



IN BRIEF...

Development Co-Operation in the Energy Sector

Swedish development co-operation in the Energy Sector aims at improving access to energy for the great part of the world's population that is today denied safe and efficient energy. It shall also contribute to the development of well-functioning and sustainable energy systems.

Areas of Activity

An important objective of the development co-operation is to promote the development of a sound and sustainable energy sector and environmentally sound energy systems. Every intervention shall be seen in a holistic perspective, and be set in the total and long term energy supply situation of a particular country. The co-operation shall be catalytic and be judged by its ability to help achieve environmentally acceptable solutions. The following areas are prioritised:

- Development of regulation
- Organisation and Human Resources development
- Energy efficiency
- New sustainable energy sources
- Target group oriented interventions

Swedish support primarily targets sectors and subsectors where Swedish institutions and firms can deliver to high priority needs of partner countries. Examples of such areas of ex-

cellence are enterprise development in the form of twinning arrangements with Swedish power companies; power network optimisation; rural electrification; energy efficiency; and various types of environmental issues.

Reforms and Institutional Development

Sida supports sector reform and capacity building within the energy sector in a number of countries. Development of energy policies as well as establishment and development of authorities and organisations are important elements of the programme portfolio. In Tanzania Sida supported the development of a new sector policy and now aids in the implementation of subsequent reform. Sida further supports the establishment of a regulatory authority in Zambia and a rural electrification fund in Uganda. Sida also actively participates in multilateral development work with the World Bank ESMAP programme.

Rural Electrification

Few people in rural areas in developing countries have access to electricity. This is a detriment to economic and social development. Sector reform is an important pre-condition for change in this respect, but in poor countries there is also a need for physical investment. Sida finances rural electrification interventions in a number of countries, such as Tanzania, Mozambique, Uganda, Vietnam, Sri Lanka and Nepal. Often, the whole investment is a grant, but in some cases a soft loan is chosen as the appropriate form of support.

Power Generation

When power generation capacity is a bottleneck for grid expansion into rural areas, Sida may finance studies, planning work and certain investment in power production. Currently, Sida and Norad jointly finance a National Hydropower Plan in Vietnam, with the aim to deliver the base for environmentally and socially acceptable

development of new hydro-electric power production. Jointly with other financing institutions Sida supported the World Commission on Dams (WCD), and subsequently its follow-up, the on-going Dams and Development Project, hosted by UNEP. The objective of the Commission was basically to establish under which conditions it is environmentally, socially and economically defensible to build dams, be it for purposes of power generation, irrigation or other. Like a great number of countries, organisations, and international financing institutions, Sida has essentially made the recommendations of the WCD its own.

District Heating

District heating systems in East Europe are in great need of improvement in terms of efficiency and environmental impact. Policy development and subsequent reform are preconditions for successful development. Sida supports the development of district heating companies and systems in Kosovo, Serbia, Bosnia and Russia.

International Course Programme

Sida invites key staff from its co-operating partners to participate in high level professional courses through the International Training Programme. Some ten courses have reference to the energy sector in some aspect.

Energy Research

SAREC, Sida's Department for Research Assistance extends core support to development world universities as well as specific funding to a number of energy research programmes in Asia and Africa.

Cross-Cutting Issues

Gender, environment and HIV/AIDS prevention are obligatory elements in all Sida programmes and projects. Socio-economic and environmental impact analyses aiming at removal or mitigation of possible negative effects are always conducted prior to inception of investment projects. Construction activities with many people working far away from home unavoidably bring about exposure to HIV/AIDS and other sexually transmitted diseases and augment the risk of uncontrolled spread of the same. Sida and its co-operating partners as a rule engage NGO's to undertake information campaigns and other measures to counteract negative impact among people and societies affected by the project.

The support to the ENERGIA network specifically targets energy related gender issues. Among interventions for the environment the above cited support to WCD and a long term programme support to the Stockholm Environment Institute may be high-lighted.

Modes of Support

Various modes of assistance are applied, depending on type of project and the status of the co-operating country. Some ten of the poorest countries receive long term grant support. In some cases un-tied soft loan financing is the preferred alternative. In cases where a Swedish company has won a contract in international competition a tied credit can be applied. Such credits have been used for investments in power generation, transmission and distribution. Similarly, consultancy contracts awarded to Swedish firms can be grant financed up to 80 per cent in a cost sharing arrangement.

In Sida, Energy matters are primarily the responsibility of the Infrastructure Division of the Department for Infrastructure and Economic Co-Operation.

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Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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