

**Plenary Session II and III:
Multi-Stakeholder Dialogue
Tuesday, 1 June, 11.00 – 18.30 h
Venue: Plenary Hall IKBB**

Internationale Konferenz
für Erneuerbare Energien, Bonn
International Conference
for Renewable Energies, Bonn



CONCLUSIONS OF THE MULTI-STAKEHOLDER DIALOGUE

Facilitated by David Hales, Stakeholder Forum for Our Common Future

CAVEAT: This summary reflects where David Hales, in his role as facilitator of the MSD, has identified significant contributions from stakeholders. It is important to recognise that the statements included here are non-exclusive and represent the facilitator's summary.

Dear Ministers and Delegates,

The Plenary Sessions of Multi Stakeholder Dialogue produced a richness and diversity of views that is difficult to summarise adequately. A number of stakeholder groups were represented for the first time in this kind of international conference in order to secure the necessary range of views and experience. There is a sense of urgency in addressing the accelerating impacts of climate change and in preparation for the Millennium Development Summit in 2005 and the UN Commission on Sustainable Development sessions on energy in 2006 and 2007. There was strong consensus among stakeholders over many issues and well articulated concerns were highlighted on a number of others. Contributions served to underscore the message that renewables can deliver multiple benefits while moving the world in the right direction on the issues of climate change and sustainable and equitable access to energy services.

The poorest people of the world remain those most at risk under current energy systems and we heard about the appalling loss of life resulting from unequal energy access and how this impacts most heavily on women. Local technology solutions can also help to deliver the economic benefits essential for enabling people to move out of poverty. We were reminded of the hard facts of finite fossil fuels, climate change, the dangers of price instability and lack of energy security and, in addressing these complex issues, the requirement for an integrated approach that also includes energy efficiency as well as clean, and renewable technologies.

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Energy prices should reflect the true social and environmental costs of energy generation and use. The level playing field should extend to international financial institutions reviewing support for non renewable projects that fail to deliver on poverty reduction, but the poor and women must be seen as active participants and not as a passive recipients. Projects must be designed to meet need at the appropriate level; in many cases large-scale grid connected systems are unlikely to meet the needs of the poorest communities, small-scale consumer friendly initiatives are more likely to be successful. In addition the local manufacture of low cost RE solutions can deliver significant local economic benefits.

The dialogue brought together views from the north and south, helping to illustrate that RE means many things to many people, for some countries it is the energy of the poor or even a tool for basic survival. RE already represents significant employment opportunities and access to energy services for domestic use, enterprise development, illumination, education, health and overall livelihoods enhancement. Declining technology costs together with increased levels of support can help to spread the benefits of renewables much more widely.

There was strong consensus on the need for targets to achieve the necessary progress in delivering on renewable energy. Lessons from past experience coloured the discussion with a move away from global targets but increased emphasis on the need for appropriate commitments on a range of measures for various institutions at local, sub-national, national, regional and international levels. The move towards a significant percentage of renewables will need to come quickly but during a just transition there must also be a balanced approach incorporating the necessary energy mix. The opportunity to learn from best practice needs to be taken and the establishment of African centres of excellence delivered through public-private partnerships was put forward as one way of achieving progress.

There was broad consensus on the need for a coherent regulatory framework and the role of local and sub-national government was acknowledged as instrumental in the promotion and delivery of RE via approaches that utilise incentives, subsidiarity and local action. Governments need to use this conference to review existing frameworks and legal instruments in order to determine which had been successful and might be adapted to other situations. A call was made for gender mainstreaming and gender impact assessment within

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policies, programmes and projects to be implemented. A comprehensive framework for enhancing the use of RE technologies needs to include support for R&D. Much of this support could be redirected from the high current levels of R&D funding for nuclear and fossil fuel technologies. Appropriate government policies can also help to spur commensurate R&D investment by the private sector. Support for basic and applied R&D should be integrated directly into renewable energy policy frameworks, sharing funding and institutional structures as part of the energy planning of each country.

The challenge of a just transition to sustainable energy was presented as a 'virtuous circle' with cost savings from energy efficiency used to invest in RE and efficient technologies to secure jobs, livelihoods and peace. The new policy frameworks needed to deliver the age of renewables must be based around the principles of empowerment and participation in order to address real need at all levels.

