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Global assessment of the EU support provided in the field of energy in Eastern Partnership countries and Central Asia (2007 – 2013)

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About the project

- Started 24 June 2014, due to report end of 2014, with follow up of accepted recommendations in 2015.
- Team of 4 experts:
 - Helene Ryding Team Leader
 - Iñigo Arencibia covering Belarus, Moldova, Ukraine, and Turkmenistan
 - Jake Delphia covering Armenia, Azerbaijan, Georgia
 - Kyriakos Argyroudis covering Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan
- All countries have been visited now.
- A consolidated report on mission findings is now under preparation, but this still needs to be worked up into a final report with recommendations.
- The objective of the current presentation is provide information about some initial findings and to receive reactions.

This project is supported and guided by the European Commission and presented by AETS. The presentation does not necessarily reflect the views and opinions of the European Commission.

Aim of the project

From the ToR there are 4 objectives (summarised here):

- a) An analysis of the past and ongoing performance of the different regional aid instruments and modalities used in the energy sector.
- b) An overall analysis of the results and impacts of past and ongoing regional project actions
- c) An identification of medium to long term (5-10 years) needs of partner countries, and relevance of EU support to address them.
- d) A series of recommendations on the design and preparation of projects or programmes for the regional energy sector.

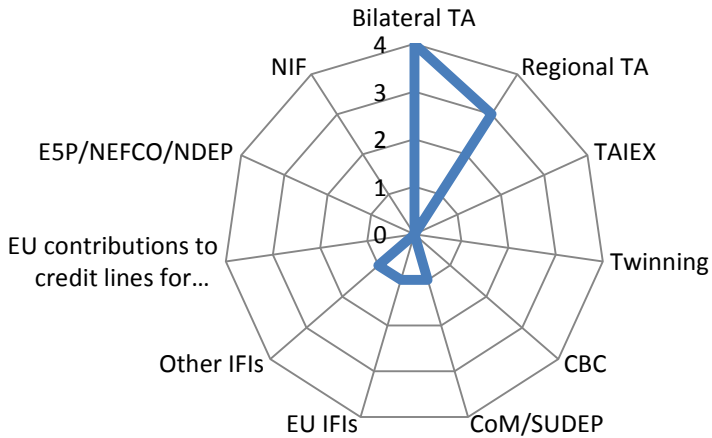
Past and on-going support

Instruments surveyed

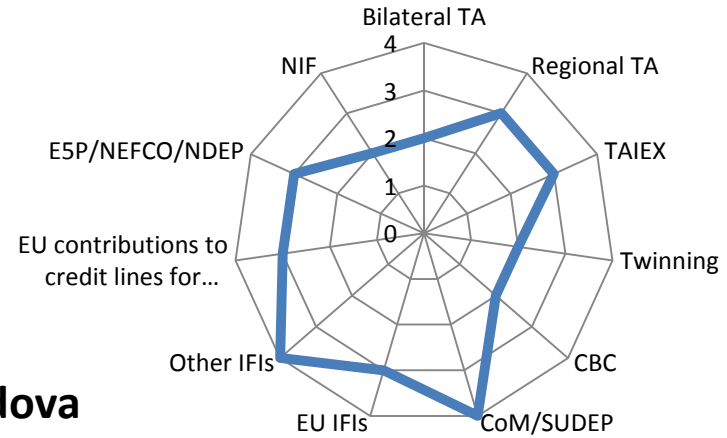
- (bilateral projects)
- Regional TA projects
- TAIEX
- Capacity Building for Institutions (twinning)
- Cross Border Cooperation (MS and non-MS)
- Support to Municipalities
- EU IFIs operating in the regions (EIB, EBRD, KfW)
- Other IFIs operating in the regions (WB, ADB)
- EU contributions to IFI credit lines to local banks
- EU contributions to investment funds (E5P, NEFCO, NDEP)
- EU contributions to investment project development and grant support (NIF and IFCA)

ENP-East engagement with available instruments (1)

