



Linking Energy Development, Energy Security and the MDGs

Jamal Saghir
Director, Energy and Water
The World Bank

Seminar on the Global Energy Challenges
Copenhagen
January 13, 2006

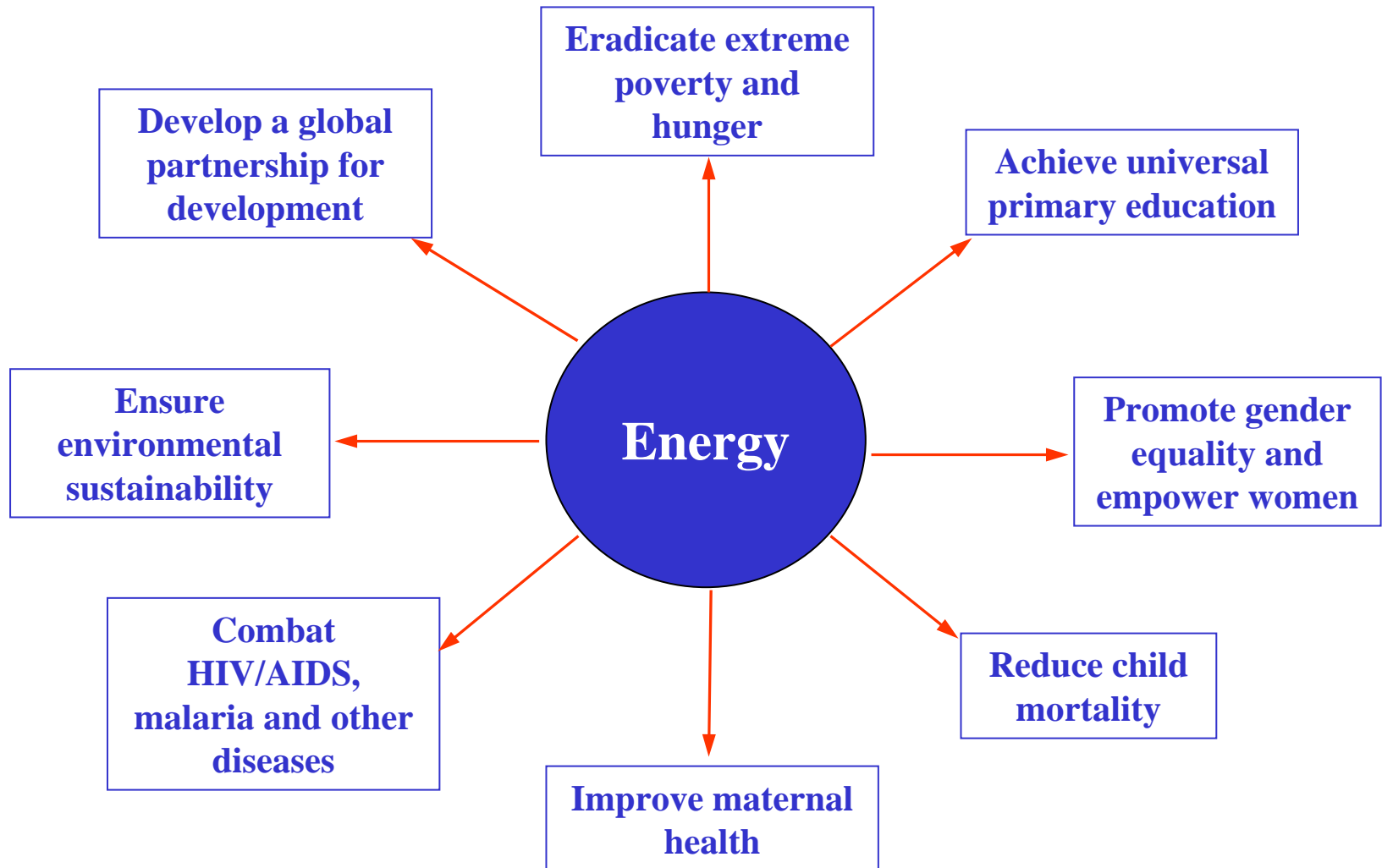


Presentation Outline

- **Energy-MDG Linkages**
- **The Energy Challenge for the MDGs**
- **Energy Security Perspectives**
- **Implications for International Action**
- **Conclusions**



Energy-MDG Linkage is Indisputable





Energy and Poverty

Energy contributes to poverty reduction through:

- job and income creation due to economic growth;
- enabling better health;
- supporting education;
- improving women's quality of life; and
- reducing the damage on the environment.

For poverty reduction, efforts should focus on extending access to the energy poor, who mostly are:

- women,
- living in rural areas,
- concentrated in lowest income groups,
- in the lowest income countries.

Need for solutions tailored to the target population.



Energy Challenge for the MDGs

- **IEA estimates that, if ‘business as usual’ practices prevail, by 2015:**
 - 1.4 billion people will still lack access to electricity,
 - 2.6 billion people will rely on traditional biomass fuels,
 - Global carbon emissions will be more than 60% greater.

- **Achieving MDG targets is even a greater challenge in terms of what needs to be done in the energy sector.**



Achieving the MDGs: Energy Sector Perspective

Four core areas for international action:

- Systematic support to energy development as part of poverty reduction and economic development strategies,
- Systematic inclusion of energy in design and cost of all development assistance addressing other sector MDGs,
- Commitment to long-term financing of energy development,
- Increase global funding for energy-poverty programs focusing on increasing access.



Energy security

- **Energy security means ensuring that countries can produce and use energy at reasonable cost and in a sustainable manner.**
 - Meaning of “energy security” will vary by country.
 - However, for all, there is a vital common interest in ensuring that the global economy finds the energy it needs to grow in a sustainable way.
 - Given the focus on sustainability, the climate change-energy security linkage is key.



