



**Role of the private sector in advancing the implementation of the IPoA:**

**Focus on sustainable energy**

## **1. Introduction**

Lack of access to modern forms of energy is a major impediment to sustainable development, as it exacerbates the vulnerability of the chronically poor. In 2009<sup>1</sup>, 79 per cent of people in the Least Developed Countries lacked access to electricity while 91 per cent of the population had no access to modern fuels. The rural-urban divide in terms of access to energy was even more pronounced. The percentage of urban dwellers with access to modern fuels stood at 27 per cent, compared with only 3 per cent for rural dwellers. These rates are much lower than for other developing countries and demonstrate the large “energy gap” LDCs face.<sup>2</sup> Ensuring access to renewable energy to the Least Developed Countries will greatly and rapidly transform lives and livelihoods of people from the perspective of improvement in health, equity and empowerment of women, income-generating activities and environmental sustainability.

The Istanbul Programme of Action for the Least Developed Countries for the decade 2011-2020 (IPoA) recognizes that access to affordable, reliable and renewable energy and related technologies, as well as the efficient use and distribution of energy will be critically important for accelerating growth, improving livelihoods and advancing sustainable development. Therefore, access to energy is one of the priority areas for action in the IPoA and it includes 3 goals and targets on energy:

- Strive to increase total primary energy supply per capita to the same level as other developing countries;
- Significantly increase the share of electricity generation through renewable energy sources by 2020;
- Enhance capacities in energy production, trade and distribution with the aim of ensuring access to energy for all by 2030.

The United Nations Secretary-General’s initiative on Sustainable Energy for All (SE4All), launched in 2011 and based on multi-stakeholder approach, brings together partnerships between various actors including governments, the private sector and civil society to achieve the vision of sustainable energy for all. The three ambitious goals of the initiative include:

- Ensure universal access to modern energy services;
- Double the global rate of improvement in energy efficiency;
- Double the share of renewable energy in the global energy mix.

These interlinked objectives should be achieved by 2030. Further, the UN General Assembly declared the 2014-2024 for the Decade of Sustainable Energy for All in 2011. Sustainable energy is also an important part of the recent global discussion on green growth and climate change mitigation. The Rio+20 Outcome Document, entitled *The Future We Want*, reaffirmed the need to have an integrated and holistic approach to poverty alleviation and sustainable development while integrating the

---

<sup>1</sup> UNDP, *The Energy Access Situation in Developing Countries*, 2009.

<sup>2</sup> The “energy gap” remains despite the good progress done by the Asian LDCs. Annex 2 of this report presents the latest energy access figures in regard to 23 out of the 49 LDCs.

priorities of the Istanbul Programme of Action. Renewable energy is a key element for green growth. It promotes inclusive economic growth while protecting the natural resource base which is critical for LDCs, as these countries depend disproportionately on natural resources for livelihood. If properly harnessed, given their current development status, LDCs can leapfrog over the brown economy phase into green growth driven economies, through the adoption and access to appropriate renewable and efficient energy practices.

This paper will discuss the role of the private sector in the implementation of the IPoA with a special focus on achieving the goals on sustainable energy set in the Istanbul Programme of Action and in the SE4All-initiative. First, the paper will look why sustainable energy is so crucial for LDCs and the current state of play. Second, the paper will discuss the key issues in energy transition in LDCs. Third, the role of the private sector in achieving the renewable energy goals, set in the IPoA and SE4All in LDCs, will be analysed. Last, the paper will wrap up with some key conclusions paving the way forward for energy transition in LDCs with strong support from the private sector.

## **2. Sustainable energy as a development enabler**

Sustainable energy holds the key to resolving the two major challenges of our time, namely poverty and climate change. Access to affordable sustainable energy can be a game changer for the Least Developed Countries by providing a strong entry point for sustainable development, as it contributes to growth in various levels of the society.

At the United Nations Conference on Sustainable Development (Rio+20), Member States expressed their determination “to act to make sustainable energy for all a reality and, through this, help to eradicate poverty and lead to sustainable development and global prosperity”. The commitments expressed in Rio+20 are most critical in the context of the LDCs, which constitute the poorest and most vulnerable group of countries in the world. Out of the 1.3 billion people who do not have access to electricity, more than half live in the least developed countries. These rates are much lower than for other developing countries, and demonstrate the large “energy gap” faced by LDCs.

The Istanbul Programme of Action for the Least Developed Countries for the decade 2011-2020 (IPoA) recognizes that access to affordable, reliable and renewable energy and related technologies, as well as the efficient use and distribution of energy will be critically important for accelerating growth, improving livelihoods and advancing sustainable development. The SE4All -initiative has the potential to substantially contribute to the objectives of the IPoA in the area of energy, as it sets the ambitious objective of ensuring access to energy for all by 2030.

