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21ST ECONOMIC AND ENVIRONMENTAL FORUM

**“Increasing stability and security: Improving the environmental footprint of
energy-related activities in the OSCE region”**

SECOND PREPARATORY MEETING

Kyiv, 16-17 April 2013

CONSOLIDATED SUMMARY

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EXECUTIVE SUMMARY

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Introduction

The Second Preparatory Meeting of the 21st OSCE Economic and Environmental Forum (EEF) on “Increasing stability and security: Improving the environmental footprint of energy-related activities in the OSCE region” took place in Kyiv on 16-17 April 2013. Five thematic areas were addressed during the two-day meeting:

- Strengthening co-operation among OSCE participating States on promotion of new and renewable sources of energy
- Green Growth and sustainable energy and their contribution to security
- Improving governance and regulatory frameworks for private investments to promote the transition to sustainable energy
- Innovation and technology transfer in the field of sustainable energy
- Promoting security and stability through partnerships for sustainable energy

More than 230 participants, including official representatives of the OSCE participating States, field operations and institutions, as well as experts from international, regional and non-governmental organizations, the business community and academia attended this second meeting of the Economic and Environmental Forum process and actively engaged in fruitful discussions. Participants proposed concrete recommendations related to the environmental benefits of promoting renewable and sustainable energy by the OSCE participating States and Executive Structures.

Main conclusions and recommendations

During the two-day meeting, participants discussed how **new** and **renewable energy sources**, the **green economy**, adequate **technological innovation** and **transfer**, as well as **partnerships** among key parties can contribute to energy security and to the mitigation of climate change in the OSCE area. The necessity to work towards **sustainability** and **efficiency** in the energy field, together with the need to translate the **political will** in **transparent regulatory frameworks** was also highlighted throughout the event. The discussions generated a number of suggestions and recommendations.

Participants commended the role played by the OSCE as a **platform for sharing experience and best practices**. In this regard, it was suggested that the Organization could continue to play this role by serving as a coordinating and communication body of data related to the energy sector. The fields identified for this activity were: renewable energy sources, latest technologies’ transfer and their implementation, efficient legal and regulatory frameworks and incentives for the use of

sustainable energy. Moreover, the OSCE field operations were identified as key actors in contributing to the exchange of best practices and the organisation of regional and local meetings, trainings and seminars.

Many participants considered that sharing best practices among OSCE participating States would be of paramount importance to generate relevant **capacity building** among energy experts and members of the academia at national, regional, and global levels. In particular, it was suggested that the OSCE could organise regional activities in Central Asia in order to better prepare local specialists for the management of renewable energy and new technologies.

The **transboundary character of energy** and its environmental footprint was highlighted during the meeting by a number of participants. Some OSCE participating States took the floor to acknowledge that energy security was considered by their governments a strategic goal in their foreign policy. Therefore, it was generally recognized that energy security and sustainability can only be reached through close **co-operation with neighbouring countries** and **stable regional partnerships**. In this regard, the regional nature of the OSCE was identified as a comparative advantage of the Organization, allowing it to support regional renewable energy initiatives through seminars, trainings and workshops. The aforementioned activities were not only considered excellent means to generate capacity building, but were also identified as potential confidence-building measures.

Together with the regional co-operation, the collaboration with **relevant international organizations** was encouraged by the OSCE participating States and key stakeholders. In this regard, there was a shared view that while other international organizations might have a rather technical profile, the OSCE's political nature allows the Organization to widely promote international standards at a high political level, as well as through the OSCE field operations. In particular, it was suggested that the OSCE could continue and strengthen its co-operation *inter alia* with UNECE, UNEP, the Energy Charter Treaty, the International Energy Agency, the International Atomic Energy Agency and the Vienna Energy Club.

Concerning the work undertaken by the OSCE with key partner organizations in the framework of the **ENVSEC Initiative**, participants praised the work done by the parties and considered it a good example of regional co-operation that should be continued and strengthened. In this regard, participants suggested that the reinforcement of this partnership would contribute to the reduction of conflicts, enhancement of sustainability and promotion of transition to green economy in the OSCE area.

The triangulation among the **private, public sectors** and **academia** was also identified as a key element in promoting the efficient design and implementation of projects related to sustainable energy. It was suggested that the OSCE could establish and support networks among academics, the business sector and government experts to further the use of renewable energy. The participation of civil society and financial institutions in this co-operation as well as in other OSCE events was also recommended.

Indeed, many representatives from NGOs and participating States called for a further involvement of **civil society** in the promotion of sustainable and renewable energy in the OSCE area. A wider public awareness of the advantages of promoting green energy was highlighted as a key element to improve the environmental footprint of energy consumption. Some participants suggested that the OSCE could promote the creation of an international platform of NGOs, aiming at improving their co-operation with relevant stakeholders, as well as at supporting the elaboration of policy recommendations.

It was also proposed that the OSCE could further support public information by organising awareness raising projects on renewable energy and efficient energy management systems. In this context, the important role of OSCE field operations in facilitating the exchange of information among relevant parties, including representatives of the civil society, was once more highlighted by participants. In addition, some speakers took the opportunity to emphasize the necessity of including a gender balanced perspective in the elaboration and implementation of projects and policies related to energy sustainability.

Finally, participants underlined the need to uphold good governance standards and transparency while promoting and designing legal instruments related to the energy sector. In this regard, a reference was made to the OSCE's Good Governance Declaration adopted at Dublin Ministerial in 2012, including the reference to EITI in the document.

Possible future activities regarding Energy and Environmental issues for consideration

On the basis of recommendations made during the Preparatory Meeting, the OSCE participating States and Executive Structures could give consideration to the following issues:

- The OSCE could serve as a platform for exchange of best practices and experience on sustainable energy an energy efficiency, and promote the development of adequate legal and regulatory frameworks among participating States;
- The OSCE could take advantage of its regional nature to organise activities aiming at enhancing capacity building related to renewable energy, new technologies and technology transfer among participating States;
- The OSCE could further support international standards related to sustainable energy and climate change mitigation at high political level and through its field operations;
- The OSCE could support the establishment and development of relevant networks involving representatives of the academia, the business sector and civil society to better promote sustainable energy and contribute to energy security by reducing the adverse environmental impact of energy-related activities;
- The OSCE could promote the participation of financial institutions in activities and discussions related to the promotion of sustainable energy and mitigation of the energy environmental footprint;
- The OSCE could promote the creation of an international platform of NGOs, aiming at improving their co-operation with relevant stakeholders, as well as at supporting the elaboration of policy recommendations;
- The OSCE could further support public information by organising awareness raising projects on renewable energy and efficient energy management systems;
- The OSCE could further support the promotion of good governance and transparency in the energy sector in order to improve its environmental footprint, including by supporting the EITI.

REPORTS OF THE RAPPORTEURS

Session I: Strengthening co-operation among OSCE participating States in the area of new and renewable sources of energy

Moderator: **Ambassador Ol'ga Algayerová**, Chair of the Economic and Environmental Committee, Permanent Representative of Slovakia to the OSCE

Rapporteur: **Mr. Jens Rasmussen**, Senior Project Officer, OSCE Project Co-ordinator in Uzbekistan

Speakers:

- **Mr. Hugo Lucas**, Director, Knowledge, Policy and Finance Centre, International Renewable Energy Agency (IRENA)
- **Dr. Oleksiy Onipko**, President of the Ukrainian Academy of Sciences
- **Ms. Nadia Shevchenko**, Expert, NGO Green Dossier, Ukraine

Mr. Hugo Lucas stated that the world is in an energy transition from fossil fuel to renewable energy, and in the future solar and wind energy will play a crucial role. Mr. Lucas highlighted that even nowadays, countries with a high share of wind and solar energy can get energy for free in certain periods of the year. In this regard, he stated that in 2011, 44% of investments in new energy production were made in renewable energy. Mr. Lucas pointed out that in the future, the decrease of use of fossil fuels will not necessarily depend on their availability, but on the understanding that the use of renewable technologies is more important. He illustrated this idea by recalling that “the Stone Age finished, but not because of lack of stones and, likewise, the era of fossil fuels will also come to an end”. He added that this understanding has led major oil producing countries in the Middle East to massively invest in the development of renewable energy technologies in order to become self-sufficient in renewable energy, and a global hub of technologies’ export. Mr. Lucas closed his presentation by underlining that there is a lot of experience accumulated in some OSCE participating States on how policy support and incentives provide necessary framework conditions for the promotion of renewable energy.

Dr. Oleksiy Onipko underlined that renewable energy technologies and industry should work under the principles of sustainable development. In this regard, he suggested that the OSCE could work as a platform to discuss combined solutions of renewable sources of energy including solar, wind and hydro, as well as a better connected electricity grid and storage facilities for renewable energy. Dr. Onipko also presented the advantages of small scale wind turbines with a capacity below 100 kW to be installed in households or small industries. In his opinion, this technology would be very beneficial for people living in remote areas. Dr. Onipko informed that China and the USA are very advanced in small scale wind turbines technology and suggested that the OSCE could be a platform to strengthen the European expertise in this field. Finally, Dr. Onipko added that the OSCE could be instrumental in establishing and promoting international and regional networks of experts from the academia, the business community and the civil society, aiming at the development of sustainable and renewable energy.

Ms. Nadia Shevchenko explained that Ukraine has a vast potential for solar energy. The speaker informed that Ukraine has established legal incentives to promote renewable energy, such as green tariffs, import incentives, tax incentives, grid connection and mandatory electricity purchase. Ms. Shevchenko pointed out that by involving civil society and by promoting a principle of “local production for local use”, the share of renewable energy could increase substantially, improving the

environmental footprint of energy consumption. Such involvement is currently promoted in developing countries, and European countries could also benefit from it. In this regard, Ms. Shevchenko suggested that the OSCE could be instrumental in sharing experiences on such initiatives among participating States.

Ms. Shevchenko also presented the “European Solar Days” that took place in Ukraine in 2011-2012. This initiative aimed at involving civil society in the promotion of solar energy. The “European Solar Days” were supported by many institutions, including the OSCE Project Coordinator in Ukraine and the EU Delegation in Kyiv.

A representative from Moldova informed about the status of renewable energy in the country. The participant explained that so far the share of renewables in Moldova is very low and the development of renewable sources of energy is still at an early stage. The participant stressed that while hydro energy and biomass have the largest share in the country, solar, wind and sources of reduced thermal potential are inadequately explored. Moreover, it was pointed out that a legal and regulatory framework for renewable energy sources has been established, including an “Energy Strategy till 2030”, a law on renewable energy and a “National Energy Efficiency Program 2011-2020”. It was also underlined that a “National Renewable Energy Action Plan” is currently being drafted. Finally the representative called for donors and investor’s assistance in implementing the national programmes and projects related to renewable sources of energy in Moldova.

A representative from Uzbekistan stressed that in March 2013 three decrees have focused on the promotion of renewable energy and energy efficiency in the country. He also informed that a solar institute has been recently established with the support of the Asian Development Bank and that a solar plant is currently under planning. Finally he informed that a Central Asian Regional Centre for Renewable Energy was established in 2012 in Tashkent with regional branches in all five Central Asian countries. In this regard, he stated that the support of the OSCE to this Centre would be highly appreciated.

A representative from Armenia stated that renewable energy could bring security of supply and reduce the dependency on imports. The participant explained that in Armenia small hydropower plants are developing, while there is little potential for wind. He noted that in many countries there is poor information on the advantages of renewable energy and suggested that the OSCE could be instrumental in supporting relevant information sharing.

A representative from the Russian Federation questioned the sustainability of the production and installation of big scale wind mills, as it often demands lots of steel and concrete, as well as the transportation of material over long distances.

A representative from Bosnia and Herzegovina stated that renewable energy development needs to be based on principles of sustainability. The expertise and the legal frameworks should be coherently established nationally and regionally. In this regard, the participant suggested that the OSCE could support the exchange of experiences and knowledge among transition countries and developed countries.

