

# NL Energy Compact

## Accelerating SDG7 action in low and middle-income countries

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The United Nations has invited the Netherlands, as Global Champion for the 2021 High Level Dialogue on Energy, to show its leadership on accelerating SDG7 action. This will be done in line with the Paris Agreement, through an expression of commitment in the form of an energy compact.

The SDG7 goals of ensuring access to affordable, reliable, sustainable and modern energy for all, are central to achieving the Sustainable Development Goals by 2030 and the net-zero climate goals by 2050. The SDG7 tracking report shows that the world is not on track to reach these targets. Drastic acceleration of the energy transition is needed. The COVID-19 crisis has intensified the challenge. Economic recovery offers a unique opportunity. The Dutch private sector, civil society, finance, academia, youth and government are committed to supporting global action on the SDG7 goals, and accelerating a just and inclusive energy transition in low and middle-income countries.

### Our joint ambition

We will support **people in low and middle-income countries** to reach the SDG7 goals by 2030 and net-zero emissions by 2050.

We are presenting our ambition and commitment in the form of a **multi-stakeholder energy compact** engaging government, private sector, finance, civil society, academia, and youth.

Together and individually, we will support a **just and inclusive energy transition** that is **gender sensitive, locally led and globally connected**.

During the decade of action towards 2030, we will support increased action on the following themes:

### 1. Universal access to clean cooking

The world is not on track to provide clean cooking fuels, technologies, and services to the 2.8 billion people without access. This is particularly urgent as health is severely threatened by household air pollution caused by cooking with traditional fuels and stoves, climate and environment are severely affected, and gender inequality persists. To get on track to achieve SDG7 by 2030, 1.2 billion people need to gain access between now and 2025. This implies an unprecedented acceleration.

#### Principles

- Endorse the Clean Cooking Principles <sup>1</sup> presented to the High Level Dialogue on Energy by the Global Champions on energy access.

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<sup>1</sup> See: [call\\_to\\_action\\_and\\_principles\\_on\\_clean\\_cooking\\_25may.pdf](#) (un.org)

### Target

- Through multi-stakeholder approaches, build and incentivise private sector initiatives to deliver universal access to clean cooking for 45 million people.
- Reduce carbon emissions via clean cooking with 50 million tons CO<sub>2</sub> -eq, preferably via non-fossil solutions.

### Innovation

- Develop and share advanced and affordable clean cooking technologies, fuels, business models and financing solutions.
- Explore solutions to address the affordability gap for those people who cannot afford the full cost of access to clean cooking.

## 2. Universal access to electricity

Currently, 759 million people lack access to electricity. Most of them live in rural areas, mainly located in Sub-Saharan Africa. If we want to reach SDG7.1, it is crucial to accelerate the pace of electrification, especially the roll-out of decentralised solutions. Electricity services need to be brought to an additional 40 million people per year compared with today's rate of progress, including the most vulnerable households. Reaching the goal represents a formidable challenge in terms of policy, further business innovation, and private and public investments.

### Target

- Build and promote (local) private sector and community initiatives to deliver universal access to renewable electricity for 100 million people, especially through off-grid solar.

### Innovation

- Explore solutions to close the affordability gap for people who cannot afford the full cost of access to electricity.

## 3. Finance and investment

To reach SDG7 and implement the Paris Agreement, clean energy investments and finance need to be doubled during the next ten years. For energy access, both public and private, we need to focus on the needs of the least developed countries of the world, with a particular emphasis on the poorest segments of the population.

### Target

- Use blended finance constructions and targeted grants to help develop local markets and to maximise impact while mobilising additional private capital. Ensure strengthening of the entire value chain: from production, transmission and distribution, to off-grid solutions.

### Innovation

- Make climate markets easily accessible, just and fair, through the development and deployment of data-centered solutions.
- Support multilateral development banks to focus their energy portfolio specifically on the SDG7 targets, in

particular leaving no one behind through appropriate just and inclusive energy-transition solutions for those unable to afford them, and phase out support for fossil fuels.

