



The European Union Energy Initiative for Poverty Eradication and Sustainable Development - a partnership initiative

Energy is a key component of any poverty eradication and sustainable development strategy and is critical to the achievement of the Millennium Development Goals. Without better access to sustainable energy services, it will be hard to develop businesses and income generation activities; homes, schools, health centres will remain without adequate energy for lighting, communication, water supply and cooling, and streets will remain dark at night. Women and children will continue to be exposed to indoor air pollution from the use of biomass, paraffin or coal for cooking and heating.

The EU Energy Initiative is an attempt to create a focus on better access to sustainable energy services for the more than two billion 'energy poor' of our planet. Actions will be driven by the needs and priorities of the participating Developing Countries. The European Union (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.

Attracting resources

The EU provides collectively up to Euro 700 million each year to energy in developing countries. With the increased awareness of the role of energy services in poverty eradication that will result from the WSSD, this amount could increase in the coming years, following requests from developing countries, within the context of their poverty reduction strategies.

However, the total capital and management capacity required to meet the energy needs are far too high to be provided by donor aid alone, and must be complemented by bank loans and equity investments from governments and the private sector.

The added value

By creating a focus on energy and poverty the initiative will:

- raise political awareness among high level decision makers
- clarify and promote the need for energy services for poverty reduction and sustainable development
- stimulate coherence and synergy of energy related activities
- attract new resources (capital, technology, human resources) from the private sector and civil society.

Building energy partnerships

The EU Energy Initiative will work with the energy poor in rural, peri-urban and urban areas, through the full menu of technical and institutional options, including:

- rural electrification
- decentralised energy systems
- increased use of renewable energy
- enhanced energy efficiency, including better fossil fuel technologies, efficient appliances and efficient use of traditional biomass.

The Initiative becomes operational through the development of Partnerships, which will ensure linkages between objectives agreed within the Johannesburg Political Declaration and Plan of Implementation and activities on the ground.

Partnerships will evolve through discussion of the specific energy service needs resulting from National Poverty Reduction Strategy Papers, Country and Regional Strategy Papers, National Indicative Programmes, or other national Sustainable Development Strategies. The benefits of regional activities in particular will be considered.

The Initiative is open to developing countries, with an initial focus on Africa, Caribbean and Pacific (ACP) countries.

Activities

The Partnerships will lead to action at the national, sub-regional or regional levels with a focus on institutional capacity building and technical assistance to support development of energy policies and to encourage investment in sustainable energy.

The activities could cover areas such as:

- energy policy development
- institutional capacity building
- technical co-operation
- market development
- co-operation with financial institutions
- the adoption of a cross-sectoral approach

Financing

Funding for the Partnerships will be organised through appropriate combinations of public and/or private resources, both from domestic and international sources. European Commission and European Union Member States will provide financing through existing development programmes. The public resources will be provided in a variety of forms, for example, grants, loans, risk guarantees and equity investments.

The Partnerships should also involve development banks (including the European Investment Bank), other investors and private sector companies, to facilitate increased investment. Such financing could 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, such as the Global Environmental Facility
- Proceeds from mechanisms such as the Clean Development Mechanism and/or innovative equity financing mechanisms.

Co-ordination with other International Initiatives

The Initiative will strive to work with regional and global sustainable development initiatives and efforts such as :

NEPAD;
UNEP Global Network on Energy for Sustainable Development;
Global Forum on Sustainable Energy;
ESMAP/Global Village Energy Partnership;
UNIDO Energy Initiative.

Getting started

Immediately after the Johannesburg Summit, the EU Member States and the Commission will work with interested Developing Countries and other stakeholders to shape national or regional Partnerships. The ongoing energy-co-operation between the EU and Developing Countries, as well as new bilateral energy partnerships formed in the Johannesburg process, will be integrated in the dialogue.

The implementation of the Initiative will be organised into 2 phases:

Phase 1: Creating Partnerships. Phase 1 will define the scope and the nature of the Partnerships, the future activities in the countries or regions, and the roles of the different stakeholders. This is expected to be achieved within a period of two years.

Phase 2: Implementing the agreed action. Phase 2 will carry out the agreed activities in each country or region. It will be open-ended, with specific objectives and milestones defined by the Partners, in accordance with existing co-operation mechanisms.

A small secretariat will be established to ensure co-ordination of the Initiative.

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