



## ENABLING A TRANSITION TO A SUSTAINABLE ENERGY FUTURE IN ASIA AND THE PACIFIC

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Asia and the Pacific is home to 60 per cent of the global population and an economic powerhouse. Over the past decade, the region's annual average economic growth has reached 4.8 per cent. As the region tackles the Sustainable Development Goals (SDGs), the role of energy in the new development paradigm is moving to centre stage. Energy is an issue that wields strong influence on human development, economic growth and environmental well-being. As such, success in achieving SDG 7, the dedicated goal on sustainable energy, will have implications across the other SDGs.

In Asia-Pacific, rapid economic growth has driven up energy demand, and its current consumption stands at about half of the global final energy. But while citizens in many countries across the region are enjoying reliable access to electricity, the benefits of modern energy are not universally accessible. The outlook for energy access for the region's poorest and most vulnerable remains challenging.

Access to electricity in the region has increased steadily from 79 per cent in 2000 to 95 per cent in 2017. However, access to clean cooking fuel has increased only marginally – from 40.5 per cent to 56.3 per cent during the same period.<sup>1</sup> Most people without access live in rural areas and also face economic disadvantages. Heavy reliance on imported fossil fuel makes the region's energy security vulnerable, with the possibility of supply disruption and fuel price spikes leading

*Rapid economic growth is driving up energy demand in Asia-Pacific*



to more air pollution incompatible with the long-term climate goals agreed by all countries.

SDG 7 and the Paris Agreement require the Asia-Pacific region to transition to a lower carbon, more equitable and cleaner energy system. In addition to ensuring universal access to modern energy, SDG 7 aims to substantially increase the share of renewable energy. Renewable energy and energy efficiency can play a much broader role in a future energy system. As well as reducing greenhouse gas emissions, both approaches can lead to cost savings, greater energy security and cleaner skies for our cities. In the off-grid electricity markets, low cost renewables can bring reliable and affordable locally generated power to populations that lie beyond the reach of modern grids.

The Secretary-General of the United Nations, speaking from the Pacific Islands earlier this year, highlighted the urgency of climate change and the impact it is poised to have on our small island states. He called for governments to speed up the move towards a system based on sustainable energy and set out three priorities: to shift taxes from salaries to carbon; stop subsidising fossil fuels; and stop building new coal plants by 2020.

The region is currently not on track to achieve all the targets of SDG 7. Access to electricity will reach 99 per cent by 2030, leaving an estimated 63 million people in the region without access. The additional investment to bridge this gap would be between \$0.33 billion and \$1.7 billion. Incremental progress in access to clean cooking technology and the lack of support in the current policy environment will see 1.6 billion people cooking with traditional biomass by 2030, 65 per cent of whom will be in China and India.<sup>2</sup>

For renewable energy, the region is not on the right trajectory. While significant growth in renewables has taken place in absolute terms, it has been outpaced by the growth in energy demand and expanding fossil fuel use. Estimates show that under the current policy environment, the region's renewable energy share will grow from about 7 per cent today to 14 per cent by 2030. If SDG 7 is to be met, the renewable share of total energy consumption will need to reach 22 per cent by 2030. Meeting the 2-degree target set by the Paris Agreement would require greater renewables ambition, in the order of 35 per cent of the total share.

The region's current annual level of clean energy investment of approximately \$101 billion is not enough to underpin the renewables growth needed under SDG 7 or the Paris Agreement. A transition to 35 per cent renewables share would require an annual additional investment of \$485



2030 will see 1.6 billion people in Asia and the Pacific still cooking with traditional biomass

billion. Financing this energy transition will require moving beyond public funding to more diverse sources, including leveraging public-private partnerships. Governments will need to create an improved enabling environment for investment to send clear, long term signals to the private sector and attract investment.

Fossil fuel subsidies are a key obstacle to greater investment in renewables. Estimates show that unwinding all fossil fuel subsidies across the Asia-Pacific region would free up \$164 billion per year.<sup>2</sup> Carbon pricing can also play a transformative role. For example, a carbon tax of \$25 per tonne, along with the revenue generated from phasing out fossil fuel subsidies, could bridge the additional investment gap for the SDG 7 renewable energy target by 2030.<sup>3</sup>

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) has increased its efforts in supporting sustainable energy and is working with its member States to accelerate the energy transition in the region. With the mandate given by its member states, ESCAP is developing a National Expert SDG Tool for Energy Planning (NEXSTEP). This is an initiative that aims to help policymakers lay out more informed

policy frameworks to achieve SDG 7 and the Nationally Determined Contributions of the Paris Agreement.<sup>4</sup> To support the region's efforts to improve energy access, ESCAP is also conducting systematic reviews with meta-analyses of rigorous impact evaluations to explore the demonstrated impacts of energy access on income, education, health, inequality and poverty alleviation in real-life settings.

In undertaking its support for sustainable energy development, ESCAP emphasises that the 2030 Agenda is not simply a blueprint for the developing world. Rather it requires a paradigm shift for all countries, both developed and developing. SDG 7 reflects the holistic nature of the sustainable energy transformation needed across the spectrum. It therefore requires efforts by countries at all stages of development. While ESCAP is actively supporting the countries with special needs, it will work with all its member States to guide their transition to a secure, affordable and sustainable energy future. ■

1. ESCAP.

2. IEA, "World Energy Outlook: Fossil-Fuel Subsidies."

3. UNESCAP, "Energy Transition Pathways for the 2030 Agenda in Asia and the Pacific"

4. ESCAP, "NEXSTEP - National Expert SDG Tool for Energy Planning."