DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Secretary General and Progress Report on the CONEXO policy implementation 2017

The Energy Charter Conference at its 28th Meeting held on 28-29 November 2017 took note of the Secretary General’s Report of the year 2017 and the progress report on the CONEXO policy implementation as contained in document CC 613 (attached hereto).
1. This Report provides an overview of the activities of the Energy Charter Secretariat in 2017 implemented in close conjunction with the work of the subsidiary bodies of the Energy Charter Conference and under the auspices of the Chairmanship of the Republic of Turkmenistan.

2. I wish to thank the Chairmanship of Turkmenistan for their support and guidance during 2017. I would like to express gratitude to the Chairman of the Energy Charter Conference, Mr Maksat Babayev, Deputy Chairman of the Cabinet of Ministers as well as the Ministry of Foreign Affairs of Turkmenistan and the Deputy Chairman of the Cabinet of Ministers and Minister of Foreign Affairs, Mr Rashid Meredov, for their great commitment and spirit of hospitality which have been enjoyed throughout the year. A special thanks is also due to the Vice-Chair of the Conference, Mr Charymyrad Purchekov, and the staff of the Ministry of Energy of Turkmenistan he is in charge of.

3. Turkmenistan, as the Chair of the Conference, in addition to its active contribution to the implementation of the Programme of Work and the CONEXO policy, has also hosted a number of highly successful events. The Ashgabat International Energy Charter Forum (“Towards a Multilateral Framework Agreement on Transit of Energy Resources”) brought together over a hundred participants from governments and industry as well as international organisations. The conclusions of the Forum, which highlighted the need for a legally binding transit regime for cross-border transportation of energy resources, were disseminated by Turkmenistan as an official document of the 71st Session of the UN General Assembly. Back-to-back with the Ashgabat Forum, Turkmenistan also hosted an International Media Forum and an Executive training programme to raise awareness of the representatives of the diplomatic corps accredited in Ashgabat and international media on the Energy Charter Conference.

4. Turkmenistan also hosted the 14th meeting of the Task Force on Regional Energy Co-operation in Central and South Asia. This forum, which was organised with the Ministry of Energy of Turkmenistan, brought together energy authorities of Central Asia and Afghanistan to discuss perspectives of energy trade and share experiences and lessons learnt on power sector reforms.

5. Turkmenistan displayed the highest level of hospitality towards delegates in preparation of the 28th Ministerial Energy Charter Conference in Ashgabat. Turkmen diplomats prepared and promoted the Ashgabat Declaration as a document reflecting the achievements of the Turkmenistan Chairmanship as well as broad priorities of the Energy Charter Process.

6. 2017 was a very special year for the Energy Charter Secretariat. Following the restructuring of the Secretariat, the operational challenge of 2017 was the
relocation to the new premises (at Boulevard de Woluwe 46, 1200 Brussels), which was successfully completed in April. The relocation proceeded smoothly within the allocated budget. In fact, the negotiated rent of the new premises is cheaper than the old one, while the new offices provide higher quality working conditions. The Financial and Administrative unit, which was most affected by the transformation, has proven to be fully up to the challenge.

7. Those operational challenges did not affect the overall implementation of the Programme of Work, or the progress of modernisation, or the efforts on CONEXO. I hope in this report to focus on each of these three main issues.

8. I thank all those involved with the Subsidiary Groups and the Budget Committee, particularly those delegates who take part in the deliberations, those who gave their time and efforts to act as Chairs and Vice Chairs. Their input is very important to the work of the International Energy Charter. The new working practice which has recently come into place with the establishment of the Implementation Group is intended to somewhat reduce this burden. The Strategy Group requested to hold one more meeting than initially planned due to the important issues related to the Modernisation. Nonetheless the input and commitment of delegates was essential for the successful work of the subsidiary groups and one committee. For the successful continuation of such work, it is of the utmost importance that delegates are willing to act as Chairs of those subsidiary groups and committee.

9. Since the beginning of 2017, after the merger of several subsidiary bodies into one, five Implementation Group meetings have been held in accordance with the new practice. As expressed by the Chairmanship in its mid-term review, the new working practice of the subsidiary bodies of the Conference has demonstrated its effectiveness and expediency. Furthermore, the Chairmanship also commended that within the new structure effective as of January 2017, the Secretariat had successfully fulfilled its functions and maintained high efficiency in all main areas of the Energy Charter Treaty despite the relocation to the new office.

