

# Sida's Portfolio within Energy 2006–2010

Today, 1.6 billion people live without access to modern energy. Many of the Millennium Development Goals cannot be achieved without improved access to energy services for basic human needs, economic growth, income generating activities and the provision of essential social services. Increased access to sustainable energy is thus a key priority for developing countries.

Access to electricity is a particular concern in Africa where over half a billion people are without electricity access. The continent has the lowest electrification rate of all the regions in the world (26% of households).

## Swedish policy and thematic focus on energy

Swedish support to the thematic area of sustainable energy is mainly manifested through the Swedish Government Policy for environment and climate issues.

Sida supports energy initiatives, programs and projects at the global, regional, national and local level and focuses its support in the following areas;

1. Access to energy services, mostly through electrification of rural areas, small urban centers and slums.
2. Renewable energy, such as solar, wind, hydropower and biomass generation
3. Energy efficiency at the end-user including energy for heating/cooling, transport and production
4. Capacity building and strengthening institutions in the energy sector

The overall objective of Sida's support to energy sector development is to support the development of sustainable energy systems that enable poor people to improve their lives in an environmental sustainable manner.

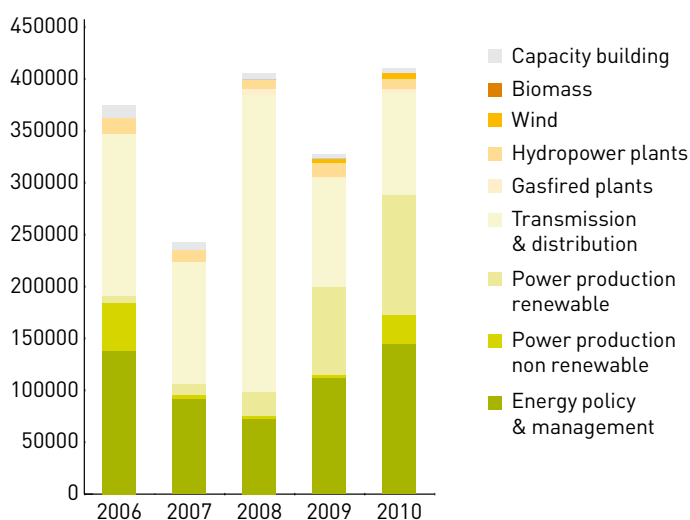
Sida supports the development of competitive energy markets, throughout the energy supply chain of generation, transmission and distribution. Sida supports investments in the form of grants or preferably loans and/or guarantees.

## Sida's disbursements to energy 2006–2010

Sida's grant disbursements to the Energy sector amounted to appr. 410 million SEK in 2010, distributed over some 270 contributions. The payments represented approximately 2.5 per cent of Sida's total disbursements in 2010. Payments to the energy sector have increased slightly since 2006. Support to the sub-area of energy policy and

management (mostly sector reforms) was the largest focus area with 35% of the disbursements, followed by energy production through renewable sources (28%) and transmission and distribution lines (24%) in 2010. The support to renewables has increased while support to non-renewable production of energy practically has been phased out. The support to transmission and distribution has however also declined, partly because of the closing down of regional energy projects in Africa.

Chart 1: Disbursements per sub-sector, 2006–2010 (MSEK)



In addition to grant support, up to 2008, Sida also supported energy programs with Development Loans and thereafter (2009 and 2010) with Environmental loans. The former were of a smaller amount (0,8-2,2 mSEK/year) while the latter amounted to 65 and 95 mSEK for 2009 and 2010 respectively.

## Country view

In 2010, Sida financed bilateral energy programs or projects in 12 countries and 4 regions. Substantial sup-

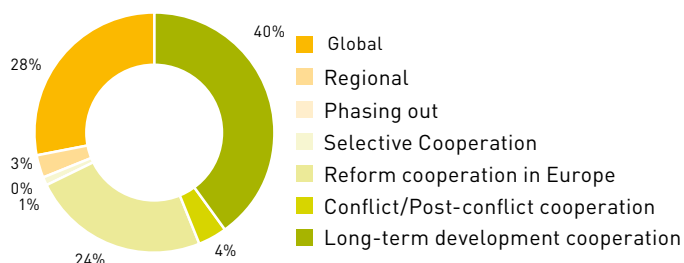
port was also given to organisations and initiatives at the global level, mostly in the form of bilateral assistance to multilateral organisations/initiatives such as the IFC, the World Bank, European Union and ADB.

### Disbursement per country categories and region

Sida's disbursements to different regions show a focus on cooperation in Africa followed by support to global programs and regional programs in Asia. The support to Uganda, Africa regional and Iraq is being phased out resulting in more focus on fewer countries and regions. Support to Eastern Europe is still fairly high with environmental related programs in nine out of ten strategies.

Around 70% of the disbursements were within the bilateral budget line, while regional cooperation amounted to a total of 21% and global 9%. A majority of the support, 68%, is classified as project support. This type of support has declined since 2006 when it amounted to 76%.

**Chart 2: Disbursement per country category, 2010**



For long-term cooperation countries there were only Energy sector programmes in Mozambique, Zambia and Tanzania in 2010. The countries in Africa with so called partner driven cooperation also have energy components in their programs. In the Asian partner driven cooperation country-group there is a huge interest for energy cooperation, particularly with the focus on sustainable environment issues with technology transfer aspects from Swedish private and public entities.

### Cooperation partners

Sida's main international partners in support of the energy sector are the European Union, the European Bank of Reconstruction and Development (EBRD), the European Investment Bank (EIB), the World Bank, the Asian Development Bank. Energy programs on bilateral basis are mainly implemented by the partners' countries energy agencies, companies and Ministries. The global portfolio has been strategically chosen to support the dialogue with the multilateral agencies and to promote renewable energy, energy efficiency and sustainability.

Sida has also collaboration with different Swedish institutes through the International Training Programs. There is also a broad cooperation with Swedish partners, including a number of Government institutions, government agencies, the private sector and universities.

## Results

### Energy Sector Management Program (ESMAP)

Established in 1983, ESMAP is a global, multi-donor technical assistance trust fund administered by the World Bank and cosponsored by 13 official bilateral donors, among them Sida. ESMAP assists low- and middle-income countries to increase know-how and institutional capacity to achieve environmentally sustainable energy solutions for poverty reduction and economic growth.

#### Regional cooperation;

In the regional portfolios of Asia and Africa, Sida has been supporting among others the regional energy trade. In Africa Sida has been supporting the South Africa Power Pool SAPP. One of the major obstacles for further economic development in the SADC region is the power deficit in the region. A long-term and cost-reflective transmission pricing policy for the trading of electricity between country borders within SAPP is now in place which is to be implemented in phases.

#### Tanzania

During the period 2006-2010 four rural electrification projects in Tanzania were completed. The outcome was increased access to electricity through extension of the national grid. The state-owned power utility TANESCO has connected 4 700 customers including commercial and industrial customers, health care centers and hospitals, schools, district headquarters, public light and households. The grid extensions are also replacing diesel generators, which benefits the environment and climate.

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