

# Meeting the energy needs of the poorest – a role for social protection

Position Paper

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As an organisation working on climate justice, the Mary Robinson Foundation – Climate Justice (the Foundation) is concerned that many of the initiatives working to improve access to sustainable energy will not benefit the largest but poorest socioeconomic group, the so-called bottom or base of the economic pyramid. Identifying specific measures to reach those least able to pay for energy and low-carbon technologies is a priority area for the Foundation.



**Mary Robinson  
Foundation**  
Climate Justice

# A question of scale

Energy is inextricably linked to the major global challenges of our time: poverty, food security, access to clean water, public health, education, economic growth and climate change. Access to sustainable forms of energy has the potential to transform lives and is critical to addressing each of these challenges. The United Nations General Assembly has recognised this by declaring the decade 2014-2024 the *Decade of Sustainable Energy for All*.

Issues of sustainable development are fundamental to efforts to achieve universal access to modern energy. Development is not possible without energy and sustainable development is not possible without access to clean, affordable, and sustainable energy. While climate change is one of the greatest development challenges the world currently faces, it is also an opportunity for developing countries to 'leapfrog' fossil fuel path dependency and become low-carbon sustainable development leaders. Access to sustainable energy is fundamental to achieving existing development goals such as poverty reduction, improved health, increased productivity and economic growth and must be fully integrated into the post-2015 development agenda. The poor have a right to development and it is in the interests of all if this development takes place using clean, affordable, sustainable energy.

The facts on energy access are well known:

- Approximately 1.3 billion people currently have no access to electricity
- 2.7 billion people rely on traditional biomass fuels for cooking and heating
- International Energy Agency projections based on current levels of investment will see 1 billion people still without access to electricity in 2030.<sup>1</sup>

None of the above can be regarded as acceptable. Similarly, 2030 has been identified as a target year for achieving universal access to modern forms of energy but 2030 is too far away. *As we embark on a Decade of Sustainable Energy for All*, we must acknowledge both the failure of current efforts to adequately address the needs of those without access to energy and the urgent need to develop alternative solutions. These solutions must address the critical question of scale. How do we scale up in order to meet the energy demands of those without access to energy?

<sup>1</sup> IEA, 2011, *Energy for All – Financing access for the poor*, accessed online at [http://www.iea.org/papers/2011/weo2011\\_energy\\_for\\_all.pdf](http://www.iea.org/papers/2011/weo2011_energy_for_all.pdf) 2 May 2012



Energy is an integral part of a chain that enables women and men to achieve other development outcomes, including education outcomes. Lighting allows students to study at night and facilitates evening classes.

Photo: Barefoot College

# Part of the solution?

While there is no silver bullet solution to meeting the requirements of those currently without energy access, the Foundation is of the opinion that social protection systems have the potential to deliver access to sustainable energy on a much greater scale than heretofore.

## How?

- Social protection systems offer a potential model for the delivery of access to clean, affordable and sustainable energy to those at the base of the economic pyramid. Typically, the beneficiaries of social protection programmes include the chronically poor and those who are economically vulnerable. They also constitute a significant proportion of those who currently have no access to energy. By default, countries with existing social protection systems have already identified the people whose energy needs are greatest and have the infrastructure and delivery mechanisms in place to reach them in a targeted way.

