



SDG7 Energy Compact of RELAC

A next Decade Action Agenda to advance SDG7 on sustainable energy for all, in line with the goals of the Paris Agreement on Climate Change

SECTION 1: AMBITION

1.1. Ambitions to achieve SDG7 by 2030. [Please select all that apply, and make sure to state the baseline of each target]

(Member States targets could be based on their NDCs, energy policies, national five-year plans etc. targets for companies/organizations could be based on their corporate strategy)

<input type="checkbox"/> 7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.	Target(s): Time frame: Context for the ambition(s):
<input checked="" type="checkbox"/> 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.	Target(s): <ul style="list-style-type: none"> • Regional Power Capacity of Renewable Energy (RE): 70% • Regional Electricity Generation from RE: 70% Time frame: 2030 Context for the ambition(s): In 2019 the share of installed capacity of RE with respect to total installed capacity was 59.3%, and the share of electricity generation of RE with respect to total generation was 58.5%. The RELAC initiative seeks to achieve at least a 70% share of RE in the electricity mix in Latin America and the Caribbean (LAC) by the year 2030. Each RELAC member country formally expresses its will and strong commitment by signing the RELAC Declaration of Principles that includes the specific national targets to which each country commits to contribute to the regional goal of 70%. It is expected that the ambitious RE penetration goals defined in the Declaration of Principles in each country are based on state-of-the-art energy planning processes and aligned with the climate goals defined in the NDCs and long-term decarbonization strategies, if existent.
<input type="checkbox"/> 7.3. By 2030, double the global rate of improvement in energy efficiency.	Target(s): Time frame: Context for the ambition(s):
<input checked="" type="checkbox"/> 7.a. By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.	Target(s): To establish and consolidate a climate action platform that groups together Latin American and Caribbean (LAC) countries and international organizations to accelerate carbon-neutrality of electricity systems. Time frame: 2030 Context for the ambition(s): As the RELAC initiative was created in December 2019 under the framework of the United Nations (UN) Secretary General's Climate Action Summit, it represents an increase in climate ambition and a regional platform to discuss climate-related issues. Along 2020 and 2021 twelve (12) countries have adhered to the initiative. RELAC also brings together several international agencies that support the energy transition in the region. The Inter-American Development Bank (IDB) acts as the Technical Secretariat of the initiative, appointed by member countries since January 2021 and OLADE, IRENA, IEA, GIZ, NREL, WWF, UN Energy and LEDS, among others, take part as support agencies.
<input checked="" type="checkbox"/> 7.b. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries,	Target(s): To contribute with actions that facilitate the expansion of infrastructure for the integration of RE in all the RELAC member countries. Time frame: 2030 Context for the ambition(s): As part of RELAC initiative a barrier assessment for the acceleration of RE in LAC was undertaken in 2020. The lack of power infrastructure which can provide additional flexibility to the grid for the integration of new RE projects and complex social and

small island	environmental processes for infrastructure projects, among others, were identified as common barriers in member countries. The RELAC initiative
developing States, and land-locked developing countries, in accordance with their respective programs of support.	has the potential to promote the use of innovative technologies and strategies to enhance the use of RE in the region (battery energy storage systems, regional electric interconnections, digitalization of power plants, demand side management, distributed generation, among others). Multi stakeholders' collaboration is required to have the infrastructure needed to achieve a higher RE participation.

1.2. Other ambitions in support of SDG7 by 2030 and net-zero emissions by 2050. [Please describe below e.g., coal phase out or reforming fossil fuel subsidies etc.]

Target(s): Time frame: Context for the ambition(s):

SECTION 2: ACTIONS TO ACHIEVE THE AMBITION

2.1. Please add at least one key action for each of the elaborated ambition(s) from section 1. [Please add rows as needed].

