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Advancing Energy Poverty Measurement for SDG7

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Abstract

Existing indicators used to track progress towards achieving target 7.1 of the Sustainable Development Goals (SDGs) narrowly interpret energy poverty as a lack of connections. Recently proposed measurement frameworks are more multidimensional, but complex and conceptually muddled. We propose an alternative framework that simplifies and distinguishes two conceptually distinct aspects of energy access – energy supply conditions and the status of household energy poverty. This approach, with refinements through further applications to real data, can improve the design and targeting of policies to both service providers and vulnerable groups to accelerate affordable and reliable energy service provision.

1. Introduction

The United Nations' Sustainable Development Goal (SDG) 7.1 aims to end energy poverty globally by 2030 (1). Providing energy access universally is seen as a means of ending energy poverty and has been endorsed as a normative goal that is important for sustainable development. However, what 'access' means, what dimensions it comprises, and with what frameworks and indicators it should be measured are still being debated. Currently, two binary indicators are recommended to track Target 7.1 - Indicator 7.1.1: Proportion of population with access to electricity, and Indicator 7.1.2: Proportion of population with primary reliance on clean fuels and technology. While easy to communicate and

24 measure, these indicators have several shortcomings. Most importantly, they tend to overestimate
25 access as they fail to account for the quality of supply and user circumstances that determine real
26 utilization of energy services (2).

27 Approaches to understanding energy poverty and measuring energy access have evolved over the last
28 couple of decades with growing understanding of how different attributes of energy supply and
29 aspects of household vulnerability matter for which energy services are utilized (3–10). Recent efforts
30 have built off theoretical contributions on concepts of human capabilities and justice (10,11), such as
31 those of Amartya Sen and Rawls (12,13). Most recent contributions, while differing in detail,
32 emphasize the need to move beyond a binary formulation of access that focuses on connections alone
33 to bring greater granularity to the concept. A key motivation to increase granularity is to better reveal
34 injustices in energy provisioning and access that binary quantitative indicators alone might obfuscate
35 (14). Newer conceptualizations emphasize three critical aspects. First that access is multidimensional,
36 and that issues of affordability, reliability and quality of energy services are critical. Second, that there
37 is a need to distinguish between key services or end-uses, at a minimum, between energy for cooking,
38 lighting and other household uses. Third, there is also increasing awareness and agreement that
39 energy access should go beyond a minimum required to meet basic energy services in the home and
40 extend to energy for productive purposes and community services or decent living standards defined
41 more broadly (15–18). In other words, access should be viewed as more of a continuum. Recent
42 reviews of energy access and energy poverty metrics highlight the strengths and weaknesses of
43 alternative approaches and the challenges with applying these in different contexts (19–25).

44 The World Bank, acting on its mandate to monitor achievements towards SDG 7, has proposed a new
45 Multi-Tier Framework (MTF) as a multi-level, multidimensional measurement framework to measure
46 energy access (26). While the MTF is a significant enhancement to the earlier binary formulations of
47 energy access, we argue that it is now too complex and conceptually muddled to track access at a
48 global scale. It can be further improved by disaggregating and simplifying two conceptually distinct

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3 49 aspects of energy access – energy supply conditions, and the status of household energy poverty –
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5 50 that require monitoring of different entities, namely utilities or energy providers and households
6
7 51 respectively. Different policies may also be needed to either redress deficiencies in service provision
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9
10 52 or provide support to households. The simplifications we suggest make monitoring simpler and make
11
12 53 transparent the links to energy access and poverty. Our modifications also simplify and reduce data
13
14 54 requirements. Data are currently not available at a global scale to apply the MTF comprehensively.
15
16 55 While this is also the case for our alternative framework, the coverage of surveys with adequate data
17
18 56 is greater. Furthermore, as we discuss later, the World Bank (WB) and the World Health Organization
19
20 57 (WHO) have recently coordinated the development of a set of new household energy survey questions
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22 58 that will cover all the data requirements of our framework. These standardized set of questions,
23
24 59 related to household cooking, heating, and lighting, are recommended for inclusion in national surveys
25
26 60 to monitor SDG 7 and track progress. To facilitate inclusion in standard existing surveys, three versions
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28 61 of the harmonized set of questions to align with common national surveys like UNICEF’s Multiple
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30 62 Indicator Cluster Surveys (MICS) and USAID’s Demographic and Health Surveys (DHS) and the World
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32 63 Bank’s Living Standards Measurements Surveys (LSMS) have been made available for inclusion (27).
33
34 64 The inclusion of these sets of questions in existing surveys along with ongoing data collection efforts
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36 65 through rollout of MTF surveys should make consistent and comparable monitoring of household
37
38 66 energy use patterns across time and populations possible in the next few years. Currently, MTF surveys
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40 67 for 15 countries with the largest electricity access deficit are planned and being administered.
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46 68 Applications of the MTF to actual regional or national contexts have been quite limited so far, but
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48 69 literature critiquing the approach is already emerging (7,20,21,28). The critiques suggest that the MTF
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50 70 is too complex for global tracking purposes and too prescriptive to gain acceptance in diverse national
51
52 71 settings to guide policy and planning (23). Other key criticisms leveled against the MTF concern the
53
54 72 choice of dimensions and attributes selected to measure aspects of energy poverty, the number of
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56 73 tiers or levels these dimensions are distinguished across, and thresholds chosen to distinguish
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58 74 performance among tiers or levels (7,28,29). In particular, the metrics used to capture some

