

Energy powers opportunity. It transforms lives, economies, & our planet.

Financing Sustainable Energy for All in the Post-2015 Era

The recently launched second Sustainable Energy for All Global Tracking Framework¹ points to a **need for tripling of current annual investments to reach the three Sustainable Energy for All (SE4All) objectives by 2030**. Still, it is more feasible to achieve the objectives - on energy access, energy efficiency and renewable energy - jointly than to pursue any one of them individually. Due to the close similarity between the three SE4All objectives and the targets of proposed Sustainable Development Goal (SDG7) on energy, similar estimates would apply to this universal goal.

Formidable barriers remain and need attention, including enhancing local and regional capital markets, developing policy frameworks and strengthening human capacity to develop the necessary deal pipeline. **Commitments of many partners are already being catalyzed.** The second annual United Nations Sustainable Energy for All Forum from 18-21 May focused on "Financing Sustainable Energy for All", including with announcement of new commitments on top of the already existing ones.

The European Commission and individual European countries are already committed, in support of Sustainable Energy for All, to back developing countries in their efforts to reduce poverty by more than 600 million people within two decades. SE4All has also signed an Aide Memoire for Cooperation with the United States Power Africa initiative to forge stronger cooperation in our work in the region. **European and U.S. commitments alone mean that we can halve energy poverty by 2030.** Many investments facilitate further investments through co-funding arrangements.

In order to facilitate further progress, a **Committee on Scaling Up Finance for Sustainable Energy Investments has been established as one of the four committees of the SE4All Advisory Board**. The Committee is being co-led by Dr. Luciano Coutinho, President of the Brazilian National Development Bank (BNDES) and Mr. Purna Saggurti, Chairman of Global Corporate and Investment Banking, Bank of America Merrill Lynch (BAML).

Since the Committee introduced its first draft report at the first United Nations SE4All Forum in June 2014, consultations have been held on the draft and feedback received from several organizations. The draft report has also been presented in the margins of the Climate Summit, the Delhi Sustainable Development Summit and during the first intergovernmental drafting session for the International Conference on Financing for Development.

Based on these and other consultations, **the final report will be presented during the FfD Conference**, to be held in Addis Ababa from 13-16 July 2015. This report emphasizes the necessity of \$1 trillion annual investment from the public and private sectors to achieve SE4All objectives based on the latest research. The hope is that the Conference will serve as a call for action on the expert recommendations provided, and that even more actors and actions will be added to the already growing momentum.



¹ Info on the 1st and recently launched 2nd biennial SE4All Global Tracking Framework: <http://trackingenergy4all.worldbank.org/reports>

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The report identifies a **potential for catalyzing USD 120 billion of incremental annual investment by 2020 across four themes:**

- 1. USD 35 billion – Green Bonds:** Catalyse further expansion of Green Bond market, use it to drive fresh capital into new sustainable energy investments, in particular into the more nascent project bond market and asset-backed Green Bond segments;
- 2. USD 30 billion – development finance institutions (DFIs) (co-lending):** Develop tailored structures that allow private sector to co-lend with DFIs in emerging markets, as well as helping to refinance existing sustainable energy loan portfolios by attracting new investors;
- 3. USD 30 billion – development finance institutions (DFIs) (private sector lending):** Encourage new construction stage lending, supported by DFI supported subordinated debt credit enhancement instruments, and enable later-stage institutional investor flows;
- 4. USD 25 billion – aggregation:** Develop aggregation and blended funding structures for renewable energy project developers including those doing replicable small-scale projects in emerging markets and for energy efficiency.

The Committee on Scaling Up Finance For Sustainable Energy Investments has assessed that **the overriding challenges to delivering this level of investment relate to:**

- Developing the deal flow, the pipelines for projects, particularly in developing countries;
- Deploying financing structures and instruments that will leverage public and DFI resources and attract private finance to form a larger share of the capital mix;
- In most developing countries, the governments and power utilities need to improve governance and management of their energy sector to enhance its creditworthiness.

The Committee's final report, prepared by the Brazilian Development Bank, Bank of America the World Bank and SE4All Global Facilitation Team, is available online on www.SE4All.org².

Financing

Members of the SE4All Advisory Board sub-committee on Scaling Up Finance for Sustainable Energy Investments include representatives of the World Bank, Bank of America, Brazilian Development Bank (BNDES), UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS), the United Arab Emirates (UAE), the OPEC Fund for International Development (OFID), the Moroccan Solar Power Agency (MASEN), the Blackstone Group, the Citigroup, the Global Environment Facility (GEF), the African Development Bank, Industrial Promotion Services (IPS), Goldman Sachs, Bloomberg New Energy Finance (BNEF), Carbon War Room, the World Energy Council Energy Trilemma (WEC), the Inter-American Development Bank (IDB), the Asian Development Bank (ADB), the US State Department, the World Wildlife Foundation (WWF), the European Commission, the World Economic Forum (WEF) and the UN Foundation (UNF).



² www.se4all.org/wp-content/uploads/2014/12/SE4All-Advisory-Board-Finance-Committee-Report_04072015.pdf See also: www.se4all.org/2015/01/31/financing-sustainable-energy-possible