Global Energy Security
St. Petersburg, July 16, 2006
Global Energy Challenges

1. Energy is essential to improving the quality of life and opportunities in developed and developing nations. Therefore, ensuring sufficient, reliable and environmentally responsible supplies of energy at prices reflecting market fundamentals is a challenge for our countries and for mankind as a whole.

2. To tackle this overarching goal we have to deal with serious and linked challenges such as:

high and volatile oil prices;

growing demand for energy (estimated to rise by more than 50% by the year 2030, approximately 80% of which would still be met by fossil fuels, which are limited resources);

increasing import dependence in many countries;

enormous investment requirements along the entire energy chain;

the need to protect the environment and to tackle climate change;

the vulnerability of the critical energy infrastructure;

political instability, natural disasters and other threats.
The global nature of these challenges and the growing interdependence between producing, consuming and transiting countries require strengthened partnership between all stakeholders to enhance global energy security. We agree that development of transparent, efficient and competitive global energy markets is the best way to achieve our objectives on this score. We recognize that governments and relevant international organizations also play an important role in addressing global energy challenges.

3. Neither global energy security, nor the Millennium Development Goals can be fully achieved without sustainable access to fuels for the 2.4 billion people and to electricity for the 1.6 billion people currently without such access in developing countries. They cannot be forgotten or marginalized.

Response of the International Community

4. Given political will, the international community can effectively address three interrelated issues: energy security, economic growth and environmental protection (the "3Es"). Applying fair and competitive market-based responses to the global energy challenges will help preclude potentially disruptive actions affecting energy sources, supplies and transit, and create a secure basis for dynamic and sustainable development of our civilization over the long term.

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

We also reaffirm our commitment to the United Nations Framework Convention on Climate Change (UNFCCC) and to meet our shared multiple objectives of reducing greenhouse gas emissions, improving the global environment, enhancing energy security, and cutting air pollution in conjunction with our vigorous efforts to reduce energy poverty. We also agree to work to improve access to energy in developing countries.

Statement on Global Energy Security Principles

6. Recognizing the shared interest of energy producing and consuming countries in promoting global energy security, we, the Leaders of the G8, commit to:

strong global economic growth, effective market access, and investment in all stages of the energy supply chain;

open, transparent, efficient and competitive markets for energy production, supply, use, transmission and transit services as a key to global energy security;

transparent, equitable, stable and effective legal and regulatory frameworks, including the obligation to uphold contracts, to generate sufficient, sustainable international investments upstream and downstream;

enhanced dialogue on relevant stakeholders' perspectives on growing interdependence, security of supply and demand issues;

diversification of energy supply and demand, energy sources, geographical and sectoral markets, transportation routes and means of transport;

promotion of energy saving and energy efficiency measures through initiatives on both national and international levels;

environmentally sound development and use of energy, and deployment and transfer of clean energy technologies which help to tackle climate change;

promotion of transparency and good governance in the energy sector to discourage corruption;

cooperative energy emergency response, including coordinated planning of strategic stocks;

safeguarding critical energy infrastructure; and

addressing the energy challenges for the poorest populations in developing countries.
7. Based on the above objectives, principles and approaches, we will implement our common global energy security strategy through the following Plan of Action. We invite other states, relevant international organizations and other stakeholders to join us in these efforts.

ST. PETERSBURG PLAN OF ACTION GLOBAL ENERGY SECURITY

1. We reaffirm our commitment to implement and build upon the agreements related to energy reached at previous G8 summits. We will enhance global energy security through actions in the following key areas:

increasing transparency, predictability and stability of global energy markets;

improving the investment climate in the energy sector;

enhancing energy efficiency and energy saving;

diversifying energy mix;

ensuring physical security of critical energy infrastructure;

reducing energy poverty;

addressing climate change and sustainable development.

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

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

3. We welcome the beginning of implementation of the Joint Oil Data Initiative (JODI) and will take further action to improve and enhance the collection and reporting of market data on oil and other energy sources by all countries including through development of a global common standard for reporting oil and other energy reserves. In this respect, we will invite the IEF to work on the expansion of JODI membership and to continue to improve the quality and timeliness of data.

4. As a critical tool in the fight against corruption, we will also take forward efforts to make management of public revenues from energy exports more transparent, including in the context of the Extractive Industries Transparency Initiative (EITI) and the IMF Guide on Resource Revenue Transparency (GRRT).

