

## Achieving the Sustainable Development Goal on energy in developing countries – What role for the EU?

### Achieving SDG 7

Since the adoption of the seventeen universal sustainable development goals last year in New York, and the outcome of the Paris agreement, the international community has given priority to its successful implementation in the years to come.

One of the novelties of the SDGs compared with the previous Millennium Development Goals is SDG 7 which aims to “ensure access to affordable, reliable, sustainable, and modern energy for all”. Targets associated with this goal include doubling the rate of improvement of energy efficiency worldwide as well as promoting a significant rise of the share of renewable energy in the global energy mix.

Still around 1.3 billion people worldwide are lacking access to energy. The sub-Saharan African region remains prominent in this regard, whereas electrification rates in Asia are rising. China for example is claiming to have achieved universal energy access.

Therefore the international community stressed its commitment to achieve universal access to energy for all by 2030. But experts point out to some challenges in achieving this objective. The 2013 World Energy Outlook of the International Energy Agency

revealed that more people gained access to energy in urban areas than in rural areas. Many rural areas remain without electrification partly because they lack the infrastructure which is available in cities. Thus, in Sub Saharan Africa for example, people in rural areas achieved four times less energy access than in urban areas.

And also with regards to financing, today’s figures reveal that the current investment flows of \$ 400 billion a year will need to be tripled to achieve a necessary pace of progress that would allow the international community to reach the targets of SDG 7 by 2030. All this shows that the achievement of the access target remains very challenging.

### Overview

On 13<sup>th</sup> of September 2016 a high level seminar was organized jointly by the European Policy Centre and KAS on “Achieving the Sustainable Development Goal on energy in developing countries – What role for the EU?” that was held under *chatham house rule*. The seminar gathered international experts from several global and European institutions engaging in the process of achieving the SDG on energy. Representatives of the

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World Resources Institute, the DTU Partnership of the United Nations Energy Programme and the International Energy Agency were present, as well as experts from the European Commission, the European External Action Service or the EU Energy Initiative Partnership Dialogue Facility, to explain the state of play, the prospects, challenges and opportunities of implementing SDG7 in a way that is consistent with climate objectives. Can energy access and climate targets contradict each other? What links can be established between SDG7 and climate mitigation objectives? The experts' interventions made it clear that the implementation of the different energy targets vary according to the imperatives set by political agendas, and can therefore be challenging in terms of coherence. However, these do not make them contradictory to climate targets. There are rather many interlinks between them. Renewable energy targets are easiest to achieve through energy efficiency improvements, and vice versa energy efficiency can in some areas be supported by increased renewable energy. The energy access target will benefit from modern renewable energy and energy efficiency practices. For instance prospects for an imminent battery storage revolution in the nearer future were discussed in the seminar.

Another important issue tackled during the debate was the link between energy and CO<sub>2</sub> emissions. Since energy accounts for more than 70 percent of CO<sub>2</sub> emissions worldwide, the EU considers necessary new approaches for climate and energy diplomacy in light of its new Global Strategy which was unveiled earlier this year. Implementing the Paris Agreement and related multilat-

eral regimes will necessitate the acceleration of the energy transition towards a climate-neutral future with low-carbon economies and societies. Consequently it was claimed that the delivery of the Nationally Determined Contributions (NDCs) – to which the parties of the Paris Agreement have committed to – should become the basis for the implementation of SDG7.

### **Case studies**

Case studies of successful projects implemented in developing countries are in this regard of special interest. Country representatives from the MENA region – in this case Tunisia and Morocco – highlighted current trends and challenges of regional and national projects which tackle SDG 7.

### **Tunisia**

Whereas almost all of Tunisia's population has access to electricity, the country, together with other members of the MENA region remains partly inefficient in terms of energy use. Therefore experts call on the European Union to promote and facilitate knowledge transfer.

One example discussed within the context of Tunisia is the Tunisian Solar Plan (TSP) which, was launched in 2009, and then updated in 2015, as part of the Tunisian energy transition policy. Its main goals are to reach 30 percent of electricity generation from renewable energy sources and to reduce energy intensity by an average of 2 percent per year by 2030, thus reducing CO<sub>2</sub> emissions by 15 percent. One important factor is the cooperation between Tunisia and Europe, which led technical assistance programmes through the German

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corporation for international co-operation (GIZ) or the Spanish GAMESSA which implemented and partly funded three wind power plants.

However, it became clear that pursuing the achievement of the targets of SDG 7 in Tunisia remains difficult due to the political instabilities of the recent years which have slowed down the decision-making process. Therefore any future international cooperation should focus on renewable electricity export and industrial projects, the electric interconnection with Europe and a revival of the Europe-Maghreb cooperation in the field of electricity and renewables.