Referring to the intervention by the representative from the Russian Federation, *Mr. Lucas* informed that a number of life cycle studies have shown that the renewable energy plants are far more sustainable and environmental friendly than fossil fuel technologies. He suggested that the OSCE could serve as a coordinating and communication body for well documented information on the benefits of renewable energy technologies.

The *Moderator* concluded the session by highlighting the following main points:

1. The OSCE should be a platform for exchange of best practices on wind and solar energy promotion in terms of development of efficient legal and regulatory frameworks, and in terms of technology transfer from developed countries to countries in transition. The scope of activities should cover both large scale and small scale technologies and should be based on solid scientific analysis;
2. The OSCE should establish and support networks among academics (centres of excellence), business sector and civil society organizations to further the development of renewable energy, so that the participating States get the best out of wind and solar energy;
3. The OSCE should support regional renewable energy initiatives within its area - seminars, workshops, institutions and platforms for development and promotion of renewable energy and energy efficiency;
4. The OSCE should support public information campaigns on renewable energy and efficient energy management systems.

Session I – (Continuation): Strengthening co-operation among OSCE participating States on promotion of new and renewable sources of energy

Moderator: Ambassador Stanislav Raščan, Director General of the Economic Diplomacy Directorate, Ministry of Foreign Affairs, Slovenia

Rapporteur: Ms. Jane Earl, Second Secretary, United Kingdom Delegation to the OSCE

Speakers:

- **Dr. Heinz Kopetz**, President, World Bioenergy Association, Sweden
- **Mr. Peter Canciani**, Project Officer, Central European Initiative
- **Mr. Gudni A. Johannesson**, Director General, Orkustofnun, National Energy Authority of Iceland

The Moderator introduced the topics of Biomass, Biofuels and Geothermal for discussion during the session:

Dr. Heinz Kopetz explained the need for more sustainable bio-energy to mitigate climate change. In his presentation on the role of biomass in the future energy system, he explained that in order to attain the goal of limiting global warming to 2°C, renewable energy will need to form 50% of all our energy production by 2035. Bio-energy will have to play a key role in reaching this target. He went on to state that, in his opinion, the potential of sustainable biomass is huge, especially in Eastern Europe. There have been significant improvements in the efficiency of production of biomass fuels, with short rotation forestry producing up to five times more timber than traditional methods. However, there is a need to harness the potential of world agriculture without harming the security of food supply.

He also stressed the importance of improving the efficiency of the use of biomass in the heating and electricity sectors. Using the example of Sweden, Dr. Kopetz explained that carbon taxes can be a powerful tool in speeding up the transformation from fossil fuels to bio-energy and other renewables. He stressed that carbon taxes were achieving better results than emission trading systems and should be considered by more states.

Dr. Kopetz concluded by saying that strong reliable government policies were key for creating rapid development of renewable energies including bio-energy and that Government grants were required to fund change. He stressed the need to learn from our mistakes and underlined that some of the biggest gains would come from improvements in efficiency, both in the production of bio-mass fuels, and in their consumption.

Mr. Peter Canciani explained that the Central European Initiative (CEI) was established in 1989 as a forum for promoting regional co-operation in Central and Eastern Europe. Mr. Canciani indicated that the topic of sustainable energy plays a major part in the Centre's activities, in particular the promotion of advanced bio-fuels, which do not compete with food or feed production. The CEI was committed to strengthening the capacity of member countries to develop and implement strategies to support bio-mass value chains and bankable projects. He explained that the Initiative provides advanced training on the subject, including workshops and seminars aimed at improving the knowledge and skills of those involved. Mr. Canciani added that CEI also promotes access to available financial instruments.

The speaker stated that the CEI believes that countries could gain economic benefit from the bio-economy through rural development; modernising farming techniques and improving land management. He added that this could also provide energy security through innovative use of sustainable energy technology.

Mr. Canciani highlighted the CEI's "Report on Advanced Bio-fuels in CEI Countries" which was commissioned by Bloomberg in 2012. He went on to say that he believed that approximately 36,000 jobs could be created over the next 20 years in the advanced bio-fuel industry; in agriculture, logistics, construction and academia and research.

Finally, he stressed that a regional approach is needed to provide action that would lead to change.

Mr. Gudni A. Johannesson gave a presentation based on Iceland's experience of geo-thermal energy production. Mr. Johannesson explained that Iceland's geological characteristics provided an excellent opportunity to exploit a sustainable source of power through the conversion of heat produced in the earth's crust into hot water for heating and energy production. It did not, he said, make sense to use a high quality energy source, such as electricity, to produce a low quality one, such as hot water.

The speaker underlined that the energy and economic crisis had driven further development in Iceland and had accelerated the process, by providing a clear economic incentive to reduce dependency on imported fossil fuels. He went on to say that further improvement and development was needed in the built environment to improve energy efficiency and therefore reduce CO2 emissions e.g. through the use of better insulation materials. He also added that more development was needed to introduce more and better alternative sources of fuel for transport. In this regard, he pointed out that currently in Iceland there were more cars than driving licences, there was therefore scope for reducing emissions from vehicles through innovation.

Mr. Johannesson summed up by saying he thought geo-thermal could play a larger role in sustainable energy production in future. He emphasised the importance of using the best technology available; using local sources and the quality management of energy use as the key factors in reducing emissions.

A representative of Uzbekistan informed that his country was developing co-operation on a local level and was working on implementing best practices in the area of sustainable energy production.

A representative of Tajikistan said that Tajikistan was developing geo-thermal, bio-mass use, as well as exploiting solar and hydro power; drawing attention to their capacity of 300 solar days a year. In this regard, the representative said there was potential for more projects of this nature.

A representative of Slovenia drew attention to the online presentation on sustainable energy in Slovenia circulated among participants.

A representative of Turkey said that a document setting out Turkey's experience in the sector was distributed among participants during the meeting.

A representative of the Russian Federation asked a question about emissions from biofuels. Dr. Kopetz answered by explaining that sustainable biomass is carbon neutral, as the carbon it contains has been recently removed from the atmosphere and that this is then returned to the atmosphere, whereas fossil fuels return additional ancient carbon from storage in the earth's crust, contributing to global warming.

Session II (Panel Debate): Green Growth and sustainable energy and their contribution to security

Moderator: **Ambassador Mykola Melenevskyi**, Ambassador-at-large on environmental issues, Ministry of Foreign Affairs of Ukraine, 2013 Ukrainian OSCE Chairmanship

Rapporteur: **Ms. Pavlina Rehor**, Policy Officer for the Economic and Environmental Dimension, Delegation of the European Union to the International Organisations in Vienna

Speakers:

- **Ms. Maike Christiansen**, Climate Neutrality and Energy Efficiency Officer, United Nations Economic Commission for Europe (UNECE)
- **Ms. Rie Tsutsumi**, Programme Officer, Regional Office for Europe, United Nations Environment Programme (UNEP)
- **Mr. Marcus Hicken**, Deputy Head of Division for Energy and Raw Material Foreign Policy, Federal Foreign Office, Germany
- **Ms. Lucija Rakocevic**, Expert on renewable energy and energy efficiency, Montenegro

Ms. Maike Christiansen focused on energy efficiency and UNECE role in this area. She highlighted the link between energy efficiency approach and sustainable development. Ms. Christiansen explained that energy efficiency contributes to economic competitiveness, reducing poverty and mitigates climate change by lowering emission levels. She added that energy efficiency is also fundamental to energy security and increasing it should be in interest of all OSCE participating States. In this regard, Ms. Christiansen underlined that energy efficiency leads to lowering domestic consumption and lesser need for energy imports and thus to reducing energy dependency. In this context, it is necessary to look at the entire energy chain - production, transport and consumption. UNECE contributes to disseminating information on best practices on how energy efficiency can be increased. Ms. Christiansen further focused on energy consumption with emphasis on the housing sector.

Ms. Rie Tsutsumi focused her presentation on the link between green economy and sustainable development. Ms. Tsutsumi described UNEP's work and introduced "UNEP Green Economy report" illustrating the impact of increased investments in renewable energy to global economic development. She highlighted that UNEP is also providing service to countries on macroeconomic scenario analysis including impact to environment, economy and employment concerning power generation capacity from renewables. She further introduced UNEP's contribution to the transition towards green economy in the energy sector by tackling both renewable energy and energy efficiency solutions. Ms. Tsutsumi mentioned two initiatives: UNEP's Global Efficient Lighting Partnership Programme "en.lighten" and, in the area of renewable energy, UNEP's Global Solar Water Heating.

Ms. Tsutsumi concluded by concentrating on the future role of the OSCE. In this regard, she underlined that addressing the challenges related to the nexus between energy, water, economy and security requires regional cooperation and inter-agency coordination. Joint efforts between OSCE and other partners of the Environment and Security (ENVSEC) Initiative are needed in many countries of the OSCE region. She suggested that through the ENVSEC Initiative and other relevant partnerships, the OSCE can contribute to energy security and stability in the region through: 1) helping countries to diversify and move away from resource-dependent livelihood; and 2) supporting countries in strengthening synergies and policy coherence between water, food and agriculture sectors in the transboundary context. These efforts would be of paramount to reduce conflicts, enhance sustainability and promote transition to green economy.

Mr. Marcus Hicken presented the German energy policy called “Energiewende”, i.e. the transformation of the German energy system with the goal to have a reliable, competitive and sustainable energy supply. Mr. Hicken explained that in October 2010 the German government passed this energy concept to cover the future energy supply from renewable energy by up to 35 % of electricity production by 2020, rising up to 80 % by 2050. Germany further aims to reduce 40 % greenhouse gas emissions by 2020 and to phase out nuclear energy by 2022. Mr. Hicken concentrated then on the current state of play in Germany. He pointed out that almost 25% of electricity production stems from renewables, but acknowledged that there are still challenges, such as aligning the grid network to the needs of fluctuating renewables; cost pressures, especially on the consumer side, as well as increase in coal use for electricity production. Finally, Mr. Hicken elaborated on the international dimension and the security implications. In this regard, the speaker explained that Germany is highly dependent on energy imports of fossil fuels, 95 % of oil and 85 % of natural gas have to be imported. Therefore, energy security has become a strategic foreign policy goal and the diversification of sources of energy, of suppliers and of supply routes plays a key role. He underlined that close co-operation and co-ordination with EU partners and neighbours is essential. He concluded by saying that Energiewende was a great opportunity to prove that a highly industrialised country like Germany can successfully manage to move to low carbon economy.

Ms. Lucija Rakocevic presented the current situation and challenges from the perspective of the Western Balkans region with special emphasis on Montenegro. She focused, on the status of the economy, existing markets, energy systems and transition to EU policy. Ms. Rakocevic explained that countries in the Western Balkans have a relatively unreliable energy infrastructure and have become dependent on energy imports. Energy development has been pushed in order to achieve energy security and economic growth. With this aim, the countries of the region have focused on local resources and thus turned mainly to hydro and coal. These countries follow EU policy and have started promoting sustainable economic development based on local resources, including sustainable energy development. The speaker pointed out that the countries are contracting parties to the Energy Community Treaty and have to harmonise their legislation and energy policy with the EU energy policy. Finally, the speaker underlined that: a clearer and consistent overall direction for economic growth and energy development, clear and transparent policy, better informed public and more realistic economic equation for energy projects is missing in their green growth concept.

A representative of Ireland asked the panel how the OSCE can contribute to the green growth.

A representative of the Russian Federation enquired about the paradoxical relation between increasing energy efficiency and overall rise in energy consumption.

A representative of Switzerland enquired about the role of energy efficiency in housing and asked about the possible awareness raising activities of UNECE.

A representative of Ireland on behalf of the European Union introduced EU’s efforts in the area of tackling non-technological barriers to the efficient use of energy and to the use of new and renewable energy sources, as well as in support of new “green” technologies.

A representative of Azerbaijan introduced the Green economy concept of Azerbaijan and touched upon incidents in the area of nuclear energy sources. He concluded by expressing his hope that all aspects of energy security will be discussed in the EEF Forum process.