5. Clear, stable and predictable national regulatory frameworks significantly contribute to global energy security, and multilateral arrangements can further enhance these frameworks. We support the principles of the Energy Charter and the efforts of participating countries to improve international energy cooperation.

6. Concerted actions of energy producers and consumers are of critical importance in times of supply crises. We encourage further efforts under the IEA aegis to promote international best practices related to emergency response measures, including establishment, coordination and release of strategic stocks, where appropriate, as well as measures to implement demand restraint and fuel-switching. We note constructive steps by major producing countries to increase oil output in response to recent tight market conditions and support additional actions.

II. Improving the Investment Climate in the Energy Sector

7. Ensuring an adequate global energy supply will require trillions of U.S. dollars in investment through the entire energy chain by 2030, a substantial share of which will be needed by developing countries. We will create and maintain the conditions to attract these funds into the energy sector through competitive, open, equitable and transparent markets. We understand that governments' environmental and energy policies are critical for investment decisions. In producing, consuming and transit states, therefore, we will promote predictable regulatory regimes, including stable, market-based legal frameworks for investments, medium and long-term forecasts of energy demand, clear and consistent tax regulation, removal of unjustified administrative barriers, timely and effective contract enforcement and access to effective dispute settlement procedures.

8. We shall take measures both nationally and internationally to facilitate investments into a sustainable global energy value chain to:

further save energy through demand-side measures as well as introduce advanced energy-efficient technologies;

introduce cleaner, more efficient technologies and practices including carbon capture and storage;

promote wider use of renewable and alternative energy sources;

expand the hydrocarbon proven reserves in a way that would outpace their depletion and increase the recovery of energy resources;

increase the efficiency of oil and gas production, and develop resources on the continental shelf;

establish, expand and improve the efficiency of oil-refining, petrochemical and gas processing industries' capacity;

develop global LNG market;

establish or upgrade infrastructure for energy transport and storage;

develop efficient power generating facilities; and

expand and improve the efficiency, safety and reliability of electricity transmission facilities and power grids and their international connectivity including, where appropriate, in developing countries.

9. We encourage construction and development of hydrocarbon-processing facilities to increase energy market flexibility and confidence, as well as expansion, where economically viable, of trade in hydrocarbon products. We will work with all stakeholders to improve energy regulatory regimes, inter alia, through feasible technical standards harmonization. We will ask the International Standards Organization to study ways and means of harmonizing relevant standards in this context.

10. We consider it important to facilitate capital flows into power generation, including to build new, more efficient power plants, upgrading existing plants to include wider use of renewables, and to construct transmission lines, develop interregional energy infrastructure and facilitate exchange of electrical power, including trans-border and

transit arrangements. We encourage the development of competitive power markets, interregional energy infrastructure, and exchange of electrical power.

11. Rapidly growing LNG trade is gradually supplementing the existing regional systems of pipeline gas supplies. To reduce huge investment risks and facilitate smooth functioning of the emerging global LNG market, we will seek to create appropriate investment conditions.

12. High and increasing investment exposure calls for better risks sharing between all stakeholders in energy supply chain which will ensure reliable and sustainable energy flows. Economically sound diversification between different types of contracts, including market-based long-term and spot contracts, could contribute to such risks mitigation, as would timely decision-making and appropriate adherence and enforcement of contractual agreements.

13. We will work to reduce barriers to energy investment and trade. It is especially important that companies from energy producing and consuming countries can invest in and acquire upstream and downstream assets internationally in a mutually beneficial way and respecting competition rules to improve the global efficiency of energy production and consumption. Market-based investment flows between and among nations will also enhance energy security by increasing confidence in access to markets or sources of supply.

14. Ensuring the long-term availability of skilled workforce throughout the energy sector is critical to energy security. We encourage institutions of higher learning and the private sector to take the necessary steps in providing appropriate training to adequately develop human resources in the energy sector, including new and innovative energy sources and technologies needed for ensuring longer-term energy security.

III. Enhancing Energy Efficiency and Energy Saving

15. Energy saved is energy produced and is often a more affordable and environmentally responsible option to meet the growing energy demand. Efforts to improve energy efficiency and energy saving contribute greatly to lowering the energy intensity of economic development thus strengthening global energy security. Increased energy efficiency and conservation reduce stress on infrastructure and contribute to a healthier environment through decreased emission of greenhouse gases and pollutants.

