

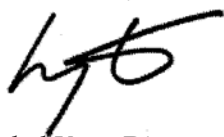
Foreword

Renewable energy and energy efficiency are at the nexus of the goals of the World Bank Group's energy work: poverty alleviation, energy security, and climate change mitigation. Oil and gas price rises, the instability of energy markets, the major impacts of climate change that the Intergovernmental Panel on Climate Change and Sir Nicholas Stern's reports convincingly articulated, and the need to meet the Millennium Development Goals by 2015 have given even greater urgency to enhanced support for clean energy.

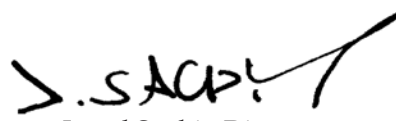
To overcome these challenges and do so in a sustainable manner, the World Bank Group has committed more than US\$11 billion since 1990 for renewable energy and energy efficiency with commitments in fiscal 2007 rising to US\$1.4 billion, or 40 percent of total energy sector lending. Every dollar of our funds has leveraged about two dollars of investment from the private sector, governments, and others. The progress we have achieved establishes the base of experience for implementing the Clean Energy Investment Framework (CEIF). The CEIF was launched in 2006 to give greater impetus to addressing the challenge of energy access for growth and the causes and impacts of climate change. Renewable energy and energy efficiency will also be central to the World Bank Group's Climate Change Strategy that will be issued shortly.

Achieving the goals of the CEIF and the Climate Change Strategy demands actions on a number of fronts – policy, governance, capacity, and investment. The investment challenge remains paramount, and more so for renewable energy and energy efficiency, which are more capital intensive than other forms of energy. The World Bank Group, although one of the largest multilateral lenders for energy, is only one player in the field, and cannot possibly meet the investment needs alone. Our total financial commitment for the energy sector in the 2007 financial year was US\$3.6 billion. Although we continue to grow our energy investments in absolute terms, we increasingly see our role as a catalyst in working with the private sector and others to leverage our resources. This is a vital mission if we are to help our partner countries in their transition to a low-carbon economy. The poor are, after all, the most vulnerable and the least able to adapt to the devastating impacts of climate change.

Previous renewable energy and energy efficiency progress reports focused on how the World Bank Group was meeting the commitment it made in June 2004 in Bonn, Germany, to increase our support for new renewable energy and energy efficiency by 20 percent per year; and defining the impact our support has had in improving lives. This report focuses on the efforts we are making to work in partnership with the private sector in order to leverage our resources. Accordingly, we are pleased that this report is jointly prepared by the International Finance Corporation and the World Bank.



Rachel Kyte, Director
International Finance Corporation



Jamal Saghir, Director
Chair, Energy and Mining Sector Board
The World Bank