

## BASIC South Initiative



Quarterly Issue - 2

### Energy Access for All: Pipe Dream or a Reality?

*By Srinivas Krishnaswamy and Sunita Dubey*

*World is at a crossroad today, especially when there are 1.3 billion people without any electricity access, and 40% population have no access to safer and cleaner fuels to meet their cooking needs. This facts pales all the success made in 20th and 21st centuries, and it remains to be seen whether the world's leaders have the political will to commit resources to tackle these very basic human needs.*

*We are living in a finite world, therefore it is critical that any solutions sought to bridge this huge gap has to be based on innovative, local, and cleaner energy options. We cannot afford another 20 years of inaction by the global community.*

The urgent need to address climate change, the concerns about depleting fossil fuel reserves and volatile global oil prices, and the continuing economic crisis have, amongst other reasons, put “energy” at the center of public policy debates and discussions in the past few years. While the discussions are centered around addressing energy security, the more immediate crisis that most developing countries face, energy access and eradicating energy poverty, gets marginalized in the public policy debates and discussions.

While, perhaps, the call given by the UN Secretary General for “Sustainable Energy Access for All” by 2030 comes at a significant time, even this initiative in its current form seems to focus more on electricity rather than addressing the crucial issue of ensuring clean energy services access for all. The single-minded focus on the commercial energy



sector, which is primarily about electricity generation, frequently ignores the issue of energy poverty.

The facts of energy poverty are striking: 1.3 billion people remain without access to electricity, but more than double that number, which represents 40% of the world's population, rely on traditional biomass for cooking and heating. As billions of the world's poorest people struggle to meet their energy needs, over-consumption of energy in the North is driving dangerous climate change – 11% of the world's population produce half of all greenhouse gas emissions.

Broadly, access to energy services should address the key issues of:

- (a) universal access;
- (b) equity (in terms of bridging the gap between urban and rural; availability of energy supply and access to services, as well as addressing gender differences in access to and usage of energy);

- (c) reliability;
- (d) affordability (pricing and subsidies); and
- (e) appropriate and adequate supply.

This means that people: get access to meet their lighting, heating and cooking requirements; sufficient energy to ensure water pumping for irrigation and to supply clean piped drinking water to households, thereby ensuring adequate sanitation; are provided with energy for education and health facilities; have energy to run small agro based industries; and are able to access adequate energy for communication, entertainment and recreational purposes. In other words, there needs to be a linkage between energy and development and particularly mainstreaming of gender into energy policy which would ensure holistic development and make the distinction between mere electricity supply for lighting and electricity or energy supply to address energy services as a whole.

This would require addressing many flaws in the current energy policy framework and embracing new pathways that promote sustainable development, which governments the world over have been reluctant to adopt. In a fast emerging economy, while gross domestic product (GDP) growth is linked to energy growth, the two need not necessarily have a perfect positive correlation. Hence, energy growth needs to be de-coupled from GDP growth. This is especially important since energy poverty continues to be, to a greater or lesser extent, a major issue even in fast developing economies such as India, South Africa and China.

***Compared to current energy sector spending, the cost of delivering energy to meet the needs of poor people is only about 2.85% of total global energy investment.***

Development planning the world over has consistently been driven from the top, which has led to service delivery failures. Emphasis should be given to more bottom-up energy planning, which caters to the needs of the people. The current dominant development model is focused on achieving macro-economic growth. This results in a predominant attention to, and investment in, large-scale energy infrastructure to provide energy for growth (i.e. large scale coal, large hydro, transmission grid, and pipelines). Much of the infrastructure for energy in developing countries is for the export of energy to other countries, or to urban centers, and not for local use. A bottom-up approach to planning, with the mainstreaming of gender into energy policies, will address the huge disconnect between inclusive development and energy growth. The fact that limited access to energy has a disproportionate

affect on women, especially in rural areas, tends to be ignored in most energy policy frameworks. Women spend large amounts of time and physical effort supplying fuel for their households and productive needs, using their own labour to carry heavy loads over increasingly long distances, at great risk to their health and safety. Other health hazards arise from the fact that women do most of the cooking. They and their young children are exposed to large amounts of smoke and particles from indoor fires and suffer from a number of respiratory diseases. Lack of energy services is directly correlated with the major elements of poverty, including inadequate health care, low education levels and limited employment opportunities.

