

Renewable Energy and Energy Efficiency
Innovative policies and financing instruments for the EU's southern and eastern neighbours
Ministerial Conference under the German Presidency of the EU
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**STATEMENT BY THE NGO REPRESENTATIVES
PRESENT AT THE CONFERENCE**

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1) INTRODUCTION AND OVERALL CONCERNS

Our central concern is the absence of any overall sustainable energy approach within the European Neighbourhood Policy, taking fully into account social and environmental parameters, including EU climate policy goals such as keeping global warming below 2°C compared to pre-industrial levels.

This shortcoming is critical in the light of the expected launch at the UNFCCC Contracting Parties in December of negotiations to determine post-2012 international commitments to combat climate change as well as in the context of the further development of the ENP as a whole and its country-specific implementation.

A first energy strategy paper for the ENP, published by the previous Commission in 2003, was fundamentally flawed and inconsistent with what have in the meantime become the EU's energy policy priorities. The paper has meantime been withdrawn from the Commission's ENP website; however, no revised strategy has been issued

Instead, the ENP has become integral element of EU efforts to design an overall external energy policy, as spelled out in several documents published since May 2006 plus the external dimension of the Energy Package adopted at the Spring Council 2007. This external energy policy for Europe identifies the ENP as a key pillar. However, the overarching approach of this policy and implicitly also of the energy dimension of the ENP, continues to be flawed, in as much as it

- Euro-centrally aims to cater for the EU's energy interests (rather than overall regional / global energy supply);
- fails to explicitly establish the below 2°C-limit as the guiding paradigm;
- aims to introduce European-type energy market liberalization in partner countries, without thorough assessment of the current failings of the EU market-situation (including the lack of level playing field given the heavy past and present subsidies to fossil and nuclear energy), and with the danger of neglecting realities in third countries concerned, such as the neighbourhood countries;
- is more concerned with traditional energy infrastructures rather than adequately targeting the huge potentials, and investments needed, in renewable energies and energy efficiency.

Social and environmental aspects are hardly addressed in ENP related energy documents, e.g. access to energy for the ENP countries' poor (particularly in the South Mediterranean), as well as connected issues such as re-afforestation or energy- and climate-related water issues..

An additional cause for concern is the lack of involvement of major stakeholders in the development and implementation of energy measures under the ENP, whether via the bilateral Action Plans, through the Euro-Mediterranean Partnership, or the ENP-segments of the EU's external energy policy. While the voice of the fossil fuel, nuclear and electricity industries is always heard, that of civil society is currently not, and that of other energy industries, in particular federations promoting alternative energies (e.g. the European Renewable Energy Council), is not in evidence. Nor is there any effective participation and thus oversight by either MEPs or members of the Euro-Mediterranean Parliamentary Assembly, or national MPs in the policy making and implementation of the ENP and particularly its energy dimension.

Last, but not least, the NGO are concerned about the uneasy regional balances in the ENP and particularly its energy dimension:

- On the one hand, the ENP attempts a single 'one size fits all' approach to an extremely diverse region, with a broad spectrum of cultures, histories, political and economic systems and levels of socio-economic development, and natural environments, which might well prove to be inappropriate also for some energy- and climate related issues.
- On the other hand, there are so far few attempts to better link existing networks e.g. the Euromed with those actors involved with e.g. Caucasus-EU interaction; these gaps in policy communities need to be bridged for the ENP to become meaningful.
- Last, but not least, the energy-related ENP shows a preoccupation with countries such as Algeria and the Caucasus countries, which reflects the above-mentioned focus on securing EU's energy import interests, but which crowds out both other

countries and other sustainable energy policy potentials in the ENP (e.g. the tapping of the Northern African solar potential).

→ Reflecting the views of the NGOs they represent at this conference, the authors of this paper call on the EU to develop, through a multi-stakeholder consultative process, an energy strategy for the ENP which corrects the above-mentioned flaws. The energy dimension of the ENP should serve to improve regional cohesion, be coherent with climate change commitments whilst its overall sustainable development dimension must be strengthened.