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3 75 dimensions are considered inadequate. For instance, the MTF risk indicator was considered
4
5 76 inadequate to capture the common energy risk factors related to burns and fires, especially common
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7 77 in crowded urban informal settings in the South African context. In addition, research shows that
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9 78 affordability in South Africa is better measured by a combination of both subjective and objective
10
11 79 measures than the single budget share based measure defined in the MTF (28). There is also a lack of
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13 80 consensus of acceptable levels of service quality in defining specific thresholds for different contexts.
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15 81 Our refinements allay some of these concerns.
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19 82 Here we first present an alternative framework for global tracking of energy access, embedded within
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21 83 a discussion of key conceptual challenges and limitations inherent in the MTF. In doing so, we have
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23 84 two objectives: first, to make more explicit the normative foundation that underlies the goal of energy
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25 85 access and frameworks and indicators used to measure it; and second, to simplify the MTF and thereby
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27 86 balance the need for accuracy of measurement with that of ease and transparency in facilitating wide
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29 87 adoption. We then compare this alternative framework to the MTF by applying both frameworks to
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31 88 household survey data from Ethiopia, India, and Rwanda. We restrict our comparison to household
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33 89 electricity access alone, though the approach could be extended to other energy services and end-
34
35 90 uses. We show that the MTF underestimates the heterogeneity in the affordability and type of energy
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37 91 services to which poor people have access, and, as a result, underestimates energy poverty. We
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39 92 conclude with some insights on the applicability and usefulness of the frameworks and recommend
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41 93 enhancements to existing surveys and data collection efforts to better capture indicators of interest
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43 94 in such measurement frameworks.
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50 95 2. Developing a simple yet comprehensive energy poverty 51 52 96 measurement framework

53 54 97 2.1 Defining tiers of access along an energy 'service' ladder

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56 98 The MTF framework includes household electricity consumption as one dimension of electricity
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58 99 access, wherein higher amounts put households in higher tiers. As a guide, the framework provides
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3 100 sample groups of appliances that are reflective of different tiers of electricity use, but these are largely
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5 101 defined in terms of rated capacity, not services. The implicit principle behind this framework,
6
7 102 presumably, is that more energy use implies a higher level of welfare. However, the amount of energy
8
9 103 used as a proxy for welfare from energy services is crude, both in principle and in practice. In principle,
10
11 104 energy has no inherent value, but it is instrumental to obtain certain services that do have inherent
12
13 105 value to human wellbeing, such as heating or cooling a home to comfortable levels or watching
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15 106 television for entertainment. Thus, tiers ought to be defined explicitly with reference to these services,
16
17 107 rather than in terms of a quantum of energy. The same quantity of energy may offer different levels
18
19 108 and quality of these services also depending on many technical factors associated with the delivery of
20
21 109 the service, such as the efficiency of appliances and household structural conditions. Thus, two
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23 110 households may enjoy very different types of service and still be accorded the same energy poverty
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25 111 status based on their similar energy consumption.
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30 112 Another concern with the existing tier structure of appliance energy use is that it offers no guidance
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32 113 for an aspirational standard. Although the tiers are intended to represent improvements in service
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34 114 conditions, the principles on the basis of which such an improvement is measured is absent.
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36 115 Households transition up an energy service ladder, acquiring new electrical appliances associated with
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38 116 additional services, as they become more affluent. Some recent literature has alluded to this transition
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40 117 as “energy mobility” (30). If the SDG were to be expanded to include these additional dimensions of
41
42 118 access, targets would have to be specified for each, for instance which services should be included in
43
44 119 an aspirational basket. A few measures of energy poverty offer such a threshold but encompass a wide
45
46 120 range of services with limited justification. The ‘minimum energy poverty threshold’ (4) includes the
47
48 121 level of energy demand required for subsistence, which the authors interpret and empirically estimate
49
50 122 as a minimum level for lighting, cooking, and heating. Other measures implicitly consider electric
51
52 123 energy for lighting, small appliances and clean stoves and fuels for cooking as a level of energy services
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54 124 that must be provided universally (31,32). In a few cases, additional services such as refrigeration or
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56 125 space cooling, information and communication, as well as energy (mechanical) for productive
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3 126 purposes are included in such measures (3,5,6,33). However, these proposals lack normative support
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5 127 for their assumptions, particularly in terms of the role of these services in enhancing human wellbeing.
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7 128 Building on a mix of sources from empirical testing, measurements and literature, Practical Action
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9 129 provides a broad discussion of minimum energy service needs and thresholds, including those for
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11 130 household needs, productive ends and community services (33). Another approach also lends support
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13 131 for many of these services as necessary *means* to achieve basic wellbeing (characterized as a 'decent
14
15 132 living standard'), including good health and social affiliation (15). On this basis, in order to escape
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17 133 poverty and achieve basic wellbeing, households should be entitled to cook without dangerous indoor
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19 134 air pollution, store food in refrigerators, afford comfortable temperature/humidity conditions in the
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21 135 home, and have the devices and infrastructure to access broadcast media. This rationale, that energy
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23 136 access is a means of improving wellbeing, underlies the tier definitions we propose (Figure 1), as
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25 137 discussed further below. Geographic and cultural conditions may require these standards to be
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27 138 operationalized somewhat differently in terms of the actual appliances and affordability criteria they
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29 139 entail.
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38 141 2.2 Focusing on additional critical dimensions of access