A representative of Covenant of Mayors drew the attention to the growing energy prices and their impact on the cities as major energy consumers and the municipal budgets. He further stressed the necessity of energy savings by mentioning the building sector and the issue of reinvesting savings in further measures.

In response to the questions posed in the discussions round:

Mr. Hicken saw the OSCE's role in exchange of views and best practices as a possible confidence building measure. He also pointed out that energy efficiency is the most underestimated solution and the least popular one – more popular is to open big energy projects.

Ms. Rakocevic saw the role of the OSCE in sharing best but also worst experiences. Being aware of possible failures can lead to avoiding similar mistakes.

According to *Ms. Christiansen*, the UNECE and the OSCE share the same geographic regions and have a long standing co-operation, e.g. on Aarhus Convention, and in the area of transport. UNECE is a technical organization, setting standards; the OSCE as a political organization can promote these standards at a high political level and can help UNECE together with the OSCE field missions to implement these standards. She further reacted to the comment on energy efficiency in the housing sector. She mentioned some difficulties such as high individual ownership and the need of coordinated approach to energy performance of buildings. Finally she informed that UNECE is advising governments on entire building approach and has developed an action plan on energy efficiency.

Ms. Tsutsumi highlighted again the need for cross-border co-operation and further encouraged the good example of the OSCE and UNEP co-operation in the framework of the ENVSEC Initiative.

Session III: Improving governance and regulatory frameworks for private investments to promote the transition to sustainable energy

Moderator: **Mr. Andrew Rasbash**, Head of Operations, Minister-Counsellor, Delegation of the European Union to Ukraine

Rapporteur: **Mr. Yaroslav Yurtsaba**, National Project Manager, OSCE Project Co-ordinator in Ukraine

Speakers:

- **Mr. Ian Parry**, Tax Policy, Technical Assistance Advisor, Climate Change and Environment, Fiscal Affairs Department, International Monetary Fund
- **Mr. Andrei Marcu**, Senior Advisor and Head of the Carbon Market Forum, Centre for European Policy Studies, Belgium
- **Ms. Darya Revina**, Vice-chairman on green economy, Head of GREENERGY Initiative, International Chamber of Commerce, Ukraine

Mr. Ian Parry focused his intervention on fiscal instruments such as environmental taxes or ETS (emissions trading systems) in the context of green growth. According to the speaker, such instruments are effective as they strike the right balance between emissions and mitigation opportunities (e.g. a carbon tax promotes fuel switching in power generation and reduces demand for electricity, transportation fuels, and heating fuels). Mr. Parry stressed that fiscal instruments are more effective than regulatory policies and noted that some OECD countries have raised about 6% of revenue thanks to environmental taxes.

Mr. Parry mentioned that when designing fiscal instruments, it is necessary to target sources of emissions, rather than the consumption. He continued by underlining that charges should reflect environmental damages from carbon and local pollution. For example, motor fuel taxes should reflect congestion, accident, road damage, etc.

The speaker also stated that holding down energy prices is an inefficient way to help low-income households. In this regard, he pointed out that a solution could be to compensate energy price increases through targeted measures, such as scaling back pre-existing energy taxes, adjusting broader tax system and subsidizing clean technology alternatives.

Finally, Mr. Parry highlighted that international organizations can contribute to the progress of energy price reform by providing practical guidance on ‘getting the prices right’. With this aim, institutions should measure environmental damages (the IMF is currently working on this) and monitor effective taxes/subsidies on fuels/energy.

Mr. Andrei Marcu focused on governance and regulatory frameworks to promote sustainable energy. Mr. Marcu pointed out that de-carbonization and right regulatory policies are key elements to reach energy sustainability. For this purpose, a green economy roadmap including economic, social and environmental innovation is needed. Mr. Marcu called for the necessity of policies aiming at changing the energy matrix, the mobilization of enough resources to achieve the low carbon economy, as well as the allocation of private capital in the right assets. Focusing on trade emissions, the speaker pointed out that in order to establish a carbon market it is necessary to gather the necessary political will, technical level, institutional development and legal framework of the parties.

Finally, Mr. Marcu summarized the lessons learned from experiences with carbon markets. In this regard, he underlined that carbon markets can function well, however they are not easy to implement because of the lack of support from the private sector, the clash with different

stakeholders' agendas, the political instability in some regions and the absence of international agreement. He stressed that it is necessary to further work on carbon reduction and co-ordinate these efforts with the right policies on renewable energy and energy efficiency.

Ms. Darya Revina presented the “Greenenergy Initiative”, a platform for public-private partnership which unites and represents the interests of companies committed to green business/investments/technology/energy/projects. Ms. Revina explained that Greenenergy supports Ukraine in reaching national sustainable energy objectives, such as the “Updated Energy Strategy of Ukraine until 2030”, the “Renewable Energy Action Plan” and the “State Programme on Energy Efficiency and Renewable Energy 2010-2015”. Ms. Revina continued by describing how Ukraine strives to attract investors through green tariffs pre-approvals, improved access to the grid, preparing achievable local requirements and adapting the balancing and bilateral contracts market. The speaker then focused on the “Ukrainian Commission on Green Economy and Ecological Investments Initiative of the Ukrainian International Chamber of Commerce” which is currently being elaborated by Greenenergy with the Ukrainian authorities and in co-operation with international organizations. This initiative aims at implementing the aforementioned Strategy, as well as State incentives for energy production out of waste. The Initiative also aims at the promotion of qualification for green tariffs prior to construction, simplified permitting procedures, increased investment competitiveness of the biomass sector, as well as at the definition of taxes and other privileges.

Ms. Revina then singled out some practical recommendations for the energy sector practitioners based on Ukraine's experience:

1. Promote exchange of best practices in the introduction of incentives for the use of sustainable energy;
2. Uphold high governance standards on energy efficiency policies in the energy sector;
3. Learning from experiences of other countries in the introduction of energy efficiency policy tools;
4. Use of economic incentives to attract private capital;
5. Using ETS and other policy tools should be consistent.

Presentations were followed by an intervention by the *representative of Ukraine's Ministry of Energy and Coal Industry* who provided with an outline of Ukraine's policies related to environmental aspects of coal mines.

A representative of the Russian Federation expressed some concerns on the inadequate use of tax instruments and tools promoted by the green economy concept, as it might undermine some local industries.

A representative of Kyrgyzstan described the energy mix in his country, as well as the experience of Kyrgyzstan with small scale hydropower plants and green tariffs. Concerning the latter, the participant noted that even though Kyrgyzstan has promoted green tariffs, it has also learnt that they have to be accompanied by some regulations and transparent rules. Currently Kyrgyzstan, together with UNDP, is elaborating such regulations. Referring to Ms. Revina's presentation, the representative from Kyrgyzstan acknowledged that the exchange of best practices is necessary and mentioned Georgia as a participating State with a relevant experience in hydropower.

Recommendations for the OSCE:

- Promote exchange of best practices in the introduction of incentives for the use of sustainable energy;
- Uphold high governance standards and promote legal instruments that promote low carbon economy;

- Learn from experiences of the OSCE participating States in the introduction of energy efficiency policies.

Session IV: Innovation and technology transfer in the field of sustainable energy

Moderator: Prof. Gerald Braun, The IRES Network, California, the United States of America

Rapporteur: Mr. Farkhod Abdurakhmonov, Water Management and Energy Security Programme Analyst, OSCE Office in Tajikistan

Speakers:

- **Mr. Luis Frauca**, Business Manager for Integrated Solutions, EPTISA, Spain
- **Mr. Nurgeldy Seygeldyev**, Head of Research Department, Solar Institute "GUN", Turkmenistan
- **Dr. Vladimir Kouzmitch**, Managing Partner of the Energy Engineering & Consulting Company ENECA, Belarus
- **Mr. Guido Beltrani**, Director, Swiss Cooperation Office (SCO) Ukraine, Switzerland

Professor Gerald Braun reviewed some of the pertinent facts concerning the Energy Innovation and Technology Transfer: Speed and Scale. He explained tactics and metrics of the Energy Infrastructure transformation and its possible scenario for the next 20 years. Moreover, he explained in his presentation the 21st century electricity grid, as well as some clean energy innovation technologies. Professor Braun advocated that a number of practical steps must be taken:

- The pivot of our energy future is the city or community that integrates its information, energy, water and waste infrastructure for sustainable economic purposes;
- Need for specialists and generalists to more quickly, completely and confidently understand one another; need for purpose driven human networks and educational transformation.

A representative of the Russian Federation indicated that increasing and volatile energy prices place additional burdens on many less developed countries. He added that it will be important to ensure that developing country governments have funds in the future so that their populations can maintain the current levels of energy consumption.

Mr. Luis Frauca presented “Business solutions in the field of innovative energy technologies”. Mr. Frauca indicated that the company closed the financial year 2011 with a gross income of 150 million euros and more than 2,100 staff members, with over 900 professionals involved in international projects. He then outlined the history of the company till current achievements and awards. In order to illustrate EPTISA’s implementation of concrete projects, Mr. Frauca presented the “Zaragoza - Eco City” project, a practical example of energy efficiency and best practices in energy consumption.

Mr. Vladimir Kouzmitch focused on “The role of international organizations in promoting technology transfer and innovations in the field of renewable energy in the Republic of Belarus”. The speaker explained in detail the local energy consumption, including renewable energy, and presented a scenario development till 2015. Mr. Kouzmitch also outlined the “National Programme of the International Technical Co-operation for 2012-2016”. While widely describing joint projects with the main donor partners, Mr. Kouzmitch suggested that the OSCE could also take an active role in Belarusian market of renewable and innovative energy projects.

Professor Nurgeldy Seygeldyev focused his intervention on the “impact of renewable energy sources in context of Global Climate Change”. Professor Seygeldyev stressed that Turkmenistan pays great attention to the development of alternative and innovative energy sources and listed

energy saving, energy efficiency and rational use of natural resources, such as oil and gas, among key energy priorities in the country. Describing the scientific and technological inventions realized by his Institute, the speaker outlined the latest developments related to alternative energy resources and in particular, the solar technology installations. The photo bioreactors for the cultivation of microalgae were another case-study of his presentation. Professor Seygeldyev also explained in detail the potential of the micro-algae and noted their role in disposing the waste carbon dioxide into the atmosphere.

Mr. Guido Beltrani underlined in his presentation the “role of the Swiss technical assistance to Ukraine in promoting innovations towards a sustainable energy management”. Following the historical background of Swiss-Ukrainian co-operation, Mr. Beltrani presented the main domains of intervention during 2011-2014. Touching upon the issue on energy efficiency, Mr. Beltrani described several projects implemented by SCO. He mainly focused on technical, institutional, organisational and financial aspects of projects in *Vinnitsa (16,08 million Swiss Francs-CHF)*, the *Residential Energy Efficiency project (3 million CHF)* and the *Cleaner Production Center Project (3,4 million CHF)*.

Finally, Mr. Beltrani outlined the challenges that the SCO encountered during implementation of these projects, such as:

- Legal barriers in existing legislation which does not provide a favourable ground for new financial mechanisms in view of promoting energy efficiency in the residential sector;
- Lack of experience in energy efficiency finance of commercial banks;
- Lack of awareness raising on new, efficient technologies and related benefits;
- Lack of readiness to make necessary initial investments;
- Low energy tariffs hamper sustainability of investments.

A representative of Kazakhstan informed about the “State strategy on renewable energy until 2050”, where the main target is to reach 50% of electricity generation from renewable sources. He then stated that there is a need to find a proper balance between environment protection and economy development.

The delegation of Albania supported the identification of the proper balance between alternative and conventional energy flow.

A representative of Azerbaijan noted that innovations in the energy sector are a relatively new matter for the OSCE and stated that there is still much to learn about. He added that the positions of all participating States on this topical matter should be equally considered. He also noted that all the above mentioned sources of energy are as valid as nuclear energy, and the latter should be duly taken into consideration. He suggested that when a participating States decides to build a nuclear reactor, all environmental impacts should be taken into consideration, and all necessary risk assessment must be conducted.

