

Commissioner Mimica reinforces EU's commitment towards sustainable energy

Brussels, 20/05/2015 - EU Commissioner for International Cooperation and Development, Neven Mimica, will take part today in the launch of ElectriFI, a financing mechanism for rural electrification projects to reduce energy poverty and ensure viable access to affordable energy services in the context of the Sustainable Energy for All Forum on 18-21 May, in New York. In the margins of the Forum, two Joint declarations to work closer together with Sierra Leone and with Uganda, Germany and France in the field of energy will be signed by the Commissioner.

Ahead of the event, Commissioner Mimica said: *"The EU joined the UN Secretary General initiative to provide Sustainable Energy for All by 2030 right from the start. Fulfilling this promise will require strong cooperation and the political will of our partner countries. Our ElectriFI initiative will, in combination with other financing resources offered by the EU, help ensure that access to affordable energy services will be possible for poor households in rural areas. The joint declarations to be signed this week with Uganda and Sierra Leone will confirm our political determination to work closer in partnership and will set out a concrete roadmap of action to fight energy poverty."*

ElectriFI is not only a financing mechanism, it puts forward an innovative business model to leverage more private investments and involve more key stakeholders in all areas of expertise on a global level. It has the potential to take donor funding and increase it five or ten fold.

Through the ElectriFI initiative, EU grants will complement private financing, bridging potential financial gap in order to make a project bankable. This will provide the security investors and banks are expecting to boost investments. If investments are successful, the grants will be converted into loans, at a concessional rate, and the EU will be "reimbursed". The EU will then be able to reinvest its grants in new projects, allowing more and more people to get access to electricity services. A total of €270 million have been earmarked for the next few years to support this effort.

The joint declarations with Uganda – co-signed with Germany and France - and Sierra Leone will serve to reinforce the political ownership of these countries on energy policy, which is crucial for their sustainable development. They are a clear sign of the EU's commitment to strengthening cooperation in the field of energy with partner countries, and other donors, and will be used as a concrete roadmap for action.

These joint declarations bring the total number of such political agreements signed so far to seven. Similar agreements, setting solid roadmaps to energy development, are being prepared with 20 more countries, in particular with those that have selected energy as priority for bilateral cooperation with the EU.

EU support to energy in developing countries

Nearly 1.3 billion people in the world do not have access to electricity and 2.7 billion rely on the traditional use of biomass for cooking. The situation in sub-Saharan Africa is particularly concerning. On current trends, 75% of the global population without electricity access will be concentrated in this region by 2040.

Rural electrification projects, which are smaller in size, require a different approach. In less than two years, the EU has provided significant grants to 31 projects, targeting more than 3 million people directly and many more indirectly in 20 countries.

In the period up to 2020, the European Union will invest overall €3.5 billion in the creation of sustainable energy systems. This is expected to leverage between €15 and €30 billion in loans and equity investment.

For more information:

'Empowering Development' brochure: http://ec.europa.eu/europeaid/sectors/energy/energy_en

UN Sustainable Energy for All initiative: <http://www.se4all.org/>