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SUSTAINABLE ENERGY FOR ECUADOR

Transforming the Power Sector Toward Efficiency and Sustainability while Broadening the Base for Prosperity

Ecuador's energy sector relies on public funding and fossil fuels, which hinders economic growth, contributes to high greenhouse gas emissions, and consumes public funds that could be used for social development. In contrast, sustainable energy technologies—renewables, energy-efficient technologies, modernized electric grid, on-site or distributed generation, and electric mobility—can power economies. These technologies open markets to private investment, help combat the climate crisis, and create local jobs for people in rural and remote areas where industry and employment is scarce. Electricity is a key driver of economic growth and resilience. It facilitates the provision of health, education, clean water, and other services for improved quality of life.

USAID's Sustainable Energy for Ecuador (SEE) project will collaborate with power utilities and policymakers to increase the efficiency and diversity of energy. Energy is power. Without reliable and affordable energy, countries can't achieve many of their development goals—including improved health, education, banking, and household incomes. Improved governance, paired with technical and operational capacity, will lay the foundation for more public and private investment in sustainable energy services, encourage innovation, boost competitiveness, create jobs, and strengthen supply chains for greater energy security. Systemic and inclusive changes will improve power sector performance, reduce emissions, and increase energy security, while extending sustainable economic opportunities to more people.

REFORMING ENERGY POLICIES AND REGULATIONS

Current laws and policies hinder development and deter private sector participation in the energy sector. SEE will work with the Ministry of Energy and other stakeholders to advance energy policy and regulatory reforms that promote transparency, competition, equity, and private investment. Technical experts will use an inclusive and participatory approach to assess the current legal framework, identify barriers, and help update policies and regulations to cultivate an environment

conducive to sustainable energy technology businesses and enterprise-driven development. The project will also work with policymakers and local communities to prepare for, design, and implement competitive procurements for renewable energy, which will increase clean, less costly sources of power. These reforms will lead to more efficient and equitable service from clean, competitive, and reliable generators that promote opportunity, equity, and fairness to communities transitioning to decarbonization.

BUILDING LOCAL CAPACITY FOR THE ENERGY TRANSITION

Transitioning to an efficient and modern power system will require workers to learn new skills and power utilities to improve performance. SEE will work with utilities and policymakers to increase the efficiency and diversity of energy use through improved human and operational capacity and sustainable energy technologies. With greater capacity among power utilities and the local workforce, Ecuador's power system will be able to integrate more renewable energy while adapting to the quickly evolving energy market, climate pledges, urbanization, and declining cost of sustainable energy. By planning for and adopting energy efficiency and renewable energy technologies, and by modernizing the electric network, utilities will avoid energy surpluses or shortages that raise electricity prices due to supply and demand imbalances. They will also reduce their vulnerability to the risks caused by fossil fuel price fluctuations, given that fossil fuel energy consumption in Ecuador is reported to be over 85 percent of total energy sources according to the World Bank, and variability of climate-dependent hydropower. A modern grid and new business models will also promote the adoption of electric mobility, reducing emissions in the highest-polluting sector of the economy. Overall, increasing human capital will improve the management and sustainability of the power sector.

INCREASING FINANCING FOR SUSTAINABLE ENERGY PROJECTS

Public and private financing shortfalls and budget deficits hinder energy transformation and long-term sustainability. SEE will work with the Government of Ecuador, the private sector, the U.S. Development Finance Corporation, and other financing organizations to mobilize public and private financing for competitive, reliable, sustainable energy services. Technical experts will help design, finance, and implement new sustainable projects that demonstrate scalability. SEE will work with partners to strengthen funding and incentive mechanisms, cultivate new sources of financing, and raise awareness of profitable and sustainable solutions among the private sector and consumers. SEE's inclusive approach to private sector engagement will promote the creation of small businesses for more people, including Indigenous peoples, youth, and women.

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