The case for energy as an indispensable element for ending poverty is well-known and documented. Electricity enables children to study after dark, allows water to be pumped for crops, and makes it possible to refrigerate food and medicines. There are strong gender and health imperatives, as well. Modern fuels for cooking and heating relieve women and girls from the time-consuming drudgery, physical strain and danger of travelling long distances to gather wood. Replacing outdated cook stoves and open fires with modern cooking solutions could save lives and prevent life-threatening diseases. Exposure to smoke from cooking causes approximately 4

million deaths per year<sup>3</sup>, principally among women and children, making indoor air pollution a bigger killer than malaria or tuberculosis.

Energy access fuels economic growth, both directly and indirectly. Access to affordable, reliable and renewable energy could be a strong entry point for enhancing sustainable development in an integrated manner in vulnerable countries since it captures environmental sustainability and social and economic opportunities for all in a most effective manner. Energy for all can also be achieved while curbing climate change when provided in a sustainable manner<sup>4</sup>.

An emerging concern is that some of the recent energy initiatives have not yielded the expected benefits for the poorest. The Mary Robinson Foundation has highlighted in their work that much focus to date has been on sustainable energy access initiatives using market-based mechanisms and the private sector has targeted households and consumers with some disposable income.<sup>5</sup> Providing energy access to the poor can be especially challenging. For example, remote rural areas remain most deprived in terms of energy access.<sup>6</sup> Therefore, LDCs and their partners need to make sure that the energy needs of the poorest are taken into account and incorporated in the programmes of the various initiatives working to improve access to sustainable energy.

To achieve the objective of ensuring energy access for all, a global goal on sustainable energy, along with an implementation mechanism, should be established as part of the post-2015 development agenda, as was highlighted in the Global Consultations and the High Level Meeting on Energy and the Post-2015 Development Agenda held in Oslo in April 2013<sup>7</sup> and in the High-level event on Sustainable Energy for LDCs organized at United Nations Headquarters in September 2013.<sup>8</sup>

The transition to sustainable energy will require critical rethinking by LDC decision-makers in terms of creating an enabling environment through supportive policies and regulatory frameworks, partnerships and the involvement of a broad range of stakeholders.

The next chapter will be looking in detail at identifying the key issues to be considered when LDCs prepare for transition to affordable, reliable and renewable energy.

### **3. Key issues for energy transition in LDCs**

The transition to sustainable energy in LDCs requires a thorough analysis and consideration of number of key issues. Having a good understanding of some of the commonalities LDCs face, as well as understanding the main key energy features at the country level is crucial for developing energy transition plans that will enable stable, long-term energy strategies. Among the questions

---

<sup>3</sup> The Lancet: Global Burden of Disease Study 2010, Published Dec 13, 2012

<sup>4</sup> The International Energy Agency in its World Energy Outlook 2011 predicts that CO2 emissions in the Energy for All Case will only be 0.7 percent higher in 2030 than in the New Policies Scenario.

<sup>5</sup> Mary Robinson Foundation: Meeting the energy needs of the poorest – a role for social protection, Position Paper, July 2013.

<sup>6</sup> UNDP: Towards an 'Energy Plus' Approach for the Poor: A Review of Good Practices and Lessons Learned from Asia and the Pacific, January 2012

<sup>7</sup> <http://www.worldwewant2015.org/energy2015>.

<sup>8</sup> See annex 1: Our Common Action Agenda to Promote Sustainable Energy in the Least Developed Countries

to be considered are: What are the key challenges and considerations to energy transition in the LDCs? How can we set ambitious but achievable energy goals and targets? What needs to be done in order to achieve these targets? What types of partnerships are required to achieve the goals?

This chapter will look into each of these questions and analyse the main points to take into consideration under each topic.

### ***A. Energy access and transition to sustainable energy***

Without access to modern and affordable energy, the prospect for development will remain a distant dream for LDCs. Hence, access to energy is by far the most important of the SE4All goals and energy related goals in the IPoA for LDCs.

An improved, affordable and sustainable energy mix, in which renewables play an increasing role, can offer LDCs real opportunities for progress. The LDCs also need to expand their power infrastructure and increase capacity for energy generation, especially renewable energy, which includes, inter alia, hydro power, geothermal, tidal, solar, wind and biomass energy.

Policies and actions for energy transitions in LDCs will need to address a number of key challenges:

- **Making energy services broad-based:** Go beyond a minimalist approach in order to deliver energy for public services and productive activities, as well as basic needs, including the development of energy infrastructure.
- **Greater focus on the rural sector:** Accord special focus on access, especially in rural areas. Agriculture continues to be the key driver of LDC economies, where it accounts for between 30 to 60 per cent of the GDP and employs up to 80 per cent of the national workforce<sup>9</sup>.
- **Integrated approach:** Take an integrated, cross-cutting approach so that energy initiatives are also designed to address other key priorities for LDCs, such as, increasing productive capacities, food and water security, land degradation, education and health, employment generation, women's empowerment and resilience to climate change and shocks.
- **Sharper focus on universal access:** Focus on a bottom-up and people-centred model in order to achieve universal access. More focus should be directed to strengthening demand, national policy, institutions, capacity and financing frameworks. Access for the very poorest and most disadvantaged will depend primarily on public policy and finance.

