

DIVERSIFICATION OF THE ENERGY MATRIX: AN OPPORTUNITY FOR THE DEVELOPMENT OF LATIN AMERICA AND THE CARIBBEAN

ANDREA PATRICIA PABÓN MOLINA

PROFESSIONAL IN GOVERNMENT AND INTERNATIONAL RELATIONS AND SPECIALIST IN
INTERNATIONAL COOPERATION AND PROJECT MANAGEMENT FOR DEVELOPMENT

Participating in the 2021 Campus Yuste courses has been a great experience because they provided me with a series of tools which I will be able to generate changes with in communities and institutions whose ambiguous practices do not allow the circulation of productive dynamics. I found the courses on natural, social, cultural, political and economic systems very interesting, since their analyses took into account an interdisciplinary approach and a managerial perspective in the design and management of sustainable strategies. Thus, the explanations of the different speakers on the current problems of the Latin American and Caribbean region (LAC) and the role of the European Union (EU) in solving these problems were valuable because they showed me the range of opportunities to better plan public and private agreements and official development assistance.

My aspiration to be an integral professional who understands the relations and dynamics between both regions motivated me to take two courses, that of “EU-Latin America and the Caribbean Relations: A Renewed Agenda and Programme for Recovery under the SDGs” and that of “Economic Impact of Climate Change in Latin America and the Caribbean”. These caught my attention because they covered relevant issues related to (i) the construction of strategies according to the interrelation of the human being and nature, and (ii) the understanding of the multidimensionality of socio-environmental problems.

I can, therefore, assure you that both courses provided quality material, as I feel more qualified to deal with such complex and diverse problems as environmental degradation in times of armed conflict, economic crises due to worsening climate change or increasing inequality due to the COVID-19 pandemic. I wish to add value to society and institutions, and I, therefore, reaffirm the importance of courses such as those mentioned, since they help the approach of innovative actions that strengthen sustainable development.

In this sense, I bring up the issue of the diversification of the energy sector in LAC, because in addition to being a topic of discussion, it is relevant to the social,

economic and environmental progress of the region, as according to the Paris Agreement most LAC countries as well as the EU agree on the urgency of decarbonisation of the economy to reduce greenhouse gas (GHG) emissions, because otherwise the difficulty of achieving the Sustainable Development Goals (SDGs) will be greater.

Energy sector diversification in Latin America and the Caribbean

The diversification of the energy sector in LAC is an interesting issue to study because the costs of conventional energy sources increase as domestic demand increases; under these conditions, diversification proves to be a more resilient mechanism in the production of energy as opposed to the risks of climate change because, as mentioned by the Deputy Minister of Energy and Environmental Quality of Costa Rica, Rolando Castro, the systematic problems generated by an energy matrix composed of hydrocarbons complicate compliance with the SDGs.

Indeed, expanding unconventional renewable energy sources has become a necessity for all countries signatories to the Paris Agreement, because they agree that decarbonisation of the economy must be a priority for GHG emissions to decrease and limit global warming. However, we must not ignore that this has been a real challenge for the LAC region due to its heavy dependence on hydrocarbons. It is, therefore, important to think about a cooperation between both regions where the management of public policies related to non-conventional renewable energy is addressed, because according to the Economic Affairs Officer of the Economic Commission for LAC, Sebastian Rovira, the fact that LAC societies emerge from the poverty traps of development, especially the environmental one, depends on this management.

Thus, despite the effort that has been made to achieve diversification of energy supply, it is essential to focus more resources for this purpose because LAC is behind the EU's progress. Energy supply with minimal social and environmental impact should be a priority issue despite the costs that may arise, especially because the developed countries in the Paris Agreement committed themselves to providing financial and technological resources for the energy transition process in developing countries.

Therefore, in order to decarbonise those activities whose energy generation

involves large GHG emissions, it is urgent to implement strategies between both regions where leverage is gained in the geographical and geological advantages of LAC, because otherwise the accumulation of the half-life of the emissions will represent, as explained by Professor Francisco Javier Acero, drastic changes in precipitation, humidity and temperature throughout the face of the Earth.