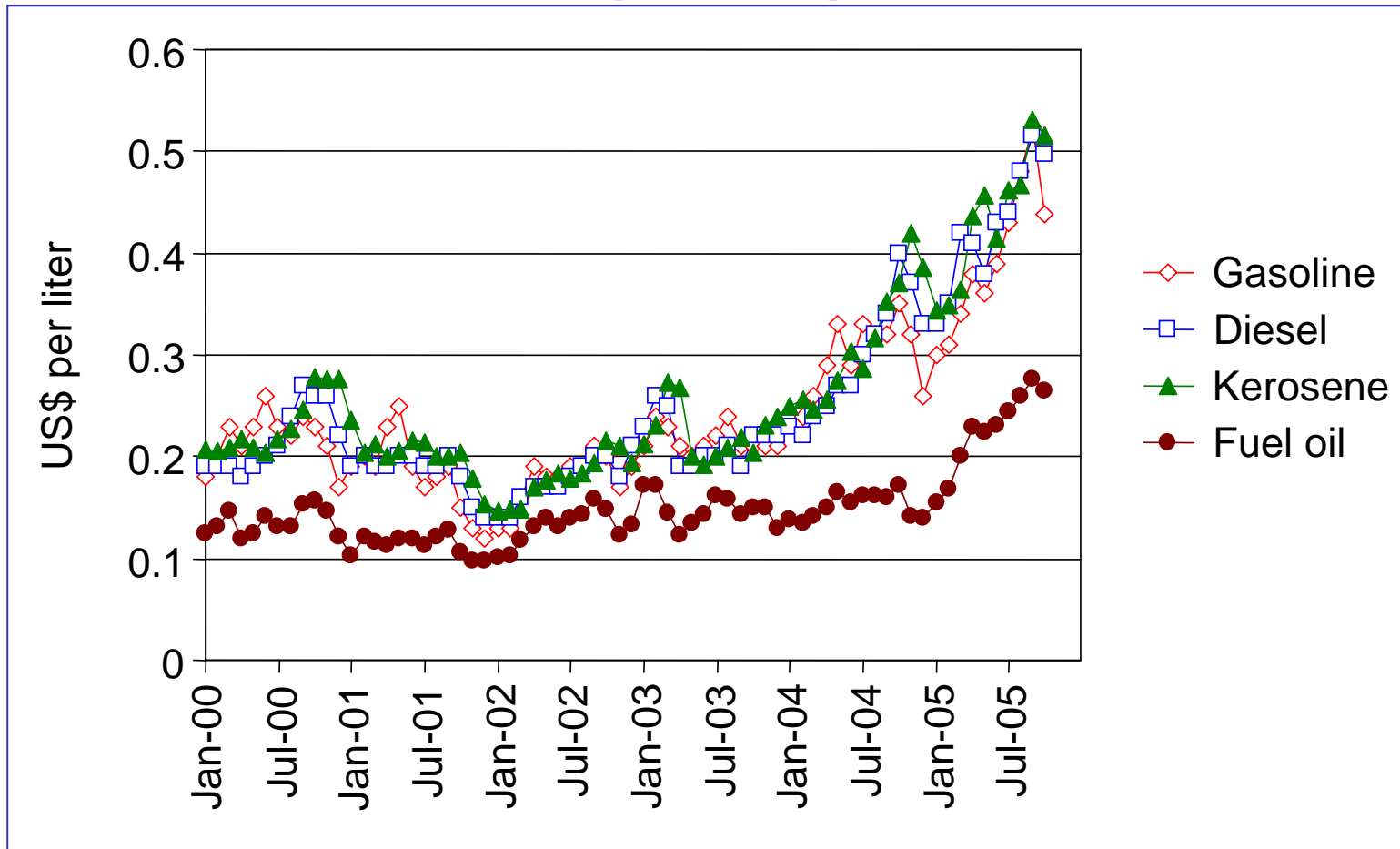
Achieving Energy Security: Short and Long Term Perspectives

- **In the short run:** to manage the economic and energy market impacts of potentially continuing high and volatile energy prices.
- **Over the long run:** to meet continuing global growth in demand for energy services.



Energy Security in the Short Run: The case of oil prices

Recent oil product price trend



Source: R. Bacon and M. Kojima, "Coping with Higher Oil Prices," Presentation of Work in Progress, December 19, 2005, World Bank



Ensuring Energy Security in the Short Run

- **Reducing volatility:** Measures to effectively limit volatility are few in the short term.
- **Coping with volatility:** Allowing markets to work, supporting the most vulnerable, applying appropriate macroeconomic policies, and ensuring greater transparency.



Ensuring Energy Security in the Long Run

Some options include:

- Attracting investment by enhancing sector operating environment;
- Diversifying the energy portfolio;
- Enhancing energy efficiency; and
- Facilitating energy trade.



Implications for International Action

An international agenda for action could focus on:

- Promoting broad-based initiatives for energy efficiency, fuel diversification and facilitating energy trade;
- Integrating climate change into the energy security agenda;
- Supporting and strengthening initiatives to support the poorest countries in their adjustment to short term shocks, as well as longer term structural measures; and
- Promoting transparency and information sharing.



Conclusions

- Energy has a critical role to play in achieving the MDGs.
- In light of recent developments and the overall objective of achieving the MDGs, energy security is at center stage.
- Energy security and climate change linkage is crucial.
- Different tools exist for ensuring short and long term energy security.
- International action is needed to ensure energy security.



THANK YOU