Currently, there exists a large funding gap in the provision of energy for the poor which has not been seriously addressed by existing financial mechanisms and financing institutions. Political will and the commitment of governments is also urgently needed to prioritize investment in energy as critical for development of the poorest sectors.

An estimated US\$435 billion would be required to provide electricity to all of the population presently un-served. An estimated investment of US\$135 billion would enable about 50% of the population currently cooking with traditional biomass, such as fire-wood and dung cakes, to switch to cleaner and more efficient sources of energy. Compared to current energy sector spending, the cost of delivering energy to meet the needs of poor people is only about 2.85% of total global energy investment. This has to be funded by international aid, multilateral financing, climate change financial mechanisms, governments and local private sector investment.

Redirecting subsidies would be one way to ensure adequate funding and, importantly, address the current flaws in energy policies. While subsidies are often justified “for meeting the needs of the poor”, it is the industrial sector, the rich and the urban consumers who benefit from the hidden, as well as overt, subsidies, particularly for fossil fuels. A shift of these mammoth subsidies, which is predicted to add up to US\$600 billion per year<sup>1</sup>, can go a long way to addressing energy poverty. Any long-term energy policy and plans will also require a complete buy-in from the industry. While the right policy framework can create an enabling environment for investment in clean energy sources, the participation and innovation of the industry to compete in the energy space with conventional energy is absolutely imperative. This also supports policy makers to phase out fossil fuels and conventional forms of energy generation, which takes them out of their comfort zones.

Right now, in most countries, the tried and tested pathway forms the back bone in energy generation planning. It is a technology that they know, are confident of deploying, and the results of which they can be confident in. For policy makers to look beyond business-as-usual approaches and opt for new and cleaner forms of energy, support by industry is crucial.

There are already agreed principles in the Rio process which set the tone for building a green energy and sustainable energy pathway as a major component for an effective and equitable Green Economy. A comprehensive normative framework already exists to guide inclusive and equitable energy policies. There is no need to re-invent the wheel. All that has to be done is to set the wheel in motion and develop a mechanism which pushes the wheel to top

speed. We have already lost twenty years since the Rio Declaration was adopted, with no concrete action, and we cannot afford to lose more time. We do not need any more political declarations, but strategies and implementation plans that can set in motion the Rio Principles already adopted, ensure clean energy access for all and make a complete shift from fossil fuels and other conventional power generation to renewable energy sources in a timely manner.

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## Rio+20: A Way Forward to Achieve Energy Access

*By Srinivas Krishnaswamy*

Countries will come together in June 2012 to negotiate elements for a Green Economy and to hopefully and finally take forward the decisions agreed in the Earth Summit of 1992. This also comes at a time when the Sustainable Energy for All Initiative, initiated by the UN Secretary General is drawing a lot of public attention to the issue of energy poverty and energy access. What is required at this juncture is to agree on a strategy to implement what was already agreed in the Earth Summit of 1992 in a time-bound manner. In considering the energy needs of poor and marginalized people countries need to agree and put in place the following policy elements in order to secure clean energy access for all and to safeguard the environmental integrity of the planet for future generations:

- Reaffirm their commitments to the principles of the Rio Declaration and develop an ambitious work program with quantified time lines of action towards providing sustainable energy for all.
- Commit to pursuing the most ambitious scenarios for renewable energy, as outlined by the IPCC Special Report on Renewable Energy and set high ambitions for increasing energy efficiency, leading to a doubling by 2030 as proposed in the Sustainable Energy for All Initiative.
- Establish an energy pathway, which would pave the way to the extent possible, for a shift from the current patterns of centralized grid generation and distribution towards decentralized renewable

energy generation and distribution. Initiate and explore the possibilities of energy cooperation and trade between countries aimed at creating a common electricity grid for regions in order to maximize clean energy potentials in each of the countries of the region.

