

A COMPLETE HIFI TEST FOR TOGO AND CAMEROON

The HELIO Index for Investors (HIFI) has been tested for two countries, Togo and Cameroon, for which full sets of data on 24 indicators of forms of capital were used. The table below shows progress of some development indicators over the last quarter century vis-à-vis HIFI.

Selection of development indicators and HIFI

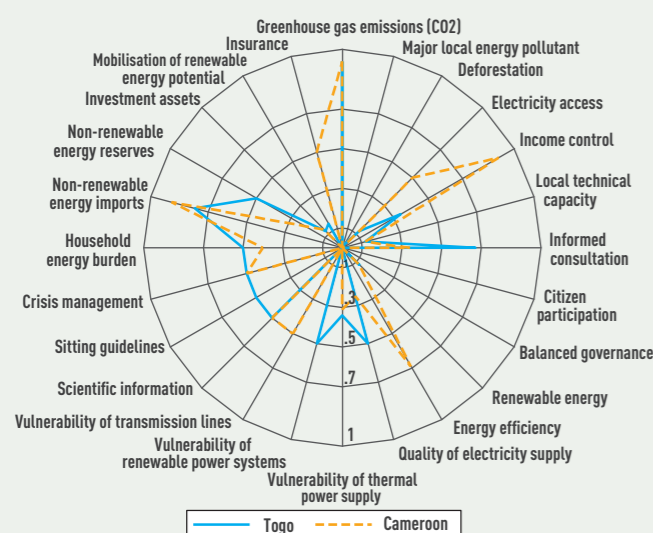
COUNTRY NAME	Life expectancy at birth (years)		Income per capita (const.2011 PPP)		Population (mln. People)		Adjusted Net Saving (% of GNI)		HIFI
	1990	2014	1990	2014	1990	2014	1990	2014	
Cameroon	53.6	55.1	2655	2809	12.1	22.7	0.9	-5.8	0.32
Togo	55.9	56.5	1285	1207	3.8	7.1	6.7	-15.6	0.28

Source: WDI 2015 (accessed October 15, 2015), HELIO International 2015.

Comparing development results for Cameroon and Togo over the last two and half decades, one can see that both countries have had almost the same rate of progress: life expectancy has increased by one to two years in both countries; income has stagnated and decreased a little bit; and population (and mean years of schooling of adults) has increased less than twofold. When it comes to the adjusted net saving, some development outcomes were achieved but with important sacrifices in terms of sustainability. Togo became unsustainable as measured by adjusted net saving, while Cameroon significantly reduced its level of

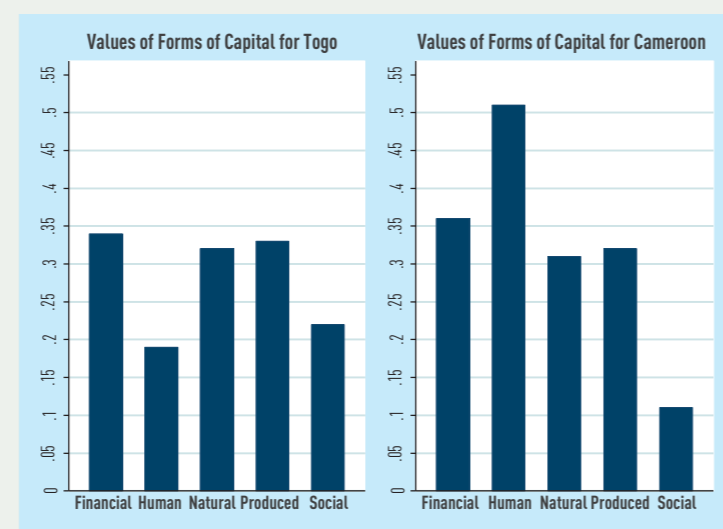
sustainability. In 1990 adjusted net saving for Cameroon and Togo were 0.9% and 6.7% of GNI respectively. After 25 years, the adjusted net saving for Cameroon fell to -5.8% while for Togo it became negative to -15.6% of GNI. When applying the HELIO index methodology the HIFI for Cameroon and Togo were found to be 0.32 and 0.28 respectively. This result is consistent with some of the similarities on development achievement of both countries, but with Togo having a weaker sustainability position. The figure below shows the distribution of these indicators' scores for Cameroon and Togo.

