

GLOBAL ENERGY SECURITY

St. Petersburg, July 16, 2006

Global Energy Challenges

1. Ensuring sufficient, reliable and environmentally responsible supplies of energy at prices reflecting market fundamentals, facilitating sustained global economic growth as well as expanding access to energy[. including lower carbon.] in the developing countries is a challenge for our countries and for mankind as a whole. There is a direct relationship between social well-being, quality of life and secure access to energy supplies.

2. To tackle this overarching goal we have to deal with serious and linked challenges such as a growing demand for energy (estimated to rise a further 60% by the year 2030, 85% of which would still be accounted for by fossil fuels), increasing import dependence, a need for huge investments along the entire energy chain, vulnerability of the global energy infrastructure, political instability and other threats. The global nature of these challenges and the growing interdependence between producing, consuming and transiting countries requires new and strengthened dialogue/partnership relations between all stakeholders to enhance global energy security. We realize that development of transparent and predictable global energy sector based on market principles is the best way to achieve our objectives on this score.

3. Energy security must be pursued in a way consistent with achieving our common environmental goals based on a comprehensive and concerted approach. Last year in Gleaneagles, we agreed to enhance our work under the Plan of Action for Climate Change, Clean Energy and Sustainable Development and resolved to take forward a dialogue on these issues whose results will be reported at the 2008 G8 Summit in Japan. We reaffirm this commitment.

4. Global energy security cannot be achieved without providing access to fuels for the 2.4 billion people and electricity for the 1.6 billion people currently without such access in developing countries. They cannot be forgotten or marginalized.

Response of the International Community

5. Given political will, the international community possesses sufficient capacities and resources for simultaneous solution of the three interrelated issues - energy security, economic growth and environmental protection (the "3Es"). Global energy challenges are best dealt with on the basis of cooperative market-based responses. This will help to preclude potentially disruptive actions affecting energy sources, supplies and transit and create a secure basis for dynamic and sustainable development of our civilization over the long term.

6. We welcome the results of the G-8 Energy Ministers meeting in Moscow (March 15-16, 2006). To address these challenges, we, the Leaders of the G-8, will adhere to the following core principles of sustainable energy security strategy:

- efficiently functioning energy markets as a key to global energy security;

- clear, transparent and predictable rules and regulations for investors in energy to generate sufficient sustainable and, where appropriate, international investments upstream and downstream;
- interdependence, balance of interests and partnership relations of global energy markets stakeholders to ensure security of energy supply and demand;
- diversification of energy supply and demand, geographical and sectoral markets, transportation routes and means of transport;
- efficient environmentally friendly use of energy and development of innovative clean energy technologies.

Observing these principles, we will work vigorously with all relevant stakeholders to progressively improve the access to modern energy services for a larger number of people in developing countries.

Based on the above objectives, principles and approaches, our common global energy security strategy will be implemented through the following Plan of Action. We invite governments of other interested states, including major energy consumers and producers, as well as relevant international organizations and other stakeholders to join us in these efforts.

SAINT-PETERSBURG PLAN OF ACTION

GLOBAL ENERGY SECURITY

1. We reaffirm our commitment to implement and build upon the agreements related to energy reached at previous G8 summits. With a goal of strengthening global energy security we intend to take actions in the following key areas:

- increasing transparency, predictability and stability of global energy markets;
- promoting investments in energy sector;
- enhancing energy efficiency and energy saving;
- diversifying energy mix;
- ensuring physical security of critical energy infrastructure;
- reducing energy poverty;
- ensuring environmental protection and mitigation of climate change.

I. Increasing Transparency, Predictability and Stability of Global Energy Markets

2. Free and open markets are essential to the efficient functioning of the global energy system. Efforts to advance transparency; to deepen and spread the rule of law; to establish and strengthen predictable, efficient fiscal and regulatory regimes; and to encourage sound energy supply and demand policies all play significant roles in maintaining global energy security. By reducing uncertainty these efforts promote better assessments of energy market developments, and therefore sound investment decisions and competitiveness. Regular exchange of timely and reliable information among all market participants is essential for the effective and efficient markets. Transparent, predictable national energy policies and regulatory environments facilitate development of efficient energy markets. We invite International Energy Forum (IEF) to study ways of broadening the dialogue between energy producers and consumers on these issues including information exchange on their medium- and long term respective plans and programs.

