



Energy Security and Poverty Alleviation in Africa: How Inter-governmental Organisations Can Contribute

Dr Urban Rusnák
Secretary General of the Energy Charter Secretariat

With the Energy Charter Ministerial Conference due to take place in The Hague on May 20-21, the Secretary General will discuss how the International Energy Charter can help alleviate energy poverty in developing nations, and promote social and economic development.

Dr Ernesto Bonafé
Energy Regulation Expert, Energy Charter Secretariat

His area of work covers issues on the institutional system and legal order of the energy sector at national, regional and international level. Recently he has been working on the promotion of the 2015 International Energy Charter in Sub-Saharan African countries and Latin America.

Mr Uwakwe Ukuta Azikiwe
Energy Expert from Nigeria

He is the latest African secondee to join the Energy Charter Secretariat in March 2015 under a 3-month capacity building programme. He is currently preparing a pre-assessment report on the Nigerian energy sector in accordance with the International Energy Charter and the Energy Charter Treaty.

Dr Marat Terterov
Principal Coordinator, Energy Charter Secretariat

He is also Executive Director and Co-Founder of the Brussels Energy Club.

For more information about the Energy Charter, please visit our websites at international.energycharter.org and www.encharter.org.

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What does the Energy Charter do?

**ENERGY SECURITY
SUSTAINABLE DEVELOPMENT
OPEN & EFFICIENT ENERGY MARKETS**

Dispute Resolution

**Investment
Protection
and
Promotion**

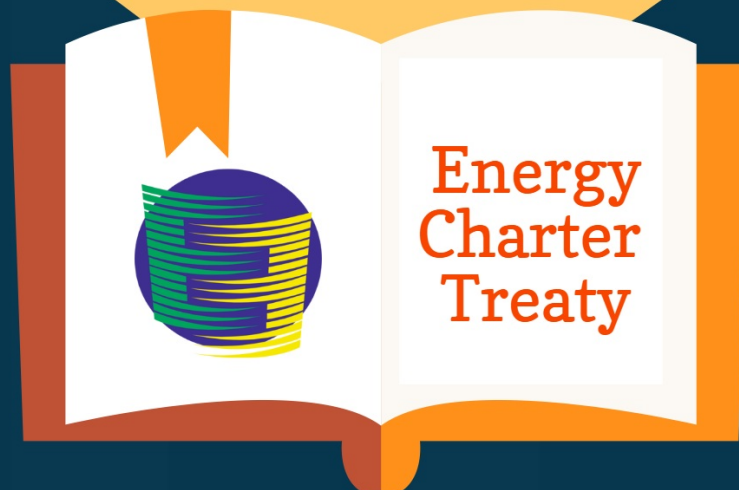
**Trade
and
Transit**

**Energy
Efficiency**

Freedom of Transit

Non-Discrimination among Energy Market Participants

National Sovereignty over Natural Resources



What does the Energy Charter do?

The Energy Charter Treaty establishes a legal framework that attracts foreign investment to promote efficient and sustainable energy markets, and allows the development of secure and diversified sources of energy. This framework guarantees the commitment to observe principles of openness and non-discrimination in the energy market

International dispute settlement, including investor-state arbitration and inter-state arbitration

Energy Investment

Promotion of foreign investment in member countries by protecting investors against the most important political risks in the host country. Granting of non-discriminatory treatment

Trade and Transit

Trade in energy, energy products & energy related equipment based on WTO rules. Obligation to facilitate energy transit on a non-discriminatory basis

Freedom of Transit

Energy Efficiency

The Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) defines guidance and commitments concerning the development & implementation of energy efficiency programmes

Non-discriminatory treatment of all parties and actors in energy markets

Respect of the principle of state sovereignty over natural resources

The Treaty is a comprehensive multilateral agreement covering all aspects of energy cooperation,

promoting openness of energy markets and security of energy supply, while establishing an international forum for energy-related issues

Quick Facts



European Energy Charter,
17 December 1991



54 Members
37 Observers



Energy Charter Treaty,
17 December 1994



Common Rules for Global Energy Security



International Energy Charter:
The Hague,
20-21 May 2015

The bountiful continent and the energy conundrum: Africa and the Energy Charter

"US\$ 400 billion in energy investment needed for Africa until 2030."

