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Mallaby says Hydro is a key to poverty reduction

PORTLAND, Ore. — Sebastian Mallaby, author and *Washington Post* columnist, says the hydropower industry must act to ensure that recent favorable trends in hydropower development continue.

Mallaby, also author of a best-selling book on the World Bank, told the HydroVision 2006 conference in Portland, Ore., that the hydro industry must manage the political risks of international development to foster the World Bank's revived interest in hydropower funding.

"And the only way to manage these risks, if you are in the hydro industry, is to do everything you can to keep the development people believing that hydropower is an important part of poverty reduction," Mallaby said in keynote remarks.

Soaring oil prices and growing concerns about global warming have revived public support and lender interest in hydropower development, Mallaby said. He said the atmosphere is changing at the World Bank, after a five-year drought in large hydropower lending.

"Now my friends at the bank tell me that there's a lot of planning in the water sector, a lot of talk of new hydro projects in the pipeline," he said.

But the hydro industry must actively address the political risks inherent in international projects, said Mallaby, author of *The World's Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations*.

"Hydropower ought to be central to poor countries' development strategies," he said. "But I guess my message to you is this: You can't sit back and just assume it will be."

Mallaby said individual World Bank board members from rich Western countries have been the target of sophisticated, and effective, lobbying by anti-dam activists, who also have lobbied the media. That, he said, tempts bank officials to concentrate on "nice uncontroversial health clinics" and similar projects.

To retain financing from Western institutions, hydro must pay attention to that political context.

"If you want to reduce infant mortality, you need clinics; and those clinics are going to need electric power," he said. "If you want to reduce malnutrition you need economic growth and employment, and so you are going to need a reliable source of power that can support an industrial sector."