A representative of Armenia outlined the history of nuclear reactor construction in his country and noted that all relevant information, including environmental and risk assessments, can be obtained from an official site on Internet.

In his concluding remarks, Professor Braun expressed hope that the discussions undertaken during the Session would contribute to better investments attraction in the field of technological innovation. In this regard it was suggested that a set of indicators could be developed and employed in future reviews and deliberations. It was also discussed that specific case studies of energy projects could provide useful information for the next meeting. Finally, assistance from national,

regional, and multilateral agencies was requested in supporting the evidential base required for sound decision-making.

Recommendations for the OSCE:

- Participants supported the idea of developing capacity building trainings for energy experts and academic staff;
- The International Sakharov Environmental University is ready to host graduate, post-graduate and academic exchange programmes on Renewable/Alternative Energy and Research. In this regard, the support of the international organizations to this University would be welcome;
- Projects on energy efficiency are only possible when the public and the private sectors are involved. Moreover, the engagement of research centres is also very important;
- Awareness raising projects on energy saving and energy efficiency were supported by the majority of participants.

Session V: Promoting security and stability through partnerships for sustainable energy

Moderator: Ambassador Vytautas Nauduzas, Economic and Security Policy Department, Ministry of Foreign Affairs, Lithuania

Rapporteur: Mr. Maurice Dunand, Political-military Officer, OSCE Mission to Moldova

Speakers:

- **Ms. Cornelia Schenk**, MSc Scientific Expert, Austrian Energy Agency, Austria
- **Dr. Anke Stock**, Coordinator Gender & Rights, Women in Europe for a Common Future, Germany
- **Mr. Timur Idrisov**, Head of the NGO "Little Earth", Tajikistan
- **Mr. Hamid Mehinovic**, Director of the NGO ENERGIS, Bosnia and Herzegovina

The Moderator opened the session underlining the importance of sustainability, which can be obtained only if energy supply meets the society needs in each and every way. He identified four essential pillars to reach this objective: dialogue, declarations, decisions and demarches.

Ms. Cornelia Schenk provided a broad and thorough overview of the role played by Austria in the field of energy partnerships, and detailed the tasks of the Austrian Energy Agency. Ms. Schenk explained that Austria developed energy partnerships, especially with Eastern Europe countries, in order to bring environmentally and socially friendly, as well as cost effective, energy supply solutions. The framework is based on political agreements, but the main co-operation partners are national energy agencies. The Austrian Energy Agency is acting on behalf of the Austrian Ministry of Agriculture, Environment, Forestry and Water Management. Austria's energy agency is an independent think-tank which focuses on international activities. With its partners, the Agency promotes capacity building and know-how transfer, and also helps coordinate dialogue and exchange of experience processes. Referring to regional co-operation, Ms. Schenk pointed out that stability is a key factor to guarantee sustainable energy and stressed that political changes sometimes jeopardize projects and co-operation. Finally, Ms. Schenk noted that capacity building measures should be better coordinated and structured at regional level.

Dr. Anke Stock started her presentation by reminding the prominent role of women in the development of the economy and the society. Dr. Stock underlined that gender aspects should be taken into consideration at every stage of a project, and that the specific knowledge of women should be taken into account. Dr. Stock acknowledged that GDP growth is needed for sustainability, but claimed that it is not enough to bring happiness to population. Ms. Stock outlined that gender equality contributes to GDP growth, but beyond that, it also contributes to a better life (education, etc.). In this regard, Dr. Stock referred to the Rio Declaration on Environment and Development, which highlights that women's participation is essential to achieve sustainable development. Dr. Stock pointed out that "*Women in Europe for a Common Future (WECF)*" is also working in transition and developing countries on women's equal access to resources and sustainable energy solutions. Dr. Stock explained that WECF addresses economic empowerment of women is addressed through two strategies: Women's livelihood Strategy and Women's Income Generation Strategy. Political empowerment of women is also addressed via two strategies: Women's participation and Gender Advocacy. She suggested to improve the understanding and to raise awareness on the role of gender values in sustainable development; to empower women economically and politically; to use the specific knowledge of women about sustainable resource management; and to work with local NGOs and rely on local expertise.

Mr. Timur Idrisov presented the challenges that Tajikistan is facing in the field of energy. First, Mr. Idrisov stated that Tajikistan's energy strategy is driven by a number of factors which makes it very difficult to implement. Indeed, geographical (mountainous area), demographical (high growth rate)

and political (poor governance) issues are heavy constraints for such implementation and are, in a way, responsible of the fact that about 60% of the GDP is spent on energy. Mr. Idrisov explained that most of the energy supply (96%) is provided by hydropower plants and pointed out that gas and oil reserves are very limited. Concerning coal reserves, Mr. Idrisov indicated that they are estimated to be more than 3 billion tons. Mr. Idrisov noted that 74% of the population is rural and at least 1 million people have poor access to energy supply. Equipment and infrastructure are old and out of date. Moreover, the speaker explained that the average energy demand in buildings is 3 to 6 times higher than in the EU, and an international survey showed that buildings are using about 2/5 of the energy resources of the country. In addition the losses of energy are high and the efficiency is poor. Therefore, there is an enormous need for energy savings. But, although a law on energy savings was adopted in 2002, it has not been yet implemented. In this regard, Mr. Idrisov pointed out that legal frameworks and political will are not sufficient to allow development of efficient energy savings. There ought to be an access to market and services in the field of energy savings. Without this access to a market it is almost impossible for companies to initiate proper actions. Mr. Idrisov stressed that there are several issues to be addressed, such as increasing incentives for investments, fostering exchanges of know-how, developing cooperation on cross-borders and regional projects and improving of democracy-based participation. Finally, Mr. Idrisov underlined that increasing energy efficiency should involve a combination of promotion, incentives, monitoring and law enforcement tools.

Mr. Hamid Mehinovic presented the role played by NGOs in promoting energy efficiency in Bosnia and Herzegovina. Mr. Mehinovic explained first the challenges that his NGO, Center for Education and Raising Awareness of Energy Efficiency (Energis), aims to address. The mission of the Center is to facilitate the transition to an energy efficient future in Bosnia and Herzegovina through education, advocacy and tangible community projects. Three main projects are currently being implemented. The first project is called Capacity Building for Renewable Energy Resources and Energy Efficiency in Southeast Europe. The project is built on a common understanding of the needs for modernizing communal energy systems. The focus is put on small and medium sized municipalities as they are neglected in international know-how transfer and investments. Nevertheless, a regional approach is useful as existing problems and solutions in municipalities are similar. The main expected outputs are the development of communal energy concepts and strategies and the definition of a road map, as well as the facilitation of access to financing sources and investments. The technical assistance is tailored to the needs and capacity building is fostered. The speaker explained that the second project was dedicated to help a metal processing company in energy saving, and especially to reduce heating costs of office spaces. The results achieved serve as an example of best practice in the region, as a monthly expenditure of EUR 5000 was saved, compared to the total investment of EUR 9000 for the project. The third project aims at providing technical assistance to a bank for strategy and product development. The bank is specialized in energy efficiency lending and, due to its retail loans in the area of construction and home improvement it has a good basis for the development of strategy and products. Mr. Mehinovic indicated that OSCE has a role to play in providing exchange of information, thanks to its wide field presence.

A representative from Uzbekistan stressed that the civil society has also a role to play in the area of energy efficiency and informed that his country has been contributing to the involvement of the civil society in three main ways:

1. Raising awareness, through projects, eco-forums, competitions, etc.
2. Drafting a legal framework, with the contribution of parliament members, NGOs, etc.
3. Developing practical project activities, like solar energy supply in rural areas, demonstration plants, and educational programmes. In this regard, the representative thanked the OSCE for its support in these activities.

Finally, the representative suggested that the OSCE could consider developing a long-term programme on environmental friendly energy sources in remote regions of Uzbekistan.

A representative of the OSCE Centre in Astana informed that the Centre assists the government of Kazakhstan in introducing new economic opportunities for sustainable development and in increasing its competitiveness in the global economic market. For instance, the Centre is supporting the Green Bridge Initiative. Moreover, the participant welcomed the initiative of Kazakhstan to shift towards green growth.

A representative of Switzerland stated that his country is heavily dependent on import of fossil and nuclear fuels. The participant stated that because sustainability can only be reached through close cooperation with international organizations and neighboring countries, Switzerland has developed many partnerships with European countries.

A representative from Belarus stressed the necessity to establish public-private partnerships in the field of sustainable energy. Moreover, the participant declared that Belarus could provide training to specialists on technology transfers.

A representative of the Ukrainian Institute of International Politics recommended creating an international platform of NGOs, which could improve co-operation among partners and work on policy recommendations.

A representative of Kyrgyzstan mentioned the importance of the promotion by the OSCE of a handbook on best practices in the area of energy efficiency.

A representative of Tajikistan informed that his country is working on developing the use of coal, and incentives are dedicated to this purpose. The representative recalled the importance of importing new technologies and equipment, and the necessity to review and improve the national legislation.

Recommendations for the OSCE:

- Strengthen the involvement of civil society raising awareness on energy efficiency;
- Facilitate sharing of experiences between countries and to promote regional co-operation;
- Invite more financial institutions to this kind of fora, as they are a key factors in energy sustainability;
- Emphasize how gender equality can contribute to economic growth and sustainability and to support financially and with a legal framework the participation of women in the field of sustainable energy.

Concluding Session: The OSCE's Role in the Follow-up to the Forum

Moderator: **Dr. Halil Yurdakul Yigitguden**, Co-ordinator of OSCE Economic and Environmental Activities

Rapporteur: **Mr. Richard Wheeler**, Senior Programme Officer for Energy Security, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Dr. Halil Yurdakul Yigitguden said that discussions over the past two days have been very fruitful, and that much has been learned about possible platforms for dialogue and co-operation with the involvement of business, academia, NGOs and governments. He continued by saying that sustainable energy development needs proper political framework conditions. These conditions include market-based energy prices as a driver for energy efficiency and renewable energy development; as well as more directed energy price subsidies, which are currently a burden to state budgets and are used very inefficiently. Dr. Yigitguden mentioned three possible instruments which could be used: stick, carrot and tambourine. The stick is in the form of mandatory legislation to move ahead on sustainable energy solutions, since voluntary legislation has been shown as not contributing to our sustainable development. The carrots are incentives, of which we have heard much during the past two days; as an example, the OSCE Partner for Co-operation countries, such as Tunisia, have introduced incentives for energy efficiency, which helps to wean the population away from expensive fossil fuel subsidies, funds which could otherwise be used for other development purposes. The tambourine can be awareness raising programs for energy efficiency and renewable energy.

A representative of the European Union (EU) thanked the Chairmanship in Office (CiO) and the Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) for their excellent organisation of the event, as well as the contributions from presenters and participants. The representative mentioned that the OSCE is a forum for political dialogue, and that this Meeting fulfilled this purpose. She also mentioned that the Forum allowed to see where the OSCE co-operates with stakeholders in the areas of energy efficiency and sustainable energy, and thanked participants for the specific ideas raised over the course of the meeting, saying that they should be discussed in detail leading-up to the Ministerial Council in December. The representative of the EU stated that energy is an issue which is cross border by nature, and that the OSCE is well placed as a security organization to utilize energy as a confidence-building measure. She stated that co-operation with international organizations allows the OSCE to work in a complementary manner with other stakeholders in the energy field. She added that the OSCE can raise awareness for work done with other specialized organizations. In this regard, the delegate noted that the ENVSEC Initiative was mentioned as a positive example of such co-operation by a number of organizations. The usefulness of public private partnerships and the need for investments in sustainable energy was also underlined. The representative also emphasized the value of the activities undertaken by the OSCE field operations and the importance of promoting capacity building activities. Finally, she mentioned that her delegation would support proposals leading to improved transparency and good governance in the field of energy; in this regard she mentioned the Dublin Good Governance Declaration, as well as the reference to EITI in the Declaration.

