



Seminar on  
**The Global Energy Challenges**  
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# **Poverty eradication, energy access and infrastructure in Developing Countries**

## **EU policy initiatives**

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## **Policy context**

## **EU responses**

## **Trends**



## Policy Context (i)

Growing global consensus on the important role of energy in poverty alleviation and economic growth, and on the cross-sectoral nature of energy

Important WSSD/JPOI references to energy:

- Poverty Eradication
- Changing unsustainable patterns of consumption and production
- Industrial development, climate change, desertification, forests, health
- Small Islands, Africa, Latin America and the Caribbean, Asia and the Pacific



## Policy context (ii)

- Millennium Project highlights the need for investment in infrastructure and energy to alleviate poverty
- MDG+5 made a reference to the role of energy in poverty alleviation
- Climate Change put demands to industrialized countries and countries with rapid economic growth
- High oil prices puts additional pressure on oil importing countries, in particular on the poor countries
- CSD 14 and 15 (2006-07) will focus on Energy for Sustainable Development. Important to follow-up and further strengthen implementation of the JPOI commitments to energy



## Policy context (iii)

NEPAD 2001:

- Increase Africans' access to reliable and affordable commercial energy supply from 10% to 35% or more within 20 years
- Improve the reliability and lower the costs of energy supply to productive activities in order to enable economic growth of 6% p.a.
- Reverse environmental degradation that is associated with the use of traditional fuels in rural areas
- Exploit the hydro power potential of the river basins of Africa
- Integrate transmission grids and gas pipelines so as to facilitate cross-border energy flows
- Focus on cross-border interconnections



## Policy context (iv)

Forum of Energy Ministers of Africa (FEMA), inaugurated August 2005:

*In the next 10 years:*

- 50% of Africans in rural areas have access to modern energy services
- 50% of urban and peri-urban poor have access to reliable and affordable modern energy services for basic energy needs
- 50% of schools, clinics, and community centres have access to electricity



## EU Responses (i)

EU Energy Initiative for Poverty Eradication and Sustainable Development (EUEI), launched at WSSD in Johannesburg

- Active dialogue, so far mainly with Africa, has strengthened co-ownership
- ACP-EU Energy Facility, 220 M Euro from 9<sup>th</sup> EDF, will be operational from June 2006, mainly through call for proposals
- PDF supports policy and strategy development
- COOPENER supports at present projects in 35 African and 4 Latin American countries, focus on building capacity in energy efficiency and renewable energy
- Specific partnerships, such as Central America (Finland) and the Pacific (Denmark)



## EU Responses (ii)

Two key EU documents adopted December 2005:

- The European Consensus on Development. A common vision of values, objectives, principles and means for development. Identifies water and energy among 9 areas for Community action. Focuses on access to energy services.
- The EU strategy for Africa that takes a global look at future Africa-Europe cooperation. Includes a partnership for infrastructure and recommends specific actions to improve access to water, sanitation, energy and ICTs



## EU Responses (iii)

- The European Consensus on Development, approved by Member States, the European Parliament and the Commission, will influence the programming of 10<sup>th</sup> EDF
- The 10<sup>th</sup> EDF covers 2008 -13, with a budget of 22.6 BN Euro for ACP countries. Budget approved December 2005
- Programming will begin 2006 at the country level
- Energy Guidelines are under development. Will address energy as a sectoral and a cross-sectoral issue



## EU Responses (iv)

Africa-Europe Partnership on Infrastructure will facilitate a better connected Africa, will be complementary to the Infrastructure Consortium for Africa, and will have a strategic focus on:

- **Transport** – reduce the cost of transport and ensure the maintenance of the assets, trade corridors without borders, competitive rail, ports and airports
- **Water and sanitation** – sustainable use of available and finite water resources – improved water management at national, river basin and transboundary levels...
- **Energy** – access to sustainable and affordable energy services - facilitate essential investments for generation, cross-border interconnection, grid extension and rural distribution...
- **ICT** – affordable access to telephone, broadcasting, computer and Internet services..



## EU Responses (v)

The priorities on energy and infrastructure are backed by EU collective targets on ODA:

- Increase ODA up to 0.56% of EU GNI by 2010
- Half of the additional 20 BN Euro will be going to Africa
- ODA will reach 0.7% of GNI by 2015 for the 15 old Member States, and 0.33% for new Member States



## Trends (i)

- Infrastructure is increasingly perceived as a major contributor to growth and achievement of MDGs by the donor community
- Regional integration efforts require reinforcing trans-national infrastructure networks
- Research shows that required investment in infrastructure in Africa is 7%-9% of GDP (compared with current expenditure of 2%-3% of GDP)
- Stable policies and frameworks needed to attract private investors
- ODA should play a catalytic role e.g. in creating frameworks (incl. reforms) and facilitating investment



## Trends (ii)

- Global trends (urbanisation, environmental degradation) generate demand for new urban infrastructure and environmental initiatives
- Public-private partnerships are needed to provide energy access to the poor, in particular in rural areas
- Local industries and SME's have an important role to play in service delivery, O&M
- Levies on petroleum products and electricity used to support rural energy access
- Rural Energy Funds to finance rural energy delivery, including electricity



## Trends (iii)

- Demand varies from poor countries (access to basic infrastructure services) to middle-income countries (service quality and reliability)
- Decentralization from national government to the municipal and district level is important also for energy
- The role of NGOs and community based organizations in awareness, innovation and local organization/ownership is important
- Emerging resource base (public and private sectors, academia) in Africa, but still a lot to be done to strengthen it



## Trends (iv)

Increasing role of energy in future EU development cooperation,  
following two tracks:

- Access to basic energy services for social and economic development in poor communities
- Cross-border and regional cooperation and trade to support macro-economic development