16. We will move forward with timely implementation of the Gleneagles Plan of Action. We have instructed our relevant ministers to continue the Dialogue on Climate Change, Clean Energy and Sustainable Development and report its outcomes to the G8 Summit in 2008. We call upon other states, especially fast-growing developing economies, to join the corresponding G8 initiatives. These outcomes can also be relevant to the dialogue on long-term cooperation to address climate change under the UNFCCC. Those of us who have ratified the Kyoto Protocol recognize the role of its flexibility mechanisms in promoting energy efficiency. It is important to engage the private sector and other stakeholders in achieving these ends.

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

strengthen and elaborate the system of national and multilateral energy efficiency statistics;

consider national goals for reducing energy intensity of economic development to be reported by the end of the year;

for energy intensive products, encourage the development, extension and deployment of best practice energy efficiency labeling programs, and increase efforts to adopt the most stringent energy efficiency standards that are technically feasible and economically justified. Individual countries should set these standards taking into account national conditions. In this context the IEA initiatives on standby power ("1 Watt" initiative), minimum efficiency standards for television set-top boxes and digital television appliances, energy efficient lighting and fuel-efficient tire program are promising and should be examined in more detail;

take necessary measures, including financial and tax incentives at home for the promotion of energy-efficient technologies, and the actual use of those available technologies on a wide-scale basis;

demonstrate leadership at the national level by incorporating energy efficient technologies and practices in government buildings and drawing upon alternative energy resources to help power them;

raise public awareness about the importance and benefits of energy efficiency and energy saving.

encourage relevant actions taken by multilateral development banks (MDBs), including EBRD and the World Bank;

increase the Global Environment Facility's involvement in energy efficiency projects.

18. We will invite the World Bank, the IEA, and other organizations as appropriate to work on improvement of internationally accepted standards, labeling and best practices, and public awareness campaigns, in accordance with their respective mandates and comparative advantages.

19. As part of an integrated approach to the entire resource cycle we reaffirm our commitment to comprehensive measures to optimize the resource cycle within the 3Rs Initiative (Reduce, Reuse, Recycle). In furthering these efforts, we will set targets as appropriate taking account of resource productivity. We will also raise awareness of the importance of energy efficiency and environmental protection through national as well as international efforts.

20. Increasing energy saving and efficiency we will pay more attention to the energy sector itself, which can contribute significantly to this end by reducing losses in production and transportation. Our priority measures in this area will include:

raising the environmental and efficiency levels for processing hydrocarbons;

reducing gas flaring to minimal levels and promoting utilization of associated gas;

improving energy infrastructure, including minimizing oil and oil products losses in transportation and gas emissions from gas systems;

using methane otherwise released in the atmosphere from coal mining, landfills, and agricultural operations.

21. Since 2/3 of world oil is consumed by the transportation sector and its fuel consumption is outpacing general energy consumption we will pay special attention to this sector of energy demand. For making transportation more energy efficient and environmentally advanced we shall:

share best practices to promote energy efficiency in the transportation sector;

develop programs in our respective countries, consistent with national circumstances, to provide incentives for consumers to adopt efficient vehicles, including clean diesels and hybrids; and introduce on a large scale efficient public hybrid and/or clean diesel transportation systems, where appropriate;
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promote diversification of vehicle energy systems based on new technologies, including significant sourcing from biofuels for motor vehicles, as well as greater use of compressed and liquefied natural gas, liquefied petroleum gas and synthetic liquid fuels;

promote wider use of modern technologies, materials and devices on traditional vehicles, leading to lighter, more aerodynamic and more efficient engines and other transport components such as transmission and steering systems, tires, etc.;

increase research to develop vehicles using gasoline/hydrogen fuel and hydrogen fuel cells to promote the "hydrogen economy";

facilitate the development of trans-modal and trans-border transportation, where appropriate;

study further the Blue Corridor project by the UN Economic Commission for Europe;

continue to consider the impact of the air transport sector on energy consumption and greenhouse gas emissions noting international cooperation on these issues.
22. We call upon all countries to offer incentives to increase energy efficiency and to promote energy conservation.

IV. Diversifying Energy Mix

23. Diversification of the energy mix reduces global energy security risks. We will work to develop low-carbon and alternative energy, to make wider use of renewables and to develop and introduce innovative technologies throughout the entire energy sector.