Scores of HIFI indicators for Togo and Cameroon



This figure shows both the similarities and differences between Togo and Cameroon across the HIFI. Two of the areas in which Togo has worse performance than Cameroon are access to electricity and energy efficiency. These critical differences between the two countries are captured by the index and explain the lower value assigned to Togo.

Values of Forms of Capital for Togo and Cameroon



Comparing the performance of the different forms of capital shows that the only form of capital in which Togo has better values is social capital, while Cameroon presents a substantially higher stock of human capital, compensating for any lower value of any other form of capital. The differences in the other forms of capital are relatively small. This is an alternative way to understand how the HIFI assign a higher (although not by much) sustainability value to Cameroon.

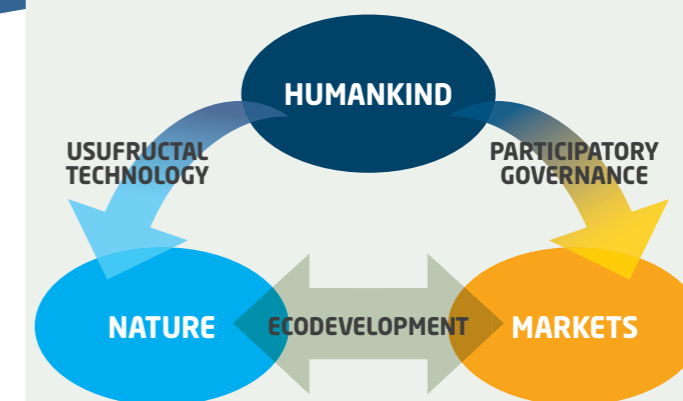
SCALING-UP IN THE USE OF HIFI AND GLOBAL REACH

Building on successful examples of Togo and Cameroon, the next step is to encourage other countries to adopt HIFI, primarily because collecting data on qualitative indicators can only be accomplished at local level. Although most data on quantitative indicators across countries are available at international level, this only provides limited perspective given the actual possibilities of HIFI. Efforts have yet to be done to collect data on qualitative aspects so that HIFI could be used to its full potential and adopted by the wider financial community.

HELIO INDEX FOR INVESTORS (HIFI)

INTERACTIVE COMPONENTS OF ECODEVELOPMENT

Humans, utilising usufructual technologies use natural resources; through participatory governance, markets are controlled and regulated. It is through these processes and interactions that ecodevelopment is achieved.



Source: HELIO International

In the next few years, trillions of dollars of investments will be spent in the energy sector. What criteria will guide investors and governments' policy-makers? Indeed there is a growing need in the sustainable investment community for tools that provide timely information on the quality of countries' policies. This need stems from the fact that today more and more investors want to direct their investments towards socially responsible alternatives leading to ecodevelopment. For this allocation to be effective tools are needed to identify these investments, and to help measure the ex-post performance of such investments. The HELIO Index for Investors (HIFI) attempts to fill such needs by helping financiers identify countries that best suit their objectives because their policies, and in particular their energy policies, are conducive to the ecodevelopment of the country.

Ecodevelopment builds on the concept of traditional sustainable development by bringing in two additional elements necessary for long-term success in the energy field: usufructual technologies (using only renewable, harmless forms of energy), and participative governance.

