

ELECTRICITY ACCESS AND DEVELOPMENT CHALLENGE IN AFRICA

13-14 July 2005

UNEP Headquarters Complex, Nairobi, Kenya

Opening Remarks by Mr. Mandil

Distinguished guests, ladies and gentlemen, on behalf of the IEA I would also like to welcome you to this workshop on Electricity Access and the Development Challenge in Africa.

I would like to extend a warm thank-you to AFREPREN for organising this important workshop and to the workshop's co-sponsors, the Global Network on Energy for Sustainable Development (GNESD), the United Nations Development Programme (UNDP) and the United Nations Environmental Programme (UNEP) for their efforts in the run-up to the meeting. In January of this year, we embarked on a series of workshops on the developing world and the electricity challenge at the IEA headquarters in Paris; and we are very happy to be involved in the second meeting of this series here in Nairobi.

The IEA is very pleased to be able to continue the collaborative efforts we have already engaged in with these organisations. We are looking forward to close co-operation with UNEP on the World Energy Outlook's World Alternative Policy Scenario, which is given a lot of emphasis by the IEA's Member Countries, as well as continuing work on the IEA Implementing Agreements.

Recent IEA work, presented in our World Energy Outlook series, has provided a much needed analytical basis to the issue of Energy Poverty. At present, some 1.6 billion people, about one quarter of the world's population, have no access to electricity. Without such access, it is virtually impossible to carry out productive economic activity or improve health and education. As a result, poverty becomes inescapable. Many countries have established a virtuous circle of improvements in energy infrastructure and economic growth. But in large areas in South Asia and sub-Saharan Africa, the process has barely got off the ground. A second hallmark of Energy Poverty is the reliance on inefficient use of biomass. Currently some 2.4 billion people use traditional fuels in unsustainable and inefficient ways for cooking and heating.

Lack of access to electricity remains the clearest indicator of Energy Poverty - and, indeed, of poverty in general. Yet, our analysis indicates by 2030 there is a very real likelihood that absent strong policy changes, the picture would remain the same, frustrating economic development, hindering critical quality of life and environmental improvements, and condemning billions of people to continued

poverty. On moral grounds, it is totally unacceptable. On political grounds, it is clear that rich industrialised countries have long-term economic and security interests in helping developing countries along the energy development path.

The IEA's work on Energy Poverty has raised awareness of the issue throughout our member countries and helped boost its standing on the international energy agenda. Our work has also provided an analytical basis to a number of note-worthy initiatives including the World Summit on Sustainable Development in 2002 and the UN's Millennium Development Goal project. In January, we convened a workshop on "Electricity and Development" that drew participants from around the world and provided impetus for further work and led to my presence here today. Some of the key outcomes included:

- Identifying as a main objective the need to improve the understanding of the role of electrification in alleviating poverty and finding creative ways to improve investment flows to energy projects in developing countries
- Emphasizing that energy is a prerequisite for economic development
- Urging that energy be recognized as a key component of the development debate
- Noting that there is no "silver bullet" for the electrification challenge: dedicated efforts, local-level initiatives and ring-fencing of resources for electricity provision are indispensable

Indeed, there is a growing recognition of the urgent need for a global effort to combat poverty. I had the honour of attending the G8 Summit last week in Gleneagles. One of the key issues highlighted by the G8 President, British Prime Minister Tony Blair, was a call to action focussed on the challenges of overcoming poverty in Africa. This initiative, which received broad support from the other members of the G8 as well as the African leaders invited to the Summit, will no doubt involve improving access to energy. For example, the final Summit communiqué specifically states:

"Around 2 billion people lack modern energy services. We need to work with our partners to increase access to energy if we are to support the achievement of the goals agreed at the Millennium Summit in 2000."

The IEA is pleased to be a part of this international effort.

Oil prices have hit a record level. As IEA analysis indicates, this hurts the economy, especially in the developing world. For example, the debt deal that the G8 countries agreed on last month is set to save the sub-Saharan African countries around \$1 billion a year; however, the rise in crude oil prices will cost these countries an

additional \$10.5 billion in oil imports, more than offsetting this gain. With prices in the range of \$55 to \$60, these countries stand the risk of seeing GDP being reduced by 1-2 per cent. This is not to say that the debt deal is not useful, but that prices should really decrease!

With many of the challenges of energy poverty already quantified, we are confronted with crafting the solutions to these challenges. Overcoming energy poverty will require a long-term concerted effort. This brings me to the objective of this workshop, which is to improve our understanding of the role of electrification in alleviating poverty and supporting development in Africa. I am very pleased to be taking part in this workshop, and I hope that in the two days that lie ahead, some of the basis can be laid for meeting these energy poverty challenges.

Thank you.