



Empowering development

Sustainable energy for sustainable growth

The EuropeAid approach to Energy



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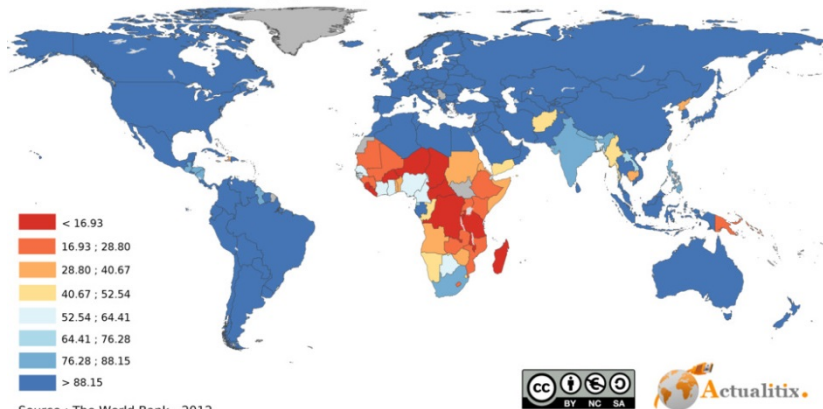
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1. Facts & figures

Energy financing

Energy poverty

Access to electricity (% of population)



Globally 1.2 billion people are without access to electricity (IEA, 2016)

Around 3 billion people cook and heat their homes using open fires and simple stoves burning biomass (wood, animal dung and crop waste) and coal. Over 4 million people die prematurely from illness attributable to the household air pollution from cooking with solid fuels (WHO, 2016).

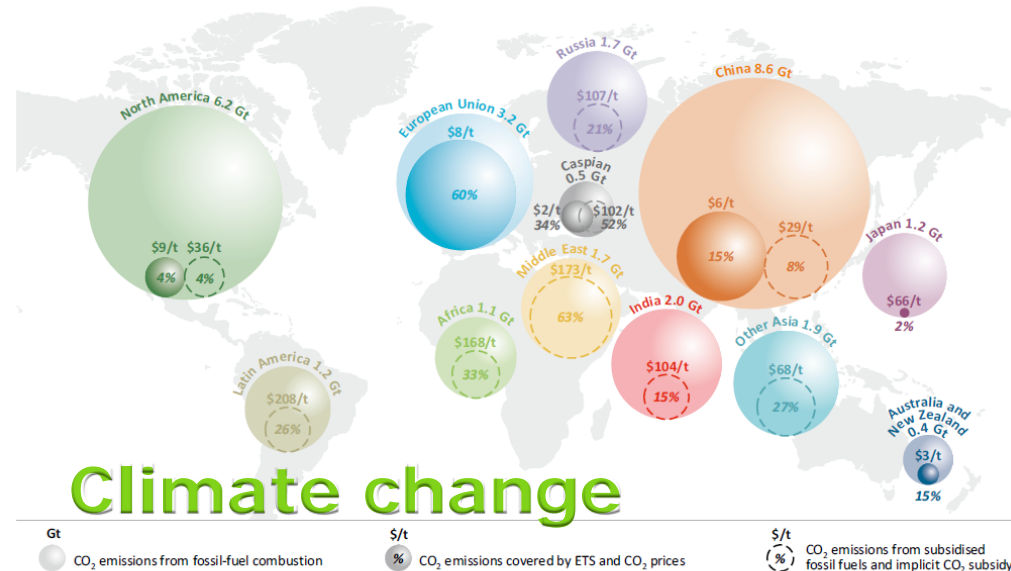
Greenhouse-gas emissions from the energy sector represent roughly two-thirds of all anthropogenic greenhouse-gas emissions. CO₂ emissions from the sector have risen over the past century to ever higher levels. Effective action in the energy sector is, consequentially, essential to tackling the climate change problem (IEA Report on Energy and Climate Change 2015).

Annual requirement for the period from 2010 to 2030 to achieve the universal access to modern energy services and doubling the share of renewable energy in the global mix :

- **\$50 billion for energy access** (current spending is \$9 billion)
- **\$442-650 billion for renewable energy** (current baseline of \$258 billion). Except for Europe all regions need to increase investment to meet targets. The largest annual funding gap by far is in developing Asia.
- **\$560 billion for energy efficiency** (current spending is \$130 billion).

