

**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**



**MODERN, CLEAN AND EFFICIENT ENERGY FOR ALL**

**Keynote speech by**

**Yoshiteru Uramoto,  
Deputy to the Director-General**

**at the  
64<sup>th</sup> Session of the United Nations Economic Commission for Europe  
(UNECE)**

**Geneva,  
March 30, 2011**

**Excellencies,  
Distinguished Guests,  
Ladies and Gentlemen,**

[INTRODUCTION]

Good morning. It gives me great pleasure to be here at the 64<sup>th</sup> session of the UNECE, speaking on behalf of UNIDO's Director-General and the Chair of UN-Energy, Kandeh Yumkella.

I am especially pleased to be present today because of my deep respect for the work of UNECE on a number of important issues – not least where energy is concerned. The Executive Secretary, Mr. Kubis, has shown great personal dedication to finding solutions for energy-related challenges. Since taking office, he has been a key proponent of increasing system-wide partnership through UN-Energy. The delivery of the Energy Efficiency 21 Programme is further evidence of the wide contribution being made under his leadership.

I am aware that you, Excellencies, are addressing important efforts to achieve greater efficiency in all sectors, particularly in the industrial sector, which is the main focus of energy efficiency work of UNIDO. As the United Nations Industrial Development Organization, we are working in a number of ways to assist developing countries and countries in transition in improving energy efficiency in industry and gaining access to clean and renewable energy for productive uses. Later this year we will launch our flagship publication, the Industrial Development Report. This year it focuses in Industrial Energy Efficiency in Developing

countries. It will include analysis and policy recommendations on this key area for wealth creation and competitiveness.

Energy is necessary for economic diversification, which you have been discussing today. Together with the Government of Ghana, UNIDO recently hosted a major conference that addressed policy issues related to industrial resources, resource economics and resource diversity, focusing on approaches to enhance the diversification and competitiveness of resource-rich African economies. The conference paid particular attention to the challenges and opportunities, policies and strategies, and actions and commitments needed to improve the governance of the resources sector. This topic is also highly relevant to the broader European region.

While energy efficiency and diversification are both cornerstones of our work at UNIDO, today I will focus mainly on the issue of lack of access to energy services globally. This topic is enormous and includes matters such as power system planning, energy security, and generation diversification. The reason I particularly wish to highlight this area is to alert you to a recent General Assembly resolution declaring 2012 as the International year of Sustainable Energy for All. To make the best use of the Year as a catalyst for action will require cooperation and partnership from all areas of the world, including the wide region covered by UNECE.

[GLOBAL CONTEXT]

Excellencies,  
Distinguished Guests,  
Ladies and Gentlemen,

Let me briefly set out for you the global context.

As you know, billions of people live without access to modern energy services. These are services that most of us take for granted, like light, fuel for heating and cooking, and mechanical power. Despite the efforts of many committed people, about 1.5 billion people still have no access to electricity, and around 3 billion people rely on traditional biomass and coal as their primary source of energy. This is clearly an unacceptable and unsustainable situation. The rich countries aim for a secure, environmentally satisfactory, and affordable energy supply – but what about the billions without access?

Furthermore, there is a strong correlation between energy consumption and economic growth. The term “energy intensity” provides a way of understanding the evolution of this relationship. Since 1990, global energy intensity has decreased at the rate of about 1.3 per cent per year. But meeting the full potential of energy efficiency will require the international community to harmonize technical standards for key energy-consuming products and equipment. It will also require a transfer of know-how and good practices, and the development of capacities to implement them. Investment in energy efficiency also needs to be encouraged.

#### [ACHIEVABLE GOALS]

Current efforts are thus insufficient in scale and scope. This is why in April 2010 the UN Secretary-General’s Advisory Group on Energy and Climate Change (AGECC) called for the adoption of two related targets: to achieve universal access

to modern energy services by 2030 and for a 40 per cent reduction in global energy intensity also by 2030.

There are important synergies between these two goals. Modern energy services are more efficient than biomass, and the acceleration of energy access will also contribute to a more rapid reduction in net energy intensity. Increased energy efficiency allows existing and new infrastructure to reach more people by freeing up capital resources to invest in enhanced access to modern energy services. Similarly, energy-efficient appliances and equipment make energy services more affordable for consumers – residential, commercial and industrial. While there is no agreement as yet on the minimum target for universal energy access, the initial steps do not entail significant climate impacts. For example, the International Energy Agency (IEA)'s recommended threshold of 100 kilo Watt hours (kWh) per person per year, even if delivered through the current fossil fuel-dominated mix of generation technologies, will increase greenhouse gas emissions by only around 1.3 per cent above current levels.

