



Food-for-Thought Paper

Atlantic Action Alliance for Renewables and Low Carbon Technology Deployment in the Southern Atlantic and the Reduction of Energy Poverty

*A Proposed ABI Climate-Resilient Development Project
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Large Incentives for Stimulating More Rapid Deployment of Renewable Energies

Energy poverty remains a central problem and barrier to human and economic development in Africa. After South Asia, Africa registers the highest levels of energy poverty of any of the world's major regions. While the issue is much less severe in Latin America, and nearly non-existent in the Northern Atlantic, energy poverty in Africa represents a brake on economic growth and development across the entire Atlantic Basin, given that the Basin is economically bound by an increasingly dense network of trade and investment linkages. Climate-resilient sustainable development in Africa represents one of the biggest untapped economic opportunities in the Basin.

However, energy poverty -- and the broader economic poverty in Africa that it anchors and represents -- offers only one of the many motives to consider efforts that stimulate and facilitate small-and-medium-sized undertakings engaged in deployment of renewable energies and other forms of low carbon technologies. Such efforts also potentially create jobs and incomes, further stimulating economic development. The imperative to reduce greenhouse gas emissions and the potential to tap into international public and private financing for energy actions that reduce greenhouse gas emissions are also independent reasons for pursuing efforts to stimulate and facilitate faster roll-out of renewable energies -- and not just in Africa, but all across the Atlantic Basin.

Significant Global Architecture and Action

At the global level there is a heightened awareness of -- and a great amount of activity designed to address -- the need for finance and deployment mechanisms for a more rapid roll-out of renewable energies in the developing world, along with other forms of low carbon energy services and climate-related technologies. Providing an overarching platform for this global mobilization effort is the UN sponsored initiative, 'Sustainable Energy for All' (SE4All) which is focused on: (1) achieving universal access to modern energy services by 2030; (2) doubling

the share of renewable energies in the global energy mix by 2030; and (3) doubling the rate of improvement in energy efficiency.

The UN's SE4All Initiative picks up where the global effort over the Millennium Development Goals left off. Within the MDG framework, energy was cross-cutting issue; while much improvement was made with respect to many of the MDGs, energy goals were to some degree lost in the shuffle. Nevertheless, the current initiative has a special focus on modern energy access, enhanced efficiency and renewable energy deployment. Furthermore the SE4All is potentially supported by the global cross-range of policy and financial mobilization efforts, including:

- the UNFCCC process with its Nationally Appropriate Mitigation Action (or NAMA) framework,
- the Green Climate Fund (which has garnered financial commitments of US\$100bn annually from 2020 on for climate adaptation and mitigation efforts in developing countries)
- the Global Green Growth Forum (3GF) (aimed at supporting a global transition to inclusive green growth through global alliance making and the promotion of public-private partnerships),
- the Energy + Initiative (aimed at increasing access to modern energy and energy efficiency, and avoiding GHG emissions in developing countries; provides financial support to developing countries based on results in terms of increased access and reduced or avoided emissions and measures undertaken to support such goals)
- 'The Future We Want' post-2015 MDG Initiative (conceived of to mobilize youth and facilitate youth entrepreneurship in a number of areas, including energy, with more immediate support in the short run).

While the Green Climate Fund is not scheduled to begin disbursements until 2020, other supplemental international efforts continue to support SEA and related initiatives by offering finance for public and private projects to deploy renewable energies (and related energy poverty and climate-related actions). The Climate Investment Funds (CIF), the Clean Technology Fund, the Forest Investment Fund, a Fund for the Scaling-Up of Renewable Energy Programs (SREP), and a pilot program for Climate Resilience are all supported by the multilateral institutions and regional development banks, and other institutions within the UN framework, and have already begun to disburse meaningful amounts (which help reduce risks and costs for rapid immediate term private sector mobilization) both to states (typically the Ministries of Energy or Environment) or directly to the private sector through certain private sector focused programs (like the SREP's 'Private Sector Set Aside' mobilization).

The SE4All is also supported to some degree on the ground by the EU Technical Assistance Facility for the 'Sustainable Energy for All' Initiative which will have the mission of providing technical support on the ground in Africa for all of the above-mentioned SE4All objectives. The

facility will provide technical assistance to national and subnational entities for bankable investments using public and private resources.