(SE4All Advisory Board's Finance Committee Report on Scaling Up Finance for Sustainable Energy Investments, 2015)

Figure 1.2 > Energy-related CO₂ emissions in selected regions, 2014



Climate change

Notes: The implicit CO₂ subsidy is calculated as the ratio of the economic value of those subsidies to the CO₂ emissions released from subsidised energy consumption. ETS = emissions trading scheme.

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2. International engagement

EU policies

- * **Energy, as a key driver** for sustainable and inclusive growth, (2011, Agenda for change)
- * **A better use of Development funds to leverage private sector investments** (2014, Communication on the role of private sector in development)
- * **European energy and climate diplomacy** (2015, The Energy Union package)

EU commitments

Contributing to the provision of energy access to 500 million people by 2030

EuropeAid best donor with EUR 3.5 bn for energy 2014-2020

EU to become number one in renewables

Paris Agreement

The EU has been at the forefront of international efforts towards a global climate deal and will continue to support climate action to reduce emissions and build resilience to climate change impacts in developing countries. Developed countries intend to continue their existing collective goal to mobilise USD 100 billion per year by 2020 and extend this until 2025.

The 2030 Agenda for Sustainable Development



EU to devote at least 20% of the EU budget from 2014 to 2020 to climate change-related action

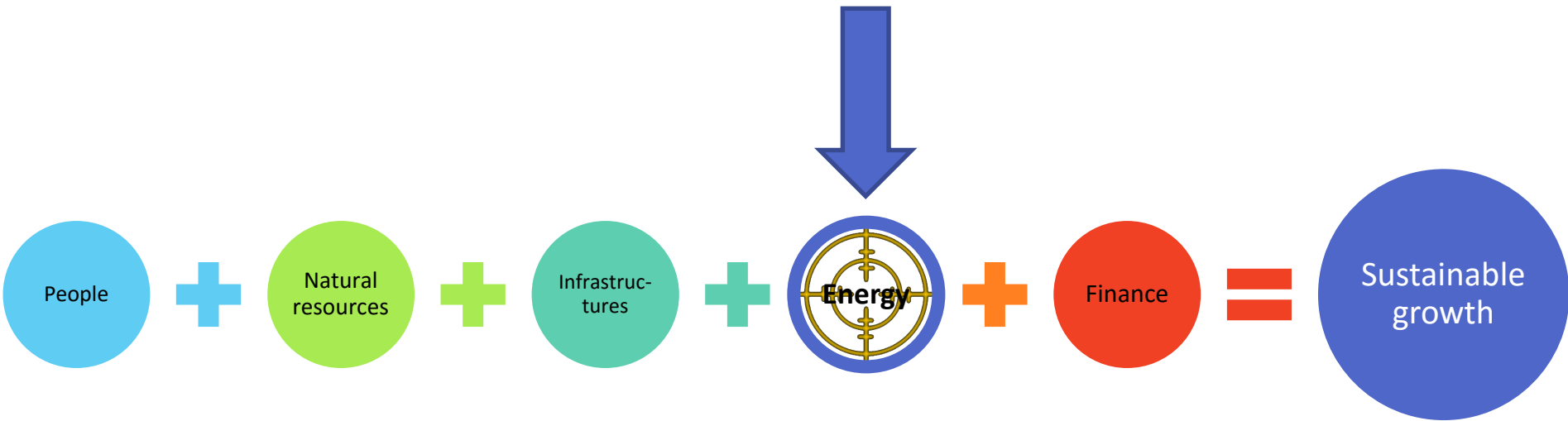
Addis Ababa Action Agenda (Financing for Development)

"...blended or pooled *financing* and risk mitigation, notably for infrastructure and other investments that **support private sector development**." This provision of the AAAA is already a usual tool for EuropeAid who leverage aid money through the blending scheme to finance energy infrastructures.

