

## BUSINESS AND INDUSTRY MAJOR GROUP

### ENERGY FOR DEVELOPMENT TALKING POINTS for the IPM (26 Feb – 2 Mar 2007)

27 FEBRUARY 2007

Access to modern energy services is a key ingredient in reducing poverty and providing essential services including education, food preservation, communications and health care. Currently, approximately, 2.4 billion people do not have access to modern energy services and rely on traditional energy sources. Lack of access to energy hinders development (including the achievement of the Millennium Development Goals), undermines economic growth and poses strains on the environment.

Business is actively committed to contributing to reliable access to energy at affordable prices with acceptable impacts. Further, businesses, as consumers of energy, are actively engaging in consuming energy more efficiently and in producing products, which are more energy efficient. Engaging with both locally and investing businesses and their significant operational, technological and financial capacity in energy policy development and implementation is essential for sustainable delivery and consumption of energy.

Business would like to highlight the following:

- **All energy sources should be assessed on their merits and relative attributes, recognising that each faces issues, barriers and opportunities including cost, performance, safety, environmental impact, primary resource depletion and energy security.** This will enable countries to address their particular energy needs in line with their respective resource bases and long-term development objectives.
- **Business supports energy efficiency to help reduce energy costs, energy consumption and negative environmental impacts,** in particular climate change. Energy efficiency also contributes to energy security by reducing energy demand and possible supply chain losses, and extending resource life. In order to promote and enhance energy efficiency, business supports the following actions:
  - The establishment of energy efficiency programmes and partnerships through international cooperation.
  - The adoption of energy efficiency strategies by Government, business and civil society in their own operations.
  - The promotion and enhancement of energy efficiency along value chains.
  - The provision of incentives for actions where the direct benefits of energy efficiency improvements are not gained.
- **The business community can best contribute to addressing energy challenges when enabling framework conditions are in place.** Key features of enabling frameworks include:
  - Open markets;
  - Strong institutions and sound governance;
  - Risk management;
  - Protection of intellectual property;
  - Due diligence;
  - Rule of law and honouring contracts;
  - Cost effective, consistent policies and regulations based on transparent, stable, economic and uniformly enforced regulatory systems.

- **Significant investment is required to maintain, grow and deliver the energy supplies required to meet future demand in a sustainable manner.** Business (as a major investor), other investors and governments need to collaborate and work in partnership in order to promote energy access and meet growing energy demand. Governments can promote and enable investments in energy for sustainable development by leveraging official development assistance, promoting technological cooperation and exploring innovative financing arrangements. Further, additional financial resources to replace and expand energy infrastructures have to be sourced from donors, multilateral agencies, and through foreign direct investment, particularly for developing countries. Finally, Governments and donor agencies are urged to assist innovative partnerships (between local governments, the private sector and civil society).
- **Business is investing resources towards technology advancement and deployment of lower carbon, renewable and more efficient technologies.** Developing and utilizing both existing and new energy technologies are critical to improve access to energy, promote energy efficiency and reduce greenhouse gas emissions. Governments need to support business technological development and deployment activities by:
  - Funding R&D activities directly (research centers) and indirectly (universities);
  - Assisting in capacity-building initiatives by streamlining processes for international cooperation and participation;
  - Supporting R&D and technology transfer across borders, by lowering tariffs, maintaining strong intellectual property right protection and establishing trade agreements;
  - Providing an R&D friendly environment by guaranteeing a workable effective patent system;
  - Engaging major stakeholders in discussions on the advancement of innovation and new technologies.
- **Business believes that voluntary multi-stakeholder partnerships can address energy challenges.** Successful partnerships allow the strengths and areas of participants to be combined for practical and visible results. The business community works with partners to identify, develop, commercialize and deploy technologies suited to individual national priorities, resource availability and development strategies. Business will continue to play an important role in finding solutions, within its sphere of responsibility, in partnership with other stakeholders. Governments, business and civil society need to partner to leverage resources to provide training, share knowledge and skills, share more sustainable energy technologies and cooperate to accelerate their dissemination. Further, Governments need to continue to support partnerships by:
  - Participating in partnerships and offering local expertise as well as financial resources and infrastructure;
  - Establishing a regulatory environment that supports the formation of partnerships.