

UNECE Committee on Sustainable Energy
Investing in Energy Security
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**The role of International Organisations in
enhancing energy security and managing
environmental impacts**

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A huge and urgent double challenge

1. The energy security challenge

- Increased imbalance between demand, in particular from emerging countries, and supply
- Competition for limited reserves concentrated in some sensitive regions of the world
- Huge investments required along the value added chain
- New risks, in particular national disasters and terrorism

2. The environmental sustainability challenge

- Mounting evidence of greenhouse emissions' impact on global warming (IPCC report)
- Unsustainability of current energy consumption model

Need for International Co-operation

- **Both at global and OSCE / UNECE region levels**
- **Strong need for awareness raising, dialogue and co-operation**
 - between resource owners, consumers and transit operators
 - between government, enterprises and citizens
 - between local, national and international actors
- **International Organizations to play roles of**
 - facilitators of such dialogue and co-operation
 - competent technical and policy advice
 - providers of reliable legal and regulatory framework
 - catalysers of needed funding and guarantees

Links with OSCE's Security and Co-operation Mandate

- Largest regional security organisation
- Involves energy producing, consuming and transit countries
- Early warning, conflict prevention and conflict management mandate
- Protection of critical infrastructure against terrorism and natural disasters
- Transportation of dangerous goods
- Governance, fight against corruption, money laundering and other forms of organised trans-national crime
- Increasing emphasis on links between environment and security as well as between environment and migration.

Strategy Document for the OSCE Economic and Environment Dimension

- Adopted at 2003 Maastricht Ministerial Council
- OSCE participating states recognize that a high level of energy security requires a predictable, reliable, economically acceptable, commercially sound and environmentally friendly energy supply, which can be achieved by means of long term contracts in appropriate cases.
- Commitment to diversify energy supply, to ensure the safety of energy routes, to make more efficient use of energy resources and to support further development and use of new and renewable sources of energy.

Ministerial Decision on Energy Security Dialogue in the OSCE

- adopted at 2006 Brussels Ministerial Meeting
- support for the principles and objectives agreed at G-8 Summit in St. Petersburg
- tasking the OSCE to promote dialogue on energy security, including at expert level, involving producing, transit and consuming countries
- instructing OSCE to raise awareness about the G-8 Gleneagles Plan of Action on climate change, clean energy and sustainable development (2005) and the G-8 St. Petersburg Plan of Action on global security (2006).

OSCE Partnership with other international organisation

- MoU with UNECE to maximize synergies
- Partnership with Energy Charter Secretariat and International Energy Agency: Brussels conference of 25 October 2006
- Partnership with 5 organizations in ENVSEC Initiative
- Co-operation on energy efficiency projects at national level through 18 OSCE Field Presences
- Co-operation with regional organisations: EU, BSEC, Stability Pact, CIS, EurAsEc, SPECA, etc.

Role of the World Bank

- Commitments in the energy sector for Fiscal Year 2007 amounting to \$ 3.5 billion, including \$ 1.4 billion for renewable energy and energy efficiency.
- Combination of various instruments: IBRD, IDA, IFC, GEF, Carbon Finance, MIGA
- Addressing specific challenges of ECA Region, e.g. high energy intensity and extensive use of lignite-fired thermal power generation and industrial activities, through fuel switching, plant upgrades, demand side energy efficiency, restructuring of subsidies, sub-regional integration, etc.
- Intellectual leadership and emphasis on market reforms, independent regulatory agencies and transparency in extractive industries
- Link with poverty alleviation and other MDGs.

Role of the EBRD

- Commitments for energy efficiency in 2006 amounting to EUR 670 million, supporting improvements in various sectors: manufacturing (e.g. Mittal Steel in Ukraine), power plants, district heating, urban transport, targeted credit lines, etc.
- Recent update of energy operations policy: emphasis on energy efficiency, but also on unlocking the transition countries energy potential bringing to market their energy resources and improving security of supply.
- Support to Energy Saving Companies (ESCOs)
- Multilateral Carbon Credit Fund set up with the EIB
- Only development bank financing the upgrading of nuclear power plants (Khmetnitsky 2 and Rivne 4 in Ukraine) and supporting the decommissioning of obsolete nuclear power plants
- Raising standards of corporate governance in energy and natural resources sectors.

Conclusions

1. The double challenge of energy security and environmental sustainability is huge but technical solutions exist and financial resources could be mobilised
2. There is an urgent need for greater awareness, political dialogue and political will to create the conditions for the huge investments required
3. The OSCE, together with UNECE, Energy Charter, IEA, the IFIs and other international organisations, has an important contribution to make

Thank you for your attention

see <http://www.osce.org/eea>