

ADB FINESSE Africa newsletter



Financing Energy Services for Small-Scale Energy Users-ADB FINESSE AFRICA NEWSLETTER 1.3, JUNE 2004

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From the Editor's desk

How can Africa benefit from *Renewables 2004*.

The highly successful International Conference on Renewable Energies (*Renewables 2004*) held from 1-4 June 2004, in Bonn, Germany delivered a strong message of hope and political will to the world to fulfil the task ahead and ensure a sustainable future through the use of renewable energy. The outcomes of *Renewables 2004* do reinvigorate global commitment towards a more humane world where renewables play a central role. Other issues that this high level conference managed to bring to the fore are the need to develop renewable energy markets; recognise energy issues as pivotal; and to centralise energy issues in poverty alleviation particularly in developing countries.

Given the momentum of this global process on renewable energy, the challenge for Africa then is how the continent should strategically position itself to combat poverty by increasing access to sustainable energy forms like renewables. Possible suggestions include;

- # Organising a follow-up expert and ministerial meeting to develop a continental strategy to take advantage of financial resources pledge at Bonn;
- # Developing national policies that will create and sustain the market for renewable energy technologies;
- # Establishing an African Renewable Energy Fund that would be responsible for mobilising international resources, both grants and loans, to finance renewable energy projects and programs in Africa;
- # Conducting regional assessment of capacity needs i.e. technical, institutional, investment, research, etc that will form a basis for developing a bigger regional program; and
- # Forging stronger collaborative links with the private sector in promoting the dissemination of renewable energy technologies.

This list is by no means exhaustive but serves to trigger dialogue on how can Africa benefit from renewable energy experiences and available resources. We encourage our network members to share with us their views on this and other issues of interest.

Snippets from the FINESSE calendar

1. Preparations for the regional consultation workshop are at an advanced stage. The workshop is tentatively scheduled for September 2004.
2. Assessment of capacity needs in the Bank have been ongoing and parallel to that, training material for the internal seminar and training workshop are being developed.
3. The FINESSE team will present a paper on the role of renewable energies in rural water supply and sanitation during the ADB water week 1-3 July 2004, Tunis, Tunisia. Further details on this event are available on ADB website (<http://www.afdb.org>).

Global call for more action to promote renewable energy.

From 1 to 4 June 2004, over 3600 participants, that included 1400 delegates from 154 countries, 121 heads of states and ministers, attended the International Conference for Renewable Energies—Renewables 2004— in Bonn, Germany.



German Chancellor Gerhard Schröder opening Renewables 2004

At the end of Renewables2004, Federal Environment Minister Jürgen Trittin and Federal Minister Heidemarie Wieczorek-Zeul both concluded that the conference was a complete success. Their joint statement went on to say, "Together the delegates have paved the way for a global transformation in energy structures and for a massive increase in the use of renewable energies. This will alleviate global poverty and protect the climate"

Renewables 2004, took on the increasing global momentum on the need to increase the deployment of renewable energy and energy efficient technologies. One of the major outcomes of the 2002 World Summit on Sustainable Development was the adoption of the Johannesburg Plan of Implementation (JPOI) which addresses renewable energy in several of its chapters. In the JPOI, governments jointly agreed to increase the share of renewable energy sources substantially with the aim of raising the contribution renewable energy makes to total energy supply "with a sense of urgency". Recognition was also made of the role of national and voluntary regional targets and initiatives, and the need to ensure that energy policies support developing countries' effort to eradicate poverty. The final plenary of WSSD also saw the formation of Johannesburg Renewable Energy Coalition (JREC), a group of like-minded countries, comprising of the EU with alliance of several small island states and other countries, who advocated the adoption of targets on renewable energy and promised to encourage other countries to do like wise.

Upon realising that there was need of a commitment at political level, adoption of specific targeted action as well as the need for a harmonized global process, the German Chancellor Gerhard Schröder, during WSSD, invited the international community to Germany for an international conference on renewable energy - Renewables2004. Germany then initiated a preparatory process that included the establishment of an International Steering Committee, several regional preparatory meetings, a National Advisory Committee, and an Organizing Committee and Conference Secretariat. The African



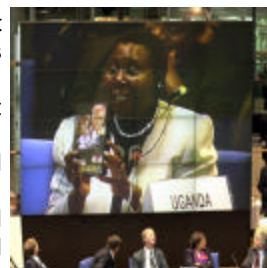
Renewables 2004 was held in the Bundeshaus Bonn, the former German parliament

preparatory meeting was held in Nairobi in November 2003, followed by a ministerial meeting in May this year. Representatives of the ADB FINESSE team participated in the second preparatory meeting in Nairobi.