The implementation of the Programme of Work

10. Throughout 2017 the Secretariat continued to provide support and assistance to the Strategy Group, the Implementation Group and the Budget Committee of the Energy Charter Conference. The details of the activities of these Subsidiary Groups and Committee are set out in their respective Reports. Each of these reports demonstrates that despite the difficulties of reform and restructuring, the Secretariat has largely succeeded to implement the activities set out in the Programme of Work for 2016-2017.

11. With regard to Investment, in 2017, in order to unlock and boost investments and ease the burdens in day-to-day business of energy investors, the Secretariat developed the 1st edition of the Investment Facilitation Toolbox, which provides
guidance on which policy actions could be taken by countries to simplify and improve their administrative and institutional capabilities. The Toolbox, supported by the Energy Charter Industry Advisory Panel, guides the national administrations in creating favourable conditions and eliminating obstacles for the establishment and expansion of energy investments.

12. Secondly, the Secretariat finalised a handbook on general provisions applicable to investment agreements in the energy sector (including explanatory notes, policy options and model clauses on specific topics), designed to help and empower governments in their negotiations of complex investment agreements in the energy sector.

13. Thirdly, the Conference endorsed certain best practices to provide concrete, sound and successful regulatory practices that could be used voluntarily as a reference to facilitate internal discussion about how to better introduce regulatory reforms in the energy sector while minimising potential conflicts with foreign investors. Finally, the Secretariat facilitated three well-attended meetings of the Energy Charter Industry Advisory Panel, in Warsaw, Brussels and Beijing, where today’s challenges of energy sector and the role of the Energy Charter Treaty were discussed.

14. In 2017, as a part of the pilot project, the scope and methodology of the Energy Investment Risk Assessment (EIRA) have been developed, and – in order to contribute to the effectiveness of the methodology – a range of countries participated in this preliminary edition of the Report, including Armenia, Mauritania, Mongolia, Romania and Ukraine. A word of thanks goes out to the already participating governments, the external parties in each countries and the peer reviewers of the EIRA Report 2017.

15. As requested by the Energy Charter Conference, the Secretariat presented the first non-public version of the Energy Investment Risk Assessment (EIRA) Report, which is to be considered as an important stepping stone towards a worldwide flagship publication. The primary aim of the EIRA Report is to assist governments to develop policies, laws and regulations beneficial to their investment climate. Secondary, the publication gives insight to industry and investors in order to facilitate investments in the energy sector of the participating countries. On the basis of the work done, the Energy Charter Conference requested the Secretariat to develop and publish the first public version of the EIRA Report in 2018. All Contracting Parties, Observer and Outreach countries are invited by the Conference to participate, on a voluntary and non-legally binding basis, in the EIRA Report 2018 and onwards.

16. In the area of Dispute Resolution, the Secretariat finalised in 2017 a compilation of summaries of available arbitral awards rendered under the Energy Charter Treaty that is expected to facilitate a better understanding of the investment
protection standards, resulting in even further consistency/uniformity in the application of the ECT by arbitral tribunals.

17. Also, following the efforts to facilitate the early and amicable resolution of investment disputes, the Secretariat conducted a key consultation on the obstacles that still hinder the effectiveness of investment mediation to better understand the main concerns and problems from the perspective of host states. As a result, the Implementation Group entrusted the Secretariat to work in 2018 on a model dispute management protocol that could be voluntarily used as a reference by those states who do not have one already in place (or by those who want to update/extend the one they already have). In addition, the Secretariat co-organised with ICSID the first ever accreditation training for investment mediators.

18. With regard to transit, the consultations on a Multilateral Framework Agreement on Energy Transit continued in 2017 in the framework of the Implementation Group. Discussions were held on the basis of the discussion note with non-exhaustive list of issues and challenges related to transit which was prepared by the Secretariat. I would like to thank the delegates from Central Asia and South Caucasus for active contribution to those discussions. At the request of the Implementation Group, the Secretariat prepared another proposal and questionnaire on alternative options in order to facilitate further discussions on transit. The paper provided analysis of some of the EU regulation relevant as the baseline for the proposed transit instrument which was highly appreciated by the delegates.

19. Having considered alternative solutions, the Implementation Group made a decision in favour of developing a set of soft law instruments to address transit needs of the constituency. It was agreed that these instruments would include declarations or guiding principles on access to transit infrastructure and transit tariffs as well as an update of the Energy Charter Model Agreements. The Implementation Group also decided to create a technical sub-group to address transit issues.

20. In 2017, the Secretariat prepared an in-depth energy efficiency review of the Kyrgyz Republic. The review was conducted by a team of experts from Kazakhstan (Chair of the review team), Albania and Estonia, supported by the Energy Charter Secretariat. The review sets out a series of recommendations, to be published before the end of 2017.

