

Powering up energy investments in fragile states

Over 800 million people worldwide have no access to electricity. More than 8 out of 10 of them live in fragile states.

These are countries characterised by conflict, lack of security, weak government capacity, and divided societies. Another billion people in these contexts lack access to electricity reliable enough to support the livelihoods of farmers and entrepreneurs. Affordable energy is critical to power the economic opportunities needed to lift people out of poverty and enable these countries to escape fragility.

As we aspire to build back more resiliently and inclusively post-COVID-19, we must not forget those living in the world's most challenging places. Investment in clean and sustainable energy offers a key tool to break the fragility cycle and pave the way to a brighter future for fragile and conflict-affected states and their populations.

To date, there has been a failure to mobilise sufficient investment to close energy access gaps – indeed, in many fragile settings, these gaps are [widening](#). But technology advancements now mean it is possible to power homes, schools, and businesses in these contexts, and to do so in an environmentally sustainable way.

Why should this be a priority?

Fragility and energy poverty are closely interlinked.

Fragility hampers development, including improvements in energy access. In turn, a lack of development creates structural conditions for the persistence of instability and conflict. Fragility not only condemns people to extreme poverty, it affects the rest of the world – driving mass migration, terrorism, and trafficking. Energy access is a key element in peace building, and helping countries escape fragility makes us all safer.

Scaling energy access in fragile contexts is more urgent – and attainable – than ever before.

COVID-19 has triggered an unprecedented economic shock for these countries, exacerbating existing vulnerabilities. But we have an opportunity to make a quantum leap by expanding clean, affordable energy access to fuel economic recovery and enhance stability.

Significant [cost reductions](#) and quality improvements in distributed renewable energy technologies, such as solar mini-grids and other off-grid solutions, mean that we now have a convergence in what is good for the climate, what is needed to unlock economic growth in fragile states, and what is technologically feasible.

How can this be achieved?

To work in fragile contexts, energy solutions must be resilient in the face of conflict and uncertainty, and also be affordable and environmentally sustainable.

Distributed systems hold much potential as they are modular and disperse risk, making them less vulnerable to the single point of failure risks associated with large, centralised projects.

Many fragile states have significant renewable energy sources that are far from being fully exploited. Harnessing these resources would enable energy solutions that are better for the climate. However, financial commitments in off-grid solutions in countries with the largest energy access gaps – of which several are fragile – remains a staggeringly low [1.1% of the total finance](#) for electricity: only USD 460 million globally in 2018.

New commitments and partnerships can catalyse energy investments.

We commend initiatives such as the [IRENA Sustainable Energy Marketplace](#) and [Peace Renewable Energy Credits](#), and partnerships such as [Sustainable Energy for All](#), [IRENA/ADFD Project Facility](#), and the [Green and Equitable Recovery Call to Action](#). We call on them and others to pay special attention to expanding energy access in fragile contexts.

The private sector and aid agencies, supported by development finance institutions (DFIs), should work closely with governments of fragile states to design financing mechanisms, regulatory frameworks, and business models that can be deployed at scale to support investment in renewable energy.

We, the undersigned, commit to work together to make greater energy access in fragile contexts a reality. We call on our peers and partners to help realise the following:

1 The G7 should make expanding energy access in fragile contexts a priority for the next year.

The United Kingdom, as host of both the 47th G7 summit and the UN Climate Change Conference (COP26) in 2021, should convene DFIs, private sector firms and investors, and governments of fragile states to devise practical means of bringing electricity to millions of people within the next decade. Increased bilateral aid for energy will be a vital element of scale-up efforts.

2 DFIs should scale up energy investments in fragile contexts.

DFIs have a pivotal role to play in strategically deploying public funds to offset the higher risks and costs associated with fragile contexts, ensuring that private sector firms can participate.

3 The private sector's financial resources, expertise, and management efficiency is needed for sufficient scale to be achieved.

New financing mechanisms can ensure that commercially acceptable returns can be attained, and private sector participation would complement government capacity to boost sector development.

4 Multilateral institutions should scale up access to instruments supporting investments in fragile contexts.

For example, from 2010 to 2019, only 10% of the Multilateral Investment Guarantee Agency's new guarantee volume was in fragile states. Currency risk management instruments and political risk insurance should be made more affordable for fragile contexts and extended to both domestic and foreign investors.

5 Governments of fragile states should develop regulatory frameworks to support energy investments and commit to transparency and the rule of law.

Support from aid agencies to strengthen the capacity and role of state institutions and deepen local workforce capabilities in the energy sector will be needed.

6 Improve collection and availability of data on energy investments in fragile states.

This would enable tracking of commitments and support valuable research efforts to evaluate projects and inform policymaking.

Fragile states have never been at greater risk of falling behind the rest of the world. Nor have the global dangers of fragility – extreme poverty, mass migration, and terrorism – ever been more serious. Expanding energy access is essential to enable these states to escape fragility and achieve growth and development. ■

Led by:

Council on State Fragility

Ellen Johnson Sirleaf, Former President of Liberia | **David Cameron**, Former Prime Minister of the United Kingdom | **Donald Kaberuka**, Special Envoy of the African Union's Peace Fund | **Amat Al Alim Alsoswa**, Former Minister of Human Rights of Yemen | **Lakhdar Brahimi**, Former UN Special Envoy | **Isobel Coleman**, Former COO of GiveDirectly | **Paul Collier**, Director of IGC | **Mo Ibrahim**, Founder and Chair of the Mo Ibrahim Foundation | **Olusegun Obasanjo**, UN Special Envoy for Africa | **Minouche Shafik**, Director of The London School of Economics and Political Science | **Rajiv Shah**, President of The Rockefeller Foundation | **Tidjane Thiam**, Special Envoy of the African Union

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