- Adopt harmonised methodologies and approaches to ensure that new financing is aligned with the goals of the Paris Agreement and consistent with the decarbonisation trajectory of the relevant sector or country and disclose the nature of such methodologies.
- Support civil society to bring forward locally shaped climate solutions, including energy access, and ensure their participation in decision making on policy and finance.

#### 4. Displacement & fragile contexts

Adequate and reliable access to basic energy services is critical for people in fragile contexts due to displacement caused by conflict, natural disasters or climate change. Energy underpins the most critical humanitarian needs for safety and shelter, food, clean water and communication. In addition, energy offers perspectives for livelihoods and economic development in the context of new settlement where return to the area of origin is unlikely or even impossible. So far, energy provision in the humanitarian context is inadequate as recognised by UNHCR and others. Netherlands-based humanitarian and development organisations will therefore:

##### Target

- Jointly mobilise funding to ensure access to clean energy for displaced people, and people otherwise affected by natural or man-made disasters.

##### Innovation

- Collaborate across humanitarian and development organisations, involving private and public partners for joint analysis and action on access to clean energy for displaced people and people otherwise affected by natural and man-made disasters, with a particular focus on local ownership and gender equality.
- Develop and showcase innovative, scalable, socially just and financially sustainable solutions for access to clean energy in humanitarian settings.
- Engage with donors, private sector, financial sector and development actors for development of investment and funding models for access to clean energy in humanitarian and development contexts.

#### 5. Youth and gender

Women and youth are key actors in the transition towards universal energy access. Renewable energy sectors will be built on their creativity, entrepreneurial spirit and courage, local ownership and social networks. Unlocking their potential through education and training is critical, as is creating meaningful career opportunities in the sector's transition and growth.

##### Target

- Double job and career opportunities for youth and women, including from local communities and organisations, in the energy transition.

- Double investment in local business and wealth creation opportunities for women and youth in clean energy value chains and productive use of energy activities.
- Double opportunities for youth and women for learning, development and training in the energy transition sector, especially in developing countries.

### Innovation

- Develop balanced, socially inclusive, participation of youth and women in project design and implementation. Winning men's support for these initiatives by working with local community leaders.
- Invest in young expert programmes and systematically integrate and monitor targeted actions to address gender inequality in all projects, in order to meet women's and youths' energy needs.
- Develop mentoring programmes involving more experienced and senior professionals in the sector to ensure a smooth onboarding programme for newcomers in the sector and reduce resistance with existing staff.
- Develop – together with local civil society organisations, indigenous communities, youth and women's organisations – climate solutions that enable a transition to a low-carbon economy but also provide livelihoods, jobs and economic opportunities for young and female citizens in developing countries.

### Delivering on our compact

The joint ambition presented above, builds on individual commitment of the participating organisations, presented in the annex.

The NL Energy Compact will be a living document, allowing for further partners to join. During the decade of action towards 2030, we will annually review our energy compact through an open dialogue, allowing us to scale up our commitment, follow success stories, sharing learnings and responding to challenges.

### List of Participants

African Clean Energy	Lendahand
BIX Capital	Maastricht University
CARE Nederland	Mercy Corps
Climate Fund Managers	Mimi-Moto
Climate Neutral Group	Ministry of Foreign Affairs
DOEN foundation	Netherlands Enterprise Agency
Dutch Coalition for Humanitarian Innovation	Oxfam Novib
ENERGIA	Partners for Innovation
Fair Climate Fund	Pit Pure Power
FMO	Rural Spark
FRES	SNV Netherlands Development Organisation
GOGLA	Spark Energy
HIVOS	The Dutch Spark for Clean Cooking Solutions
IgniteNow	Zola Electric
IKEA Foundation	