# Advantages to using existing social protection systems

- The definition of social protection used internationally varies considerably. The OECD refers to social protection as ‘policies and actions which enhance the capacity of poor and vulnerable people to escape from poverty and enable them to better manage risks and shocks.’<sup>2</sup> Incorporating an access to sustainable energy component is entirely compatible with this goal.
- Social protection programmes are established by governments with funding from a variety of sources including national budgets and international aid. Once programmes have been established they are monitored and evaluated on an on-going basis and issues of accountability and transparency are paramount. International donors are experienced in supporting these programmes and in working with ministries responsible for their administration.
- Social protection programmes have the potential to include a high degree of participation involving a range of stakeholders including beneficiaries, local communities and civil society organisations in addition to government ministries. The involvement of all stakeholders, in particular women, in determining the framework that informs how and what is delivered is critical to the effectiveness of both energy access and social protection programmes.
- Social protection systems have the capacity to adapt to achieve specific policy objectives:
  - Ethiopia’s Productive Social Safety Net Programme (PSNP) was designed as an alternative response to food aid and a deliberate attempt to shift away from short-term emergency response food distributions. The program targets transfers to poor households in two ways: through labour intensive public works and direct support. Households can choose whether to receive transfers in the form of cash or food. Over time this programme has developed to include a component to build resilience to climate change – the Climate Smart Initiative.
  - The Mahatma Gandhi National Rural Employment Guarantee Act in India aims to improve the livelihood security of rural households by providing at least 100 days of guaranteed wage employment in every financial year to a household whose adult members volunteer to do unskilled labour. Components of the work programme aim to reduce vulnerability to climate risks (water conservation, drought proofing and flood protection) as well as increasing agricultural productivity and food security levels.<sup>3</sup>

<sup>2</sup> OECD Publication, *Promoting Pro-Poor Growth: Employment and Social Protection* accessed online at <http://www.oecd.org/dataoecd/63/8/43514582.pdf> 30 April 2012

<sup>3</sup> Details on the Mahatma Gandhi National Rural Employment Act are extracted from a presentation on **Social Protection: Social Justice and Climate Justice** delivered by a representative of the Government of Madhya Pradesh, India at the Foundation’s meeting on Social Protection and Low Carbon Technology at The Pocantico Center of the Rockefeller Brothers Fund, 30 March – 1 April, 2012

# Advantages to using existing social protection systems

Acknowledging the pressures and constraints that social protection systems sometimes operate under, there is no reason to believe that these systems are incapable of adapting to include an access to sustainable energy component.

- The full potential of social protection programmes to deliver access to energy has yet to be explored. However, there are examples of social protection systems addressing fuel poverty:
  - The *Oportunidades* programme operated by the Ministry for Social Development in Mexico responded to increasing fossil fuel prices in 2007 by incorporating an additional cash transfer for household energy expenses. 5.8 million families benefited under the scheme and the programme reached 25 per cent of the country's poorest. However, the Ministry has recognised that increasing energy prices make continued direct cash transfers impractical and is investing in sustainable energy forms. One such investment was to provide ecological cookstoves for more than half a million Mexican households during the period 2007-2012.<sup>4</sup>

<sup>4</sup> Details on social protection programmes in Mexico are extracted from a presentation on **The role of energy consumption in households as part of poverty measurement and the social programs in Mexico** delivered by a representative of the Ministry for Social Development, Mexico at the Foundation's meeting on Social Protection and Low Carbon Technology, 30 March – 1 April, 2012