21. The Secretariat also provided assistance to secondees from Uganda, Bangladesh, Cambodia and Chad in conducting energy efficiency reviews for their countries. With financial assistance from the European Commission, the ECS also provided support to a secondee from Swaziland who developed the energy efficiency policy for Swaziland.
22. As the world focuses its attention on achieving the goals of the UNFCCC Paris Agreement, the Secretariat has turned its attention to ensuring that the ECT plays its full role in facilitating demand-side investment, particularly in energy efficiency. The energy efficiency team is in the process of developing a high-level guide on the role of the International Energy Charter in enabling large-scale energy efficiency investment, finance and trade. Research being undertaken for the purposes of drafting this guide will assist the Implementation Group in deciding whether technical updates or reforms to the ECT and/or PEEREA will be necessary.

23. During the year, the Energy Charter Knowledge Centre actively supported activities across the Program of Work and conducted two executive energy training programmes in Ashgabat and Brussels. The training programmes continue to be a useful instrument for the advancement of some of the Energy Charter’s policy objectives and in building up the relations with Contracting Parties and Observers. Participants in the training sessions mostly came from countries interested in deeper engagement with the International Energy Charter.

24. The Knowledge Centre continued to host a range of Fellows whose work and expertise strengthened the Secretariat’s implementation of the Programme of Work. Fellows provide additional research capacity at the academic and practical levels and support the Secretariat’s policy work in different areas, such as transit, legal affairs, electricity, regional co-operation and many more.

Modernisation

25. Modernisation Phase I was successfully completed with the adoption of the International Energy Charter in 2015, which has been signed by 87 countries and international organisations. After that, we focused on Phase II, achieving also important tools and improvements beneficial both for the governments and for the industry: the early warning mechanism; the review of the transit conciliation rules (with a useful commentary); the guide on investment mediation; the consolidation of the Trade Amendment (only Japan has not ratified or applies it provisionally); the technical modifications of Annexes EM I, EQ I, NI; the update of Rules of Procedure (including the important adoption of the Rules of appointment of the Secretary-General and the introduction of the Chairmanship); key transparency efforts (such as the de-restriction of Conference decisions and clear access to travaux preparatoires of the ECT).

26. However, some efforts did not produce the expected results due to the lack of political will of the Contracting Parties, such as the discussions on the Multilateral Framework of Energy Transit (which has been reformulated into some soft law instruments to be discussed during 2018-2019); the discussions on resuming negotiations on the pre-investment supplementary treaty (which has been transformed into an investment facilitation toolbox aimed at removing barriers to the establishment of energy investment, as well as to the much welcomed EIRA);
and the introduction of some transparency in relation to arbitral awards issued under the ECT.

27. As a follow up to the modernisation efforts, I started in 2017 a comprehensive political consultation, in parallel to the technical discussions held at the Strategy and Implementation Groups, which is expected to crystallise at a ministerial panel on modernisation of the Treaty (which could include its amendment) at the 28th Meeting of the Energy Charter Conference in Ashgabat.

28. It is expected that in 2018-2019 there will be an important discussion on modernisation of the ECT (as a whole and not limited to the investment protection standards) that could result on a proposed list of topics to be considered by Contracting Parties during the 2019 five-yearly review under Art. 34(7) of the ECT. At the end of such review in 2019, the Conference then will decide whether or not to start negotiations on the modernisation of the ECT in 2020 and if so, on the limits of such negotiations.

CONsolidation-EXPansion-Outreach Policy

29. The Energy Charter Conference adopted in June 2015 the policy on consolidation, expansion and outreach (CONEXO) for the period 2015 – 2018. Consolidation refers to ECT signatories which have not ratified it: Australia, Belarus (who applies the Treaty provisionally), Norway and Russia. Expansion refers to countries in accession to the ECT. This category also includes observer countries preparing the ECT accession reports as well as countries enjoying a special collaboration. Outreach refers to countries interested in becoming observers by signing the 1991 or 2015 political declarations.

30. The group of countries which have been invited to accede to the ECT some years ago has been a special focus this year. Through its Knowledge Centre, the Secretariat organised a stakeholders’ seminar on Pakistan’s accession to the ECT jointly organized with the Ministry of Petroleum of Pakistan, held in Islamabad, in June. The seminar benefited from the participation of the Petroleum Ministry of Pakistan and Shahid Abbasi, currently the acting Prime Minister of Pakistan. A special educational training on the ECT was organised for the delegation of the Chairman of the Energy Committee of the Parliament of Jordan and a group of visiting Parliamentarians, in Brussels in September.