<p>7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>The RELAC initiative aims to achieve an installed capacity of RE of at least 70% and electricity generation from RE of at least 70% 2030 in LAC region. Each member country will contribute to these regional aggregated targets according with its own national targets and circumstances. To do this, the initiative includes comprehensive dialogue with national sector stakeholders and careful identification of gaps and prioritization studies and investments required in order to help the countries overcome institutional, legal, planning, financial, technical and regulatory barriers for the acceleration of RE. The common topics and needs identified among the RELAC member countries will be addressed with regional consultancies and in coordination with the partner agencies, thus optimizing financial resources on a regional basis and avoiding duplication of studies. The participation of the private sector, to finance some of the activities, will be encouraged in such dialogues.</p> <p>Besides, in order to achieve the main objective, the RELAC platform focuses on the exchange of knowledge and best practices (between partner agencies and member countries) regarding the integration of RE into electricity grids, together with the channeling of financial resources to support capacity building, sector reform and the acceleration of RE investments. After a regional needs assessment was carried out in 2020, an action plan for the period 2021-2022 prioritizing areas of intervention was agreed with the RELAC member countries. The action plan is based on four pillars: Long-term Energy Planning, Physical infrastructure, Markets of the Future and Facilitation of RE Project Development and Implementation. The initiative will also include the development of the regional matchmaking platform, which will try to link the demand for resources for RE projects with the supply of financial resources at the international level. The initiative will rely on the previous initiatives and expertise of its partners, as the Climate Investment Platform (CIP)¹ and other energy transition and climate finance facilities and investment forums at sub-regional level as spaces from IRENA to leverage the matchmaking of RE projects and finance in the region.</p>	<p><i>Start and end date</i></p> <p><i>December 2019 – December 2030</i></p>
<p>7.a. By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including RE, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p> <p>RELAC initiative looks for establishing and consolidating a climate action platform that groups together LAC countries and international organizations to accelerate carbon-neutrality of electricity systems. For this RELAC is carrying out a plan to gradually engage all LAC counties, so far, 12 countries are already members of the initiative: Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Paraguay, Peru and Uruguay. In addition, international organizations support RELAC (called partner agencies) and play a key role as their function is to provide both technical</p>	<p><i>Start and end date</i></p> <p><i>December 2019 – December 2021</i></p>

¹ <https://www.irena.org/irenaforcip>

<p>and financial resources, according to the most relevant needs of the countries, with a regional focus. The coordinated approach when supporting the Ministries of Energy through the RELAC platform will guarantee the optimization of synergies between partner agencies. Some of the RELAC partner agencies include: OLADE, IRENA, GIZ, NREL, UN Energy and Climate, WWF, ECLAC, LEDS, and others.</p> <p>RELAC initiative is also a knowledge sharing platform and takes advantages of countries synergies, lessons learned, and experiences, so common projects and actions could be undertaken and successful projects replicated. A governance structure has been put in place (RELAC Rules Manual) defining roles and responsibilities of all party members, as well as a monitoring manual that defines monitoring and evaluation procedures.</p>	
<p>7.b. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries. RELAC will contribute with actions that accelerate the expansion of infrastructure projects which facilitate the integration of RE in member countries, RELAC has defined an action plan that include specific strategic actions, such as:</p> <ul style="list-style-type: none"> • Promote the development of innovative projects and solutions, including distributed generation, energy storage, demand side management, electric mobility, grid reinforcement deferral (Virtual power lines, dynamic line rating, etc.), with capacity building activities or definition of new business models. • Facilitate the development of transmission infrastructure, including regional interconnections projects, to enable the integration of new RE plants, addressing some of the main barriers for its development, such as financing, environmental permits or social issues. • Support the preparation of policies, planning and regulations to accelerate the implementation of RE projects and technologies to increase the flexibility of the grid. • Technical support to countries under selected target groups with especial energy needs such as Small Islands and Developing States (SIDS) and Landlocked Development Countries (LLDCs), through ongoing initiatives of the RELAC partner agencies, such as IRENA's SIDS Lighthouse initiative. 	<p><i>December 2019 – December 2030</i></p>

SECTION 3: OUTCOMES

3.1. Please add at least one measurable and time-based outcome for **each** of the actions from section 2. *[Please add rows as needed]*.