A representative of the United States of America joined previous speaker in thanking the CiO and the OCEEA for their excellent organisation of the event, as well as the contributions from presenters and participants. He recalled that his Head of Delegation mentioned that there are a number of opportunities to discuss better management of energy resources, as well as improving the impact of energy upon the environment, and added that Maastricht has given the OSCE the basis to deal with the environment and energy security. The delegate stated that panelists described a number of innovative and exciting approaches to solving some of the many challenges that confront us in these areas. These have included everything from reducing the heavy energy use of residential buildings, increasing the use of solar and wind power in Central Asia, developing new approaches

to incentivize more efficient use of fossil fuels in cars and power plants, to finding new and more ways to involve civil society in decisions about energy and environmental policy at a national and also local level. In this regard, the representative indicated that the United States look forward to the leadership of the Ukrainian Chairmanship in identifying where the OSCE can be most relevant and effective going forward in dealing with issue.

A representative of Azerbaijan noted the inter-linkage of sustainability and green growth, and stated agreement with the main conclusions and recommendations of the Meeting. He mentioned the role of the OSCE as a platform for dialogue in dealing with these issues, and stated that the OSCE should in particular work with the UNECE, the Energy Charter Treaty, the Paris-based International Energy Agency and the International Atomic Energy Agency on nuclear issues, as well as continue its co-operation with the Vienna Energy Club. The representative stated that the OSCE should deal with nuclear energy issues. He also took the opportunity to express appreciation for the input provided by other participating States on the energy debate, and hoped that the Swiss chair will also include energy security into its plans for the 2014 Chairmanship. The representative stated that the environmental aspects should also be addressed, and he expressed satisfaction that the OSCE has been successful in raising profile of the ENVSEC Initiative. He added that transparency and access to information are also important issues.

A representative of Belarus thanked the OSCE Chairmanship and the OCEEA for their efforts, and stated that the discussions over the past two days demonstrated how the OSCE could play a role in the areas of energy efficiency and environmentally clean energy. He wished success to the Ukrainian CiO, so that a basis for Ministerial agreements could be reached. Finally, the representative mentioned that the OSCE can play a key role in areas such as energy efficiency and renewable energy, as well as in the preparation of specialists to manage new technologies.

A representative of Kazakhstan stated that much time was spent discussing the need to use renewable energy; he stated that the proceedings could have been used more effectively by exploring the issues of renewable energy, energy efficiency and sustainability at a deeper and more technical level. He therefore suggested inviting technical experts from other ministries to future Forum meetings. The representative also mentioned that green forms of energy are often more expensive than traditional forms of energy, and therefore deeper economic issues and social policy should also be taken into account. He stated that he would like the 21st Forum to discuss fundamental economic and technical problems, while providing less “propaganda” in favour of renewable energy sources. He concluded by saying that the Forum should be oriented as a consultative body on the technical issues, and claimed that there is a noted shortage of specialized information in these areas, and that the OSCE could help to close this gap.

A representative of the Ukrainian CiO mentioned that the question of using traditional or renewable energy is a serious issue. He mentioned that it is necessary to raise the proportion of renewable sources in the electricity balance to at least 10 %, or even to 30-40 %, before it would make sense to transition the debate from awareness-raising to a discussion about the social policy impacts of renewable energy use. In this regard, many OSCE participating States such as his own require access to best practices from countries which have already attained a high level of renewable energy use, and hearing some of these best practices over the past two days has been quite valuable.

Ambassador Igor Prokopchuk, Chairperson of the OSCE Permanent Council, Permanent Representative of Ukraine to the OSCE, 2013 Ukrainian OSCE Chairmanship expressed satisfaction with the proceedings and with the productive approach of participating States and stakeholders. In this regard, he noted that over past two days there has been a strengthening in co-operation on the issues of energy savings, use of renewables, public private partnerships, and the reinforcing role of civil society. Ambassador Prokopchuk thanked the participants for their practical input, for their concrete recommendations, as well as for sharing best practices. He stated that these recommendations will be used going forward to the Ministerial Council in December.

Although time will be needed to digest the proceedings of the past two days, Ambassador Prokopchuck pledged that the CiO will take into account participants' views while putting together the agenda for the Prague Forum meeting. He took advantage to mention that discussions within the Economic and Environmental Committee framework provide good examples of what the OSCE can do. Ambassador Prokopchuck recalled that during this Meeting, representatives of other international organizations recognized and welcomed OSCE activity in this field. He added that international cooperation and political should be further strengthened, and expressed the view that the OSCE can give strong political impetus and signal in this area. That said, he stated the need for a clearer mandate on energy and environment for the OSCE. He also pointed out that energy transport, production and consumption provide key challenges. The speaker concluded by saying that the OSCE – as a multilateral political organization – can be used effectively as platform for dialogue, and that as a result of this Meeting, the Organization is now better equipped to answer what role the OSCE can play in relation to other organizations.

ANNEX



**Organization for Security and Co-operation in Europe
Permanent Council**

PC.DEC/1047

26 July 2012

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922nd Plenary Meeting

PC Journal No. 922, Agenda item 4

DECISION No. 1047 THEME, AGENDA AND MODALITIES FOR THE TWENTY-FIRST ECONOMIC AND ENVIRONMENTAL FORUM

The Permanent Council,

Pursuant to Chapter VII, paragraphs 21 to 32, of the Helsinki Document 1992; Chapter IX, paragraph 20, of the Budapest Document 1994; Ministerial Council Decision No. 10/04 of 7 December 2004; Ministerial Council Decision No. 4/06 of 26 July 2006; Permanent Council Decision No. 743 of 19 October 2006; Permanent Council Decision No. 958 of 11 November 2010; and Permanent Council Decision No. 1011 of 7 December 2011,

Relying on the OSCE Strategy Document for the Economic and Environmental Dimension (MC(11).JOUR/2) and Ministerial Council decisions related to the environment, energy and water management,

Building on the outcomes of past Economic and Environmental Forums, as well as on the results of relevant OSCE activities, including follow-up activities,

Decides that:

1. The theme of the Twenty-First Economic and Environmental Forum will be: “Increasing stability and security: Improving the environmental footprint of energy-related activities in the OSCE region”;
2. The Twenty-First Economic and Environmental Forum will consist of three meetings, including two preparatory meetings, one of which will take place outside of Vienna. The concluding meeting will be held from 11 to 13 September 2013 in Prague. These arrangements shall not set a precedent for future meetings of the Economic and Environmental Forums. The Office of the Co-ordinator of OSCE Economic and Environmental Activities, under the guidance of the OSCE Chairmanship for 2013, will organize the above-mentioned meetings;
3. The agenda of the Forum will focus on the following topics:
 - Addressing environmental challenges and risks stemming from energy-related activities and their security implications, including through sustainable management of energy resources;
 - Improving the environmental footprint of energy production, transportation and consumption in the OSCE area including through strengthening the co-operation between the participating States on promotion of green economy, new and renewable sources of energy and energy efficiency, as well as good governance and transparency in energy field and public-private partnerships;
4. The agendas of the Forum meetings, including timetables and themes of the working sessions, will be proposed and determined by the OSCE Chairmanship for 2013, after being agreed upon by the participating States in the Economic and Environmental Committee;

5. Moreover, having a view to its tasks, the Economic and Environmental Forum will review the implementation of OSCE commitments in the economic and environmental dimension. The review, to be integrated into the agenda of the Forum, will address OSCE commitments relevant to the theme of the Twenty-First Economic and Environmental Forum;
6. The discussions of the Forum should benefit from cross-dimensional input provided by other OSCE bodies and relevant meetings, organized by the Office of the Co-ordinator of OSCE Economic and Environmental Activities, under the guidance of the OSCE Chairmanship for 2013, and deliberations in various international organizations;
7. Moreover, having a view to its tasks, the Economic and Environmental Forum will discuss current and future activities for the economic and environmental dimension, in particular the work in implementation of the OSCE Strategy Document for the Economic and Environmental Dimension;
8. The participating States are encouraged to be represented at a high level, by senior officials responsible for shaping international economic and environmental policy in the OSCE area. The participation in their delegations of representatives from the business and scientific communities and of other relevant actors of civil society would be welcome;
9. As in previous years, the format of the Economic and Environmental Forum should provide for the active involvement of relevant international organizations and encourage open discussions;
10. The following international organizations, international organs, regional groupings and conferences of States are invited to participate in the Twenty-First Economic and Environmental Forum: Asian Development Bank; Barents Euro-Arctic Council; Organization of the Black Sea Economic Co-operation; Central European Initiative; Collective Security Treaty Organization; Commonwealth of Independent States; Conference on Interaction and Confidence-Building Measures in Asia; Council of Europe; Council of the Baltic Sea States; Economic Cooperation Organization; Energy Charter Treaty; Energy Community; Eurasian Economic Commission; Eurasian Economic Community; European Bank for Reconstruction and Development; European Environment Agency; European Investment Bank; Secretariat of the Extractive Industries Transparency Initiative; Food and Agriculture Organization of the United Nations (FAO); European Investment Bank; Intergovernmental Commission TRACECA (Transport Corridor Europe-Caucasus-Asia); Gas Exporting Countries Forum(GECF); International Atomic Energy Agency; International Energy Agency; International Energy Forum; International Fund for Agricultural Development (IFAD); International Institute for Applied Systems Analysis (IIASA); International Renewable Energy Agency(IRENA); International Fund for Saving the Aral Sea; International Labour Organization; International Maritime Organisation; International Monetary Fund; International Partnership for Energy Efficiency Cooperation (IPEEC); International Rail Transport Committee; International Road Transport Union; International Road Federation; International Union of Railways; International Transport Forum; North Atlantic Treaty Organization; Organization of the Petroleum Exporting Countries (OPEC); OPEC Fund for International Development(OFID); Organisation for Economic Co-operation and Development (OECD); Organization for Democracy and Economic Development – GUAM; Organization of Islamic Cooperation; Regional Cooperation Council; Renewable Energy and Energy Efficiency Partnership(REEEP); Russian-German Energy Agency (RUDEA); Secretariat of the United Nations Convention to Combat Desertification (UNCCD); Southeast European Cooperative Initiative; Secretariat of the United Nations Framework Convention on Climate Change; Shanghai Cooperation Organisation; United Nations Conference on Trade and Development; United Nations Development Programme; United Nations Economic Commission for Europe; United Nations Economic and Social Commission for Asia and the Pacific; United Nations Commission on Sustainable Development; United Nations Environment Programme; United Nations Human Settlements Programme (UN HABITAT);United Nations Industrial Development Organization; UN

Women; United Nations Special Programme for the Economies of Central Asia; World Bank Group; World Health Organization (WHO); World Meteorological Organization (WMO); World Trade Organization (WTO) and other relevant organizations;

11. The OSCE Partners for Co-operation are invited to participate in the Twenty-First Economic and Environmental Forum;

12. Upon request by a delegation of an OSCE participating State, regional groupings or expert academics and business representatives may also be invited, as appropriate, to participate in the Twenty-First Economic and Environmental Forum;

13. Subject to the provisions contained in Chapter IV, paragraphs 15 and 16, of the Helsinki Document 1992, the representatives of non-governmental organizations with relevant experience in the area under discussion are also invited to participate in the Twenty-First Economic and Environmental Forum;

14. In line with the practices established over past years with regard to meetings of the Economic and Environmental Forum and their preparatory process, the Chairperson of the Twenty-First Economic and Environmental Forum will present summary conclusions and policy recommendations drawn from the discussions. The Economic and Environmental Committee will further include the conclusions of the Chairperson and the reports of the rapporteurs in its discussions so that the Permanent Council can take the decisions required for appropriate policy translation and follow-up activities.

OPENING STATEMENT

**by H.E. Leonid Kozhara
Chairperson-in-Office of the OSCE,
Minister for Foreign Affairs of Ukraine**

Excellencies,
Ladies and Gentlemen,

I am very pleased to welcome you this morning to the 2nd Preparatory Meeting of the 21st Economic and Environmental Forum, here in the Diplomatic Academy in Kyiv.