31. Since 2015, the instrument that facilitates familiarisation of the ECT has been the International Energy Charter, the signing of which grants the status of Observer to the Energy Charter Conference. By November 2017, this instrument had attracted 87 signatories from all continents, including major energy players such as China, the EU, Japan, Iran, Nigeria and the US. Nigeria, Kenya, Burkina Faso, Mali, United Arab Emirates, Gambia and Panama signed the International Energy Charter during the course of 2017. A formal welcoming ceremony will be held at
the Annual Meeting of the Conference in Ashgabat. The overall number of countries involved in the Energy Charter Process has reached 96.

32. While the International Energy Charter remains open to new countries, the Secretariat’s work focuses on consolidation and expansion. Acceding to the ECT is a lengthy and politically challenging process. On average, becoming a contracting party to the Treaty takes at least 7 years. While the Secretariat provides technical assistance throughout the accession process, the political implications inherent in the decision to accede to the ECT require political and diplomatic support from the entire constituency. The Secretariat has proposed a simplification of the accession procedure to the ECT by giving acceding countries more flexibility to adhere to the European Energy Charter by sending a formal letter.

33. Expansion efforts have benefited from some voluntary contributions. The Ministry of Energy of Iran has allocated funding to support the joint International Energy Charter – Iran Action Plan. The EU Technical Assistance Facility for the SE4All initiative has provided support to African countries interested in improving the investment framework in line with the common principles of the International Energy Charter.

34. The Secretariat and the China Electricity Council, with the support of the National Energy Administration, established in September 2017 a Joint Research Centre in Beijing. The Beijing Research Centre will deepen and share the knowledge of the International Energy Charter through research and public activities. The Centre will promote the Energy Charter Treaty and its principles in China. The Beijing Research Centre works on the basis of voluntary contributions (the first one received from Poland) and the participation is open for countries, organisations, industry and academia.

35. The Energy Commission of Nigeria (ECN) agreed to initiate a new flagship project to be developed in partnership with the Energy Charter Secretariat following the signing of the International Energy Charter by Nigeria in March 2017. An MoU was signed during the Strategy Group on 7-8 June 2017, laying the basis for closer collaboration. National budgetary allocation by the ECN has already been made and the extended country risk assessment (EIRA) will also be covered by Nigeria. The Director General of the ECN confirmed that Nigeria is preparing for accession to the ECT and will nominate a secondee in 2018 to start preparing the three accession reports for Nigeria.

EU4Energy Project

36. In 2017 the Secretariat continued to implement a programme of actions regarding Energy Policy in Eastern Partnership countries and Central Asia, called the EU4Energy Programme. Energy Charter Secretariat was confirmed as one of the four implementing partners of EU4Energy and is responsible for delivering the
technical assistance activities to Armenia, Azerbaijan and Belarus within the Component EU4Energy Governance. The financial support from the European Commission allowed implementation of this project where core competences of the Secretariat are combined with excellent institutional relations with selected Contracting Parties.

37. The main objectives of the assistance are: assist partner countries to implement policy recommendations stemming from the EU4Energy Policy Pathways component or from the Energy Charter Secretariat; provide support to strengthening the existing legislative and regulatory frameworks in the areas of electricity and gas markets, energy efficiency and renewable energy; strengthen the technical, institutional and administrative capacity among officials in key energy related ministries and agencies in Armenia, Azerbaijan and Belarus; and contribute to the establishment and/or strengthening of the necessary in-country formal and informal consultation procedures to accompany the entire policy cycle.

38. Energy efficiency and improvement of the investment climate in the energy sector were selected as priority areas for the activities in Armenia. The aim is to complement and strengthen the implementation of the existing legislative and regulatory framework in the area of energy performance of buildings in line with the best EU practices as well as to accelerate the process of development and adoption of common minimum energy performance standards and labelling requirements for energy related products.

39. In Azerbaijan, support is provided to elaboration of relevant legislation on energy efficiency in line with best EU practices. The EU4Energy programme facilitated the establishment of an Inter-Ministerial working group to discuss and agree on the draft energy efficiency law. This year, the first draft of the Law on Energy Saving and Energy Efficiency was completed, presented to the Ministry of energy and discussed by the Inter-Ministerial group. In addition, a capacity building workshop was organised in order to equip Azerbaijan decision-makers with the know-how to develop and implement a comprehensive national plan for improving energy efficiency, as well as various types of policies targeting specific areas and sectors.

