

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

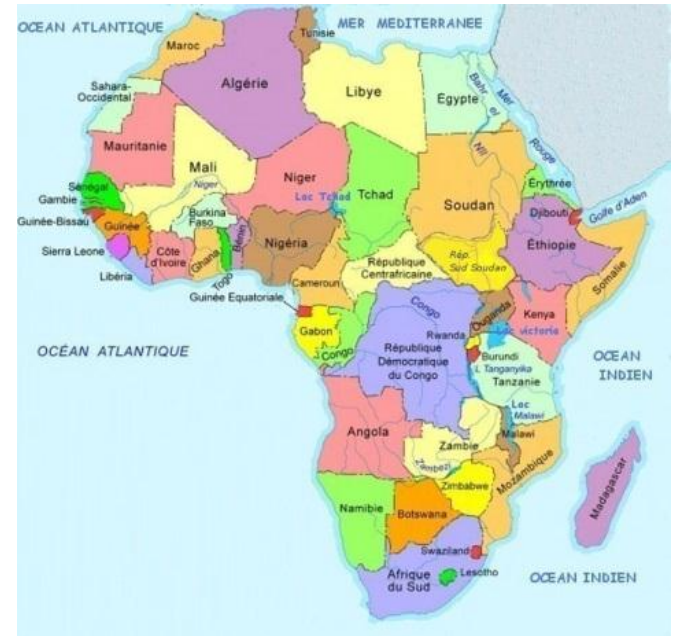
President Barroso's Goal

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



Context

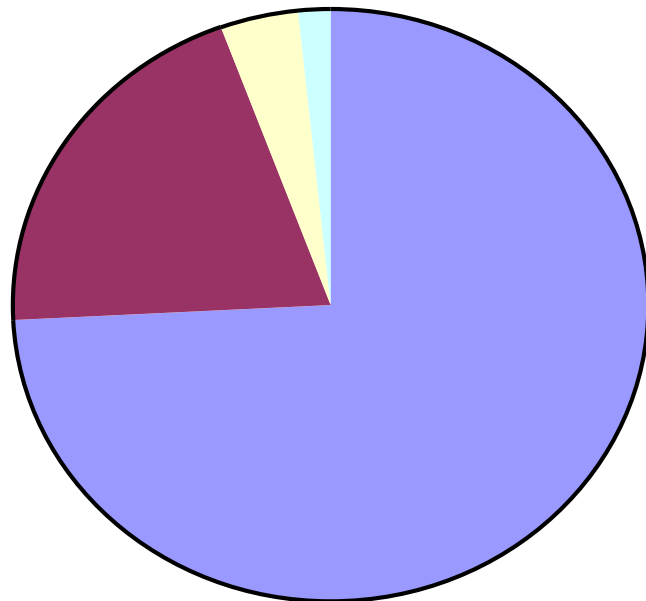
- **4 Small island state**
 - **11 Landlocked countries**
 - **Fragile states**
-
- *High dependency on coal and hydropower*
 - *Low energy access*
 - *Electricity tariffs don't cover the costs of production*



Current context

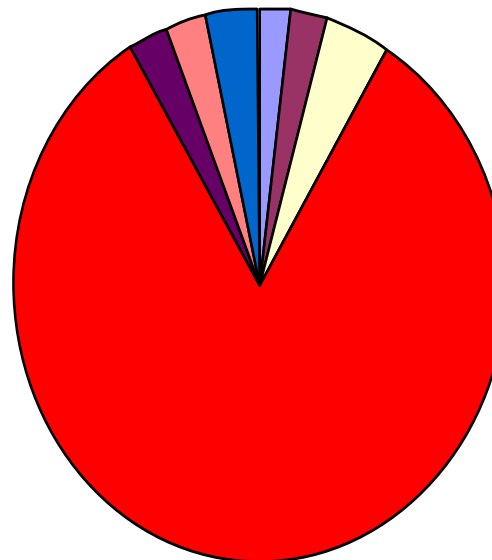
- *the contribution of Renewables to electricity generation is negligible*
- *energy efficiency seems not to be in the center of attention...*
- *Most utilities in the region are not financially viable (depend on subsidies)*

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