

Case Study: EU Energy Initiative (EUEI)

In order to respond to unmet needs for energy services, the European Union (EU) developed the Initiative for Poverty Eradication and Sustainable Development, launched at the WSSD. It demonstrates the commitment of the EU Member States and European Commission (EC) to support improved access to sustainable energy services in developing countries. Through the Initiative, the EU proposes to work with developing countries towards creating the necessary conditions in the energy sector to achieve their national economic, social and environmental objectives.

The EU Energy Initiative focuses on achieving poverty eradication and sustainable development by improving access to adequate sustainable energy services in rural, peri-urban and urban areas, through a menu of technical and institutional options, including:

- rural electrification
- enhanced energy efficiency (including cleaner, more efficient fossil fuel technologies, technology for more efficient appliances and the more efficient use of traditional biomass)
- decentralised energy systems
- increased use of renewable energy (such as hydropower, biomass, solar energy, wind power, tidal, wave, or geothermal energy)
- institutional capacity building and restructuring policy, planning and transfer of knowledge and skills.

Activities implemented under the Initiative are driven by the needs and priorities of the participating developing countries. The EU invites developing countries and other stakeholders to become part of the Initiative and to participate in the further development and implementation of partnerships at the national and regional level.

How the initiative works

A demand-led approach

The Initiative enables the EU and its developing country partners to work together in partnership with the private sector, financial institutions and civil society to achieve effective improvement of the energy situation in partner countries. It works through a demand-led approach that involves both government-to-government liaison and local participation. Ownership of activities by the partner country is a key feature. The government-to-government liaison is based around dialogue, formalisation of responsibilities and action from national governments. Local participation will be encouraged from end-users, communities, businesses and other stakeholders in both the planning and implementation stages.

The EU is taking the Initiative forward through open dialogue with partner governments at country level. The situation may vary from one country to another. The European Commission facilitates in countries where energy is a focal sector for EC Programmes, and Member States facilitate in those countries where they are active in energy-related projects and programmes, co-ordinating with each other. The EU and partner country dialogue is followed by or in parallel with dialogue with the private sector, financing organisations, civil society and end-users. Partnerships will develop in response to the energy needs of developing countries and regions.

Working together through Partnerships

An important first step is working with developing countries to highlight the role of energy within their development strategies, such as National Poverty Reduction Strategy Papers, and other development strategy documents. Currently, the importance of energy services is identified in only a small number of development strategies. The Initiative is helping to integrate energy issues into sectoral strategies and

programmes (such as, education, health, water and sanitation, the creation of income-generating activities) as they are developed or revised, thus encouraging a cross-sectoral approach to energy.



From dialogue to partnerships...

Dialogue defines the scope and the nature of the partnerships, the activities in the countries or regions, and the roles of the different stakeholders. The fundamental basis for action is to develop partnerships in areas where common efforts between the EU (Commission and Member States) and participating countries can contribute to broadening access to energy services, in particular for poorer populations. Gender issues are important in all aspects of the Initiative.

The partnerships evolve through in-depth discussion of necessary actions with participating countries or regions, so as to contribute to their specific needs, as defined in development strategies. The partnerships are country-driven and are based on existing organisations, structures and procedures so as to avoid creating new structures or administrative burdens for partner countries. Appropriate and transparent monitoring and review arrangements, based on existing co-operation practices will be put in place. The partnerships provide flexible and transparent frameworks to achieve synergies with and feedback from other international energy-related initiatives.

Partnerships lead to action...

The agreed activities are carried out in each country or region. The EU Energy Initiative is supporting partner countries in carrying out the agreed national and regional action plans through concerted efforts at all levels. Activities draw on national, regional and international resources and strengthen regional co-operation in the field. The specific activities will be determined through the dialogue between Partners. Some examples of the type of partnership activities are described below.

The Initiative is drawing upon appropriate combinations of public and/or private resources, both from domestic and international sources. EC and EU Member State co-operation agencies contribute financing, following the procedures and priorities established with respect to development strategies. Public resources will be provided in a variety of forms, so as to maximise their impact.