3. We welcome the beginning of implementation of the Joint Oil Data Initiative (JODI) and will take further action to improve and enhance the collection and reporting of oil market data by all countries. In this respect, we will invite the IEF to work on expansion of membership of JODI and to improve the quality and timeliness of data. We reaffirm the importance of further efforts to make management of public revenues from energy exports in developing countries more transparent, including in the context of the Extractive Industries Transparency Initiative (EITI) and IMF Guide on Resource Revenue Transparency (GRRRT).

4. We believe that clear, stable and predictable national regulatory frameworks significantly contribute to global energy security, and that these frameworks can further be enhanced through multilateral arrangements. We support the principles of the Energy Charter and note the efforts by participating countries to improve overall environment for international energy cooperation. The Energy Charter process and framework need to be supplemented in order to become more balanced and attractive instrument for energy producing, transiting and consuming countries, by providing protection along the whole investment chain and cover the energy sector without exception.

5. Concerted actions of energy producers and consumers are of critical importance in times of supply crises. In this regard, we welcome the efforts taken under the IEA aegis to facilitate the sharing of international experiences related to emergency response measures, including the establishment of strategic stocks, where appropriate, and measures to implement demand restraint and fuel-switching. We also take

note of some constructive steps by major producing countries to increase oil output in response to recent tense supply situations on the markets.

II. Promoting Investments in Energy Sector

6. Significant investment is needed to maintain an efficient and resilient system of global energy supply. Trillions of US dollars in investment will be required through entire energy chain by 2030, with the developing countries needing much of that sum. We will jointly contribute to creating an environment for the effective mobilization of these huge funds. Energy security is best achieved through competitive, open and transparent markets, Predictable regulatory regimes in producing, consuming, as well as in transit states, including stable, predictable and market-based legal frameworks for investments, clear and consistent tax regulation, removal of unjustified administrative barriers, timely and effective contract enforcement and access to effective dispute settlement procedures are indispensable for attracting private sector investment. Governments have a role in sending clear signals on how to integrate environmental, energy security and diversification challenges into investment decisions.

7. We shall take measures both nationally and internationally to facilitate investments into global energy value chain in a sustainable environmentally friendly manner to:

- further save energy through demand-side measures as well as introduce advanced energy-efficient technologies, and promote wider use of renewable and alternative energy sources;
- expand the hydrocarbon proven reserves and increase the recovery of energy resources in a way that would outpace their depletion;
- increase the efficiency of oil and gas production, including the development of their resources on the continental shelf;
- establish, expand and improve the efficiency of oil-refining, petrochemical and gas processing industries' capacity;
- develop global LNG market;
- establish or upgrade infrastructure for energy transport and storage;
- develop efficient power generating facilities, including safe nuclear and hydro-power plants; expand and improve the efficiency, safety and reliability of electricity transmission facilities and power grids and their international connectivity.

8. Construction and development of hydrocarbon-processing facilities will increase energy market flexibility and confidence and facilitate better long-term global match between energy supply and demand through expanding, where economically viable, trade in hydrocarbons products. We will work together with all stakeholders to establish more attractive energy regulatory regimes in this area with a view to, *inter alia*, harmonizing technical standards. [We will ask the International Standards Organization to study ways and means of harmonizing relevant standards in this context].

9. We consider it important to facilitate capital flow in power generation which will require great amounts of overall energy investments needed in the next 25 years. In particular, these investments are required in building new more efficient and upgrading existing power plants including wider use of renewable energies, construction of power-transmission lines, development of the interregional energy infrastructure and facilitating exchange of electrical power, including trans-border and transit arrangements. The development of competitive power markets would largely contribute to solving these tasks. [In this respect, we will work with e7 Organization to develop recommendations on the mentioned issues].

10. Rapidly expanding trade in LNG will gradually begin to supplement the existing regional systems of pipeline gas supplies. To reduce huge investment risks and facilitate smooth functioning of the

emerging global LNG market it is important to create appropriate regulatory regimes at this early stage of its development. [We will invite the International Gas Union to monitor and analyze the developments in this area].