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3. Sector context

Sustainable energy for sustainable growth



Climate action

Human rights

Inclusiveness & gender equality

Frame

4. EU policies & commitments

- **Energy, as a key driver** for sustainable and inclusive growth, has a strong multiplier effect (2011, Agenda for change)
- **Sustainable energy production, efficient energy use**, research and innovation activities on climate and clean technologies and modern and adequate infrastructure in order to ensure a match between production and consumption (the EU's own energy future, as defined in Energy 2020 COM/2010/639 and the Energy Roadmap 2050, COM/2011/885)
- **European energy and climate diplomacy:** EU's development actions in the energy sector are a fundamental part (2015, The Energy Union package)
- **EU to become number one in renewables** in an improved global governance system for energy, leading to more competitive and transparent global energy markets (2015, Framework Strategy for a Resilient Energy Union COM(2015) 80)
- **EU reference framework for energy cooperation with the developing countries** (COM(2002) 408).
- **EU to devote at least 20% of the EU budget from 2014 to 2020 to climate change-related action** (2011, Communication "A Budget for Europe 2020")
- **EU assisting developing countries in providing energy access for 500 million people by 2030** (President Barroso declaration, April 2012 in the context of the EU SE4All-Summit held in Brussels)
- **A better use of Development funds** to leverage private sector investments (2014, Communication on the role of private sector in development COM/2014/0263)

5. WHAT ?

The 3 big bets

Sustainable energy ...

Renewable energy

- **Electricity** generation only from renewable sources
- Smart **grids** for renewable integration

INDICATOR No 1.1 - MW installed

Access to modern energy services

- Affordable modern **electricity** solutions: all scales, on-grid and off-grid, from solar lamp to big interconnections to foster regional integration of energy markets
- **Productive** and **social** uses of energy
- Clean **cooking**

INDICATOR NO 3 - Access to modern energy
INDICATOR No 4 - Access to electricity
INDICATOR No 5 - Indirect electrification

Contribution to the climate agenda

- Smart energy use in poor **urban** and semi-urban communities
- Energy efficiency
- Grid losses reduction

INDICATOR No 1.2 - MW saved
INDICATOR No 2 - tons CO₂ saved

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6. HOW ?

The EU way of doing

... for sustainable growth

Promoting political ownership by partner countries / regions

- **Bilateral assistance programmes** with targeted allocation of funding for energy negotiated with countries and regions
- **Policy dialogue** and **Joint Declarations** on enhanced energy cooperation to align development assistance on the partner's countries' and regions' own policies (EUDs core role)
- **Budget support** to foster reforms in the energy sector
- EU Energy Initiative to ensure **complementarity** between donors and set up **joint programming** with EU members states
- **Covenant of Mayors** for Sub-Saharan Africa

Enabling environment for private sector engagement

- EU Technical Assistance Facility for sustainable energy to support:
 - the improvement of the institutional, financial, legal and **regulatory framework**
 - **inclusive** business models to enhance energy services for the poor
- Africa-EU Renewable Energy Cooperation Programme (RECP) to support the **Capacity development** on renewable energies in Africa
- Strategic partnerships with **civil society** participation for affordable energy services in particular for women

Leveraging additional funds through innovative financial instruments

- **Shift from grants to blending** to support the development of energy infrastructures
- **Use the EU blending framework** and **ElectriFI** to boost public & private sectors finance and engagement to effectively complement EU development assistance
- Provide **Guarantees mechanisms** and **contribute to global funds** to foster investments from public and private sector