- Energy access for all must go beyond electricity, and ensure that people have access to clean fuels for meeting their heating and cooking requirements, while also, importantly, helping in livelihood enhancements.
- Development planning all over the world over has been largely a top-down processes, which has led to service delivery failures. Priority therefore should be given to more bottom-up energy planning which caters to the needs of people over industries. Further, and importantly, the planning process should mainstream gender equity considerations into energy policy planning and development.
- Following a bottom-up approach in energy policy planning, civil society and multi-stakeholder groups need to be engaged and their perspectives heard and incorporated into the energy planning processes. Such planning and participatory processes need to take into account gender differences in the access and usage to energy resources and include measures to strengthen women's empowerment and gender equality.



- The current dominant development model is focused on achieving macro-economic growth. This results in a predominance of investments in large-scale energy infrastructure to provide energy for growth (i.e. large scale coal, large hydro, transmission grid, and pipelines). Much of the infrastructure for energy in developing countries is for the export of energy to industrialized countries or urban centres, and not for local use. This has become apparent in the case of the Medupi coal-fired power plant in South Africa. There is a need to redress the balance, with much more attention and investment directed towards the supply of local energy services for poverty reduction in local communities. Decentralised renewable energy solutions, for instance, have improved livelihoods of communities by providing numerous benefits, particularly for women and children, who suffer the most, in terms of time-, physical-, health- and environmental burdens, from a continued reliance on traditional biomass as primary energy source.
- There is a large funding gap in providing energy access for the poor, which has not been seriously addressed by existing financial mechanisms and financing institutions. Political will and the commitment of governments is also urgently needed to prioritize investment in energy for development of the poorest sectors. Channelizing subsidies and re-directing them from fossil fuel to clean energy solutions, would be one way to ensure adequate funding and, importantly, to address the current flaws in energy policies
- In a fast growing and emerging market economy, energy growth needs to be decoupled from GDP

growth, with energy growth projections modeled on a sustainable pattern of consumption. Instead, energy projections should factor in efficiency, energy conservation and demand side and peak hour power demand management measures.

- In the medium- to long-term, pricing of the entire energy sector needs to be changed to make it more uniform and consistent, and the price should include socio-environmental costs. In many ways, the current socio-environmental costs have been subsidised, mainly by the poor and the indigenous communities who have been devastated by mining and deforestation. However pricing reforms can only occur in the context of broader institutional and regulatory reforms. These changes need to come from within the countries, and not be driven from the outside. Existing institutions may have to take on new roles and, in some cases, multiple new institutions may have to be created. All of this, again, needs political will, which it is possible to build with large stakeholder consensus.
- An inclusive process with the participation of all relevant stakeholders, including societal groups traditionally marginalized such as women or indigenous peoples, is the best way to built national consensus and to create the necessary political will.

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# Let's Get Serious About Protecting People and the Environment

By Traci Romine

## **Governments at Rio+20 in June Should Act on Fossil Fuel Subsidy Removal**

As long as governments in the south and the north spend hundreds of billions in public monies to subsidize consumption and production of fossil fuels, we will not make any real progress toward building a better future or green economies or achieving sustainable development or whatever the latest catch phrase may be for protecting people and the environment. The idea that we could build green economies—or protect the poor, solve the climate crisis, and provide energy access—by financing dirty fossil-fuel dependent models just doesn't pass the straight face test.

Consider the numbers: Of the \$409 billion total in consumption subsidies in 2010, the International Energy Agency (IEA) found that only \$35 billion, or just 8 percent, reached the poorest 20 percent of income groups. Furthermore, a survey of eleven developing economies comprising 3.4 billion people found that only 2 percent to 11 percent of the poorest populations were actually benefitting from fossil fuel subsidies. South Africa had the lowest share, 2 percent, of poor beneficiaries.

Energy financing from multilateral development banks, including the World Bank Group and regional development banks, also does not achieve the aim of increasing energy access for the poor or combating climate change. A study by Oil Change International of the 2010 energy financing by multilateral development banks, available at <http://shiftthesubsidies.org>, found that of the total US\$41.6 billion in energy financing in 2010, just \$1.6 billion, or less than 4 percent, was explicitly directed to projects and programs to provide energy access for the poor. Consumption subsidies, by the way, are expected to skyrocket to US\$630 billion in 2012.

