

OUTCOME DOCUMENT OF THE GLOBAL CONFERENCE ON SCALING-UP ENERGY ACCESS AND FINANCE IN LEAST DEVELOPED COUNTRIES

BACKGROUND

The Global Conference on Scaling-up Energy Access and Finance in Least Developed Countries was held in Beijing, China, from 30 to 31 May 2019. The Conference was jointly organised by the Office of the High Representative for LDCs, LLDCs and SIDS (UN-OHRLLS) and the Global Energy Interconnection Development and Cooperation Organization (GEIDCO). It brought together 200 participants representing governments, United Nations agencies, international and regional organizations, civil society, private sector, business community and think tanks. Substantive discussions took place on various facets related to improving energy access and scaling-up finance in LDCs.

Sustainable energy is central to the achievement of both the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. 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. It also calls for financial and technical support to LDCs in this respect.

Reaching universal access to modern energy in LDCs by 2030 provides an opportunity for transformative change that will end energy poverty and contribute to the achievement of a number of other SDGs in LDCs, including SDG13 on taking urgent action to combat climate change and its impacts. Yet, this will require massive investment and a rapid change in action within the next few years. Technological advances continue to generate new solutions and reduced costs for clean, green energy. If these advancements are combined with increased investments, LDCs have a real opportunity to achieve SDG7 by 2030 and contribute to climate change action.

More focus is needed on scaling-up investment in LDCs. Current financing levels are significantly below what is required. According to current estimates, between 2018 and 2030, annual average investment globally will need to reach approximately \$55 billion to expand energy access, about \$700 billion to increase renewable energy, and \$600 billion to improve energy efficiency. Currently investment is not spread equally, and leaves out many LDCs. Financing must be available for various types of projects, in particular people-centred smart distributed renewable energy systems, as the energy targets will not be met by only expanding the electricity grid.

ENERGY ACCESS

The LDCs have made considerable progress in increasing access to electricity. Since the adoption of the Istanbul Programme of Action in 2011, the average rate of access to electricity across LDCs reached 51 per cent in 2017, representing a large increase from 33.4 per cent in 2010. Nevertheless, electricity access in LDCs remains low in comparison to the global electrification rate of 88.8 per cent in 2017.

This data hides disparities between countries and regions, as well as urban and rural areas. In 2017, on average, 79 per cent of the urban population in LDCs had electricity access, compared with only 37.8 per cent of rural populations. Also, the Asia-Pacific LDCs have an electrification rate of 86.2 per cent compared to 33.2 per cent in African LDCs. It is alarming that 14 African LDCs still have electrification rates lower than 30 per cent and the 20 least-electrified countries are all LDCs.

Access to modern fuels for cooking and heating are yet further restricted in these countries. In 2017, only 14.4 per cent of the population in LDCs had access to clean fuels and technologies for cooking. In 2017,

only 9 countries cover a rate of access to clean fuels and technologies for cooking higher than 30 per cent, and 21 LDCs – all being African LDCs - had less than 5 per cent access to clean fuels and technologies for cooking, severely impacting people’s health and the environment.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

While the share of renewable energy as a share of total final energy consumption in LDCs is higher than the global average because of the high use of traditional biomass for cooking and heating, the share of hydropower, wind and solar energy consumption remains rather low. Yet, LDCs are generally endowed with a wealth of renewable energy sources. LDCs have the potential to build their energy systems of the future based on careful and strategic long-term planning towards zero-carbon emissions, and can avoid the lock-in of expensive traditional centralised systems and stranded assets.

Comparing the average global rates and the rates of LDCs concerning the percentage of hydropower as a share of the total final energy consumption in 2016, with an average of 2.93 percent, LDCs come close to the global average of 3.38 percent.

Energy efficiency also plays a significant role in accelerating the energy transition within LDCs. A positive trend concerning the average energy intensity of LDCs can be observed over the past decades with a rate of 8.46 MJ/USD in the year 2000, followed by a rate of 6.33 MJ/USD in 2010 and 5.88 MJ/USD in 2016. The same trend is observed on a global scale, whereby the average energy intensity rate has fallen from 6.6 MJ/USD in 2000 to 5.1 MJ/USD in 2016.¹ LDCs have a tremendous potential to leapfrog to efficient energy systems that can directly harness energy where people and local industries are located, and ensure that maximum services are rendered from these locally controlled energy sources.

PRIORITY ACTIONS HIGHLIGHTED AT THE CONFERENCE

Without urgent and enhanced action, LDCs will not be able to reach the SDG7 targets by 2030. The Global Conference on Scaling-up Energy Access and Finance in Least Developed Countries focused and discussed concrete measures to accelerate energy access and enhance financing for sustainable and modern energy, as called for in SDG7.

The main conclusions, recommendations and deliverables from the fruitful discussions during the Conference are summarized below:

Advancing SDG implementation in LDCs:

1. Scale-up progress. The primary challenge for LDCs is to rapidly step up a sustainable energy transition so that considerable progress can be made towards achieving the national targets and international goals, such as those in the IPoA, the 2030 Agenda and the Paris Agreement, to which LDCs have committed themselves.
2. Create national sustainable energy plans and policies that are designed for the particular needs and resources of each country, as each country’s transition to a sustainable energy sector involves a unique mix of resources, opportunities and challenges. These plans should involve all stakeholders, including civil society or community based organisations, with a mix of grid, mini-grid and off-grid solutions. National capacities in the area of sustainable energy planning need to be strengthened.
3. Consider the energy demand profile of the poorest people and ensure access to affordable energy within national energy policies. The focus should not only be on promoting minimum access to households, but on addressing people’s energy needs, on seamless transmission, access for

¹ The energy efficiency is expressed in terms of the energy used to produce one unit of economic output and can also be defined as the energy intensity, measured in MJ/USD (2011 purchasing power parity).

productive uses and social services, and economic development, with a gradual shift towards self-sustaining systems promoting economic development that is transformative and inclusive.