The aims of *Renewables2004* were to prepare the ground for a global expansion of renewable energies, integrated into a broader strategy to create a highly efficient and sustainable energy future and to add impetus to the momentum generated by the JREC in Johannesburg. Major conference issues were;

- # Policies for renewable energy market development;
- # Financing options for renewable energy; and
- # Strengthening capacities, research and technology development, and institutions.

Renewables 2004 brought together key decision makers from the fields of energy, environment, development and planning. Participants at the conference included representatives from Government, the United Nations, other international organizations including international financial institutions and stakeholders from civil society, the private sector, renewable energy manufacturers and other stakeholder groups such as consumer groups and parliamentarians.



Hon S. Bbumba, Minister of Energy and Mineral Development, Uganda, giving a vote of thanks at the close of *Renewables 2004*.

The conference produced three major outcomes;

- # The **Political Declaration**, outlines the shared political goals for an increased role of renewable energy and reflects a joint vision of a sustainable energy future which provides better and more equitable access to energy as well as increased energy efficiency. The detailed political declaration can be accessed on the following link: http://www.renewables2004.de/en/2004/outcome_declaration.asp
- # The **Policy Recommendations for Renewable Energies**, provide practical advice to governments, international organisation and stakeholders as they develop new approaches and political strategies and address the roles and responsibility of key actors. More information on the Policy Recommendations for Renewable Energies can be accessed at, http://www.renewables2004.de/en/2004/outcome_recommendations.asp.
- # The **International Action Programme (IAP)**, a collation of voluntary actions and commitments to goals and targets by governments, international organisations and various stakeholders. The ADB FINESSE Program was also endorsed into the IAP. More information on the IAP can be accessed on http://www.renewables2004.de/en/2004/outcome_actionprogramme.asp

More information on *Renewables 2004* can be accessed at <http://www.renewables2004.de>.

Other ADB FINESSE Africa program activities in BONN

ADB organises a side event at *Renewables 2004*.

The African Development Bank and other regional development Banks namely, Inter-American Development Bank (IADB), European Bank for Reconstruction and Development (EBRD), Asian Development Bank (ADB) in collaboration with the United Nations Framework Convention on Climate Change (UNFCCC) secretariat, organised a side event during *Renewables 2004*. The main objective of the side event was to discuss regional development banks' experiences and opportunities in sustainable renewable energy development.

Major points from the presentations by the representatives of the different regional development banks were;

- # Targeted support for renewables is urgently required in addition to policy and regulatory framework development.
- # There is need for a clear distinction between the role of renewables for poverty reduction and the role of renewables in climate change mitigation.
- # Poverty reduction activities are typically small-scale projects with a very limited effect on greenhouse gas emissions. On the other hand, large scale geothermal and biomass power projects are better suited for emissions reductions.
- # Regional Development Banks with a poverty alleviation focus should play a more aggressive role in promoting renewable energy technologies.
- # Renewable energy projects are inherently perceived as high risk projects. Successful renewable energy projects might be successful from an environmental point of view, but not from a lending perspective. It is therefore critical that task managers who incorporate renewable energy in their projects be provided with appropriate support and incentives to make these projects successful.

The conclusion was that renewable energy presents unique challenges and opportunities to regional development banks and as such innovative mechanisms of financing such projects were required for the banks to play an increasing role in this field. If you intend to receive the presentation by the African Development Bank representation to this side event, please send a blank e-mail, with the subject line reading 'ADB side event presentation' to finesse@afdb.org.

ADB FINESSE Africa program endorsed to the International Action Programme at *Renewables 2004*.

The ADB Finesse Africa program was submitted and endorsed as one of the action programs to the International Action Programme (IAP), one of the three major outcomes of *Renewables 2004*. In the International Action Program, governments, international organizations and stakeholders voluntarily committed themselves to a wide range of activities and actions that are geared towards the increased use of renewable energies.

The ADB FINESSE program was submitted since the overall goal of the program is to reduce poverty by increasing access to clean energy across Africa. This would be done through the development of appropriate policy frameworks and proper regulatory and institutional set-ups, and in addressing the capacity development needs of national authorities in Africa. Deliberate capacity building activities will be targeted to African Development Bank staff so that they are able to deal with renewable energy and energy efficiency issues. This multi-pronged approach is envisaged to result in increased activities by the ADB in renewable energy and energy efficiency projects.