2) CONCERNS SPECIFICALLY RELATED TO RENEWABLE ENERGY AND ENERGY EFFICIENCY

There are various scattered activities for renewable energy and energy efficiency, either within several EU programmes, or under bilateral cooperation with neighbourhood countries, whether via the ENP Action Plans, the EMP Association Agreements, or Member States' bilateral development co-operation activities. However, there is no overarching strategy or even transparency / overview.

- Within the ENP Action Plans, which are important for actual implementation, RE and EE receive generally a low degree of attention, whether due to a lack of interest both from the side of the "neighbourhood countries" or from key players in the European Commission.
- Only a very small fraction of EIB loans have been dedicated to RE and EE, though the announcement made at this Conference would indicate an initial change of direction as from July 2007, if the Bank's managing board approves the establishment of a new RE and EE lending facility.
- The potential of the Kyoto Protocol's flexible mechanisms (CDM and JI) are under-utilized (according to the UNFCCC list, only 20 out of 751 projects are located in the ENP countries, 6 in the Caucasus and 14 in Mediterranean) even though they could be a key tool of EU/neighbouring countries energy cooperation. This reflects the current preoccupation of the international community, including the EU, with major emitting developing countries when it comes to the introduction of RE, EE and other climate change mitigation and adaptation measures.
- Activities within environment and development cooperation have so far focused much more on issues such as water than on RE and EE.

3) CONCERNS SPECIFICALLY RELATED TO THE EAST-EUROPEAN AND CAUCASIAN DIMENSION OF THE ENP

The Eastern neighbours and particularly the Caucasus region is mainly dealt with by EU as a zone of energy-geopolitics, with a view securing EU energy interests in the region, rather than laying the basis for sustainable energy development there and aiming at an EU-internal energy policy which would free the EU from playing energy-related geopolitics-needs.

Within the region, the Soviet model for energy policies continues, meaning large scale, centralized generation, very low efficiencies, little attention to renewable energy and energy efficiency, extremely deficient management. NGOs see this continuation as being supported by the EU, via the pattern of financing from EBRD and through other programmes.

Of particular concern is the ‘indirect’ financing of nuclear energy, via EBRD. The recently released Eastern Regional strategy on financial flows gives a first priority to energy and transport networks. However, while some attention is given to improving energy efficiency, the main focus is still on general supply and demand management, infrastructures and “diversification” in a general sense.

Furthermore, comparatively little research into climate change impacts on the Caucasus region has been done as yet. This situation requires urgent correction both due to the valuable biodiversity in the region and as well as the risk of e.g. changing rainfall patterns and related impacts on the availability of water resources exacerbating the potential for conflict in the region.

4) CONCERNS SPECIFICALLY RELATED TO THE MEDITERRANEAN DIMENSION OF THE ENP

The Mediterranean region’s huge RE and EE potential has not been realised through the Euro-Mediterranean Partnership, launched November 1995. This includes potentials for both exports of RE to the EU and for meeting domestic energy demand. While the strengthening of trans Mediterranean grids is being discussed, there is still insufficient decisiveness at looking at options for renewable energy production in and exports from Northern Africa. In this context, a debate is also needed on how a) the Northern African and Middle East renewable energy potential can be reaped first of all for the benefit of the (energy) poor in the region, b) which overall technology paths and infrastructures should be prioritised to supply both the national/regional markets and the EU.

Despite the huge RE potential, the actual situation in the region is alarming. On present trends, RE share in energy supplies in the Southern Mediterranean will fall to 3% in 2020 (source: Blue Plan).

There is great concern amongst environmental NGOs in relation to the announcement by several Southern Mediterranean nations that they are considering building nuclear reactors. Yet proactive RE and EE policies in Southern partner states could avoid construction of 154 x 500Mw power stations between now and 2020 (source: Blue Plan).

So far, the Euromed process has done little to inspire such policies: Four Euromed Energy ministers’ conferences since 1997 have given minimal focus to REs and EEs, misguided by and misleading the EU’s priorities (fossil fuel supplies, extending the internal market etc; *see our introductory comments*). There is still time to reorient discussions and decisions of the 5th conference hosted by the EU Portuguese presidency in Portugal November 2007, and to reverse the currently persisting wrong policy trends.

