

Access to Low-carbon Technology: is there a role for Social Protection?

Report on the Expert meeting “Social Protection and Low-carbon Technology” convened by MRFCJ at the Rockefeller Brothers Fund Pocantico Center, 30 March – 1 April 2012

Summary

As an organisation working on climate justice, the Mary Robinson Foundation – Climate Justice (MRFCJ) is concerned that many of the initiatives working to improve access to sustainable energy will not benefit the poorest and most vulnerable. MRFCJ believes it is necessary to identify specific measures to reach those least able to pay for energy and low carbon technologies.

With this in mind, MRFCJ organised an expert meeting to test an idea. Can social protection systems, which target the most vulnerable in society, provide a means to improve access to sustainable energy for those at the base of the economic pyramid?

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. In fact this is already happening on a limited scale in a small number of countries but its full potential has yet to be explored by governments and investors and within the UNFCCC process.

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:

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

MRFCJ calls on governments, the UN, multilateral development banks, investors 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.

As is the case with all materials resulting from meetings held at The Pocantico Center, the views expressed in this report are not necessarily those of the Rockefeller Brothers Fund, its trustees, or its staff.

Introduction

The work of the Mary Robinson Foundation – Climate Justice (MRFCJ) is guided and informed by the Principles of Climate Justice. These include supporting the right to development and sharing benefits and burdens equitably, both of which inform the need to improve energy access for the poor. Furthermore, MRFCJ is committed to identifying innovative ways of contributing to the UN International Year of Sustainable Energy for All.

With this in mind, MRFCJ convened a meeting at the Rockefeller Brothers Fund Pocantico Center in New York from 30 March to 1 April 2012. The objective of the expert meeting was to explore the potential synergies, 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 organisations, civil society and the private sector. A full list of the participants is included in Appendix 1.

Context

Problem statement

Access to clean, affordable and sustainable energy is fundamental to achieving development goals such as reducing poverty, improving health, increasing productivity, enhancing competitiveness and promoting economic growth. Lack of reliable energy access places a significant burden on low-

income communities and impedes prospects for achieving the Millennium Development Goals (MDGs) by 2015, yet there has been minimal progress on energy access for the poor in the last twenty years. Development is not possible without energy and sustainable development is not possible without considering non-fossil fuel forms of energy. Climate change is one of the greatest developmental challenges the world currently faces. However, it is also an opportunity for developing countries to ‘leapfrog’ fossil fuel path dependency and become low-carbon sustainable development leaders. 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.

Social protection

The exact definition of social protection used internationally varies considerably. Some approaches focus on social protection as a right, others focus on the benefits such as poverty reduction while others emphasise its role in promoting social inclusion, social justice and assuring income security and healthcare for all. The OECD defines 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. Social protection measures include social insurance, social transfers and minimum labour standards.”ⁱ

In summary, social protection programmes are social and economic initiatives designed to break the intergenerational transfer of poverty through the promotion of human capital development.

Energy access

At present, the poor and vulnerable in developing countries rely heavily on fossil fuels and biomass for their energy needs. Worldwide, it is estimated that approximately 1.4 billion people have no access to electricity and rely instead on kerosene, firewood, dung or candles. Furthermore, 2.7 billion people continue to rely on solid fuels such as traditional biomass and coal for cooking and heating. Energy conversion technologies currently available to the poor tend to be inefficient or of poor quality so they pay more for each unit of useful energy they obtain than those who are better off. This is compounded by the frequent need to obtain fuels in small quantities, thus at greater cost.ⁱⁱ Energy access may not be the first priority for poor households struggling to pay for food, water, school fees and medical costs. However, access to clean, affordable and sustainable energy

is a crucial component to breaking the poverty cycle, reducing vulnerability and creating livelihood opportunities.

Linking social protection and energy access

Social protection programmes target the poorest and most vulnerable in society, those who have little or no disposable income and may not automatically benefit from initiatives to improve access to sustainable energy. Social protection programmes could help to bridge the gap between poor people's willingness to pay and their ability to pay for clean, affordable, sustainable energy.

Key findings

The meeting explored the potential synergies and challenges of linking social protection and energy access, identified the key stakeholders, and suggested ways of turning ideas into action.

Challenges to using social protection to increase energy access for the poor

Political and financial challenges

- To change the current reality and address the energy needs of the poorest requires a paradigm shift in thinking and this must be fully embraced at the political level. If there is no political will at the highest level, initiatives to link social protection and access to energy will fail.
- An integrated policy platform that recognises poor people as key actors in decisions on their own development needs to be created.
- Government ministries need to liaise and coordinate towards a common goal. This requires overcoming potential turf wars between and within ministries for resources and 'territory'.
- There was a general consensus that, while in theory financial resources exist to address the challenge of energy access for the poor, in practice there is often difficulty in identifying and accessing this funding.
- Opportunities to access climate finance for the delivery of access to energy via social protection have not been explored. However, there are many competing demands on

established and emerging climate funds (for example the Green Climate Fund) and it may be difficult to make space for social protection.