Gaps and Barriers at the Local and National levels

In historical terms, renewable energies have been deployed rapidly in the Atlantic Basin. Between three-quarters and four-fifths of all deployment of renewables (non-convention renewable energy technologies, NRETs, along with biofuels) has occurred within the Atlantic Basin. Even in Africa, recent renewables growth has been impressive. However, the current rate of deployment is not fast enough to eliminate energy poverty or to contribute in a significant way to the mitigation of greenhouse gases, particularly with Sub-Saharan Africa growing rapidly on the strength of commodity prices and global interests in pursuing Africa fossil fuels.

The international community is well aware of this imperative and, as discussed above, a number of international climate and green financing sources are now available. Nevertheless, given information gaps, lack of human capital in key segments of the markets, other market failures, and inappropriate energy policies and regulatory frameworks continue to slow renewables roll-out, particularly in Africa but also in Latin America and the Caribbean.

Furthermore, one of the biggest failures has been among local agents and national leadership in the developing countries. Africa leadership, for example, still does not understand that there is a major global build-up of funds for climate-resilient, low carbon sustainable development that is not being leveraged – despite the fact that such funds are in line with African national policy priorities to improve modern energy access. Asymmetric information and a lack of efficient brokers and catalytic agents keep deployment at a sub-optimum rate.

Agenda for Eminent Persons Action

New catalysts are needed to help ramp-up renewable energy for roll-out. The EPG should consider a new ABI Climate-Resilient Development project: the creation and promotion of an Atlantic Action Alliance for Renewables Deployment and the Reduction of Energy Poverty.

This ABI sponsored Atlantic Action Alliance would bring together energy and climate NGOs and action tanks, small and medium size enterprises, social entrepreneurs, renewables manufacturers, regulatory officials and policy makers, international, regional and local financial institutions, and representatives of public-private partnerships and entities working in the realm of sustainable development.

This cross-sector alliance would explore the potentials for synergies with the other two ABI projects proposed (the ABEC process and the Atlantic Energy Forum; and the Atlantic Basin Finance Corporation for Infrastructure, see accompanying concept papers). The Alliance would develop a mechanism for putting actual and potential renewables/low carbon entrepreneurs on the ground into contact with private capital and finance mechanisms, regulatory officials and policymakers, technical assistance programs and facilities, so as to stimulate more rapid developments on the ground.

Realizing the potentials of more rapid deployment of renewable energies and the universal provision of modern energy services will require the effective mobilization at scale of financial, technological and human capital. This will only be possible if governments and the private sector collaborate at the local, national and the international levels to overcome barriers, and create the right incentives for actors to innovate and invest. In this regard, ABI sponsored Atlantic Action Alliance could engage with other overarching initiatives that are designed to promote the scaling-up of renewables deployment.

One such initiative, with regional sub-initiatives for Africa and Latin America and the Caribbean, is the Global Green Growth Forum (3GF), a unique platform -- hosted by the Danish government and supported by five partner countries China, Kenya, Mexico, Qatar and the Republic of Korea -- to catalyze partnerships that can rapidly bring to scale green growth opportunities by pulling together governments from developed, developing and emerging economies along with the private sector. Another is the Energy + Initiative, supported by the Norwegian government.

The Alliance's goals would be to offer advice for policy, locate potential niches, identify investment projects and financial resources and provide a link between small-and-medium sized enterprises and existing and evolving global support networks and initiatives.

Further Value-Added

The Eminent Persons Group's Atlantic Action Alliance for Renewables Deployment and the Reduction of Energy Poverty could attempt, alone or in partnership with other entities, to mobilize high level leadership to the opportunities that are now stacking up for Africa and Latin America in the realm of energy and climate-resilient sustainable development. The EPG has already been considering special outreach efforts to current and former African leaders.

One of the Atlantic Basin issues that could be stressed would be the potential to harness unprecedented global resources to take advantage of the opportunity for Africa to leapfrog an entire stage of technological development on its path to climate-resilient sustainable development. However, the current gap in knowledge and required priority at the national levels, particularly in the developing world will need to be overcome.

The EPG could contribute its value-added as a private, independent body of former (and current) leaders with experience and influence across the Atlantic Basin to begin to address this failing through an African outreach strategy and through a new Atlantic Action Alliance for Renewables Deployment and the Reduction of Energy Poverty.

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