



# The Africa-EU Partnerships on Energy and Climate Change

Towards an integrated framework responding  
to the challenges of  
Energy Access, Energy Security &  
Climate Change

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# Energy challenges

- Global concerns about energy security are increasing and affect countries' international behaviour
- High oil prices affect national economies
- 1.6 billion poor people live without electricity
- 80% of global CO<sub>2</sub> emissions come for the use of fossil fuels
- Africa accounts for 3% of global energy related CO<sub>2</sub> emissions



# Climate change challenges

- Climate change has wide impacts and affects important economic sectors such as agriculture, water and energy
- Increased number of floods, droughts and hurricanes
- Business as usual can lead to damages of up to 20% of global GDP per year (Stern Review)
- Cost of early action to reduce emissions can be 1% of global GDP per year (Stern Review)
- Non-action is unaffordable



# Setting the scene

## Energy access

1.6 billion are without electricity and  
2.4 billion cook with traditional fuels

Limiting economic and social  
development

## Climate change

80% of total energy consumption  
is based on CO<sub>2</sub> emitting fossil fuels

Energy use contributes to 65%  
of global GHG emissions and  
80% of all CO<sub>2</sub> emissions .

## Energy prices and security

Commercial energy use is growing fast

Volatile prices have impact on  
economic growth



# Energy Access

- Access to energy services underpins the achievement of MDGs
- Energy access is essential for economic growth. Lack of electricity is a major obstacle to doing business
- Energy access is needed for basic human needs (education, health)
- Africa has the lowest access level in the World. About 80% of the population has limited access to modern energy

# Energy prices and security



## Key issues

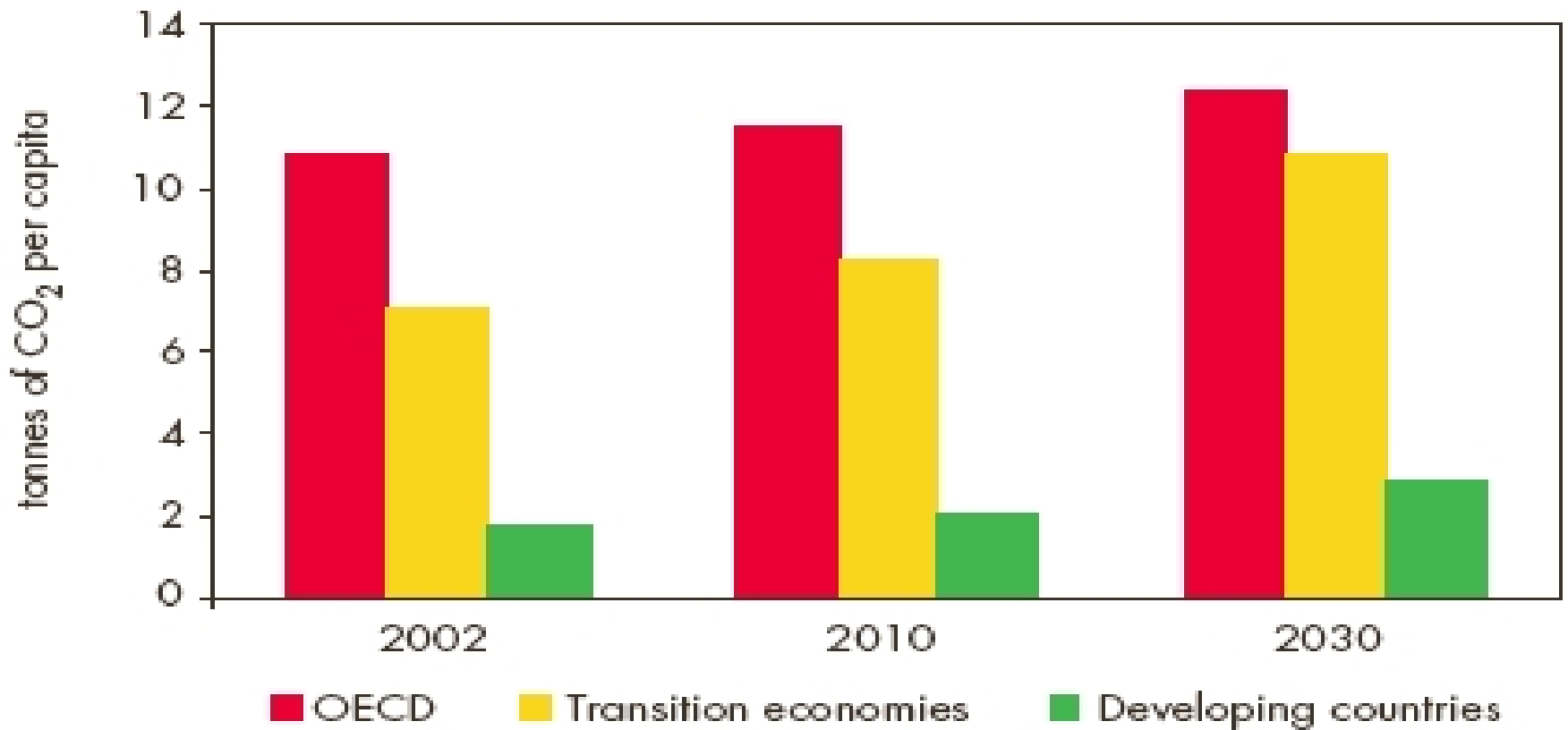
- Current high fossil fuel prices
  - oil price increased over 75% 2003->2006. Now approaching \$100/barrel.
  - greatest impact on poor importing countries.
- Security of supply - vulnerability and instability:
  - % of oil in total primary energy consumption. Ratio net oil imports : GDP