40. A Task Force was set up in Belarus to support the steady enhancement of the existing legislative and regulatory landscape on energy efficiency in line with the best EU and international practice. Members discussed the main drivers for supply and demand of energy efficiency investments in the electricity and industry sectors as well as identified main barriers to investment in energy efficiency and renewable energy. During a high level roundtable planned for December, recommendations will be agreed for overcoming the identified barriers and risks, as well as for necessary amendments to the legal acts and regulatory documents.
Conclusion

41. With the appointment of an Assistant Secretary General, I have been personally more involved in CONEXO efforts in 2017. The beginning of the discussions on the third phase of Modernisation provides us with the new element of engagement with the four remaining Signatories. Many countries are involved at different stages of accession and cooperation with the Secretariat. Therefore it is vital to streamline the resources of the Secretariat to address these challenges in the most efficient way. Further expansion efforts will focus on those countries where internal ratifications procedures are pending, on countries working on their internal approval of the accession reports and on countries expressly mentioning their interest to accede to the ECT.

42. Throughout 2017, I continued my endeavours to promote the principles of the Energy Charter. I met with Head of States and Governments, Ministers, Ambassadors, Head of Delegations, and representatives of the energy industry to outline the essential role and future potential of the Energy Charter Treaty and the International Energy Charter. I spoke at many conferences and events to explain the specifics of the Energy Charter in the areas of transit, trade, investments, dispute resolution and energy efficiency.

43. In conclusion I must make reference to the immense professional commitment and work of each member of the Secretariat without whom none of the tasks of 2017 would have been completed. Despite the difficulties and challenges of this period of transition, there has been unfailing dedication to the goals of the Charter. The efforts of experienced core staff members were again very effectively complemented by research fellows, young energy professionals and trainees. These individuals were engaged on the basis of short-term assignments, mainly working on Expansion and Outreach, the training courses for young energy professionals and the Knowledge Centre. I thank each and everyone of those who has worked in the Secretariat during the course of 2017.
1. The policy on consolidation, expansion and outreach (CONEXO) was adopted in August 2012. The Energy Charter Conference adopted in June 2015 the CONEXO policy on consolidation, expansion and outreach for the period 2015 – 2018, and asked the Energy Charter Secretariat (ECS) to “provide written progress reports for the targeted countries through the Strategy Group and to the Energy Charter Conference” (CCDEC 2015 16). CONEXO applies horizontally to the work of subsidiary bodies and to the different activities of the Programme of Work. It is also one of the priorities of the Turkmenistan’s Chairmanship.

2. **Consolidation** refers to ECT signatories, namely countries that have signed the ECT but have not ratified it: Australia, Belarus (who applies the treaty provisionally), Norway and Russia. **Expansion** includes acceding countries, mostly countries that have been invited by the Energy Charter Conference to accede to the ECT. This category also includes observer countries preparing the ECT accession reports as well as countries enjoying a special collaboration. **Outreach** refers to new observer countries having signed the International Energy Charter.

3. The next 5-yearly Review under article 34(7) of the ECT, which will take place in 2019, will provide the opportunity for a review of the CONEXO policy and formulate new guidelines and recommendations with a view to extend the application of the ECT legal framework.

4. This report presents the work in progress to extend the application of the ECT legal framework to an increasing number of countries in line with the Conclusions of the 2014 Review conducted under Article 34 (7) ECT (CCDEC 2014 06), which “Reconfirm the importance of enlarging the constituency. The Secretariat should continue encouraging interest by third countries to join the Energy Charter Process by signing the [International] Energy Charter. Without full consolidation, the Energy Charter remains institutionally weak. Therefore, full consolidation remains a challenge for the coming years and should be considered as a priority in the context of Energy Charter’s reviews.”

5. The Tokyo Energy Charter Declaration of 26 November 2016 (CCDEC 2016 31), in point 4.3, states that “Bearing in mind the need to ensure energy security among producing, consuming and transit countries, we acknowledge that the ECT has the great potential to further contribute to promoting sustainable energy at global level and to strengthening global energy security by extending the application of its legal framework to an increasing number of the countries. We embrace the vision that the
International Energy Charter should be more universal and attract wider interests from countries worldwide. In this respect, we strongly encourage non-members to sign the International Energy Charter and accede to the ECT.

