IEA Conference

Energy for all:

Financing access for the poor

A new architecture for financing access to modern energy services

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OPEC Fund for International Development

- ✓ Established 35 years ago
- ✓ Financial support to non-OPEC developing countries
- ✓ $13 Billion in 129 countries
- ✓ Half of operations for Africa
- ✓ Cooperation with: World Bank, Asian Development Bank, African Development Bank
- ✓ Closer coordination with “Arab Coordination Group”: $5 billion per year in development assistance

1976-2011

New financial architecture

- ✓ Two pillars: financial & institutional
- ✓ Not a revolution
- ✓ To build on the positive aspects of the current financial architecture
- ✓ To propose relevant points of improvement to ensure sustainable energy access for all

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THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

Need for a diversified financing mix

- ✓ Wide spectrum of projects: from cook-stoves to power plants
- ✓ Each type of project needs a specific type of financing
- ✓ Diversified financing mix: Local, international
  From grants to market based loans with appropriate risk sharing

Need to improve the project identification process

- ✓ Lack of substantial pipeline of good projects to reach the poor
- ✓ Countries: further prioritize energy access, in national development strategies
- ✓ DFIs: More feasibility studies to be carried out with grants. With enhanced coordination amongst DFIs

Need to define sustainable business models for the poor

- ✓ Paradoxically, the poorer they are, the more they pay for energy
- ✓ Not all energy projects reach the poor
- ✓ Market–based approach ineffective; strong government involvement with pro-poor policies necessary
- ✓ Appropriate subsidies coupled with structured tariff: cross subsidization, prepaid meters, reliance on renewables
- ✓ Prerequisite: strengthening financial institutions, developing capacity building

Need to enhance DFIs coordination

- ✓ Aid fragmentation is detrimental to effectiveness
- ✓ Better DFI coordination: harmonization, risk mitigation, project identification and finance, synergy between technology and finance
- ✓ ‘Arab Coordination Group’, the World Bank and others: “*coalition of the willing”* against energy poverty

Thank you