## Responses

- Improve efficiency – both in generation/transmission/distribution and in future industry, urban development and transport programmes (end-use efficiency). SSA countries use twice as much oil per unit of economic output than OECD
- Diversify energy supply – from different sources and different regions
- Use indigenous resources particularly renewables. Only 7% of Africa's hydropower potential is used

# Climate change

## Per Capita Energy Related CO<sub>2</sub>



Source: IEA World Energy Outlook 2004



# Climate change impacts/adaptation

- Rising sea levels affect densely populated coastal areas
- Increasing number and intensity of hurricanes and floods
- Water scarcity
- Droughts, desertification and land degradation
- Declining crop yields leading to reduced food security
- Increased vulnerability for poor
- Impacts on energy supply and other infrastructure, e.g. reduced output of hydropower and biomass

# African priorities on energy and climate change

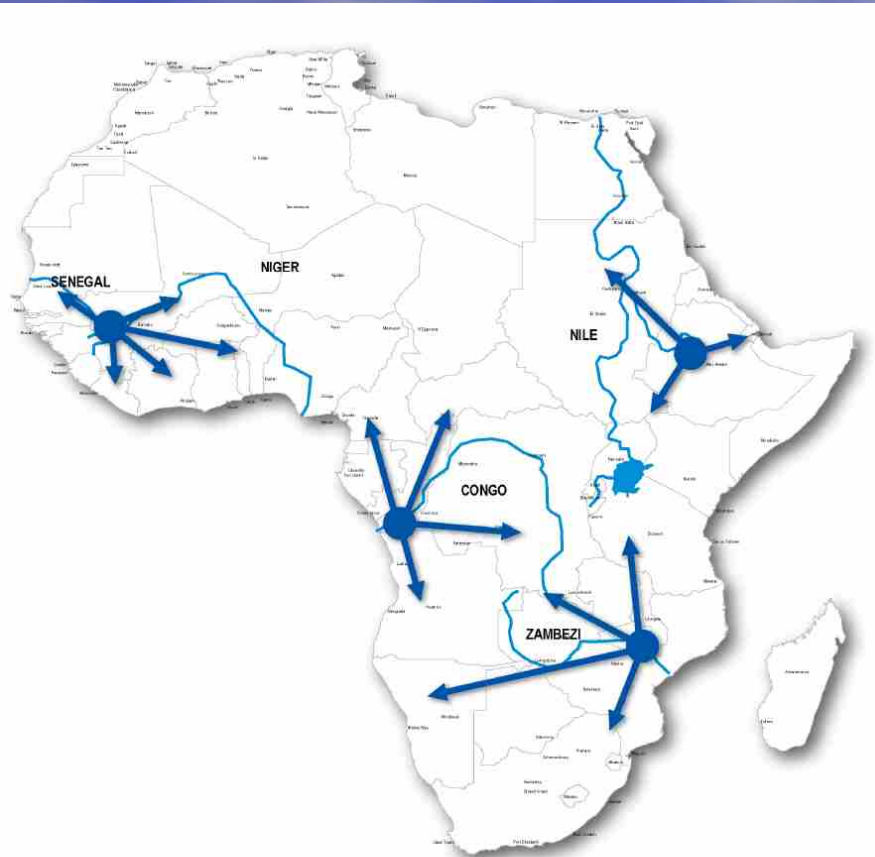


- African objectives:
  - Increase Africans' access to reliable and affordable commercial energy supply from 10% to 35% or more within 20 years
  - Improve the reliability and lower the costs of energy supply to productive activities in order to enable economic growth of 6% p.a.
  - Integrate transmission grids and gas pipelines so as to facilitate cross-border energy flows
  - Integrate climate change mitigation and adaptation into priority development policies and programmes, including PRSPs
  - Prepare to cope with extreme climate events and support governments and private sectors to design carbon related projects
- More and more African governments draw attention to energy and climate change at the national level