## Logos of Participants



# ANNEX - Underlying commitments

## Collective commitments

- The **Government of the Netherlands** will:
  - support access to renewable energy for 50 million people by 2030 through its development cooperation portfolio;
  - leverage multilateral and private investment for universal access to renewable energy;
  - drive global cooperation and ambition on SDG7, with particular attention for access to clean cooking, access to decentralised renewable energy solutions, and addressing the affordability gap to make sure we leave no one behind.
- The **Dutch Spark for Clean Cooking Solutions** will contribute to 33 million people connected by 2030. The Dutch Spark is a partnership of Dutch organisations that focuses on clean and efficient cooking in low and middle-income countries, including the poorest and most vulnerable groups (leave no one behind).
- The **Dutch Solar Sector** will commit to the global GOGLA Compact goal to deliver electricity access to one billion people by 2030; driving green growth, boosting resilience, and ensuring the world's most vulnerable communities are placed at the forefront of a cleaner, fairer, energy transition.

## Individual commitments

- **DOEN Foundation** will:
  - support pioneers who use enterprising approaches to find innovative solutions that contribute to a green, socially inclusive and creative society. DOEN offers them financial support, connects them and brings their initiatives to the attention of a broader audience;
  - support these pioneers in Africa and India, who are dedicated to facilitating access to renewable energy, so that consumers and entrepreneurs in rural areas can generate their own energy and use clean energy to create and improve jobs, livelihoods and health;
  - finance innovators so that they can develop robust, impactful business models and build track record to catalyse further investment;
  - support ecosystem players that increase collaboration in the sector and work on open source solutions for others to deliver impact faster.
- **ENERGIA** will:
  - support 4,000 women entrepreneurs to grow their business in renewable energy value chains and deliver energy services to 2 million consumers living in last-mile communities;
  - support at least 10 key stakeholders to mainstream gender in their energy programmes/policies and to develop, implement and monitor gender action plans;
  - develop a gender and energy internship programme to support the learning and capacity building of at least 2 university students a year.

- **FairClimateFund (Cordaid) will:**
  - provide access to clean cooking for 900,000 people in low income households in fragile communities and countries, covering the ability to pay with climate finance;
  - invest together with private sector partners in climate projects that reduce 2,000,000 tons carbon emission in low income communities to improve livelihoods (SDG 3, 5, 7);
  - lobby for a Fair and Inclusive Voluntary carbon market whereby households generating the carbon reductions get a fair share of the carbon credits income, in a transparent way.
  
- **FMO will:**
  - actively seek investment opportunities that support the transition to a low-carbon economy in the countries of operation, focusing on renewable energy and new technological developments;
  - target access to energy, reduced inequality and inclusiveness by financing companies in the full range of the energy sector;
  - further leverage leading E&S expertise by focusing on inclusiveness and strategic community engagement;
  - examine innovative technologies, new financing structures (incl. blending);
  - have an agile country approach and map countries' energy sector demand;
  - continuously improve on reporting, e.g. via PCAF and TCFD.
  
- **FRES will:**
  - Continue to grow its presence of providing energy-as-a-service in the Sahel regions by growing its current presence in Mali, Burkina Faso and Guinea-Bissau and explore replicating its model in at least two other Sahel countries;
  - Continue to support the transformation to a green economy in Uganda by providing energy services for businesses, public services and productive use, with the aim of growing its current presence in the southwest of the country towards the north;
  - Leverage its presence in Uganda to service energy demands in refugee settlements, with the aim of adding at least two refugee settlements as target area to the three refugee settlements where it currently has a presence;
  - Invest in local talent development by creating internal growth opportunities for local staff and continue collaborating with the Young Expert Programme by supporting traineeships for local engineers;
  - Further develop its services in productive use, especially those aimed at agricultural entrepreneurs and (women) cooperatives to support their switch to solarized agroprocessing and strengthen their position in and contribution to decarbonized value chains.
  
