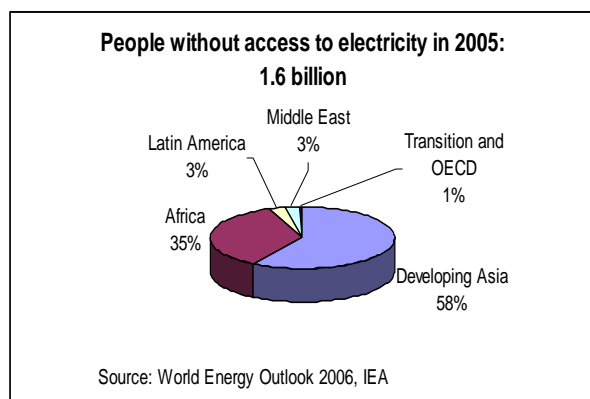




Energy for All Initiative

Background

Energy services basically refer to the benefits of an energy delivery system that meet the energy needs of the users (e.g. lighting, cooking, and heating). Without access to modern and sustainable energy services, the poor are deprived of opportunities for economic development and improved living standards. The key challenges are:



- The International Energy Agency estimates that over a quarter of world population (i.e. around 1.6 billion people) still do not have access to electricity. Of that number, around 1 billion are in developing countries of Asia and the Pacific; and four out of five live in rural areas. With current policies, roughly 1.4 billion people will not have access to electricity by 2030.
- There are wide disparities in electricity access levels among countries in the Asia Pacific

Region, e.g. 20% in Cambodia, 56% in India, 99% in PRC.

- Access to electricity is not only a rural issue. There are roughly 275 million urban dwellers without electricity. For example, more than 30% of the urban population in South Asia do not have electricity.
- World Health Organization estimates that more than three billion people use traditional fuels inside their homes to meet cooking and heating needs. The resulting indoor air pollution is responsible for 1.5 million deaths per year—mostly of children and mothers. Over half of all people relying on biomass live in India and China.
- The Millennium Development Goals cannot be met without higher quality and larger quantities of energy services than currently available. Energy is critical for providing basic social services including education and health and can also power machines that in turn support income-generating activities.

ADB has played an important role in supporting its developing member countries (DMCs) increase access to modern energy services. However, ADB's emphasis has mainly been on grid extension. Off-grid applications have been difficult for ADB to finance because such initiatives are often very small and widely distributed throughout the country. Access-to-energy activities are currently undertaken on an ad-hoc basis and as components of projects in various sectors like energy, environment, urban, rural development, agriculture, finance and so on. ADB acknowledges the need to develop a more strategic approach to share experiences of different sectors and regions and help DMCs scale up successful interventions to increase access to energy for the poor.

The Energy for All Initiative

Energy for All is one of the initiatives under ADB's Clean Energy and Environment Program. This initiative will help ADB build on its expertise and respond to the requests from its DMCs to implement energy access projects that will utilize more efficient and modern forms of energy for the rural and urban poor.

ADB has approved a \$2.3 million new regional technical assistance **RETA 6443 - Energy for All Initiative** financed by the Government of the Netherlands for a two year period, starting from February 2008.

Objectives

The TA will specifically look at best practices on modalities and financial instruments; and pilot test models/approaches that are scalable and replicable. In addition, awareness needs to be raised and capacity built within DMCs so that the issue of access to energy can be part of the dialogue and country programs of the ADB energy portfolio with the DMCs. Implementation of this TA will help ADB build on its expertise and respond to requests from its DMCs to implement projects to increase access to modern forms of energy.

Approach

A two-stage approach will be followed:

- I. An internal ADB working group will be formed with representatives from the various sectors and regions to serve as the source of knowledge, experience, and expertise. The Working Group will review current internal practices of implementing access to energy projects and provide guidance on new strategic approach/es that can be piloted through this TA. The Working Group will also look at ways to scale up these activities to levels that can be supported by the operational departments through ADB loans. The TA will be a resource to systematically disseminate information through presentations, seminars, and workshops in ADB to build internal capacity.
- II. Several models/approaches will then be piloted. Potential key activities include:
 - Select 2 - 3 countries for projects with private sector and/or community-based modalities and pilot test, demonstrate and evaluate them for replication.
 - Provide training, capacity building, and awareness raising for planners, the private sector, and financial institutions on how they may be involved in increasing access to energy for all.
 - Where feasible, develop these projects into CDM project/s to ensure sustainability.
 - Disseminate the results of the demonstration projects and successful approaches to increase access to energy services for all.

Potential projects

The potential projects for Energy for All include but are not limited to (i) promotion of community-managed decentralized energy systems (micro-hydro, solar, biomass) and where feasible, private entrepreneurs, instead of the community, can also operate the energy system; and (ii) new financing mechanisms using credit enhancement, promoting local financing for individual household-level technologies (e.g., solar home systems, solar powered white-light-emitting diode lamps) through local financial institutions. These approaches and methodologies will focus on (i) private sector participation, (ii) new and innovative financing mechanisms, and (iii) use of community-based models (e.g., cooperatives) to improve access to energy.

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