39 142 2.2.1 Reliability/Availability

40 143 Reliability, or regular availability of supply, enhances the economic benefits from electricity access,
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42 144 and consequently well-being. Recent evidence from rural India also suggests that daily supply duration
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44 145 is the best predictor of satisfaction with electricity supply (29,34–37). The World Bank's MTF defines
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46 146 reliability in terms of duration of supply, distinguishing between hours during the day and evening
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48 147 hours of supply, and frequency of outages or disruptions. The rationale for monitoring hours of use in
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50 148 the day and in the evening separately, while sound, has not found consensus in implementation due
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52 149 to the variation in socially and politically acceptable levels of supply disruption in different contexts
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54 150 (28,29). We suggest for simplicity to measure total daily availability. To decide on how many tiers or
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56 151 thresholds it is useful to distinguish between reliability tiers, we conducted a Theil decomposition
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3 152 analysis on our three household surveys that include data on average supply availability. The
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5 153 decomposition analysis is used to calculate the share of variability that is explained by variation within
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7 154 and between tiers (see Supplementary Table 1). The greater the between-group share of variability,
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9
10 155 the less the motivation to define more tiers. The analysis reveals that the between-group share
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12 156 dominates the within group share for anywhere from two to five tiers, but there are diminishing
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14 157 returns with increasing tiers. Based on this, we concluded that distinguishing three tiers is a reasonable
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16 158 compromise between accuracy and simplicity, the latter being important for successful
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18 159 implementation. The distinction we propose is between <8 hours, 8-16 hours and >16 hours of daily
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20 160 availability. This simplifies the more complex five tier differentiation of hours of availability and outage
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22 161 frequency defined in the MTF. At the same time, we expect that it will sufficiently capture observed
23
24 162 variations in energy service utilization based on daily and seasonal supply profiles of a range of grid
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26 163 and decentralized intermittent energy supply provision options. It is likely that having electricity
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28 164 available for less than 8 hours, particularly if not predictable, can impede households' ability to enjoy
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30 165 'decent' level of energy services, such as refrigeration or air conditioning, when required.
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38 167 *2.2.2 Affordability*

39 168 The World Bank's MTF defines a single threshold for affordability, at 5 percent of household income,
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42 169 for a standard consumption package of 365kWh per year. Taking cooking and electricity together, this
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44 170 implies households spending more than 10 percent on household energy would be considered energy
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46 171 poor. Choosing a suitable affordability threshold for energy services in isolation is an ill-posed
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48 172 problem, considering that its effect on households' purchasing power depends on the costs of other
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50 173 basic necessities. Indeed, using a fixed proportion of income measure has been strongly critiqued in
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52 174 the European context (38). Further, for households in poor agrarian settings and engaged in more
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54 175 informal activities, asset or wealth indices could serve as a better base from which to assess relative
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56 176 affordability. At a global level, the intention of such a threshold is to carve out an adequate, but
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58 177 maximum, amount of financial space for energy services and thereby limit the financial burden on
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3 178 other necessities. However, energy metrics also measure relative progress within and across
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5 179 countries, to inform policies that provide support to households. In this regard, a single threshold may
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7 180 not provide the degree of information needed to prioritize efforts if a population is considerably large
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9 181 and diverse. Indeed, we show below that for the countries we consider, there are a non-trivial share
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11 182 of the poor who pay over 5 percent, and even above 10 percent just on electricity. We suggest that at
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13 183 least one more tier is needed to reveal the heterogeneity in financial conditions.
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17 184 Another important consideration in keeping with the focus on energy services is that the costs
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19 185 included in an affordability measure should include the appliance costs as well, and not just
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21 186 expenditures on energy. We show later that this shifts a significant number of people downward in
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23 187 the tiers. Capturing the total cost of energy services, including that of appliances and supply
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25 188 equipment or connections, is particularly critical given increasing efforts now to provide electricity
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27 189 access through unregulated decentralized systems.
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34 191 *2.2.3 Cost of supply*

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36 192 We distinguish cost of supply, a supply dimension, as distinct from affordability, an energy poverty
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38 193 dimension. This is because cost of supply, both for connections and regular use, reflect service
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40 194 providers' efficiency, subsidies from government and the related political economy of the sector.
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42 195 People who cannot afford the cost of available energy are likely to remain excluded from access. Cost
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44 196 of supply can vary spatially or for different categories of customers depending on geographic factors
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46 197 (distance from generation or supply centers) or pricing policies (block tariff design, variations in taxes
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48 198 and subsidies), and may even be influenced by corruption and misappropriation of rents/ revenues.
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50 199 This can also serve as an indicator of the financial health of utilities and energy suppliers. Information
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52 200 on cost of supply (including fixed and variable charges) should ideally be collected from energy
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54 201 suppliers. Tiers for this dimension could then be defined as deviations from an average value, with
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56 202 thresholds defined as plus or minus a multiple of the standard deviation around the mean. One way
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3 203 to approach this indicator is to use national benchmarks for utilities and service providers based on
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5 204 best practices within countries or regions. In the application presented later for Ethiopia, India and
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7 205 Rwanda, we do not operationalize this indicator, as data for this was not consistently available across
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9 206 the three nations.
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16 208 2.3 Energy supply as distinct from household energy poverty