On the production side, credible estimates put subsidies to fossil fuels at between US\$75 to US\$100 billion a year. In 2010, coal got the most producer subsidies, at an estimated 39 percent of the total, while “petroleum and natural gas accounted for about 30 percent each of total producer support in 2010,” according to the IEA's World Energy Outlook 2011. And to really make you laugh at the absurdity of all this, in the U.S. and the rest of the industrialized world production subsidies also serve as corporate welfare to the oil and coal industry that return the favor with lavish campaign contributions.



The public is starting to demand action to eliminate these wasteful subsidies. In just a few days since its recent launch, more than 600,000 people worldwide signed an Avaaz petition calling on leaders to make progress on this important issue. In 2009, G20 leaders committed to phase out these subsidies. But unfortunately, their commitment hasn't turned into action. So more than 75 NGOs recently outlined four key ingredients to making real progress on reform at the next G20 gathering in Mexico and the Rio+20 Conference on Sustainable Development.

**Define Plans to Phase out Fossil Fuel Subsidies by 2015:** In Pittsburgh in September 2009, G20 leaders pledged to “phase out and rationalize over the medium term inefficient fossil fuel subsidies while providing targeted support for the poorest.” Progress however has been slow. In order to fulfill this commitment, leaders should immediately establish a timeline for this process. Countries should agree to eliminate fossil fuel subsidies by 2015.

**Increase Transparency and Consistency in Reporting of Subsidies:** To remove subsidies, we need to know what they are. Up to now, the disclosure of producer subsidies in particular has been lacking in many countries. It is imperative that governments commit to fully and fairly disclosing the existence and value of all fossil fuel subsidies in order to allow for informed, robust plans for reform.

**Incorporate assistance and safeguards to developing countries, as well as poor and vulnerable groups:** Fossil fuel subsidy removal, particularly consumption subsidies, will only be successful by incorporating safeguards for poor and vulnerable groups, and by assisting with financial, technical and capacity building in developing countries, where needed.

**Establish or identify an international body to facilitate and support fossil fuel subsidy reform:** An international body should be created or identified to support the global effort to phase-out fossil fuel subsidies. This body, wherever it is housed, should be transparent, inclusive of civil society, balanced to include representation from developed and developing countries, and sufficiently empowered to assess commitments by countries.

This is a recipe for success that actually would pass the straight face test, and free up resources to combat climate change, bring decentralized, renewable energy to the billions without access, and truly protect people and the environment now and in the future.

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## “China Going Green” Dialogue

by *Lina Li*

The “China Going Green” Dialogues is a series of events that will launch at the 2012 UN Conference on Sustainable Development (Rio+20), initiated by a group of Chinese NGOs and foundation, including SEE Foundation, Shan Shui Conservation Center, Greenovation Hub, Friends of Nature, Institute for Environment and Development, Institute of Public and Environmental Affairs and China Association for NGO Cooperation (CANGO), in partnership with UNEP and along with participation by more than 20 Chinese companies. Representatives from the UN and international and Chinese NGOs will join some of China’s key enterprise leaders in a number of fora on June 17th and 18th during Rio+20. Discussions will offer a view on the present and future state of green economies in China, with the aim of cementing further cross-collaborations between civil societies and the private sector.

Simultaneously, the events will profile the diversity of Chinese civil societies in their twenty years of development, as well as the innovative green practices that are emerging out of various facets of China’s economic and social development. Highlights include:

- 1) Launching “China Going Green? A Civil Society Review of 20 Years of Sustainable Development.” This report was drafted by 20 authors from various backgrounds, and reviewed progress made by China in the last two decades in the sphere of sustainable development.
- 2) Launching “Transformative Practices in the Greening of China.” These case studies aim to offer a window into the present and future state of China’s green development.

These showcase various examples of how civil society is involved in promoting sustainable development, but also indicates that China’s green transformation is still in its infancy and has much room to improve. The “China Going Green” Dialogues are expected to fuel more substantive breakthroughs in supply chain management, greenhouse gas quantification, eco-friendly technology and clean manufacturing. An increasing number of companies are taking interest in Rio+20 and looking for ways to deliver their commitment in helping China go green. Rio+20 will present a great opportunity for Chinese enterprises and entrepreneurs to exchange experiences with their peers from around the world, to share expectations of and a mutual faith towards the future of green economies.