During the next two days participants of the meeting will be generating substantive food-for-thought on how to enhance security and stability by improving the environmental footprint of energy-related activities in the OSCE area.

This is not an easy task, of course.

Nevertheless, I am convinced that excellent speakers as well as the selection of relevant issues will contribute to the success of our event.

The Ukrainian Chairmanship has carefully selected topics for 2013 Economic and Environmental Forum cycle.

We have chosen the environmental footprint of energy-related activities, renewable sources of energy, energy savings and energy efficiency as main lines for our discussions.

We hope these themes would unite the participating States in an open discussion on challenges and opportunities faced by the OSCE in the Economic and Environmental Dimension.

Indeed, we are convinced that energy efficiency can slow down the global energy demand increase, reduce our household and business energy bills and decrease energy related greenhouse pollution.

The Second Preparatory Meeting is designed to look for ways to promote such efficiency and sustainability.

The debates will place strong emphasis on strengthening co-operation in the fields of new and renewable sources of energy, recent innovations and technology transfer, as well as in the development of green growth and green economy.

Possible ways to better orientate our co-operation with relevant stakeholders will also be analyzed. Key representatives of civil society, the private sector and major international partners are our privileged participants to this debate.

Ladies and Gentlemen,

Energy is a subject with many different aspects.

The world's population will continue to grow in the next decades. The energy demand is likely to increase.

Recent studies have pointed out that today, worldwide, 64% of electricity supply comes from fossil fuels, 16% from nuclear power and 19% from hydro energy, with very little from other renewable sources. This energy mix has implications for climate change and de-carbonization efforts. The need to mitigate the environmental footprint of energy related activities provides us with many challenges and tasks.

Still, discussing the challenges is only part of our Organization's energy dialogue during this year's Forum cycle.

The good news is that solutions to these challenges hold the potential for green job creation, innovation in our economies, and green growth.

Sustainable economic growth, as well as the provision of security in both the supply and demand of energy, is an integral part of the OSCE's mandate of comprehensive security. We should find ways to consolidate our efforts in this area.

In order to foster an economic environment where innovation and green growth is possible, it is necessary to provide for a stable investment climate.

Public private partnerships are also important. Neither the corporate sector nor the governmental sector alone is able to provide innovative solutions to today's energy challenges. I do hope that we will hear about best practices in this field today and tomorrow.

Ladies and Gentlemen,

The First Preparatory Meeting in Vienna witnessed a fruitful discussion about the challenges of the environmental footprint of energy-related activities in the OSCE area.

I would consider our proceedings in Kiev today and tomorrow to be a success if we would hear about specific and realistic recommendations that could be later translated into relevant OSCE decisions.

I would therefore like to encourage all of you to actively participate in the discussions and to contribute to pave the way to the Concluding Forum Meeting in Prague.

I thank you.

OPENING REMARKS

Mr. Halil Yurdakul Yigitgüden
Co-ordinator of OSCE Economic and Environmental Activities

Your Excellency, Minister Kozhara,
Ladies and Gentlemen,

Allow me to start my welcoming statement by expressing my gratitude for the warm hospitality of Ukrainian Chairmanship, who provided this beautiful, historic and inspiring venue – the Diplomatic Academy – for our meeting and facilitated excellent conditions for our deliberations. I also highly appreciate the commitment of the Ukrainian Chairmanship towards further consolidating the OSCE's economic and environmental dimension as well as the co-operation my Office has established with the Chairmanship's team in Vienna.

Distinguished participants,

Today, we start the Second Preparatory Meeting of the 21st Economic and Environmental Forum, dedicated to improving the environmental footprint of energy-related activities in the OSCE region.

During this meeting, we should identify ways and means to further strengthen the co-operation among OSCE participating States, as well as with other relevant stakeholders, in the area of new, renewable and cleaner sources of energy, as well as on promoting Green Growth, innovation and technology transfer in these fields. I do hope our discussions will help us strengthen the OSCE's political commitments and engagement in promoting of sustainable energy solutions.

From the very outset, I want to emphasize that our Forum's deliberations should not be confined to exchanging views among Government representatives alone. If we want to be successful and make progress in developing and implementing sustainable energy solutions, we should seek and encourage an active and stronger involvement of civil society and the private sector. The issues on our agenda concern all of us and every citizen, man or woman, should have the right to contribute and have a say and be empowered to do so. That is why the OSCE promotes and supports a participatory approach and a broad-based decision-making process regarding energy and environment issues, which includes all relevant stakeholders. This is a key component of good governance.

Ladies and Gentlemen,

We are all aware of the global effects of energy production and use, particularly of fossil fuels. Their adverse effects on climate change and environment -including air pollution, greenhouse gas emissions and negative impacts on ecosystems, water, animals, plants and people -are among the humankind's biggest challenges, with potentially critical security and stability implications. In the context of projected increase in energy demand over the next decades, addressing these challenges becomes a matter of urgency. These facts should determine each participating State, each

government, industry and individual to take effective measures in order to reduce such environmental threats and to support sustainable socio-economic development.

Developing renewable and cleaner energy technologies are essential contributors to sustainable energy and, generally, to energy security.

Moving towards energy sustainability will require changes not only in the way energy is supplied, but in the way it is used. Reducing the amount of energy required to deliver various goods or services is essential. Along renewable energy, energy savings and energy efficiency are the main pillars of sustainable energy policy, because the cleanest and most economic form of energy is the one which does not have to be used.

Innovative solutions are required, both on the supply side, as well as on the demand side. On the supply side, we've heard much about the nonconventional or shale revolution currently underway in North America. But beyond these headlines much good work is being done in other areas, such as the production of methane – a form of natural gas – from the types of coal beds which are, for example, abundant in our host country, Ukraine.

Not less important is focusing on 'green growth', aiming at the same time at economic growth and environmental protection. Together with innovation, going green can be a long-term driver for economic growth, by, for example, investing in renewable energy and improved efficiency in the use of energy and materials. An active co-operation with the energy industry is crucial in this regard.

In the next sessions we will hear about recent progress and positive developments from across the OSCE region related to a variety of new energy sources such as solar, wind or biomass. We will look at aspects related to policies and incentives as well as to innovation and technology. Our focus should be on how to overcome current inefficiencies and untapped the huge potential of new, renewable and clean energy resources, which could indeed bring concrete dividends to many participating States.

Dear participants,

The OSCE can provide a platform for dialogue and for the exchange of best practices and information on renewable energy, new technologies and appropriate legislative, institutional and policy frameworks. This is what our Forum process is about. Our overall goal should be to identify the areas where the OSCE can bring added value and define its possible contribution to enhance co-operation in the field of energy, environment and security.

As well, making use of its political character, the OSCE can provide support to its participating States with regard to relevant international and regional legal instruments, conventions and protocols, and facilitate the implementation by participating States of existing mechanisms aiming at preventing negative impact of energy-related activities on the environment.

The contribution of the OSCE Field Operations is very important in reaching our goals. They are working closely with their host countries and provide assistance in areas such as sustainable energy, sound management of natural resources, water management, soil degradation and waste. As well, they contribute by raising environmental awareness and promoting public participation in environmental decision-making.

The OSCE Office in Tajikistan, together with the Tajik-Norwegian Small Hydro Power Initiative, supported the development of private investment in small hydro-power in the country, including through the preparation of a comprehensive action plan. It also sponsored, in 2012, the 3rd Regional Exhibition on Energy Saving Technologies and Recycling, which, *inter alia*, demonstrated energy saving prototypes made by approximately 50 participants – including schoolchildren – from Tajikistan and Kyrgyzstan.

The OSCE Project Co-ordinator in Uzbekistan supported the drafting of a national strategy and action plan on renewable energy development and facilitated visits by Uzbek delegations to Germany and Spain to study best practices in the field of renewable energy.

The OSCE Office in Baku has also been actively engaged in promoting best practices for the legal and regulatory framework for renewable energy sources and facilitated the exchange ideas between representatives of State institutions, NGOs, local energy companies, academies, research centres, international agencies, etc. It has also contributed to the dialogue on water policy in Azerbaijan, and facilitated consultations on a new bilateral water agreement between Azerbaijan and Georgia.

The OSCE Centre in Ashgabat initiated and organized a series of training workshop on Energy Diplomacy.

These are just few examples but many more could be provided from the work carried out by the OSCE Missions to Bosnia and Herzegovina, Montenegro, and Serbia, Presence in Albania, Centres in Bishkek and Astana, or our Offices in Yerevan etc, as well as by the OSCE Project Co-ordinator in our host country, Ukraine.

I would like to thank my colleagues in the field presences for their tireless efforts and strongly encourage them to actively participate and contribute to our Forum's discussions.

Ladies and Gentlemen,

This meeting provides a unique opportunity for us all to exchange knowledge and experience.

Let us use this Forum fully to identify areas for further improvement and to strengthen our co-operation in promoting environmentally sustainable energy management for the benefit of sustainable socio-economic development, stability and security.

By complementing each other and by working together, we will be more effective and more successful in addressing evolving common challenges.

I would therefore like to encourage all of you to actively participate in the discussions and to suggest topics for further elaboration at the Concluding Forum Meeting in Prague and beyond.

Thank you for your attention.

KEYNOTE ADDRESS

by H.E. Michael Camuñez
Assistant Secretary, U.S. Department of Commerce
and U.S. Helsinki Commissioner

Good morning ladies and gentlemen, fellow delegates, representatives, and distinguished guests. On behalf of the United States, I would like to thank Minister Kozhara, our Chairman-in-Office for his leadership of the OSCE this year, and, sir, for your kind remarks and expression of solidarity this morning concerning the terrible events in Boston. I would also like to thank Ambassador Prokopchuk for convening and hosting the OSCE Economic and Environmental Forum Second Preparatory meeting. Let me also extend a special welcome to Ambassador Vadim Lukov from the Russian Federation, who will speak following my remarks, and to recognize the other distinguished panelists. It is a pleasure to be here in this beautiful venue, as a guest of the Ukrainian chairmanship, and as head of the U.S. delegation to the OSCE, representing the U.S. Government in my dual capacity as both the Assistant Secretary of Commerce and as a U.S. Helsinki Commissioner.

Although this is my first visit to Kyiv, it is one of several visits I have made now to various OSCE Second Dimension gatherings. I have continued to participate in these meetings because I believe in the importance of the Second Dimension and in its centrality to the mission and promise of the OSCE. And I believe, in a time of continued economic challenges, that we need a 21st century approach to the Second Dimension – an approach that is focused on pragmatic initiatives to create and support economic growth as a critical element of comprehensive peace and security.

I am delighted that the Ukrainian Chairmanship has selected the topic “Increasing Stability and Security through Sustainable Energy Solutions” as the focus of our discussions here in Kyiv. During the 1st EEf Forum in Vienna, participating States agreed that environmental degradation and the mismanagement of energy resources contribute to climate change and water and land scarcity, which threatens economic growth and stability in the region. Extreme weather events can damage agricultural production as we know, paralyze the transport of goods and services, and result in an economic loss that reverberates across the globe. Therefore, protecting our ecosystem and improving the management of our resources are at the core of our regional security and economic prosperity alike. And certainly participating States, like all nations of the world, face the challenge of climate change and global warming, which is perhaps the paramount existential security threat facing us all today. I believe the OSCE serves as an excellent platform to address these challenges and promote dialogue and cooperation between nations.

As the only European multinational organization that brings together the world’s leading energy producers, exporters and consumers as well as key transit countries connecting Europe, North America, and Central Asia, the OSCE is uniquely positioned to develop comprehensive solutions to protect the environment, facilitate economic growth, and promote the sustainable use of energy resources. Therefore, as we convene today and tomorrow, let us use our institutional knowledge of what this Organization can offer and forge a pragmatic path to concrete action and tangible initiatives that will help us translate our commitments and aspirations into reality on the ground.