11. High and increasing investment needs in the energy sector call for better risk sharing between all stakeholders in energy supply chain in order to ensure reliable and sustainable energy flows. Economically sound diversification of types of contracts, including long-term and spot contracts, would contribute to such risks mitigation.

12. We will work to reduce barriers to energy investment and trade. It is especially important that energy producers and consumers can acquire upstream and downstream assets in other nations to improve the global efficiency of energy production and consumption. Investment flows between and among nations acquiring energy assets will also enhance energy security by increasing confidence in access to markets or sources of supply.

13. Critical to sustainable global energy security, is the need to ensure the long-term availability of skilled, knowledgeable and capable workers throughout the energy sector. To that end, we encourage higher learning institutions and the private sector to take the necessary steps in providing the right kinds of training to adequately develop human resources in the energy sector.

Efforts should be focused not only on developing capabilities in traditional fields, such as oil and gas development, where labor shortages are already becoming a concern, but also in areas where significant growth is expected in the near future. There is a critical need to ensure the development of capabilities in the nuclear sciences, in light of the number of new nuclear facilities that are currently under consideration globally. We must also now begin to develop the expertise that will be required to bring about the wide range of new and innovative energy sources and technologies that will be critical for ensuring longer-term energy security.

III. Enhancing Energy Efficiency and Energy Saving

14. Energy saved is energy produced. It is a cheaper and more environmentally friendly option to meet the growing energy demand. Improving energy efficiency and energy saving contributes greatly to lowering energy intensity of economic development thus strengthening global energy security. Increased efficiency reduces stress on infrastructure and contributes to a healthier environment through decreased emission of greenhouse gases and pollutants.

15. We support early implementation of the Gleneagles Plan of Action. We have instructed our relevant ministers to continue the Dialogue on Climate Change, Clean Energy and Sustainable Development and report its outcomes to the G8 Summit in 2008. We call upon other states, especially fast-growing developing economies, to join the corresponding G8 initiatives. It is important to engage the private sector and other stakeholders in achieving these ends. Those of us who ratified the Kyoto Protocol recognize the role of its flexibility mechanisms in promoting energy efficiency.

16. A comprehensive approach within the international community to energy savings and the extension of relevant efforts, including sharing best practices, to the entire energy value chain are important in this respect. For this purpose, we shall undertake to:

- develop a system of national and multilateral energy efficiency statistics based on transparent disaggregated indicators of energy intensity of economic development of countries, regions and the world;

- invite all countries to share information and energy efficiency standards based on best practices;
- encourage the development and extension of best practice energy efficiency labeling programs, and increase efforts to facilitate the adoption of energy efficiency standards, according to national circumstances, that are the most technically stringent and economically feasible;
- facilitate introduction of minimal energy performance standards for all energy consuming appliances, vehicles, and equipment;
- take necessary measures, including financial incentives at home for the promotion of energy-efficient technologies, and the actual use of those available technologies on a wide-scale basis;
- demonstrate leadership at the national level by incorporating energy efficient technologies in government buildings and drawing upon alternative energy resources to help power them;
- raise public awareness about the importance and benefits of energy efficiency and energy saving.

We will invite the World Bank, the IEA, APEC, UNIDO and Eurostat to monitor the developments in this area and continue to work on improvement of internationally accepted standards, labeling and best practices in accordance with their respective mandates and comparative advantages.

17. As part of integrated approach to the entire resource cycle we reaffirm our commitment to comprehensive measures to optimize the resource cycle within the 3R's Initiative (Reduce, Reuse, Recycle) which contributes to aimed at enhancing energy efficiency. We will also raise awareness on the importance of energy efficiency and environmental protection through national as well as international efforts, such as the UN Decade of Education for Sustainable Development.

18. We shall continue to focus our attention on measures to increase energy saving in industry, transport, housing and utility sector, as well as in agriculture. The energy sector itself has a great capacity for boosting energy efficiency by reducing losses in production and transportation. Our priority measures in this area will include:

- increasing the sustainable output of hydrocarbon deposits;
- raising the environmental and efficiency levels for processing of hydrocarbons;
- reducing gas flaring and large-scale utilization of associated gas;
- improving energy infrastructure, including minimizing oil and oil products losses in transportation and gas emissions from gas systems.