<p><i>Outcome 1, Action 7.2: Renewable Energy Share increased in the electricity generation matrix in LAC in terms of Installed Capacity (at least 70 %)</i></p>	<p><i>Date: December 2030</i></p>
<p><i>Outcome 2, Action 7.2: Renewable Energy share increased in the electricity generation matrix in LAC in terms of Electricity Generation (at least 70 %)</i></p>	<p><i>Date: December 2030</i></p>
<p><i>Outcome 3, Action 7.a: Climate action platform established and consolidated (Y/N)</i></p>	<p><i>Date: December 2023</i></p>
<p><i>Outcome 4. Action 7.b: Infrastructure barriers overcome</i></p>	<p><i>Date: December 2030</i></p>

SECTION 4: REQUIRED RESOURCES AND SUPPORT

4.1. Please specify required finance and investments for **each** of the actions in section 2.

<p>Actions for ambitious 7.2 and 7b. Although LAC has shown significant progress in the deployment of RE in recent years, such as through competitive public auctions, there are still several obstacles that hinder its accelerated deployment, being the lack of enough investments and financial support one of the most important. Based on an IDB study, the investments in the energy sector to reach 70% of RE participation by 2030, is approximately US\$30 billion per year, mainly for developing hydropower, wind and solar energy generation capacity². IRENA's World Energy Transition Outlook (WETO)³ and energy transition scenario estimates that the LAC region would require investments of 45 billion per year in the power sector up to 2050, mitigating 54% of the GHG emission of the region today.⁴</p> <p>Based on the expected increased energy demands, every possible financial effort from multilaterals, private sector and donors and the corresponding de-risking of renewable investments is critical. The most promising financing mechanism to be explored in order to attract nontraditional private investors to the energy sector are green bonds, which growth has been significant in recent years, even in developing economies with less mature markets. Also financing facilities, such as the Climate Investment Platform (CIP) initiative from IRENA will help to channel finances to the region. Each member country will also contribute with actions according with its own national targets and circumstances.</p>
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4.2. [For countries only] In case support is required for the actions in section 2, please select from below and describe the required support and specify for which action.

[Examples of support for Member States could include: Access to low-cost affordable debt through strategic de-risking instruments, capacity building in data collection; development of integrated energy plans and energy transition pathways; technical assistance, etc.]

<input checked="" type="checkbox"/> Financing	<i>Description</i> Access to low-cost affordable debt through strategic de-risking instruments
<input type="checkbox"/> In-Kind contribution	<i>Description</i>
<input checked="" type="checkbox"/> Technical Support	<i>Description</i> To accomplish actions, described in section 2 for ambitious 7.1 and 7.b, technical support will be needed to undertake the defined action plan in the next topics: <ul style="list-style-type: none"> • Long-term Energy Planning, developing capacities to align long-term energy sector planning with climate and long term national decarbonization goals and efforts. • Physical infrastructure, actions to enable the access to power transmission infrastructure and new business models. • Markets of the Future, new conditions and regulations for power markets highly dominated by variable RE. • Facilitation of RE Project Development and Implementation, to accelerate infrastructure projects implementation, such as legal processes and community participation processes.
<input type="checkbox"/> Other/Please specify	<i>Description</i>

²Study: Grid of the Future (IDB, 2017)

³ https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/Jun/IRENA_World_Energy_Transitions_Outlook_2021.pdf

⁴ https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Apr/IRENA_GRO_R06_LAC.pdf

SECTION 5: IMPACT

5.1. Countries planned for implementation including number of people potentially impacted.

Given that the RELAC goal is formulated as an aggregation of all countries of Latin America and the Caribbean, the potential beneficiaries would be all the inhabitants of the region, i.e., approximately 646 million people. However, if the beneficiaries are limited to the current 12 member countries, RELAC would benefit nearly 195 million people.