The 2003 Maastricht Strategy Document and other Ministerial Declarations and Decisions have established a basis for the OSCE’s work in the area of the environment and energy security. These important documents affirm participating States’ commitment to strengthen the sustainable management of natural resources, promote energy transparency and dialogue, and enhance cooperation to reduce the environmental impact of energy related activities. Furthermore, the work of OSCE field missions contributes to the health and well being of our citizens in a variety of ways. For example, as you have heard, technical training courses in Central Asia are building the capacity

of small farmers and business associations to utilize renewable energy resources through wind, solar, and biogas technologies. Similarly, in Albania, representatives from local governments, civil society and the mining industry are sharing their views on the Extractive Industries Transparency Initiative (EITI) to promote transparency within governments and extractive companies, to fight corruption, and encourage a reliable investment environment. These models are a clear indication of the great work that the OSCE has done and the opportunities to further advance our collective goal to enhance prosperity and stability in the region.

In our most recent fora and meetings, we have seen the emergence we believe of three themes that have generated strong interest among participating States, and I would like to highlight those topics today.

Good Governance in the Field of Energy

The first theme pertains to the issue of good governance in the energy sector. President Obama has stated “that the strongest foundation for human progress lies in open economies, open societies, and in open government.” The United States believes that in order to develop more responsive governments, we must promote greater disclosure of government information and empower citizens with new ways to participate in their democracies. These tenets will not only strengthen political stability but also produce tangible economic benefits. Fiscal transparency, active participation of civil society, and respect for the rule of law are key elements that will improve the business climate, enhance investor confidence and attract private investment for energy infrastructure development and modernization. Therefore, it is clear that good governance is essential in the energy sector and must underpin our discussion today.

The Dublin Declaration on Strengthening Good Governance, on which we all collectively worked last year, demonstrates the OSCE’s strong commitment to promote good governance in all areas of its work, including the protection of the environment and sound management of natural resources. Our challenge this year must be to take that important achievement and implement its principles in our workshops and in our activities. A good example is the Declaration’s recognition of the Extractive Industries Transparency Initiative (EITI). EITI is a groundbreaking model for bringing together governments, civil society, and businesses as equal players in efforts to promote transparency to a very opaque industry. Enhancing transparency in the energy sector also helps encourage and institutionalize the rule of law and strengthen public institutions in a way that is consistent with the OSCE’s values and objectives. OSCE participating States such as Albania, Azerbaijan, Kyrgyzstan, Kazakhstan, Norway, Tajikistan, Ukraine, and the United States have each committed to implementing EITI standards. The OSCE should incorporate the principles embodied in this initiative and encourage the adoption of its standards of government accountability, empowered civil society, and transparency and engagement within the business community across all participating States. Here are just a few examples of what we believe we can do together:

- At the field level, the OSCE should continue to prioritize the work it is doing to promote EITI and build capacity through training seminars for local non-government organizations, to allow citizens to hold their governments accountable for reporting revenues earned from extractive industries.
- Additionally, participating States should support and raise awareness of the Aarhus Centers that serve as a platform for civil society groups, private companies, and governments to engage in the decision-making process as it relates to environmental policy. These centers contribute to the OSCE’s multi-stakeholder approach to bolster cooperation and public participation. The Centers’ activities of roundtable discussions and public hearings create a more informed community and aim to ensure that policies developed will reduce poverty, protect the environment, and provide a level playing field for all.

- Lastly, non-governmental organizations, technical experts, and industry representatives must be encouraged to attend EEF activities and fora. In order to develop comprehensive solutions to our most complex challenges, the Second Dimension should engage with civil society members actively and welcome their experiences and contributions. Their participation is vital. During the previous forum, NGO representatives held participating States accountable to their OSCE commitments, and input from the business community led to a robust discussion on job creation, access to capital, advancements in technology, and potential trade opportunities in the OSCE region. We should build upon this momentum and urge greater engagement in Prague and at the Economic and Environmental Dimension Implementation Meeting (EEDIM) this fall.

Information Sharing and Best Practices

A second theme that has emerged is the need for better information sharing and exchange of best practices to advance Second Dimension priorities for energy security and sustainability. The OSCE serves as an established forum for raising awareness and sharing ideas and experiences. Such exchange can strengthen energy security as participating States seek to improve energy efficiency and also to build resilience against natural disasters, human error, accidents such as oil spills, and terrorist attacks, which can disrupt the supply, storage, and transit of energy resources.

This work has been done in the First Dimension following the Madrid Ministerial Decision on “Protecting Critical Energy Infrastructure from Terrorist Attacks.” With a focus on security risks, the Organization advanced its commitment to protecting energy infrastructure and facilitated various workshops, training exercises, and the upcoming best practices guide. The United States is very pleased to see that “*The Good Practices Guide on Non-Nuclear Critical Energy Infrastructure Protection from Terrorist attacks*” will be completed soon and looks forward to the implementation of its guidelines in the OSCE field mission activities.

Similar and complementary initiatives to exchange best practices could and should be undertaken in the Second Dimension as it relates to issues beyond security, such as the use and deployment of energy efficient technologies, oil spill prevention and mitigation, and environmental issues. The forum’s case study on the environmental and economic impact of the Montara oil spill underscores the importance of sharing lessons learned and working together to enhance response capabilities and to manage energy supply disruptions. Topics for information sharing can also include safety measures in the field of energy. As we have heard during our recent Economic and Environmental Committee (EEC) meetings, human error and unsafe behavior account for almost 80 percent of energy power accidents. The OSCE could serve as a platform to collect information and exchange best practices that would improve the preparedness of participating States to reduce the economic costs and environmental damage caused by natural or man-made disasters. A systematic approach to track and report such information is valuable not only for individual countries, but also on a regional basis.

Importantly, the exchange of information on energy efficiency can lead to better practices that support and enable trade and commerce in goods and services related to new technologies. Within the OSCE space, the goal of reduced energy dependence on oil and gas resources is widely held; however, relevant technologies and mechanisms must be shared in order to have a broader and more effective impact. During the February Forum, a civil society representative from Kyrgyzstan noted his country’s achievements in hydropower development, yet underscored the need for more investment to reduce coal, gas, and fuel imports. Delegates and NGO representatives from Central Asia agreed that there is a need for regional workshops on new technologies and best practices among the Central Asia republics. The OSCE can and should facilitate this discussion and should also consider:

- How to promote best practices on the use of energy efficient technology that can be implemented further through the extensive network of field offices and shared through regional workshops and training events;
- We should also promote best practices and information sharing on policy reforms and initiatives that can better promote the trade in environmental goods and services throughout the OSCE region; and,
- Finally, we should further advance the OSCE's platform for dialogue and exchange of experiences and best practices on environmental challenges and natural disasters and developing and integrating these considerations into all our Second Dimension activities.

Promoting the Development of Renewable Energy Sources

A third and final theme that we have seen in our discussions to date pertains to the development of renewable energy sources. Recognizing the security challenges that stem from environmental degradation and depletion of natural resources, participating States must develop solutions based on renewable, efficient and environmentally sound technologies. Hydropower, wind, solar, geothermal, and biofuel are alternative options that reduce air pollution, improve climate change and offer opportunities for local energy production. Furthermore, the development of clean energy technologies can expand energy access to remote areas, create jobs, and stimulate economic growth in those regions. Maintaining safe, reliable and adequate energy supplies and expanding energy access to 1.3 billion people who currently have no access to electricity are priorities for the United States.

A number of participating States have adopted strategies to increase their use of renewable energy resources. We commend the Ukrainian Chairmanship for example, for its initiative to generate more electricity from renewable energy. We also applaud Turkey's commitment to derive up to 30% of its energy needs from renewable energy sources by 2023, the 100th anniversary of the modern Turkish state. And we recognize the leadership of the EU, which has set a target of raising the share of energy generation produced from renewable resources to 20 percent by 2020. The United States also shares these commitments. President Obama's Blueprint for a Clean and Secure Energy Future challenges Americans to double electricity generation from wind, solar, and geothermal sources by 2020. Congress has supported this initiative by providing clean energy tax incentives to attract private investment and energy savings projects to stimulate job growth. The United States is on the path to a cleaner and more secure energy future. During the President's first term, for example, the U.S. Environmental Protection Agency estimates that CO₂ emissions decreased by 13 percent and 50,000 clean energy projects were established, attracting billions of dollars in private investment. Progress in this area is doable, and the OSCE should leverage the Second Dimension to lead the way. As we address environmental challenges in each individual participating State, we should share progress and promote new technologies through the OSCE's multilateral framework.

For example, there is great potential for expanding clean energy technologies in Central Asia. In Uzbekistan, the OSCE project coordinator's office noted that solar energy potential is 25 times the country's demand for electricity. In Kyrgyzstan, 90 percent of the national electricity production is generated by hydropower plants. Turkmenistan sees opportunities in increasing solar and wind use and has been an active player in promoting regional cooperation and dialogue in the OSCE. The United States looks forward to the High Level Energy Conference in Ashgabat and commends the work of the CiO and OSCE field missions that are building capacity for farmers and business entrepreneurs who want to increase their use of alternative energy resources.

Complementing our field mission activities, the OSCE should enhance its work with the United Nations Economic Commission for Europe (UNECE), a partner under the Environment and Security Initiative (ENVSEC). The UNECE provides technical expertise that benefits the Second Dimension mandate. The UNECE's substantive review of the implementation of OSCE commitments in the field of energy efficiency and renewable energy outlined many opportunities for progress, including encouraging greater support for solar energy in residential housing and commercial buildings, increasing energy efficiency in transportation, and giving greater attention to compliance and evaluation of clean energy strategies. The OSCE could serve as a platform for implementing UNECE's recommendations in the field missions of participating States that seek to improve their national legislation or use of energy efficient and renewable technologies. As the UNECE has noted, energy efficiency is the winning strategy to simultaneously address a variety of objectives, including security of supply, environmental protection, and enhanced energy access. Our work with UNECE offers the opportunity to advance all of these goals.

Conclusion

Ladies and gentlemen, the work of the OSCE's Second Dimension has never been more important, or in the case of energy sustainability, more relevant, than it is today. With the internationalized approach to research and development and the cross-border flows of capital, goods, and services, we see an ever-increasing need for greater economic integration and enhanced cooperation. And given the common challenges we face as a planet, we must move from a view of the world where states act alone, to one of increasing collaboration. We must work together to elevate our collective engagement in the Second Dimension, and to move from dialogue to informed action, empowering participating States with information, best practices, and capacity building that can help them create and sustain world-class competitive and sustainable economies, particularly as developing producers of traditional energy emerge and new cleaner energy sources are developed.

The United States believes that the topic of sustainable energy solutions is timely and critical to our economic stability and development. The OSCE has long standing experience on the topic of energy savings, security, and protection of the environment. I am confident that the discussions taking place over the coming days will be informed by our enduring commitment to enhance environmental sustainability and energy security in the OSCE region.

I want to again thank the Ukrainian CiO for highlighting this important topic, and for inviting me to address you today.

Thank you.

Closing Statement

Ambassador Ihor Prokopchuk

Chairperson of the OSCE Permanent Council, Permanent Representative of Ukraine to the OSCE, 2013 Ukrainian OSCE Chairmanship

Distinguished Participants,

Ladies and Gentlemen,

We are now about to conclude the Second Preparatory Meeting of the 21st OSCE Economic and Environmental Forum on “Increasing stability and security: Improving the environmental footprint of energy-related activities in the OSCE region”.

On behalf of the Chairmanship I would like express our satisfaction with the meeting’s proceedings, the interesting discussions we have had, the constructive approaches of delegations and other stakeholders, and in general with the results we have achieved. I would like to thank the Moderators, Speakers and Panelists for their excellent performance and for sharing their expertise.

