Energy for Africa: EU-Africa Initiatives

Energy Policy and Financing Instruments

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Energy for development: key issues

Energy poverty

- 1.4 billion without electricity
- 2.7 billion cook with traditional fuels
- Energy-linked respiratory diseases & drudgery of women & children

Climate change

- Current energy use pattern (80% fossil fuels) not environmentally sustainable
- Impacts on infrastructure
- Deforestation

Energy supplies and prices

- Commercial energy use is growing (about 1.7% p.a. in industrialised and 3.8% p.a. in developing countries)
- Volatile prices

Energy and Poverty Alleviation

Box 1. Energy Services and the Millennium Development Goals (UNDP/DFID)	
MDG 1 Extreme poverty and hunger	Energy inputs such as electricity and fuels are essential to generate jobs, industrial activities, transportation, commerce, micro-enterprises and agriculture outputs. Most staple foods must be processed, conserved and cooked, requiring heat from various fuels.
MDG 2 Primary education	To attract teachers to rural areas electricity is needed for homes and schools. After dusk study requires illumination. Many children, especially girls, do not attend primary schools in order to carry wood and water to meet family subsistence needs.
MDG 3 Gender equality	Lack of access to modern fuels and electricity contributes to gender inequality. Women are responsible for most household cooking and water boiling activities. This takes time away from other productive activities as well as from educational and social participation. Access to modern fuels eases women's domestic burden and allows them to pursue educational, economic and other opportunities.
MDG 4 Child mortality	Diseases caused by unboiled water, and respiratory illness caused by the effects of indoor air pollution from traditional fuels and stoves, directly contribute to infant and child disease and mortality.
MDG 5 Maternal health	Women are disproportionately affected by indoor air pollution and water- and food-borne illnesses. Lack of electricity in health clinics, illumination for nighttime deliveries, and the daily drudgery and physical burden of fuel collection and transport all contribute to poor maternal health conditions, especially in rural areas.
MDG 6 Combat HIV/AIDS	Electricity for communication such as radio and television can spread important public health information to combat deadly diseases. Health care facilities, doctors and nurses, all require electricity and the services that it provides (illumination, refrigeration, sterilization, etc) to deliver effective health services.
MDG 7 Environmental Sustainability	Energy production, distribution and consumption has many adverse effects on the local, regional and global environment including indoor, local and regional air pollution, local particulates, land degradation, acidification of land and water, and climate change. Cleaner energy systems are needed to address all of these effects and to contribute to environmental sustainability.
MDG 8 Global partnership	The World Summit for Sustainable Development called for partnerships between public entities, development agencies, civil society and the private sector to support sustainable development, including the delivery of affordable, reliable and environmentally sustainable energy services.

Energy in Africa – an overview

- Low energy use per capita, fight against energy poverty remains a major concern
- Almost 600 million people still without access to electricity
- Biomass represents almost 60% of energy consumed in SSA, burned inefficiently
- Substantial and diverse resources but potential largely unexploited
- Concentration of (fossil fuel) sources in particular regions and countries

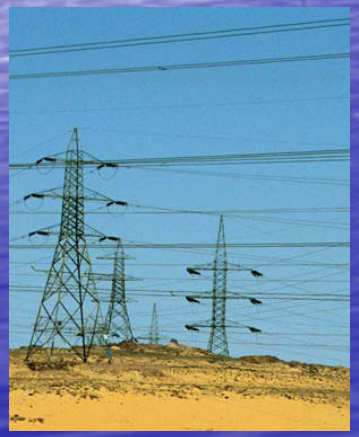
Africa's power deficit

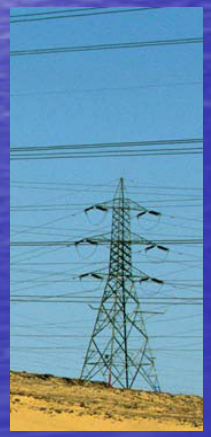
- *Access:* per capita power consumption in SSA is 124kWh/year – barely enough to power a light bulb for 6 hours a day
- *Reliability:* power outages make businesses lose 6% of their turnover
- *Growth:* capacity needs to grow by 10% per year to meet suppressed and growing demands and to support economic development
- *Needs:* Africa's largest infrastructure needs are in the Energy Sector

Security, access and climate

- Energy security increasingly linked to diversification of (inter) dependencies: regional scale offers best framework
- …but solid cooperation mechanisms between partner countries and appropriate investment frameworks are necessary
- In most African countries energy security cannot be dissociated from access to modern energy
- Renewable energy production at local level is key to providing sustainable access to modern energy to rural populations

Challenges and opportunities





- Overall costs for the power sector in SSA is $41 billion a year (of which $14 billion for operation & maintenance)
- Regional power trade: a cost-effective way to expand Africa's power generation
- Increase hydro-power's share from 36% to 48% (saving 70 million of tons of carbon emission annually)
- Only a fraction will come from ODA: increased efficiency by blending grants and loans
- Private sector involvement is critical to success, thus good framework conditions