### ***B. Sustainable energy goals***

A key challenge is to set clear goals and targets as regards the energy mix, including in the post-2015 development agenda. While there cannot be a “one size fits all” approach, there are a number of common challenges, in addition to the goal of energy access reflected in the above chapter:

---

<sup>9</sup> UNCTAD, 2010. *Globestat*.

- **Increasing the share of renewable energy:** Improve the energy mix by reducing dependency on fossil fuels. While fossil fuels will continue to be an important part of the energy mix, greater reliance on renewables will help transform the LDCs' energy systems. It can also decrease the fiscal burden of imported fossil fuels, as well as increase long-term energy independence. Renewables are well suited for mini-grid and off-grid solutions in rural areas because the resource is often available locally and the technology requires minimum maintenance. In addition, costs for renewable energy have decreased considerably over the past decade.
- **Increasing efficiency:** Improve energy efficiency through enhancing efficiency in the generation, transmission, distribution and use of energy, as well as making a shift towards energy efficient products and processes. This will create new economic growth opportunities and offer significant investment opportunities for private and public actors.
- **Investing in energy:** Ensure that the energy sector receives priority in the budget and greater attention in ODA allocations, while making the business case for investments in energy infrastructure. Investment needs for achieving universal access in LDCs will be considerable. The magnitude makes necessary the use of scarce public capital to leverage larger private investments. Partnerships between LDCs and their development partners, as well as between the public and private sectors will be a crucial element in overcoming financing challenges. Capacities to design and implement innovative financing instruments including market-based mechanisms, business models and investment tools need to be strengthened. Private and public financing from both domestic and external sources will be necessary and should be seen as complements rather than substitutes.

### *C. Sustainable energy action to achieve the goals*

To ensure that the goal setting is followed by action, LDC governments will need to play a catalytic role, supported by their development partners in delivering energy access to all. Priority areas of actions are:

- **Enabling policy and regulatory framework:** Develop a strong political commitment and vision, and create an enabling framework, including support services. Adopt integrated energy security development policies, strategies and plans to build a strong energy sector.
- **Involving all stakeholders:** This includes LDC governments and their development partners from the North and the South, private sector and civil society. To ensure that local women, men and youth are properly involved and make informed choices, governments need to take more people-centred approach, promoting 'energy literacy' and including communities in decision-making in a meaningful way. Civil society and NGOs can also play a role as service providers and developers, not least in the development of small-scale plants.

In reaching out to the poorest, social protection programmes may provide a potential means to deliver access to sustainable energy on a much greater scale, as the beneficiaries of these programmes include the chronically poor and currently have little or no access to energy.

- **Best practices:** Share and learn from successful initiatives. The LDCs would greatly benefit from sharing more information about best practices in addressing the key challenges in the various areas linked to successful energy transition.

#### *D. Strong global partnerships*

For LDCs to succeed in their efforts, international cooperation and partnerships will be essential. The international community must provide the necessary support to leverage further financial resources and help LDCs' actions to build capacity in order to seize the opportunity for transformative change that will scale up poverty eradication and sustainable development in these countries.

- **Role of development partners:** The development partners have agreed under the IPoA to support LDCs' efforts to develop the energy sector in generation, distribution and energy efficiency (including through renewable energy, other clean energy sources and natural gas), through financial and technical assistance technology transfer (especially new and renewable energy technologies) and by facilitating private sector investment.
- **South-South and triangular cooperation.** Mobilize the contribution of emerging developing countries. The IPoA emphasized the important complementary role of South-South and triangular cooperation by promoting initiatives that are beneficial to the LDCs. Promoting South-South and triangular cooperation, including regional and sub-regional co-operation, can help achieve LDCs' energy security, better efficiency and reduce overall costs.

#### **4. Role of the private sector in achieving the renewable energy goals in LDCs**

The least developed countries are the poorest and weakest segment within the international community. They are highly disadvantaged in their development process as a result of the multiple vulnerabilities they face. To tackle these vulnerabilities, the economic, social and environmental dimensions of development must be addressed in an integrated and holistic manner. Economic transformation is necessary in order to make sustainable progress in all areas.

Although a number of LDCs have made reasonable economic and social progress during the past decade, some critical challenges remain, including lack of access to energy. Due to these challenges, economic growth has remained slow, LDC economies' structure has remained static and lack productive capacities has curbed the LDCs' abilities fully benefit and participate in the global trade. The report entitled *State of the Least Developed Countries*<sup>10</sup> highlights that most of the LDCs continue to face the challenge of triggering and sustaining a dynamic process of development and productive capacity transformation involving adoption of new technologies, diversification of economic activities, development of domestic capabilities and transformation of employment patterns. Unlocking the potential of the private sector is indispensable for advancing

---

<sup>10</sup> UN-OHRLLS: State of the Least Developed Countries 2013, Special Theme: Productive Capacity Building in the Least Developed Countries and the Post-2015 Development Agenda.

the economic transformation. This cannot be done without investing in and improving energy access in LDCs. Providing affordable and reliable access to energy to private sector actors will enable them to function as an engine of growth and thereby advance the economic transformation. Better energy access will thus lead to enhanced enterprise development and increase in income generating activities in LDCs.

