Global efficiency and renewable energy fund

2007/2188(INI) - 13/03/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 343 votes to 11 with 11 abstentions, the resolution on the Global Energy Efficiency and Renewable Energy Fund (GEEREF) in response to the Commission Communication entitled Mobilising public and private finance towards global access to climate-friendly, affordable and secure energy services: The Global Energy Efficiency and Renewable Energy Fund.

The own-initiative report had been tabled for consideration in plenary by Claude **TURMES** (Greens/EFA, LU) on behalf of the Committee on Industry, Research and Energy.

Parliament believes that the key objectives of the fund should be the promotion of energy efficiency, energy saving and renewable energies, the reduction of emissions of greenhouse gases and of other risks, the improvement of access to energy services in the poorest countries and the diversification of energy sources in the developing world. It particularly welcomes the fund's focus on leveraging private investment by providing risk capital. Parliament calls on the Commission to ensure that all support for projects and choice of technology is conditional on the fulfilment of comprehensive sustainability criteria and on a contribution being made to sustainable development as well as on geographical characteristics and available regional resources.

Members call on the Commission to focus on small-scale projects which are the most difficult to attract private sector investment. In this regard, the Commission should keep under regular review its eligibility threshold of EUR 10 million for individual projects, while earmarking at least one third of the funds available for small-scale projects costing less than EUR 1 million.

The Commission is also invited to:

-ensure that support for all biomass projects in developing countries is subject to the fulfilment of rigorous sustainability criteria;

-ensure that the GEEREF supports photovoltaic projects and calls on it to support the development of intelligent grid technologies;

-ensure that the fund supports the development of local markets, manufacturing and capacity by supporting local SMEs so that they can take on responsibility for merchandising new technologies in a particular region;

-ensure that the fund will be consistent with and supplement other Member State and EU development policies and energy initiatives targeted at developing countries;

-ensure that the fund contributes to reducing barriers to the use of the Clean Development Mechanism in particular in the least developed countries;

-explore ways of enlarging the fund in the future context of a post-2012 regime under the United Nations Framework Convention on Climate Change.

Parliament insists that the GEEREF must not support large projects requiring more than EUR 1 million for conventional energy sources and for the co-firing of biomass in existing or new coal power stations, the small scale use of fossil fuels (for example in diesel generators) or large agrofuel production.

Members regret the fact that the suggested minimum funding target of EUR 100 million with a contribution of only EUR 15 million for each of the years 2007 and 2008 is woefully inadequate as the GEEREF's contribution. It also regrets that, as yet, only a few countries have chosen to participate financially in the fund. The Commission is urged to increase its contribution while at the same time encouraging Member States as well as multilateral financial institutions to join forces in order to significantly increase the size of the fund.

Parliament considers that a key aim in the first years of the GEEREF should be the development of exemplars that can inspire further contributions, increasing the flow of investments in renewable energies and energy efficiency to developing countries and transition economies and sparing far more people than the anticipated 1 to 3 million people from energy poverty. Parliament calls for special emphasis on serving the needs of the ACP countries. Members strongly recommend that any subfunds for China and Russia, if included in the portfolio, do not absorb all the available resources and that they should be of particular interest as pilot-projects.

Parliament recognises that the GEEREF may have difficulty in complying with the criteria for Official Development Assistance established by the OECD Development Assistance Committee, as investment will be steered by prospects for financial returns rather than development needs. It also recognises the risk that poverty reduction, mentioned as a specific objective of the GEEREF, might become only a secondary priority of the fund. Accordingly it stresses that the Commission must significantly increase grant-based development aid in order to provide sustainable energy services to the poorest.