

2nd Geo progress Global Forum International Conference on
Sustainability and Energy Issues
September 7th, 2017 Brussels

Regione Veneto, Av. de Tervueren, 67 1040 Brussels

**“EU SUSTAINABLE ENERGY COOPERATION: POLICIES AND
INSTRUMENTS”**

Boldrini Claudia, European Commission, DG for International Cooperation and
Development

I will give you an overview of DEVCO operations, my Directorate General, of our policies and instruments for cooperation in the sustainable energy sector with our partner countries and for all the developing countries that are not in EU neighborhood.

Currently there exist some world challenges

1) From an estimate of the International Energy Agency (IEA,) that there are approximately 1.8 billion people that still do not have access to electricity, or better do not rely on electricity.

2) 3 billion people that do not have access to clean cooking solutions, this means that they cook and heat their homes with solid fuels (natural bio-masses) normally not collected in a sustainable way. This creates a problem in terms of deforestation and big health issues (leading often to death). Basically, my unit and my directorate, deal with energy and the issues of providing energy to all those people. Of course we cannot do it without keeping in mind that there are also climatic issues to take into account.

3) A third challenge refers to financial needs, which really are huge: International Energy Agency estimates that only to solve the issue of energy access about 50 billion \$ per-year could be necessary

1. Overview of the Initiatives.

EU defined a Global Vision and a list of the main policies framework outlining our work.

We have an energy partnership with the African continent (with African Union Commission) for which we are active since the beginning especially dealing with sustainable energy initiatives: Africa – EU Energy Partnership (AEEP).

In 2011 an instrumental initiative was launched by the UN Secretary General (consistent with 2030 UN Agenda) relating to the definition of sustainable energy and the development of energy access by G7 countries. This crucial step made possible the reach, in 2015, of the Paris Agreements.

There exists also an initiative launched by African partners: Africa Renewable Energy Initiative (2015). It aims at increasing production of renewable energy within the

African continent. The EU decided to support AREI objectives, guiding principles and criteria pledging 1.5 billion Euros to implement it. The first goal refers to the achievement of 5GW of new renewable energy by 2020.

2. Energy Cooperation

In terms of energy cooperation, EU set three interlinked main objectives: increase the access to sustainable energy of people who do not currently have this benefit, increase renewable energy generation and energy efficiency, contributing to the fight against climate change. There are also some internal policy documents relevant to setting those objectives, in particular: the Council Conclusions on Energy and Climate Diplomacies of November 2017, which set the objectives to all the EU members. Climate change is both an objective and a thematic sector itself. There is a specific budget allocated for fighting climate change activities as it represents a cross-country issue that the Commission tries to mainstream in all the operations. In addition, climate change has direct links not only with the sustainable energy theme but also to rural development, food security, safety and many others. Climate change features have also been highlighted in the New European Consensus on Development which has established five areas (People, Planet, Prosperity, Peace, and Partnership) where EU will be operative. To cope with the issue, EU has committed 20% of 2014-2020 budget to climate related actions.

The European Commission established three pillars of cooperation with three related categories of instruments: political ownership of reform agenda, technical assistance and capacity building, investments. The first operates through the policy of dialogue especially with the contributes of the National Indicative Programmes (30 countries) and the Regional Indicative Programmes. We discussed and agreed with countries to create partnerships and implement initiatives: the idea is to have a better working and developed energy sector being more attractive to private sector operators. We are working hard on reforms agenda of Sub-Saharan countries, and to support these operations we have a technical assistance facilities putted in place. Approximately 40 million Euros are spent for technical assistance in Sub-Saharan Africa and 10 million in the rest of the world. This technical assistance aims at increasing the expertise in tailoring a reform agenda and implementing legislative and regulative frameworks (an enabling environment) in the region energy sector. The expertise offered covers a large number of segments in order to improve the efficiency of the energy sector: policy advisory, capacity building, increase mobilization of funding, technology transfer. The final overall objective is the creation of a conducive environment for private investors.

Referring to the financial tools: 3.7 billion euros have been allocated from 2014-2020 to the sustainable energy sector and they will be spent through different financial instruments. The main one concerns blending facilities: a strategic use of a limited amount of grants to mobilize additional investments from financial institution and private sector, to enhance the development impact of investment projects. For large energy infrastructure projects the main facility is the regional investment facility. There are seven different regional investment facilities set up for different world regions (Latin America, Caribbean, Asia, Pacific, Central Asia, Africa and neighbor region). The EU contribution in blending facilities for Africa is already 1 billion euro on more than one hundred projects, since 2007. Energy is the biggest share and, during last year,

there have been acceleration in investments. This EU 1 billion contribution made possible a total investment of 12 billion euros, with a leverage ratio of 12 to 1 (meaning that 1 euro invested from EU commission is able to unlock 12 euros from other investors).

There exist also other financial tools tailored for different means. For small projects and high privately participated ones we created ElectriFI. Its objective is the boosting of private sector investments, giving financial supports like guarantees and other financial services tailored for specific investors and specific countries. In 2016 132 million were allocated. The implementation of this initiative budget has been delegated to a Dutch development financial institution and the European Commission is still launching regular calls for proposals. Until now, two calls were launched which received a very high number of application, showing the interest of the private sector to such initiative.

A specific program, launched in 2016, tries to fill the gaps between women and men in the energy sector in developing countries. The program wants to reinforce the role of women both as active users and as entrepreneurs. So far, 20 million have been allocated to the proposal call. The project covers different areas: the component of access (for women) to financial instruments, sustainable dedicated services to strengthen skills, political advocacy and social awareness campaigns.

A major initiative related to the political ownership and reform agenda instruments is the Covenant of Mayors for Sub-Saharan Africa, launched in 2008. It is designed to work on mitigation, adaptation and energy access objectives (depending on the region the focus is different). This initiative major concern refers to the boost of energy efficiency and the use of efficient fuels at city level. It widely expanded reaching 7000 cities around the world.

Finally, there are upcoming external investment plans aiming at bringing together financial instruments, technical assistance and policy making in a single comprehensive instrument. 4.1 billion are allocated in a guarantee fund by EU Fund for Sustainable Development and other private operators. The plan covers Africa and neighbor countries and it is divided into thematic windows (cultural issues, cities environment, sustainable cities, and private sector development) linked to economic developments.