To overcome the challenges related to access to sustainable energy, as highlighted in the previous chapter, combined efforts are needed from LDC policy makers, their development partners and private sector actors in developing countries. Investment needs for achieving universal access in LDCs are considerable and financing is the most critical challenge in providing energy access and reducing energy poverty. Partnerships between LDCs and their development partners, as well as between public and private sector, are crucial for overcoming practical challenges and reducing the financing gaps. Therefore, the SE4All-initiative builds upon multi-stakeholder partnerships and give a prominent role to the private sector, which plays a crucial role in unlocking new sources of finance. Regional development banks and institutional investors (pension funds, insurance companies) also have an important role to play in the partnership structure.

Regional development banks are closely involved in the SE4All-initiative. For example, the Asian Development Bank (ADB) has assured its support for increased access. In the future, ADB is looking to broaden the support it gives, not only financially, but also by identifying innovative solutions and sharing knowledge with partner development institutions, national governments and the private sector.<sup>11</sup> In addition, ADB aims to help entrepreneurs craft business models that are affordable and appropriate for a market looking for reliable and affordable energy. Going forward, regional development banks can have a multifaceted role in advancing energy access by providing one of the main sources of concessional and long-term financing for funding infrastructure, leveraging on new partnerships and preparing entrepreneurs and projects for financing.

Despite the growing number of stakeholders, the importance of national-level ownership and planning cannot be understated. The transition to sustainable energy will require critical rethinking by LDC decision makers and the goals must be followed with well-planned and coordinated action based on national energy and development strategies. As discussed earlier, governments in LDCs need to create enabling and supporting policy and regulatory frameworks to promote commercial investments, get involved with a broad range of stakeholders—including reaching out to the poorest and supporting bottom-up approaches—and share and learn from successful initiatives, as well as learn from their errors.

Besides creating an enabling environment that provides a good basis for private sector growth, LDCs need to consider how they can engage with private sector and how to find potential investors for energy sector. This can be especially challenging, not only due to the multiple vulnerabilities the Least Developed Countries face, but also because they are competing with other developing countries for the same resources.

In order to encourage private sector actors to invest in LDCs and get them mobilized, specific outreach activities should be carried out. This requires not only creating an enabling environment, but also highlighting the various ways private sector can achieve business value from sustainable

---

<sup>11</sup> ADB: Maximizing Access to Energy for the Poor in Developing, December 2013



energy actions in LDCs. In their report entitled *Sustainable Energy for All: The Business Opportunity*, Accenture and the UN Global Compact Office identified four channels of creating business value: revenue growth, brand enhancement, risk reduction and cost reduction.<sup>12</sup>

According to the report, revenue growth can be derived in activities aiming to increase access, efficiency and use of renewable energy through innovation and product design, expansion to provide access to new markets and widening the existing customer base. Creating business value in LDCs is possible in all the above areas and especially in expanding to new markets. The LDCs offer tremendous growth potential, given that there are more than 700 million people who do not yet have access to electricity. This calls for creative product solutions, as well as new financing models to serve the needs of new clientele. Some solutions have already emerged, such as pay-as-you-go systems for mobile phone users, which make revenue collection less risky for the provider and more affordable for the end user.

Second, business value can be created in the energy sector through brand enhancement. This refers to building a brand that associates positively in the minds of consumers because of the positive linkages to usage of sustainable energy sources. Over time, this can become a source of comparative advantage. The brand enhancement effect can be even stronger when investing in LDCs. Working with the most vulnerable countries, where energy poverty reduces the quality of life and the economic opportunities for the majority of the population, can similarly enhance brand image by not only creating positive linkages to sustainable energy, but can also contribute to the achievement of global development goals. More importantly, private sector actors investing in the energy markets of LDCs can create a long term business opportunities as these markets grow.

Third, use of renewable energy source can support private sector operators in making them less vulnerable to risks related to, for example, fluctuations in fuel price or regulatory changes issuing new carbon restrictions. Use of renewables can also secure the running of various operations during power cuts and thus reduce risks related to damage caused by temporarily cuts in the supply of electricity. This is particularly valid in LDCs where interruptions in the power supply are frequent. Therefore, the demand for innovative, low-cost solutions decreasing the dependency on the unreliable power supply is high in LDCs.

Finally, the report shows that sustainable energy can create business value through cost reduction. This refers to mitigating energy costs, for example, by applying energy efficiency measures or switching to renewables. This is perhaps the least relevant business value factor identified in the report. However, it is something that companies that are already active in LDCs should carefully consider and ensure that their operational efficiency is in line with the energy efficiency potential.