Given the magnitude of need for access to energy services, the Initiative will strive to attract a major contribution from private sources. Official Development Assistance (ODA) provides a basic funding framework attracting private resources for further investment. Specific activities are designed to create the conditions for maximising private sector involvement. The Initiative also invites involvement of development banks (including the European Investment Bank), other investors and private sector companies, to facilitate increased investment. Such financing may come from:

- domestic public and/or private sector
- international private sector
- loans from international financial institutions and development banks

- donor aid provided by other public and private donors, grants and guarantees from international organisations and foundations
- proceeds from mechanisms such as the Clean Development Mechanism and/or innovative equity financing mechanisms.

Other Examples of Partnership Activity

The Johannesburg Renewable Energy Coalition (JREC)

This initiative is made up of almost 90 governments who have decided to co-operate actively on the promotion of renewable energy sources on the basis of **concrete, ambitious and agreed objectives**. In addition to developing their national renewable energy policies and measures, JREC members focus on regional and international political initiatives that foster the establishment of a global policy framework promoting an enhanced uptake of renewable energy. Such actions are aimed at **guiding investments and developing global renewable energy markets**.

Membership is voluntary and is the prerogative of governments. Member Governments have signed up to the JREC declaration launched at the 2002 WSSD. JREC is a virtual platform supported by the co-chairs and a small secretariat.

The JREC co-Chair is held by the European Commission and Morocco. Together they provide political strategic direction and propose the coalition's agenda for endorsement by the members. Decisions are summarized and reported in the Chair's conclusions. Invitations to JREC meetings are extended by the co-chairs and delivered through the European Community's diplomatic channels. Governments can delegate one or several ministers that hold responsibility for renewable energy and sustainable development strategies.

The JREC secretariat is hosted by the European Commission. It supports the co-chairs and members whilst also facilitating inputs from the JREC stakeholders. It assists in the development of strategic priorities, facilitates the organization of conferences and meetings including the participation from all JREC members (in particular from developing countries). Finally, the secretariat offers selected technical services to ensure an adequate knowledge based approach. It aims at promoting synergies between JREC and other initiatives such as the EU Energy Initiative (EU EI), the Renewable Energy and Energy Efficiency Partnership (REEEP), the post Renewables2004 policy network (REN21), etc.

The Global Renewable Energy Fund of Funds (GREFF)

As part of JREC, the European Commission is sponsoring the development of an innovative public-private financing mechanism to enhance access to affordable risk capital by renewable energy business and project developers. Following the conclusion of a feasibility study, experts proposed to develop a Global Renewable Energy Fund of Funds. The GREFF should help closing the financing gap for developing renewable energy markets and services world-wide. The European Commission will soon launch a call for proposals to hire a professional fund management team to implement the recommendations of the feasibility study completed in November 2004 with a view of establishing a Global Renewable Energy Fund of Funds. The JREC secretariat encourages the development of additional innovative financing initiatives through associated partnerships and IFIs.

Who is involved

Stakeholders involved in the EUEI come from the partner country governments, private sector, end-users, NGOs, and financial institutions. A successful partnership appeals to the interests of different stakeholders, and at the same time, the overall approach of the Initiative is driven by the needs of the partner country and target group. There are two levels of stakeholder involvement: the country level and the international level. The country level is the primary forum for development and implementation of the partnerships. At the international level stakeholder involvement contributes in a number of areas by benefiting from sharing:

- experiences in carrying out 'energy access' projects in the field.
- views on the different models available for public/private cooperation in energy service delivery.
- views on models for implementation of the activities.
- experience of outcomes in the field and in the longer-term.
- experience of best practice as a result of the partnerships under the Initiative.

There have already been a number of multi-stakeholder meetings at national, regional and international level and these will continue throughout the life of the Initiative to enhance dialogue.

The EU Advisory Group is the forum for presentation of specific inputs to the Initiative from Member States and the Commission. It takes an overview of activities, identifying gaps in co-ordination, as well as new opportunities. The group serves as a vehicle for seeking complementarity between this and other initiatives and programmes and to develop networking.

Working Groups are identified as the need arises to aid development of appropriate activities. These working groups operate either in a virtual manner by electronic means, or in a physical manner by meeting and working together, developing thematic papers, concepts, proposing solutions and exchanging views and experiences.