Among the thematic areas explored over the last two days, there were strengthening co-operation on new and renewable sources of energy, the linkages between sustainable energy and Green Growth, energy efficiency and energy savings, good governance in the energy field, promoting innovation in the field of sustainable energy, as well as strengthening public-private partnerships and reinforcing the role of the civil society in promoting sustainable energy. Our ultimate goal has been to determine how the OSCE, by promoting dialogue, co-operation and partnerships in the field of sustainable energy, could contribute to advancing security and stability in our region.

This meeting in Kyiv complements the First Preparatory Meeting we held in Vienna in February. The outcome of these two Forum events, their conclusions and recommendations, will be paving the way to the Concluding Forum meeting in Prague in September.

Obviously we would need more time to analyze in more details all the ideas expressed and all the suggestions formulated in the course of preparatory process. Based on that work and on the input we further expect from delegations, the Chairmanship and the Office of the Co-ordinator of the OSCE Economic and Environmental Activities will design the agenda for the Prague Forum.

At this point, let me briefly highlight some of the issues that, in Chairmanship’s view, stand out as key conclusions of our deliberations over the last two days.

My first point is that the OSCE can play a useful complementary role in facilitating a multi-stakeholder dialogue on energy issues and in particular on the links between energy and the environment. Not only this year’s Forum process but also the Forum under the Lithuanian Chairmanship in 2011, a number of other thematic OSCE conferences or meetings dedicated to energy related issues, as well as the discussions we have had in the framework of the Economic and Environmental Committee, are good examples of what the OSCE can do. I am pleased to note that representatives of other organizations, inter alia, IRENA, UNECE, UNEP etc. welcomed the OSCE engagement in this field. Of course, we should pay due attention to avoiding overlaps. From this perspective, I do believe it would be useful to provide our Organization with a clear mandate on energy and environment.

Moreover, the OSCE's engagement in discussing and addressing energy issues is quite timely. Energy production, transportation and consumption pose some of the key challenges the mankind has to deal with at the beginning of this century. Energy issues are fundamentally important for the economy and at the same time it have clear implications for our environment. All these have ultimately an impact on security and stability.

In a context of limited natural resources, of limited fossil fuel reserves and of increased energy demand, new, innovative and sustainable solutions have to be identified. Competition for resources can turn into conflict. This challenge should be turned into an opportunity. We believe that in this field, as in many others, a co-operative approach should be pursued and countries should join efforts and build up synergies. The OSCE can give a strong impetus and political signal in that regard.

Public opinion is more and more aware of the impact of energy production, transportation and consumption on the environment and more and more vocal in demanding sustainable solutions. Let me also underline the key importance of good governance in the energy field.

The issues at stake are quite complex. Technical and technological aspects have to be considered, policy choices have to be made and explained, countries have to diversify their "energy mix", cross-sectoral as well as bilateral, regional and international co-operation needs to be strengthened, the public sector, the private sector, the research community, the civil society, all have to work together. There is a need for a well-managed transition to more sustainable energy solutions. And for all these to happen, political will is required. And here is where the OSCE could play a role, as a multilateral political organization. The OSCE can be a platform for sharing experiences and best practices, for facilitating co-operation at various levels.

Ladies and Gentlemen,

This meeting in Kyiv has been instrumental in shedding more light on the multiple and complex links between energy, environment, economy, and security. Its conclusions should be helpful in setting priorities right and in identifying existing gaps that should be tackled. We are now better prepared to answer, in September, in Prague, to the question "What role could the OSCE play in follow-up to this year's Forum and what means and instruments we can or should employ?"

The Chairmanship is confident that by the Concluding Meeting in Prague and thereafter, ahead of the Ministerial Council, with the help of all participating States, we will achieve positive results.

Ladies and Gentlemen,

Let me conclude with a very warm Thank You to Dr. Halil Yurdakul Yigitgüden, Co-ordinator of OSCE Economic and Environmental Activities, and his able staff, for their outstanding contribution to the success of this event.

Let me also commend the work done by the OSCE Field Operations.

The Office of the Co-ordinator will compile the Consolidated Summary of this Forum meeting. It will be discussed in one of the next Economic and Environmental Committee meetings in Vienna.

Dear participants, thank you for attention and for your contribution to this Forum.

I am looking forward to seeing you soon in our next meetings.



Organization for Security and Co-operation in Europe
The Secretariat

Vienna, 11 April 2013

21ST OSCE ECONOMIC AND ENVIRONMENTAL FORUM

“Increasing stability and security: Improving the environmental footprint of energy-related activities in the OSCE region”

SECOND PREPARATORY MEETING

16-17 April 2013, Kyiv

Venue: Diplomatic Academy of Ukraine
01001, Kyiv, St. Velyka Zhytomyrska, 2

DRAFT AGENDA

Tuesday, 16 April

09.30 – 11.00 **Opening Session:** **Increasing stability and security in the OSCE area through sustainable energy solutions** (*Open to the Press*)

Moderator: **Ambassador Ihor Prokopchuk**, Chairperson of the OSCE Permanent Council, Permanent Representative of Ukraine to the OSCE, 2013 Ukrainian OSCE Chairmanship

Opening Address by **H.E. Leonid Kozhara**, Chairperson-in-Office of the OSCE, Minister for Foreign Affairs of Ukraine

Opening Remarks by **Dr. Halil Yurdakul Yigitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

Keynote Speeches:

- **Mr. Michael C. Camuñez**, Assistant Secretary of Commerce for Market Access and Compliance, U.S. Department of Commerce, International Trade Administration
- **Ambassador Vadim Lukov**, Ambassador-at-Large and Sous-Sherpa in G8, Coordinator for G20, Russian Federation

Statements by Delegations / Discussion

11.00 – 11.30 Coffee/Tea break

11.30 – 13.00 Session I: Strengthening co-operation among OSCE participating States in the area of new and renewable sources of energy

Selected topics:

- Status of new and renewable energy production in the OSCE area
- Wind energy
- Solar energy

Moderator: Ambassador Ol'ga Algayerová, Chair of the Economic and Environmental Committee, Permanent Representative of Slovakia to the OSCE

Rapporteur: Mr. Jens Rasmussen, Senior Project Officer, OSCE Project Co-ordinator in Uzbekistan

Speakers:

- **Mr. Hugo Lucas**, Director, Knowledge, Policy and Finance Centre, International Renewable Energy Agency (IRENA)
- **Dr. Oleksiy Onipko**, President of the Ukrainian Academy of Sciences
- **Ms. Nadia Shevchenko**, Expert, NGO Green Dossier, Ukraine

Discussion

13.00 – 14.30 Lunch break

14.30 – 16.00 Session I - Continuation: Strengthening co-operation among OSCE participating States on promotion of new and renewable sources of energy

Selected topics:

- Biomass and biofuels
- Geothermal

Moderator: Ambassador Stanislav Raščan, Director General of the Economic Diplomacy Directorate, Ministry of Foreign Affairs, Slovenia

Rapporteur: Ms. Jane Earl, Second Secretary, United Kingdom Delegation to the OSCE

Speakers:

- **Dr. Heinz Kopetz**, President, World Bioenergy Association, Sweden
- **Mr. Peter Canciani**, Project Officer, Central European Initiative
- **Mr. Gudni A. Johannesson**, Director General, Orkustofnun, National Energy Authority of Iceland

Discussion

16.00 – 16.30 Coffee/Tea break

16.30 – 18.00 Session II (Panel Debate): Green Growth and sustainable energy and their contribution to security

Selected topics:

- Green Growth in the context of energy security and sustainable development
- Energy efficiency and energy savings
- Best practices promoting Green Growth

Moderator: Ambassador Mykola Melenevskyi, Ambassador-at-large on environmental issues, Ministry of Foreign Affairs of Ukraine, 2013 Ukrainian OSCE Chairmanship

Rapporteur: Ms. Pavlina Rehor, Policy Officer for the Economic and Environmental Dimension, Delegation of the European Union to the International Organisations in Vienna

Speakers:

- **Ms. Maike Christiansen**, Climate Neutrality and Energy Efficiency Officer, United Nations Economic Commission for Europe (UNECE)
- **Ms. Rie Tsutsumi**, Programme Officer, Regional Office for Europe, United Nations Environment Programme (UNEP)
- **Mr. Marcus Hicken**, Deputy Head of Division for Energy and Raw Material Foreign Policy, Federal Foreign Office, Germany
- **Ms. Lucija Rakocevic**, Expert on renewable energy and energy efficiency, Montenegro

Discussion

18.30 Reception hosted by the Ukrainian 2013 OSCE Chairmanship

Wednesday, 17 April

09.30 – 11.00 Session III: Improving governance and regulatory frameworks for private investments to promote the transition to sustainable energy

Selected topics:

- Adopting economic incentives
- Carbon markets, carbon capture and storage
- Pollution abatement

Moderator: Mr. Andrew Rasbash, Head of Operations, Minister-Counsellor, Delegation of the European Union to Ukraine

Rapporteur: Mr. Yaroslav Yurtsaba, National Project Manager, OSCE Project Coordinator in Ukraine

Speakers:

- **Mr. Ian Parry**, Tax Policy, Technical Assistance Advisor, Climate Change and Environment, Fiscal Affairs Department, International Monetary Fund
- **Mr. Andrei Marcu**, Senior Advisor and Head of the Carbon Market Forum, Centre for European Policy Studies, Belgium
- **Ms. Darya Revina**, Vice-chairman on green economy, Head of GREENERGY Initiative, International Chamber of Commerce, Ukraine

Discussion

11.00 – 11.30 Coffee/Tea break

11.30 – 13.00 **Session IV: Innovation and technology transfer in the field of sustainable energy**

Selected topics:

- Emerging smart technologies and innovations
- Existing clean technology transfer initiatives and mechanisms
- Role of international financial institutions and other international organizations in promoting technology transfer and innovations

Moderator: Prof. Gerald Braun, The IRES Network, California, United States of America

Rapporteur: Mr. Farkhod Abdurakhmonov, Water Management and Energy Security Programme Analyst, OSCE Office in Tajikistan

Speakers:

- **Mr. Luis Frauca**, Business Manager for Integrated Solutions, EPTISA, Spain
- **Mr. Seygeldyev Nurgeldy**, Head of Research Department, Solar Institute "GUN", Turkmenistan
- **Dr. Vladimir Kouzmitch**, Managing Partner of the Energy Engineering & Consulting Company ENECA, Belarus
- **Mr. Guido Beltrani**, Director, Swiss Cooperation Office Ukraine, Swiss Confederation

Discussion

13.00 – 14.30 Lunch break

14.30 – 16.00 **Session V: Promoting security and stability through partnerships for sustainable energy**

Selected topics:

- The role of International Organizations in fostering partnerships with key stakeholders
- Strengthening public-private partnership at local and national levels
- Reinforcing the role of the civil society in promoting sustainable energy

Moderator: Ambassador Vytautas Nauduzas, Economic and Security Policy Department, Ministry of Foreign Affairs, Lithuania

Rapporteur: Mr. Maurice Dunand, Politico-military Officer, OSCE Mission to Moldova

Speakers:

- **Ms. Cornelia Schenk**, MSc Scientific Expert, Austrian Energy Agency, Austria

- **Dr. Anke Stock**, Coordinator Gender & Rights, Women in Europe for a Common Future, Germany
- **Mr. Timur Idrisov**, Head of the NGO "Little Earth", Tajikistan
- **Mr. Hamid Mehinovic**, Director of the NGO ENERGIS, Bosnia and Herzegovina

Discussion

16.00 – 16.30 Coffee/Tea break

16.30 – 18.00 Concluding Session: The OSCE's Role in Follow-up to the Forum

Moderator: Dr. Halil Yurdakul Yigitgüden, Co-ordinator of OSCE Economic and Environmental Activities

Rapporteur: Mr. Richard Wheeler, Senior Programme Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

Concluding Debate

- Identifying priority areas for future engagement
- Ways and means to tackle existing gaps and strengthen co-operation

Closing Statement: Ambassador Ihor Prokopchuk, Chairperson of the OSCE Permanent Council, Permanent Representative of Ukraine to the OSCE, 2013 Ukrainian OSCE Chairmanship