Energy transition as a driver for development in Latin America and the Caribbean

The development of non-conventional renewable energies such as wind, solar and biomass is indispensable for the fulfilment of the 2030 Agenda, as in addition to having a significantly lower negative impact on the environment, they also contribute to reducing the poverty traps of development; because even if there are high and middle-income countries in both regions, as explained by the Regional Director for LAC of the United Nations Development Programme, Luis Felipe López, the LAC region is much more unequal, and this is a fact that will increase if efforts are not focused on an energy transition.

The EU, being a more energy efficient region, has the opportunity to redirect policies that promote green energy generation in LAC, which are necessary to increase equitable access to energy and improve its quality. In fact, the permanence of an energy matrix that prioritises fossil fuels can condemn entire populations to vicious cycles of scarcity, low incomes and poor services. Thus, to reduce inequalities between both regions and within Latin America, technologies and knowledge that can be provided by the EU are needed.

In view of the foregoing, it should be noted that a conventional energy matrix is a structure that self-reinforces restrictive welfare conditions and imposes cognitive, psychological and social impositions on the population. Therefore, the need for energy transition is not only a matter of preserving ecosystem services but also of reducing the inequality and poverty gap, since in the end, equitable access to quality energy promotes the integral development of the most vulnerable people in the LAC region.

On the other hand, one cannot be unaware of the fact the LAC region has been taking a series of measures to generate the transition through its Nationally Planned and Determined Contributions, and subsequently through its Nationally Determined

Contributions; however, it is the EU which, being at the forefront of international instruments to decarbonise the economy, can provide greater support in the orientation of national and territorial LAC policies, especially because there are currently economies in the region that depend on hydrocarbons; and although it is believed that without them the region is doomed to underdevelopment, the economic and social benefits of the transition are greater.

Interdependence relation between the European Union and Latin America and the Caribbean in the energy transition

In a context of post-pandemic economic recovery, the incorporation of non-conventional renewable energy sources is essential both to accelerate the energy transition in LAC and to address the fall in hydrocarbon prices in some of the countries of the region whose economy depends largely on oil, gas and coal. Indeed, the EU, being a great ally of LAC and having more experience in the process of establishing the “Green Deal”, can enable the transition to the region.

It is, therefore, important to recognise that the EU has a significant learning curve that can help LAC to (i) build or change regulatory frameworks that enable a sustainable economic model, (ii) act on society’s needs, efforts and demands for the development of a clean economy, (iii) support green investments, and (iv) find appropriate private-public partnerships. While the EU represents a great deal of support for the energy transition, the natural wealth and achievements so far achieved by LAC should not be underestimated, as a relationship of complementarity that builds national productive industries should be strived for.

I, therefore, stress the importance of strengthening the link between the two regions because both will thus be able to diversify the energy sector in order to be more sustainable and resilient to global environmental changes, international demands and social inequalities. In this respect, it is more practical to solve the economic, technical and legal challenges of the energy transition in a collaborative and integrated way than individually in the long run, since failure to do so would lead to problems in the trade relations, which millions of people depend on.

The adaptation of regions in the process is important to ensure the energy security,

which the economic activities of productive countries are subject to. The transition, therefore, goes beyond purely environmental concerns, as relations between them may deteriorate if the EU does not support the transition more vehemently and if LAC does not direct its policies immediately to that cause.

Foreign policy is crucial for the countries of the regions. However, it may be altered when they are unable to respond to the demands of international agreements, thus undermining their productive activities. History has shown us how the poor economy of one country can destabilise entire societies and how these in turn can affect others; therefore, in order to reduce the vulnerability of all, the relationship between the two regions must be strengthened to speed up the energy transition.

Conclusion

The discussions brought up in the courses highlighted the challenges shared by the two regions on several issues, including the need for LAC to move to a more efficient energy matrix and the importance of EU support in the process. Indeed, the current matrix implies limitations in the access of several rights, including health and education, which hinder the positive feedback of the population in LAC. It is very difficult to get out of the poverty traps of development without the conditions to do so, so the energy transition must be a matter to commit to together, since progress and energy exchange cement productive and competitive societies.

Finally, it should be mentioned that energy efficiency depends on a multidisciplinary approach, so it is important to take into consideration the recommendations of all relevant stakeholders in the process according to the territory, because with the change of matrix, the aim is to strengthen the social and territorial fabrics that due to various factors, including energy inefficiency, have fractured, which has generated reproductive structures of poverty and inequality in LAC.

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European and Ibero-American Academy
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Translated by **Verónica Guillén Melo**