### ***Getting the business models right***

The LDCs need to consider specific business models suitable for their energy situations. For example, the difference in access to energy between urban and rural areas is typically very large in LDCs. In Zambia in 2011<sup>13</sup>, 11 million people were without access to electricity and the electrification rate was 51 per cent in urban and 3 per cent in rural areas. The figures from

---

<sup>12</sup> Sustainable Energy for All: The Business Opportunity, Accenture & UN Global Compact

<sup>13</sup> [www.worldenergyoutlook.org/resources/energydevelopment/](http://www.worldenergyoutlook.org/resources/energydevelopment/)

Ethiopia tell similar story: 65 million people lacked access and the electrification rates were 85 per cent and 11 per cent in urban and rural areas respectively. These figures show that LDCs need not only large scale investments but also smaller projects, which are accessible, affordable and adjusted for the needs of remote rural areas.

Business models should also be end-to-end models, which take into consideration the initial low capacities, institutional constraints and low level of local investment in LDCs. They must incorporate activities which ensure the sustainability of the investment, such as training and maintenance and supply of affordable spare parts.

There is also a need to share more information between various actors on what has worked and which business models have gained concrete results with real impact on the ground.

### ***The importance of bringing the actors together***

The IIED *Briefing Paper on Energy*<sup>14</sup> notes that private sector potential exists in the LDC energy sector, but scaling-up remains a challenge. According to the Briefing paper, information and knowledge sharing remains limited and there are too few proven business models in which to invest, as well as too few pioneer enterprises and investors.

It is crucial that private sector actors are encouraged to invest in LDCs and that the market potential these countries hold is presented properly rather projecting an image of unstable, conflict-driven countries with limited possibilities for economic growth. In this context, it is also important to share best practices and experiences between LDCs, their development partners and private sector and civil society activities. Bringing various actors together will help raise awareness of the critical energy situation in LDCs, help to scale up projects and business models with good track records and facilitate the establishment of new partnerships.

In September 2013, UN-OHRLLS organized the High-level Event on Sustainable Energy for LDCs at United Nations Headquarters. This event highlighted the importance of sustainable energy for poverty eradication, socioeconomic transformation and sustainable development in LDCs. It also helped to advance cooperation between LDCs, their development partners, the private sector and civil society based on strong national leadership and equally strong international support and cooperation. It also provided an opportunity to discuss, share and learn from successful initiatives, as well as learn from mistakes made in the past.

The meeting was attended by more than 20 Heads of State and Government and Ministers high-ranking UN officials, private sector leaders and civil society actors also attended. The Co-Chairs' Communiqué, "Our Common Action Agenda to Promote Sustainable Energy in the Least Developed Countries"<sup>15</sup>, calls on all relevant actors to work together to develop and establish a global goal on energy as part of the post-2015 development agenda and emphasizes that the special needs of the LDCs related to energy should be specifically prioritized in the post-2015 agenda. It also notes that in ensuring energy access for all, mitigating climate change and turning sustainable development into reality, all stakeholders need to join their efforts to make sure that the most vulnerable countries will enter the path of transition to sustainable energy. The international community must provide the necessary tools and support to leverage financial

---

<sup>14</sup> IIED: "Shaping a global goal on energy access that leaves no one behind", November 2013

<sup>15</sup> See annex 1: Our Common Action Agenda to Promote Sustainable Energy in the Least Developed Countries

resources and help LDCs to build capacity in the sustainable energy sector in order to seize the opportunity for transformative change in these countries.

During the High-level event, a number of best practices and high-profile examples were presented and discussed, demonstrating the market potential in LDCs, which private sector actors tend to consider too risky given the low level of returns. The best practices and success stories discussed included, among other, the following:

- The world's largest solar powered hospital opened its doors recently in Mirebalais, Haiti, 30 miles north of Port-au-Prince. In this city, the power often goes out for several hours each day. The hospital has 1,800 solar panels and produces more than 100 per cent of its required energy every day. The system is expected to save 210 metric tons of carbon emissions annually and using solar is expected to cut \$379,000 from hospital's projected annual operating costs.<sup>16</sup> In a country suffering from deforestation, the ecological benefits of this alternative energy source cannot be overstated.
- It is estimated that only about 1% of the population are connected to the power grid in Northern Uganda. A renewable energy project providing access to modern energy, solar panels, improved stoves and micro-hydro power for local electricity grids has brought energy to over 1 million people in northern Uganda so far. The project follows a commercial approach and all the running costs of the project are covered by the end users benefiting from the programme.<sup>17</sup>
- A cyclone-proof wind farm was founded on the island of Efate, Vanuatu, in 2010, marking an important first step in diversifying sources of electricity supply and reducing dependence on fossil fuel imports. The cyclone-proof wind farm also demonstrates high innovation capacities: in the event of a cyclone alert, the turbines are lowered and tethered to the ground in a horizontal position, reducing the risk of damage to the wind farm during the cyclone.<sup>18</sup>

These examples are both inspiring and very promising. They also demonstrate the increasing number of actors involved in ensuring energy access. All inputs are needed; neither public sector nor private sector can alone tackle the challenges ahead. Approaches and initiatives to achieve the energy goals in LDCs need to be based on partnerships, which allow each actor fully leverage its capacities and comparative advantage.

