



EUROPEAN COMMISSION

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The challenge of providing sustainable energy for all in the poorest countries: how can innovative financing contribute?

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

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Ministers, Distinguished Guests, Ladies and Gentlemen,

A warm welcome to this side event on sustainable energy for all and innovative financing, which I am pleased to be co-chairing with the Danish Presidency of the European Union. The fact that all dimensions of the sustainable energy puzzle are represented here by such prominent guests speaks volumes for the importance of energy in sustainable development. It also bodes well for our discussions here and in the broader Rio context.

Twenty years ago the world came together in Rio for the United Nations Conference on Environment and Development. The very first of the 27 principles set out in the Rio Declaration on Environment and Development agreed at the conference stated that: "Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature."

And yet the sad fact is that billions of our fellow human beings are still denied such a life – in large part because they have no access to reliable and sustainable energy services. Without light to study by, proper cooking facilities or electricity to power their businesses, it's little wonder that these people cannot fulfil their potential.

We can and must turn this situation around.

This year sees human development and energy take centre stage worldwide. The UN has made 2012 the International Year of Sustainable Energy for All, in recognition of the importance of access to energy for sustainable economic development and the achievement of the Millennium Development Goals. In this context, the UN Secretary-General has launched a global initiative to achieve Sustainable Energy for All by 2030. Moreover, the world has come together here in Rio in 2012 to take stock of progress made and confirm its commitment to sustainable development.

Energy for development is a crucial theme to be discussed here.

The EU has put human development and sustainable energy centre stage as well. Both feature prominently in our Agenda for Change, which sets out our plans for a high-impact, relevant and results-oriented policy to take EU development cooperation forward.

Of course, our work on energy issues goes back some way. One key EU initiative facilitating energy for development is the EU Energy Initiative for Poverty Eradication and Sustainable Development, or EUEI. This special European initiative came into being ten years ago, at the 2002 Johannesburg summit, during a previous Danish Presidency. Its aim? To contribute to the provision of the access to energy necessary for the achievement of the Millennium Development Goals, particularly reducing extreme poverty. As such, it was one of the first initiatives to promote the link between energy access and poverty eradication.

And now, ten years on, it is part of the EU's response to the targets of the Sustainable Energy for All initiative. Since then, with the combined strength of its 27 EU Member States and the European Commission, the EU has already provided over 12 billion euro in official development assistance for energy. A recent stock-taking exercise has shown that support from the European Commission and its partners since 2005 is on track to improve access for 18 million people, to build more than 15 000 kilometres of transmission lines and 3.5 Gigawatts of production capacity, and to create more than 80 thousand jobs. But much more still needs to be done.

That's why the EU is fully behind the Sustainable energy for all initiative.

We hope to see a growing number of partner countries embrace it. To be successful, the initiative needs to be driven at country level. Our partner countries must be committed

to meeting the initiative's targets. To unlock their development potential to the full, they need sound energy policies, functioning institutions and predictable legal frameworks to attract investments.

We are here to help. To that end, the Commission and the Member States can draw on strong expertise and long experience in the energy sector. The EU intends to take a central role in this initiative and lead development partners' support at country level where the EU is a major actor in the sector.

The UN Secretary-General's initiative strongly reflects what the Commission has already been doing and will continue to do, at home and in partner countries alike.

In specific terms the Commission's goal is to help developing countries to provide access to sustainable energy services to 500 million people by 2030, with support focused mainly, but not entirely, on Sub-Saharan Africa, where the needs are greatest. In pursuit of this ambitious but realistic goal we will create an EU Technical Assistance Facility, initially worth in excess of 50 million euro over the next two years. On top of that, we will look to provide a further several hundred million euro to support concrete new investments in sustainable energy for developing countries over the next two years.

Official development assistance has been essential in supporting our work on energy. It will remain so in the future. However, it will not be able to meet the challenge alone. Which is why a far more prominent role for public and private investments will help make our efforts successful. To that end, we will focus on refining, expanding and improving innovative financial instruments.

Innovative financing will be a cornerstone of our activities and will see us exploring a number of avenues. For instance, we will explore how to use our grants in the most strategic way to make projects bankable, by providing risk-sharing mechanisms, helping finance revolving funds or subsidising interest rates. Such innovative approaches can "crowd in" additional financing from public and commercial investors to support the development of energy markets, growth and job creation in partner countries – and more specifically in LDCs and SIDSs, where the challenge is greatest.

In fact, we have already achieved impressive results with the EU Regional Blending Facilities, which now have almost worldwide coverage. They are innovative financing in practice. To illustrate what can be done, the EU-Africa Infrastructure Trust Fund has committed grant contributions of 83 million euro to energy projects since its creation in 2007, leveraging a total project volume of at least 1 billion euro.

So there is much promising ground for us to build on. As I said earlier, we are here to help our partner countries where we can. And in this regard we recognise that some need special help.

Our ability to put innovative financing mechanisms to good use will be especially important in least developed countries and small island developing states, where conditions on the ground can be especially testing. We believe that by putting the conditions in place for these mechanisms to thrive, we can provide public and private enterprises with the right climate in which they can operate successfully, to the benefit of all concerned.

Now we must mobilise support for, and commitments from, LDCs and SIDS. We will have to look closely at how best we can respond to the specific challenges they face to deliver real change on the ground. Serious efforts still have to be made to secure better use innovative financing in these countries and for energy access activities. We are actively working on finding the right solutions to meet this challenge. In any event it is clear that in these countries in particular we will do much better by working together than each in isolation. Indeed, the same can be said for sustainable energy efforts everywhere.

We must build of large coalition of stakeholders to support these efforts. All actors, be they public or private, international or local, have a role to play.

As we look to the future, we must remember that sustainable development and poverty eradication are our priorities. Our commitment to meet the MDGs remains steadfast.

Beyond 2015, however, there will be unfinished business. Hence the need for a post-2015 development framework of some kind.

There is no MDG on energy – and yet energy is fundamental to all MDGs. Sustainable energy is also fundamental to the sustainable future of our planet, which is why it must be central to our discussions here and feature highly in the Rio outcome document. It is important to ensure that the implementation of the Sustainable Energy for All initiative is guided by already agreed objectives relevant for sustainable development.

Distinguished Guests, Ladies and Gentlemen,

I began by quoting the first principle in the 2002 Rio declaration. Let me now end by quoting the last: "States and people shall cooperate in good faith and in a spirit of partnership in the fulfilment of the principles embodied in this Declaration".

Sustainable Energy for All needs just that kind of cooperation. Let's work together to make it happen.

Thank you.