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## ***Developing nations side with BASIC in climate talks***

At the recent Bonn climate talk, larger developing economies together with African countries came to bind around the BASIC to demand that principles of equity and 'common but differentiated responsibility' be operationalised in the post-2020 climate regime. (Times of India) (or if you find better ones about Bonn)

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## ***UN climate talks 'stalled', Kyoto architect tells AFP***

UN climate talks are going nowhere, as politicians dither or bicker while the pace of warming dangerously speeds up, one of the architects of the Kyoto Protocol told AFP. (AFP)

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## ***Putting BRICS together***

Joint ventures in projects may lead to more two-way trade and investment flows, sharing of technologies and expertise. (Deccan Herald)

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## ***BRICS to disclose fund contributions to IMF***

The contributions to the \$430 billion global fund will be disclosed at the June G-20 summit in Mexico, according to a senior finance ministry official. (Live Mint/WSJ)

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## ***Add bricks to BRICS***

The real strength of BRICS or any similar organisation in future would not lie in its exclusiveness, but in its inclusiveness, writes the author of "Boom amid Gloom: 'The Spirit of Possibility in the 21st Century Gulf'". (Khaleej Times)

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## ***Rio+20: A green industrial revolution or climate change diplomacy?***

Twenty years after Rio 92, different ideological perspectives have gained prominence and geopolitical balances have more than ever complicated the upcoming Earth Summit. (Aljazeera)

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## ***Political shift will make or break Rio+20 summit***

The shifting sands of geopolitics could undermine progress to define sustainable development goals at Rio. (Reuters)

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## ***'Business as usual' is the wrong economic advice for the global south***

Inclusive growth in developing countries will depend on creating domestic demand and providing a favourable investment climate. (Guardian)

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## **Interesting Event in Rio+20**

**"China Going Green" Dialogues** include:

MAIN EVENT: "China Going Green" (JUNE 18th 14:00-17:00 at UNEP Pavilion)

SIDE EVENT 1: China Going Green? A Civil Society Review of 20 years of Sustainable Development (JUNE 17th 13:30-15:00 at RIO CENTRO, T-9)

SIDE EVENT 2: China Going Green? Youth Environmental Actions rising to the Challenges (JUNE 17th 15:30-17:00 RIO CENTRO, T-8)

SIDE EVENT 3: China Going Green? The Role of Public Participation and Civil Society Organizations in Greening China (JUNE 18th 11:30-13:00 RIO CENTRO, P3-A)

["http://www.rio20china.org"](http://www.rio20china.org)

## **Phasing-out fossil fuel subsidies: what is at stake and why now?**

Organizing partners: Natural Resources Defense Council, Oil Change International, and Vasudha Foundation India

Time 15:30 - 17:00

Date: 18 Jun 2012

Room: T-6

## **a) Challenges of Development Sustainable to BRICS countries.**

Organizing partners. Oxfam, ActionAid Brasil, ABONG, REBRIP

Date: 16 Jun 2012

Timetable: 14h00-16h00 1514

Room 5

Name: Chico Mendes (Peoples Summit)

## **b) Inequality & Sustainable Development-BRICS Perspectives**

Organizing partners

Oxfam International/ Coodenação Geral de Ações Internacionais de Combate à Fome (MRE-Brazil)

Timetable. 15:00h - 16:30h

Date: 21 Jun 2012

Room: T-8 Rio Centro-Side Event (UN)





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*BASIC South Initiative (BSi) is a core group of civil society organizations in the global South, which has come together to create partnerships with like-minded BASIC NGOs/social movements and networks that recognize this new power dynamic. Its aim is to amplify and bring new Southern voices, and resistance from the ground up, to move the BASIC countries to take a joint responsibility for their ecological footprint through coordinated actions for environmentally sustainable, socially just and climate-resilient development, and to demand transparency and accountability in the national and international institutions, and decision making processes at all levels of governance.*

## **BASIC South Initiative (BSi)**

*Amplifying voices from the South*

Visit our website at [basicvoices.org](http://basicvoices.org). Join our newsletter mailing list, email: [basicsouthinitiative@yahoo.com](mailto:basicsouthinitiative@yahoo.com)

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