Fundación Bariloche

IEF-OFID Symposium

LAC Experiences on Access to Modern Energy

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General Information on LAC

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- Population: around 577 million
- Urban Population: nearly 85%
- Average GDP (PPP): nearly 8.000
- Population under poverty line: 200 Million: Urban 133; Rural 67 Million
- HDI high (% of population) 38%
- HDI Medium (% of population) 62%
- Population without access to electricity: around 39 Million (7%)
- Average kWh/capita 1.806
- Average electrification rate 93%
- Urban electrification rate: nearly 100%
- Rural electrification rate: around 66%
- Figures related to Biomass are more unclear (non-commercial energy); around 15/20% of population based on Biomass for Cooking

Some Key Issues

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Problems

- Poverty as an urban reality
- Access to electricity is a rural issue.
- Access to modern fuel for caloric uses is the main challenge (LPG, NG)

Challenges

- Inclusion/Exclusion point
- Energy or Services
- Urban and rural barriers

Succes due to:

- Income Growth
- Urbanization process
- Energy resources availability
- Government policies
  - Subsidies
  - Infrastructure Investment
  - Role of Development banks
  - Funds based on taxes
  - Specific programs
  - Institutional reinforcement
  - Public Utilities

Several succesful programs

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- LPG subsidies
- Integrated actions
- Massive NG access
- Off-grid electrification
- Rural electrification.

In all the cases Billions of USD are involved

In all the cases are long term actions

Commons

- National decision based on national agenda
- Strong political commitment
- Long term state policies
- In many cases based on cross-subsidies.
- Implemented with governmental funds, development banks or coming from the sector itself.
- In convergence with other programs to alleviate poverty.
- Implemented direct by the government by their own public utilities or based in private-public agreement.
- Not based in isolated actions but in long term national or regional programs.

LAC Lessons

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- Definition of feasible, clear and attainable targets for sectors without access, as well as possible resource availability.
- Specific support, particularly in rural areas, to facilitate the mobilization of local funds to contribute to closing the funding gap.
- Adequate management models are needed to guarantee long-term sustainability.
- A specific pro-poor regulatory framework to protect poor communities and promote access to modern forms of energy at an affordable price and tariff.
- Scale-up investments targeted to decentralized energy systems.
- The scope of energy services and investment subsidies in both rural and urban areas should be defined clearly.
- Allocate funding and resources to create local capacities and promote energy literacy to ensure the effective involvement of local actors and their organizations in the energy planning and decision-making processes.
- Energy for poor people should be included, as a specific chapter, in an integrated framework of energy projections.
- Reasonable supply horizons should be guaranteed by means of callable investment plans.
- Role of Renewable could be important in specific "niches"
- Energy integration played an important role in Latin America.

Policy Challenges

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- Better Diagnosis and information.
- Reform of the tariff, tariff structure, and the subsidy systems.
- Innovation and guarantee of financing mechanisms.
- Changes in regulatory framework.
- Capacity development and strengthening at individual, institutional, and systemic levels.
- Relevance of energy efficiency
- Policy alignment: Energy policy is part of a wider development policy and should be aligned with other sector policies and objectives. The need of a pro poor policy.
- Go deeper in regional integration and cooperation.

Role of Development Banks

Success related to

- Early political commitment
- Public Utilities role
- Role of Development Banks
- Transfer of funds from Oil Sector to Power one.
- Cross subsidies.
- Long term planning
- National Agenda.