

Sida's Portfolio within Energy 2012

Today 1.4 billion people live without access to modern energy. In Africa over half a billion people, or one third of households, lack access to electricity. 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 essential social services. This overview shows Sida's disbursements to the sector divided by subsectors and country/region in 2012.

Main areas of support

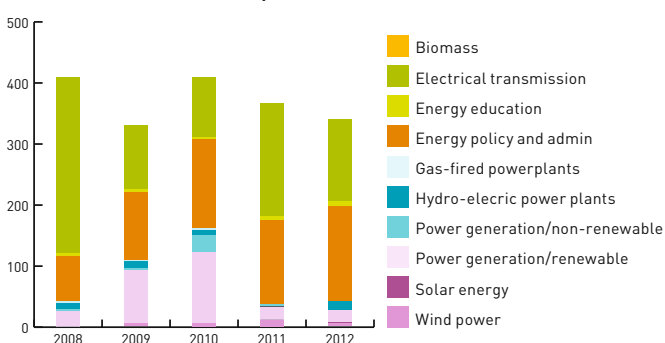
The overall objective of Sida's support to the energy sector is to contribute to supporting the development of sustainable energy systems that enable poor people to improve their lives. The total amount disbursed to energy sector development in 2012 was 345 million SEK (MSEK). This was divided over 57 contributions with disbursements in 2012. Sida's support in the energy sector is focused on four main areas:

- Access to modern energy services/electricity
- Increased use of renewable energy
- Improved energy efficiency
- Capacity building/institutional development.

Strengthened private sector cooperation, for particularly small scale energy solutions, has during 2012 grown to be a new innovative area of work.

Sida supports the development of competitive energy markets throughout the energy supply chain of generation, transmission and distribution. Investments are supported in the form of grants or loans or guarantees. Sida disbursements are divided into the OECD DAC defined subsectors. Chart 1 shows an overview of the last five years disbursements divided by the energy subsectors. It can be concluded that Sida's support is mainly distributed to the subsectors; Energy policy and administration (46 %) and Electrical transmission (39 %).

Chart 1: Disbursements per subsector 2008–2012 (MSEK)



Access

The access to reliable, affordable and sustainable energy is essential for poor people's ability to improve their living conditions.

Electricity improves the service of essential society institutions such as hospitals and schools. Electric light in public places increases safety, especially for women and children. Health and education is also improved through electrical lighting because light bulbs replace hazardous light sources and enable children to study after dark. Rural electrification gives people increased access to information through TV, radio and IT and is essential for the development of local businesses. Access to cost efficient, sustainable and non-hazardous energy solutions play an important role in order to achieve several Millennium Development Goals such as poverty reduction, equality and improvement of health and environment. Sida works to support poor people's access to sustainable energy systems. Support to electrical transmission directly targets the infrastructural boundaries hindering access to electricity. The support includes constructing towers, high and low voltage power lines from generation to use, to allow access to the power grid in remote areas, mainly in Africa.

Renewable energy

Sida's support to renewable energy sources has increased while support to non-renewables has been phased-out, which can be seen in chart 1. The support to renewable energy sources include solar, wind, and hydropower and sustainable biomass projects. The cost of renewable energy technology is rapidly declining and becoming economically competitive. 3 billion people still remain dependent on traditional biomass, mainly for cooking, which can cause health problems and environmental degradation. In 2012 Sida supported the production of renewables through a solar power project in Zambia among others. The UN's target is to increase the amount of renewables of the total energy production from today's, 15% to 30% in 2030.

Capacity building and strengthened institutions

Functioning and stable institutions are essential for the access to reliable and sustainable energy sources. Sida supports the establishment and operation of rural electrification agencies and funds and regulatory institutions in the energy sector. Sida support to institutional development in the energy sector has increased in the last years and continues to do so during 2012.

Disbursements per geographical distribution in 2012 (%)

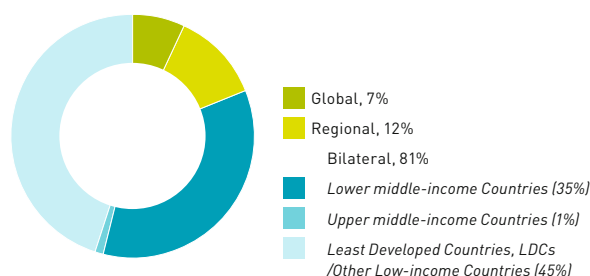
The largest share of the portfolio was disbursed through bilateral programmes, to a sum of 314 MSEK, equal to 81 %. Regional disbursements amounted to 12 % (40 MSEK) and global 7 % (25 MSEK). Most of the bilateral contributions went to Least Developed Countries and Other Low Income Countries. See Chart 2. Of the bilateral disbursements, Tanzania (122 MSEK), Ukraine (63 MSEK) and Mozambique (49 MSEK), received the largest share in 2012.

Mainstreaming thematic priorities

Gender Equality, Environment and Climate Change and Democracy and Human Rights are the three thematic priorities which are to be considered in all of Sida's work.

Sida uses OECD DAC's policy markers to grade and statistically track these priorities. For the energy sector disbursements 2012 the policy marker; significant objective, meaning that the priority is considered in the contribution, is the most relevant. 64% of the disbursements was marked as having Gender Equality as a significant objective. 65% was marked as having Environment and Climate Change as a significant objective. 31% was marked as having Democracy and Human Rights as a significant objective. Out of the disbursements 35 % was marked as having Environment and Climate Change as a principle objective, meaning that it is the main reason for the supported intervention. The aim is to continue to mainstream thematic priorities in the energy portfolio.

Chart 2: Disbursements per geographical distribution 2012 (%)



Highlights

A SUSTAINABLE MARKET FOR RENEWABLE ENERGY

The Global Village Energy Partnership (GVEP), is implementing the project Capital Access to Renewable Energy Enterprises (CARE2) in east Africa to support the growth of a sustainable market for renewable energy.

The objective is to improve conditions for poor people to participate in growth, market development and entrepreneurship. The project is focused on "e-MSMEs" (energy-focused micro, small and medium sized enterprises) and works to increase access to modern energy and reduce poverty in Kenya, Tanzania, Uganda and Rwanda. These businesses include simple solar lanterns and systems, or services (like mobile phone charging), clean cooking equipment, charcoal/fuelwood substitution products, biogas, and small scale hydro and wind products and projects. Supporting e-MSMEs promotes the priority issues of gender equality and social development which is linked to environmental sustainability.

IMPROVED QUALITY AND SUSTAINABLE SUPPLY OF ELECTRICITY IN MOZAMBIQUE

The Hydro Power Stations in Mavuzi and Chicamba in central Mozambique supply the national grid with around 20% of the total electricity distributed in the country. The equipment in the two power stations is affected by civil war, are old and worn out and in desperate need of rehabilitation to secure the domestic electricity supply. Through an innovative collaboration, using the Loan Facility, Sweden is making the rehabilitation possible with a grant of 360 MSEK combined with loans from France and Germany to cover the full cost of 990 MSEK. The rehabilitation comprises replacement and restoration of generators, modernization of the control, safety and command systems, new transformers, restoration of high voltage equipment and new infrastructure in and around the power stations. The efforts aim at increasing the capacity of the stations and to provide improved quality and sustainable supply of electricity for years to come.