

Contribution to Part III: National reporting for CSD 14/15 thematic areas: Energy. Cooperation.

Danish assistance to Energy sector development

Introduction

Energy has over the years been of high priority in Danish Development Assistance. In recent years the focus has moved from conventional energy towards renewable energy, energy efficiency and climate change. Conventional energy in the form of energy sector programs are accounting for 3% of Danish bilateral assistance. This is due to the priority of assistance to the main focus areas of the Millennium Development Goals. Moreover the energy sector is supported strongly through the Danish Mixed Credit scheme, primarily in areas of district heating, transmission and wind mills.

Support to the energy sector is based on the Energy Policy 2004 and is in line within the overall objectives of Danish Development Assistance – e.g. Poverty Reduction and Sustainable Development.

The stated *development objectives* of Danish support to the energy sector support are:

1) Improved living conditions for the poor by meeting their energy needs through provision of adequate, cost effective, affordable and environmentally sustainable energy services and 2) Economic growth with balanced social development.

To achieve the development objectives, the following *immediate objectives* have been established:

- Meeting the needs for energy services for productive activities and for individual and social purposes.
- Increased energy conservation and energy efficiency by end-users and energy suppliers.
- Improved enabling framework for energy sector development.

Disbursement and commitments.

Since 1999 in total 934 million DKK (USD 155 mill) has been allocated to the energy sector programmes under the bilateral assistance. Approximately 350 mill DKK has been allocated equally through bilateral environmental projects and programmes and multilateral projects. In addition comes the Danish Mixed Credit, which has supported the energy sector. The Mixed Credit Programme is financing investment projects by interest-free or low-interest loans in creditworthy developing countries. In total 1,6 billion DKK have been given as loan and 780 million DKK as grant assistance since 1996. The majority of the projects have been approved since 2000. In addition comes a pipe line of 1,3 billion in loan and 560 million in grant.

Bilateral assistance to energy sector development:

The energy sector is supported in Burkina Faso, Nepal and Mozambique. The main issues in all three programmes are rural energy supply and institutional development. Sustainability, national ownership, private sector participation and donor harmonisation are keywords. Renewable energy is the focus for the support in Nepal and an important element of the support in Burkina Faso. Within Mixed credit the projects have been wind farms, district heating,

co-generation projects, transmission lines and projects involving use of bio-waste for energy production.

Multilateral assistance to energy sector development:

Denmark supports the EU Energy Initiative (EUEI), launched by the Danish Prime Minister acting as EU President at the Johannesburg Summit in September 2002. Agreement is expected on a EU Energy Facility in order to stimulate financing in the sector. The support for the EUEI includes a regional energy programme in 14 small islands developing states in the Pacific Region and two regional capacity development programmes in West Africa and Southern Africa. Furthermore, Denmark supports the sector through the World Bank (ESMAP), the Asian Development Bank and UNEP, including support for the UNEP Risø Centre on Energy, Climate and Sustainable Development.