5.2. Alignment with the 2030 Agenda for Sustainable Development – Please describe how **each** of the actions from section 2 impact advancing the SDGs by 2030.

[up to 500 words, please upload supporting strategy documents as needed]

The joint effort to achieve a regional RE participation goal of at least 70% in the LAC region in 2030 will significantly contribute to increase the share of RE in the global energy mix, contributing to several of the Sustainable Development Goals. RELAC is aligned with Climate Action, as it directly contributes to the reduction of GHG from the energy sector. The expansion of RE can contribute to improve energy access in countries in the region, especially providing affordable and clean energy in remote communities, improving living conditions, education and healthcare services. RE likewise, will improve the quality of air and health in the population by using modern energy sources for cooking and low carbon technologies in the heating and transport sector. RE can also empower women in the LAC countries, by improving their access to modern energy sources, reducing the gender gap in the sector. RE can also improve food security and improve efficiency of the agricultural sector, replacing fossil-fuel based technologies.

5.3. Alignment with Paris Agreement and net-zero by 2050 - Please describe how **each** of the actions from section 2 align with the Paris Agreement and national NDCs (if applicable) and support the net-zero emissions by 2050.

[up to 500 words, please upload supporting strategy documents as needed]

First of all, RELAC's general objective includes: to accelerate the carbon-neutrality of electricity systems in the Latin American and Caribbean (LAC) region, improving the resiliency, competitiveness and sustainability of the sector, generating green jobs, improving air quality and the health effects on its citizens. As the initiative was created in 2019 under the framework of the United Nations (UN) Secretary General's Climate Action Summit, it represents an increase in climate ambition and a regional platform to discuss climate-related issues. Specifically, RELAC is aligned with SDG 7 and the 2030 Agenda by promoting an ambitious increase in the regional share of RE and enhancing coordination between the relevant international agencies and member countries, including least developed countries, LLDCs and SIDS in The Caribbean. The initiative implies a reduction in CO2 emissions, which is related to the Paris Agreement, the NDCs and the net-zero targets. As a numerical example: considering an emission factor of 603 Ton CO2/GWh associated with electricity generation based on fossil fuels in LAC, if the share of renewables in 2019 had been 70%, the region would have saved almost 90 million tons of CO2 during that year, which would represent a 24% reduction in emissions associated with the electricity sector.

The RELAC initiative also aims to support the elaboration of long-term strategies (LTS) toward net-zero emissions (including other energy sectors), raise the ambition of the NDCs and align them with the objectives of the initiative, establish GHG monitoring and verification mechanisms, among others.

SECTION 6: MONITORING AND REPORTING

6.1. Please describe how you intend to track the progress of the proposed outcomes in section 3. Please also describe if you intend to use other existing reporting frameworks to track progress on the proposed outcomes.

RELAC has a monitoring mechanism to follow up the progress to achieve the regional goal of RE participation in its power generation matrix by 2030. A baseline will be established based on the information provided by the member countries. Each country expresses or has a particular goal according to the current state of its power system, the endowment of RE resources and its electrical planning. The indicators to monitor the progress are RE Installed Capacity (in MW) and Annual RE Generation for the electricity sector (in GWh). The progress of the goal is monitored by taking advantage of OLADE's statistics system, who receives periodic information of the power sector from most countries in the region. Likewise, other sources are considered, such as countries' generation capacity expansion plans. RELAC has a Technical Committee, integrated by representatives of the initiative's member countries, which meets periodically to monitor and analyze the initiative's progress.

SECTION 7: GUIDING PRINCIPLES CHECKLIST

Please use the checklist below to validate that the proposed Energy Compact is aligned with the guiding principles.

