

IEA World Energy Outlook 2008:  
“Energy and Development in Resource-Rich  
Sub-Saharan African Countries”  
Informal Brainstorming Meeting  
Maputo, Mozambique  
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## ***Energy for Development Opportunities and Challenges***

***Introductory remarks***

*by*

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Norway is proud and delighted to co-host with the International Energy Agency this informal brainstorming workshop on “Energy and Development in Sub-Saharan African Resource-Rich Countries”. We attach special importance to it at a time, when the global focus on energy and the interrelationship between energy, environment and economic development is perhaps stronger than ever before.

The IEA’s *World Energy Outlook* is an impressive annual compilation of facts and scenarios. A must-read and reference book for the energy world – for both governments and companies. We are especially looking forward to the forthcoming edition’s special analysis of energy poverty and revenue management in key resource-rich Sub-Saharan African countries.

Energy is a key dimension in Norway’s assistance to, and co-operation with, developing countries. Mozambique is a case in point. This timely workshop will give useful input to the IEA’s *World Energy Outlook*, which in turn can give a useful boost to international awareness of energy challenges facing developing countries in Sub-Saharan Africa and beyond. And hopefully inspire more being done to help you meet these challenges. Against the unacceptable backdrop that a quarter of the world’s population today lacks access to modern commercial energy services. The importance of energy for reaching our Millennium Development Goals has been strongly underscored by the UN Commission on Sustainable Development, which had energy as its focal theme last year and the year before.

And we are happy that this workshop is taking place on location in Mozambique, a resource rich Sub-Saharan Country, to feel the pulse of the situation. Norway and Mozambique are both blessed with an abundance of natural resources. We enjoy a good relationship, building on 30 years of close co-operation in key sectors such as hydropower, petroleum and fisheries. We stand ready, as one of your partners in development, to assist you in creating mechanisms that ensure that the Mozambican

population can really benefit from the harvesting of Mozambican natural resources. It is a strategic objective for Norway not only to maintain our existing support, but also to expand it into interrelated areas such as improved revenue management, with an emphasis on revenue from natural resources. Let me thank Minister Namburete for his appreciatory remarks about our bilateral co-operation.

### **Curse or blessing**

It is not necessarily a blessing for a country to be endowed with energy resources. It is how governments arrange for their resources to be extracted, and how revenues earned are used, that determine the success or failure of being a resource-rich state. And notably for developing countries, the degree to which indigenous resources can fuel the economic development necessary to lift a population out of poverty. The expression “resource curse” labels the paradox of some countries with an abundance of natural resources having lower economic growth than countries that are not blessed with such resources and can ill afford to import them.

Petroleum activity has certainly been a blessing for Norway, an industrialised country. Not least because the Norwegian oil saga could take-off in the 1970’s on the basis of a democratic, accountable and well-functioning society with established and robust political, legal and commercial institutions. The political desire was to go carefully forward and not to let an oil bonanza overheat the economy or disrupt the traditional pattern of Norwegian life and society.

Claiming sovereignty and exercising national control over our resources, we chose to set up a state oil company. We invited the international companies to come and compete on our continental shelf, acknowledging our need for their technological know-how and venture capital. Imposing high taxes and tough conditions, Norway was also keen to offer the international companies predictability in framework conditions to ensure the long-term presence and commitment of the best international companies. And, successive governments have sought national political consensus in developing and adjusting coherent and transparent petroleum policies.

Our resources and policies have attracted the very best of the international oil industry. The petroleum sector now constitutes a quarter of our GDP and a third of total government income. Norway is the world’s fifth largest exporter of oil and third largest exporter of natural gas. In fact, our flagship state company StatoilHydro is the world’s largest offshore producer of oil and natural gas.

In addition to their domestic importance, production and exports of these strategic commodities also affect our relations with other countries. Exports of oil and natural gas from Norway are welcomed by our petroleum-importing partners in the IEA as a source of energy supply from within this grouping of the main industrialised countries. Offsetting fears of undue dependence on external sources that could exacerbate energy insecurity. Norway attaches also foreign policy importance to being a reliable supplier of

substantial amounts of oil and natural gas contributing to regional and global energy security on a long-term basis.

### **Oil for Development**

Norway is now passing on her experience as an industrialised, petroleum-endowed country in a special programme “Oil for Development” as part of our co-operation with some twenty-five developing countries, including Mozambique and other Sub-Saharan African countries. Our objective is to support them in their efforts to maximise income and manage their petroleum resources in an environmentally sustainable way that generates economic growth and promotes the welfare of the population. Catchwords are good governance, transparency, anti-corruption in resource and revenue management along with environmental protection. Our support includes institution-building, legal frameworks, petroleum funds, transparent licensing system and training.

Norway is in this wider context supporting the commercial development of Mozambique’s potential in producing natural gas. Natural gas can be an alternative, environmentally benign and hopefully cheaper source of energy for your industry and households. Exports of natural gas provide additional income to your country.

Let me add that Norway is keen to co-operate with Sub-Saharan countries in seizing co-operative opportunities that the Clean Development Mechanism under the Kyoto Protocol offers. We see great potential in further developing carbon capture and storage technology and projects to reduce CO<sub>2</sub> emissions.

Norway attaches great importance to the Extractive Industries Transparency Initiative (EITI). We host its international Secretariat in Oslo. Both Norway and Mozambique have announced their intention to adhere to this unique international initiative. EITI supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining. Adherence to EITI can encourage more equitable relationships between host countries and international oil companies wanting to assist in extracting their resources.

### **Global uncertainties**

The way that Sub-Saharan countries choose to harvest their national endowment of energy resources for economic and social benefit today and for future generations will have impact also beyond your borders. Contributing to the security of national and global energy supply in an increasingly interdependent and energy-hungry world. At a time of heightened energy security concern around the world.

I would like to conclude by adding a word on this global perspective, before our workshop proceeds to address issues of energy and development in the sub-continent. Because global developments do affect developments in Sub-Saharan Africa. As political, economic and social developments in Sub-Saharan Africa will influence global developments.

Especially today, when record high oil prices and energy and environmental uncertainties and vulnerabilities are prompting countries and groups of countries around the world to re-think fundamental policies. The challenges of energy security and climate change are interlinked. Policies and measures to meet the climate change challenge should not jeopardize energy security. And policies and measures for energy security should not exacerbate climate change.

Add to that the political imperative of a developing country government to lift its population out of poverty through economic development fuelled by increased use of energy, even though this might have adverse climate and environmental effect both locally and globally. Climate change affects everyone. And we know that the poorest developing countries will be earliest and hardest hit.

Amid the uncertainties, there is a fundamental certainty. The world will need more and cleaner energy, used in a more efficient way, accessible and affordable to a larger share of the world's population. The political challenge lies in operationalizing this energy imperative in a fair and sustainable way. Through national policies as well as in bilateral, regional and wider global co-operation. In particular, in our efforts for sustainable global development, we cannot overlook demands for equitable access to energy for the quarter of the world's population who do not have it today, but who want it for a better life tomorrow. Energy poverty must be dealt with.

### **In conclusion**

Let me sum up by underscoring that:

Energy is crucial for efforts to meet the Millennium Development Goals in an increasingly interdependent world. Harvesting your energy resources can certainly, with the right policies, promote domestic economic development, while also contributing to global energy and environmental security.

Transparency, good governance, accountability and sustainability are key. As are win-win policies developed in international dialogue and co-operation.

The voice of developing countries, not least those in Sub-Saharan Africa, should be heard, and their interests taken more into account, in global and regional discussions and efforts that determine our Common Future.