Alternative, Cleaner Low-Carbon Energy

24. We shall further encourage the activities of the Carbon Sequestration Leadership Forum (CSLF) aimed at preparing and implementing demonstration projects on CO2 capture and storage and on the development of zero emission power plants. In this context we will facilitate development and introduction of clean coal technologies wherever appropriate.
25. We encourage all oil producing states and private sector stakeholders to reduce to minimal levels natural gas venting or flaring by facilitating the use of associated gas, including its refining and processing into fuels and petrochemical products. In this respect we support the efforts of Global Gas Flaring Reduction Partnership (GGFR) and Methane-to-Markets Partnership (M2M) to implement projects on the production of marketable methane from landfills, agriculture waste and coal-bed methane, particularly in developing countries.

26. We support the transition to the Hydrogen Economy, including in the framework of the International Partnership for the Hydrogen Economy (IPHE). A critical part of this effort is to develop common international standards in the field of commercial development of hydrogen power, infrastructure and security requirements.

Nuclear Energy

27. We recognize that G8 members pursue different ways to achieve energy security and climate protection goals.

28. As we meet on the 20th anniversary of the Chernobyl accident, we reiterate the commitments made during the 1996 Moscow Summit on Nuclear Safety and Security, and the paramount importance of safety, security and non-proliferation.

29. Those of us who have or are considering plans relating to the use and/or development of safe and secure nuclear energy believe that its development will contribute to global energy security, while simultaneously reducing harmful air pollution and addressing the climate change challenge:

The development of innovative nuclear power systems is considered an important element for efficient and safe nuclear energy development. In this respect, we acknowledge the efforts made in the complementary frameworks of the INPRO project and the Generation IV International Forum.

Until advanced systems are in place, appropriate interim solutions could be pursued to address back-end fuel cycle issues in accordance with national choices and non-proliferation objectives.

Benefits will stem from improving the economic viability of nuclear power. We recognize that independent effective regulation of nuclear installations is essential for the development of infrastructure supporting safe and secure nuclear energy.

30. We are committed to:

further reduce the risks associated with the safe use of nuclear energy. It must be based on a robust regime for assuring nuclear non-proliferation and a reliable safety and security system for nuclear materials and facilities;

ensure full implementation of the international conventions and treaties in force today which are a prerequisite for a high level of safety and a basis to achieve a peaceful and proliferation-resistant nuclear energy use. The responsibility of all nations to support the work of the IAEA and all measures to implement these conventions and treaties in these fields is emphasized;

continue to consider nuclear safety and security issues in the Nuclear Safety and Security Group (NSSG).

31. We reaffirm the objective set out in the 2004 G8 Action Plan on Non-Proliferation to allow reliable access of all countries to nuclear energy on a competitive basis, consistent with non-proliferation commitment and standards. Building on that plan, we intend to make additional joint efforts to ensure reliable access to low enriched uranium for power reactor fuel and spent fuel recycling, including, as appropriate, through a multilateral mechanisms provided that the countries adhere to all relevant international non-proliferation commitments and comply with their obligations.

32. In this respect, we take note of recent potentially complementary initiatives put forward in the IAEA framework regarding multilateral fuel supply assurances, as well as

the proposals made by Russia and the U.S., aimed at further development of peaceful nuclear energy, in a manner that promotes proliferation resistance of the nuclear fuel cycle, including preventing the spread of sensitive nuclear technologies.

Renewables

33. A large-scale use of renewable energy will make a significant contribution to long-term energy supply without adverse impact on climate. The renewable solar, wind, hydro, biomass, and geothermal energy resources are becoming increasingly cost competitive with conventional fuels, and a wide variety of current applications are already cost-effective. Therefore, we reaffirm our commitment to implement measures set out in the Gleneagles Plan of Action.

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

35. We will continue enhancing international cooperation in using the potential of biomass, and advanced sustainable forest management practices. Both help to diversify local energy consumption and make an important contribution to carbon sequestration, as well as furthering a wide range of economic and environmental benefits.

36. We shall promote international cooperation in the area of forest management, primarily in addressing deforestation and forest degradation, the trade in illegally harvested timber and forest fires. We note that deforestation has a significant impact on climate change (resulting, according to the Food and Agriculture Organization of the United Nations (FAO), in an actual 25% increase in yearly greenhouse gas emissions). We reaffirm the importance of tackling illegal logging and agree to take further action, with each country taking steps where it can contribute most effectively. This should include the promotion of sustainable forest management and the incorporation of appropriate measures to address illegal logging in relevant national policies of both timber-producing and consuming countries. We welcome recent international forest-related policy initiatives including the St. Petersburg Ministerial Conference Declaration on Forest Law Enforcement and Governance in Europe and North Asia, and initiatives of the United Nation Forum on Forests (UNFF), UNFCCC, the International Tropical Timber Organization (ITTO) and Asia Forest Partnership (AFP).