IEA Africa Energy Outlook

Africa's story is a remarkable example of how, most of the time, perceptions are unable to catch up with reality. Although it is generally assumed that the continent's political and investment environments are somewhat murky and risky, facts speak for themselves: in the last decade, Sub-Saharan Africa has witnessed a GDP growth of more than 5% a year, mostly due to better policy making and overall levels of governance.

Unfortunately, despite this growth, the region still has a tremendous energy deficit that is considered by many to be one of the major elements constraining Africa's economic and social development. According to recent IEA data, less than 300 million Sub-Saharan Africans out of roughly 915 million people living in the region have access to electricity. This means that between 60-70% of Africans are disconnected. In overall terms, there are about 1.2 billion people in the world with no access to electricity, half of which live in the African continent.

Africa will need at least US\$ 400 billion in the next two decades in investment to guarantee distribution, transmission and generation infrastructure and to interconnect remote areas, which are nowadays living in energy segregation. The World Bank estimates that only about 1% of private sector capital flows for energy reaches Africa, whereas 34% goes to Asia and 26% to Latin America.

The time to do something to make electricity an integral part of everyday life rather than an exception is now. As stated in April 2014 by Kandeh Yumkella, UN Under-Secretary-General for the Sustainable Energy for All Initiative, "There is energy momentum in Africa. [...] To get the investments we need, governments need to formulate energy plans of at least 20 years, not ad hoc. [...] You need a plan, an energy policy that gives confidence for investors to say, 'I will go and borrow and invest, the laws will not change in the next five years.'"

The question, then, is simple: how can we reassure foreign private capital that investing in Africa is worth the hassle? One answer to this question that could be the key to unlocking Africa's investment potential to guarantee universal access to energy and overcome energy poverty is the Energy Charter Treaty.

The Treaty's legal framework is the first attempt to enhance the rule of law in the energy sector at the global level and offers countries a multilateral platform to address challenges like access to modern energy and energy poverty reduction. The Treaty also provides for transparent, non-discriminatory and consistent rules of investment promotion and protection which allow countries to increase their investment attractiveness. Furthermore, the Energy Charter Treaty provides a long-term competitive, stable and reliable interface between investors and host countries by envisaging binding rules that streamline the investment environment.

Governments interested in becoming members choose to engage in strengthening investor confidence in their countries: the legally binding nature of the Treaty, together with the existence of a functioning mechanism of peaceful dispute resolution provide an important encouragement for states to observe and respect the obligations under the Energy Charter Treaty.

The balanced approach offered by the legal framework of the Treaty allows countries to become more attractive for foreign investors while at the same time guaranteeing access to energy markets and resources in a more disciplined and protected manner. In this way, both host governments and foreign private investors benefit from one another in a potentially risk-free environment.

International Energy Charter 2015

A strong impetus for global energy governance

The signatories underline the importance of access to sustainable, modern, affordable, and cleaner energy, in particular in developing countries, which may contribute to energy poverty alleviation. To this end, the signatories confirm that they will make efforts to strengthen their cooperation and to support initiatives and partnerships at international level which are conducive to these goals.

Excerpt from the text of the International Energy Charter

On 20-21 May 2015, states representing up to one half of the UN membership will gather at a Ministerial Conference on the International Energy Charter (IEC) hosted by the government of The Netherlands in the Hague. The IEC is a political declaration that will be formally adopted and signed at the Ministerial Conference. The Conference has a world-wide focus, with attendees coming from every continent. It is aimed at promoting the modernisation of the Energy Charter Process and the expansion of the geographical scope of the Energy Charter Treaty.