19. Since 2/3 of world oil is consumed by the transportation sector and fuel consumption there is growing faster than general energy consumption, this sector of energy demand requires special attention. For making transportation more energy efficient and ecologically advanced we shall facilitate:

- the development of trans-modal transportation;
- improvement of logistics of trans-border transportation by establishing optimal transnational transportation corridors supported by advanced energy infrastructure, satellite navigation systems and modern multimode terminals (for maritime, river, air and surface transport);
- wider use of modern technologies, materials and devices on traditional means of transportation, leading to their less weight, better aerodynamics, engines and other transport components like transmission, steering systems, tires, etc.;
- large-scale introduction of hybrid transportation systems, above all public transportation;
- diversification of engine fuels based on new technologies, including biofuel, compressed and liquefied natural gas, synthetic liquid fuels;

- further research to develop means of transportation using gasoline/hydrogen fuel and hydrogen fuel cells;
- further development of the UN European Economic Commission's project "Blue Corridor" on using natural gas as motor fuel for international cargo and passengers transportation along Trans European transport corridors.

We call upon all countries to offer incentives for increase in energy efficiency and energy conservation.

IV. Diversifying Energy Mix

20. Diversification of energy types lowers risks facing global energy security. Concerted efforts by the G8 and other countries to develop low-carbon and alternative energy, to make wider use of renewable energy and develop and introduce innovative technologies throughout the entire energy sector will significantly contribute to the achievement of that strategic objective.

Low-Carbon and Alternative Energy

21. We shall further encourage the activities of the Carbon Sequestration Leadership Forum (CSLF), together with the IEA and other stakeholders, aimed at the preparation and implementation of the demonstration projects on the CO₂ capture and storage and on the development of zero emission power plants. In this context we will facilitate development and introduction of clean coal technologies wherever appropriate.

22. We encourage all Governments, companies, and other stakeholders to phase out natural gas venting or flaring by facilitating use of associated gas, including its refining and processing into fuels and petrochemical products. We also welcome the efforts of the World Bank in the area of methane utilization and gas flaring reduction projects.

23. We support the Methane-to-Markets Partnership (M2M) activities to implement projects on production of marketable methane from landfills, agriculture waste and coal-bed methane, particularly in the developing countries.

24. We support the development of a conceptual transition to the Hydrogen Economy, including within the framework of the International Partnership for the Hydrogen Economy (IPHE). We also support elaborating common international standards and regulations in the field of commercial development of hydrogen power, infrastructure and security requirements.

Nuclear Energy

25. Those of us who have plans relating to the use and/or expansion of nuclear energy believe that its development will promote prosperity and global energy security, while simultaneously offering a positive contribution to the climate change challenge. To further reduce the risks associated with its clean and safe development, it must be based on a robust regime for assuring nuclear non-proliferation and a reliable safety and security system for nuclear materials and facilities. In addition, economic competitiveness of nuclear system should be further improved to benefit all nations.

26. International conventions and treaties in force today bolster the required legal basis of safe and proliferation-resistant nuclear energy development, and its wide use for peaceful purposes, based on current generations of nuclear power plants and uranium fuel cycle technologies. We emphasize the responsibility of all nations to honour fully these undertakings and reaffirm our support to the work of the IAEA in these fields.

27. We consider the development and introduction of innovative nuclear power systems as an important condition for efficient and safe nuclear energy development. These systems will have intrinsic safety features, would comply with all current nuclear and environmental safety requirements, and have features that would reduce the risk of diversion and use of nuclear materials and technology for nuclear weapons production purposes in non-nuclear weapon states. In this respect, we welcome the progress made in the complementary frameworks of the INPRO project and the "Generation IV" International Forum, and we encourage closer exchanges between both projects and cooperation between our countries within these frameworks.

28. Having in mind of the G-8 Action Plan on Non-Proliferation of 2004, namely its objective allowing reliable access of all countries to nuclear energy on a competitive basis, we intend to make additional joint efforts to ensure reliable access to nuclear fuel and related services, including, as appropriate, through a multilateral mechanisms provided that the countries comply with their obligations and adhere to non-proliferation standards.

