

## Granting Energy Access in Rural Communities

### Energía sin Fronteras

#### 1) Introduction:

All of us are here with the same purpose: alleviate poverty by granting universal energy access. Helping those who are now in shadows to reach the light.

Ensuring universal access to modern energy sources, clean, reliable and affordable is the 7<sup>th</sup> Millennium Objective for the United Nations. This objective means not leaving anybody behind, and therefore to face the challenge proposed by poor and isolated population living in rural communities.

These rural communities shares these attributes:

- 1) Population trapped in a cycle of poverty, with low and volatile income against comparatively high expenses dedicated just to survive
- 2) Geographical complexity, with limited infrastructure access and low population density

These factors reduces economic lure to expand traditional network and prevents this population to access modern economy and break their poverty cycle.

In order to overcome this situation we need a comprehensive view, according to the following 3 points:

- Public Administration
- Private company challenges
- Local Community participation and Project´s sustainability

In our view, a significant part of the solution will come with new formulas which are demonstrating its potential for change, for instance:

- Residential electricity generation through renewable energy
- New financial models adapted to payers economic situation
- Multilateral alliances enabling a comprehensive cooperation between all players to achieve the 7<sup>th</sup> Millennium Objective

Now, I would like to share some thought about these 3 points, which I would like later to discuss with all the persons in this table.

## 2. Public Administration

In our view, governments to overcome hurdles proposed by rural communities by following some (or all) of the following steps:

1. Defining the population target which needs special support, mainly rural communities far from traditional network
2. Energy Policy requires long term planning, specially defining in which areas traditional electricity network will be developed, and which areas will have need a different electricity policy
3. Estate should encourage a commercial framework that allows final users in rural communities without exceeding traditional network cost, and allowing private company profitability,
4. Foster local entrepreneurs and private companies' contribution with the creation of a stable legal and economic framework which encourage private companies' investments.
5. Also, government should supervise electricity sector, ensuring private companies' activity according to international standards.
6. And last, but not least, government should boost multilateral alliances between all players in order to achieve our common goal

### 3. Private Company challenges

Private companies, being an international player or a local entrepreneur will have to overcome the following challenges:

- Project finance, taking into account user's payment capacity, this may require public administration and international institutions financial support for project start
- Lack of information about the actual population needs, which may end in infrastructures not adjusted to actual customer's need.
- Local resources scarcity to develop normal operation, for instance lack of technical knowledge will end in poor maintenance.

Traditional business model, and traditional technologies will probably not be fruitful in this environment.

In our view we will be required to:

- Apply new technologies, specially related with renewable energy for residential electricity generation
- Develop new business models adapted to local communities

#### **4. Local Community participation**

All success stories in rural communities' electrification starts with the local community participation.

Strengthening local community's participation will be key in a rural community, and this should be done, not only through local administration, but also with the community entities. Explaining the nature of our project to community leaders will be key to allow the whole community to support the project.

Scarce local resources, does not only mean scarcity of spare parts. It means also lack of knowledge to maintain properly the equipment, and poor managerial skills to manage the project operation. This can only be overcome by training properly local employees with a long term view, enabling to spread our knowledge within the community.

And last, but not least we need to develop sustainable projects, not only in economic terms, but especially in environmental terms, since most of these communities are living in areas which needs to be preserved.

#### **5. Summary**

Isolated rural communities will be our biggest challenge to achieve universal energy access by 2030, and therefore we must focus on it from now onwards. To overcome the difficulties in the area we will be will require to:

- Long Term Planning defining areas with traditional electricity and areas requiring a different approach.
- Participate in multilateral alliances between government, financing entities, international cooperation bodies and local communities in order to encourage cooperation among all players.
- Apply an innovative approach to these projects, especially in regard of state of the art technology and new business models.

Finally, from Energy without Borders, we belief that only sharing different points of view about this situation with all of you, we will be able to achieve our common goal.

Thank you