18 209 The MTF conflates dimensions that describe aspects of energy delivery and supply with those that are
19
20 210 related to user circumstances and preferences (21). The hours of availability, the voltage/frequency
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22 211 of electricity, costs of connection and the electricity tariff define supply conditions. On the other hand,
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24 212 lack of insulation is a property of the household's energy poverty. The per unit cost of electricity and
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26 213 building insulation, along with other factors, determine heating or cooling costs, and in turn the
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28 214 expenditure share of energy for a household.
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32 215 Despite their relatedness, the risk of putting these dimensions together and aggregating them into a
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34 216 composite metric is manifold. Most obvious is that their aggregation masks the relative contributions
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36 217 of each. The deeper concern is that it masks where to target efforts of reform. Supply conditions
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38 218 should be monitored and ranked separately to target utilities and service providers for reform.
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40 219 Household conditions need to be considered more broadly in the context of poverty, so as design
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42 220 appropriate social support policies for housing or efficient appliance purchase. Because of this, even
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44 221 if the multiple dimensions were used as a dashboard (and not combined into a single indicator) their
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46 222 delineation into these two facets is useful to provide conceptual clarity and guide policy better.
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54 224 2.4 Building an alternative measurement framework

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56 225 Based on the above critique, we suggest simple revisions to the MTF that reduces the number of tiers
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58 226 from five to three, aligns these tiers more closely with a hierarchy of energy services, and groups these
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3 227 dimensions into supply-related and energy poverty-related ones (Figure 1). For global tracking
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5 228 purposes, we argue that at a minimum, the energy supply measure should include reliability and cost
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7 229 of service, and the energy poverty measure should include affordability and energy services. These
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10 230 attributes also capture those explicitly stated in Target 7.1 of the SDGs that were globally agreed on
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12 231 in September 2015.

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15 232 As discussed above, in distinguishing tiers by energy services, we define a lower tier (Minimal) as a
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17 233 level of energy for basic safety and security, or 'energy subsistence'; a middle tier (Decent) as a level
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19 234 that affords a decent living standard; and the highest tier (Affluent) as reflecting discretionary energy
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21 235 use. In addition to capturing normative contributions of life quality, these tiers also reflect the order
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23 236 in which people tend to acquire electric appliances in the world (39). Energy subsistence includes
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25 237 lighting, fans for a minimal level of space conditioning required in much of the global south, and cell
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27 238 phone charging. Although cell phone charging may not be considered as fundamental, people tend to
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29 239 acquire it prior to any other appliance, and are often offered this in conjunction with lighting. 'Decent'
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31 240 energy services additionally include refrigerators and AC for food storage and space conditioning
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33 241 respectively, and TV or similar device to access broadcast media, which is important for social
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35 242 wellbeing. We include AC in the decent tier, because although it is typically a luxury item in practice,
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37 243 there are studies showing that AC would be necessary to avoid heat stress-related health impairments
38
39 244 in large parts of the world (40–42). The risk that wealthy households in moderate climates that own
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41 245 ACs as a convenience would be classified in this tier is low, considering that such households likely also
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43 246 own other appliances that would put them in the 'affluent' category. Although washing is also a basic
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45 247 need, it can and often is met through communal washing facilities. Individual household ownership of
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47 248 washing machines is more of a luxury, typically lagging televisions and refrigerators in ownership rates.
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49 249 'affluent' level of service includes all other appliances, including microwaves, computers and
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51 250 electronic gadgets (39). We suggest that households should be assigned to the highest tier into which
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53 251 *any* of their appliances fall. That is, a household would fall in the 'decent' category only if it owns
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55 252 either a refrigerator, TV (or equivalent device) or AC, but none of the appliances in the 'Affluent' tier.
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3 253 We define two thresholds (and therefore three tiers) for affordability, to further distinguish
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5 254 households that pay over 10 percent of their total expenditure on electricity from those who pay over
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7 255 5 percent. Similarly, we define two thresholds and three tiers for reliability or regular availability, to
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9 256 distinguish households for whom the duration of supply is less than 8 hours a day from those that can
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11 257 increasingly utilize additional appliances and energy services.

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15 258 We now apply and compare this simplified framework to the MTF for the case of India, Ethiopia and
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17 259 Rwanda to illustrate that the MTF masks significant heterogeneity among the poor, which this new
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19 260 framework better reveals.

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25 262 INSERT Figure 1: A simplified alternative framework compared to the Multi-Tier Framework for energy
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27 263 access measurement.