## **5. Concluding remarks**

Given the size and the complexity of the challenge ahead, it is clear that the cooperation and inputs of all relevant stakeholders are needed to achieve the energy goals set in the IPoA and SE4All-initiative. It is necessary to channel the know-how and resources of the private sector into the global initiatives, as well as into the projects and programmes at country level.

---

<sup>16</sup> <http://www.pih.org/blog/solar-powered-hospital-in-haiti-yields-sustainable-savings>

<sup>17</sup> [http://ec.europa.eu/europeaid/what/energy/sustainable/panemu\\_en.htm](http://ec.europa.eu/europeaid/what/energy/sustainable/panemu_en.htm)

<sup>18</sup> <http://www.eib.org/infocentre/press/news/stories/2010-april-01/vanuatu-welcomes-eib-wind-farm-investment.htm>

As discussed in the report, LDCs offer market potential to private sector actors in energy sector and given their low-carbon profile and rich natural capital and cultural assets, LDCs are also well positioned in the transition to a green economy via sustainable energy mix.

However, there is a need to catalyse this process to better match the interests and resources of various actors. All the stakeholders have responsibilities in this regard. Political leadership and vision is needed to create an enabling framework and country level energy plans in LDCs, which must aim to provide access for all, increase the share of renewable energy in the energy mix, improve efficiency and focus on financing for energy.

The international community and development partners need to facilitate the transformation at country level and support the LDCs with necessary tools and resources. The international community should also facilitate multi-stakeholder partnerships between various actors. The SE4All initiative is already providing a good framework for such partnerships; however, further efforts are needed to respond to the size and complexity of the energy challenges in LDCs. The channels for creating business value in the LDC energy sector discussed in this paper include revenue growth, brand enhancement, risk reduction and cost reduction.

Therefore, the private sector actors, both international and local, play a crucial role in finding new and innovative solutions to the challenges faced by different LDCs. Private sector action needs to be promoted by explaining the various channels to achieve business value and by sharing best practices and lessons learned.

These efforts together can catalyse the needed action, innovation and know-how to mobilise resources to achieve the ambitious energy goals in LDCs and ensure that energy issues receive the priority attention they deserve due to their potential to act as a trigger for sustainable economic growth, poverty eradication and mitigation of climate change impacts.

**Annexes:**

- I. The Co-Chairs' Communiqué, "Our Common Action Agenda to Promote Sustainable Energy in the Least Developed Countries"
- II. Statistics regarding access to electricity in 23 LDCs in 2011

Co-Chairs' Communiqué

**“Our Common Action Agenda to Promote Sustainable Energy  
in the Least Developed Countries”**

**High-Level Event on Sustainable Energy for the Least Developed Countries**

(United Nations, New York, 23 September 2013)

1. We, Prime Minister Hailemariam Desalegn of Ethiopia and President Ellen Johnson Sirleaf of Liberia on behalf of the Global Coordination Bureau of the Least Developed Countries (LDCs), and Prime Minister Jens Stoltenberg of Norway, Co-Chaired a Head of State/Government level event on “Sustainable Energy for the Least Developed Countries”, which was held at the United Nations Headquarters on 23 September 2013. The event was initiated by the Government of Benin in its capacity as Chair of the Global Coordination Bureau of the LDCs.

2. We express our sincere appreciation to the United Nations Secretary-General Ban Ki-moon for his “Sustainable Energy for All” (SE4ALL) initiative. We commend the UN-OHRLLS for providing substantive and organizational support in organising this event. We also thank Mary Robinson, former President of Ireland and President of the Mary Robinson Foundation – Climate Justice, for moderating the event.

3. Access to sustainable energy holds the key to resolving the two major challenges of our time, poverty and climate change. We recall that at the United Nations Conference on Sustainable Development (Rio+20), Member States expressed their determination “to act to make sustainable energy for all a reality and, through this, help to eradicate poverty and lead to sustainable development and global prosperity”. We are pleased by the General Assembly’s declaration of 2014-2024 as the UN Decade of Sustainable Energy for All.

4. Out of the 1.3 billion people who do not have access to electricity, more than half live in the least developed countries. Currently, four out of five people in LDCs lack access to electricity and nine out of ten lack access to modern cooking fuels. In LDCs, only 27% of urban dwellers have access to modern fuels, while a mere 3% of rural dwellers have access. These rates are much lower than for other developing countries, and demonstrate the large “energy gap”.

5. The Istanbul Programme of Action for the Least Developed Countries for the decade 2011-2020 (IPoA) recognizes that access to affordable, reliable and renewable energy and related technologies, as well as the efficient use and distribution of energy will be critically important for accelerating growth, improving livelihoods and advancing sustainable development. Access to modern energy systems is about light and cooking. About reading, learning and communicating. About jobs, distribution of wealth, and prosperity. And it is about women’s health and gender equality.

