

**Ambassador Koen Vervaeke, Head of the European Union
Delegation to the African Union on the occasion of the "Decision
Makers' Workshop on Geothermal Energy",
Addis Ababa, 8-10 June 2009**

Ladies and Gentlemen,

First let me express my sincere thanks to the organizers for inviting me to speak on behalf of the EU and the European Commission at this Decision Makers' Workshop on Geothermal Energy.

This is a workshop for decision makers with an objective to assist them in assessing the role of geothermal energy in Eastern Africa and how to move forward with its implementation. East Africa with its Rift Valley, which may have a potential of producing more than 10,000 MW of electricity from geothermal sources, is of course well chosen. From the EU side we are also happy to see an activity that fits well with the ongoing implementation of the Africa-EU Energy Partnership, and whose results could feed into the intensive discussions on the road map for the Partnership.

Let me therefore begin with the Partnership. The Lisbon Strategy from December 2007 was put in place to strengthen the relations between Africa and the European Union to help address our common challenges. The cooperation of our neighbouring continents should be strengthened and go “beyond institutions”, “beyond development aid” and “beyond Europe and Africa” – which this workshop with its wide participation certainly does.

The Africa-EU Energy Partnership, a key component of the Strategy, is first and foremost a vehicle for improving our relations, improving our cooperation and reaching out goals on the ground, through better dialogue and consultation. Energy is an area where Africa and Europe share important mutual interests and face similar challenges.

Africa's largest infrastructure deficit is in the energy sector. Sub-Saharan Africa, with a population of 800 million, produces about the same amount of electricity as Spain, with a population of 45 million. African firms report losing more than 5% of their sales due to power shortages, and the figure is even higher in the informal sector. Many countries in

this region have been hard hit by unreliable rainfalls and drought, negatively affecting hydro-power generation.

At the same time, the EU and the World are at cross-roads concerning the future of energy. Climate change, increasing dependence on oil and other fossil fuels, growing imports, and rising energy costs are making our societies and economies vulnerable. To this one must now also add the economic crisis. These challenges call for a comprehensive and ambitious response.

The renewable energy sector stands out in terms of ability to reduce greenhouse gas emissions and pollution, exploit local and decentralised energy sources, and create new industries and jobs. Renewables are largely indigenous, they do not rely on uncertain projections on the future availability of fuels, and their predominantly decentralised nature makes our societies less vulnerable.

Renewable energy is playing an increased role in EU energy policy. The new EU directive on renewable energy, which was adopted in 2008, sets mandatory national targets for the overall share of energy from renewable sources in gross final consumption of energy. Each Member State has its own target (between 10% and 49%) consistent with a "EU target" of at least a 20 % share of its final energy consumption coming from renewable sources in 2020. With the intensive development of renewable energy within the EU and with an ambitious research programme, costs are also expected to come down.

Geothermal energy is one renewable source, which can contribute to the targets where local conditions are favourable. In Italy, a country with a long history of geothermal energy, electricity generation from geothermal energy is expected to come close to 1,000 MW in 2010. Geothermal energy for heating, often in combination with a heat pump, is also being used more and more within the EU. In many developing countries, in Africa in particular, the potential for renewable energy is large, and only marginally utilized. The Rift Valley with its geothermal potential is one such example.

The EU development ministers in their meeting on 15-16 May 2009, propose a strong focus in development cooperation on decentralized, sustainable solutions, based on renewable energy, adapted to local

conditions, engaging local authorities as well as local private sector and civil society. Further, it was concluded that the many barriers to renewable energy development need to be addressed in a systematic way, including poor policy and legal frameworks, lack of capacity at various levels, financial barriers and skills barriers.

This workshop, with a focus on decision makers, has an important function to suggest what could be the appropriate government policies and targets, that will create an enabling environment for mobilizing resources and encouraging private sector investments in renewable energy, and in geothermal energy in particular.

The support from the EU and its member states comes from Commission and bilateral programmes and from a number of specialized initiatives. Let me just mention a few with particular bearing on the theme for this workshop. First to be mentioned should be the support provided by KfW and other financiers to the development of the Olkaria geothermal power station in Kenya which is now a major power producer in the country (158 MW). This support, which has been provided to several phases of development, now continues with the support to Olkaria III, where a contract was signed in December 2008.

Support will be given to the energy sector in some national as well as regional programmes under the EC's 10th EDF. In the recent technical discussions on a programme for the Horn of Africa States, as an example example, energy in general is proposed to be a key sector, and geothermal energy one of the options discussed.

The EU Africa Infrastructure Trust Fund, which was created to support regional infrastructure projects in Africa, will also be receiving additional financing in the amount of 200 M€ under the EC's 10th EDF. Currently KfW is preparing a geothermal risk guarantee facility for East African countries on behalf of the German Ministry for Economic Cooperation and Development. This proposed guarantee facility is now in the project pipeline of the Infrastructure Trust Fund for receiving support.

The ACP-EU Energy Facility, which is the EU facility targeting local access to energy and focussing on renewable energy, will be replenished in the amount of 200 M€ plus possible MS contributions. One of the (74) projects under the first energy facility launched in 2005 was the

development of a geothermal project for the islands of Dominique, Martinique and Guadeloupe in the Caribbean.

The energy component of the 7th Framework Programme on research and the Strategic Energy Technology (SET) plan represent other EU activities which will contribute to the advancement of renewable energy technologies. Under these research programmes, advanced geothermal projects have been supported, which I gather is well known to this audience. Joint research and technology transfer are important areas that will be promoted under the Africa-EU Energy Partnership.

Finally, let me also mention the Global Energy Efficiency and Renewable Energy Fund (GEEREF), which is an innovative risk capital fund that will use limited public money to mobilise private investment in energy efficiency and renewable energy projects, in developing countries and economies in transition.

To conclude:

- The Africa-EU Energy Partnership should be a two-way process between partners that share common challenges and have complementary interests. I am confident that this workshop could produce useful results for cooperation in the energy sector, which could later be incorporated in the Road Map of the Africa- EU Energy Partnership.
- In the field of energy, I have mentioned several EU instruments, which may become vehicles for supporting geothermal energy development in Africa: the Infrastructure Trust Fund, the Energy Facility, the GEEREF and the research programme. Energy also figures in the national and regional programmes of the 10th EDF. In addition, we also expect contributions by member states.
- You have now the opportunity to articulate to what extent geothermal energy will be able to contribute to a renewable energy action plan for Africa and to elaborate, with the AUC and other African energy institutions, on how you see the possibilities of cooperation within the frameworks mentioned. I wish you a very successful workshop.

Thank you for your attention.