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33 265 3. Testing the alternative framework to measure access

34 266 3.1 Data and methods

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36 267 To apply the MTF and our alternative framework (AF) for energy poverty measurement in Ethiopia,
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38 268 India and Rwanda we use micro-data from existing national household surveys. For Ethiopia and
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40 269 Rwanda, we use surveys that were recently conducted by Multi-Tier Framework's (MTF) international
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42 270 initiative and that contain questions that are specifically tailored to collect data to assess energy access
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44 271 using the MTF measurement framework (43,44). We also employ data from the Indian Human
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46 272 Development Survey (IHDS) II, which is a multi-topic survey conducted in 2011-12 covering questions
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48 273 on health, education, employment, expenditures, and income that also includes details on energy use
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50 274 and housing conditions (45). We use this dataset for India to illustrate how general surveys, not
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52 275 specifically designed to collect MTF related data, can also be used to apply the framework. We use
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54 276 data on appliance ownership in the surveys to assign households across tiers of energy services as

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3 277 defined by the AF. Since the IHDS survey includes questions only on electricity expenditures and not
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5 278 on electricity consumption, we use another nationally representative survey dataset for India (the
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7 279 National Sample Survey Household Consumer Expenditure Survey Round 66) also conducted in 2011-
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9 280 2012 to estimate average electricity prices by quartiles of electricity use. The electricity expenditures
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11 281 in the IHDS survey are then divided by these quartile-specific average electricity prices to impute the
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13 282 implied electricity consumption. The imputed electricity consumption is used to assign households
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15 283 across tiers of electricity consumption as defined by the MTF.
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19 284 To determine the assignment of households across electricity reliability or availability tiers in the MTF
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21 285 and AF, we use the question from the surveys on hours per day of electricity access. To determine the
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23 286 affordability dimension as specified in the MTF and AF, we determine the budget share of
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25 287 expenditures on electricity. For the proposed AF, we include in the electricity budget share, also the
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27 288 annualized discounted value of appliance costs. We use an annual discount rate of 10% to estimate
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29 289 the discounted values and source average lifetimes and appliance prices from the Euromonitor
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31 290 International consumer appliances and electronics database.
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39 292 3.2 A comparison of the frameworks

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41 293 The first thing to note from a comparison of the population distributions in all three countries across
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43 294 the MTF's six Tiers of electricity consumption and our 4 Tiers of electricity services is that consumption
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45 295 appears to be a poor proxy for access to energy *services* (Figure 2 (a)). Those defined as Tier 2 in
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47 296 Ethiopia and as Tier 3 in India under the MTF are distributed across all three tiers in the AF, indicating
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49 297 that these households enjoy very different levels of energy services. Yet, in the MTF, they would be
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51 298 considered as having the same energy poverty status. Similarly, households that fall in Tier 3 in
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53 299 Ethiopia and in Tier 4 in India fall are categorized as in 'decent' and 'affluent' tiers in the AF. Thus,
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55 300 some households that enjoy the same energy services, like 'decent' in the AF, fall into different tiers
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57 301 in the MTF (Tier 2 and 3 in Ethiopia, or Tier 3 and Tier 4 in India). However, among those in our top
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3 302 tier of electricity service access, i.e. 'affluent', more than half are categorized as having less than Tier
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5 303 3 electricity consumption access according to the MTF assignment. In other words, households that
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7 304 enjoy a decent standard of living compared to most Indians, considering the energy services they
8
9 305 enjoy, are categorized as consuming only a mid-Tier level of electricity consumption according to the
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11 306 MTF. In Rwanda, even among households in the 'affluent' tier of electricity service access as defined
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13 307 in the AF, almost none are categorized as having more than Tier 2 electricity consumption access by
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15 308 the MTF. In sum, it is clear that the categorization of households according to electricity consumption
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17 309 differs markedly from that according to energy services and wellbeing. If the objective of such a
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19 310 categorization is to reflect heterogeneity in the distribution of enjoyed energy services, the AF would
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21 311 seem to be preferable.
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26 312 According to the MTF's indicator and threshold of affordability (>5%), practically no one in Ethiopia or
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28 313 India would be considered unable to afford electricity access (Figure 2(b)). However, if one considers
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30 314 in addition the discounted cost of appliances needed to consume electricity, about a fifth of
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32 315 households in India in the Improved tier shift to Basic in our framework (5-10%). In this case, close to
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34 316 a third of the population in India and Ethiopia might be categorized as facing issues with affordability
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36 317 (spending >5% of their budget on electricity services). In Rwanda, even without considering the
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38 318 discounted cost of appliances, most electricity consuming households spend more than even 10% of
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40 319 their budget on electricity.
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45 320 Finally, we see that there is a strong overlap in the MTFs Tiers of availability/ reliability and those we
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47 321 define in our AF. The impact of fewer tiers is simply to collapse all households with greater than 16
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49 322 hours of supply. We see no significant improvement in this regard with the AF other than simplicity.
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51 323 Applying either framework, it is evident that over half of the population in India and about a quarter
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53 324 of the population in Ethiopia receive less than 16 regular hours of electricity supply per day. Thus,
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55 325 reliability of electricity supply or regular availability is an issue that requires particular focus in these
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57 326 countries. The need for enhancing the quality of electricity supply has been emphasized by other
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3 327 recent research assessing the attributes of electricity supply most valued by consumers in India, as
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5 328 well.

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11 330 INSERT Figure 2: Comparison of Alternative Framework (AF) to MTF. See Figure 1 for AF Tier
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13 331 definitions.