4. Act fast to create enabling environments for both public and private sector investment and to promote nationally and locally appropriate and determined project pipelines in LDCs for consideration by both domestic and international actors. This will require well-functioning institutions, supportive public finance instruments and policy and regulatory reforms to help build credibility with investors and effectively scale up appropriate private investment, leveraging public resources for country-level implementation.
5. Strengthen regional collaboration to ensure economies of scale, leverage the endowment of abundant natural resources, promote innovation, facilitate financing, support regional energy infrastructure to enhance energy security and advance economic integration.
6. Promote and strengthen cross-sectoral linkages between sustainable energy and other development priorities (e.g., clean water, gender equality, improved education, access to healthcare, and climate change) by engaging multi-stakeholder partnerships to support an energy transition, and to increase development finance flows that have the potential for higher impact and harmonised planning.
7. Make clean cooking a political priority, and design and implement specific policies, cross-sectoral plans and public investments supported by multi-stakeholder partnerships. Support innovation and invest in R&D throughout the cooking value chain – technologies, policy, finance and regulation and appliances, awareness and behaviour.
8. Promote the collection of comprehensive and accurate data on public and private financing flows in the LDCs to assist governments, development partners, project sponsors, and other investors in expanding the number and quality of sustainable energy access projects and programmes.

Action Recommendations for Development Finance Institutions and Partners

9. Increase both multi-lateral, North-South and South-South funding allocated to sustainable energy in LDCs, as this will have an impact across different sectors, including most of the SDGs, and accelerate poverty eradication and structural transformation. Financial and technical cooperation and assistance from development partners for energy generation, distribution and energy efficiency is thus needed. Funding should also be directed to project preparation and capacity building for project development.
10. Create investment portfolios that capitalize on the opportunities for sustainable energy transition in the LDCs by taking a more proactive approach in offering early stage finance, outreach to investors, providing risk management products, and propagating best and innovative practices between different markets.
11. Structure investments in a way that ensures country level ownership and political leadership to ensure long term sustainability. Moving a project from an initial plan to a bankable project often requires significant time and human and capital resources (to prepare feasibility studies, social and environmental impact assessments, and permits). LDCs need more targeted support from their partners for project preparation to fast-track progress, including enhanced access to existing support mechanisms.
12. Support the development of approaches that expand the involvement of different actors in the development of new, smart, distributed and increasingly renewable oriented energy systems.
13. Consider policy tools such as support for project preparation, tariff, off-take and connection guarantees, guarantees for mini-grid developers if/when grid arrives, loan guarantees, interest

rate buy-downs, incentives for sustainable energy development, and long-term and affordable financing and support the development of innovative financial instruments that address local needs throughout the energy value chain.

14. Take into account and carefully assess the affordability, as well as the costs and benefits of Public-Private Partnerships, in order to make the best use of domestic and foreign public resources. PPPs for generation and distribution of sustainable energy can play an important role to mobilise additional capital but must be carefully designed with safeguards and multi-stakeholder engagement.
15. Increase South-South cooperation to support the energy transition in LDCs based on the exchange of knowledge and appropriate technologies among nations facing similar development challenges, and to enable LDCs to learn from each other, grow more quickly, close energy gaps and build inclusive, resilient societies.

DELIVERABLES AND INITIATIVES

The participants proposed some concrete deliverables and initiatives:

- Highlight the urgency of focussing on enhancing energy access in LDCs at the Secretary-General's Climate Action Summit in September 2019. Call for the launch of a large-scale initiative to bring forward the countries that are furthest behind first and accelerate the sustainable energy transition in LDCs, in keeping with leaving no-one behind, and recognising that energy access is a key component of the foundation for building resilience and adaptive capacity to the adverse effects of climate change, most acutely experienced in LDCs.
- Recognise that LDCs have committed politically through their Ministers to the LDC-initiated, LDC-owned and LDC-driven LDC REEEI² as an overriding framework, with invitation to all actors and partnerships aligned with its principles and goals to engage through cooperation and support and encourage financial support for the LDC REEEI to ensure it can serve all LDCs and aligned partnerships as intended through its framework.
- Initiate a network of renewable energy focal points in LDCs to work in collaboration with the LDC REEEI.
- Provide stronger support for LDCs to access funding for sustainable energy, including climate change funds. Increase information on how to tap into readiness and project preparation funds.
- Focus on building Global Energy Interconnection (GEI), providing a package of innovative solutions and roadmap for least developed countries to address electricity access and realize coordinated and sustainable development of the energy sector. This can address poverty eradication and enhance socio-economic development as well as climate change. Participants at the conference recommend that GEI should be promoted on a global scale as one key solution to energy transition in LDCs.
- Create a broader framework of enabling off-grid and mini-grid renewable energy solutions for scaling up energy access and sustainable development in LDCs.
- Sustainable energy should be one of the central thematic topics to be featured in the new 10-year programme of action for the LDCs to be adopted at the Fifth UN Conference on the LDCs in 2021.

² LDC REEEI aims to support LDCs to achieve their development aspirations by addressing three overarching goals: (1) 100% access to sufficient, affordable, modern and renewable energy by all citizens in LDCs by 2030; (2) 100% electricity from renewable energy sources in all LDCs by 2050 that caters to all needs of their citizens, social services and industries; and (3) 100% utilization of energy efficiency potentials along the value chain through full implementation of best practice measures and planning by 2040.