6. Accession to the ECT is a lengthy process with technical, bureaucratic and political stages. The technical part consists of the preparation of three accession reports on: i) Investment Climate and National Treatment Exceptions; ii) Energy Efficiency; iii) Compatibility of the domestic framework with the ECT. The reports, prepared by civil servants seconded to the Secretariat in Brussels, are validated by the responsible Ministry. Following government’s validation of the reports, the Energy Charter Conference will consider to invite the country to accede to the ECT. Accession is a political decision made at national level according to the country’s own internal procedures. The final stage involves notification of the instrument of ratification to the Depository, Portugal.

7. Attached there is a proposal for simplification of the accession procedure to the ECT. The proposal would allow countries and Regional Economic Integration Organizations (REIO) to sign, or explicitly express conformity –by way of a letter-with, the 1991 European Energy Charter at any time before accession to the ECT instead of only before being invited by the Conference to accede to the ECT. As the International Energy Charter now is the main instrument to become observer, the signing of the 1991 European Energy Charter is mere a formality to comply with. Therefore the simplification allows for more flexibility on the moment of taking part in it. This simplification complies with the ECT (which Article 41 only states that the Treaty is open for accession to signatories of the 1991 Charter) and is in line with the report of the Legal Advisory Committee confirming the possibility to express agreement by any mean –without any particular formal requirement– (StG 56) and current practice. The proposed simplification is illustrated by the addition of a sentence in bold in the Annex.

8. Acceding to the ECT is a lengthy and politically-challenging process. The shortest period of time to accede to the ECT has been 3 years (Montenegro). The longest process experience, from signing the 1991 European Energy Charter to ratification of the ECT, took 24 years (Iceland). On average, becoming a contracting party takes at least 7 years. While the ECS provides technical assistance throughout the entire

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1 Previous international practice shows that regardless of the form adopted (declaration of signature, formal confirmation by letter…), each state and/or international organisation must positively express their agreement to the joint political declaration.

2 Already two countries (Guatemala and Gambia) have sent a formal letter approving the 2015 International Energy Charter, becoming observers to the Energy Charter Conference. Similarly, Serbia subscribed to the 1991 Charter by a letter sent in December 2008.
accession process, the political implications inherent in the decision to accede to the ECT require political and diplomatic support from the entire constituency.

9. Since 2015, the privileged instrument to get familiar with the ECT has been the International Energy Charter, which signature grants the status of observer to the Energy Charter Conference. The 2015 International Energy Charter reflects the importance of investment promotion/protection, cross-border trade, transit and energy efficiency in facing today’s new challenges in a global energy sector. By October 2017, it has 86 signatories from all continents, including major energy players such as China, the EU, Iran, Nigeria and the US.

10. In creating a level playing field and enhancing the rule of law on the basis of the ECT and the International Energy Charter, some African countries (Chad, Mauritania, Mozambique, Nigeria, Tanzania and Swaziland) have benefited from the EU Technical Assistance Facility (TAF) for the SE4All initiative. Such assistance was strictly limited to the secondment of civil servants to the ECS in Brussels for a period of three months, followed by a meeting with stakeholders and national authorities to seek further engagement in the ECT accession process. Under the TAF no funding was allocated to the budget of the ECS but the financial assistance directly applied to the beneficiary countries.

11. This report shows the progress of the implementation of the CONEXO policy 2015-2018 in the areas of consolidation, expansion and outreach. It is followed by the Annex with the proposal for simplification of the accession procedure to the ECT.

I. CONSOLIDATION

12. Consolidation targets ECT signatories, namely countries that have signed the ECT but have not ratified it: Australia, Belarus, Norway and Russia. Iceland ratified the ECT in 2015. While Belarus applies the whole Treaty provisionally, the other three only apply Part VII provisionally. Since the last report on CONEXO, there have been no changes in the known position of the four Signatories.

13. Similarly, consolidation refers to the Trade Amendment. Since Turkey has ratified the Trade Amendment in 2017 (still pending formal notification to the Depository), Japan is the only country that has not ratified it or does not apply it provisionally.

II. EXPANSION

14. Expansion is composed of (1) acceding countries that have been invited by the Energy Charter Conference to accede to the ECT. This category also includes
observer countries in an advanced (2) or early (3) stage of drafting the ECT accession reports. Finally, expansion covers observer countries in a special collaboration with the International Energy Charter (4).

(I) Acceding countries

15. Afghanistan and Montenegro acceded to the ECT in 2013 and 2015 respectively. Burundi, Jordan, Mauritania, Morocco and Pakistan have been formally invited by the Energy Charter Conference to accede to the ECT. Following the Conference’s formal invitation, accession to the ECT takes place according to national ratification procedures. Herewith the list of countries by chronological order (starting by the country with the oldest invitation by the Conference to accede to the ECT).

