1) EU launches new initiative

Energy is a key component of any sustainable development strategy. Without modern energy services, the poor will go on being poor and the sick will continue to be sick. Without electricity, schools and homes will remain without adequate lighting, businesses will find it harder to develop and the streets will remain dark at night.

Without proper energy services, women in developing countries will continue to suffer from a lack of opportunity to progress in society. Many spend hours a day carrying water and collecting firewood, because there are no water pumps and their stoves are antiquated. Without sufficient clean fuels for cooking, women will continue to be exposed more than anyone to indoor air pollution.

Ensuring adequate access to energy is essential if national development strategies, such as those for health, education, rural development and gender equality, are to be successful.

To grow and prepare food in sufficient quantities to avoid hunger and malnutrition, communities need pumped water not only for drinking but also for irrigation and livestock. They need to be able to mill grains and store perishable food as well as wash and cook. All these activities require energy.

Craft industries need energy for sawmills, spinning wheels and looms. Hospitals, rural clinics and dispensaries need, as a minimum, power for refrigerators containing vaccines and they need light for night-time medical care.

The EU is convinced that the provision of affordable, sustainable energy services will substantially facilitate the achievement of many of the UN-agreed Millennium Development Goals to eradicate poverty and improve the general well-being of communities.

To these ends, the EU is developing an Energy Initiative, focusing on poverty eradication in developing countries by improving people’s access to adequate, affordable and sustainable energy services, whether it be through rural electrification, improved management and use of biomass, the increased use of renewable energies, enhanced energy efficiency, other wide-reaching measures or any combination of such measures.

The EU as a whole is allocating ca. €700 million per year of ODA to energy-related activities. Following the raised awareness of the role of energy services in poverty eradication that should result from the WSSD, this amount could increase in the years, within the context of developing countries’ poverty reduction strategies. As is the case with all European Official Development Assistance (ODA) activities, the initiative will be entirely driven by the beneficiary countries/regions.

The EU invites partners to participate in the Initiative, including public and private partners, in particular from developing countries, but also civil society. Co-ordination with relevant international organisations will also be an important element of the initiative. A first meeting with potential partners, jointly organised by Denmark as the Presidency of the EU and the Commission, was held on 23 July 2002 in Brussels. This meeting demonstrated broad support for the initiative.

Development through partnerships

The initiative will function through the development of partnerships, focusing on the provision of support for institutional capacity-building and technical assistance to developing countries so that adequate energy policies and infrastructure are put in place.

Stakeholders in the partnerships are governments, energy users, financing institutions, private sector investors and service providers, and civil society, and they will involve donors such as EU member states and the European Commission, as well as development banks.

The Partnership Initiative is about defining mutual commitments through in-depth discussions based on:
• raising awareness and building political commitment
• national and regional development strategies;
• determining sustainable energy services necessary for meeting Millennium Development Goals;
• identifying areas where common action would be useful.

Partnership Activities

Partnerships should result in agreement on areas of activity. Action at the regional level, including
Regional energy infrastructure will be considered where appropriate. Such agreement could include:

- **energy policy**, focusing on policies to introduce or improve access to energy services for the energy poor, including improved management/use of biomass, energy efficiency, diversification and security of supply, renewables and regional energy infrastructure cooperation

- **institutional capacity-building**, providing long-term support to public and private institutions, both national and regional, responsible for planning, establishing appropriate policy and regulatory frameworks, legislation, incentives and agencies

- **technical cooperation**, facilitating technology, knowledge and skill transfer, education and training, networking, development of autonomous R&D capacity, secondment of energy professionals

- **market development**, building market mechanisms and supporting local actors who produce, sell, finance, install and maintain the technologies required. Innovative financial mechanisms, such as Energy Service Company (ESCO) and micro credits could be developed to make the best use of financial resources during market development

- **public-private partnerships**, since the technologies, expertise and much of the capital needed to provide energy services will come from the private sector

- **cooperation with financial institutions**, so as to promote investment to improve access to energy services for the energy poor, especially in energy-efficient infrastructure, for instance in public transport, buildings and industry

- **a cross-sectoral approach**, including inter-disciplinary platforms, workshops and the provision of documentation with the aim of integrating energy issues into decision-making processes throughout all sectors.

Achieving reliable, affordable access to energy services for the more than two billion ‘energy poor’ of our planet will require the concerted efforts of governments and the private sector to attract expertise, technology and capital, especially for rural and suburban areas.

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**Financing energy services**

Provision of energy services typically involves high initial capital investment and/or long-term recurrent expenditure on fuel supplies.

The total capital and management capacity required by the energy sector to meet this challenge is 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.

Partnerships to be established in the context of the EU Energy Initiative may therefore also involve development banks (including the European Investment Bank), other investors and leading private-sector companies.

Financing can come from:

- Domestic public and/or private sector;
- International private sector;
- Loans from international financial institutions and development banks such as the EIB;
- Donor aid provided by public and private donors following established procedures (e.g. EU member state ODA, the European Development Fund, grants and guarantees from international organisations and foundations such as the Global Environmental Facility and FFEM (*Fonds français pour l’environnement mondial*)
- Proceeds from dedicated mechanisms such as the Clean Development Mechanism and/or innovative equity financing mechanisms.

The EU Energy Initiative is open to all developing countries, with an initial focus on Africa and the Mediterranean region. Specific national or regional partnerships will be further defined, under the umbrella of the initiative, through dialogue with beneficiaries, and will be carried out with existing funding, procedures and instruments.

Specific projects growing out of Initiative activities could be funded from existing ODA funds, following demand from beneficiaries leveraged by private funds through public-private partnerships.

This Initiative will constitute an important element of future EU energy cooperation with developing countries.

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2) **EU Political objective for the WSSD: emphasis on renewable energies**

Rational use needs to be made of local, commercially viable renewable sources of energy, particularly to provide electricity in rural areas and
ensure the sustainable management of natural resources.

Renewable energy sources include:
- hydro power
- biomass
- solar energy (heating and photovoltaic)
- wind power
- geothermal energy

The sustainable use of local renewable energy sources generates income, creates jobs, helps the management of a country’s balance of payments, contributes to lower CO-2 emissions, hence adapting to a lower carbon society and helping fight global climate change.

New or revised policy measures are needed to create a level playing field for renewables so that they can compete with other energy sources such as coal, oil and other fossil fuels and to exploit in many developing countries the potential for improving energy efficiency.

The WSSD should give strong political support to the increased use of renewable energy sources by setting an ambitious, but realistic target, both globally and for individual industrialised countries.

The EU would like the global renewable energy share to reach at least 15 per cent by 2010, in the main facilitated by industrialised countries, which should aim to increase their share of renewable energy by at least two percentage points of total energy supply by 2010 (relative to 2000).

The benefits of energy efficient technologies should also be considered, including cleaner, more efficient fossil fuel technologies, more efficient appliance technology and more efficient use of traditional biomass in order to avoid deforestation.