investment around the world and monitors crisis response measures being taken by development partners and client governments. For an update of the latest news from sources around the world, visit the [INFRA website](#).

News	Summary	Source	Date
IFC, BNP Paribas Vostok Partner to Expand Trade Finance for Energy Efficiency	IFC and BNP Paribas Vostok signed a memorandum of understanding to develop a sustainable energy finance product focused on financing equipment trade deals in Europe and Central Asia . The new product will expand access to longer-term finance for companies to upgrade production technology and energy infrastructure and install local power generation capacity , as well as to substantially reduce industries' carbon emissions . IFC and BNP Paribas Vostok Bank will jointly promote sustainable energy projects to financial institutions, project developers, and end-user companies. The initiative is led by the IFC's Russia Sustainable Energy Finance Project.	IFC	11-Nov
World Bank to give Nigeria, South Africa 200m dollars to tackle climate change	The World Bank and the Africa Development Bank have agreed to support efforts at climate change adaptation by Nigeria and South Africa by making \$200m available to the countries. The World Bank is especially interested in helping Nigeria to access its Clean Technology Fund (CTF) through development of investment plans. The CTF was established by the World Bank to support countries to facilitate the deployment of market ready low carbon technology that needs help to overcome institutional and credit barriers.	World Bank	12-Oct
Egypt: AfDB Approves € 53 Million Loan to Finance Waste Water Treatment Project	The AfDB approved a loan of Euro 53.33 million to finance the Gabal El Asfar Waste-water Treatment Plant (GAWWTP) Project in Cairo. The project objective is to improve the quality of waste-water discharged into the drainage system in Cairo East, thereby contributing to improved sanitation and a clean environment for nearly 8 million people living in the area.	AfDB	7-Oct
ADB to Extend \$300 Million to Uzbekistan for Water, Sanitation Overhaul	The AsDB is extending up to \$300 million in financial assistance to Uzbekistan to overhaul its ageing water and sanitation systems to improve the health and hygiene of about three million people. The program will invest in infrastructure upgrades as well as improvement in the policy, planning and management capacities of the service agencies. Tariff structures will be overhauled and performance-based service contracts will be introduced.	AsDB	29-Sep
BRT will generate carbon credits	Officials in Johannesburg are hoping a new Bus Rapid Transit (BRT) system will reduce traffic congestion and emissions. Results of an environmental impact research released in 2008 indicated that 382,940 tons of carbon dioxide equivalent emissions would be saved through the implementation of the Rea Vaya project. The buses are also estimated to save 1.6 million ton of carbon dioxide equivalent emissions by 2020. This drop in greenhouse gas emissions will put the City in a position to participate in the Kyoto Protocol's Clean Development Mechanism , which allows emission-reduction projects in developing countries to generate certified emission reduction (CER) credits, each equivalent to one ton of carbon dioxide. The City of Johannesburg is part of a three-year carbon finance capacity building program , which seeks to enable various cities to penetrate the global carbon market. Run by the World Bank through its carbon finance unit, the program helps the cities structure their environmental projects so that they can generate carbon credits, which results from lowering their greenhouse gas emissions.	The City of Johannesburg	26-Aug