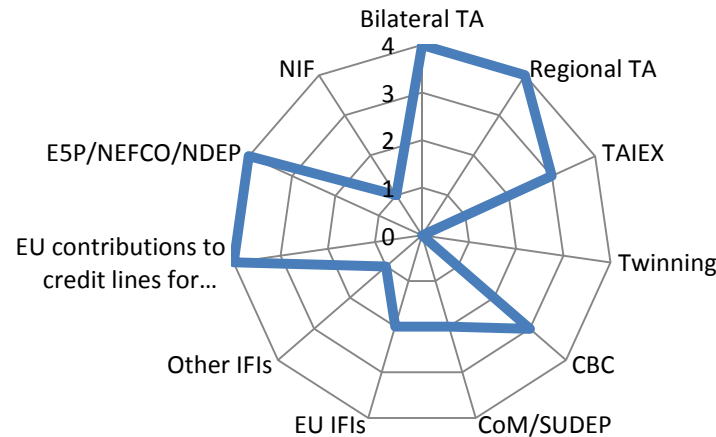
Belarus



Ukraine

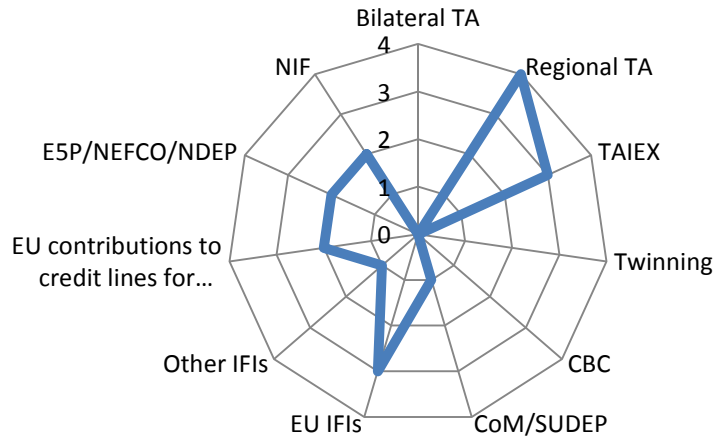


Moldova

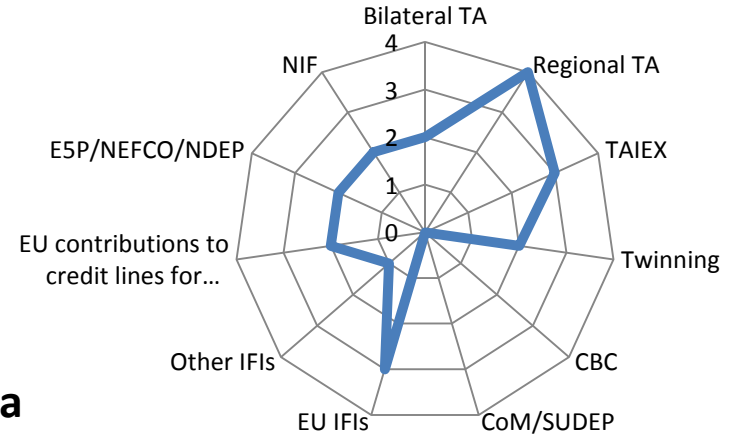


ENP-East engagement with available instruments (2)

