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CONCEPT NOTE

Regular meeting of

Inter-American Council for Integral Development (CIDI)

JULY 27, 2021

THEME: **NATIONAL ENERGY TRANSITIONS AS ENGINES FOR RECOVERY OF THE BROADER ECONOMIES**

1. **Background/Justification**

Energy transitions in Latin America and the Caribbean have made major strides over the past decade, surpassing expectations. However, there is still a long way to go to transform the regional energy sector from fossil-based to net-zero. The Americas will require new technologies and staggering amounts of capital over the next 20 years to meet demand growth, strengthen energy security, and meet climate commitments under the Paris Agreement. By 2040, electricity demand will have doubled, hydropower and natural gas will remain dominant in the generation matrix, there will be a stronger participation of variable renewable energy (from 2% in 2014 to 11% in 2040), and fuel oil and coal will continue to play a role in the energy mix.

According to data from the Inter-American Development Bank, the region will require an additional 408 gigawatts in new capacity over the next two decades (138 gigawatts from natural gas and 270 gigawatts from renewable sources) at an average cost of US$24 billion per year. Additionally, by 2040 several energy assets reaching the end of their life cycle will need to be replaced at an estimated cost of US$177 billion. On the other hand, power grid expansion and retrofitting to supply new end-users and electric mobility requirements will demand almost US$80 billion. If these estimates are accurate, the region is looking at annual sustainable energy infrastructure investment needs in the order of US$36.85 billion between now and 2040 to implement energy transitions in generation alone.

National budgets lack the headroom to provide the level of financial support required to fund the full scale of energy sector modernization and decarbonization. Furthermore, the sharp economic decline experienced in 2020 as a result of the COVID-19 pandemic begs the need to implement a whole-of-government approach to ensure that all sectors of the economy can contribute meaningfully to the recovery. In this regard, national efforts to mitigate the economic damage from COVID-19 should be turned into a green catalyst.

Private sector capital and technology solutions are critical to achieving success in this regard. There is both a need and an opportunity for the private sector to help turn the region’s energy transition into climate-smart infrastructure investments that contribute to the recovery of the broader economy. Therefore, solving climate change will require the ultimate public-private partnership.

Enabling policies, laws, and regulations are pivotal to leveraging capital and technology. Business leaders should be part of the ongoing conversation about how to align finance and innovation with the transition to a sustainable, net-zero energy sector.

1. **Purpose of the meeting**

The meeting on energy will focus on the critical steps to support national energy transitions across the Americas, and examples of innovative technologies that can help advance such objective.

Some of the specific issues for consideration include the necessary steps for energy transition in the short, medium and long term. What kind of partnerships, policies and investments are needed? What clean energy sources may provide paths for energy transition?

Questions for member states will feature:

a) What are the innovation and technology solutions available in your country to achieve clean energy transition? Can you share resources, technologies, good practices to achieve energy transition?

b) What are the gaps or needs of your country on energy transition?

c) What offer of cooperation be put forward from your country? Are there any innovations or technology solutions deployed successfully in your country to support clean energy transition?

1. **Relevance to the Executive Secretariat for Integral Development (SEDI)**

Strengthening the implementation of Sustainable Development Goals (SDGs) in accordance with the Inter-American Program for Sustainable Development (PIDS) 2016-2021.

Support member states’ efforts geared toward meeting the energy transitions challenge in the COVID-19 context.

1. **OAS Mandates**

AG/RES. 2955 (L-O/20) instructs SEDI “to continue to assist the ECPA in its efforts to support member states to develop renewable energy and natural gas, as well as some possible options for building cross-cutting and cross-border energy infrastructure and energy services, diversifying sources and geographic distribution for power generation and protecting communities from power grid failures caused by disasters.”

AG/RES. 2904 (XLVII-O/17) instructs the General Secretariat “to continue to promote, as resources permit, regional dialogue among member states and between the public and private sectors with a view to developing reliable, cleaner, more-affordable, renewable and sustainable energy systems that facilitate access to energy and energy-efficiency technologies and practices, and also that it continue to encourage partnerships that promote greater donor coordination, voluntary access to information and sharing of knowledge on mutually agreed upon terms and conditions in order effectively to coordinate regional renewable energy strategies.”

The OAS Charter mandates CIDI to promote cooperation among OAS member states to achieve integral development and, in particular, to help eliminate extreme poverty. The Charter also directs CIDI to "promote, coordinate and assign responsibility for the execution of development programs and projects to the subsidiary bodies and relevant organizations, on the basis of the priorities identified by the member states, in areas such as economic and social development, including trade, tourism, integration and the environment."

The Inter-American Program for Sustainable Development (PIDS) entrusts the GS/OAS through SEDI to collaborate with sustainable development authorities of the members states and coordinate with other entities and international organizations. The PIDS establishes strategic actions to ensure that the work of the General Secretariat on sustainable development is aligned with the implementation of the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change and that its objectives and results are guided by the SDGs approved by member states and contribute to their attainment.

According to the PIDS, the work of the General Secretariat should contribute directly to supporting member states in their efforts to meet SDG 7: “Ensure access to affordable, reliable, sustainable and modern energy for all;” as well as the interrelated targets of other SDGs on the 2030 Agenda and its crosscutting elements.

1. **Structure of the meeting**

Invited Panelists:

* Jorge Rivera Staff, National Secretary of Energy of Panama
* Damilola Ogunbiyi, CEO and Special Representative of the UN Secretary-General for Sustainable Energy for All and Co-Chair of UN-Energy
* Juan Ignacio Rubiolo, Chair of the Americas Business Dialogue (ABD) Energy Working Group and President of AES for Mexico, Central America and the Caribbean

1. **Outcomes of the meeting**
2. To facilitate the process of engagement with the intent of fostering partnerships and alliances between governments and multi-sectoral partners geared toward addressing the scientific and technological issues relating to energy and climate change.
3. Connect energy priorities of OAS member states with science, innovation and technology solutions to address the diverse needs of countries and advance collaboration in the Sixth Meeting of Ministers and High Authorities of Science and Technology (VI REMCYT) around concrete offers of collaboration to address existing gaps and needs.

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