News Release

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Private Sector Investment Critical to Bring Power to Millions Living in Energy Poverty

27 January 2012

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- The private sector must invest in energy projects and governments must make sustainable energy a priority
- Private sector engagement – and investment – will require new models
- The theme of the 42nd World Economic Forum Annual Meeting is *The Great Transformation: Shaping New Models.* For more information, visit http://wef.ch/Davos

Davos-Klosters, Switzerland, 27 January 2012 – Reducing energy poverty will require the "massive mobilization of all partners" to bring life after dark to millions of people around the world. Speaking at a plenary session at the 42nd Annual Meeting of the World Economic Forum, Ban Ki-moon, Secretary-General of the United Nations, called on the private sector to invest in sustainable energy projects and infrastructure, and for governments to make sustainable energy a priority by implementing the right policies.

"Sustainable energy is central to everything [the UN does] and everything the [UN] wants to achieve. By providing sustainable energy for all, we can revitalize economic growth, protect this planet Earth and the environment, and spread the benefits of development more equitably," he said. Clean, affordable energy resources must be made available to developing and least developed countries. At the same time, Ban Ki-moon warned, "We cannot build a green economy on the backs of the poorest and most vulnerable people."

The delivery of affordable, reliable and sustainable energy to citizens is one of the greatest challenges of the 21st century, but it can never be achieved without the involvement of the private sector. However, private sector engagement – and investment – will require new models. Diezani K. Alison-Madueke, Minister of Petroleum Resources of Nigeria, said, "We have to be extremely creative to create the right enabling environment, legislation and policies to be sure we can work with the private sector in a different way. We are looking at completely new models, particularly for those of us who are hydrocarbon rich."

It is critical to "get the relationship right" between the public and private sector, said Erik Solheim, Minister of the Environment and International Development of Norway. "There is an enormous abundance of possibilities. The Washington Consensus told us market forces would solve infrastructure problems, but the investment needs were so big and so complex that [it was] impossible. ... We lost 20 years. Now we understand there must be a combination of the public and private sector where the private sector does the infrastructure."

Gérard Mestrallet, Chairman and Chief Executive Officer, GDF SUEZ, France, stressed the importance of clear roles and responsibilities. "The public institution draws up the framework and the private sector executes. The public-private partnership has to be very, very clear. We need a clear framework ... we need to be clear about the responsibilities of the public partner and of the private sector," he emphasized.

A good model can be found in Brazil's Light for All Programme, launched in 2003 by then-President Lula. The goal was to bring electricity to more than 10 million rural people. According to José Sergio Gabrielli de Azevedo, Chief Executive Officer, Petroleo Brasileiro Petrobras, Brazil, the programme is a huge success with 14 million people now accessing the national grid. "We have strong regulation and forced our utilities to use part of their profits ... government funding was concentrated in the mile of the distribution grid ... we involved families and communities. We used multiple sources of finance."

India ranks as the world's fifth largest wind market and has one of the most competitive policy regimes on renewables. In addition to bringing energy to the poor, wind brings socioeconomic benefits as projects are usually located in rural areas. According to Tulsi R. Tanti, Chairman and Managing Director, Suzlon Energy, India, "Enormous wind resources are available. Wind is becoming competitive ... the scale has brought down the cost. A top priority is that energy security can be secured by wind energy. But the biggest constraints are the lack of a policy framework and infrastructure. If you address these areas, people can get energy fast."

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