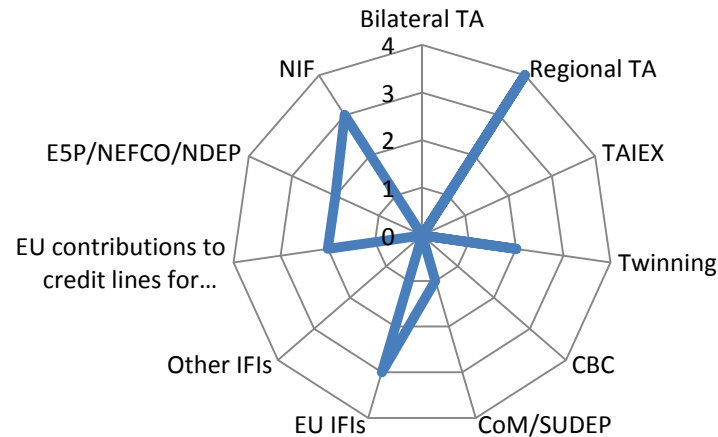
Armenia



Azerbaijan

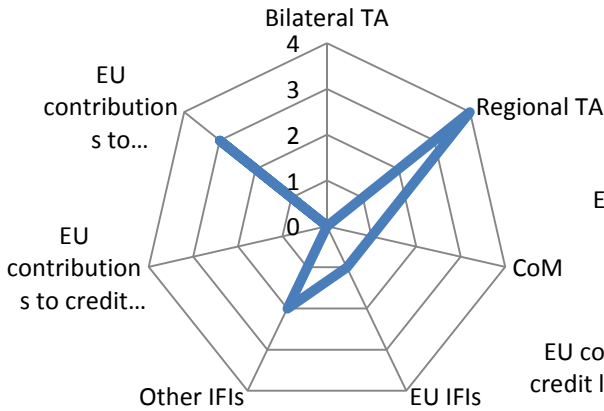


Georgia

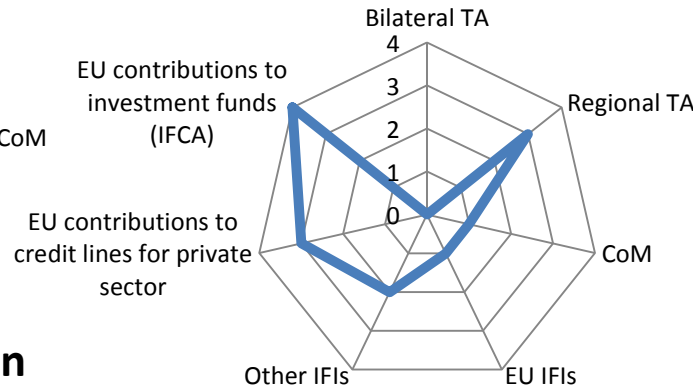


Central Asia engagement with available instruments

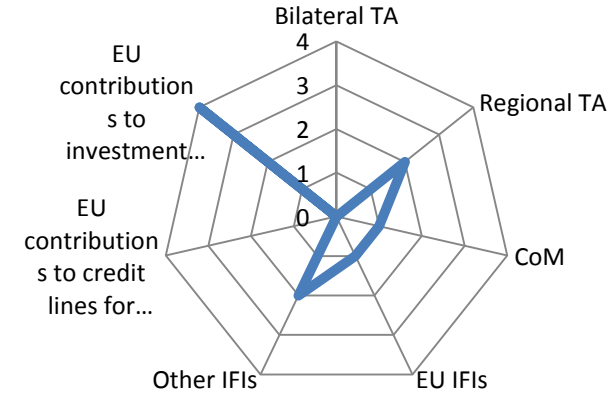
Kazakhstan



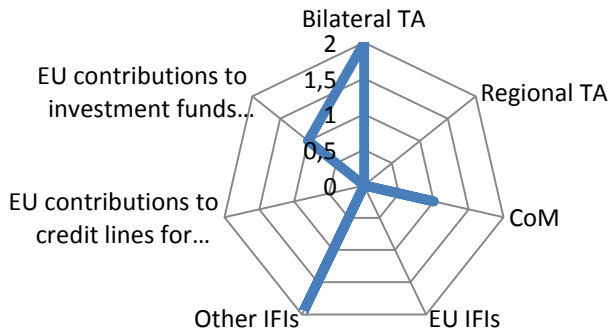
Kyrgyzstan



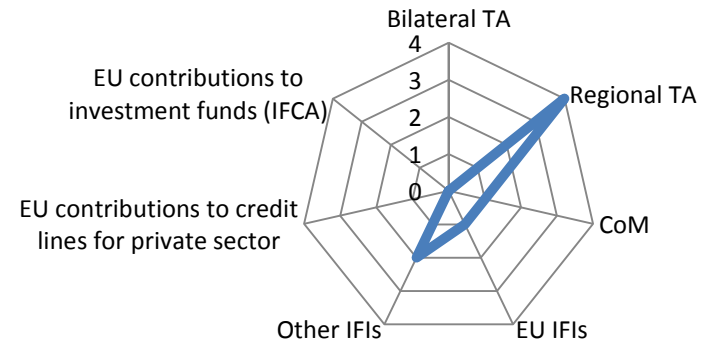
Tajikistan



Turkmenistan



Uzbekistan



Assessment

Assessment of the past and current policy framework

- The Baku Declaration is 10 years old. Astana Roadmap is 8 years old. Inogate programme > 15 years old.
- The common political agenda of the Inogate countries is still
 - Convergence of energy markets
 - Enhancing energy security
 - Sustainable energy development
 - Attracting investments towards energy projects of common and regional interest;
- EaP and CA groups of countries are designated by their different needs.
- EnCT members have taken up obligations for implementation of EU *acquis* in a growing area of EU energy policy.
- ENP-East Energy Security Platform Work Program for 2014-2017 has the following areas of work
 - Approximation of the regulatory framework
 - Development of electricity, gas and oil interconnections,
 - Energy efficiency and renewable energy
- CA countries have interests in harmonisation and development.

Policy framework going forward

Policy framework (EaP only)

- Platform III Energy security
- EnCT commitments
- Energy commitments under Association and Free Trade Agreements

New policy framework for Central Asia? One group or two?