The EU Secretariat is at the core of the Initiative. The Commission hosts the Secretariat within DG Development. The Secretariat draws upon staff from both the Commission and Member States. The Secretariat:

- facilitates and stimulates co-operation and synergy between EU donors and partner countries and regions
- communicates with other donors and initiatives
- participates in international fora
- monitors and reports on activities
- provides a promotional and communication role through a Web site and other promotional tools
- provides a point of contact for the Initiative

The Initiative strives to work with other ongoing sustainable development efforts, and in particular the international energy-related initiatives, whenever this contributes to the national and regional partnerships. There are common issues between this and other initiatives and there is collaboration to ensure that the various initiatives are complementary and do not overlap. Other Initiatives include: the New Partnership for Africa's Development (NEPAD), the Forum for Energy Ministers of Africa (FEMA), the Johannesburg Renewable Energy Coalition (JREC), the Global Village Energy Partnership (GVEP), the Global Network on Energy for Sustainable Development (GNESD), the Global Forum for Sustainable Energy (GFSE), and the Renewable Energy and Energy Efficiency Partnership (REEEP).

To gain maximum benefit, information and knowledge will be shared throughout these initiatives on issues such as finance, transfer of knowledge and skills, lessons learned, dialogue with stakeholders, moni-

toring and evaluation of projects etc. In addition the EU Energy Initiative will take part in the partnership dialogue envisaged within the context of the Commission for Sustainable Development (CSD).

Current situation

Actions under the EUEI are implemented by EU Member States and the European Commission, in close partnership with Developing Countries.

Among specific actions under implementation or preparation are:

- Energy and Environment Partnership with Central America. Partners: Seven Central American countries, Finland, SG-SICA, CCAD, private sector.
- Pacific Island Energy Policies and Strategic Action Planning Project (PIEPSAP). Partners: Fourteen Pacific Island Countries. Denmark. SOPAC, UNDP.
- Renewable energy partnership for poverty eradication and sustainable development in Africa. Partners: Illovo Sugar (South Africa), ENDA (Senegal), CEEZ (Zambia), WIP-ETA Consortium (Germany/Italy), ITDG (UK) and SEI (Sweden), European Commission.
- EUEI Facilitation and high-level policy dialogue events with 14 countries in Southern and Western Africa, as a follow-up of the EUEI 'Energy for Africa' meeting. Partners: African Governments, Denmark, European Commission, other EU Member States,
- COOPENER: First call resulted in 14 projects aiming at creating the institutional conditions for improved access to energy in Sub-Sahara Africa. Partners: Different consortia of African and European partners. Second call also included poor counties Latin America, European Commission.
- Human Resource Development and Energy Efficiency within Pacific Island Country Power Utilities. Partners: Power utilities in nine Pacific Island Countries. European Commission. Pacific Power Association.
- Caribbean Regional Energy Policy and Renewable Energy Development Programme. Partners: CARICOM Member States, European Commission, Germany, CARICOM.
- Dissemination of improved biomass energy technologies in five SADC countries. Partners: SADC, European Commission, Germany.
- Productive uses of energy for rural development in ECOWAS member states. Partners: ECOWAS, Commission, France.
- Energy Dialogue with the East African Community (EAC). Partners: EAC member states, Germany.
- EUEI facilitation and high-level EUEI policy dialogue event for Central Africa, to be held July 2005. Partners: African Governments, CEMAC and EUEI PDF.

During 2005, two new instruments under the EUEI are becoming operational:

- A 5 M Euro EUEI Partnership and Dialogue Facility (PDF), supporting EUEI 'upstream dialogue' (e.g. policy, capacity building and partnership development) with Developing Countries. The PDF is funded by 6 EU Member States (Austria, France, Germany, the Netherlands, Sweden, UK) and managed by GTZ in Germany.
- A 220 M Euro ACP-EU Energy Facility, with a main focus on co-financing of delivery of modern energy services to rural areas in Sub-Sahara Africa, and of energy efficiency/renewable energy in Caribbean and Pacific Island States. Funding for the Facility was approved by EU Member States and ACP countries June 2005. The Facility that is expected to become fully operational early 2006 will be managed by the European Commission.