CSE-25/2017.RES/INF.6

# Accelerating energy system reform

# The issue

A new course was set for energy and development in 2015, through the goals set by the UN/World Bank Sustainable Energy for All (SE4All) initiative. Governments incorporated them in the Sustainable Development Goals (SDGs) that were complemented by the Paris Agreement under the UN Framework Convention on Climate Change.

Massive change is required globally while securing affordable and sustainable energy services at all times. The change must meet global concerns, but also be effective and efficient at local levels in a broad range of sectors. It will need the coordinated effort of the UN, governments, industry and finance where all parties need to excel in their application of integrative dynamic capabilities in ways that they have not been built for. Their capabilities, meaning the combination of competence and capacity must develop further to be highly dynamic in recognition of the fact that the changed course requires a change in capabilities, not once, but continuously as early efforts pave the way for more transformative steps down the road. Their capabilities must also be integrative, meaning that they must have the ability to see how their actions can help the other actors perform better and the ability to act accordingly. The effectiveness of the efforts of all four parties is not determined only by the efforts of each one of them, but by the way they interact and the way they together are able to adapt their actions to each other’s limitations and the situations on the ground as these change over time.

In the end, the changes will be effected on the ground by robust industries. These do, as we know generally not have money, just debt and equity and are empowered to manage this in ways that allow their investors, whether they are banks or shareholders such as pension funds, insurance funds, sovereign wealth funds or others to meet their proper obligations.

On the international arena, focus is on the metanational companies capable of transferring capabilities at scale across boundaries and adapting them to local circumstances. They can only act within the constraints imposed by their investors. How they manage is strongly dependent on the legal, fiscal, regulatory, contractual, fiduciary, trade and political frameworks where they work. Actions both in the public and private domains define these framework conditions. Governments represent the keystone in these structures. If they fail, the structure will fall. Governments are however also constrained to act within the space that serves their interests, but there is a large space where win-win situations arise and reform can take place.

The principal and unavoidable role of international institutions is to facilitate the development of the multilateral instruments that need to be in place for governments, industry and finance to work in concert at the local level and across boundaries. In the first instance, and for the UNECE this means building rapidly a consensus of what these instruments are, research the best solutions for implementing them and adapt the established structures to do so. The Bureaus and the UNECE management are unavoidably engaged.

The approach taken in this note is thus not to propose new institutions to lead new approaches. The approach is to call for a process within UNECE (and in principle other Economic Commissions and existing institutions) that allow the substantive capabilities they represent to be directed to the new challenges without unwarranted changes in ongoing agreed activities.

The proposed process is:

1. To seek consensus in the Bureau of the CSE to proceed with the design of a process that will enable UNECE to engage rapidly in energy reform.
2. Engage the bureaus of the subsidiary bodies to commit to the process
3. Seek consensus from member states to proceed
4. If agreed, seek capability (competence andcapacity) to support the Bureau of the CSE and the Division of SE in their research of how the UNECE can best develop and apply integrative dynamic capabilities to facilitate the reforms called for, preferably from existing staff and members of the Committee/Expert Groups.

 UNECE and the other four regional commissions are among the most valuable tools in the UN system for supporting the aspects of reform addressed above. They will be building on the 2014 Joint Statement of the Executive Secretaries of the United Nations Regional Commissions for the 5th International Forum on Energy for Sustainable Development – The Hammamet Declaration[[1]](#footnote-2).



The agenda could be[[2]](#footnote-3):

1. Seek measures that need to be implemented in the energy area in both the international and national government policies and frameworks to facilitate the rapid reforms called for in the SDGs and the Paris Agreement
2. Engage with representatives of corporations ready to contribute to change to address issues related to the structure of metanational corporations in order for them to apply themselves both to the global challenges and the local constraints.
3. Cooperate with key financial institutions to address how the measures will allow the global capital market to engage for change at scale.
4. Liaise with similar “accelerators” in other regional commissions and with national accelerators that member states may wish to establish[[3]](#footnote-4).
5. Feed the results back to the sectoral divisions and intergovernmental bodies of the UNECE for implementation as directed by the Division of Sustainable Energy and/or the Bureau of the CSE.
6. Secure the intellectual environment of the accelerator though access to information, analytical capacity, contact with academia and experts. Secure access to key stakeholders through extensive online and personal contact.

The scheme could enhance transfer of integrated dynamic capabilities by taking advantage of the UN passport to circulate personnel from other Regional Commissions and national accelerators in and out of the UNECE core group.

1. http://www.unece.org/fileadmin/DAM/energy/se/pdfs/ee21/Forum\_November\_Tunisia/Joint\_Statement\_Fifth\_International\_Forum\_Final\_All.pdf. [↑](#footnote-ref-2)
2. It is premature to identify the specific topics to address within the broad areas mentioned here. A number of these can be found in the documents submitted to the Bureau of the CSE for discussion at its meeting on the 12th of December 2016. [↑](#footnote-ref-3)
3. When Moldova initiated this issue at the Committee session in September 2016, their representative made the point that Moldova wanted to see a national “accelerator” that could benefit from liaising with a central UNECE one. [↑](#footnote-ref-4)