Investment project development

- NIF, E5P, NEFCO, NDEF, IFCA
- IFI loans for infrastructure investments, credit lines

But linkages now being made between project finance and policy commitments

- EU support is aimed at impact and value for money.
- Conditionalities for legal & institutional framework reforms may be imposed before loan finance is granted.

Some special considerations

Ukraine

- Current crisis issues will be addressed by bilateral assistance
- For regional support, it is 'business as usual' with focus on EnCT
- Ukraine is a big country compared with other EnCT countries. While it has the same tasks in adoption of the acquis as the other countries, solutions adopted in larger MS may be of interest.

Kazakhstan

- Now is classified as middle income country
- It has graduated from bilateral grants under the DCI programme but will still take part in regional and thematic programmes
- Bank lending is not a problem

Energy sector bilateral support for countries

- Although the energy sector is a priority for many countries, it is not always a priority for EU-country cooperation
- Bilateral support is only available for UKR and MOL
- For other countries, support may come from the regional programme

Successful projects

For Beneficiaries

- Address some concrete need and achieve a tangible and measurable result (e.g. equipment supply, demonstration project)
- For policy advice projects to give useful advice at the right time (not just a report)
- Deploy enough AND qualified resources on the problem
- Joint working on problem solving using EU and local expertise

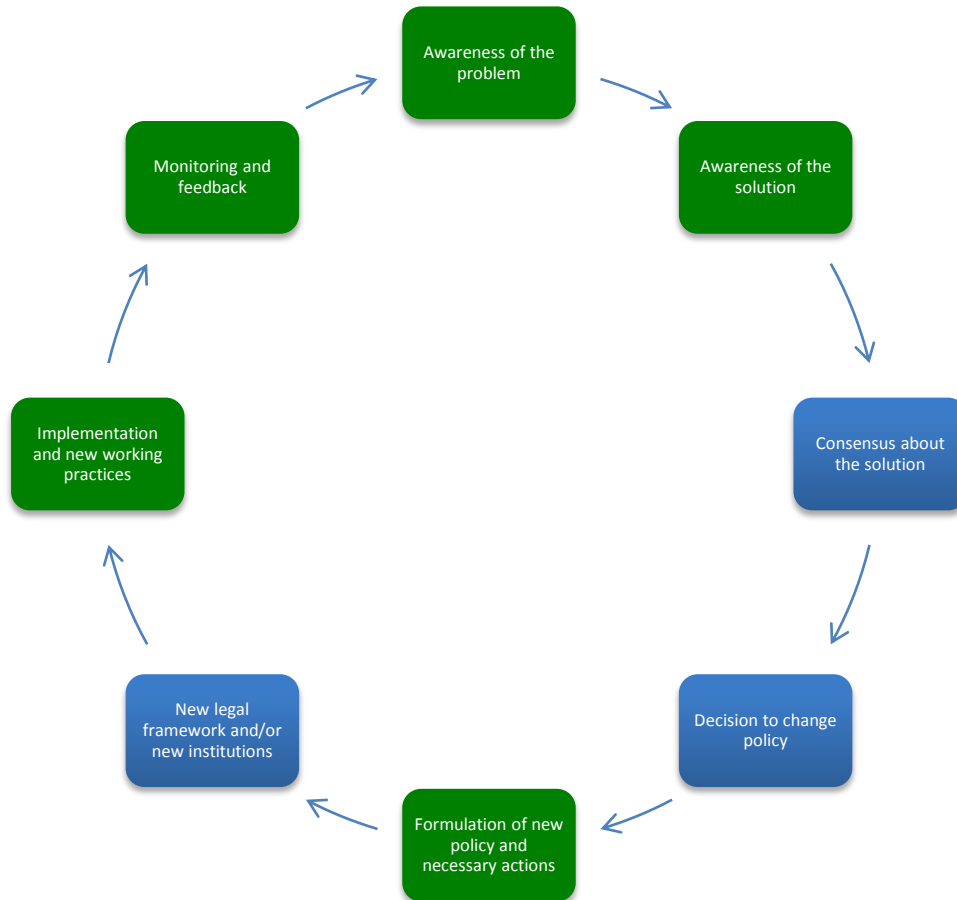
For the EC

- Provide enough awareness of the problem and potential appropriate solutions to enable a consensus to form and a policy decision to be made
- Solve a current problem in the implementation process (legal drafting, new regulations, experience of changing working practices needed in new institutions)
- Best-practice or know-how from EU has contributed to achieving good result(s) or harmonisation with the EU acquis
- Provide leverage on loans from IFIs, which would otherwise not be possible, to achieve strategic impact in the partner country, as well as value for money, and coherence with EU policies.

