

2 October 2013

To: Dr. Jim Yong Kim, President of the World Bank

Re: Open letter from civil society groups opposing the World Bank's support of coal in Indonesia

Dear President Kim,

We appreciate your continued emphasis as World Bank President on combating the causes and impacts of climate change in the developing world. In particular, we commend the pledge put forward in the Energy Directions paper, approved in July, to limit coal lending to rare circumstances. However, new coal projects across Indonesia, supported by World Bank Group initiatives, are still moving forward and threaten to undermine the Bank's pledge to limit coal. These planned projects pose an unacceptable threat to local livelihoods, health, and climate change.

A recent investigation has revealed that the World Bank's Infrastructure Development Policy Loans (DPLs) in Indonesia have put in place several policies, including tax exemptions and institutions aimed at promoting the Government of Indonesia's Fast Track power projects.<sup>1</sup> Fast Track I includes 40 coal power plants totaling 16.4 GW – amounting to 94% of proposed power generation.

The Bank's DPL program created and provided financial backing for the Indonesia Infrastructure Guarantee Fund (IIGF). The IIGF awarded its first government guarantee of \$33.9 million to the controversial Central Java Power Plant, a 2,000 MW ultra-super critical coal plant. The Bank states that the guarantee is critical for obtaining long-term finance for the project, which is still awaiting financial close, due on October 6.

Next in line to receive IIGF guarantees are the 2x 600 MW Coal-Fired Sumsel, or South Sumatera Mine Mouth Coal Fired Power Plant, and the Puruk Cahu-Bangkuang Coal Railway (for exports). This coal railway will accelerate coal extraction in Central Kalimantan, leading to environmental damage from opening the landscape and water catchment areas in the upper reaches of Kalimantan Island to coal mining. This will also create new conflicts and encourage massive land grabs from the Dayak indigenous communities.

In addition to the coal enabling policies and government guarantees, the IFC served as the transaction advisor to the Central Java Power Plant, promoting the project to investors and securing project finance. This huge coal project has incited strong local opposition including a lawsuit and multiple protests by thousands of local residents resulting in violent clashes with project security and the military.

In line with the Energy Directions paper, the World Bank must halt the mechanisms they helped put in place that incentivize further coal expansion in Indonesia. We call on the Bank to:

- **Withdraw the World Bank Group's financial backing from the Indonesia Infrastructure Guarantee Fund (IIGF) unless the IIGF stops support for the Central Java Power Project and all other coal projects.**
- **Ensure that the World Bank Group's limit on coal financing is comprehensive and applies to all forms of support, including development policy loans, financial intermediaries, and advisory services.**

---

<sup>1</sup> Oil Change International, 2013. World Bank Accelerating Coal Development in Indonesia. September 2013.  
<http://priceofoil.org/2013/09/25/world-bank-accelerating-coal-development-indonesia/>

Civil society organizations and communities around the globe are closely watching the implementation of the World Bank Group Energy Directions' pledge to limit coal. Instead of guiding Indonesia – already the world's largest coal exporter and third largest emitter of greenhouse gases – onto a low-carbon development path, the Bank's infrastructure program has fortified a coal-filled future for Indonesia. We look to the Bank to take action to reverse this climate-polluting direction for Indonesia.

We thank you for your consideration of our essential requests and look forward to your response.

Sincerely,

Greenpeace Southeast Asia	Indonesia
Jatam	Indonesia
Jubilee South – Asia/Pacific Movement on Debt and Development (JSAPMDD)	Asia/Pacific
Koalisi Anti Utang (KAU)/ Anti Debt Coalition Indonesia	Indonesia
WALHI – Friends of the Earth Indonesia (440 member organizations)	Indonesia
350.org	International
Bank Track	Netherlands
Both ENDS	Netherlands
Bretton Woods Project	United Kingdom
Earthlife Africa JhB	South Africa
East Timor and Indonesia Action Network (ETAN)	United States
Friends of the Earth England, Wales and Northern Ireland	United Kingdom
Friends of the Earth US	United States
Greenpeace	International
groundWork – Friends of the Earth South Africa	South Africa
Hivos	Netherlands
Institute for Policy Studies – Climate Policy Program	United States
International Rivers	International

KOSID	Kosovo
Market Forces	Australia
mines, minerals & PEOPLE – India	India
Natural Resources Defense Council	International
Nimbin Environment Center	Australia
Northern Illawarra Sustainability Alliance (NISA)	Australia
Oil Change International	United States
Pacific Environment	United States
Rainforest Action Network	United States
Re:Common	Italy
Samata – India	India
Sierra Club	United States
SOBREVIVENCIA – Friends of the Earth Paraguay	Paraguay
Social Justice Committee	Canada
Urgewald	Germany
West Papua Advocacy Team	United States
White Oaks Community Church	United States
World Development Movement	United Kingdom