

Making Power Sector Reform work for the Poor



Funds for electrification of poor communities must be protected and not diverted for other purposes, concludes the Energy Access Working Group in the Policy Implementation third phase of the GNESD's 'Energy Access' theme. Conducted through its partner organizations in Africa, Asia, Latin America and China, the study also concludes that electrification programmes for the poor should be highly targeted, and guided by clear and strong policies that ensure transparent planning and strict monitoring of funds - policies that are currently missing in many developing countries.

The Group's recent report follows the first two phases of research to assess the impact of power sector reforms on the poor. In the third phase, each of the nine contributing centres prepared and analysed detailed case studies for the effectiveness of policies that protect funds for the electrification of poor households and villages; the role of the poor in the reform process and electrification initiatives; and measures supporting low cost technologies for the poor.

The study strongly suggests the creation and implementation of "pro-poor" policies. Few developing countries currently have such policy frameworks, which has often led to the failure of power sector reforms. The study supports subsidies and lifeline tariffs as instruments to initially help the poor gain access to electricity, but also cautions that such policies may not ultimately capture the targeted population if

schemes are badly designed, non-transparent, or the funds are not properly monitored. The study strongly recommends that tariffs are designed to address the ability of the poor to pay, with initial barriers like connection and wiring charges adjusted accordingly.

Because local communities have not participated in past electrification planning, the study argues that the use of a participatory and consultative planning approach can ensure local needs are addressed, existing barriers are identified, and remedial actions developed. The involvement of NGOs and the local entrepreneurs is also considered crucial to mobilize communities and ensure that chosen technologies are appropriate to local needs. The role of women in this process requires special attention.

Examples in Malawi, Mauritius, Morocco and Tunisia have demonstrated that standards and guidelines can help the poor to access to electricity services through low-cost technologies that also positively impact the livelihoods of poor individuals, families and communities. This has been successfully demonstrated in remote areas of Brazil where electric generators run on biofuel produced from locally grown biomass, resulting in reduced electricity costs and increased employment opportunities for local farmers.

In all regions examined, the study found that the productive use of energy for employment or generating incomes is essential for poor households, allowing them to pay for the electricity services and avoid a constantly growing and permanent need for subsidies



Addressing the challenges of Urbanization

A phenomenon being commonly witnessed in big cities of the world today is rising incomes and population growth in urban areas, leading to growth in city size and subsequently increasing sub-urbanization. Increasing pressure on land, lack of proper land-use and transport planning and rapid increase in motorization have all led to scattered and sprawling urban forms, and, thus an increasing shift of the urban poor to the periphery of the city, where the land is relatively cheaper. This in turn has increased the burden of access of basic infrastructure services and amenities to these sections of the population.

A report on the State of Urbanisation by the United Nations Economic and Social Commission for Asia and the Pacific, predicts that by 2020, half of the world's population will live in the urban areas. The existing and the emerging urban and the peri-urban poor in developing countries face broadly three key energy challenges:

- Continued reliance on biofuels in high density populated areas, characteristic to urban and peri-urban poor areas, which are known to have a harmful impact on human health and environment.
- Inadequate access to cleaner energy services for productive purposes and institutional applications for attaining the MDG's..

- Limited access to appropriate financing schemes that would allow the poor in the urban and peri-urban areas to procure cleaner and more sustainable energy services that are currently more expensive.

The above holds particularly true for sub-Saharan Africa, parts of Latin America and the Caribbean, the Middle East and South Asia. The study on "Urban and Peri-urban Energy Access" proposes to address the issue of access to clean energy services for the urban and peri-urban poor residing in cities of developing countries, which are experiencing exclusion despite the numerous energy reforms initiatives. The objective of the initial scoping study is to carry out an assessment of the energy situation and identify viable and proven policy options that can assist in providing cleaner and more sustainable energy services to the poor in the rapidly growing urban and peri-urban population in and around the mega-cities around the world, in the context of a rapidly reforming energy sector. The new thematic study was initiated in July 2006 and is being conducted by ten GNESD Centres. The preliminary findings of the study will be presented and discussed at the upcoming GNESD Assembly, 15 November in Nairobi, Kenya. The presentation and discussion will be lead by the coordinator of the new theme, Ms Akanksha Chaurey from The Energy and Resources Institute (TERI), India.

TERI

TERI has been one of the founder GNESD Centres and has participated in all previous research themes. The Peri Urban study is being coordinated by TERI with a team of four professionals- Akanksha Chaurey, Manisha Jain, Chhavi Dhingra and P K Agarwal.

TERI was formally established in 1974 with the purpose of addressing and dealing with the immense and acute problems that mankind is likely to face in the years ahead - on account of the gradual depletion of the earth's finite energy resources which are largely non-renewable and on account of the existing methods of their use which are polluting. A unique developing country institution, TERI is deeply committed to every aspect of sustainable development. From providing environment-friendly solutions to rural energy problems to helping shape the development of the Indian oil and gas sector; from tackling global climate change issues across many continents to enhancing forest conservation efforts among local communities; from advancing solutions to growing urban transport and air pollution problems to promoting energy efficiency in the Indian industry, the emphasis has always been on finding innovative solutions to make the world a better place to live in. With staff strength of over 700, drawn from multi-disciplinary and highly specialized fields, offices and regional centres equipped with state of the art facilities, and a diverse range of activities, TERI is the largest developing country institution working to move human society towards a sustainable future.