It was perhaps not unexpected that the issue of finance provided so much fertile ground for discussion. The role of local government as the provider of basic services for people was highlighted, but innovative financing needs to come from all levels of government. In order to create the level playing field required to deliver on renewables the significant funding of fossil fuels must end – the balance must be redressed by increasing finance directed to RE as recommended by the World Bank Extractive Industries Review. The inadequate expenditure by development banks and Export Credit Agencies must change to ensure local development and capacity building including within banking and finance sectors. It is critical not to separate the issues of technology and finance. The design and promotion of RE may work best at a local and subnational level, in addition the role of domestic banks and financing should not be overlooked.

The policy framework needed to support more capital investment in renewables must be '*loud, long and legal*'. One of the core challenges here is to address the issue of subsidies that artificially reduce the costs of fossil fuels and can make RE options uncompetitive. The public sector has a role to play here in sharing risk at all levels as a means of encouraging investment.

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There was strong feeling that changes in financing should address the requirement for low cost small-scale projects that will help to meet the needs of the poor for example improved biomass technologies. New structures and programmes must also achieve a gender balance by securing equal participation of women in RE financing and policy making. Financial and policy instruments have to meet the poor and women's strategic interest and the costs of just transition for displaced workers. There were valued comments on the potential for public-private partnerships as drivers to accelerate RE, with public finance used as a lever to mobilise private money also within International Financial Institutions.

There were interesting exchanges on the issue of large hydro projects. While utilising a renewable energy source, these initiatives often receive very high levels of subsidy and yet fail to deliver the range of benefits that small-scale initiatives can provide. There were calls for the application of the guidelines of the World Commission on Dams. There was strong recognition that there needs to be an increased share of renewables in the energy mix if we are to make progress on achieving the Millennium Development Goals particularly bringing down the numbers of people living in poverty. We cannot rely solely on market forces to determine the application of RE in this regard, these are maturing technologies in the sense that where they may not currently deliver economies of scale, effective subsidies can help to bring down costs in this maturation phase enabling greater deployment of these technologies to address the issue of poverty and lack of access to energy.

For the first time in this kind of major international conference consumers as a group were given the opportunity to speak to governments directly on the demand side of RE. Informed consumers can help to provide the demand for renewables – there must be greater effort to ensure wider education and communication to enable consumers to play their part in the energy revolution. Governments were requested to provide the necessary frameworks including targets that will deliver economies of scale and bring down RE prices for consumers.

As the dialogue progressed it became clear that there was considerable convergence and widespread agreement on the principal themes of the conference. The degree of concurrence was remarkable given the diversity of stakeholders in the discussion. This

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concurrency supported by apparently widespread political will should equate to substantial and rapid progress but there seems to be a problem over the capacity to act. Real progress requires the political will to innovate, cooperate, develop and invest in RE with cooperation happening at local, regional and international levels. The conference outcomes and the political declaration can help to illustrate the convergence among stakeholders and states and should mark a significant change rather than an incremental signal that more capacity is required.

We stakeholders are the engine of change in a just transition to renewables and capacity building must be an integral component of this change. Training for workers and public education can help to deliver the systemic change that is required for progress towards sustainable energy systems. Likewise strong science and engineering education is a critical element of capacity building. The level of existing knowledge and experience cannot be underestimated; this is one of our best resources in moving forward. However, learning from best practice can help to overcome institutional obstacles; whether in the provision of innovative credit facilities for women or through using tried and tested tools and techniques to bring together actors and communities working on real projects that make a real difference.

Within the issue of reform of energy sector subsidies there was a call for greater multi-lateral transparency and cooperation around the theme of carbon charges as an option in securing financing for RE. There is also a need to have an adequate monitoring, reporting and follow up process with stakeholder participation, as an outcome of the conference.

We have the technology and the impetus but we don't have the time to continue talking. Building capacity and increasing awareness operate on long timescales so a significant increase in effort is needed now if we are to see and achieve the ambitions of the age of renewables.

We also wish to applaud the compassion, commitment and competence demonstrated by the Federal government of Germany for staging the MSD during the first day of the conference.