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16 332 *Note: In 2(a) for the AF classification across energy service categories, we consider households that*
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18 333 *report appliance ownership as having electricity access, since data on self-reported consumption in*
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20 334 *surveys may be unreliable, or people may underreport due to theft or ignorance of bills etc. In 2(b) the*
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22 335 *two bars of varying width are meant to denote the two alternative affordability indicators used – one*
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24 336 *that considers only the variable costs associated with electricity purchases as a share of total household*
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26 337 *budget or income, while the second also includes discounted values of the fixed costs of appliances in*
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28 338 *the budget share indicator.*

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34 340 4. Discussion and conclusions

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37 341 Accurately characterizing what we mean by energy access and why we aim to improve it is important
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39 342 to the construction of new measurement frameworks and metrics for measuring it. Currently applied
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41 343 SDG indicators to track global progress towards Target 7.1 underestimate energy poverty and are
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43 344 inadequate to inform policies to improve access. Recognizing that access is neither binary nor
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45 345 unidimensional has led to the development of new measurement frameworks, such as the MTF, that
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47 346 are a significant improvement over existing metrics. Yet, the MTF requires simplification and
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49 347 conceptual clarity for application on a global scale. The AF we propose here achieves this by pruning
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51 348 the dimensions to those specified in the stated SDG target, and defining thresholds to mark fewer
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53 349 tiers. We also distinguish between dimensions that characterize energy supply from those that relate
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55 350 to household poverty. Furthermore, electricity consumption is a misleading indicator of electricity
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3 351 services. Instead, we suggest differentiating households based on the types of appliances they own,
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5 352 which reflect the contribution of electricity services to meeting or exceeding basic living standards. An
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7 353 application of our AF to Ethiopia, India and Rwanda suggests that there is greater heterogeneity
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9 354 among the energy poor than what is reflected by the MTF.

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13 355 This AF is intended to be a starting point for developing an alternative energy poverty measurement
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15 356 framework. We have applied the proposed alternative to three countries. This is sufficient to
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17 357 demonstrate the limitations of the existing MTF framework but lends only limited support to our
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19 358 chosen thresholds. Application to other countries may reveal the need for greater granularity in tier
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21 359 definitions. The proposal also needs further refinements in conceptualization and its practicability. For
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23
24 360 example, affordability has been crudely measured, and the new thresholds (5-10%) are relatively
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26 361 arbitrary. The number and thresholds of tranches should be determined based on further investigation
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28 362 of the relationship between electricity expenditure and the poor's overall budget for basic
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30 363 subsistence. Affordability also needs to consider cash flow constraints. We have partly accounted for
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32 364 this by including the upfront capital outlay for appliances, but households may face cash flow
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34 365 constraints even for monthly purchases. The AF also does not capture intra-household disparities in
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36 366 access.

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40 367 The MTF distinguishes between and has separate matrices defined to measure access to (i) electricity,
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42 368 (ii) energy for cooking; (iii) energy for productive enterprises, and (iv) energy for community
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44 369 institutions. We define and apply the new AF here to assess access to household electric services
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46 370 alone. However, the AF can be similarly applied to assess access to energy for other purposes using
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48 371 the same underlying principles. Thus, access to energy for cooking, for instance, can be measured by
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50 372 making a similar distinction between dimensions that characterize energy supply from those that
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52 373 relate to household poverty. Aspects of energy supply to assess cooking energy access would require
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54 374 distinguishing thresholds of reliability that may be measured in terms of time required for fuel
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56 375 collection (e.g. distance to LPG sales outlet, biomass source, etc.), as well as cost of supply.
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3 376 Characterizing aspects of household poverty that relate to access to cooking energy would require
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5 377 applying a similar affordability indicator to measure the budget share spent on cooking. Tiers of energy
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7 378 services relating to cooking energy might be defined on the basis of the stove and fuel combination a
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9 379 household uses, accounting for the fact that households often use multiple fuels, and distinguishing
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11 380 tiers by primary reliance on polluting stoves, a mix of polluting and clean-burning stoves, and primary
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13 381 reliance on clean-burning stoves.
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17 382 Further refinements and applications of the AF can help improve how we identify the most
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19 383 vulnerable and design and target policies to improve energy access for all. Such efforts need to go
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21 384 hand in hand with augmented and regular data collection. This is needed particularly in nations
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23 385 where access is far from universal that typically suffer from the greatest data paucity too. These
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25 386 might be through custom-designed surveys or enhancements to existing survey instruments. At
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27 387 present, the new MTF surveys, which have been conducted in nine countries, collect data on all the
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29 388 indicators required for application of the AF i.e. energy expenditures, hours of availability, and
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31 389 appliance ownership. Future research might apply this new framework more widely to additional
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33 390 countries, as the data from these surveys are released. Other existing national surveys, such as the
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35 391 IHDS for India, also include data on the indicators needed to apply the AF. As mentioned earlier, the
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37 392 World Bank and WHO are coordinating efforts to include a common set of questions on household
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39 393 energy in other regular national surveys for monitoring SDG Indicators 7.1.1 & 7.1.2. As new rounds
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41 394 of these existing surveys, such as the DHS, MICS and LSMS, that incorporate this standardized set of
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43 395 questions are completed, it will be possible to apply the AF more widely to multiple national
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45 396 datasets. Exploring the use of other publicly available data sources, such as satellite-based earth
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47 397 observations, and new ways of combining and processing these could also compliment analyses of
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49 398 surveys (46,47). New data gathering infrastructures need to also consider collecting information on
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51 399 how progress on one pillar interconnects with the attainment of other sustainable development
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53 400 objectives. Efforts in this direction can help ensure the inclusive and integrated spirit of the SDGs are
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55 401 realized.
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534 Figure 1

