



World Bank Calls for Global Initiative to Scale Up Geothermal Energy in Developing Countries

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REYKJAVIK, March 6, 2013 - The World Bank today announced a major international effort to expand renewable power generation in developing countries by tapping an underutilized resource: geothermal energy. World Bank Managing Director Sri Mulyani Indrawati called on donors, multilateral banks, governments and the private sector to join a Global Geothermal Development Plan (GGDP) to better manage and reduce risks of exploratory drilling to bring what is now a marginal renewable energy source into the mainstream, and deliver power to millions. "Geothermal energy could be a triple win for developing countries: clean, reliable, locally-produced power. And once it is up and running, it is cheap and virtually endless, said Sri Mulyani Indrawati. "The World Bank Group, and many of our partners, support the goals of the Sustainable Energy for All initiative, led by UN Secretary General Ban Ki-moon and our President Jim Yong Kim. Two of those goals are universal access to modern energy services, and doubling the worlds proportion of renewable energy. Geothermal energy, mobilized by the Global Geothermal Development Plan, will be a major step towards both. Sri Mulyani launched the plan at the Iceland Geothermal Conference in Reykjavik. Already, the World Bank and Iceland are working together under a "Geothermal Compact to support surface exploration studies and technical assistance for countries in Africas Rift Valley. Many developing world regions are rich in geothermal resources, including East Africa, Southeast Asia, Central America, and the Andean region. At least forty countries have enough geothermal potential to meet a significant proportion of their electricity demand. Some countries, such as Kenya and Indonesia, are developing their geothermal resources, but with only 11 gigawatts of geothermal capacity worldwide, a global scale-up has yet to happen. An obstacle is the initial test drilling phase for geothermal projects, which is expensive and risky. Proving the viability of a single steam field can cost US\$15-25 million, and if a site has no potential, this investment is lost. The GGDP expands on previous efforts by its global scope, and its focus on test drilling. The GGDP will identify promising sites and leverage financing for exploratory drilling, to develop commercially viable projects. It will build on regional efforts such as the Iceland-World Bank Geothermal Compact. "Until now, our work has been at the country and regional levels, Sri Mulyani said. "These efforts are important, and should continue. But a global push is what is needed now. Only a global effort will put geothermal energy in its rightful place - as a primary energy source for many developing countries. Only a global effort will pool resources to spread the risk effectively. It will let us learn from each other, from our failures and successes, and apply that learning. The Global Geothermal Development Plans initial target is to mobilize US\$500 million. Donors can participate in the GGDP by helping to identify viable projects, and through bilateral assistance, as well as existing channels such as the Climate Investment Funds (CIFs) or the Global Environment Facility (GEF). The GGDP would be managed by the World Banks longstanding Energy Sector Management Assistance Program (ESMAP). The World Bank will convene donors later this year to discuss financing of specific geothermal projects under the plan. The Bank Groups financing for geothermal development has increased from \$73 million in 2007 to \$336 million in 2012, and now represents almost 10 percent of the Banks total renewable energy lending. Media Contacts
In Washington
Christopher Neal
tel : +1 (202) 473-2049
cneal1@worldbank.org


Pressekontakt

The World Bank

DC 20433 Washington

Firmenkontakt

The World Bank

DC 20433 Washington

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