In this respect, we welcome recent initiatives put forward by Russia and US, aimed at further development of peaceful nuclear energy while addressing proliferation resistance of the nuclear fuel cycle, including partnership and multilateral approaches, such as international centers under the IAEA safeguards. These centers should provide under market conditions nuclear fuel cycle services, namely uranium enrichment and spent nuclear fuel management as well as assure training and certification of nuclear energy specialists.

Participation of developing countries in "shared nuclear energy system" through developing the net of international centers providing nuclear fuel cycle services could be a viable option for reducing their energy poverty and bridging energy gap.

A significant step in promotion of self-sustainable nuclear power would be attained through the development of innovative nuclear power systems based on closed nuclear fuel cycle with fast neutron reactors. Until such advanced systems are in place, appropriate interim solutions, based on existing technologies and strategies, should be pursued to address back-end fuel cycle issues in accordance with national choices and nonproliferation objectives. We take this opportunity to encourage R&D programmes on fusion energy thanks to the ITER experimental reactor.

Renewables

29. A large-scale use of renewable energy will make a significant contribution to long-term energy supply without adverse impact on climate. Therefore, we reaffirm our commitment to implement measures set out in the Gleneagles Plan of Action.

30. We welcome the work of interested parties in international mechanisms and programs dealing with renewable energy, including the Renewable Energy and Energy Efficiency Partnership (REEEP), the Renewable Energy Policy Network for the 21st Century (REN21), the Mediterranean Renewable Energy Partnership (MEDREP). We welcome the establishment of the Global Bioenergy Partnership (GBEP). We will work in partnership with developing countries to foster the use of renewable energy.

31. We consider it important to enhance international cooperation in using the potential of biomass, as well as in improving forest management in the interests of energy and other human needs. We shall advance sustainable forest management practices that provide a wide range of economic and environmental benefits and help to diversify local energy consumption and make important contribution to carbon sequestration on a global scale, as well as expand the utilization of ecologically clean construction materials.

32. We shall promote international cooperation in the area of forest management, primarily in addressing deforestation, forest degradation, trade in illegal timber and forest fires. We reaffirm the importance of tackling illegal logging, as agreed in the Gleneagles Action Plan, and take further action, with each country acting where it can contribute most effectively, including the promotion of sustainable forest management, incorporating measures to tackle illegal logging in relevant national policies of both timber-producing and consuming countries. In this regard we support all international forest-related policy initiatives including Saint-Petersburg Ministerial Conference Declaration, United Nation Forum on Forests (UNFF), the International Tropical Timber Organization and Asia Forest Partnership.

Innovative Energy Technologies

33. An important factor in ensuring energy security is an accelerated market entry of innovative energy generation and utilization of technologies that reduce negative environmental impact. We intend to act in partnership with the private sector to advance that process by supporting market-led approaches through policies encouraging investments in new cleaner energy technologies.

34. Since hydrocarbons will continue to play a dominant role in total energy consumption in the next 30 years, we must focus our efforts on promoting the innovative technologies that advance hydrocarbon production and reduce the environmental impact of its production and use. These include technologies for deep-sea oil and gas production, oil production from bitumen sands, clean coal technologies, including carbon capture and storage, extraction of gas from gas-hydrates and production of synthetic fuel.

35. We will take measures to develop other promising technologies including construction of advanced electricity networks, superconductivity, nanotechnology, etc.

36. We shall facilitate closer ties between fundamental and applied research to promote the earliest economically viable market entry of these technologies. We will ask the IEA to promote international energy technology cooperation with both member and non-member countries for better integration and streamlining of various existing R&D initiatives to reduce duplication of effort, to focus funding and clarify mandates.

V. Securing Critical Energy Infrastructure

37. In view of various potential threats against key facilities and other elements of the energy infrastructure (nuclear power plants, pipelines, terminals, transmission nodes, hydropower facilities, tankers and other relevant facilities), and taking into account their vulnerability to natural disasters, it is critically important to promote international cooperation in ensuring their physical safety and security.