Pakistan

*Current status*  
- A high level stakeholders consultation in partnership with the Ministry of Petroleum was organised in Islamabad in June 2017. Internal discussion on ECT ratification currently ongoing in Pakistan under the auspices of the Minister of Petroleum, who is also the interim Prime Minister
- EIRA participation in 2017 and 2018

*Background*
- Energy Charter Conference invitation to accede to the ECT (CCDEC 2006 03)
- ECT information session organised on 27 June 2017 in Islamabad
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

Jordan

*Current status*  
- Delegation from the Energy Committee of the House of Representatives of the Hashemite Kingdom participated in detailed information sessions at the ECS in September 2017. They will report to Parliament, which is expected to address ECT accession before the end of 2017
- Ministerial participation announced for the Ashgabat Conference in November 2017
- Training program for government officials on regional cooperation currently being discussed with the Diplomatic Academy of the Jordanian MFA for 2018
Background

- Energy Charter Conference invitation to accede to the ECT (CCDEC 2009 05)
- ECS mission to Amman in July 2017
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

Yemen

Current status

- Final stage of national ratification of the ECT
- Ministerial participation announced for the 2017 Ashgabat Conference
- Discussing the ECT accession with the Minister of Energy and the Minister of Petroleum during 2017

Background

- Energy Charter Conference invitation to accede to the ECT (CCDEC 2015 35)
- Secondment to ECS to draft the three accession reports in 2015
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

Mauritania

Current status

- A national committee and an external legal consultant analysing ECT implications
- EIRA participation 2017

Background

- Energy Charter Conference to accede to the ECT (CCDEC 2016 03)
- ECT accession reports drafted by three secondees (one funded by EU TAF)
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

Burundi

Current status

- Final stage of national ratification of the ECT
- Ministerial participation announced for the 2017 Ashgabat Conference
Background

- Energy Charter Conference to accede to the ECT (CCDEC 2016 44)
- Secondment of government official to the ECS in Brussels in 2015
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

(2) Observer countries in advanced accession process

16. Observer countries finalising the three ECT accession reports are Bangladesh, Chad, Morocco, Serbia, Swaziland and Niger. The Secretariat sends the government a draft of the accession reports prepared by government officials seconded by the acceding country to the Secretariat in Brussels. Then the reports are approved by the government or subject to further changes and stakeholders’ consultation. Only when the three accession reports are validated by the government, the country can request the Conference to be invited to accede to the ECT. Herewith the list of countries by chronological order (by date of preparation of draft reports).

Serbia

Current status
- ECS invitation to host a secondee to review and update the accession reports

Background
- ECS sent a draft of secondees’ accession reports to the government in 2012
- State Secretary for Energy participated in the June 2017 Strategy Group
- In 2012, the Prime Minister of Serbia, Mr. Ivica Dačić, visited the Secretariat with a delegation of Serbian government officials
- In 2015, Minister of Energy and Mining Mr Aleksandar Antić met with the Secretary General during his visit to the Secretariat
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter
Morocco

Current status
- Accession reports to be validated by the government
- Ministerial participation announced for the 2017 Ashgabat Conference

Background
- ECS sent a draft of secondees’ accession reports to the government in 2015
- Energy Charter Rabat Forum in February 2015
- Secondments to ECS to draft the ECT accession reports in 2013 and 2014
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

Swaziland

Current status
- Finalisation of accession reports and government decision on ECT accession
- Stakeholders consultation workshop in September 2017 in Swaziland (EU TAF)

Background
- ECS sent a draft of secondees’ accession reports to the government in 2016
- Secondment to ECS to draft a national energy efficiency policy in 2017 (EU TAF)
- Secondment to ECS to draft the three accession reports in 2016
- Signature of the 2015 International Energy Charter

Niger

Current status
- ECT accession reports to be validated by the government
- Proposal to hold a consultation workshop in Niamey

Background
- ECS sent a draft of secondees’ accession reports to the government in 2017
- Secondment to ECS to draft the accession reports in 2015
- Signature of the International Energy Charter in May 2015
- Signature of the European Energy Charter in April 2015
Bangladesh

Current status
- Government to validate the accession reports
- Ministerial participation announced for the 2017 Ashgabat Conference
- EIRA participation 2018

Background
- ECS sent a draft of secondee's accession reports to the government in 2017
- Secondment to draft the three accession reports in 2016
- Signature of the 2015 International Energy Charter

Chad

Current status
- Three-week secondment to ECS to finalise accession reports in 2017 (EU TAF)
- Government decision on accession to the ECT expected by end of 2017

Background
- ECS sent a draft of secondee's accession reports to the government in 2017
- ECS invited to the Chad Investment Round Table in Paris on 8 September 2017
- Secondment to ECS to draft the three accession reports in 2016
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter

(3) Observer countries in early accession process

17. Observer countries in early accession process are those countries that have engaged with the ECS in order to know more about the ECT. Those countries have sent secondee to the ECS to prepare one of the accession reports and can organise International Energy Charter Fora.
Cambodia

Current status  • ECT accession reports to be finalised – The energy efficiency report is already completed.

