

EU Support for Energy in Developing Countries 2010-2016

Note on research methodology

The analysis looked at public finance support for energy in developing countries provided by EU institutions – the European Commission (EC), the European Development Fund (EDF) and the European Investment Bank (EIB). It included support for energy that qualified as official development assistance (ODA) and non-ODA support. The latter are classified as ‘official other flows’ (OOF), and include grants for representational or commercial purposes, transactions that have a grant element of less than 25%, and transactions that have an export-facilitating purpose. OOF was provided by the EIB only.

For the purposes of the study developing countries are least developed, low-income, lower-middle-income and upper-middle-income countries (LDCs, LICs, LMICs and UMICs), consistent with the categorisation used by the OECD. A few transactions for energy support in the OECD database are categorised as ‘more advanced developing countries and territories’ (MADCT) but these totalled \$323,000 or 0.003% of the overall total.

The financial data were taken from the OECD Aid Statistics database, through the QWIDS interface (<http://stats.oecd.org/qwids>). The analysis considered data about ODA and OOF disbursements only, to focus on the value of support received by developing countries. The financial data are presented in US dollars, as provided by the OECD database.

The disbursement data are for the period 2010-2016. The start of this period marked the launch of the Sustainable Energy for All initiative, which aims to increase support for energy access and renewable energy. 2016 is the most recent year with data in the OECD database. Most of the analysis, therefore, relates to disbursements under the MFF before the current one. The period analysed is also before the start of implementation of the Sustainable Development Goals.

The OECD’s Creditor Reporting System (CRS) has 23 different codes to categorise energy projects (see Table 1 below). The analysis of energy sources, regions and purpose of support was based on these codes. Its accuracy is, therefore, dependent on the accuracy and thoroughness of coding by EU officials when reporting to the OECD. It was beyond the scope of the study to exclude transactions that have been wrongly coded as support for energy and to include energy projects that have been miscoded.

The CRS codes do not include “energy access”, “rural electrification” or “cook stoves”, which would be directly relevant to the energy needs of people living in poverty. The identification of support for energy access followed the approach used by ODI and Oil Change International when analysing UK and multilateral development bank support for energy in developing countries. This approach uses a set of criteria (see Box 1 below) to assess whether each transaction has an energy access objective, using information in the project description in the OECD database. The information given in project descriptions is limited. The analysis may therefore, underestimate the support provided for energy access, but is not likely to materially affect the overall picture.

Table 1: CRS codes for energy

| Description | Code |
|---|-------------|
| Energy policy and administrative management | 23110 |
| Energy education/training | 23181 |
| Energy research | 23182 |
| Energy conservation and demand-side efficiency | 23183 |
| Energy generation, renewable sources - multiple technologies | 23210 |
| Hydro-electric power plants | 23220 |
| Energy generation, renewable sources (solar) | 23230 |
| Energy generation, renewable sources (wind) | 23240 |
| Energy generation, renewable sources (marine) | 23250 |
| Geothermal energy | 23260 |
| Biofuel-fired power plants | 23270 |
| Energy generation, non-renewable sources (unspecified) | 23310 |
| Coal-fired electric power plants | 23320 |
| Oil-fired electric power plants | 23330 |
| Energy generation, non-renewable sources (natural gas) | 23340 |
| Energy generation, non-renewable sources (fossil fuel with CCS) | 23350 |
| Non-renewable waste-fired electric power plants | 23360 |
| Hybrid electric power plants | 23410 |
| Nuclear energy electric power plants | 23510 |
| District heating and cooling | 23620 |
| Heat plants | 23610 |
| Electric power transmission and distribution | 23630 |
| Gas distribution | 23640 |

Source: OECD - www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm

Box 1: Criteria to assess contribution to energy access

- The project focuses on a targeted number of new electricity connections or energy services, such as clean cook stoves, to low-income households.
- The project focuses on electricity services important to poor people, such as health clinics, schools, or telecommunications.
- The project focuses on improving the reliability of electricity services in an area that largely serves low-income households and/or electricity services important to the poor and currently has intermittent or unreliable access.
- The project focuses on provisions to make energy affordable to the poor, e.g. effective, transparent safety nets to ensure that poor people can afford energy for basic needs, such as subsidies targeted at access, not consumption (as opposed to only having measures aimed at cost recovery, such as tariff increases).
- The project is focused on productive uses in energy poor communities, such as providing energy to smallholder farmers, small and medium enterprises and labour-intensive industries.
- The project involves power grid extension to new peri-urban areas (as opposed to simply feeding into the existing grid system).
- The project involves rural, off-grid solutions for providing energy services.