- Social entrepreneurs are leading the way in the development of low-carbon technologies but they are not talking to governments about the roll-out of these technologies.
- Governments on their own cannot meet the investment needs necessary to deliver access to energy on the scale required.
- Market-level challenges:
 - Micro-finance institutions find some energy programmes too small scale to be worthwhile
 - Private investors need guarantees; a percentage of the money allocated to social protection needs to be put aside to de-risk/ cover guarantees
 - Micro-financing institutions are not adequately trained in access to energy issues

Implementation challenges

- Energy is just one of a number of issues that social protection ministries are trying to deal with at a national and a local level. Many social protection programmes already include multiple components such as health and education and may not be strong enough to absorb a further component on energy access.
- Developing an appropriate and effective delivery mechanism for energy services is a significant obstacle to eliminating energy poverty. The delivery mechanism at the country level is often flawed and international programmes may not be connected with what works on the ground.
- Social protection programmes sometimes jump to the response stage without necessarily capturing the voices of the grassroots. Many renewable energy and energy efficiency programmes have failed because they have not addressed the specific needs and priorities of the people.

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 (included as Appendix 3) 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.

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.

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.

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.

Key message

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:

- o High-level political will to integrate energy access into social protection
- o Integrated approaches across government ministries
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Next steps

1. Participants at the expert meeting made commitments to pilot the approach proposed, to conduct research, to inform policy and practice and to advocate for stronger linkages between social protection and access to energy.
2. MRFCJ will monitor the progress made on the commitments made by the participants and use this information to inform future work on this issue.
3. MRFCJ will feed the key messages and recommendations from the expert meeting into relevant international processes in the year ahead (including the G20, Rio+20 and the UNFCCC).

Appendix 1: List of participants

Surname	Name	Position	Organisation
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
Chingambo	Lloyd	Chairman	Africa Carbon Credit Exchange
Davies	Mark	Programme Manager, Centre for Social Protection	Institute of Development Studies
Di Perna	Paula	Strategic Environmental and Philanthropic Policy Advisor	US Based
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	MRFCJ
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: Workshop agenda

Mary Robinson Foundation – Climate Justice

Social Protection and Low-carbon Technology

Rockefeller Brothers Fund Pocantico Center

30 March – 1 April 2012

Friday 30 March 2012			
Time	Activity	Person	Room
18.00 – 19.00	Reception, drinks, meet and greet		Loggia
19.00 – 21.00	Dinner		Dining room
21.00	After dinner speaker	Tariq Banuri	Hayloft

