A Call to Action to Transform Energy Sector in Latin America and the Caribbean

Opening Remarks by President Luis Alberto Moreno Energy & Climate Ministerial of the Americas Thursday, April 15, 2010

Welcoming remarks...

· We’re here today as a result of the visionary ideas that leaders from across this hemisphere discussed a year ago at the 5th Summit of the Americas in Trinidad, where they agreed to move forward on an Energy and Climate Partnership of the Americas.

· They did so because when it comes to energy and climate, our countries share many of the same predicaments. From northern Canada to southern Chile, working families are eager to lower their energy bills. Private companies are seeking to increase productivity while cutting their CO² emissions. And governments are searching for new sources of renewable power, despite difficult economic conditions caused by the global recession.

· But this Partnership makes sense because our Hemisphere also shares extraordinary potential when it comes to energy. The Americas hold some of the world’s largest untapped reserves of non-conventional, renewable energy, from wind to geothermal and to tidal to solar power. Collectively, we get more clean electricity from hydropower than any other region, and we are the planet’s leading producer of sustainable bio-fuels.

· The IDB has been a leader in supporting renewable hydro projects across the region, working with Mexico, Venezuela, Colombia, Brazil, Paraguay and Argentina, just to name a few, to help finance the cleanest energy matrix of any region in the world.

· We are also supporting projects that use water in an ecologically sound way to generate energy, irrigation and drinking water in low-income areas. The Misicuni project in Bolivia is a great example of this approach.
In contrast to other parts of the world, we have a long history of regional energy integration and of peaceful energy commerce. This creates natural opportunities for finding collective solutions to our energy problems.

And as President Obama put it last year in Trinidad “Each country can maximize its strengths as we promote efficiency and improve our infrastructure, share technologies, and support investments in renewable sources of energy. And in doing so, we can create the jobs of the future, lower greenhouse gas emissions, and make this hemisphere a model for cooperation.”

At the IDB we’re focused on tackling this problem. Even before this Partnership was announced, we were responding to a surge in demand for energy-related lending from our members. By the end of this year, the IDB’s energy lending will have risen to nearly $1.5 billion, up from short of $500 million in 2008.

Last month, as many of you know, our Board of Governors approved, in principle, a record Capital Increase for the IDB of $70 billion. As a result, when this process is concluded, the Bank will have the capacity to double our clean and sustainable energy lending, to approximately $3 billion a year, by 2012. And I am pleased to announce today that this is our intention.

Thanks to this strong vote of confidence from our member countries, in the coming years the IDB will be able to finance a pipeline of more than 15 energy projects that have been requested by our members.

More significantly, going forward we plan to devote one-quarter of our total lending to solving energy and climate-related problems, up from 5 percent in recent years past.

This historic expansion of our clean and sustainable energy portfolio will focus on four broad areas:

1. First, we plan to expand energy lending for the countries with greatest needs in the region—particularly those that are most dependent on imported fossil fuels.
In Haiti, for example, we will be proposing to the Government a completely new infrastructure based on wind, solar, and hydro. And this initiative would transform Haiti’s current energy matrix, meeting most of the country’s energy needs with renewable sources and helping it better cope with future natural disasters.

This would also reduce expenditures on imported fuel and make Haiti a global reference point for renewable energy in low-income settings. I’ll say more about this in a minute.

2. Second, we will push for a new era of regional energy integration across Latin America and the Caribbean.

We were the lead institution in financing Central America’s SIEPAC system, which is now enabling Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Colombia, and Mexico to lower costs and increase the reliability of their power grids.

Now, we are pushing to exploit similar opportunities in the rest of the region.

3. Third, we will expand on our pioneering programs to help governments create Climate Change Mitigation and Adaptation frameworks.

We are deeply involved in financing in Mexico, and in Colombia and on Peru’s climate programs, and we will soon be working with several other countries that want to follow on this very the same path.

In addition, our Sustainable Energy and Climate Change Initiative is developing a host of knowledge products such as the Biofuels Sustainability Scorecard.

4. Fourth, we will become the leading source of funding and expertise for energy efficiency in our region. Our research indicates that Latin America and the Caribbean as a whole could reduce electricity consumption by 10% over the next decade by investing in widely available technologies.

This demand reduction would save as much as $36 billion in new energy capacity that the region will otherwise have to build.

We are supporting energy efficiency programs that range from promoting compact fluorescent light bulbs to helping water utilities and industrial ethanol producers to slash their energy use.
In order to ensure that these new resources turn into energy solutions as quickly as possible, the IDB is teaming up with the Department of Energy and other regional and non-regional partners to create the Energy Partnership of the Americas Innovation Center, or Ene-Innovation Center.

This Center, to be housed here at the IDB, will be a knowledge clearinghouse and serve as an incubator for energy projects to be financed and implemented by the IDB in partnership with our member governments and the private sector. It will be staffed by some of the world’s leading experts in areas such as renewable energy and energy efficiency.

The center will work closely with the network of energy think-tanks that include the Center for Non-Conventional Renewable Energy in Chile, the Energy Efficiency Centers in Peru, in Costa Rica and in Mexico, the Biomass Center in Brazil, and a Wind Energy Technology Center, also in Mexico.