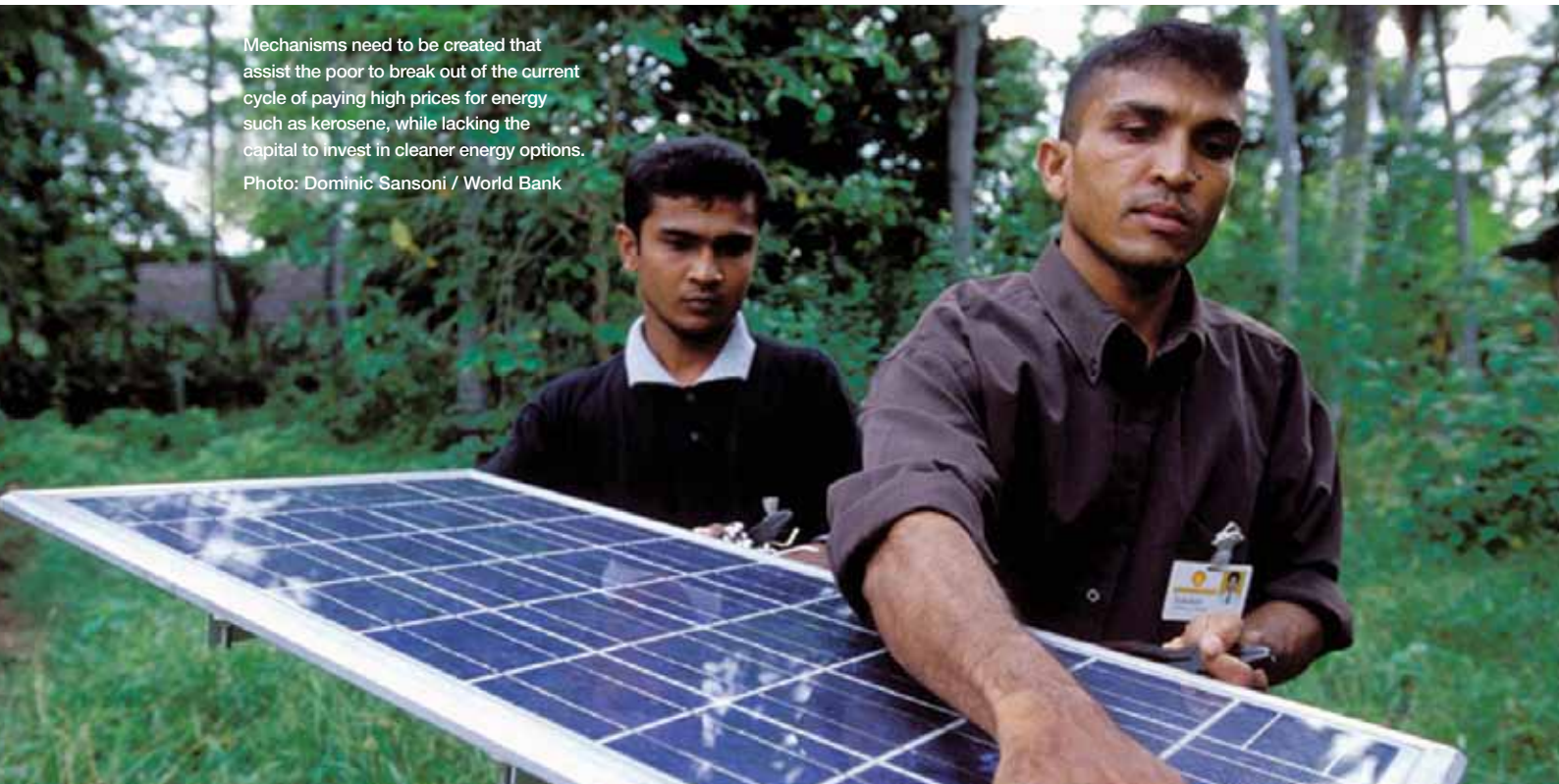
## Time for a new approach

The decision to address the energy needs of those at the base of the economic pyramid will ultimately be a political one. It is about recognising the ability of sustainable forms of energy to fundamentally alter the lives of those who receive them, at both the individual and community levels. It will require increased investment in low-carbon technologies in addition to the reallocation of existing financial resources. It will require education on the value of access to affordable forms of sustainable energy and the consequent benefits in the areas of health, education and the empowerment of women. Above all, it requires a sense of urgency and a willingness to tackle the critical issue of scale.

The Foundation calls on governments, the UN, multilateral development banks, investors, private sector and NGOs to make the valuable links between their work on social protection and access to sustainable energy and to deliver innovative approaches that benefit the poorest.

Mechanisms need to be created that assist the poor to break out of the current cycle of paying high prices for energy such as kerosene, while lacking the capital to invest in cleaner energy options.

Photo: Dominic Sansoni / World Bank



# How the Foundation arrived at this position

The Foundation's approach to the issue of access to sustainable energy is informed by the following:

## 1. Principles of Climate Justice

The work of the Foundation is guided by the Principles of Climate Justice.<sup>5</sup> These include supporting the right to development, highlighting gender equality and equity, and the need to share the benefits and burdens associated with climate change equitably, all of which inform the need to improve access to sustainable energy for the poor.

