



Alliance for
Rural
Electrification
Shining a Light for Progress

SDG7 Energy Compact of the Alliance for Rural Electrification (ARE)

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.

7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.

Target(s): By 2030, ARE strives to **enable private sector to deliver sustainable electricity services of tier 3 or above to at least 500 million additional people in Sub-Saharan Africa, Asia-Pacific and Latin America & Caribbean.**

Time frame: 2030

Context for the ambition(s): The [Alliance for Rural Electrification \(ARE\)](#) is the global association for the decentralised renewable energy (DRE) industry, catalysing private sector-driven markets for sustainable electricity services, creating jobs and powering equitable green economies.

Since ARE's creation 15 years ago, tremendous strides have been made in accelerating access to electricity, enabling more than a billion people to gain access to electricity over the period. Despite this progress, 870 million currently lack access to electricity, while another 1.5 billion suffer from unreliable electricity services.

The solution to this conundrum lies mainly with **decentralised renewable energies (DRE)**, poised to be the **least-cost electrification option for more than half of all connections needed to provide sustainable electricity for all by 2030**. Sustainable and reliable electricity is imperative to achieve all the Sustainable Development Goals: it provides communities with sustainability electricity services to power livelihoods, doing so in a way that catalyses socio-economic development and local green job creation, that is future-proof and that is effectively addressing climate change. Renewable power also is the **bedrock for decarbonisation and the energy transition and empower the enhanced electrification of society**.

Thanks to the sustained efforts of the DRE industry, DRE is no longer a niche market. Despite often challenging market conditions, the strong value proposition of DRE companies means that to date at least 470 million people rely on DRE. Private companies in the sector have raised more than USD 2.1 billion in corporate financing and finance from 2010 to the end of 2019.

This is an astonishing achievement - but it is not enough. Efforts to support DRE need to be accelerated and scaled up significantly to reach the Sustainable Development Goals by 2030: for example, annual investments need to increase more than threefold to achieve SDG-7 by 2030. The X-factor in reaching radical scale is the private sector.

With the right support, the private sector championed by ARE can bring in the necessary co-investments, innovative solutions that increase efficiencies and drive down costs, while doing so sustainably for the benefit of profit, people and planet.

1.2. Other ambitions in support of SDG7 by 2030 and net-zero emissions by 2050.

Target(s): By 2030, ARE strives to enable private sector to catalyse the creation of **at least 5 million green jobs**.

Time frame: 2030

Context for the ambition(s): Renewable energy means jobs, jobs and jobs. These range from direct green jobs in manufacturing, assembly, distribution & sales, operations and maintenance, as well as derived jobs in related sectors relying upon a stable source of electricity, such as agricultural industries and fisheries.

With increased support in the green recovery after the COVID-19 pandemic, especially towards long-term skill development programmes, the RE sector can be a gamechanger creating jobs for millions of people. The creation of these new jobs will boost GDP, support local socio-economic development, and contribute to long-term sustainability by fostering skills development across the workforce.

Target(s): By 2030, ARE strives to enable private sector to avoid **at least 1 billion tonnes of CO₂e emissions**.

Time frame: 2030

Context for the ambition(s): The climate crisis is one of humanity's greatest existential threats – but the race to reduce CO₂e emissions and achieve global net zero is often perceived as at odds with the scale of economic growth needed to tackle poverty in emerging markets. This is not the case.

What has been missing until now is evidence of the potential of (D)RE technologies to achieve both SDG-7 and SDG-13 in a cheaper, cleaner and smarter manner than other alternatives. Recent research from multiple different sources is without ambiguity: especially decentralised renewable energy solutions, such as clean energy mini-grids and stand-alone systems have significant environmental, practical and socio-economic merits and can contribute massively to CO₂ mitigation.

As the private sector representative of the DRE sector, ARE too is clear in its aims: by 2030 we aim to empower the industry to avoid at least 1 billion tonnes of CO₂e emissions.

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.

Pillar 1: Accelerating markets <i>ARE accelerates private sector driven markets for sustainable energy services through targeted regional and country-level market development support.</i>	<i>Start and end date</i> 2022-2024 (initial business plan 2022-2024 to be revised pending status of progress in 2024).
Pillar 2: Scaling investments <i>ARE catalyses investments in decentralised renewables by mobilisation, structuring support and readiness support.</i>	<i>Start and end date</i> 2022-2024 (initial business plan 2022-2024 to be revised pending status of progress in 2024).
Pillar 3: Fostering innovation <i>ARE fosters innovation by enhancing the enabling environment for technology improvements and by facilitating access of DRE innovations to markets.</i>	<i>Start and end date</i> 2022-2024 (initial business plan 2022-2024 to be revised pending status of progress in 2024).
Pillar 4: Embedding sustainability <i>ARE ensures that sustainability remains the cornerstone of electrification efforts by embedding both supply side and demand side sustainability in the market.</i>	<i>Start and end date</i> 2022-2024 (initial business plan 2022-2024 to be revised pending status of progress in 2024).