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7. Policy coherence

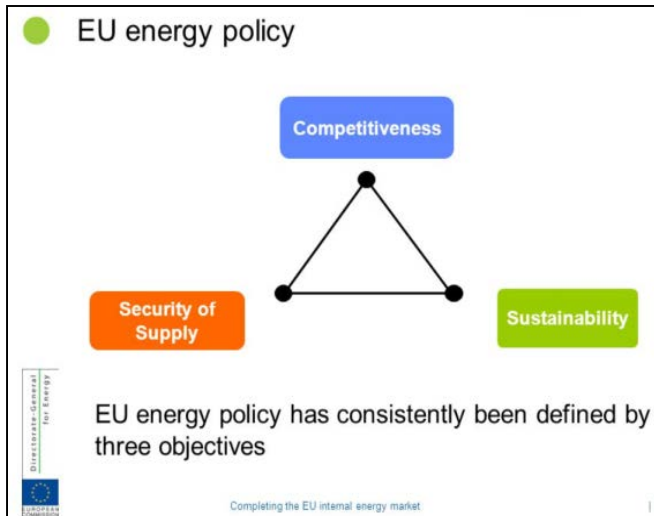
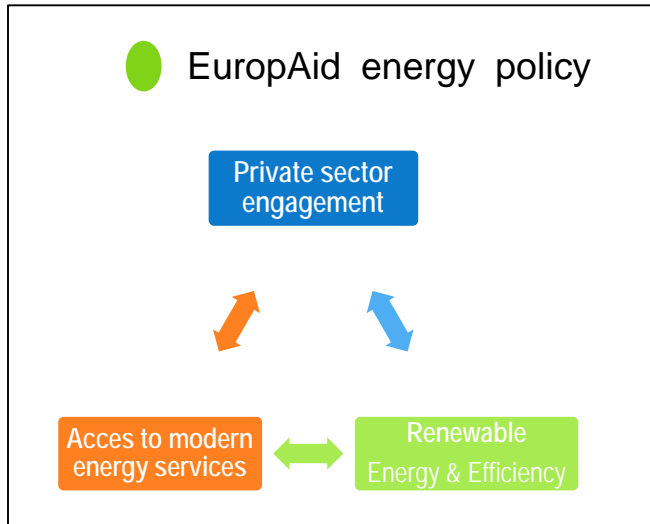
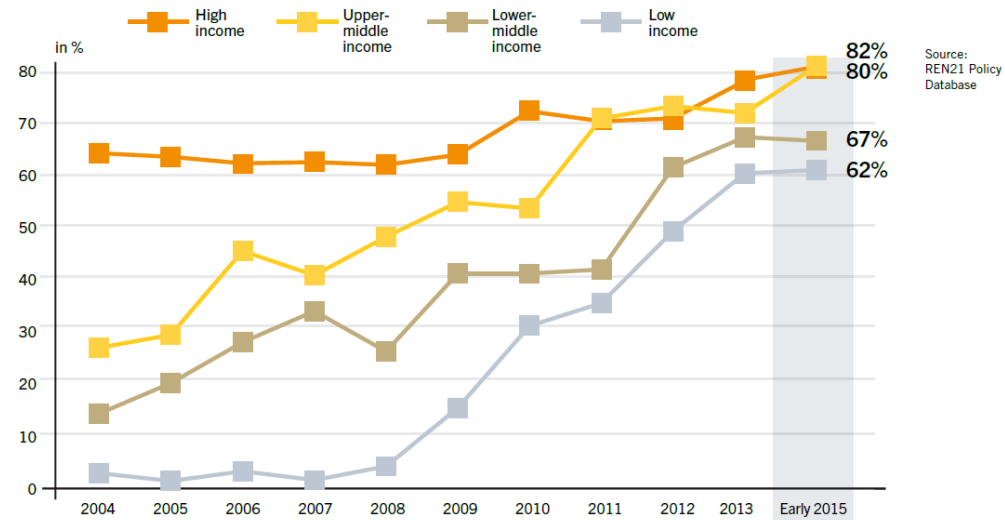


Figure 31. Share of Countries with Renewable Energy Policies, by Income Group, 2004–Early 2015



EU Targets for 2030

- a 40% cut in greenhouse gas compared to 1990 levels
- at least a 27% share of renewable consumption
- at least 27% energy savings the business-as-usual scenario

