



IEF holds energy poverty symposium in South Africa

Participants call for tangible results in alleviation efforts

PHOTO: IEF5

The Republic of South Africa, December 8-9, hosted in the City of Johannesburg, an International Energy Forum (IEF) Symposium on Energy Poverty. This was a joint effort by the Riyadh, Saudi Arabia-based IEF and the South African Ministry of Energy, bringing together energy specialists and independent experts from various countries and international organizations, among them OFID.

The objective of the symposium was to explore ways and means of reversing the difficulties associated with energy poverty and, *via* informed dialogue, move toward achieving the *Millennium Development Goal (MDG)* of eradicating extreme poverty and hunger by 2015. Participants included officials from developed and developing countries; representatives of government and industry; finance institutions; non-governmental organizations and international aid agencies. They made recommendations on ending energy poverty

for presentation to energy ministers at the 12th IEF scheduled for Mexico, March 29-31, 2010.

The symposium agreed that energy poverty programs are severely underfunded; and that the current financial crisis has made an already difficult situation critical. Lack of access to, and affordability of, modern energy services burdens nearly two billion people and continues to impede the achievement of the MDGs. Despite efforts, energy poverty has retained an upward trend through recent years.

The symposium followed the recommendations of the 11th IEF which was held in Rome, April 20-22, 2008. The Rome Forum noted that “lack of access to modern energy services...perpetuated the poverty cycle and inhibited economic development, availability of clean water and food, while preventing education and training and acceptable health standards.”

Ministers at the Rome Forum called for solidarity among IEF countries and a change in the collective efforts of all relevant international organizations to help achieve the MDGs by halving poverty rates. The message echoed that of the *ad hoc* Jeddah and London Energy Meetings (June and December 2008, respectively), where Ministers called for the intensification of efforts from national, regional and international finance and aid institutions to alleviate the consequences of high and volatile oil prices on the least-developed countries and agreed on the importance of multilateral measures to mitigate this effect.

Participants at the Johannesburg symposium concluded that concerted action should be taken against energy poverty, as the issue stalls progress in achieving the MDGs. They said capacity

building in statistics was necessary to provide a basis for the development of benchmarks and indicators for energy poverty against which needs could be defined and progress measured. A Venezuelan delegation drawn from the Venezuelan national oil company, PDVSA, presented a *Proposal for a Solidarity-Based Energy Cooperation* designed to combat energy poverty in the 49 poorest countries of the world. The delegation posited that the potential existed for inter-governmental cooperation to assist in the reduction of energy poverty. They called for the creation of an *ad hoc* group to discuss the feasibility of their proposal.

In its own presentation, OFID stressed that it was “not waiting for the announcement of a new Millennium Development Goal” to step up its fight against energy poverty, but had already “intensified its assistance,” using all the financing facilities at its disposal. Indeed, OFID has approved a number of energy-oriented public sector loans in recent months and expects to see growing private participation in the power sector in response to the huge scale of the investment required.

In general, Symposium participants observed that, in addition to their traditional role of lending to public and

private sectors, international financial institutions should scale-up their operations, enhance international coordination and effectiveness, support national or regional programs and trans-border projects and back human resource and institutional capacity building. Participants suggested that financing from international financing institutions should be refocused on infrastructure, regional integration projects and local projects that have tangible results in alleviation of the poverty situation.

Speaking at the close of the symposium, IEF Secretary General, Mr. Noé van Hulst stated that “...no nation in history has significantly reduced its poverty levels without increasing its energy usage. It is crystal clear that access to modern energy services is one of the cornerstones of poverty reduction and a key element in achieving the MDGs.”

Symposium participants reviewed the role of different stakeholders and reached a number of conclusions and recommendations:

- Energy poverty affects nearly every corner of the globe to some extent, but is felt most in sub-Saharan Africa, South Asia and Latin America. Some 2.5 billion people lack access to modern fuels for cooking and heating and this figure

is set to increase to 2.6 billion by 2020, according to IEA projections.

- The causes of energy poverty cannot be separated from the causes of general poverty; the two are related.
- Improving energy access may not be a sufficient condition to accelerate economic and social development, but no nation has significantly reduced its poverty levels without increasing its energy usage.
- The use of non-commercial fuels poses a severe health risk, affects longevity, reduces the productive capacity of entire communities and makes education more difficult.
- Although an international problem, energy poverty has a local dimension and can be improved through domestic energy policy reform.
- Energy poverty programs are severely under-funded, and the credit crisis has made this even worse.
- There is a need for greater dialogue between governments, and international efforts can better leverage economies of scale to reach the largest number of energy consumers and help reduce energy poverty.
- The role of developed countries would be to provide financial and technology-related assistance to developing countries, to help and support human resource development as well as institutional capacity building.
- New impetus and more widespread participation are called for in the “Energy for the Poor” Initiative.

The IEF is the world’s largest recurring gathering of Energy Ministers. IEF member countries account for more than 90% of global oil and gas supply and demand. Through the Forum and its associated events, ministers and energy industry executives participate in dialogue which is of increasing importance to global energy security. The next IEF Ministerial Meeting will be hosted by Mexico in Cancun, March 29-31, 2010. The co-hosts will be Germany and Kuwait. ■

