Talking Points of Ms. Isabelle Durant as Deputy Secretary-General of UNCTAD at the Accelerating the energy transition in LLDCs A Side Event During 2018 HLPF Thursday 12 July – 13h15 – 14h30.

The 32 landlocked developing countries (LLDCs) with a total population of more than 480 million face development challenges owing considerably to their geographical disadvantage of lacking direct territorial access to the sea and their remoteness and isolation from world markets. Investment in energy infrastructure underpins the ability of LLDCs to structurally transform their economies, enhance trade facilitation and boost their trade potential, and therefore its transition is a key priority for all landlocked developing countries.

Although the energy agenda has become a priority in LLDCs and the significant progress made, the consideration of the long up-front times of energy investments and the current pace makes it questionable whether SDG7 can be attained by 2030 in many of these countries.

- With the SDG 7, the international community committed to universal access to modern energy by 2030.
- Renewable energy technologies and decentralized generation offer an unprecedented opportunity to bring electricity even to the most remote areas.
- As we look at the LLDCs more specifically this afternoon: I believe that the key to sustainable development in that particular group of countries is the structural transformation of their economies: How? By:
  o Increasing productivity within sectors, and
  o Shifting productive resources from less productive to more productive sectors and activities.

- Ladies and gentlemen, at UNCTAD, we have shown that energy, particularly productive use of electricity, plays a key role in this process.

- But this requires what our new energy report calls: transformational energy access. What is critical is to meet the producers' energy needs in terms of accessibility, scale, reliability, economic viability, affordability and efficiency:
  - This is not just about meeting basic household needs.
  - Electricity for productive use can transform the economies of LLDCs:
    o It can increase productivity, and allow new products and production technologies.
  - This is especially important in rural areas, where the vast majority of those without access to electricity live.
  - UNCTAD’s work on LLDCs reveals that more than 24 of the 32 LLDCs are primary commodity dependent for more than 60 per cent of their export earnings. Such a heavy dependence on primary commodities is a cause and consequence of structural weakness and vulnerability of LLDCs’ economies.
• Urgently addressing such challenges requires fostering productive capacities and structural economic transformation. These cannot be achieved without the provision of adequate, modern, affordable and sustainable energy (electricity). In other words, **power (electricity) generation is a vital element.**

• It should therefore be made available at affordable cost that do not undermine export competitiveness of LLDCs. In this context LLDCs should consider enhancing investment in energy generation, distribution and sustainable supply capacities. They should seek ways and means of channeling investment including foreign direct investment (FDI) to developing energy (electricity) infrastructure. It is equally important for LLDCs to enhance the role of the private sector, particularly through Public Private Partnership (PPP) in energy generation and distribution at affordable cost.

• Increased support from the international community, financially and in technology transfer, will be critical.
• But so, too, are the right policies within the energy sector, and **coherence between energy policies and overall development strategies.**
• LLDCs need a holistic, system-wide approach to long-term energy-sector planning
  o But planning needs to have the flexibility to respond to a changing technological landscape.
• Governance and market structures need to be tailored to local circumstances:
  o In particular, LLDCs should avoid market structures that exceed their regulatory capacity.
  o Renewable energy has this advantage of being in the hands of the local authorities and, as decentralized energy sources, are by nature more flexible.

• **A lot has to be done and my organization is a good partner to progress on this path.**
• **UNCTAD is already helping to accelerate the energy transition in LLDCs and will continue to do so. How?**

• We have ongoing UNCTAD-wide programmes of support for LLDCs and those programmes include substantive and technical support to foster productive capacities and structural economic transformation in LLDCs, including generation and productive use of energy.

• Several landlocked developing countries have a great potential for energy generation. Despite the availability of energy, the economies of these countries are among the most undiversified and their exports are heavily concentrated on single or a few primary commodities. For instance, Kazakhstan has ample electricity supply. However, the country’s manufacturing sector represents only about 10 per cent of the GDP.

• Mongolia is also another country with significant natural resources such as coal. Despite abundant coal reserves, Mongolia still depends on energy (power) imports from China to which it exports coal. The high cost of imported power undermines efforts to add value to other main exports such as copper. This forces Mongolia to export high-volume low-value copper without at a very high transport cost.
UNCTAD is currently supporting selected LLDCs in diversifying their exports outside of the energy (electricity sector). LLDCs such as Azerbaijan, Bhutan, Kazakhstan and Mongolia have huge potential and comparative advantages in Agriculture (including horticulture, cereals, dairy and meat production), tourism and construction services. They need to put appropriate policies and strategies to harness a big potential they possess to advance their socio-economic development including achieving SDGs.

If we combine all our efforts, we will succeed in achieving goal 7 for all group of countries.

I thank you for your attention.