Background  • Secondment to ECS of civil servant of the Ministry of Energy in 2016
  • Ministerial participation in the Tokyo Conference in November 2016
  • Signature of the 2015 International Energy Charter

Colombia

Current status  • Invitation to designate a secondee to work on legal or energy efficiency reports

Background  • Bogota International Energy Charter Forum on 3 August 2016
  • Secondee to ECS drafted the 2016 Colombia Energy Investment Report
  • Signature of the 2015 International Energy Charter

Uganda

Current status  • Energy efficiency report to be validated by government and published
  • Seconees to be designated to undertake the other two accession reports

Background  • Secondee to ECS drafted in 2017 the ECT accession report on energy efficiency
  • Ministerial participation in the Tokyo Conference in November 2016
  • Signature of the 2015 International Energy Charter

Guatemala

Current status  • Designation of secondee to the ECS to draft an accession report in 2018

Background  • Ministerial participation in the Tokyo Conference in November 2016
  • Signature of the 2015 International Energy Charter
(4) Observer countries in a special cooperation

18. Observer countries in a special cooperation are key global energy players that have agreed to institutionalise their relationship with the ECS through the establishment of a research centre (China), co-organisation of international conferences and preparing energy policy reviews (Iran, Nigeria and the United Arab Emirates) and secondments of civil servants on loan to the Secretariat (United States).

China

Current status
- Establishment in September 2017 of a Research Centre hosted by the China Electricity Council
- Publication of China energy investment report in 2017

Background
- Beijing Industry Advisory Panel in September 2017
- Reports of 2015 on China and Central Asia and on China’s legal harmonisation
- Secondments to ECS of energy experts from National Energy Administration
- Signature of the 2015 International Energy Charter

Iran

Current status
- Ministerial participation in the Ashgabat Conference in November 2017
- Secondment to work on regional electricity market regulation
- EIRA participation 2017
- Iran-Energy Charter Action Plan

Background
- Voluntary contribution of USD100,000 granted by the Ministry of Energy in 2017
- ECS mission to Tehran in April 2017 funded by the Ministry of Energy
- Signature of the 2015 International Energy Charter
- Secretary General addressed the Tehran International Energy Conference in 2014 and 2016
Nigeria

Current status
- National Energy Summit 2018 gathering countries from ECOWAS and elsewhere
- Envisaged ministerial participation in the Ashgabat Conference in November 2017
- EIRA participation 2017

Background
- Appointment of coordination position of an expert from Nigeria
- MoU between ECS and Nigeria Energy Commission on 7 June 2017
- Signature of the 2015 International Energy Charter
- Participation in the work of subsidiary groups since 2016
- Secondment of energy official to the ECS in 2015 (EU TAF)

UAE

Current status
- Action Plan under preparation to study areas of cooperation with ECS
- Ministerial participation in the Ashgabat Conference in November 2017
- Provisional agreement reached with the government of the UAE for joint events in 2018 and 2019 endorsing the Energy Charter process

Background
- ECS mission to Dubai and Fujairah in September 2017
- Signature of the 2015 International Energy Charter

United States

Current status
- New team appointed at the US Bureau of Energy Resources for more formal talks with ECS about staff on loan
- US government participation in Ashgabat Conference currently being discussed

Background
- In 2016 the US State Department recognised the Energy Charter Conference as an international organisation, which is a legal requirement allowing the US government to send officials on loan to such organisations
- Signature of the 2015 International Energy Charter
- Signature of the 1991 European Energy Charter
III. OUTREACH

19. Outreach countries are new observers having recently signed either the International Energy Charter or the 1991 Charter. They include Burkina Faso (March 2017), Kenya (March 2017), Mali (May 2017), The Gambia (August 2017) and Panama (October 2017). These countries embrace the common standards of the International Energy Charter and are in a position to benefit from the work of the subsidiary groups and Industry Advisory Panel.