

Infrastructure Seminar Regional Programming

Eastern, Southern Africa
&
Indian Ocean
Energy sector



DG DEVCO C5
June 2014

Energy Sector

- *General policies on energy*
- *Context*
- *Focal Areas RIP: Energy*
- *Selection Criteria for Projects*
- *Questions and answers*

A clear mandate



- *Agenda for change: energy should focus on*
 - **price volatility and energy security;**
 - **climate change and access to low carbon technologies;**
 - **and access to secure, affordable, clean and sustainable energy services**

And coherent political targets

Political Targets I

*The Vienna Declaration
of 2010 on joint EU –
African Action*

*Access to modern and
sustainable services by
2020 to additional 100
million people in Africa,*



Political Targets II

*Sustainable Energy
for all*

- Universal access
- Doubling renewable energies in the mix
- Doubling rate of energy efficiency
- By 2030



Political Targets III

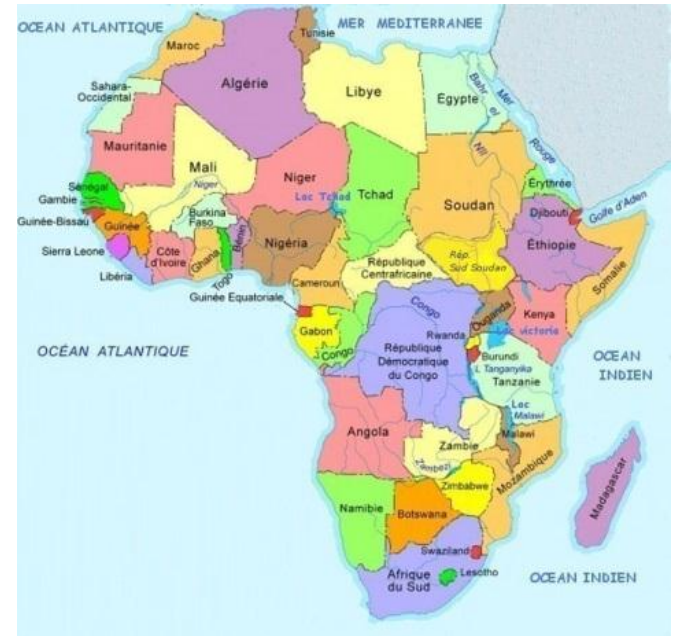
President Barroso's Goal

Helping developing countries
to provide sustainable energy
services
to 500 million people
by 2030



Context

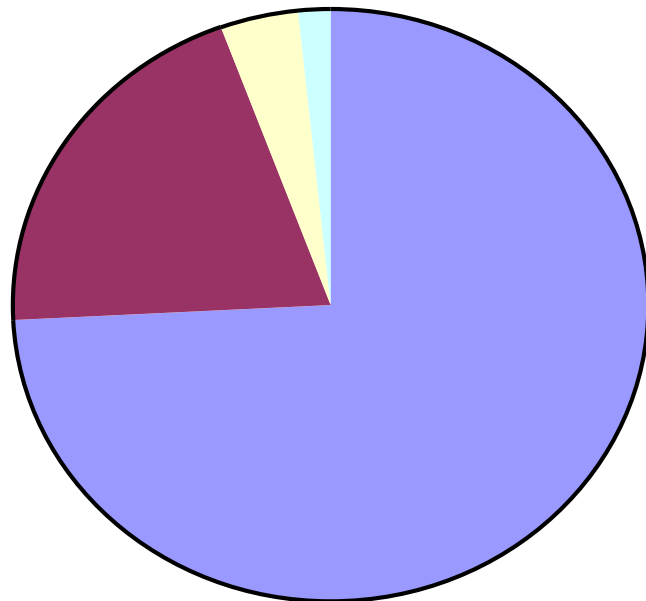
- **4 Small island state**
 - **11 Landlocked countries**
 - **Fragile states**
-
- *High dependency on coal and hydropower*
 - *Low energy access*
 - *Electricity tariffs don't cover the costs of production*