A project led by the Italian government MEDREP, to develop REs in the South Mediterranean area, appears to be in limbo – information requests sent to the email link on the project website are returned for ‘wrong address’ reasons, the website posts news

relating to late 2005 while requests for information from the responsible Italian ministry announced on the website (Ministry of the Environment) are not answered.

The proceedings of the Euromed Energy Forum preparing the ministerial energy conferences (attended by senior national officials) are secret, but the industry lobby (see below) closely collaborates with this body. NGOs, parliamentarians, non-governmental federations and interest groups promoting REs and EEs are excluded. *(note: A written request to DG Energy, made in March 2007 by one of the authors, for the text of the draft Declaration for adoption by next Euromed Energy ministerial conference was rejected, even though the requester invoked the Aarhus Convention).* The dominant influence on the work of the Euromed Energy Forum and DG Energy services involved in its management since 1996 has been that of the fossil fuel/electricity majors lobby group OME, Observatoire Mediterranéen de l'Énergie.

The establishment of a platform in Rome to run the Euromed energy activities, REMEP, was decided on at the ministerial conference in Rome, December 2003. However, the platform has yet to initiate its activities.

Further concrete shortcomings:

- There is an overwhelming focus on traditional energy ‘mega projects’ (round the Mediterranean “rings” for oil, gas and electricity), with only a few small regional RE/EE projects, whose results do not appear to be ‘mainstreamed’ into subsequent policies or programmes.
- There is no known mechanism for synergies between national RE/EE policies of EMP countries, and – according to available information and up to this conference – no attempt at mutual information and learning.
- Whilst the ministerial conference declarations/conclusions are posted on the RELEX website, no other information about activities carried out under these decisions is available to the public and DG Energy shows extreme reluctance and delay in supplying any indications at all.
- To date, the European Investment Bank (EIB) only provides minimal RE/EE financing (up to 2004, less than 1% of its total energy loans to Mediterranean countries. A request for more recent data made in March to the EIB information service was not met).
- .For the period 1995-2004, average annual aid per capita for non-EU partners (highly concentrated by donors/recipients/sectors) reached 0.053 dollars for rational energy use, and 0.177 dollars for renewable energy. (source: Blue Plan)
- Finally, there has been no comprehensive regional discussion of climate change amongst EMP states. The only example of such a discussion was a conference in December 2002, organized by NGOs - the IUCN Mediterranean Office and the

Mediterranean Information Office for Environment Culture and Sustainable Development.

The NGO representatives therefore recommend, as regards the Euromed dimension, that,

→ at their 5th conference in Portugal this November, Euromed energy ministers should to adopt a detailed and proactive regional programme to ensure the maximum feasible development of REs and EEs in the region, laying lay the basis for a ‘climate friendly’ regional sustainable energy strategy to be the subject of an annual progress report to the Conference of Euromed Foreign Ministers and to the Euromed Parliamentary Assembly.

5) CONCLUSION AND CLOSING RECOMMENDATIONS

The energy components of both the ENP and the EMP are in urgent need of reform, as is the present draft of the EU’s external energy policy. Some of the needs for improvement have been sketched above, and should start to be tackled vigorously under the Portuguese EU Council Presidency.

To give this overall redirection a visionary and inspiring while realistic focus, the NGO propose the launch of the following initiative:

→ The EU should invite all neighbourhood countries to join the EU in its Spring Council 2007 challenge, and support an ‘aspirational ENP target’ of 20% by 2020 for REs and EE.

To enable the achievement of this goal, the EU should offer sufficient and long-term financial support as well as participation in EU projects and programmes, including research programmes, plus mutual cooperation on RE- and EE-related policies and measures.

This invitation should be part of a new and ‘climate change aware’ ENP sustainable energy partnership to be developed and implemented with the full participation of all non-state stakeholders including civil society and parliamentarians.