The impact of this increased energy consumption can be reduced through energy efficiency and a transition to a stronger reliance on cleaner sources of energy, including renewable energy and low-greenhouse gas emitting fossil fuel technologies, such as a shift from coal to natural gas. While each goal is worth pursuing independently, there will be clear synergies in pursuing them as part of an integrated strategy.

Although ambitious, these goals are achievable, partly because of technology innovations and emerging business models, and partly because of an ongoing shift in international funding priorities towards clean energy and other energy issues.

There are also precedents for the widespread provision of both energy access (for example in China, Viet Nam and Brazil), and for dramatic improvements in energy efficiency (such as in Japan, Denmark, Sweden, China and the State of California) that demonstrate the feasibility of achieving both goals.

What is now required is a sustained political focus. These subjects must move up the political and development agendas to become a central priority.

Excellencies, your efforts will be crucial in making the achievement of these goals a reality.

[MONEY MATTERS]

Distinguished Guests,  
Ladies and Gentlemen,

The goal of universal energy access is achievable if the right elements are put in place. AGECC estimated that the capital investment required for “basic human needs” level of access at \$35-40 billion per year to 2030 represents only around 5 per cent of the total global energy investment expected during this period. While even more people need access to modern fuels for cooking and heating, the capital costs of closing this gap are substantially lower than for electricity.

For *energy efficiency*, our estimate is that on average \$30-35 billion of capital is required for low-income countries and \$140-170 billion for middle-income countries annually until 2030 above the IEA’s reference case. In general, most energy-efficiency investments are cost-effective. In practice, however, costs of

energy efficiency are typically mostly front-loaded, with the benefits accruing over time, and low-income countries often have access to limited and expensive capital, which they prefer to invest in the cheapest (first-cost) options available to attain their energy goals.

This is also a challenge for many consumers – residential, commercial and industrial. Financial support in terms of innovative financial structuring such as concessional loan finance, loan guarantees and other financial instruments, supplemented by other market mechanisms, helps to address the risks and barriers, and leverages private capital.

Ensuring these capital flows will require the creation of long-term, predictable policy and regulatory frameworks to mobilize private capital. Within this context, major opportunities to enhance private participation including implementing more public-private partnerships (PPPs) that have the potential to accelerate deployment of technologies that improve energy efficiency and/or enhance energy access (especially on the basis of low emissions).

Successful PPPs could catalyze a scaling up of funding for research, development, and commercial demonstration of low-carbon and efficient technologies and systems. A focus on developing lists with bankable projects, establishing regulatory policies that improve country investment attractiveness, and supporting human and institutional capacity development will be the critical first steps in both areas.

[NEXT STEPS: THE CAMPAIGN]

**Excellencies,  
Distinguished Guests,  
Ladies and Gentlemen,**

The General Assembly resolution designating 2012 as the Year of Sustainable Energy for All, “... encourages all Member States, the United Nations system” and all other actors “to take advantage of the year to increase awareness of the importance of addressing energy issues, including modern energy services for all, access to affordable energy, energy efficiency and the sustainability of energy sources and use, for the achievement of the internationally agreed development goals, including Millennium Development Goals, sustainable development and the protection of the global climate, and to promote action at the local, national, regional and international levels”.

UNIDO has been entrusted with the primary responsibility for the implementation of the resolution working closely with UN Department for Economic and Social Affairs, ECE and other Regional Commissions, UNCTAD, UNDP and UNEP as well all others whose participation may be deemed necessary for the successful implementation of the resolution.

In order to coherently implement some or all of these findings, we are in the midst of launching the activities and a campaign that will support the International Year of Sustainable Energy for All.



Just like the successful campaigns in the public health area, such a campaign will catalyze action on the ground, help ensure political prioritization, and place energy high up on the development agenda.

The campaign will focus on the removal of barriers to the effective delivery of energy services by promoting the development of new technologies and innovative financial and business models. It will also identify and disseminate best practices in this sector and foster strategic partnerships across all sectors of society.

Crucially, it will also aggregate global pledges and actions in the area of energy for development. You are all welcome to join us in the next stages of the campaign, at the Vienna Energy Forum which we will host in June, through COP 17 in Durban, as well as to Rio+20 and beyond.

We need the talent and enthusiasm of every nation in every region to ensure success in bringing sustainable energy to all.

Thank you.

\*\*\*\*\*