

High-Level Dialogue on Energy 2021

Concept note for Technical Working Group V on Energy Finance and Investment

Co-leads: European Investment Bank, International Energy Agency
and the UN Economic Commission for Africa

This note provides a list of issues for consideration by Technical Working Group V (TWG V) and possible questions for discussion to come up with solutions/recommendations for financing energy access, the energy transition and enabling of the SDGs. These recommendations have to be ambitious, innovative and fit-for-purpose, of high impact, replicable at scale across geographies and themes. The recommendations/solutions also have to be implementable in ways that are collaborative across a range of stakeholders and focussed on outcomes. The objective of this note is to mobilise and organise the expertise and inputs from the members of the working group towards the identification of such recommendations.

Context

The context reflected in the Theme Report will need to be informed by the parallel discussions in the other TWGs. However, it is clear that a major ramp-up of investment in the provision of clean, reliable and affordable energy is the common thread that can meet the objectives of SDG7 and net zero emissions. The key question that TWG V needs to address is how public and private inve5(n(d)3(-1 0 e)-35(ke)7t q

of what will be required to meet growing demand for energy services around the world in a sustainable way. While some aspects of clean energy investment showed strong resilience during the global pandemic, notably solar PV and wind for power generation, other key pillars of energy transitions such as energy efficiency have faced a setback. In addition, social implications of the energy transition are raising concerns. As economies recover from the shock of the pandemic, a focus on clean energy investment offers a huge opportunity to stimulate economic activity, provide reliable clean energy employment, and put global emissions into structural decline.

While financial markets are getting greener and increasingly reward ambitious transition policies, there is a need to rapidly increase the number of bankable projects t

incentivise projects with higher value for the power systems. The rest of the system cannot stand still as shares of wind and solar PV rise. Investment in robust grids and a wide range of sources of

In some geographies, bankable energy projects remain scarce compared with investment needs.

Public financiers, including MDBs and NDBs, also have an important role to play to finance energy sector. They usually provide low cost and long term financing that is not otherwise available and their can crowd-in private financing. Given their limited resources, their focus is usually on projects where their additionality is the highest.

Central banks as well are increasingly seeing climate change as a source of financial risk. The Network for Greening the Financial System is a network of 83 central banks and financial supervisors advocating a more sustainable financial system.

