

# Access to energy no panacea in war on poverty

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(PhysOrg.com) -- Access to modern forms of energy does not guarantee a reduction in poverty. Contrary to what current macroeconomic studies would have us believe, more than just electricity, gas or diesel is needed. The key factor is an efficient network with links to urban areas. This is the conclusion of Annemarije Kooijman-van Dijk in her thesis on the subject. She conducted her research in the Himalayas, obtaining her doctorate from the School of Management and Governance at the University of Twente, The Netherlands, on 19 December.

Policymakers often assume that if people in developing countries have

access to modern types of energy (such as electricity, gas or diesel) this will lead to higher incomes for them. This assumption is based on the results of macroeconomic studies. One approach often employed relates the use of electricity nationally to a country's Human Development Index (HDI), a metric for human well-being and development. The greater the access to energy, the higher the HDI.

Annemarije Kooijman-van Dijk showed that the effects of energy at the micro level in rural areas were less than those suggested by the above-mentioned studies. She examined how, and under what circumstances, modern energy services help small businesses in rural areas combat poverty. The Indian section of the Himalayas was the setting for her study.

## **Energy for poverty reduction**

Channels giving access to markets and social contacts in the markets are essential to actually benefit from modern energy and earn money from it. Large companies in rural areas generally have more money and contacts than small ones, and are better positioned for the markets. Modern energy certainly helps these large companies to improve their production processes.

## **Comfort, but no increase in income**

The poor who live in rural areas often have access to modern energy, but make little use of it. This group of people have few social contacts in the markets or surrounding areas. Their businesses service the local population. In rural areas, modern energy brings mainly comfort and ensures better working conditions, but does not lead to higher incomes.

Provided by University of Twente, The Netherlands

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