



FOR IMMEDIATE RELEASE

New report shows World Bank tough talk on climate is just a mirage in Mongolia's Gobi desert

Ulaanbaatar, Mongolia, December 13, 2012 - Just one week after its grim warning during the UN climate talks in Doha that the world is on a path towards a four degree-rise in global temperatures, the World Bank is set to approve financing for yet another coal plant. The plant will power a giant mining complex in Mongolia's South Gobi desert, fuelling climate change and violating the Bank's own policies, argues a new analysis from advocacy groups (1).

The groups reviewed the environmental and social impact assessment (2) prepared by mining conglomerate Rio Tinto for its US\$13.2 billion Oyu Tolgoi copper and gold mine and associated facilities, including a 750 megawatt thermal coal power station. Rio Tinto's assessment was submitted to the World Bank Group and the European Bank for Reconstruction and Development (EBRD) in order to be considered for project finance (3).

The groups found that Rio Tinto's assessment contravenes World Bank guidelines for approving coal power projects because it does not include an assessment of the power plant or the cumulative impacts of the project over its full life cycle. The assessment also fails to provide any meaningful consideration for low-carbon alternatives or support for renewable energy projects, and fails to adequately account for CO2 emissions, all issues that the institution requires an expert panel to consider for each and every coal plant they consider financing (4).

Justin Guay of the Sierra Club explains, "The World Bank's climate credibility is on the line. Fast tracking this project, without following existing coal screening policies, just doesn't jive with Dr. Kim's statement that climate change is 'tilted against many of the world's poorest regions and likely to undermine development efforts and goals'."

The groups also contend that Rio Tinto's analysis does not adequately assess the impacts of the project on the arid region's already scarce water supply and its threat to the traditional way of life for the nomadic herders who have lived in the region for centuries. The project necessitates the use of fossil and deep water aquifers, yet the Rio Tinto's assessment offers no effective proof that this will not impact the herders or their livestock.

According to Sukhgerel Dugersuren, Executive Director of the Mongolian NGO Oyu Tolgoi Watch, "Rio Tinto's blatant disregard for the people who call the Gobi Desert home and the water resources they depend on for their survival should be a clear signal to international financial institutions that the project cannot receive funding in its current design."

Based on the review's findings, the groups are requesting that the World Bank and EBRD delay consideration of the Oyu Tolgoi project until Rio Tinto demonstrates that there are enough water resources in the Gobi for the lifetime of the project and takes concrete measures to mitigate its

environmental and social impacts, and the World Bank convenes an expert panel to consider low-carbon alternatives. “Before considering this project any further, the World Bank and EBRD need to go back to the drawing board and commission an independent, robust and transparent review of the environmental and social impact assessment that genuinely evaluates the impact on scarce water resources and the coal projects’ compliance with bank policies. They must also create concrete plans for alleviating the mine’s impacts on local people and their livelihoods,” added Sukhgerel. A decision on the project by the World Bank is expected at the end of January, and the EBRD will consider the project in February. The U.S. Export-Import Bank, Export Development Canada and the Australian Export Finance and Insurance Corporation are also considering financing the project.

Notes for editors

1. The ESIA review was conducted by Accountability Counsel (US), Bank Information Center (US), CEE Bankwatch Network (regional), London Mining Network (UK), OT watch (Mongolia), Sierra Club (US) and urgewald (Germany), with assistance from other independent experts.
2. The full review of the Environmental and Social Impact Assessment is available at <http://www.bicusa.org/proxy/Document.103001.aspx>. An Environmental and Social Impact Assessment conducted by Oyu Tolgoi LLC, the Rio Tinto subsidiary that manages the mine, was released in August 2012, as required by the World Bank Group and the EBRD for projects with significant adverse social and environmental impacts, after eight months of delay.
3. The World Bank’s International Finance Corporation and Multilateral Investment Guarantee Agency are slated to provide US\$900 million in loans and up to US\$1 billion in political risk insurance respectively, while the amount that the EBRD is considering is still unknown.
4. The full analysis of the World Bank policy violations associated with the coal plant is available at http://action.sierraclub.org/site/DocServer/Tolgoi_assessment_Final.pdf?docID=11801.

For more information, please contact:

Sukhgerel Dugersuren, Executive Director, OT Watch, +976 99 185 828, otwatch@gmail.com

Jelson Garcia, Bank Information Center, +1 202 624 0622, jgarcia@bicusa.org

Richard Harkinson, London Mining Network, +44 7563 238179, research@londonminingnetwork.org

Nicole Ghio, Sierra Club, +1 202 675 6270, nicole.ghio@sierraclub.org