The Least Developed Countries Report 2017: Transformational Energy Access

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KEY POLICY IMPLICATIONS

Transformational energy access
A. Strengthen LDC electricity systems

- Strengthening LDC energy systems requires a combination of long-term system-wide **planning and coordination and flexibility**

- The effectiveness of system-wide energy planning hinges on **policy consistency, realism and a sound information base**

- Capacities must be built for incorporating **gendered approaches** into energy programmes and projects
A. Strengthen LDC electricity systems

- An *evolutionary approach* to power sector development is needed…
- ...based on planned capacity additions, progressive expansion and upgrading of supply and power generation mix
- LDCs need to *diversify their generation mixes*, comprising a *hybrid* of grid (expansion and upgrading), off-grid, centralized and decentralized solutions
B. Address electricity system governance and finance

LDC governance frameworks for transformational energy access must ensure:

- Robust regulatory and governance systems
- Clear vision of the roles of the public and private sectors
- Reasonable *affordability* for users, matched by...
- …financial *sustainability* of operators (e.g. through cost reflective tariffs)
Integrate energy policies and structural transformation strategies

Opportunities from scalable renewable-energy technologies and mini-grids can be exploited to foster rural structural transformation...

...matched by *complementary policies* (in agriculture, finance, training and human resource development)

Attention to building a domestic modern energy supply chain that develops linkages with other sectors...

...and to *women empowerment policies* that allow women to contribute actively to structural transformation
D. Harness international cooperation:

- LDCs need to enhance the impact of foreign direct investment
  - Low-carbon FDI can be mobilized…
  - … but foreign investors must not crowd out domestic actors in the energy sector

- Sovereign borrowing can be leveraged to finance energy infrastructure projects…
  - … but beware of risks of debt unsustainability especially when commodity prices are falling and international conditions are worsening
D. Harness international cooperation

- Investments required to achieve universal access to electricity in all LDCs by 2030 are of the order of $12 billion to $40 billion a year...

- ...but these are under-estimates as the figures do not include full costs for transformational energy access

- ODA needs to be scaled up, given LDCs limited domestic public finances and private sector reluctance to invest in energy sector in LDCs
D. Harness international cooperation

- Closer integration of regional energy markets can help:
  - Cross-border trade in electricity can boost energy export revenues, lower energy import bills and offer a means of energy storage
  - Regional power pools can play a role

- International support measures to LDCs for *technology transfer and absorption* must be beefed up
  - International innovation network for LDCs
  - Global and regional research funds
  - South-South and triangular cooperation
  - **Technology Bank for LDCs**