

An Energy Agenda for Development

We live in a new century of unparalleled opportunities which, if managed correctly, have the potential for expanding the delivery of common goods. We [Members of Club of Madrid] consider these public goods to include rights to clean air and clean water, basic education, health, shelter, food and to participate in the way we are governed. From this perspective, energy is the lifeblood of all our societies and inextricably tied to our common humanity.

The world's current path of energy use, however, is unsustainable. This precious resource, in all its forms, must now be managed in new ways to fight poverty, minimize conflict, protect the environment and create economic opportunities. According to the International Energy Agency (IEA), in 2030 there will still be 1.4 billion people without electricity if no major new policies are implemented. We must, therefore, break the status quos. This is a defining challenge for our times, and one that will require dramatic action sustained for decades.

The global energy system is fundamentally interdependent and all nations have a stake in managing it responsibly. The growing demand for energy to meet economic growth, especially in the emerging economies of China and India, coupled with supplies being concentrated in only a dozen of mostly non-democratic countries, is driving the search to diversify energy sources and delivery. Nonetheless, we will remain heavily dependent on fossil fuels for the

foreseeable future. These fuels are increasingly expensive, accounting for a massive transfer of resources from consuming to producing countries. More importantly, the burning of non-renewable resources at current levels is driving us toward environmental catastrophe.

These realities mean that political leaders must pursue public policy reforms now to encourage energy efficiency and the development of new technologies to capture and sequester carbon. It also demands much greater research, development and deployment of renewable energy sources such as solar, wind, hydro and geothermal power. Regarding biofuels, political leaders must proceed with caution due to the wide variation of economically and environmentally sustainable options and the risks of interrupting food supplies and raising prices for basic commodities.

The interdependent nature of our present and future energy system also requires that political leaders look beyond short-term national interests to find solutions built on expanded dialogue, cooperation, regional and international agreements and, where appropriate, integration of energy infrastructure. The increasing state control of supply is causing new power dynamics that some governments are using to exert undue pressure on their neighbours, and to suppress democratic development in their own countries and externally. There is also a recurring problem of corruption and diversion of national assets for

private gain. This abuse of state control of energy is unacceptable.

To address these problems, the international community and national political leaders should redouble efforts to support greater transparency and accountability in the energy sector. Proper use of national funds collected from energy revenue, coupled with higher levels of development assistance, would help countries meet their obligations under the Millennium Development Goals (MDGs) to reduce poverty in half by 2015. Projects like the Extractive Industries Transparency Initiative deserve wide support and should be expanded to cover industries beyond oil and gas. Democratic governance founded on the rule of law will naturally attract much-needed investment from domestic and foreign actors and stabilize energy markets. National governments must reconcile competing energy and environmental interests to ensure a unified strategy that ensures both energy and environmental security.

There is also a critical need to fill the gap in human resources and infrastructure, particularly in resource-rich Africa, Latin America and Asia, in order to expand energy services, especially to the poor. This should include the provision of solar energy for cooling, heating and cooking at village level.

On regional and international levels, energy governance is in dire need of reform. While liberalizing energy markets is important, it is not suf-

ficient to ensure adequate oil and gas supplies or to tackle climate change in coming years. Developing a road map to enhance the predictability of energy supply and demand requires more robust producer-consumer relationships, whether through existing channels such as the International Energy Forum or the establishment of new mechanisms. A broader effort should be undertaken to develop an 'energy agenda for development' with national, regional and global benchmarks. We also encourage the IEA to develop much stronger links with new centres of energy demand like China and India.

As stated in our proposed Framework for a Post-2012 Agreement on Climate Change, an international agreement to regulate greenhouse gas (GHG) emissions must be a top priority of the international community. Without a comprehensive agreement that puts a price on carbon, we will fail ourselves and generations to come.

As we concluded at our meeting last year, current energy and climate realities force us to recognize that humanity has reached a tipping point. At the heart of creating a new energy vision for the survival of our planet is a dedication to democratic development. The Club of Madrid will continue to be fully committed to devoting its time and resources to call attention to this fundamental objective.

This article is based on the final statement of the Club of Madrid VI General Assembly held in November 2007.