6. For achieving the goal of providing sustainable energy for all, energy must be fully integrated into the Post-2015 Development Agenda. Energy is the golden thread that connects poverty eradication, socio-economic transformation and overall sustainable development. Addressing the nexus between energy and other development issues should become a reality, instead of a grand concept, and must be deeply rooted in the Post-2015 Development Agenda.

7. We therefore call on all relevant actors to work together to develop and establish a common global goal on energy as part of the Post-2015 Development Agenda. There is broad support for “sustainable energy for all” as a global goal, as was also highlighted during the Global Consultations and the High-Level Meeting on Energy and the Post-2015 Development Agenda, held in Oslo on 9 April, 2013. The special needs of Least Developed Countries on energy should be specifically prioritized in the Post-2015 Development Agenda. A set of targets and indicators supporting the goal should encompass all three dimensions of sustainable development, to help demonstrate that the concept of the Sustainable Development Goals is

fully coherent with the development agenda beyond 2015. The three objectives of the Sustainable Energy for All initiative (universal energy access, increased efficiency and renewable energy), including its Global Tracking Framework, can provide a solid framework to build on further, while keeping them fully adaptable to different circumstances and priorities at regional, national and local levels.

8. During the event, we have learnt about success stories and best-practices of sustainable energy initiatives in LDCs. These are inspiring and very promising for the future, and we hope that today's event has encouraged many more sustainable energy initiatives to address the large "energy gap" faced by LDCs.

9. We express specific concern that some of the recent energy initiatives have not yielded the expected benefits for the poorest. LDCs and their partners need to make sure that the specific energy needs of the poorest are taken into account and incorporated in the programmes of the various initiatives working to improve access to sustainable energy.

10. Access to sustainable energy is the key priority for LDCs. Without access to modern and affordable energy, the prospect of development will remain a distant dream for LDCs. Increased access to renewable and clean energy will have a direct impact on the livelihoods of people and be a strong entry point for enhancing sustainable development in an integrated manner. Access to sustainable energy for all can be achieved without increasing emissions of greenhouse gases significantly. Given their low-carbon profile and rich natural capital and cultural assets, LDCs are also well positioned in the transition to a green economy via a sustainable energy mix.

11. Energy goals need to be ambitious but achievable. While there cannot be a "one size fits all" approach, beyond the goal of access for all, there are a number of common challenges, such as increasing the share of renewable energy in the energy mix, improving efficiency and focusing on funding for energy which need to be addressed effectively.

12. The transition to sustainable energy will require critical rethinking by LDC decision-makers and the goals need to be followed with well planned and coordinated action based on national energy and development strategies. LDC governments need to create enabling and supporting policy and regulatory frameworks to promote commercial investments, get involved with a broad range of stakeholders, including reaching out to the poorest and supporting bottom-up approaches, and share and learn from successful initiatives. We need to change the way we produce and use energy, and increase the energy mix. We need more energy from renewable energy resources.

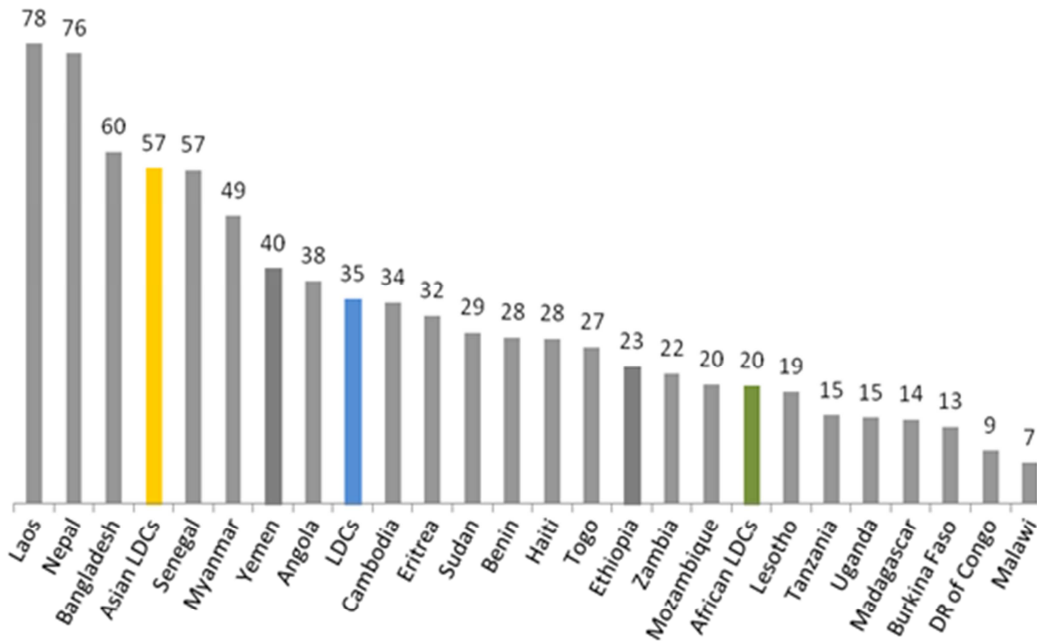
13. In ensuring the energy access for all, mitigating climate change and turning sustainable development into reality, all stakeholders need to join their efforts to make sure that the most vulnerable countries will enter the path of transition to sustainable energy. The international community must provide the necessary support to leverage financial resources and help LDCs' actions to build capacity in order to seize the opportunity for transformative change that will scale up poverty eradication and sustainable development in these countries. Public-private partnerships are an important way to overcome practical challenges and meet financing gaps.