Through the center, we will be able to efficiently deploy technical staff across the region to assist governments, the private sector and NGOs address opportunities for renewable energies and help take projects from the innovative stage to the operational stage.

We will be better able to conduct energy efficiency audits, carry out pre-feasibility studies of renewable micro-hydros, and provide dedicated potential technologies for solar applications in residential areas. The possibilities are enormous, and extensive.

So today, I call on all of you help us unleash an unprecedented era of creative collaboration to take on our Hemisphere’s toughest energy challenges.

I am convinced that our Hemisphere can and should lead the way in this critical technological revolution. Just in the past two years, we’ve seen evidence of how North-South collaboration can quickly turn good ideas into bankable projects.

Let me give you some examples:
An innovative project by the IDB’s Multilateral Investment Fund financed solar panels for residents of remote areas of Nicaragua, helping bring clean energy to rural populations in a project that has received international acclaim.

Last year, the IDB helped launch "Ideas" an Energy Innovation Prize that awarded start-up grants to 25 small renewable energy entrepreneurs across our region.

We were astonished by the inventiveness and sophistication of the proposals. They range from a project to produce ethanol from banana waste in St. Lucia to a product that will increase the efficiency of air conditioners in Panama.

In virtually every case, the winners are transferring knowledge and adapting technology from the U.S. and Europe to local conditions.

Today we are renewing the call for new ideas for this year’s prize.

Consider the potential of wind power. Last year the IDB helped to finance two wind farms in Mexico totaling 318 megawatts in capacity, as part of a government plan to develop up to 2.5 gigawatts of wind power largely with private investors.

And we are now preparing a project in Nicaragua that will increase the population with electricity coverage by 20%, partly by connecting the national grid to wind farms that are now in development.

The IDB has pioneered efficient lighting projects in several countries in the region. Now, we are seeing explosive growth in demand for efficient light bulbs.
In Peru, for example, around 60% of all light bulbs in use today are compact fluorescents. That’s nearly twice the level we have in the United States.

According to IDB research, this has enabled Peru to reduce its overall electricity demand by around 8%, saving hundreds of millions of dollars in energy productions costs.

We have numerous opportunities to work together on climate issues.

As we speak, supercomputers at the University of Nebraska are processing climate scenarios designed by scientists from Jamaica, Honduras, and several other regional countries.

These scientists participated in training seminars conducted by U.S. National Center for Atmospheric Research with funding from the IDB. Now, they are using supercomputers to produce some of the first detailed, country-level models of the potential impact of climate change in the region.

In the Caribbean, for example, we are working to bring renewable energy and energy efficiency to the public sector in the Dominican Republic, to reduce electricity losses in Guyana and to build sustainable energy platforms for Barbados and the Bahamas.

We could give many more examples of this kind of collaboration. But in closing, I’d like to stress that at the IDB we are really focused in this, above all, on energy solutions that will have the greatest possible development impact.

As you all know, the price of oil has risen 70% over the past year, despite the global recession. At $80 dollars a barrel, oil imposes a crippling tax on poor countries.

That is why we are proposing such a radical approach to rethinking energy needs in Haiti.

Last year, even before the devastating earthquake of Jan. 12, Haiti spent more than US$100 million on government transfers for oil imports. More than 80% of Haiti’s electricity is generated with fossil fuels.

We were working with Haiti on energy issues before the earthquake and we have an even greater sense of urgency now:
1. We’re helping to **rehabilitate electricity distribution in Port-au-Prince** and we are **financing a substation that will** supply electricity to an industrial center of the capital.

2. We’re also **providing grant funds for an emergency program utilizing solar sources.**

3. We’re also helping the government **overhaul the regulatory framework** to attract private investment.

4. And we’re **refurbishing the Peligré Hydroelectric complex** so that it can continue to be Haiti’s largest source of renewable energy.

   · But we don’t want to stop here. As you know, the international community has just pledged **more than $5 billion to help rebuild Haiti.**

   · The IDB’s Energy Division estimates that for roughly **$1 billion, Haiti could build a new energy infrastructure** that harnesses wind, solar and small hydro power to meet the bulk of its electricity needs. Of course, $1 billion is a lot of money. And many technical and regulatory obstacles would have to be overcome.

   · But imagine what it would mean for Haiti to reduce its burden from fuel imports. Furthermore, this would prove that renewable energy isn’t a luxury, but rather a smart way of unleashing human potential in even the most difficult of settings.

   · These are the kinds of ideas that we want to turn into action.

   · In a few minutes we’ll hear from Secretary Steven Chu, the distinguished Nobel prize winner and Secretary of Energy of the United States.

   · Throughout his career Dr. Chu has made it a specialty to tackle tough problems, be it as a scientist, teacher or administrator. And he turned Berkeley National Laboratory into a reference point on alternative and renewable energies.

   · Now he is spearheading the Obama Administration’s ambitious plans to scale up these clean energy solutions while addressing the global climate crisis and creating millions of new jobs.
· Finally, I want to thank Secretary Chu and each of the Energy Ministers who are honoring us with their presence today. Over the next 48 hours we have an opportunity to roll up our sleeves and make all this happen.

Thank you for joining us. We at the IDB stand with you, ready to get to work.