Some general findings about regional cooperation

- Geography may determine physical interconnections and cross border trade but it does not determine national energy resources, political commitments, or similar policies.
- Energy security has different meanings for ‘energy-haves’ and ‘energy-have-nots’.
- Eleven countries are not moving in the same direction or at the same speed so smaller, more cohesive, groups are needed to maximise impact
- We all like to learn from the fastest but not to be held back by the slowest.

Multi-country project design (1)



Timing, Grouping and Scale Issues:

Awareness raising is useful in early stages, but less use when laws need drafting or implementing in a specific country. Much more specific advice is needed, which needs more resources. It's usually provided bilaterally.

For regional projects, it is hard to get the country timing right: synchronising assistance, since countries are generally moving at different speeds, with different government cycles and parliamentary timetables, as well as different scales of energy sector.

Policy cycle

Green shows opportunities for EU assistance, and blue where country must work by itself

Multi-country design (2)

- **Seminars and training:** are not a substitute for working on a specific country's problem to solve it
- **Resources:** there are never enough resources to replace bilateral assistance
- **Intra-regional work:** deploy expertise from those who have already done it in the region.
- **Timing:** countries working on the same topic at different points in the cycle is a problem
- **Scale:** larger size of country can require more complex solutions and preparation
- **Parallel working:** if all countries are worked on at the same time in the same way, then perhaps no country will get everything they need
- **Results:** have to be aggregated across several countries, but more will be achieved in some than others, so visibility of results may be affected

Multi-country project design (3)

Project Design Issues

- **Action Plans:** Need to include delivering the necessary legislation and conditions to start the process in some countries
- **Seminars and Study Tours** do not help with implementation in country, but may help with awareness of problems and solutions
- **Project components** need to be more focussed on results and less on outputs
- **AHEFs** are appreciated because they may solve a current and specific problem, but they may not be on the critical path for implementation of a policy change.
- **Parallel v sequential working:** to move one country through the implementation process and then replicate in others, may be a more effective use of human resources. It makes changes more sustainable for a group of countries, to follow a front-runner.

Implications for project design

- Smaller more coherent groups
- Smaller total number of issues to be worked on
- Competition for resources

Branding & Visibility

- A brand is more than a name, it carries a reputation for specific qualities.
- This reputation is borne by the Contracting Authority and the Implementers
- EU has now many cooperation instruments working on energy issues across the region
- Better understanding of objectives and intended results of regional energy support is needed
- Exactly how these expectations can be managed is still under discussion
- Our report looks into options for efficient, effective and coherent visibility of EU-funded regional energy actions.

Early suggestions for discussion

Availability of regional support

Use the CoM model:

- Group action chosen for current relevance, impact and value for money
- Limited resources
- Competition to join groups
- EC sets minimum qualification for joining group (MoU, legal framework?)
- First come first served
- Lower qualified group formed if enough commitment
- First group countries transfer knowledge gained to lower level group, with EU support.

EnCT Group Priority Actions

Electricity and Gas

- Third package transposition (unless complete) and necessary secondary legislation
- Benchmarking Regulators and TSOs for competences, and addressing gaps

Energy Efficiency

- Transposition of Energy Efficiency Directive 2012/27/EU, if adopted in early 2015
- Work on 2nd and 3rd NEEAPs and consolidation of work on municipal SEAPs, at national level
- Application of support tools developed for countries in Western Balkans to EnCT Group on monitoring EE measures, for ESCOs and housing associations.

Energy Statistics

- Practical work on improving energy balances, including any necessary legislation as a priority, especially related to NEEAP monitoring

Investment project priorities

- Support for designated Projects of Energy Community Interest (PECI).

CoM

- As for wider group

National Actions on EE complementing CoM

- Integration of SEAPs into national level planning and legislation (removing barriers etc)
- Transfer of success stories from Eastern Europe for EE for urban housing associations (changes in planning, legislation, financial schemes)
- Support for rural housing EE actions (rural population sometimes 50% of total)
- Support for groups of cities with common interests eg:
 - Energy and transport
 - Energy and buildings
 - Energy from waste recycling (or animal waste)
 - EE in water and waste water supply
 - Energy and irrigation

Next Steps

Next steps

- Discussion here and now
- Comments are welcome in the next few weeks
- Written report summarising findings from missions and ideas summarised here, for further discussion with EC
- Final report expanding ideas into recommendations
- EC will make the final decisions

Thank you for your attention

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