38. We have agreed to instruct our experts to establish an effective exchange of information on emerging and potential risks of terrorist attacks to the infrastructure capable of causing disruptions in energy supply in various regions of the world, and on the best practices in that area. We have also decided to instruct them to conduct a comprehensive study in order to determine steps necessary to ensure reasonable safety and security of key elements of the energy infrastructure in the event of heightened threat situation. The output of the experts' deliberations could be useful in drafting recommendations on the ways to promote international cooperation in preventing and mitigating the consequences of unexpected energy supply disruptions caused by organized crime and terrorism.

[US alternative proposal: 37. We recognize that our energy infrastructure is interconnected and interdependent. We are committed to ensuring the security of the global energy network, and will work to gain a better understanding of the vulnerabilities of that network and how we can improve our efforts to

prevent disruptions by deliberate attack. We commit to develop a coordinated, international process to identify high-risk infrastructure, and a more effective means of sharing energy infrastructure information and expertise.

38. To examine these threats and vulnerabilities to critical energy infrastructure, and to promote international cooperation in this regard, we will instruct our experts to:

- define and rank the criticalities and vulnerabilities of the energy infrastructure sites of most importance to our countries;
- assess emerging and potential risks of terrorist attacks against the critical energy infrastructure;
- develop a compendium of effective security response practices across all energy sectors within our countries;
- develop, implement, and provide to other countries a checklist of standards for the physical security of critical energy infrastructure;
- develop a network of points of contact for coordination of technical assistance in this area, and encourage this network to assess potential partnerships with the private sector that could lead to joint assessments, joint training, and a common energy infrastructure security training curriculum;
- continue to advocate for adoption of export controls on radioactive sources and new initiatives to prevent terrorists' access to radioactive sources.]

[French proposal: We particularly call upon governments to fully implement the International Ships and Ports Security Code and encourage a common reflection about the management of maritime security in the straights. We also recall our international commitments (notably the MARPOL Convention) on the prevention of maritime pollution and oil spills, particularly regarding the phasing out of the oldest oil tankers.]

VI. Reducing Energy Poverty

39. We confirm our commitment to facilitate achievement of the UN Millennium Development Goals for developing countries. It is impossible to drastically reduce general poverty in these countries without reducing their energy poverty. The energy gap between developed and energy-deficient developing countries should be bridged. This issue is linked to both helping vulnerable countries to overcome a macroeconomic shock owing to a rise in oil prices and the more general and long-term challenge of facilitating access to energy for the poorest populations.

A sound strategy to address energy poverty should be linked with:

- development of national institutional capacities and management improvements in the area of energy policy, including training of local staff;
- facilitation of public participation in, and public understanding of, energy sector policies and practices;
- the creation of a framework for private-public partnerships to foster investment in energy sector;
- improvement in the financial and commercial situation of the energy utility companies;
- establishment of an energy efficiency program and development decentralized technologies where economically justified and geared toward reducing the cost of energy for the poor;
- the institutionalization of a social safety net system that can help the poor and vulnerable customers pay for energy.

The bulk of the energy investments will need to come from the private sector which requires sound policy and regulatory frameworks, thus bilateral and multilateral assistance should work towards catalyzing improved policy and regulatory structures in the developing countries.

The IFIs have an important role to play in tackling these challenges. In this respect, we welcome the progress shown by the World Bank and other multilateral development banks to re-invigorate their efforts to promote investment in alternative energy sources, increased energy efficiency and adaptation in developing countries. We also welcome the launching of a new Exogenous Shocks Facility and invite other non-G8 countries to contribute to it.

40. To ensure the reliable access of energy poor developing countries' population to modern, environmentally friendly energy services, we will enhance the efforts of existing bilateral and multilateral development mechanisms. In that regard, we welcome the efforts by the World Bank to promote investments in low carbon energy systems that meet local needs, and for enhancing energy efficiency in developing countries with the full participation of Regional Development Banks, as well as the launching by the EU of an Energy Facility, which will co-finance, with grant funds, projects aimed at filling the energy gap, especially in Africa. We are also looking forward to the outcome of the two-year cycle of work (2006-7) of the UN Commission on Sustainable Development which will be devoted to the review/policy discussion of the topic Energy for Sustainable Development.