As an organisation working on climate justice the Foundation is concerned that many of the initiatives working to improve access to sustainable energy will not benefit the largest but poorest socioeconomic group, the so-called bottom or base of the economic pyramid. Another common failing of these initiatives is that they tend not to bring out the gender dimensions of access to energy (in particular the benefits to women), and fail to harness the power of women as local-level agents of change. Identifying specific measures to reach those least able to pay for energy and low-carbon technologies is a priority area for the Foundation.

<sup>5</sup> *The Foundation's Principles of Climate Justice can be accessed online at <http://www.mrfcj.org>*



# How the Foundation arrived at this position

## 2. The recommendations of a meeting convened by the Foundation on social protection and low-carbon technology

The Foundation's position on social protection and access to energy was further informed by a meeting it convened at The Pocantico Center of the Rockefeller Brothers Fund in New York from 30 March to 1 April 2012. The objective of the meeting was to examine the potential linkages, opportunities and challenges in using social protection systems as a mechanism for providing access to clean, affordable, sustainable energy for the poor in developing countries.

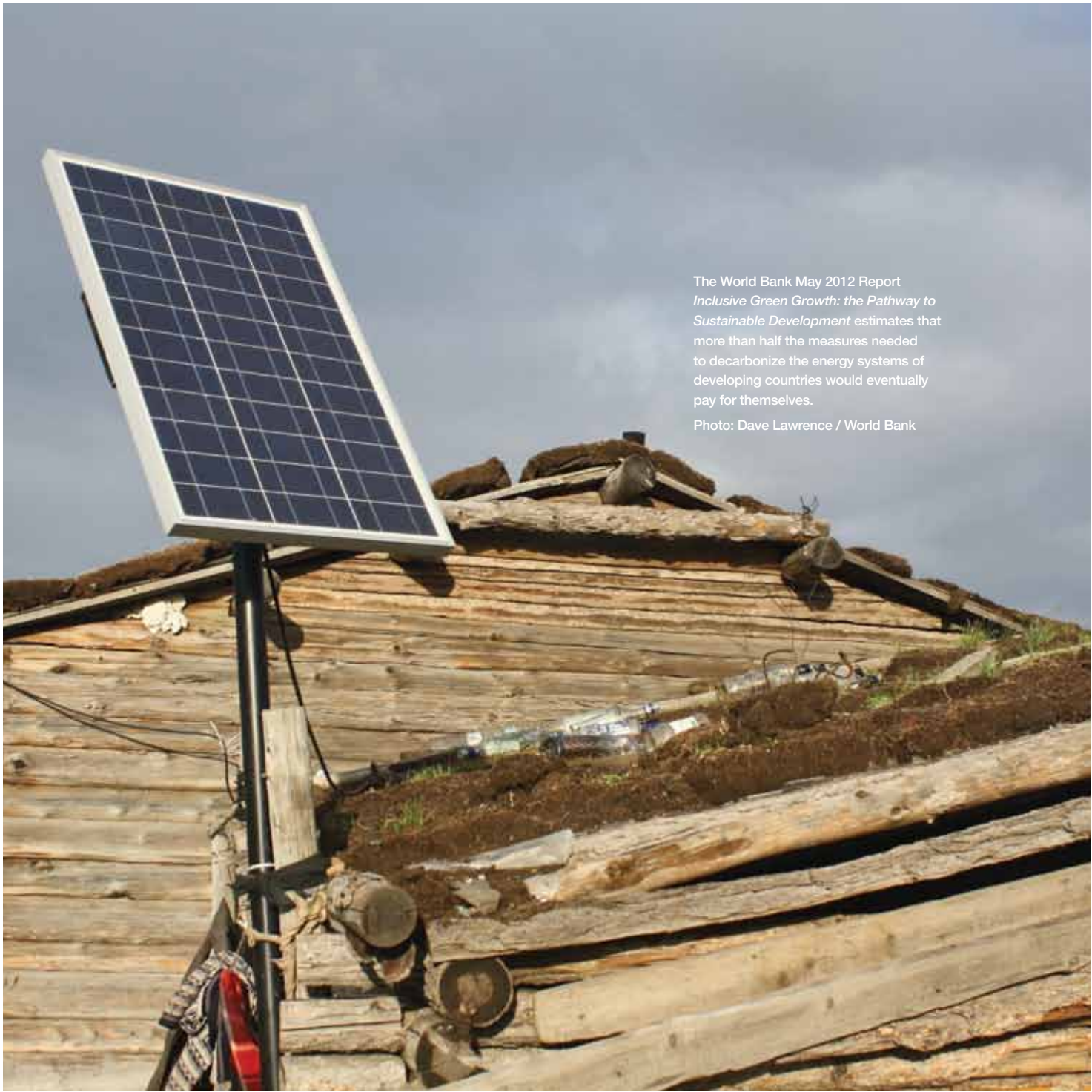
This idea was explored by the Foundation bringing together two groups of experts who don't usually interact directly with one another: practitioners in social protection and practitioners in energy access. The meeting was attended by 21 experts in social protection, renewable energy, climate change, finance and sustainable development. They included representatives from governments, international organisations, research centres, civil society and the private sector.<sup>6</sup>