USING A CAPITAL APPROACH TO DEFINE THE ENERGY INVESTMENT AND SUSTAINABILITY NEXUS

The HIFI's capital approach is based on the view that the health of an economy and the well-being of society depend on the quality and quantity of a range of goods and services including financial resources as well as those provided by nature and human values. With the "capital approach", a country's total capital base is seen to comprise five individual stocks:

- 1) **natural capital** in the form of natural resources, air, land and ecosystems providing goods and services such as waste absorption;
- 2) **social capital** in the form of functioning social networks and institutions often embodying intellectual assets,

- 3) **human capital** in the form of an educated, happy and healthy workforce;
- 4) **financial capital** like stocks, bonds and currency deposits; and
- 5) **produced capital** like machinery, buildings, monuments, telecommunications and other types of infrastructure.

Ecodevelopment can only be achieved when all these forms of capital are truly operating in harmony, reinforcing one another.

WHO IS HELIO INTERNATIONAL?

HELIO International is a non-profit independent think tank studying energy policy and ecodevelopment since 1996. The organisation is composed of a world-wide network of known energy analysts who identify, assess, measure and publicise the contribution of inclusive energy systems and policies to ecodevelopment (sustainable and equitable development).

HELIO develops tools that are shared with other analysts and NGOs worldwide. HELIO's Sustainable Energy Watch indicators are used to evaluate national energy systems and policies and to inform decision-makers about their effectiveness.

HELIO also developed CDM indicators to assess the contribution of Clean Development Mechanism (CDM) and Joint Implementation (JI) projects to the ecodevelopment of host countries. These indicators helped the Designated National Authority (DNA) of several countries develop their own assessment criteria. The indicators were also the basis for the work of SouthSouthNorth and for the creation of the international Gold Standard for climate projects.

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THE HIFI METHODOLOGY

The HELIO Index for Investors (HIFI) is a tool designed to help international investors select good opportunities in countries where energy policies are truly conducive to ecodevelopment. This comprehensive index is unique in that it **acknowledges the role of participatory governance and usufructal technologies, as well as the need to reinforce the five forms of capital while taking into account poverty elimination and climate change constraints.** This multi-focused approach provides an easy to calculate perspective of a national energy system within any social, economic, and environmental context.

HIFI uses a unique set of primary data and statistical data series that are attributed to 9 qualitative and 15 quantitative indicators. These have been applied to two countries—Cameroon and Togo—the results of which are illustrated below.¹

THE CALCULATION

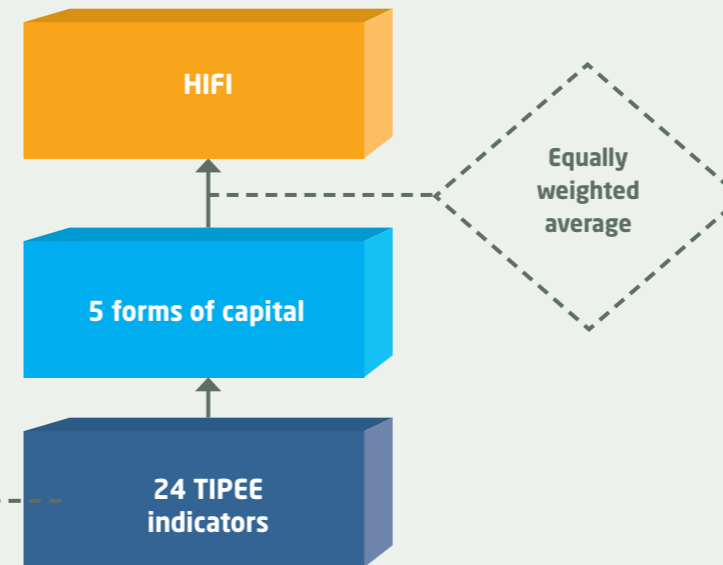
HIFI is defined by the equally weighted average of the five forms of capital's score. To obtain a score for each form of capital, TIPEE* indicators are classified into a corresponding capital.

The 24 TIPEE indicators reflect the elements of a climate-resilient energy policy leading to ecodevelopment. Each of the five capitals are calculated as the equally weighted average of the underlying indicators.