14. The LDCs should receive a special focus throughout the Decade of Sustainable Energy for All (2014-24). We invite the UN-OHRLLS to reflect progress in LDCs in the area of sustainable energy in the follow up reports on the IPoA during this decade, and to continue to support LDCs, including through facilitating partnerships involving development partners from both North and South, national and international private sector, UN system organizations, civil society and other relevant stakeholders.

## Electricity Access in the LDCs

- Across LDCs, the average electrification rate was 35% in 2011, increasing to 57% among Asian LDCs, but only 20% in African LDCs.<sup>19</sup>
- Laos, Nepal and Bangladesh – all in Asia - have the highest rates, while Democratic Republic of Congo and Malawi have the lowest. Among the African nations, Senegal has the highest electricity access rate (57 %).

Electrification rate in 2011, %



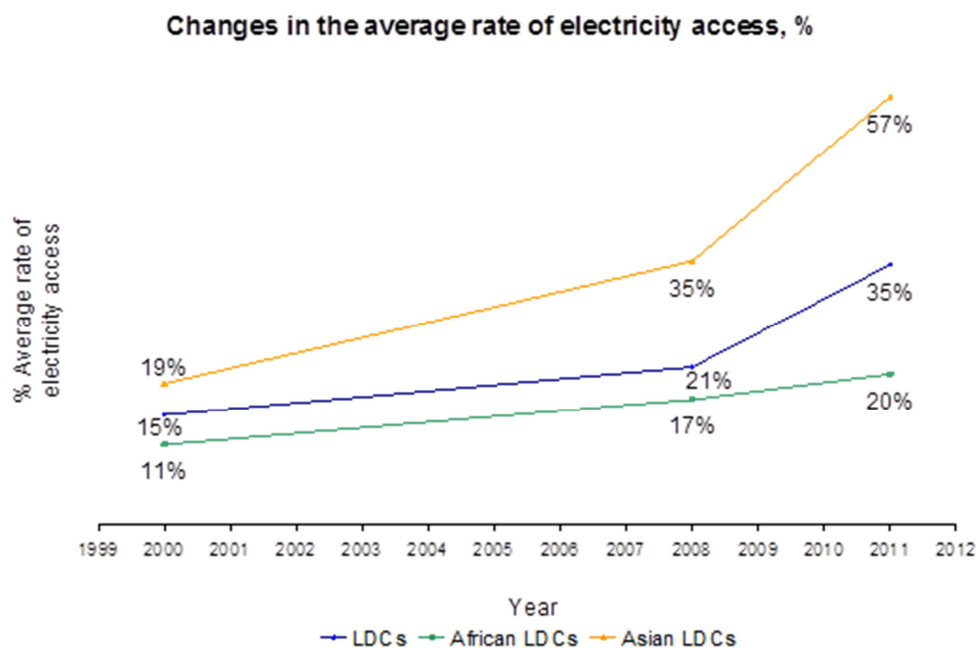
SOURCE: IEA, World Energy Outlook 2013

- The rate of electricity access increased from about 15% in 2000 to 35% in 2011, across all LDCs. Among Asian LDCs, the rate has gone up significantly, from 19% to 57%.

<sup>19</sup> Calculations based on list of 23 LDCs, which represents 82% of the total LDC population.



- From 2008 to 2011, the electricity access in Asian LDCs abruptly grew (about 62%), meanwhile African LDCs had a steady growth.



SOURCE: IEA, *World Energy Outlook 2002 & 2013*

- The electrification rate has significantly increased in Southeast Asia from 2000 to 2011. China is actively investing in the development of hydropower projects in the region, particularly in Myanmar, Cambodia and Laos. Myanmar had installed more than ten hydro plants in the decade 2000-2010.<sup>20</sup>
- Yemen observed a 20 per cent decrease in electricity access in the past decade reflecting the slow progress in building infrastructure and the 30 per cent increase in Yemen's population in the same period.
- According to the National Statistics Bureau of the Royal Government of Bhutan, in 2007, 68% of the country's population had access to electricity, which represents the highest rate among the continental LDCs.<sup>21</sup>

<sup>20</sup>

<http://www.mm.undp.org/content/dam/myanmar/docs/Accelerating%20energy%20access%20for%20all%20in%20Myanmar.pdf>

<sup>21</sup> <http://www.undp.org/content/dam/undp/library/Environment%20and%20Energy/Sustainable%20Energy/energy-access-situation-in-developing-countries.pdf>