Innovative Energy Technologies

37. We will work in partnership with the private sector to accelerate market entry and utilization of innovative energy technologies by supporting market-led policies that encourage investments in this area.

38. Despite the increased role of alternative sources in the energy mix, hydrocarbons are expected to continue to play a leading role in total energy consumption well into this century. Therefore we will work with the private sector to accelerate utilization of innovative technologies that advance more efficient hydrocarbon production and reduce the environmental impact of its production and use. These include technologies for deep-sea oil and gas production, oil production from bitumen sands, clean coal technologies, including carbon capture and storage, extraction of gas from gas-hydrates and production of synthetic fuel.

39. We will take measures to develop other promising technologies including construction of advanced electricity networks, superconductivity, nanotechnology, including nanobiotech, etc. We welcome recent initialing ITER agreement by the participating countries and take this opportunity to encourage R&D programs on fusion energy within its framework.

40. We shall facilitate closer ties between fundamental and applied research to promote the earliest economically viable market entry of these technologies.

V. Securing Critical Energy Infrastructure

41. The security of the world's energy infrastructure is connected and mutually dependent. Given the global nature of the energy infrastructure, we recognize that no country can insulate itself from danger elsewhere. Hence, we are committed to ensuring the security of the global energy network, and will work to gain a better understanding of its vulnerabilities and ways to improve our efforts to prevent disruptions by deliberate attack. We support a coordinated, international process to assess risks to energy infrastructures, and a more effective means of sharing energy infrastructure security best practices and expertise.

42. We commit ourselves to address threats and vulnerabilities to critical energy infrastructures, and to promote international cooperation in this regard. We instruct our experts to meet as necessary to examine and make recommendations on addressing the many challenges in securing energy infrastructure and deliver to the Russian Presidency at the end of this year a comprehensive report on:

defining and prioritizing the most important vulnerabilities among energy infrastructure sites, and share methodologies for assessing and mitigating them;

assessing potential risks of terrorist attacks;

developing a compendium of effective security response best practices across all energy sectors within our countries;

developing, implementing, and providing to other countries a checklist for the physical security of critical energy infrastructure;

encouraging international cooperation on R&D for technologies to enhance critical infrastructure protection;

establishing points of contact for coordination of technical assistance in this area;

continuing to advocate the adoption of export controls on radioactive sources and new initiatives to prevent terrorists' access to radioactive sources.

43. We call upon governments to fully implement the International Ships and Ports Facility Security Code and encourage attention to the management of maritime security.

VI. Reducing Energy Poverty

44. We confirm our commitment to the UN Millennium Development Goals, including through facilitating a better access to energy. It is impossible to drastically reduce general poverty, support health services, provide clean drinking water and sanitation, promote more productive agriculture and food yields, and secure investment in job-

creating enterprises in developing countries without addressing the challenge of energy poverty. We will help vulnerable countries overcome the macroeconomic shocks related to energy prices, and the longer term challenge of facilitating access to energy for the poorest populations.

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

development of national and local institutional capacities and management improvements in the area of energy policy and related infrastructure needs, including training of local staff;

facilitation of public participation in and public understanding of, energy policies and practices;

national energy investment and access targets linked to poverty reduction policies;

expansion of existing frameworks, such as the EU Energy Initiative (EUEI), the MEDREP, GBEP, the Global Village Energy Partnership (GVEP); the Renewable Energy and Energy Efficiency Partnership (REEEP), for private-public partnerships to foster investment that increases access to affordable energy services;

establishment of an energy efficiency program and development of decentralized technologies, where economically justified, and geared toward reducing the cost of energy for the poor;

a targeted and transparent social safety net system that can help poor and vulnerable customers pay for energy.

46. The majority of energy investment will need to come from the private sector. Assistance programs for developing countries should work towards promoting the improved policy and regulatory structures necessary to attract that capital.

47. The international financial institutions (IFIs) have an important role to play in tackling these challenges. We welcome the progress of the multilateral development banks to re-invigorate their efforts to promote investment in alternative energy sources, increased energy efficiency and adaptation in developing countries. We also welcome the launching of the International Monetary Fund's Exogenous Shocks Facility, and invite other non-G8 countries to contribute to it. We call upon other countries and IFIs to facilitate access to energy in the poorest countries by promoting private-public partnerships.

