

CLIMATE INVESTMENT FUNDS

SREP/SC.IS.2/Inf.7

March 2, 2012

Intersessional Meeting of the SREP Sub-Committee

Nairobi, Kenya

March 8-9, 2012

Agenda Item 8

**ENERGY+ INFORMATION DOCUMENT
(SUBMITTED BY THE GOVERNMENT OF NORWAY)**



International Energy and Climate Initiative – Energy+

Background

The International Energy and Climate Initiative - Energy+ will support efforts to achieve universal access to sustainable energy and reduce greenhouse gas emissions in developing Partner countries by scaling up access to renewable energy sources and increasing energy efficiency.

Energy+ will use public sources of finance in ways that will mobilize and incentivize commercial investments that lead to increased energy access and energy efficiency in developing Partner countries. Energy+ builds on the success and conceptual framework of REDD+ (reducing emissions from deforestation and forest degradation) and its phased approach.

The Prime Minister of Norway and the United Nations Secretary-General launched the Energy+ initiative at the “*Energy for all – financing access for the poor*” conference in Oslo on 10 October 2011.¹ The United Nations has announced that 2012 will be the “*International Year for Sustainable Energy for All*” with the aim of providing universal access to modern energy services, doubling energy efficiency, and doubling the share of renewable energy in the world’s energy supply by 2030. Energy+ supports these goals.

Partners

The Energy+ Partnership is open to all and comprises countries and institutions that agree with and aim to work towards the principles stated in the Energy+ declaration.² The following partners have joined:

- *Developing countries:* Kenya, Bhutan, Liberia, Ethiopia, Maldives, Senegal, Morocco, Tanzania, Nepal, Mali
- *Developed countries:* United Kingdom, France, Denmark, Switzerland, The Netherlands, Republic of Korea, Iceland, Norway
- *International financial institutions:* World Bank Group, Asian Development Bank, African Development Bank, Inter-American Development Bank
- *United Nations:* United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP), United Nations Industrial Development Organisation (UNIDO)
- *International organisations:* International Energy Agency (IEA), Organisation for Economic Co-operation and Development (OECD), Global Village Energy Partnership (GVEP), ECOWAS Regional Centre for Renewable Energy and Energy Efficiency (ECREEE), Latin American Energy Organization (OLADE), International Hydropower Association (IHA)
- *Business:* World Business Council on Sustainable Development (WBCSD)
- *Foundations:* United Nations Foundation (UNF)
- “*Think-tanks*”: Centre for Clean Air Policy (CCAP)

¹ The conference website is: <http://osloenergyforall2011.no/home.cfm>

² The Energy+ guiding principles is available here:

<http://osloenergyforall2011.no/pop.cfm?FuseAction=Doc&pAction=View&pDocumentId=31145>

- *Civil society*: World Wildlife Fund, Friends of the Earth Norway, Practical Action UK, World Future Council, Bellona

Each partner's specific contribution or means of support for the initiative will vary depending on the national or regional conditions and nature of the partners' expertise and experience. Support from partners is voluntary and non-binding.

Developed Country Partners are expected to provide funding for scaled up development and implementation of low carbon development and energy strategies and actions, including demonstration activities and capacity building. **Developing Country Partners** are expected to demonstrate national support and strong political will to achieve the Energy+ Partnership goals, such as initiating the development of low carbon development strategies and mobilizing political will for policy changes and regulatory frameworks to facilitate renewable energy and energy efficiency investments. **International Organization Partners** are expected to provide finance, policy advice, technical assistance and coordination for implementation of priority renewable energy and energy efficiency investments. **Private Sector Partners** will engage in ongoing dialogue with public sector to highlight specific country/regional proposed solutions with the intention to scale up investments and seek innovative solutions to reach the goal of Energy+. **Civil Society Organisations** will contribute as policy innovators and watchdogs for social and environmental safeguards, organizers of community participation, capacity builders at the local level and promoters of transparency and accountability.

Energy+ Principles

Energy+ actions will be guided by the following principles:

- Developing country actions in the energy sector will be supported through best-practice policy reforms, technical support and at scale results-based financial investments to increase access to renewable energy and improve energy efficiency, and avoid/reduce emissions of greenhouse gases relative to a business-as-usual baseline;
- Activities will be country driven and support low carbon development strategies and poverty reduction strategies of developing country partners;
- The private sector can help support energy development, and can bring in much-needed finance, but only where there is a supportive policy and regulatory environment. Governments can use policy and regulatory tools to promote significant investments, allowing scarce donor and domestic public resources to be dedicated to solving market failures, targeting the poor, and supporting innovation;
- Recognising the constraints on the availability of public funds and the need for private investment, Energy+ will adopt a results-based approach to both catalyzing action on the ground and the achievement of results at the national level;
- Energy+ will employ a three-phased approach to country engagement – see below
- The use of results-based approaches will necessitate the development of robust indicators to measure outputs, outcomes and impact. In some cases this will necessitate the strengthening of country reporting systems, coordination mechanisms at national and international levels, establishment of country-level tracking systems (e.g. registry) for renewable energy and energy efficiency investments and international agreement on definitions and methodologies; and
- Wherever possible, Energy+ Partners will work through existing programs and institutions, thereby limiting transaction costs and speeding up progress.

- All investments and activities implemented under the auspices of the Energy+ Partnership will comply with national and international social and environmental commitments, standards and practices.