Participants at the meeting agreed that acting on the linkages between social protection and energy access can provide an effective mechanism for delivering clean, affordable, sustainable energy to the poor. The meeting concluded that in order to develop the potential of social protection programmes to provide access to energy, the following must be in place:

- High-level political will to integrate energy access into social protection
- Integrated approaches across government ministries
- Innovative and accessible financing mechanisms
- A multi-stakeholder model in which poor people are recognised as key actors in their own development.

The meeting's recommendations for linking social protection and access to energy are outlined in Appendix 2.

<sup>6</sup> See Appendix 1 for a full list of meeting participants.



The World Bank May 2012 Report *Inclusive Green Growth: the Pathway to Sustainable Development* estimates that more than half the measures needed to decarbonize the energy systems of developing countries would eventually pay for themselves.

Photo: Dave Lawrence / World Bank

## Appendix 1

# Meeting on Social Protection and Low-Carbon Technology

30 March – 1 April 2012 convened by the Foundation

## List of Participants

<b>Surname</b>	<b>Name</b>	<b>Position</b>	<b>Organisation</b>
Ballesteros	Athena	Director, International Financial Flows and Environment Objective	World Resources Institute
Banuri	Tariq	Former Director UNDSO/Member of CSD Secretariat	United Nations
Boyer	David	Senior Programme Director, Environment	Aga Khan Foundation
Chabeda	Patrick A.	Environment & Climate Change Specialist	Office of the Prime Minister, Kenya
Chingambo	Lloyd	Chairman	Africa Carbon Credit Exchange
Davies	Mark	Programme Manager, Centre for Social Protection	Institute of Development Studies
Di Perna	Paula	Member of the Advisory Board	NTR Foundation
George	Manju	Co-founder and Vice President	Intelicap
Mahlung	Clifford	Chair	Clean Development Mechanism (CDM) Executive Board
Milanello	Marcelo	Project Manager, Brasil Sem Miséria	Government of Brazil
Nguyen	Huong Thi Lan	Director General	Institute of Labour Science and Social Affairs (ILSSA), Vietnam
Ntabadde	Martha	Senior Engineering Specialist	Uganda Carbon Bureau
Ornelas Hall	Ramiro	Director-General, Priority Groups	Ministry for Social Development, Mexico
Ouma	Marion	Programme Officer	Africa Platform for Social Protection
Pearson	Kristine	CEO	Lifeline Energy
Pope	Carl	Consultant	Carbon War Room
Ramachandran	Mack	Social Entrepreneur	Offset4poor.com
Robinson	Mary	President	Mary Robinson Foundation - Climate Justice
Sharma	Amita	National Rural Employment Guarantee Programme	Department of Rural Development, India
Tsukamoto	Mito	Senior Specialist, Employment Intensive Investment Programme	International Labour Organisation
Walker	Eric	Deputy Director, Integrated Solutions, Greater China	The Climate Group

## Appendix 2

# Meeting on Social Protection and Low-Carbon Technology - Recommendations for Linking Social Protection and Access to Energy

### Secure high-level political will

- For energy access to be integrated into social protection programmes, high level political commitment is required, which must then translate to political support at a sub-national and local level.

