

Meeting the rising energy demands for Asia's poor is a daunting task full of opportunities, writes Noeleen Heyzer

Power to the people

Much has been said about Asia's surging demand for energy, fuelled by its spectacular economic growth and an expanding middle class. Indeed, the total consumption of energy in Asia and the Pacific increased by 70 per cent between 1992 and 2005. Yet, consumption per person is still relatively low by global standards: 749kg of oil equivalent in 2005, compared with the global average of 1,071kg. As living standards continue to rise, per capita consumption is expected to grow.

If we look away from the booming cities and the burgeoning ranks of the middle class, we see that, across the region, 1.7 billion people still rely on traditional biomass fuels, such as wood and animal dung, to cook and to keep warm; nearly 1 billion people, the "bottom billion", have no access to electricity. Most of them are the rural poor. Asia has the highest death tolls resulting from indoor air pollution caused by burning biomass and solid fuels: nearly 1.3 million a year in India, China and Southeast Asia alone.

Meeting the most basic needs for modern energy supply is a prerequisite for our efforts to lift more people out of poverty, and to achieve the other Millennium Development Goals such as reducing child mortality, providing basic education to all and promoting gender equality.

Energy demand in Asia and the Pacific is projected to grow on average by 2.75 per cent a year between now and 2030, with the region accounting for half of global demand by 2030. Much of that – more than 80 per cent – will still be for fossil fuels such as oil and coal, making the region not only vulnerable to volatile energy prices but also to carbon emissions from the burning of fossil fuels.

Meeting this enormous demand is already a challenge for governments. With energy prices continuing to break records, it is doubly difficult. At present, many countries in the region are trying to enhance energy security by doing more of the same – for example, building more power plants and pipelines, diversifying oil supply sources, and expanding strategic storage. But these are only short-term solutions. They will not shield energy-importing countries from price volatility as demand continues to outstrip supply.

As a new study by the UN Economic and Social Commission for Asia and the Pacific points out, we are too dependent on



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fossil fuels. To improve long-term energy security and sustain economic growth and development, we need new ways to make energy consumption more efficient and renewable.

Our study estimates that by improving energy efficiency – using less energy to perform the same tasks – global energy demand could be reduced by 12 per cent by 2030, saving US\$766 billion in building new energy infrastructure. Another way to look at it is that, for every US\$1 invested in improving energy efficiency, we would save more than US\$2 in infrastructure investment.

Renewable energy now accounts for only 9 per cent of primary energy production in Asia and the Pacific. Yet the region is well endowed with renewable energy resources. It has 40 per cent of the world's total hydroelectric technical potential and about 35 per cent of solar and geothermal energy potential. It also has substantial potential for generating biomass and wind energy.

Energy security is not just about reducing our vulnerabilities to volatile

energy prices; it is also about ensuring access to affordable energy for the poor. To pursue energy security, the countries of the region need to ensure that energy supplies are available, sufficient, affordable and sustainable. This will rely on innovative financing and greater regional and subregional co-operation to develop energy infrastructure which promotes equitable economic and social development without compromising the environment.

Now is the time to move beyond independent energy policies to interdependent, intercountry policies for the benefit of all. Although some regional and subregional energy initiatives are either in place or being contemplated, it may be useful to converge these in an inclusive package – an Asia-Pacific sustainable energy security framework which could include a trans-Asian energy system, along with other forms of South-South co-operation.

Traditional forms of financing will be insufficient to meet the infrastructure needs, particularly for those countries

where many people lack access to modern energy services. Countries in the region will therefore need to be more innovative and look to national and international financial markets.

They will also be able to take advantage of environmental financing, such as the Clean Development Mechanism, though larger-scale financing would need to come from other arrangements, including a regional "special purpose vehicle" for energy infrastructure development.

Asia and the Pacific are rich in energy resources and experience. There are many opportunities for countries to work together to enhance regional trade, safeguard against market volatility and co-operate in ways that enhance their energy security and enable access for the poor. Governments need to look at the long-term energy security issue now before it becomes too late.

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