From Right to Left: Mr. P K Agarwal, Ms. Akanksha Chaurey, Ms. Manisha Jain, Ms. Chhavi Dhingra



Access to modern forms of energy is a pre-requisite to reaching the MDGs?.

Energy is not a direct part of the UN's Millennium Development Goals (MDGs), but a recent study carried out by GNESD concludes that energy is a major multiplier of efforts to reach the MDGs as it facilitates the overall economic improvement of the country.

For a country to achieve the Millennium Development Goals, the key development issues need to be addressed simultaneously, including economic productivity, education, health and gender issues. Energy is an essential component of all these issues, contributing to multiple and synergetic development impacts. The study concludes there is a need to address energy considerations in broader development strategies, as well as the importance of quantifying links between energy and development to move beyond an intuitive understanding of how energy and development are related.

The GNESD analysis complements many other studies on energy and MDGs by building on a series of case studies carried out by different GNESD centres. Examples of cases are: In Senegal on the country's LPG programme, in South Africa on the national electrification programme, in Bangladesh on rural electrification, in Brazil on rural electrification, and in Kenya on treadle pumps.

One specific lesson from the case studies is that the use of public funds to support energy interventions with high social returns can help reach the MDGs. However, the study also cautions that subsidies must be ensured to benefit the poorest households and families, as badly designed universal subsidies have excluded them. The case studies also reveal a number of successes, including rural electrification programmes in Bangladesh and South Africa, low cost electrification in South Africa, the use of locally grown biofuels in Brazil to generate electricity, and innovative irrigation technology in Kenya. All of these projects contribute to reducing poverty.

The report of the study will be available early 2007.



Advocating Partnerships - GNESD at CSD 14

GNESD was actively participating in events taking place in connection with the formal meetings of the Commission for Sustainable Development (CSD 14) in May 2006. The network presented the study on renewable energy and poverty and launched a new 'Summary for Policy Makers' (SPM) on the topic along with a short GNESD Information brochure.

In the "Partnership in Practise" Workshop, John Christensen, Head of GNESD participated in a discussion of synergies between the different World Summit initiatives GVEP, REEEP, EUEI and LPG Challenge.

GNESD's findings were in addition specifically presented and vividly discussed at two Side events. The Side events were attended by a large number of delegates including government officials, donors, journalists, NGO representatives and private sector representatives.

All materials are available from Network's web site at www.gnesd.org

GNESD

Secretariat:

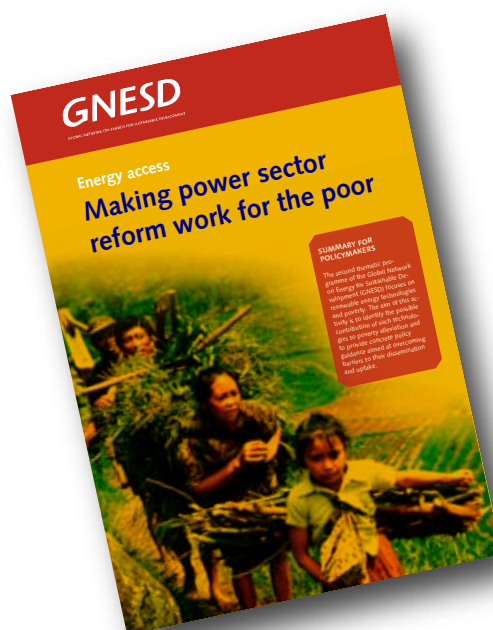
The GNESD Secretariat is located at Risø National Laboratory (RNL), Denmark, which is also the host of the UNEP RISØ Centre (URC).

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A dedicated web site for the GNESD is located at www.gnesd.org. This newsletter provides information on the activities of GNESD and the views expressed do not necessarily represent those of UNEP or Risø National Laboratory. For additional information or comments please contact the editor, Mette Annelie Rasmussen (mette.annelie.rasmussen@risoe.dk). GNESD is printed on 100% recycled, chlorine-free paper. Layout by Finn Hagen Madsen, finn@studio8.dk.

Upcoming events:

GNESD Assembly 2006 will be held in Nairobi, Kenya on 15 November During the Assembly the Network's activities will be presented and discussed. Plans for 2007 will be discussed and decided on with special focus on future thematic studies that could be initiated in 2007 and assessment of the impacts of the studies carried out so far. For more information on the GNESD Assembly, please contact Outreach and Information Officer mette.annelie.rasmussen@risoe.dk



Publications:

Summary for Policy Makers
Energy Access Making Power Sector Reform work for the Poor.