8. WITH WHOM ?

Main partnerships

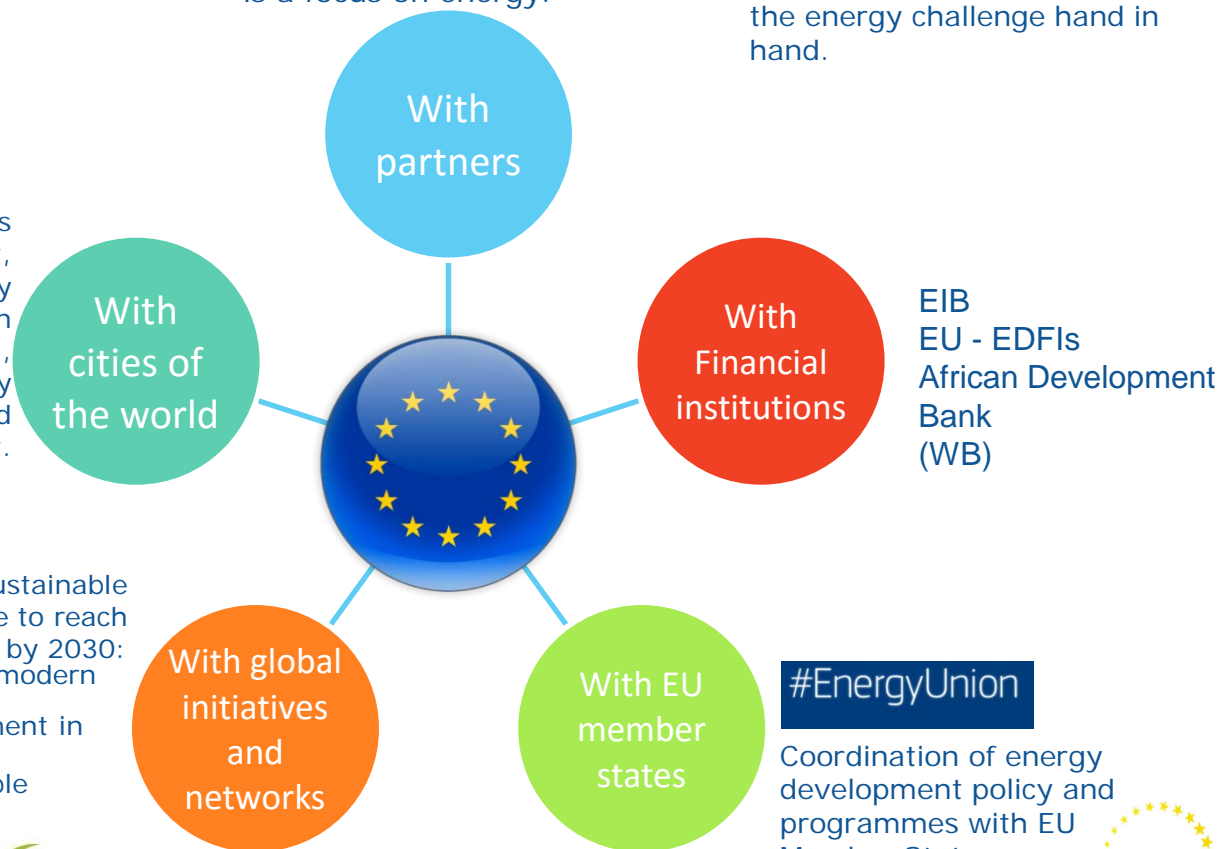


Dialogue with stakeholders in partner countries to implement the cooperation strategy. The 139 EU Delegations and Offices around the World play a key role in particular in the **30 countries** where there is a focus on energy.

Under the Africa-EU Energy Partnership (AEEP), the two continents share their knowhow and resources, tune their complementary interests and closely link their policies to meet the energy challenge hand in hand.



To increase the capacities of cities to provide access to sufficient, sustainable and safe energy services to urban and peri-urban populations (specially the poor), with a special attention to energy efficiency as a driver for local and climate resilient development.



EIB
EU - EDFIs
African Development Bank
(WB)

#EnergyUnion

Coordination of energy development policy and programmes with EU Member States



EuropeAid supports the Sustainable Energy for All (SE4All) initiative to reach three major objectives by 2030:

1. Achieving universal access to modern energy services;
2. Doubling the rate of improvement in energy efficiency;
3. Doubling the share of renewable energy in the global mix.



2012 INTERNATIONAL YEAR OF
SUSTAINABLE ENERGY
FOR ALL

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9. THE PRESENT (2014-2016)

Promoting political ownership by partner countries / regions

30 countries where Sustainable Energy is a focal sector for cooperation with EuropeAid (about €2.3 bn from NIPs/RIPs in Africa)

19 Joint Declarations on enhanced energy cooperation involving several other donors

Joint **Africa EU** Strategy and targets

MAIN EVENTS

COP21 (December 2015): 6 Joint Declarations signed, launch of the Covenant of Mayors

Financing for Development (July 2015): MoU with power Africa signed

SE4All 2nd Forum (May 2015): Political launch of ElectriFI, 2 Joint Declarations signed

2nd **AEEP Stakeholders Forum** (May 2015)

Enabling the environment for private sector engagement

Since December 2014 **TAF** covering Asia, Neighbourhood, Latina America, Caribbean and Pacific carried out 15 missions in 8 countries. The TAF Africa started in December 2013 and carried out more than 100 missions in 28 countries.

