

Roundtable Discussion: Energy Policy in Developing Countries

In his introductory remarks **Denis Schrey** from the European Office of *Konrad-Adenauer-Stiftung* underlined that around two billion people in today's world lack access to modern energy carriers, which means that they have to depend, more or less entirely, on animal dung and wood fuel for their energy needs. As long this is the case there is hardly any development possible.

Although investment in renewable energy has seen an explosive increase during the past few years, private investment in renewable energy in developing countries is still insufficient, especially in Africa. One of the main reasons for this is the fact that the framework conditions for private investments are often unsecure and for many companies there is no real incentive for risk taking as long as demand in developed countries is still increasing.

On a global level he stressed that many initiatives (Global Energy Efficiency and Renewable Energy Fund, the CDM, the in Poznan negotiated Adaptation Fund etc.) earmark money for adaptation to climate change and technology transfer. Nevertheless the gap between what is scientifically needed for adaptation and Technology Transfer and the financial international efforts is considerable. Financial needs to cope with adaptation to climate change (including technology transfer) in developing countries range up to 130 billion dollar a year.

Therefore, he concluded to stay a credible partner in the negotiations leading to Copenhagen the EU has to come up in the Spring Council meeting 2009 with a common position on adaptation and technology transfer which demonstrates its willingness to stay in the driver's seat with regard to the formulation of a Post-Kyoto Agreement in Copenhagen.

The introductory words by Denis Schrey were followed by a further short introduction of **Balthasar Klimbie** from the *Alliance for Rural Electrification*, who presented his organisation as a platform of knowledge aiming at an exchange between different stakeholders in the field of energy policy in developing countries. One major aspect they focus on is how projects of rural electrification work in real time in addition to all the technical aspects involved. He then gave the word to MEP Romana Jordan Cizelj, Vice Chairman of the Development Committee and Member of the Energy Committee.

Ms Cizelj stressed that energy policy is a hot topic in the European Parliament and even though the EU treats it in a fragmented way the relation of energy and development policy is clearly obvious. Nevertheless, there is the awareness that only sometimes there is also a good implementation. Thus a greater harmonization of these two policy areas and between the different European institutions is needed. Furthermore she addressed the following issues having happened recently or are happening in the up-coming days or months the importance of creating a "common", harmonized European energy policy in developing countries.

- Connection between energy policy and the Millennium Development Goals:
Energy is a basic human need, but energy supply varies widely among the industrialised and developing countries. However, there is a clear connection between an energy increase and economic growth and poverty eradication. The solution for this problem is sustainable development. There is still a huge gap with regards to the

achievement of the international goals of the MDGs and a lack of financial resources for instance for the implementation of the Clean Development Mechanism.

- Priorities of the Czech Presidency:
Decentralised power generation through the use of renewable energies is crucial especially in developing countries given its lack of infrastructure. One important means is the EU Africa energy partnership, involving investments of over €600 million to support electrification Africa as well as renewable energy projects that would help diversify Europe's energy supplies. Under this initiative, which forms part of a wider EU-Africa energy dialogue, €200 million from the ACP-EC Energy facility II is currently being under preparation and soon ready to be launched. Additionally she mentioned that in the field of Renewable energy both partners have agreed to advocate the importance of renewables and agreed to jointly elaborate a road map for the launching and implementation of a Renewable Energy Cooperation programme and to present this road map for discussion at the second **joint experts working group meeting in the first semester of 2009**. The European Parliament has the role to oversee its implementation both in the Development and the Foreign Affairs Committee.
- The Initiative for a renewable energies agenda (IRENA):
A further important event is the establishment of the "*Initiative for a renewable energies agenda*" (IRENA) on 26 January in Bonn where high level representatives of companies in the renewable energy sector are going to sign the funding treaty. About 80 states have so far been committed to participate. IRENA aims at promoting renewable energies and one of its goals will be to facilitate transition in developing countries.
- Emission Trading Scheme
Furthermore in December 2008 the European Parliament has voted on the Emission-Trading-Scheme (ETS) in order to channel energy revenues to pay for climate change protection measures as well as reducing emission developing countries. There is also a special fund for climate change adaptation; however, its successful implementation still remains a question.
- UN Climate Change Conference in Poznan
With regards to the meeting in Poznan, one important result is that the developing nations are considered as active players offering a constructive dialogue and thus contributed to the move to put the adaptation fund into impact. At the same time the industrialised countries have to step up to their own commitments to reduce emissions. The developing countries are crucial partners, however, there is a need for a platform to bring them together and share experience.

