

DEO-Day 2010
“How can modern energy for developing countries be financed?”
SUMMARY



Introduction

The Young Energy Specialists for Development Cooperation, a network of about 250 young professionals, has organised a bi-annual debate on energy in the developing world with a focus on how to support the introduction of modern energy services in developing countries as a part of international climate change process. The event was held on 29 May at Catharijneconvent, Utrecht, The Netherlands, with six internationally renowned speakers on the subject.

The aim of the DEO day was to share visions and explore innovative approaches of financing and promoting the implementation of modern energy systems in developing countries.

About 55 young professionals from the private sector, members of development organisations, financial institutions and renewable energy experts attended. The day was moderated by Mr. Paul Hassing, internationally widely respected energy and development expert. The presentations of the day can be downloaded from the YES-DC website¹.

Summary of content

The day started with Mr. Durando Ndongsok, Clean Development Mechanism (CDM) expert at FirstClimate, who painted the picture of the CDM market in Africa. The second presentation of this session was carried out by Mrs. Dr. Heleen de Coninck of ECN who presented an overview of the international climate negotiations process and the role of technology and technology transfer. After this, Edwin Dalenoord of Do-Inc. went into further detail of the markets for both Certified Emissions Reductions (CER) (such as under the CDM) and Verified Emissions Reductions (VER) using for example Gold Standard or other accepted methodologies. During the following breakaway session, the participants chose to discuss further by means of discussion groups on: a) the future of CERs; b) developing country's perspective on the benefits of CERs; and c) developing and climate change: clashing goals?

The breakaway sessions led to the observation that CDM can only support small scale technologies in developing countries if methodologies are simplified, specific support mechanisms are introduced for high priority technologies and carbon prices stabilise. The groups further noted that there are many benefits from CERs such as the development of for example landfill with many non-climate change related benefits such as sanitation, education, jobs and profit for the environment; another example is cook stoves where there are strong health benefits, decreased burden on women and faster cooking. An idea to maximise benefits from CERs is to pay a premium to CERs from Least Developed Countries (LDCs).

Lastly, some participants commented that the development agenda in the past years has been polluted by the climate change agenda. They also questioned why developing countries 'had to' leapfrog with their energy technology, whereas the focus should be on the actual energy needs (market driven). Also, following "the polluter pays principle", most developing countries have a long way to go before they catch up with the greenhouse gases that developed countries have historically emitted.

¹ Web address: <http://www.yes-dc.org/index.php?menu=2&submenu=1>



During the afternoon session, Mr. Oppenoorth of HIVOS explained their activities in the field of utilising carbon crediting schemes to support renewable energy projects and its main challenges (such as the relatively high transaction cost in off-grid renewable energy generation). Secondly, Mrs. Van der Geest of the Fair Climate Fund presented the concept of selling carbon credits 'with a name and a face' directly to households in The Netherlands to support various energy efficiency and renewable energy projects in India and Africa. The third presenter was Mr. Jan-Willem Martens, independent carbon finance consultant who highlighted the merits of the CDM and how it has been successful in channeling an estimated \$ 30 billion towards clean energy by 2012.

Again, the participants were able to opt for three breakaway session, including: the way forward for a) CERs; b) VERs; c) Technology Transfer.

As for Certified Emissions Reductions, the major recommendation is to have swift political commitment indicating that long term CDM possibilities will remain, that baselines be simplified and that countries work towards a world-wide cap and trade system.

The group that focused on VERs recommended less standards (i.e. more standardisation) and a more open audit process that is transparent to all. In addition, there is a need for a platform supporting the PR-value of VERs, developing incentives for VER use (like making VERs tax-deductable). Also, the demand side could be strengthened by including opt-out systems during the booking of a flight (instead of the current standard opt-in for climate neutralisation).

On Technology Transfer, the group observed that even though the definition of TT is sometimes unclear, it is all about the software and orgware around a certain technology. Recommendations from this group include to make the process business-driven, ensure engagement with the recipient country to enhance political commitment. Perhaps even twinning between two countries might facilitate the transfer of renewable energy technology.

At closure, many participants indicated they had learned a lot and highly rated the event during a final evaluation of the day. The moderator ended the day by quoting the recently published Hartwell Paper on climate change, emphasising the positive opportunities that climate change presents (economic growth, cleaner energy, development funds) as opposed to the negative approach of capping emissions, limiting development and throwing up hurdles towards economic growth.

Conclusion

The international climate change process has created financing modalities and technology transfer mechanisms that can support the introduction of renewable energy in developing countries. The support has been limited through low carbon prices and a bias towards large scale (energy efficiency) projects. Strong international commitment by both developed and developing nations towards national appropriate mitigation activities and the trading of carbon from renewable energy, while ensuring bonus value for greater development impact can further support renewables for a cleaner energy supply in developing countries.

Acknowledgement

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