Around 80 states took part in the negotiations on the IEC throughout 2014. The final text was agreed in autumn of that year and is currently being prepared for adoption. The IEC reflects the established principles of the European Energy Charter of 1991, such as political and economic cooperation, sovereignty over energy resources, the development of efficient energy markets, non-discrimination, investment promotion, and environmental issues. In addition, it reflects some of the most topical energy challenges of the 21st century, in particular the growing weight of developing countries for global energy security, the 'trilemma' between energy security, economic development and environmental protection, the role of enhanced energy trade for sustainable development, as well as the need for diversification of energy sources and routes. Furthermore, the IEC aims at developing regional and international cooperation to address the fundamental issues of access to modern energy services, energy poverty reduction, green economy and clean energy.

The IEC has been negotiated and will be signed by members of the Energy Charter together with non-members from the rest of the world. Modernisation of the Energy Charter and expansion of its geographical scope are currently the priority of the 54 members of the Energy Charter. The new Charter thus provides a powerful political vehicle to promote international cooperation and energy governance, in fields ranging from energy efficiency to investment protection and promotion, trade, transit and energy security. Greater regional energy cooperation and market integration are among benefits offered by the Energy Charter in its work in the African continent. Non-members signing the IEC will be eligible for observer status in the Energy Charter, allowing them to work together with members on the implementation of the agreed principles.

The Ministerial Conference on the International Energy Charter will be a landmark with regard to the development of global energy governance architecture. Binding rules on investment promotion and protection, trade and transit as enshrined in the Energy Charter Treaty, are essential for such architecture. Thus, the Conference will be an important step in developing relationships and cooperation on the South-North and South-South axes, while enhancing the role of the Energy Charter Treaty as an institute for peaceful dispute settlement.

Companies in member states will directly benefit from new attractive investment opportunities, in particular in Africa and the Middle East, while governments in these regions will enjoy enhanced global standing as eye-catching investment destinations to promote sustainable energy development and universal energy access.

More information can be found on the website of the International Energy Charter:
www.international.energycharter.org

Africa and the Energy Charter



in the last 10 years, Sub-Saharan Africa's GDP grew of more than 5% a year



but still tremendous energy deficit constraining Africa's development

300 mln out of roughly 915 mln Sub-Saharan Africans have no access to electricity

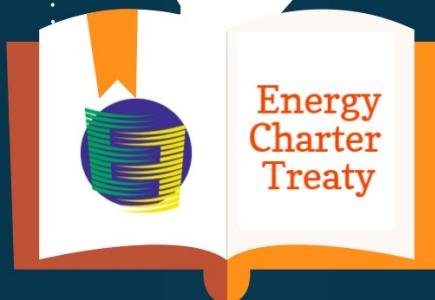


in the next two decades, Africa will need at least US\$ 400 bln in investment

unlock Africa's investment potential to guarantee energy access



enhancement of the rule of law in the energy sector & create a multilateral platform to address energy access & energy poverty



transparent, non-discriminatory & consistent rules of investment promotion & protection



long-term competitive, stable & reliable investor-host country interface fostering investment attractiveness



mechanism of peaceful dispute resolution encouraging states to observe & respect ECT obligations

The International Energy Charter

address the most salient energy challenges of the 21st century & promote the expansion of the geographical scope of the ECT



a non-legally binding declaration of political will

interested countries to become part of the Energy Charter Process that provides for a multilateral set of rules for global energy governance



international cooperation in the field of energy

International Energy Charter



bring together energy producing, transiting and consuming countries

the principles of the European Energy Charter of 1991 are reflected in the new text as well as the most topical energy challenges of 21st century

a non-legally binding declaration of political will



includes issues like the growing weight of developing countries & energy sustainable development the text promotes mutually beneficial energy cooperation

Interesting Facts



The International Energy Charter will be formally adopted & signed at the Ministerial Conference in The Hague on 20-21 May 2015.

The International Energy Charter will be in English, French, German, Italian, Spanish & Russian. It will also be translated in Arabic & Chinese, if States with these languages will sign.

NOTES

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Energy Charter Secretariat

Boulevard de la Woluwe, 56
B-1200 Brussels
Belgium

Tel: +32 2 775 98 00
Fax: +32 2 775 98 01
info@encharter.org

www.encharter.org
www.international.energycharter.org

facebook.com/EnergyCharter
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