48. To improve access to reliable, modern, and sustainable energy services to the populations of energy poor developing countries, we will enhance existing bilateral and multilateral development mechanisms. We welcome the EU's Energy Facility, which will use grants to co-finance projects aimed at filling the energy gap, especially in Africa, as well as activities by Japan in partnership with AfDB to promote the "Enhanced Private Sector Assistance" (EPSA) for Africa. We look forward to the outcome of the UN Commission on Sustainable Development's two-year cycle of work (2006-7) devoted to the review/policy discussion of the Energy for Sustainable Development issue.

49. We will facilitate development of local energy resources, including those based on core generation technologies and on renewable energy, such as hydropower, wind power, geothermal power, biomass, and the effective use of solar energy, to contribute to poverty reduction and long-term energy sustainability in developing countries. These measures include developing energy infrastructure capable, inter alia, of reducing vulnerability to energy shocks.

50. We instructed our experts to work together with other countries, international and regional financial institutions (World Bank, Regional Development Banks, UN agencies, etc.), the private sector and other stakeholders to facilitate technology transfer in the areas of energy efficiency, energy saving, renewable energy and decentralized local sources to reduce energy poverty thereby improving energy access and enhancing energy efficiency in developing countries. Building on the Gleneagles Plan of Action, such concerted efforts may help improve energy efficiency and promote energy conservation in developing countries through the following actions:

supporting the development of infrastructure to improve energy access tailored to specific needs and targeted towards energy efficiency;

assisting in policy and institutional capacity building for improving energy access, enhancing energy efficiency and promoting energy conservation and diversification of energy sources;

promoting renewable energy;

encouraging rural electrification, using both grid and non-grid connected solutions;

developing human resources in cooperation with the private sector.
51. We look forward to the completion and implementation of the World Bank Clean Energy Investment Framework and underline that it should give increased attention to improving access to energy services.

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

VII. Addressing Climate Change and Sustainable Development

53. We reaffirm our intention to deliver on commitments made in Gleneagles in order to meet our shared and multiple objectives of reducing greenhouse gas emissions, improving the global environment, enhancing energy security and cutting air pollution in conjunction with our vigorous efforts to reduce poverty. We also affirm our commitment to the UNFCCC's ultimate objective of stabilizing greenhouse gas concentrations in the atmosphere at a level that prevents dangerous anthropogenic interference with the climate system.

We will continue to work to reduce greenhouse gas and deal effectively with the challenge of climate change.

We are undertaking a number of approaches to deal with the interrelated challenges of energy security, air pollution control, and reducing greenhouse gas associated with long-term global climate change. With respect to climate change, we reaffirm our shared commitment under the UNFCCC and its related mechanisms.

Those of us committed to making the Kyoto Protocol a success underline the importance we attach to it, view Clean Development Mechanism and the Joint

Implementation Mechanism as central elements of this, and look forward to the process to develop it further.

Some or all of us are participating in the following other initiatives to address these challenges: Asia-Pacific Partnership on Clean Development and Climate, the Methane to Markets Partnership, the International Partnership for the Hydrogen Economy, the Carbon Sequestration Leadership Forum, the Renewable Energy and Energy Efficiency Partnership and the Global Bio-Energy Partnership.

We welcome the progress made at the XI Conference of the Parties to the UNFCCC (Montreal, December 2005) where we committed to engage in a dialogue on long-term cooperative action to address climate change by enhancing implementation of the convention; and the progress made at the UN Climate Change meeting last May in Bonn.

We reaffirm the importance of the work of the Intergovernmental Panel on Climate Change (IPCC) and look forward to its 2007 report.

All these undertakings are the foundation of our current efforts to address climate change, and will form the basis of an inclusive dialogue on further action in the future, including the period beyond 2012.

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

55. We welcome the progress made at the first meeting of the Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development, held on 1 November last year. We look forward to the next Ministerial meeting in Mexico in October 2006, where we will continue to identify opportunities for greater collaboration to tackle climate change, while pursuing energy security and sustainable development through deployment of cleaner, more efficient and low-carbon energy technologies, finance and market mechanisms, including, as appropriate, Clean Development Mechanism, Joint Implementation, emissions trade, and adaptation.