### Integrate policies

Policy integration is necessary in order to develop a holistic approach that capitalises on the linkages between inter-related initiatives.

- Secure inter-ministry cooperation and coordination to ensure the success of social protection programmes in delivering energy access. Involve a range of ministries including (but not limited to) ministries of social protection, environment, energy, forestry, finance, when exploring options for implementation.
- Use the experience of existing multi-component social protection programmes, energy access programmes and public works programmes over the last number of years as a basis for exploring policy synergies. There are many large public works programmes that have developed innovative home-grown ways of implementing at a national level. Consider synergies using the social protection graduation graph as a starting point. Document and share experiences for increased south-south learning.
- Explore how social protection and energy access policies can be integrated into Nationally Appropriate Mitigation Actions (NAMAs) and bring the findings to the design of the Green Climate Fund.

## **Appendix 2 *continued***

# **Recommendations for Linking Social Protection and Access to Energy**

### **Develop innovative and accessible financing mechanisms**

Mechanisms need to be created that assist the poor to break out of the current cycle of paying high prices for energy such as kerosene, while lacking the capital to invest in cleaner, more affordable and sustainable energy options.

- Develop new funding mechanisms such as cost blending that can be used to fund renewable energy and social protection programmes by pooling funds that include loans, grants and government funding.
- Explore how to leverage carbon finance for scaling up energy access in social protection programmes. Exploit access to funding from the Clean Development Mechanism Programme of Activities in order to aggregate carbon credits from the household level to the community level. This could be used to create community level revolving funds to finance renewable energy and energy efficiency programmes.
- Ensure a climate justice approach informs discussions on the Green Climate Fund. Amplify the voices of those who can positively influence its design so that funding is available at the local and community level.
- Create innovation funds within social protection programmes to introduce a degree of flexibility that facilitates piloting of ideas such as the introduction of a component to deliver clean, affordable, sustainable energy to the poor.
- Explore the potential of feed-in tariffs as a mechanism for incentivising private sector involvement.
- Identify the means of providing guarantees to private investors in order to de-risk their investments and provide alternative sources of private sector funding.

## **Appendix 2 continued**

# **Recommendations for Linking Social Protection and Access to Energy**

### **Develop a multi-stakeholder model in which poor people are recognised as key actors in their own development**

If social protection systems are to deliver on access to energy, a range of stakeholders from the public sector, private sector and civil society must be involved in the design and implementation of policies and programmes. This includes those currently without access to energy, local and national governments, civil society, international organisations, bilateral donors, private investors, the corporate sector, microfinance institutions, research institutions and social entrepreneurs.

- At the outset, poor people must be recognised as key actors in their right to development rather than passive recipients of services. This will require the development of mechanisms that are flexible and adaptable to respond to people's and communities' needs and priorities.
- Examine incentives that encourage poor people to consider the benefits of renewable energy and energy efficiency - 'how do you support someone who thinks they are ok where they are?'
- Design policies and programmes that provide an opportunity for local people to take charge of their lives and realise behavioural transformation. Promote an environment that creates the conditions for transformation that will build people's resilience.
- Explore the potential of public private partnerships in the area of social protection.
- Examine ways to incorporate employment, specifically public works programmes, into energy access initiatives.
- Support the role of civil society, in particular local NGOs, in bridging the link between communities and the public sector.
- Encourage social development ministries to engage with social entrepreneurs and private sector investors in the delivery of access to energy initiatives.

## Appendix 2 continued

# Recommendations for Linking Social Protection and Access to Energy

### Position initiatives within a rights based framework

Initiatives to link social protection and energy access should be framed within a rights-based approach, thus contributing to realising the human rights laid down in the Universal Declaration of Human Rights and other international human rights instruments. Positioning initiatives within a rights-based framework means that the entitlements of the rights-holders are provided by law and therefore less prone to reversal during changes in political leadership.



A multi-stakeholder model involving government, donors, civil society, the private sector and international institutions needs to be developed to address energy access for all, recognising poor people as key actors in decisions on their own development.

Photo: Barefoot College



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