



Meeting the energy needs of the poorest: a role for social protection

A question of scale

2012 may well prove to be a critical year in terms of international efforts to address the issue of access to energy. The United Nations has designated 2012 the *International Year of Sustainable Energy for All* and the forthcoming United Nations Conference on Sustainable Development, Rio+20, has identified energy as one of its priority areas.

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 development goals such as poverty reduction; improved health; increased productivity and economic growth. 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 2030¹

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. If 2012 is to truly be the *International Year of Sustainable Energy for All*, we must acknowledge both the failure of current efforts to adequately address the needs of those

¹ IEA, 2011, *Energy for All – Financing access for the poor*, accessed online at http://www.iea.org/papers/2011/weo2011_energy_for_all.pdf 2 May 2012

without access to energy and the urgent need to develop alternative solutions. These solutions must address the following:

- The critical question of scale. How do we scale up in order to meet the energy demands of those without access to energy?

Part of the solution?

While there is no silver bullet solution to meeting the requirements of those currently without energy access, the Mary Robinson Foundation - Climate Justice 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.’² 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

² 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

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 one hundred 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.³

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 including ecological cookstoves which, by the end of 2012, will

³ 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 MRFCJ's meeting on Social Protection and Low Carbon Technology at The Pocantico Center of the Rockefeller Brothers Fund, 30 March – 1April, 2012

have been introduced in over half a million Mexican homes over a six-year period.⁴

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.

MRFCJ 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.

⁴ 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 MRFCJ's meeting on Social Protection and Low Carbon Technology, 30 March – 1April, 2012

How MRFCJ arrived at this position

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

1. MRFCJ Principles of Climate Justice

The work of MRFCJ is guided by the Principles of Climate Justice.⁵ 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 MRFCJ 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.

2. The recommendations of an MRFCJ convened meeting on social protection and low-carbon technology

MRFCJ'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 MRFCJ idea was explored by 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 twenty one 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.

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

⁵ MRFCJ Principles of Climate Justice can be accessed online at <http://www.mrfcj.org/about>

- 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.