Energy+ will be aligned with, but not part of, the UNFCCC processes. The aim is to contribute towards global efforts to mitigate greenhouse gases by successfully demonstrating the attractiveness and viability of low carbon development as a way of promoting economic growth and reducing poverty. The use of results-based approaches will also help inform the design of the Green Climate Fund and can contribute to make the energy sector in key countries “Green Climate Fund Ready”.

Implementation

At the country level the Energy+ Partnership will be based on a sectoral approach, as an alternative to a project-based. The approach will be implemented in three phases to support development of an enabling environment for innovative energy-related initiatives, using result-based payments and other incentives:

- In Phase 1, Energy+ will support development of low-carbon and energy sector strategies, establish a reference level for projected emissions from energy production and use and access to energy, and strengthen technical and institutional capacity to support private sector investment.
- In Phase 2, Energy+ will support prioritized investment projects in institutional capacity building, implementation of policy and legal reforms, establish monitoring and reporting systems, enable transparency and efficiency of regulatory regimes, and enable functioning of incentive mechanisms.
- In Phase 3, Energy+ will support results-based payment systems aligned with strategies in developing partner countries based on emissions reductions or increased access relative to the reference level based on agree-upon country level indicators.

The duration and scope of each phase will depend on the country’s starting point. The phases can overlap and will be flexibly applied.

At the country level, Energy+ foresees demonstration programs to be launched with selected developing countries that have a significant proportion of their population without access to modern energy services, a demonstrated record of political commitment to address this issue, national low-carbon development strategies and a will to create a supportive investment climate for private investors.

The Energy+ Partnership will enter into compacts (Letter of Intent) with committed developing country partners which could include a set of specified, practical actions to give action to a shared commitment to deliver increased energy access and improved energy efficiency. Energy+ developed country partners, in turn, would commit to predictable, sustained financial and technical support. At the national level, establishment of national goals for access to modern energy services, supported by specific plans, targets and systematic monitoring, is critical for country-level progress on access to energy and improved energy efficiency. Social and environmental impacts have to be assessed beforehand. Consultations must be held. Regulations need to be developed. In some cases, new institutions have to be established. Performance assessment systems, including relevant indicators, need to be developed. If we cannot plan properly, we cannot manage, and if we cannot manage, we cannot deliver. Energy+ will support implementation of required policies and measures to establish the basis for performance-based systems with a gradual phasing in of support based on verifiable progress in increasing access to energy and reducing or avoiding emissions of greenhouse gases.

The private sector has a pivotal role to play in financing universal access because public sources alone are insufficient to raise the necessary capital. Investments are attracted to markets where there are strong demand, stable policy environment and well functioning and profitable commercial companies that can be local partners. Investors are looking for countries that have a clear sense of priorities and a timetable to develop new sources of electricity. Through Energy+ countries will through performance-based approaches be supported to: i) develop national energy plans with a results-based financing approach; ii) gather and disseminate information necessary to make investment decisions and design successful projects; iii) develop a regulatory framework for investments and contracts; and iv) develop innovative and alternative financing models.

Energy+ will promote coordination mechanisms at national and international levels to harmonize the strategies, investments and activities of partners engaged in delivering renewable energy and energy efficiency solutions. Country-level tracking systems for renewable energy and energy efficiency investments will be supported as a way to coordinate and mobilize diverse financial flows, private and public national and international.

Energy+ will be a contribution to the climate negotiations in two ways; it will a) accelerate planning and implementation of NAMAs (nationally appropriate mitigation actions) already proposed under the UNFCCC and underway in developing countries, and b) develop a methodology and practical experiences for a sectoral approach that can be used as constructive inputs into the negotiations, facilitating the development of guidelines for measurement, reporting and verification (MRV) of emission reductions and developing methodology and experiences in establishing new carbon markets.

Next Steps

Development of the implementation framework for Energy+ will take place as follows:

- **Formalization of the Energy+ Partnership.** The Partnership is voluntary and open to all. It is envisaged that the Energy+ Partnership will be formalized through the preparation of an Energy+ Declaration/Statement which partners are expected to endorse by the Rio 2012 Summit. The Government of Norway will host the inaugural meeting of the Energy+ Partnership in 2012.
- Energy+ Partners support further development of Energy+ by designating representatives to actively participate in the **Energy+ Interim Working Group**.
- Analytical work required to develop the Energy+ implementation frameworks will be conducted by a **Technical Working Group** comprised of technical experts managed by the Energy+ Secretariat in Norway to provide specific recommendations or options from which partners can choose as they implement Energy+ activities. This group will be responsible for delivering a comprehensive report on key issues to be addressed by Energy+ Partners in implementing country-level activities and/or in managing Energy+. All partners are encouraged to contribute with relevant analytical work that can help to develop the methodological framework for Energy+.
- **Private sector consultations.** Energy+ had the first consultation with representatives from US-based industry and investors in Washington DC 8. November. A report has been prepared. Similar consultations will be organized in other countries.

Energy+ Partnership Secretariat. Norway supports the Energy+ Partnership through a Secretariat at the Ministry of Foreign Affairs. The Secretariat provides overall guidance and coordination.

Membership Process

Joining Energy+ as a Partner involves an informal non-binding expression of interest. An interested country or institution may join Energy+ as a Partner by stating their support for the Energy+ principles as described in the Energy+ Principles and by expressing their interest to become an Energy+ Partner.

Updated 19. December, 2011