



## Energy for all: Financing access for the poor

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### BACKGROUND

The IEA, in cooperation with UNDP and UNIDO, concluded in its flagship publication the **World Energy Outlook** (WEO) that there are 1.4 billion people in the world currently without access to electricity. This assessment has changed little from when it was first undertaken in 2002 and will not have changed significantly by 2030 unless stronger action is taken. Furthermore, 2.8 billion people will still use traditional biomass for cooking in 2030, and the related health effects will result in an estimated 1.5 million premature deaths per year. The lack of access to modern energy services is a serious barrier that will continue to impede the achievement of several of the UN Millennium Development Goals (MDGs) unless we act quickly and decisively. WEO 2010 has identified the scale of this crisis, measured the negative impacts of it on poverty, health, gender equality and has now estimated the scale of action required to tackle it. To achieve universal modern energy access by 2030, it is estimated that investment of \$36 billion per year is required, or around 0.05% of the average annual global GDP.

*How best to raise and administer the financing to deliver energy access to those in need?* The IEA will devote a *special excerpt* of the **2011 World Energy Outlook** to this question, entitled “**Energy for all: financing access to the poor**”. The study will seek to evaluate available and potential sources of financing, and detail a new architecture for financing universal modern energy access. It will be presented to a special high-level meeting of senior Government representatives and international institutions - “The Oslo Conference” - hosted by the Government of Norway on 10/11 October 2011.

Specific issues to be addressed in the study include:

- Identifying successful solutions adopted in Developing Countries to deliver energy access, the financing mechanisms used and how to scale up efforts.
- Examine the existing sources of government and non-government financing, where and how they are being deployed and seek to identify the financing “gaps”.
- Assess the current role, and potential, of private finance and expertise in delivering energy access. Identify the most suitable mechanisms and the commercial conditions required.
- Bring available and effective methods of financing, existing institutional frameworks and delivery mechanisms together to form a recommendation for a new financial architecture to achieve universal energy access.

This IEA is hosting a meeting to gather input for the energy and development analysis that will appear in the World Energy Outlook 2011. It will bring together experts from across private/public financial institutions, and national/international government and non-government organisations that work on energy and development to share views and information on how to forge new, cost effective approaches to help create a sustainable energy future.

International momentum is now increasing on the issue of energy access and the UN has declared 2012 as the “International Year of Sustainable Energy for All”. High global energy and food prices have brought greater international focus on the economic impacts generally, and more specifically onto the impact on the poor. Action is needed now in order to translate the goal of universal access to modern energy into tangible progress supported by adequate financing.