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AF Measurement of Household Access to Electric Services					MTF Measurement of Household Access to Electric Services*						
	Tier 0	Tier 1	Tier 2	Tier 3		Tier 0	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Energy Supply Poverty					Duration – Day Evening		≥ 4hrs	≥ 4hrs	≥ 8hrs	≥ 16 hrs ≥ 4hrs	≥ 23 hrs ≥ 4hrs
Availability	None	<8hrs	8-16hrs	>16hrs							
Cost of supply^	NA	NA	NA	NA	Quality					Voltage problems do not affect use of desired appliances	
Energy Service Poverty					Reliability Disruptions per week					≤ 14	≤ 3 of total duration < 2hrs
Service level	None	<i>Minimal</i> (Lighting/ phone charging)	<i>Decent</i> + (TV fridge cooling)	<i>Affluent</i> + (other appliances)							
					Capacity		≥ 3W	≥ 50W	≥ 200W	≥ 800W	≥ 2kW
					Consumption levels, in Wh/day	<12	≥ 12	≥ 200	≥ 1,000	≥ 3,425	≥ 8,219
Affordability (budget share)	NA	>10%	5-10%	<5%	Affordability					Cost of standard consumption package of 365 kWh per annum is < than 5% of household income	

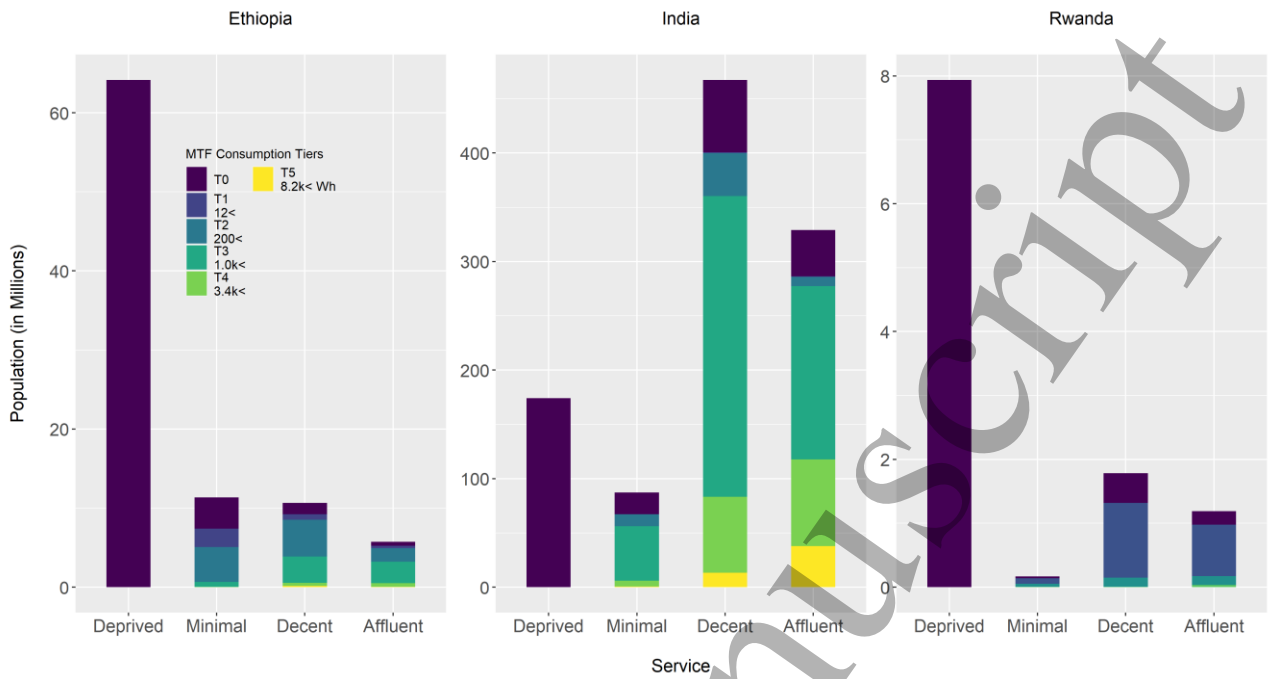
Note: ^ The cost of supply is context specific

Note: * The MTF also includes dimensions - “Legality” & “Health and Safety”