### **Morocco**

Another representative of the MENA region is Morocco, which is taking a leading role in the area of renewables, especially solar energy. Morocco's solar power plant Noor I is one of the biggest in the world, and two additional solar power plants (Noor II and III) planned for 2018 and 2019 are expected to produce clean energy for 1.3 million people, avoiding 800.000 tonnes of CO<sub>2</sub> per year. Furthermore around 13.000 sustainable energy projects are implemented at the moment. Within the kingdom's green investment plan is identified a portfolio of projects in the water, energy, agricultural and transport sectors.

With regard to rural electrification, Morocco has also successfully implemented its programme for global rural electrification (PERG) in 1996. Up to October 2015, 39.000 villages and more than 12.5 million inhabitants have been provided with access to energy, including through photovoltaic installations, bringing

the rate of rural electrification to 99.3 percent,

Also for Morocco it will be crucial that the established partnerships with Europe continue with a deepening of technology and knowledge transfer.

### **India**

When linking climate and energy objectives, buildings were found to contribute to up to 40 percent of global emissions. In order to achieve lower energy consumption as well as reduced emissions, experts claim that energy efficiency needs to be improved in the building sector. Therefore energy-efficient buildings should be promoted and large scale replication stimulated. In this regard especially the Nationally Determined Contributions play an important role. They can boost the aforementioned promotions and, by supporting certain market mechanisms, encourage the funding for low-carbon energy.

India can serve as an example in this regard. It pursues the achievement of SDG 7 in the housing sector especially by implementing energy efficiency projects. Therefore it established the Energy Conservation Building Code (ECBC), which sets minimum energy standards for new commercial buildings. Eight Indian states have already signed and adopted the ECBC and more than 300 new commercial buildings have become compliant. Additionally India has developed a building-energy rating system, the Green Rating for Integrated Habitat Assessment (GRIHA), to identify energy-efficient buildings and to boost their large scale replication. In addition to that a mega project was started to cre-

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ate 100 smart cities by 2020. It also aims to establish so called Solar Cities which not only seek to reduce energy demand by 10 percent, but also use solar energy and encourage recycling and reuse of materials. India has also introduced a Domestic Efficient Lighting programme which enabled a government agency to buy LED lamps in bulk, thus driving prices down and distribute LED lights to domestic consumers at low prices.

### **Challenges for the achievement of SDG 7**

When it comes to the main obstacles to achieve SDG 7, experts mentioned financing, capacity, knowledge and transparency. Often climate funds are scarce and can be spent only once on mitigation or adaptation priorities, instead of focusing on targeted projects. In many countries capacity is weak and strong political engagement does not automatically translate into efficient planning, clear and consistent regulation, solid investment plans and concrete implementation. Knowledge exchange remains mainly ad hoc and there is no structured basis to exchange experiences and to use best practices to scale up investments. Especially since the Paris Agreement called on private investors to engage in climate action, experts suggest to create a positive and stable environment for private investments that would attract many investors which at the moment still hesitate to invest due to a lack of transparency and accountability. Furthermore there exists a lack of a more professional risk management, also in countries which face underinvestment. Other challenges are ongoing fossil fuel subsidies in

the amount of around US\$ 568 billion per year and the lack of carbon pricing, which both disable the rapid scaling-up potential of renewable energy.

### **Policy Recommendations**

The challenges enumerated during the seminar revealed at the same time recommendations for European and global institutions in their effort to support developing countries in achieving SDG 7 in a way that is consistent with climate objectives.

Only the establishment of regional and international partnerships will promote and facilitate the exchange of expertise and technological transfer, and in this regard facilitate capacity building and access to clean energy. The recently established Moroccan-Germany Energy Partnership could serve as a model according to experts. But the engagement of all parties will be crucial to promote the implementation and scaling-up of the NDCs, including in terms of access to renewable energy.

In terms of financing, transparency and accountability in planned projects need to be improved to create a stable investment environment. A framework and coherent plan to achieve access to energy for all should be elaborated. Countries should also be supported to use energy sources more efficiently.

Another important recommendation was given with regards to the role the international community including G7 countries. They should do their best to involve the private sector in climate action and climate financing. They should as well end subsidies for fossil fuels which would

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free a lot of financial resources for climate financing, e.g. for the Green Climate Fund.

Additionally it was agreed in the seminar that the EU should demand more actively the reduction of carbon emissions in its member states and improve carbon pricing in order to make a change in politics and to boost renewable energy technologies. The International Monetary Fund and the EU should therefore take a leading role to persuade countries to change their current policies in favor of efficient sustainable development strategies. This could be one step forward in order to make available sufficient funding by donors, the private sector and domestic budget tools. At the same time financial, social and environmental risks need to be managed in a transparent way. EU Member States should also position themselves more clearly regarding the policy promotion of sustainable energy in developing countries. In this regard, the NDCs are definitely a good basis for dialogue and in this regard it will be important to find the right balance between developing countries taking full ownership of the establishment of the NDCs and the need for them to be assisted in this process by developed countries.