

## *Energy+*

### *An International Initiative to Accelerate Efforts to Promote Universal Access to Energy, Energy Efficiency and Low-Carbon Development*

#### *Energy Poverty and the Climate Agenda – Challenges*

- The world faces two interrelated challenges that require serious capital mobilization. Firstly, access to affordable, reliable energy must be extended to the 1.4 billion people of the developing world without access to electricity and the 2.7 billion people that rely on the traditional use of biomass for cooking to alleviate poverty, reduce health impacts from indoor air pollution, and drive social and economic development. Secondly, global greenhouse gas emissions must peak by 2015, and must be cut by 50–85% relative to the 2000 level by 2050, in order to limit global warming to 2.0–2.4°C and thus prevent major adverse impacts to human development and societies. The concern over both global warming and the need for energy as a necessary ingredient for economic growth requires a new policy focus toward the energy sector in most countries.
- Current levels of financing, together with existing programs and initiatives, are insufficient to address the challenges at hand at the required scale and scope. USD 7 billion ODA goes to energy projects and there continues to be low private investment and climate financing beyond this available in the poorest countries. Currently, the primary barriers for scaling up commercially attractive opportunities are access to capital, the risk/return profile and enabling framework seen in many developing countries.
- Renewable energy and energy efficiency in developing countries accounts for about 9% of the total global greenhouse gas abatement potential, but this share is expected to increase significantly taking into account currently forecasted economic growth.

#### *What is Energy+?*

- The overarching purpose of the Energy+ Initiative is to contribute to providing access to efficient energy services to all by increased development of renewable energy and energy efficiency, and to mitigate energy's impacts on climate.
- The Energy+ Initiative is envisaged to develop over three levels that are closely related and will need to be developed and implemented simultaneously: 1) development of an international Partnership open to all. Partners will be refining the overall concept and methodologies together, in harmonization with existing and ongoing work under the UNFCCC; 2) the concept will be tested in pilot countries, selected on the basis of political willingness to be part of Energy+, renewable energy and sector reform track record, and an assessment of the likelihood for Energy+ to succeed in that specific country. The pilots will provide lessons and input to inform climate negotiations; and 3) further develop the concept and methodology of Energy+. In this, the international Partnership and pilot countries will contribute to refining the overall concept.
- The Energy+ Initiative will engage with developing countries to support transformative change to increase energy access at scale and avoid/reduce energy sector greenhouse gas emissions relative to a business as usual baseline, by applying a result based sector level approach and leveraging private capital and carbon market financing. This will facilitate increased market readiness through creating the necessary technical, policy and institutional frameworks that a country and/or its entities need to access and employ private and public financing for low-carbon development.
- Energy+ aims to incentivize private sector actors to significantly increase investments in renewable energy and energy efficiency in developing countries' energy supply. Through the Initiative developing countries and private sector will be given incentives to shift the energy sector to low-carbon platforms by providing financial, technological and technical incentives.

- Energy + will cooperate first and foremost with governments to develop commercially viable renewable energy and energy efficiency business opportunities to meet the challenge of increasing access to energy in a sustainable manner. Public funds spent wisely can achieve considerable impact by leveraging private capital through carefully considered, targeted interventions to develop commercially viable renewable energy and energy efficiency business opportunities. The Initiative will also work to mobilize additional financial resources with the purpose of increasing access to renewable energy and improving energy efficiency.
- Energy+ will apply a three-phased approach inspired by REDD+ (Reducing Emissions from Deforestation and forest Degradation) to put in place an enabling environment and prepare the country for performance based payments at the sector level. The duration and scope of each phase will depend on the country's starting point and phases can be overlapping. Energy+ will; in phase 1) support the development of low carbon development strategies and policies focusing on the energy sector that attract private investments, taking into consideration social and environmental safeguards;; in phase 2) incentivize governments to implement required policies and incentive mechanisms for transformative change, and build the necessary capabilities (including monitoring, reporting and verification (MRV)) to allow performance based support at sector level; and, in phase 3) pay for sector level performance for energy access and emission reductions versus a business as usual baseline.
- Energy+ aims to mobilize support to the implementation of energy sector mitigation actions in developing countries, and promote low emission development strategies.
- Energy+ will build upon and benefit from existing initiatives and programs, offering a methodology that combines energy access and low carbon development simultaneously in a country through result based financing. Energy+ is not intended to be a new fund or a new financing mechanism.

#### *Energy+ and International Climate Negotiations*

- 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 MRV of emission reductions and developing methodology and experiences in establishing new carbon markets.
- Energy+ can help implementing the targets and measures for nationally appropriate mitigation actions (NAMAs) that many developing countries have reported to the UNFCCC, formalized through the Cancun agreement, and where measures in the energy sector are included for several countries.
- Energy+ aims to demonstrate the feasibility of a sectoral result based – pay for performance - financing framework compatible with UNFCCC standards. The concept will be tested in cooperation with pilot countries to create an attractive financing environment and test whether financing from international carbon markets can be mobilized in the future.

#### *The Way Forward*

- Norway will initiate a dialogue with possible partner and pilot countries, multilateral organizations, other donors, business, and non-governmental organizations to develop the Initiative, aiming to establish an international Partnership.
- Developing countries meeting the criteria laid out above will be invited to test out the concept as pilot countries.
- The intention is to establish the international Energy+ Partnership in the autumn of 2011.
- Norway has increased financial support to clean energy from NOK 800 million in 2010 to NOK 1.6 billion in 2011. Norway aims to focus its clean energy support on a smaller number of channels and actors as a means to use resources more efficiently where a high impact potential exists and to improve coordination and cooperation.

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