

Energy

Making policy work

Finland supports the implementation of the UN Global Agenda through development cooperation activities.

The goals of Finland's development cooperation are to:

- reduce widespread poverty
- combat environmental threats
- promote social equality, democracy and human rights

This brochure describes our plans to meet these goals in the energy sector



Energy Making policy work

Goals of Finland's Development Cooperation	Rationale of the sector in reaching the goals
<p>Reduce Widespread Poverty</p> 	<p>Traditional energy supplies, which constitute one of the basic requirements of well-being in developing countries, are often at risk, and the collection of fuelwood is an increasing drain on the time available for other work. Economic development and the <i>reduction of poverty</i> require modern forms of energy, which in turn call for much capital and new skills. Therefore, financial, material and human resources need to be made available in order to secure traditional energy supplies and to advance the development of modern forms of energy.</p> <p>Energy supply is not a goal in itself, but energy is essentially related to a variety of fields and dimensions of development, such as health, education, communication and water supply. Provision of functioning energy services for towns, villages and people <i>reduces poverty</i> by stimulating productivity and employment, and thereby also benefiting those who perhaps cannot yet afford modern energy forms themselves.</p> <p>Improved financial and technical performance of (state) energy supply companies reduces the costs of energy supply and increases the value of the energy services supplied, while more state budget means become available for other uses, such as health and education. Developing countries therefore need to establish such legal and regulatory frameworks that lead to better management of financial and energy resources, more private sector involvement, and more options to the consumers.</p> <p>As a rule, energy prices should be based on actual costs. This ensures the financial and technical sustainability of the service. Financial support for the energy use of poor households should primarily come through directly targeted government aid and not through generally subsidised energy prices, since the latter benefits affluent consumers more than the poor.</p> <p>The sustainability of energy interventions requires that planning and decision-making be based on a meaningful participation at all levels, including the community level.</p> <p>Aid for investments in commercial energy should normally be given as a soft loan, not as a grant.</p>
<p>Combat Environmental Threats</p>	<p>Energy production, distribution and use have local and regional environmental impacts. In addition, emissions of greenhouse gases and widespread reduction of forest cover have global impacts. Reducing these impacts is an important element in all energy-related development aid.</p> <p>The most important ways to reduce detrimental energy-related environmental impact are:</p> <ul style="list-style-type: none"> ■ more efficient use of energy throughout the whole chain of production, distribution and use ■ full use of the existing best fossil fuel and biomass technology and reduction of the harmful impacts ■ increased use of renewable sources of energy ■ good planning, design, implementation and use of power and other energy plants. <p>Better wood stoves and modern fuels reduce the pressure on the forests. However, deforestation in rural areas is not primarily an energy problem but part of a larger land use problem, which should be solved primarily by land tenure reforms, proper forestry measures and population control.</p> <p>Bringing about the desired changes requires a number of conditions, such as:</p> <ul style="list-style-type: none"> ■ conducive laws and regulations and an efficient way to enforce them, as well as standards, instructions and taxation ■ consideration of external, local and regional environmental costs in energy planning ■ creation of technological capacity at the local level ■ good management. <p>Energy-efficiency improvements are usually financially viable in their own right, and the environmental benefit of less energy use comes as a "by-product" at no extra cost.</p> <p>Transport-related energy-inefficiency and pollution are serious problems in many cities, especially in developing countries. These problems need to be addressed in proper contexts.</p>
<p>Promote Social Equality, Democracy and Human Rights</p>	<p>The scarcity of sustainable traditional biomass energy in many parts of the world is also becoming a problem of social equality and human rights. A large number of people are without access to modern forms of energy. Providing affordable and equitable energy to all people is generally acknowledged as an important long-term development goal.</p> <p>Women are the main consumers and providers of household energy. They and their children, particularly girls, are also those who suffer most from the common problem of polluted kitchen air.</p> <p>In case the development of energy production and distribution infrastructure leads to restrictions on existing land uses and to resettlement needs, it is important that such projects are designed as minimise the negative impacts and that proper compensation is given.</p> <p>The problems of access to energy by poor people should be addressed systematically, e.g. through special loan facilities. Cross-sectoral approaches to energy issues should be developed and coordinated with efforts to promote rural development through agriculture, health and education projects.</p>

Examples of typical activities to reach the goals

Poverty

Priority is given to activities which are likely to bring about job opportunities and better food security and thereby improve the general quality of life of the whole population. Finland focuses on the most vital energy-related problems in the developing countries and on such fields where Finnish knowledge and expertise best meets the needs of the recipient country. Emphasis is being shifted from separate investment projects to general sectoral development activities which Finland often supports through partnerships with influential lead agencies.

Typically, activities aim to:

- Liberalise and restructure the energy sector in order to promote efficiency, private investments and competition.
- Improve the financial performance and efficiency of energy utilities and support the development of technical skills;
- Support various studies and developmental and operational activities in the electricity and district heating subsectors, including e.g. loss reduction programmes and rural electrification;
- Secure the availability of fuelwood and charcoal and improve the efficiency of traditional household energy use;
- Create modern alternatives to biomass-based household energy; develop biomass-based energy production for industries and communities;
- Promote the commercialisation of the solar photo-voltaic appliance market;
- Promote energy efficiency and conservation.

Environment

Energy sector cooperation may include:

- Development of legislation and standards, and methods for their enforcement to control pollution caused by energy production;
- Enhancement of occupational health and safety in energy production;
- Improvement and development of health and safety in household energy production and use;
- Development of environmental management and monitoring systems for energy agencies and utilities;
- Development of the utilisation of renewable energy sources, such as biomass, biogas, wind, hydropower and solar energy, where these forms of energy are feasible;
- Transfer of pollution-control technology;
- Heightening of energy-related environmental awareness and improvement of skills through education and training.

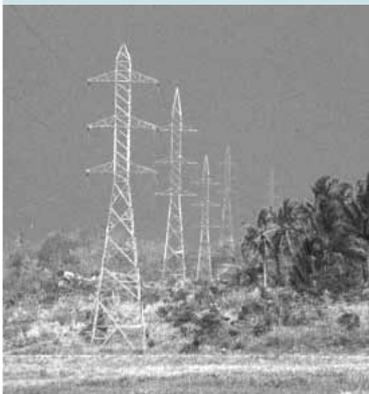
Project Activities

- In all energy-related projects and activities, attention is paid to the necessity to reduce the negative environmental impact of those activities;
- Environmental impact assessments are carried out as required, and impact mitigation plans are implemented and monitored.
- Activities under the **Clean Development Mechanism**, as established under the Kyoto Protocol on Climate Change, will be coordinated, as appropriate, with Finland's aid programmes when relevant and when the modalities of the mechanism have been determined.

Equality

Energy sector cooperation may contribute to achieving these goals by:

- Promoting equal access to basic services by means of demonopolising the electricity supply and other energy services and thereby providing more options for consumers and suppliers. Properly targeted and designed electrification and household energy projects increase equitable access to energy.
- Encouraging private or community-owned tree growing activities;
- Developing and using environmental and gender assessment methodologies that recognise the different roles, responsibilities, opportunities and constraints of women and men in managing natural resources in households and communities. Women and men should be given equal access to new technology, and resources dedicated to women's empowerment should remain within their control;
- Promoting equal participation of men and women in energy-related decision-making;
- Conducting Social Impact Assessments of energy development projects and programmes; mitigating potential social impacts and conflicts through participatory planning, fair compensation for the affected people and appropriate resettlement schemes, whenever relevant.



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Energy



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