[France: 40bis. We call other countries and IFIs to facilitate access to energy in the poorest countries by promoting public private partnerships and by encouraging companies to implement "ethical" rules of conduct on a voluntary basis, notably in the framework of the UN global compact.]

41. We will facilitate development of local energy resources, primarily based on renewable energy, such as hydropower, wind power, geothermal power, biomass, as well as effective use of solar energy, to contribute to long-term energy sustainability in developing countries. These measures include development of energy infrastructure capable, *inter alia*, to reduce vulnerability to energy shocks.

42. We agreed to continue targeted assistance aimed at introducing sustainable energy-efficient technologies in energy poor developing countries. We will continue to work through our bilateral development programs, in line with our national priorities, to promote more sustainable energy policies worldwide. To this end, we instructed our experts to work together with other countries, international and regional financial institutions (World Bank, EBRD, other Regional Development Banks, etc.), the private sector and other stakeholders to facilitate technology transfer in the areas of energy efficiency, energy saving, renewable energy sources to reduce energy poverty by improving energy access and enhancing energy efficiency in developing countries. Building on the Gleneagles Plan of Action, such concerted efforts may help improve energy efficiency and promote energy conservation in developing countries through the following actions:

- supporting the development of infrastructure for improving energy access tailored to specific needs and targeted towards energy efficiency;
- assisting in policy and institutional capacity building for improving energy access, enhancing energy efficiency and promoting energy conservation and diversification of energy sources;
- promoting renewable energy;
- encouraging rural electrification;
- developing human resources in cooperation with the private sector.

43. We share the view that strengthening national financial management and accounting systems, making government budgets, procurement procedures and concessions more transparent, taking specific measures to combat corruption, ensuring good governance, mobilizing domestic resources and progressively improving the business climate for private entrepreneurs and investors are essential for resolving effectively the above mentioned challenges in developing countries. In this context we also refer to the Gleneagles decision concerning Africa.

VII. Mitigating Climate Change

44. We recall the objective laid down in Agenda 21 to reduce adverse effects on the environment from the energy sector by promoting policies or programmes to increase the contribution of environmentally safe and sound cost effective energy systems, particularly new and renewable ones.

45. We reaffirm our intention to deliver on commitments we made in Gleneagles last year on Climate Change, Clean Energy and Sustainable Development in order to meet our shared and multiple objectives of reducing greenhouse gas emissions, improving the global environment, enhancing energy security and cutting air pollution in conjunction with our vigorous efforts to reduce poverty.

46. Economic efficiency and energy security are best served when environmental protection and industrial safety are integrated early in the decision making process. A range of instruments and tools, including regulation, market based mechanisms and voluntary approaches should be applied to prevent pollution rather than tackling the consequences of pollution.

47. We welcome the progress made at the XI Conference of the Parties to the United Nations Framework Convention on Climate Change (Montreal, December 2005) where we committed to explore further long-term cooperative action to enhance the implementation of the Convention through a new dialogue. Those of us who have ratified the Kyoto Protocol will work to make it a success and welcome the initiation of a process to consider further arrangements for parties included in Annex I to the Convention for the period beyond 2012.

[France: 47bis. We also welcome the decisions of the Conference of Montreal to strengthen the Clean Development Mechanism, in particular by providing adequate funding, the launch of Joint Implementation, and progress on setting up the International Transaction Log at the heart of the global emissions trading system, and the decision to discuss action after 2012.]

48. We welcome the progress made by [the World Bank and] the IEA on developing a framework for clean energy and sustainable development and on identifying alternative energy scenarios and strategies to support and implement elements of the Gleneagles Plan of Action.

49. We note follow up actions reported by individual countries at the G8 Energy Ministerial in Moscow in March 2006, and look forward to further progress on co-operation.

50. We welcome the progress made at the first meeting of the Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development, held on 1 November last year, and look forward to the next Ministerial meeting in Mexico in October 2006 where we will continue to identify opportunities for greater collaboration to promote global energy security, clean energy and sustainable development through deployment of low-carbon energy technologies, finance and market mechanisms.