

Sustainable Development and Electricity Reform

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Framing of the Discussion

- Sustainable development objectives
 - Environmentally clean, but also socially equitable electricity systems
 - Clean fossil fuel systems, but also renewable energy
 - More than supply, also end-use efficiency
 - Good governance of the sector



Proposition 1

Electricity Reforms will serve sustainable development only if they are designed to do so

- Some automatic environmental gains
 - Dash to gas
- Little interest in enhancing unprofitable rural access to electricity
 - E.g. Bolivia
- Long-run vision of sustainable energy future, and appropriate incentives
 - A micropower future?



Proposition 2

Electricity reforms are not currently guided by sustainable development goals

- Reform driven by financial urgency
 - Debt in Argentina
 - Structural adjustment in Ghana
- Technocrat led, financially-driven reforms
 - No scope for outside voices
- Tight political constraints
 - Tariffs
- Legacy of the past
 - IPPs



Proposition 3

Structure finance around sustainable development goals, not vice versa

- Attracting finance with politically and financially unsustainable sweeteners doesn't work
- Reduce risk by building political consensus around long-term public interest in reforms, particularly social benefits
- Explore innovative financing sources through CDM



Proposition 4

To achieve sustainability in electricity requires building a political strategy around reforms

- Tie environmental goals to social goals that have greater political weight
 - Access to electricity
 - Energy efficiency makes tariff increases palatable
- Support reform with sound governance
 - Threat of political capture? Yes, but is there an alternative?
- Encourage donor agencies to incorporate sustainable development goals into policy lending and advice