She concluded her presentation by stressing the role of the European Parliament on this issue, namely to adapt the budget and monitor the implementation of the fund. The Committees responsible are: AFET, DEVE, ITRE and the temporary CLIM. However, it is also important to involve different players, the different institutions as well the private sector.

The Discussion was started off by **Valentine Decoustal** from the French Permanent Representation stress the importance of the fact that the Energy Partnership in the framework of the Joint Africa-EU Strategy does not fund anything; however, it is only a scheme in which one can see where the gaps are. Moreover, with regards to natural resources the development countries also have to learn how to use their own resources in order to generate economic growth and take care of their own issues and not only be a energy provider for the European countries.

Petr Halaxa from the Czech Permanent Representation further elaborated on the priorities of the Czech Presidency stressing that the fact, that there is an enormous

number of people without access to electricity, has to be considered as a global problem. It is for this reason, why a focus of the Czech Presidency will be the rural areas. Moreover, having energy security as its priority the Czech Presidency will link its work to that of the French and the up-coming Swedish Presidency having Climate Change as its priority. There will be a focus on big infrastructure projects given the need to focus on the local level.

As for the next meeting of the ministers, the debate will be structured around the following three topics:

1. Energy with a link to climate change (sustainable energy possibilities) and support of renewables in development countries
2. Role of Local Actors (local authorities, NGOs, private sector)
3. New Energy facility: How to focus the second facility

Guido Gianaia, Secretary General of the Alliance for Rural Electrification pointed out to pay in mind that all initiatives have short comings and pitfalls, that is why it is so important to have an exchange between all stakeholders.

Another lady working for the Czech Presidency added that they also aim at getting all stakeholders involved in order to develop a road map for the First Action Plan of the Joint Africa-EU Strategy.

Romana Cizelj added on this point that it is important to have as much as possible exchange. Moreover, it should also be our priority that Africa uses its own resources first for themselves and not first for their so-called "strategic partners".

Simone Knapp from the Austrian Permanent Representation furthermore contributed to the discussion that partnerships should be inclusive and not only on the institutional level, but also involve civil society, the private sector, the EP and the Pan-African Parliament. She stressed the importance to closely associate the private sector. In fact the process how to involve them has recently started and a meeting with the private sector will take place before the next meeting of the EU-Africa-Troika. Additionally, she mentioned that a link to climate change is extremely important when it comes to energy policy in developing countries.

Balthasar Klimbie brought to the attention to consider the question how to get more out of the partnerships than just a few projects.

Valentine Decoustal added on this issue that the Energy Facility is a choice of the Commission and the ACP in a budget envelop discussed by both of them. With regards to the question how to distribute the money DG DEV suggested to include the private sector. One reason why the promotion of strategic problems is so popular is based on problems of regulation rather than on supply e.g. there is no regulation on energy in Eastern African countries. It would be important to get subsidies also in this field and widen the group of actors to civil society organisations and regulating institutions and not only the regulating institutions.

Johanna Peyredieu-Du-Charlat working in the Section Environment and Sustainable Management of Natural Resources, including Energy in EuropeAid pointed out that AIDCO is starting to open an auctioning floor for energy projects. In fact, there had been 100 projects which - due to budget limitations - could not be funded in 2008 despite their high scores. These projects are now published in an Auction Floor Booklet (http://ec.europa.eu/europeaid/images/content/home/auction_floor_announcement_en.pdf) Moreover, there will be Conference organised on Climate Change and Sustainable Environment. Further information can be found on the following website:
http://ec.europa.eu/europeaid/where/worldwide/environment/index_en.htm.