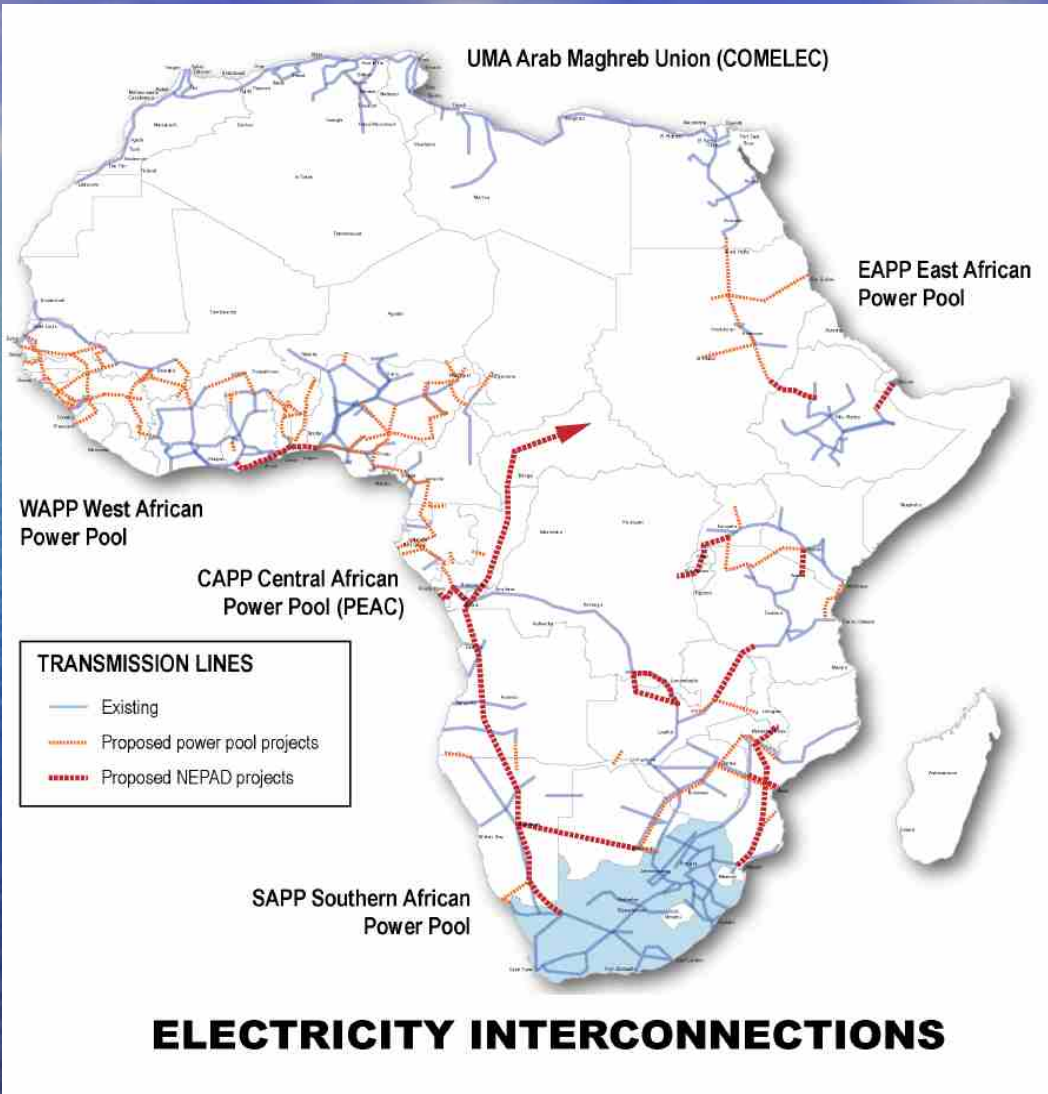


# Increasing the EU-Africa dialogue

- EU energy dialogue with Africa since the 2002 Johannesburg Summit. Main focus on access to energy services and the MDGs
- EU responses: Energy in Development Policy, Energy Facility, Infrastructure Partnership and Trust Fund for continental projects, Energy in National Programmes, Communication on Climate Change
- Expanding the energy and climate change agenda:
  - Energy **security** becomes a key concern both for Africa and Europe. Energy trade increases energy security. Common interest in open, well functioning energy markets
  - Energy **access** remains a key issue for Africa. Access to modern energy services, link to infrastructure partnership, huge potential for renewable energy, use Africa's energy resources for Africa's development
  - **Climate change** moves even higher on the agenda. Africa has a limited emission of CO<sub>2</sub>, but it is vulnerable to the effects → focus on adaptation



**PRIORITY AREAS FOR INCREASED  
HYDROPOWER POTENTIAL  
based on NEPAD I-STAP**



**ELECTRICITY INTERCONNECTIONS**



# The Africa EU Energy Partnership (1)

- Strengthen the **Africa-EU dialogue** on energy security and access to energy, e.g. via regular high-level and technical meetings, joint analysis, capacity building etc
- **Scale up investment** in energy infrastructure, including:
  - promotion of renewable energy solutions & energy efficiency
  - increasing access to energy services
  - strengthening regional cooperation and market integration
  - increase attention to energy in national strategies and investments
  - confirm a pipeline of bankable projects (ownership)
  - increase efficiency of implementing mechanisms (Paris Declaration)
  - develop synergies between financing institutions



# The Africa – EU Energy Partnership (2)

- Amplify the **development-oriented use of oil and gas revenues**, e.g. support to the implementation of the “Africa Oil Fund”, established under the AU
- Promote **transparency**, e.g. via:
  - support to EITI
  - support to African governments and institutions,
  - promotion of transparency guidelines for companies in the energy sector
  - induce trans-national companies to conform with the EITI standards when active in the African energy sector
- Promote **enabling frameworks**, including the regulatory, fiscal and legal environment, in order to attract investment
- Mainstream **climate change** in energy development cooperation, and support the use of CDM. Reduce gas flaring and venting