SECTION 3: OUTCOMES

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

Pillar 1: Accelerating markets

- 1,000 companies active in electrification by 2030
- 8,000 matchmaking meetings organised by 2030
- 500,000 stakeholders reached via ARE website, newsletter, publications by 2030
- 20 countries adopt conducive integrated electrification policies by 2030

Pillar 2: Scaling investments

- > 200 billion USD total investment in electrification projects/programmes by 2030
- > 100 billion USD private sector co-investment committed in electrification projects by 2030

Pillar 3: Fostering Innovation

- 25% global cost reductions of DRE electrification projects by 2030

Pillar 4: Embedding sustainability

- 8,000 practitioners and policy makers benefit from certified training
- 100 companies adopt consumer protection and guidelines for supply chain sustainability
- 500,000 micro-enterprises powered with sustainable electricity

Date: By 2030

SECTION 4: REQUIRED RESOURCES AND SUPPORT

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

1. It is estimated that the total investment needed to achieve the electrification for 500 million people lies around **200 billion USD from public and private sector**. This funding will need to be directed towards projects and private sector companies on the ground (majority of funding), support programmes, technical assistance and enabling activities (minor part of the funding, but paramount to spark market growth). ARE strives to support public and non-profit actors in tailoring electrification investments, so that their financial contributions trigger and mobilise private sector co-investment.
2. As part of the sectors efforts to create support programmes, provide technical assistance and enabling activities, ARE provides support to catalyse market development, scale and tailor investments, foster innovation and embed sustainability in the sector.

ARE only requires a tiny fraction of total annual investments (<0.01 % of 25 billion USD) in the sector **to achieve catalytic impact!**

The **budget** for each of the pillars **for 2022-2024** are as follows:

- **Pillar 1:** Accelerating markets – USD 39,000,000
- **Pillar 2:** Scaling investments – USD 17,000,000
- **Pillar 3:** Fostering innovation – USD 11,000,000
- **Pillar 4:** Embedding sustainability – USD 27,000,000

SECTION 5: IMPACT

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

Countries in Sub-Saharan Africa, Asia-Pacific and Latin America & the Caribbean, which face electrification challenges.

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.

Main objectives:

By 2030, ARE strives to **enable private sector to:**

- SDG 7: Deliver sustainable electricity services of **tier 3 or above** to **at least 500 million additional people in Sub-Saharan Africa, Asia-Pacific and Latin America & Caribbean.**
- SDG 8: Catalyse the creation of **at least 5 million green jobs.**
- SDG 13: Climate change mitigation: Avoid **at least 1 billion tonnes of CO₂e emissions**

Other SDGs, ARE contributes to:

- SDG-1: ARE mission also contributes to alleviate poverty in emerging markets, but this impact is not directly monitored in its Market & Impact Reports and thus omitted from its main objectives.
- SDG-2: ARE's members power essential services that enable a secure and modern food supply in communities. While powering agriculture is a focus area for many ARE members, the direct impact on mitigating hunger is not included as one of the core focus areas monitored through ARE's impact reports.
- SDG-5: ARE embeds gender equality in all its actions and includes a gender-lens throughout its internal policies, programmes and actions.
- SDG-6: ARE's members power essential services that enable a secure and modern water supply in communities. While powering a modern water supply is a focus area for a number of ARE members, the direct impact on providing clean drinking water is not included as one of the core focus areas monitored through ARE's impact reports.
- SDG-17: ARE works collaboratively with its partners and members at national, regional and international level to achieve the SDGs.

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.

Annual progress towards the goals above will be measured through ARE's DRE Market & Impact Reports

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

Enabling the private sector to catalyse markets for sustainable electricity services, creating jobs and powering equitable green economies

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)

Alliance for Rural Electrification (ARE)

8.3. Lead entity type

Government

Local/Regional Government

Multilateral body /Intergovernmental Organization

Non-Governmental Organization (NGO)

Civil Society organization/Youth

Academic Institution /Scientific Community

Private Sector

Philanthropic Organization

Other relevant actor => Industry association

8.4. Contact Information

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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.:

ARE Energy Compact video: <https://we.tl/t-FcvCB6rkiF>