The EU Energy Initiative and its instruments

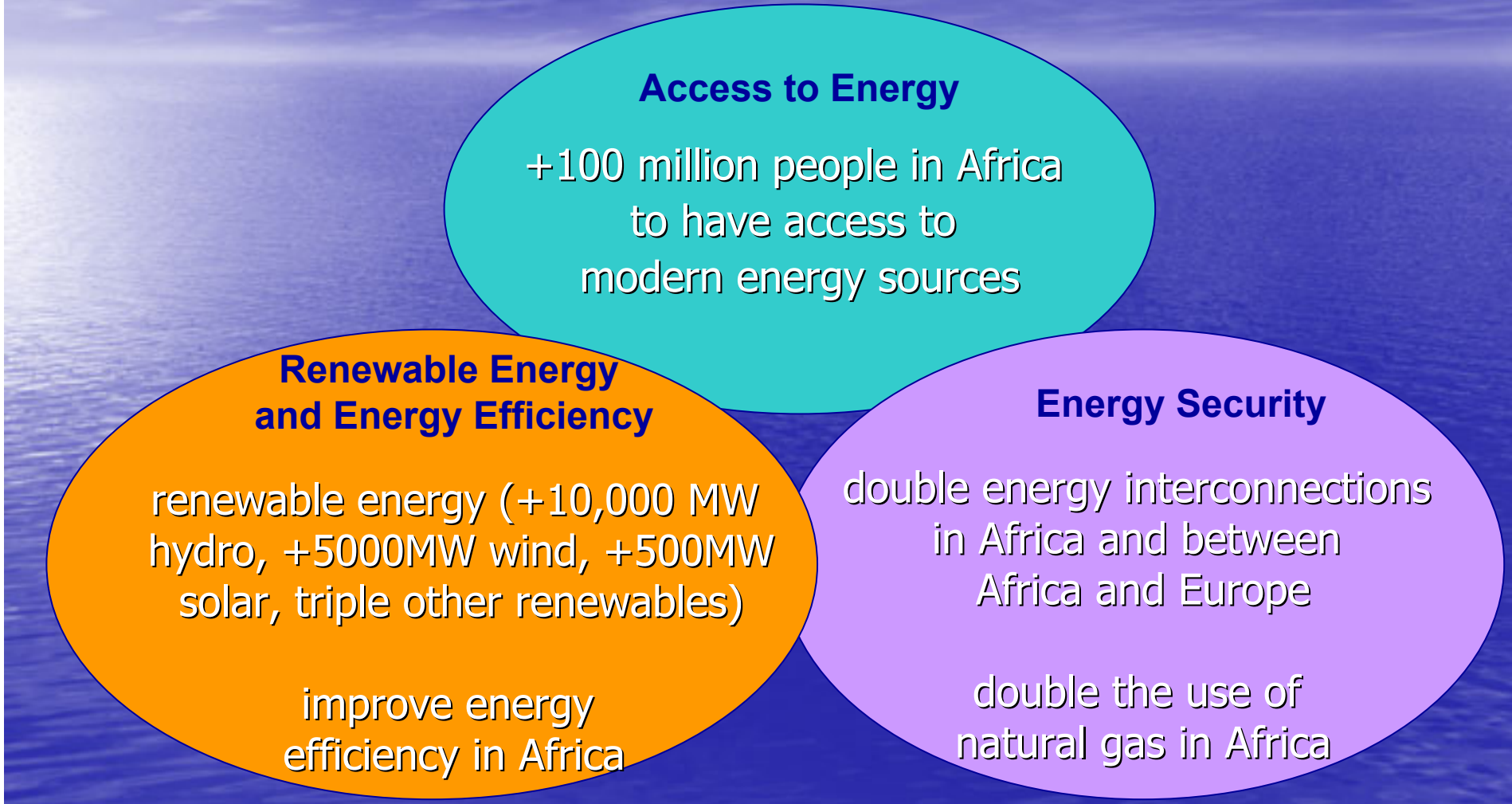
- The 2002 Johannesburg World Summit on Sustainable Development concludes that access to energy is key to poverty reduction
- The EU Energy Initiative (EUEI) is launched at the Summit promoting energy access
- Selected instruments of the EUEI:
  - The creation of the EUEI Partnership Dialogue Facility (EUEI PDF), a flexible instrument for assisting partner countries funded by EU Member States and Commission
  - The Energy Facility is focussing on energy access, financed under the 9th & 10th European Development Fund

The Africa-EU Energy Partnership

- **The Africa-EU Energy Partnership, launched in 2007 at the Lisbon Summit provides a dialogue on energy access to climate friendly and sustainable energy, increased investments & energy security**
- Its overall objective:

  Improved access to reliable, secure, affordable, cost-effective, climate friendly and sustainable energy services for both continents, with a focus on achieving the MDGs
- Three priority clusters, with political targets for 2020 on:
  - Energy Access
  - Energy Security
  - Renewable Energy and Energy Efficiency
- High Level Meeting in Vienna Austria 14 September 2010 endorsed the political targets

The Africa-EU Energy Partnership: joint Africa-EU targets



Integrated Framework of EC/EU financing instruments

- ACP-EU Energy Facility: local scale access projects
- National and Regional Indicative Programmes under the European Development Fund: national, cross-border and regional projects
- EU-Africa Infrastructure Trust Fund (ITF) and Neighbourhood Investment Facility (NIF): regional and continental scale, e.g. interconnections, hydropower
- EU Thematic programme addressing energy, and Fast-Start Climate Funding
- EU bilateral programmes and joint initiatives e.g. the Dutch-German "Energising Development", Energy+
- EU Development Finance Institutions, EIB, GEEREF - Global Energy Efficiency and Renewable Energy Fund

EU development policy in support of inclusive growth and sustainable development

- **access to sustainable energy for all citizens**: a key issue for sustainable development
- current challenges call for **innovative solutions including the private sector, as well as climate-resilient technologies**
- many positive opportunities will result from an objective of "**climate-proofing**" development and cooperation strategies and **investing in sustainable development**

Our new Communication on EU Development Policy highlights Energy as a new priority area: "the EU should offer technology and expertise as well as development funding, and should focus on three main challenges: price volatility and energy security; climate change, including access to low carbon technologies, and to secure, affordable, clean and sustainable energy services."

Thank you for your attention.

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