Technical and financial assistance for energy market **regional integration** (ECREEE, COMESA, AUC, RAERESA)

Support to countries regarding the **SE4All** initiative (Uganda, Ethiopia, SADC...) – preparation of the Action Agenda and the Investment Prospectus

Rural electrification projects ongoing in 20 African countries (Energy Facility implementation)

Leveraging additional funds through innovative financial instruments

First contract with FMO, launch of **ElectriFI** first Call (15/04/16)

Blending: in 2007-2014 about €400 M of EU grants have **leveraged** additional loans by finance institutions and regional development banks and led to investments in EU partner countries of more than €6 bn (AIF)

Launch of the African Investment Facility (AIF) and other regional facilities. Already **€496 M allocated to AIF** mostly from RIPs

Commitment to €1.6 bn from NIPs/RIPs/GPGC and Intra-ACP as per the **AREI** Declaration

10. Targets for 2014-2020

(Blending assumption is 60%, Africa : multiply by 77%)

Renewable installed/saved	5,800 MW	<p>4,000 MW of new renewable energy</p> <p>Hydropower 1,800 MW</p> <p>Solar/wind PV generation 1,850 MW</p> <p>Generation Waste/Biomass 350 MW</p> <p>1,800 MW of decentralised renewable energy (solar homes and mini-grids)</p>
Access to modern energy	40,000,000 people	<p>24,000,000 direct access to electricity (= 4,800,000 connections)</p> <p>Distribution on grid (infrastructure) 7,500,000</p> <p>Last meter social grid connections or prepaid meters through microfinance 3,200,000</p> <p>Mini grid including generation 5,000,000</p> <p>SHS (Solar Home systems) 8,300,000</p> <p>16,000,000 access to clean cooking and preelectrification (solar lamps)</p> <p>4.800.000 with 2 solar lamps per household (cost of only EUR 58 million)</p> <p>11.200.000 clean cooking (cost of EUR 223 million)</p> <p>not counted:</p> <ul style="list-style-type: none"> • "Inferred access" to electricity 21,000,000 people through installing new power generation and constructing new transmission lines) • 700 MW of energy saving through energy efficiency measures
	5,900 Km	5,900 Km High voltage transmission lines with a cost of EUR 2.1 billion in which EU grant EUR167 million
CO₂ saved	15,000,000 tons per year	(calculation from renewable energy)

11. THE FUTURE

Promoting political ownership by partner countries / regions

Engage in the evolving political setting (COP22 , Africa-EU partnership)

Reinforced role of the EU in SE4All (Advisory Board in Brussels, EU leading role on Access as it is the matching with the SDG 7)

Coordinate / relate with new initiatives: AREI, New Deal for Africa

Reinforce the energy component in the development cooperation with countries

Speed up the energy efficiency agenda and extension of the Covenant of Mayors to other regions of the world

Building an enabling environment in partner countries

Reinforce our action on policy reforms and better regulation of energy markets involving new partners (for instance EU Regulators)

Better involve the civil society in particular strengthen the participation of women in the energy sector

Leveraging additional funds through innovative financial instruments

Shift from business as usual (grants) to blending and ElectriFI

More private sector engagement and commitment to leverage funds available

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12. Commitment on Communication

Communication vs. Engagement

- Effective communication targets an audience and includes a two-way dialogue followed by an alignment of interests

Strong
<ul style="list-style-type: none">• Use of all communication means (traditional & modern)• Frequency of the message on values & added value

Clear
<ul style="list-style-type: none">• Write SMART• Timing of the message• Keep it short and simple (Kiss)• Focus on the topic

Consistent
<ul style="list-style-type: none">• Monitor• Evaluate• Integrate results and adjust interests