Current context

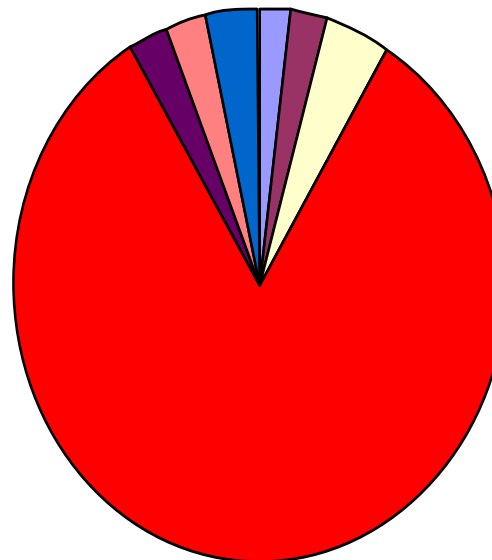
- *the contribution of Renewables to electricity generation is negligible*
- *energy efficiency seems not to be in the center of attention...*
- *Most utilities in the region are not financially viable (depend on subsidies)*

Example SAPP Generation Mix



■ 74.3% Coal
■ 20.1% Hydro
■ 4.0% Nuclear
■ 1.6% Gas/Diesel

Available Capacity - 2010



■ Angola - 2%
■ DRC - 2.4%
■ Mozambique - 4.5%
■ South Africa - 82.5%
■ Zambia - 2.4%
■ Zimbabwe - 2.7%
■ Rest - 3.5%

11th EDF RIP in the energy sector - 3 main focal areas identified

1

Support to the development of **regional infrastructure** in energy: production, transmission, distribution and energy efficiency

2

Support to the regional energy sector **governance**, regional market integration and regulation and building of capacities

3

Stimulation of the **private sector** in energy aiming at the creation of a functional and vibrant energy **market**

1- Support development of regional infrastructure in energy: production, transmission, distribution and energy efficiency

***Increasing access** of the population to sustainable sources of energy and reduction of energy poverty at regional level.*

***Promoting infrastructure priorities** for regional integration (considering especially, amongst possible options, the projects being a priority in PIDA).*

***Increasing leverage** of development cooperation resources through **blending** and the mobilisation of private investment*

1- Support development of regional infrastructure in energy: production, transmission, distribution and energy efficiency

*Increasing the penetration of **renewable energy** in the energy mix in the region(s) in order to achieve the goals set (e.g. RESAP in SADC)*

*Increasing **energy efficiency** at regional level and at utility level*

***Transfer of knowledge**, technology and creation of expertise at regional level through ACP - EU exchanges including twinning projects.*

2- Actions related to regional energy sector governance, regional market integration and regulation and building of capacities

- Improved **regulation** and practices at regional level and enforcement at national level.
- Improved **governance of utilities** at all levels (commercial, financial, technical and operational) and upgrading the capacity and efficiency of the utilities in the region(s)
 - Creation and/or harmonisation of **technical norms and standards** for the energy sector including, for energy efficiency, in sectors such as building, transport, industry.
- Regional **coordination** in pursuing the **SE4All objectives**

3- Actions related to the stimulation of the private sector in energy to enhance vibrant energy market

- Establishment of **an enabling environment** in the region for **investments** in renewable energies and energy efficiency.
- Contribution to the creation of a **harmonised energy market** responding to the current needs and future demands for ensuring energy security and economic and social development in the region.
- Contribution to the creation of a **solid technical and commercial basis** for the functioning of the energy industry including through targeted training and twinning

Method of implementation

*A variety of implementation methods will be applied including **blending** projects (through **AITF** and other specialised blending facilities, multiple donor/partner blending including through innovative financial instruments as per the Financial Regulation) but also **grants** through calls for proposals, **works** and **services contracts**.*



Efficiency and effectiveness
Blending and leveraging
Maturity of projects

Methods of implementation

***Leveraging of funds** that leads to **increased access** of the population to energy is crucial in order to ensure the maximum impact*

***Maturity of projects** and level of preparation of feasibility studies will be a transversal criterion for projects prioritisation.*



Leveraging of funds



Increased access to energy

Examples for possible selection criteria – to be discussed

- *The projects must be aligned with at least one of the following objectives: energy access, energy efficiency, renewable energy, electricity transmission*
- *The partner country shall engage in a sector policy dialogue with the EU and/or EU member states with the objective of reforming its energy sector*
- *Projects must be able to support regional integration and cooperation*
- *Projects must be in line with the energy policy or strategy of the beneficiary country*
- *Projects need to comply with the eligibility criteria of the relevant financial or blending instrument.*
- *Projects should not overlap with projects financed by other EU financial instruments and funding or with projects financed by other donors.*



Infrastructure Seminar Regional Programming of the 11th EDF *Eastern, Southern Africa & Indian Ocean*

QUESTIONS AND ANSWERS

Thank you for your

ATTENTION