Saturday 31 March 2012

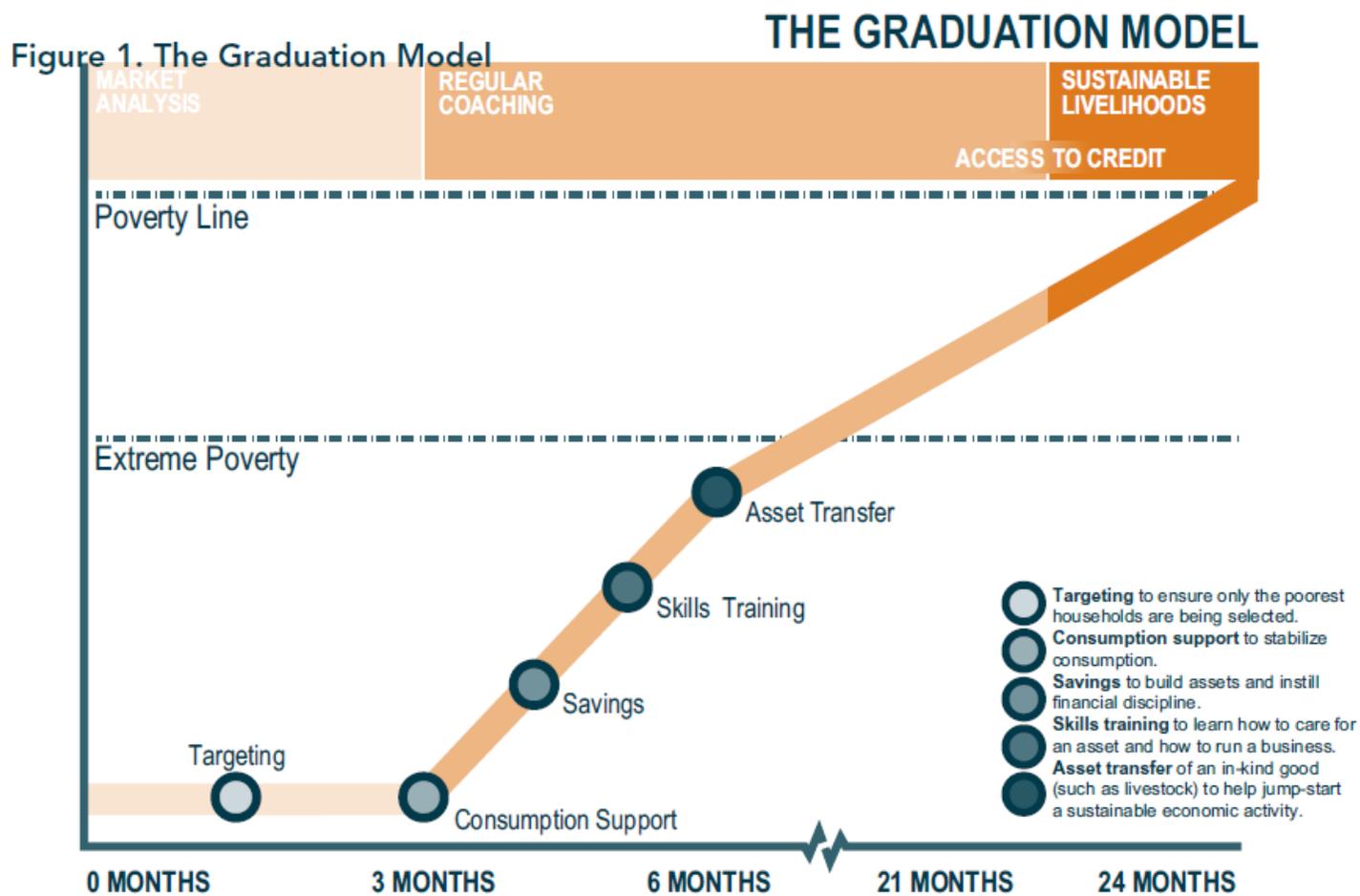
Time	Activity	Person	Room
Introduction and overview			
9.00 - 9.15	Introduction: background and context	Mary Robinson	Conference room
Session 1 - Understanding each other (3 hours 30 mins) Each 20 minute presentation will be followed by a 25 minute Q&A Moderator: Manju George			
9.15 – 10.00	Presentation No. 1: Social protection: an overview of the principles, modalities, policy issues and myths	Amita Sharma	Conference room
10.00 - 10.45	Presentation No. 2: Access to low-carbon energy: the challenges of reaching the poorest	Lloyd Chingambo	
10.45 - 11.15	Coffee break		Loggia
11.15 – 12.00	Presentation No. 3: Case study: Mexico	Ramiro Ornelas Hall	Conference room
12.00 - 12.45	Presentation No. 4: Adaptive social protection: developing climate resilience through social protection programmes	Mark Davies	
12.45 - 13.45	Lunch		Dining room
13.45 - 14.15	Discussion based on presentations groups		Conference room

Session 2 - Exploring opportunities and challenges (2 hours 30 mins)			
14.15-14.30	Introduce points for discussion in breakout groups	Mary Faherty	Conference room
14:30-15.30	Breakout groups 2 Groups – 1 Facilitator & 1 Rapporteur for each group	Facilitators: Clifford Mahlung & Patrick Chabeda Rapporteurs: Mary Faherty & Kristine Pearson	Group 1 in Conf. room Group 2 in Lecture room
15.30 – 16.00	Coffee		Loggia
16.00 – 17.15	Breakout groups continued		Lecture room/Conference room

Sunday 1 April 2012

Time	Activity	Person	Room
Session 3 - Strategies to get sustainable energy to the poor (1 hour 45 mins) Moderator: Carl Pope			
9.00 – 9.30	Feedback from previous day's session (15 mins per group)	Mary Faherty & Kristine Pearson	Conference room
9.30 – 10.45	Facilitated discussion – pulling together key points and recommendations		
10.45 – 11.15	Coffee		Loggia
Session 4 - Next steps: turning key issues into firm commitments (2 hours 15 mins) Moderator: Lloyd Chingambo			
11.15 – 13.15	Next steps to act on recommendations Actions, roles, responsibilities, timelines.		Conference room
13.15 – 13.30	Wrap up and thank you	Mary Robinson	

Appendix 3: The Social Protection Graduation Model



Hashemi, Syed M. and Aude de Montesquiou. 2011. "Reaching the Poorest: Lessons from the Graduation Model." Focus Note 69. Washington, D.C.: CGAP, March

References

ⁱOrganisation for Economic Cooperation and Development <http://www.oecd.org/dataoecd/63/10/43514563.pdf>
[Accessed 16 March 2012]

ⁱⁱ*Clean Energy for the Urban Poor: an Urgent Issue*, 2008, Global Network on Energy and Sustainable Development, Roskilde