To date, 165 proposals for voluntary action have been endorsed many further submissions are being screened. For more information on the International Action Programme please visit : http://www.renewables2004.de/en/2004/outcome_actionprogramme.asp

Editorial Committee

Mr. Yogesh Vyas - Head of PSDU
Ms. Aimée Bella - Senior Environmental Specialist, PSDU & FINESSE Task
Mr. Wim Klunne - Principal Renewable Energy Expert - FINESSE.
Mr. Alois P. Mhlanga - Renewable Energy Research Associate - FINESSE.

Events

1. **8th Annual Africa Downstream 2004**, Date: October 4th 2004, Venue: Cape Town, South Africa, Internet: <http://www.petro21.com/events/>
2. **1st International Conference on Renewable Energy** Date: October 6th – 8th 2004
Venue: New Delhi, India, E-mail: cbip@svnl.com
3. **Solar Power 2004**, Date: October 18th – 21st 2004, Venue: San Francisco, USA,
Internet: <http://www.solarpower2004.com>
4. **9th International Conference on Energy and Environment**, Date: March 13-17, 2005, Venue: Sharm El Sheikh, Sinaï, Egypt, . Internet: <http://ee9.sat-eng.com>

Energy News from Africa

Energies renouvelables au Burkina

La Banque mondiale appuie le volet électrification rurale. La conférence internationale sur les énergies renouvelables "Renewables 2004" à Bonn en Allemagne a clos ses portes vendredi 4 juin dernier. Leaders politiques, d'ONG, experts des énergies ont accordé leurs voix quant à la nécessité de promouvoir les énergies renouvelables en vue de lutter contre la pauvreté.

Le temps fort de ce rendez-vous mondial sur les énergies renouvelables a été sans conteste, l'intervention du chancelier allemand Gerhard Schröder. Il a souligné que les attaques contre les industries pétrolières montre que le monde doit être vigilant dans la lutte contre le terrorisme. Cela permettra à l'humanité de savoir que le sort des économies mondiales reste lié au pétrole.

Pour lui, le regard doit être tourné vers les énergies renouvelables. Le chancelier allemand a vanté les mérites de son pays en la matière avant de conclure que son gouvernement créera un fonds pour les énergies renouvelables. Il a aussi appelé les pays développées à soutenir l'Afrique dans le domaine des énergies renouvelables.

Pour plus information, visitez :

<http://fr.allafrica.com/stories/200406090111.html>

Ethiopia steps up power generation to attract investors

Striving to attract more foreign investors, Ethiopia has embarked on an ambitious plan to step up its electricity generation capacity from the present 750 MW to 1,050 MW by 2007. According to an Investment Guide to Ethiopia prepared by the UN Conference on Trade and Development (UNCTAD), the country's economically feasible hydropower potential is estimated at 30,000 MW and only 1.5 percent of this potential is currently utilised. While domestic demand is growing at 10 percent per year, less than 14 percent of the population has

access to electricity.

For more information visit: <http://www.panapress.com/archive.asp?code=eng&dte=10/06/2004>

Solar power improves everyday life: Zambia

Several Zambian villages in remote parts of the country that have not been connected to the national power grid have benefited from an initiative to provide solar-power to their communities. For more information, please visit : <http://www.irinnews.org/report.asp?ReportID=41569>

Inga Plans Unfold

With the countries of the Southern African Power Pool (Sapp) expected to run out of capacity after 2007, the viability of sourcing electricity from the Inga site on the Congo river is being explored. For more information visit: <http://www.engineeringnews.co.za/eng/sector/energy/?show=50935>.

UNDP/GEF Book Launch

UNDP/GEF book launch : "Solar Photovoltaic in Africa: Experiences with Financing and Delivery Models". This publication provides an overview of experiences to date with Solar Photovoltaic (PV) programmes in Africa, particularly with regard to lessons learned on financing mechanisms and delivery methods for PV market development. The aim of the publication is to provide guidance on PV financing and delivery methods to PV practitioners including PV companies, donor-supported PV projects, government departments, consultants and experts involved in PV initiatives in Africa and beyond. For more information, please visit: http://www.undp.org/gef/undp-gef_publications/publications/solarphotovoltaics_africa.pdf

Internet Resources

ADB FINESSE Africa newsletters : http://www.afdb.org/about_afdb/finesse_newsletter.htm

Financing Sustainable Energy Directory : <http://www.fse-directory.net>

German Ministry for Economic Cooperation and development : <http://www.bmz.de/en/index.html>

International Conference on Renewable Energies : <http://www.renewables2004.de>

Johannesburg Renewable Energy Coalition : <http://jrec.iaea.org>

Renewable Energy and Energy Efficiency Partnership (REEP) : <http://www.reep.org>

World Council of Renewable Energy : <http://www.wcre.org>

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