* TIPEE derives its acronym from the French title, Traitement de l'information pour les politiques énergétiques et l'écodeveloppement. The English title of the project is Processing Information for Energy Policy and Ecodevelopment.

Indicators that reflect the elements of a climate-resilient energy policy leading to ecodevelopment.

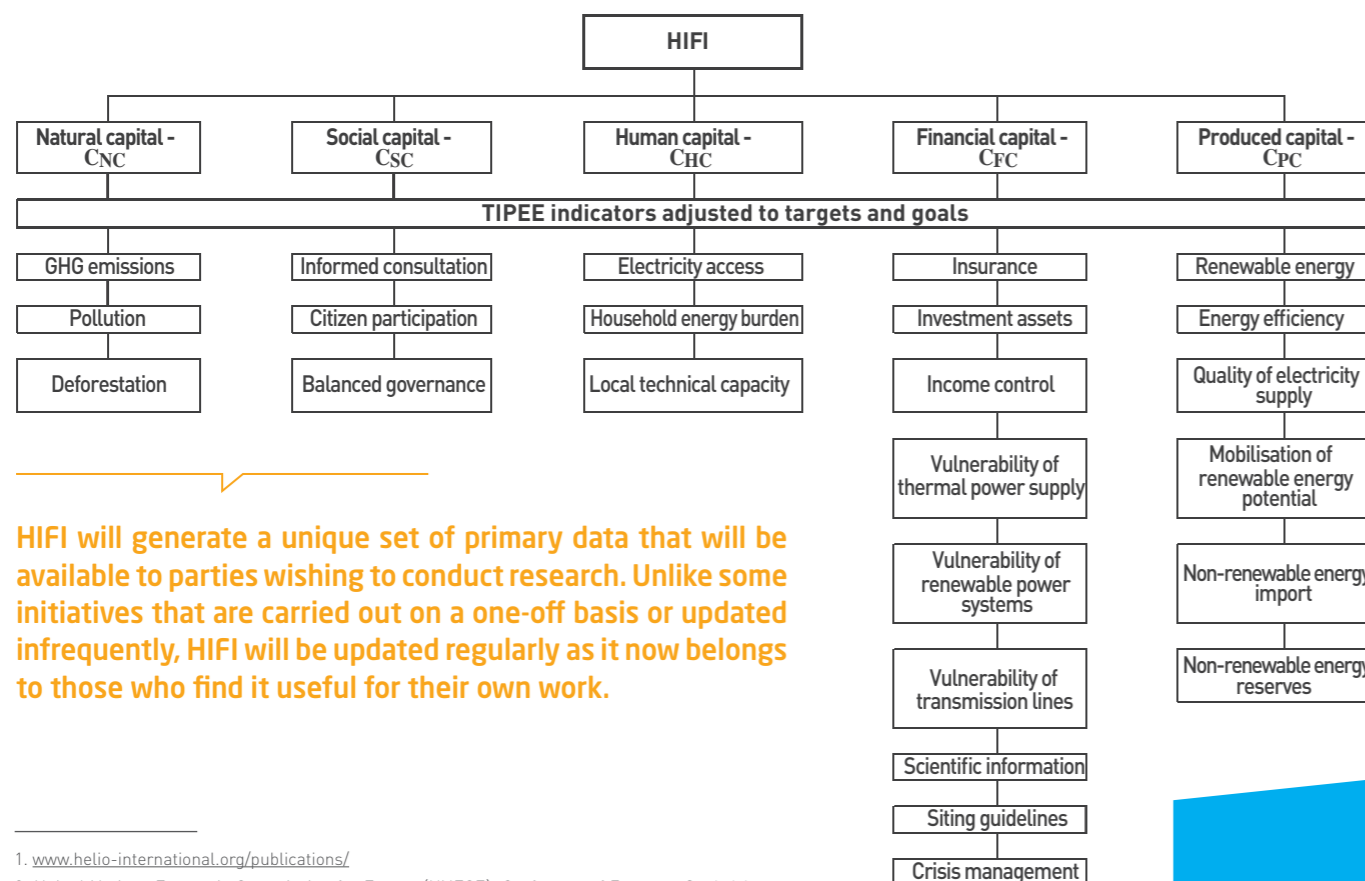
CONSTRUCTION OF HIFI



The main advantages of HIFI over other existing index are that:

- it is based on the Working Group on Statistics for Sustainable Development (WGSSD) framework,² meaning that HIFI is a tool that provides a multi-faceted view on sustainable energy investment covering such vital areas as energy access, energy efficiency and renewable energy;
- it can be applied to most of the world's countries, enabling rigorous comparisons on a global scale;
- it focuses on policies that are within the control of policy makers in the energy sector.

Schematic presentation of HIFI



HIFI will generate a unique set of primary data that will be available to parties wishing to conduct research. Unlike some initiatives that are carried out on a one-off basis or updated infrequently, HIFI will be updated regularly as it now belongs to those who find it useful for their own work.

1. www.helio-international.org/publications/

2. United Nations Economic Commission for Europe (UNECE), *Conference of European Statisticians Recommendations on Measuring Sustainable Development*, 2014.

3. See www.helio-international.org/energywatch/SEWabout.cfm_for_project_and_methodological_details.

4. International event held in Rio de Janeiro to commemorate five year anniversary of the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil.

5. 14th session of the United Nations Commission on Sustainable Development.

6. The VAR project was carried out in partnership with the French Ministry of European and Foreign Affairs (MAEE) and with Die Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) in Germany. See www.helio-international.org/projects/VAR.cfm_for_project_details.

SUSTAINABLE ENERGY INDICES PREDATING HIFI

INDEX NAME	ORGANISATION	COUNTRIES COVERED	THEMATIC COVERAGE*				UPDATING
			Gen	EA	EE	RE	
ClimateScope	Bloomberg	55				X	Regular
Renewable Energy Country Attractiveness	Ernst & Young	40				X	Regular
Energy investment index	PA consulting	31	X				Regular
Energy development index	IEA	80+		X			Regular
HELIO INDEX FOR INVESTORS (HIFI)	HELIO International		X	X	X	X	Regular

* Gen = Energy sector in general; EA = Energy Access; EE = Energy Efficiency; RE = Renewable Energy

GENESIS AND EVOLUTION OF HIFI

The selection of indicators used in HIFI is the result of on-going work on energy policies and their contribution to ecodevelopment since 1997. These indicators meet the basic criteria of being relevant, easy to calculate, simple to understand and use, appropriate to the energy sector, and calling upon databases generally available for all countries.

The first indicators were developed under the Sustainable Energy Watch (SEW)³ project and presented at the Rio + 5 Summit,⁴ which surveyed the existing national energy situation using calculations for four components: environment, society, economy, and technology. A second and third series of SEW reports were published in 2002 for the Johannesburg World Summit on Sustainable Development (Rio +10) and 2006 as a contribution to CSD 14.⁵

Governance indicators were added later to emphasise the necessity to involve all stakeholders. These indicators stress the need for high quality information, transparency and genuine citizen participation to ensure valid involvement in the decision-making processes. Following HELIO's work on Vulnerability Adaptation Resilience of energy systems (VAR),⁶ vulnerability and resilience indicators were developed in 2009. The objective of these new elements was to measure how robust a particular energy system is in anticipating climate change impacts.

While incorporating the above described research, TIPEE's overall indicators help to assess the capacity of a country energy policy to face climate impacts and favour ecodevelopment. The improvement of an indicator across time will represent a real progress towards an energy system aiming at achieving improved well-being for humankind coping with climate change. The TIPEE project outlines these viability schedules not as final statements, as nobody is able to say what actual long term viability represents, but rather as a series of benchmarks.