- I. Stepping up ambition and accelerating action** - Increase contribution of and accelerate the implementation of the SDG7 targets in support of the 2030 Agenda for Sustainable Development for Paris Agreement
- I. 1. Does the Energy Compact strengthen and/or add a target, commitment, policy, action related to SDG7 and its linkages to the other SDGs that results in a higher cumulative impact compared to existing frameworks?* Yes No
- I.2. Does the Energy Compact increase the geographical and/or sectoral coverage of SDG7 related efforts?* Yes No
- I.3. Does the Energy Compact consider inclusion of key priority issues towards achieving SDG7 by 2030 and the net-zero emission goal of the Paris Agreement by 2050 - as defied by latest global analysis and data including the outcome of the Technical Working Groups?* Yes No
- II. Alignment with the 2030 agenda on Sustainable Development Goals** – Ensure coherence and alignment with SDG implementation plans and strategies by 2030 as well as national development plans and priorities.
- II.1. Has the Energy Compact considered enabling actions of SDG7 to reach the other sustainable development goals by 2030?* Yes No
- II.2. Does the Energy Compact align with national, sectoral, and/or sub-national sustainable development strategies/plans, including SDG implementation plans/roadmaps?* Yes No
- II.3. Has the Energy Compact considered a timeframe in line with the Decade of Action?* Yes No
- III. Alignment with Paris Agreement and net-zero by 2050** - Ensure coherence and alignment with the Nationally Determined Contributions, long term net zero emission strategies.
- III.1. Has the Energy Compact considered a timeframe in line with the net-zero goal of the Paris Agreement by 2050?* Yes No
- III.2. Has the Energy Compact considered energy-related targets and information in the updated/enhanced NDCs?* Yes No
- III.3. Has the Energy Compact considered alignment with reaching the net-zero emissions goal set by many countries by 2050?* Yes No
- IV. Leaving no one behind, strengthening inclusion, interlinkages, and synergies** - Enabling the achievement of SDGs and just transition by reflecting interlinkages with other SDGs.
- IV.1. Does the Energy Compact include socio-economic impacts of measures being considered?* Yes No
- IV.2. Does the Energy Compact identify steps towards an inclusive, just energy transition?* Yes No

IV.3. Does the Energy Compact consider measures that address the needs of the most vulnerable groups (e.g. those impacted the most by energy transitions, lack of energy access)? Yes No **V. Feasibility and**

Robustness - Commitments and measures are technically sound, feasible, and verifiable based a set of objectives with specific performance indicators, baselines, targets and data sources as needed. V.1. Is the information included in the Energy Compact based on updated quality data and sectoral assessments, with clear and transparent methodologies related to the proposed measures? Yes No V.2. Has the Energy Compact considered inclusion of a set of SMART (specific, measurable, achievable, resource-based and time based) objectives? Yes No

V.3. Has the Energy Compact considered issues related to means of implementation to ensure feasibility of measures proposed (e.g. cost and financing strategy, technical assistant needs and partnerships, policy and regulatory gaps, data and technology)? Yes No

SECTION 8: ENERGY COMPACT GENERAL INFORMATION

8.1. Title/name of the Energy Compact

Renewable Energies in Latin America and the Caribbean (RELAC)

8.2. Lead entity name (for joint Energy Compacts please list all parties and include, in parenthesis, its entity type, using entity type from below)

Ministries of energy from RELAC member countries: Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Paraguay, Peru and Uruguay (Government)

8.3. Lead entity type

- Government Local/Regional Government Multilateral body /Intergovernmental Organization
 Non-Governmental Organization (NGO) Private Sector Civil Society organization/Youth Philanthropic Organization actor
 Academic Institution /Scientific Community Other relevant

8.4. Contact Information

Ariel Yopez, RELAC Technical Secretariat: iniciativarelac@iadb.org

8.5. Please select the geographical coverage of the Energy Compact

- Africa Asia and Pacific Europe Latin America and Caribbean North America West Asia Global

8.6. Please select the Energy Compact thematic focus area(s)

- Energy Access Energy Transition Enabling SDGs through inclusive just Energy Transitions Innovation, Technology and Data Finance and Investment.

SECTION 9: ADDITIONAL INFORMATION (IF REQUIRED)

Please provide additional website link(s) on your Energy Compact, which may contain relevant key documents, photos, short video clips etc.