- **IgniteNow will:**
  - Support and enable local communities and enterprises to build and develop a healthy, self-sustainable supply chain of efficient and clean cookstoves and renewable fuels;
  - Enable the transition to clean cooking for 10 million households in 10 years time. In order to achieve this ambitious target, IgniteNow will collaborate with other parties based on the values of transparency and integrity and based on the firm belief that together we will achieve more than by ourselves.

- **HIVOS will:**
  - support more than 9,000 job opportunities (FTE & 50% men maximum) for young women and men in North Africa in the Green Economy;
  - train more than 15,000 Young Women and men on 21st century skills that make them employable in the green transformational process;
  - mobilise EUR 10 million of investments in local climate mitigation solutions in North Africa
  - create Innovation clusters in North Africa contributing to the scaling of local climate solutions (targetting more than 150 small Enterprises);
  - synchronise Business Development Support Officers (BDSOs) efforts in supporting Enterprises offering climate solutions with Local governments' green transformation priorities. (supporting 15 Green BDSOs).
  
- **IKEA Foundation will:**
  - from 2021 onwards, the IKEA Foundation is stepping up its environmental ambition in alignment with the Paris Agreement and has committed an additional USD 1 billion to climate programmes over the next five years to reduce greenhouse gas emissions;
  - with this new funding, the IKEA Foundation will support renewable energy initiatives which can deliver greenhouse gas reductions fast and efficiently;
  - a substantial part of the USD 1 billion, USD 500 million, will be allocated to the set up a USD 1 billion global platform to fight climate change and energy poverty. The platform – launching at COP26 – aims to reduce 1 billion tons of greenhouse gas emissions and to empower 1 billion people with distributed renewable energy in the next 10 years;
  
- **Lendahand will:**
  - mobilise EUR 250 million of investments for clean energy products in developing countries;
  - have installed at least 500,000 solar units (C&I companies) and solar home systems (households) in developing countries;
  - reduce carbon emissions in developing countries with 1,000,000 metric tons CO<sub>2</sub> by offering clean energy products;
  - reach 5,000,000 people in developing countries with access to clean energy.
  
- **Mercy Corps, CARE and Oxfam Novib will:**
  - jointly mobilise funding to ensure access to clean energy for displaced people and people otherwise affected by natural and man-made disasters;
  - collaborate across humanitarian and development organisations, involving private and public partners, for joint analysis and action on access to clean energy for displaced people and people otherwise affected by natural and man-made disasters, with a particular focus on local ownership and gender equality;
  - develop and showcase innovative, scalable, socially just and financially sustainable solutions for access to clean energy in humanitarian settings;
  - engage with donors, private sector, financial sector and development actors for development of investment and funding models for access to clean energy in humanitarian and development contexts;



- sign-on to the IFRC Climate and Environmental Charter for Humanitarian Organizations (<https://www.climate-charter.org/> ) to maximise the environmental sustainability of our work and rapidly reduce our greenhouse gas emissions.
  
- **Partners for Innovation will:**
  - Complete the refurbishment of the Coega biomass centre in South Africa (a plant for the production of pellets from solid biomass residues), providing the local community with access to clean energy, creating about 600 jobs and benefiting unused biomass residues;
  - Continue to support a wide range of clients in the field energy access and development of the renewable energy sector, including as lead-implementing partner of the GET.invest Finance Catalyst and through research into innovative technologies to utilize and valorise agricultural residual flows in a productive and responsible way in several SSA countries; providing access to energy, reducing greenhouse gas emissions and improving livelihoods.
  
- **UM/LUMC will:**
  - assess factors that influence the adoption and sustained use of solid fuel cookstoves and clean fuels, and develop evidence-based implementation strategy tools, in collaboration with the Makerere University Lung Institute (Uganda);
  - assess the impact of solid fuel cookstoves and clean fuels on non-communicable lung diseases, and how these can best be implemented in countries like India, Uganda, Vietnam, and the Kyrgyz Republic.