# Global Climate Change Alliance

Focus on LDCs and Small Island Developing States

Cooperation under the Alliance will focus on five areas

- adaptation
- disaster risk reduction
- reducing emissions from deforestation
- participation in the Clean Development Mechanism (CDM)
- integration of climate change into poverty reduction strategies



# Africa-EU Partnership on Climate Change

- Linked to the Global Climate Change Alliance
- Build dialogue and common approaches on climate change policies and cooperation
- Strengthen African capacities to adapt to climate change and to mitigate its negative effects
- Integrate climate change into African national and regional development strategies and Africa-EU development cooperation
- Reduce rates of deforestation and desertification in Africa
- Increase Africa's participation in the global carbon market (e.g. CDM)
- Increase energy efficiency and resilience to climate change in African economies



# Shared priorities of the energy and climate partnerships

- Renewable energy - provides CO<sub>2</sub> free or CO<sub>2</sub> neutral energy
- Energy efficiency - reduces consumption of fossil fuels and CO<sub>2</sub> emissions
- Reduction of gas flaring and venting - increases energy efficiency and reduces emission of CO<sub>2</sub> and methane
- Increasing Carbon Financing – provides e.g. CDM financing to renewable energy and energy efficiency
- Developing regional energy markets and trade - increases efficiency of energy systems and enabling better use of e.g. hydro power resources
- Reducing deforestation - e.g. by more efficient uses of fuelwood/charcoal, or introducing substitutes (LPG)
- Improving governance and management in the energy and forestry sectors – reduces CO<sub>2</sub> emissions



# Leading to increased business and investment opportunities

Jointly ensuring stable and long term partnerships and frameworks:

- Mobilises financial resources
- Improves market conditions
- Improves investment climate and reduces risks

Improved financing opportunities/risk mitigation, e.g.

- EU instruments: Infrastructure Trust Fund, Energy Facility, GEEREF
- Carbon financing (e.g. CDM)

Expanded markets for cleaner and more sustainable energy technologies, e.g.:

- Energy transmission and distribution infrastructure
- Renewable energy systems (hydro, geothermal, solar, wind, biomass)
- Energy efficient turbines, engines, motors, generators
- Energy efficient appliances (refrigerators, lights, air-conditioners etc.)



Thank you