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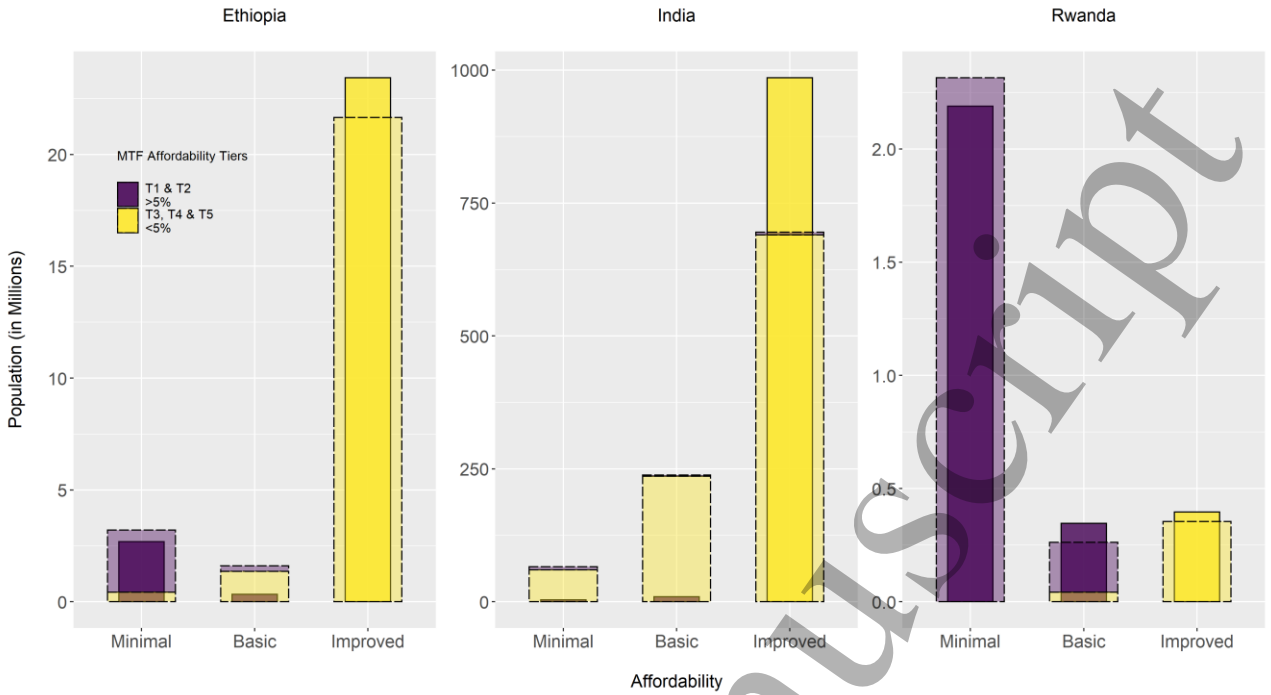
537 Figure 2

(a) Energy service dimension of energy poverty



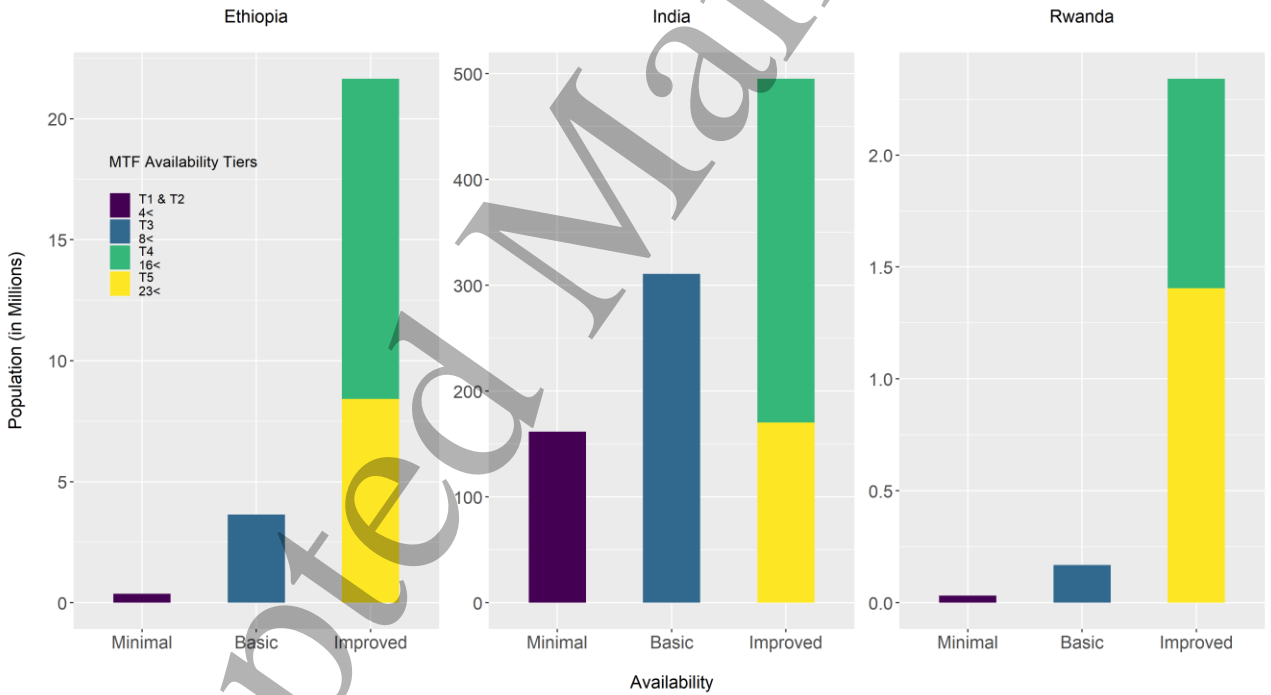
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(b) Affordability dimension of energy poverty



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(c) Reliability/Availability dimension of electricity supply



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