

# Energy for earning a living

Poverty remains the main barrier to access for the people who currently lack energy services and supplies. But talking with communities around the world whose lives are blighted by energy poverty, it is clear that lack of access to energy is also one of the main contributing factors to their poverty. Without the ability to use adequate, reliable, and affordable energy supplies of sufficient quality, enterprise activities of all types and sizes cannot thrive. It is a cruel catch-22 that those without energy access are denied the chance to work their way out of poverty.

The recent Centre for Global Development report entitled *Africa's Private Sector: What's Wrong with the Business Environment and What to Do About It* states 'There is perhaps no greater burden on African firms than the lack of a reliable supply of electric power.'

Perhaps one of the hardest hit sectors is agriculture. Farming and working on the land remains a hugely significant means of earning a living in the developing world, and energy access has a considerable impact on the productivity and returns of the sector.

Currently agriculture is the primary earning activity of some 2.5 billion people, 45 per cent of the developing world's population. Increased agricultural productivity is a key driver for food security, income generation, development of rural areas, and ultimately global poverty reduction. For smallholder farmers, the increased use of modern energy services can contribute to increasing incomes through a wide range of energy services at each step of the agricultural value chain from production, post-harvest processing and storage, to marketing.

Small farmers are also part of a wider group of micro and small-scale enterprises (MSEs), which are at the heart of economic activity, and are run by people in energy poverty in both rural and urban areas. Many hundreds of thousands of people run MSEs such as street-side stalls, small garages, and tailors, and each MSE has its own specific set of energy needs if it is to survive and thrive. Improved energy services can enable new or improved products and services to reach customers, and improve efficiency and returns for the enterprise.

The PPEO (Poor People's Energy Outlook) also looks to the wider economy of developing countries and the implications of increased energy access on job

creation. Reliable and affordable energy services access is well known to be essential for national economic development. That is shown to create job opportunities for poor people, but there are also potential risks. Where greater energy access increases automation and mechanization, this can make workers with less training and educational access redundant.

In fact the analysis presented shows that energy access alone, of which electricity is just one component, is no guarantee of an improved livelihood. Reliability, quality, and cost of energy supplies are critical success factors to enterprises – but only when coupled with access to markets, social networks, and a business proposition that has sufficient demand.

The potential for earning a living from the supply of energy is itself a huge opportunity in a context where so many are underserved. The transition from insufficient, unhealthy, and inefficient use of traditional energy supplies, to modern energy services associated with improved fuels, appliances, and equipment holds many opportunities for livelihoods in businesses along the supply chain.

Reaching poor people with energy products and services is a market that generates social and economic returns not only in the productive use, but also in the service supply. Where low carbon energy supplies are utilized, benefits are extended to environmental impacts (Poor People's Energy Outlook, 2012, Practical Action, UN).