



PROGRAMME FUNDED BY THE EU

# INO GATE

## 15<sup>th</sup> Anniversary Edition

### INO GATE in Milestones 1996-2011



BUILDING PARTNERSHIPS FOR ENERGY SECURITY

## The INOGATE Programme is supported by the European Union.

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# INOGATE

the longest running EU energy cooperation programme

## 15 Years of INOGATE 1996-2011

Started in 1996, INOGATE is the energy technical cooperation programme between the European Union (EU), Eastern Europe, the Caucasus and Central Asia, and is the longest-running continuous support programme of its kind.

The INOGATE Programme's four objectives are: convergence of energy markets on the basis of EU principles, enhancing energy security, supporting sustainable energy development, and attracting investment towards energy projects of common and regional interest.

Thanks to its regional character, INOGATE is in a unique position to ensure that energy-related challenges of all the Partner Countries are addressed through cooperative effort on a multi-country level.



The INOGATE Programme is represented by the respective Ministries in charge of energy of the 12 Partner Countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan.

The Programme is implemented under the overall responsibility of the European Commission.

Ultimately, INOGATE's vision is to support the cooperation of the EU and the INOGATE Partner Countries so as to secure adequate and reliable energy resources for their citizens at affordable prices.

The year 2011 marked fifteen years of success and progress of the Programme, during which over €120m. has been devoted to more than sixty projects involving infrastructure development, capacity building, knowledge transfer, institutional building and policy support.

More than this, the INOGATE Programme has opened new horizons in regional cooperation and mutual understanding between its Partner Countries and the European Union.

*INOGATE has changed the mindset of Partner Countries because it has shown that it is only by mutual trust and cooperation that we can solve energy issues.*

Fokion Fotiadis, Director-General, DG Development and Cooperation - EuropeAid



# INOGATE in Milestones

## 1996-2011 and Beyond

1996

### The Origin of INOGATE

**INOGATE**  
INTERSTATE OIL AND GAS TRANSPORT TO EUROPE

The INOGATE Programme's immediate ancestor was the EU funded project, 'Interstate Oil and Gas Transport to Europe'. This pioneer technical assistance project, dealing with practical issues in gas and oil transportation

following the breakup of the Soviet Union, established both confidence between the new independent states and the EU that they could work together in this field, and a recognition that EU energy experience and technology had much to offer.

In 1996, the acronym of INOGATE was adopted, to denote a programme oriented to rehabilitation projects in the oil and gas sectors. A host of 'follow-up' projects, all grouped under the INOGATE name, carried out further analysis, provided necessary supplies and transferred expertise.

1999

### INOGATE pioneers interstate energy cooperation

This energy cooperation deepened on 22 July 1999 at the INOGATE Kiev Summit, when the first thirteen countries<sup>1</sup> signed the INOGATE Umbrella Agreement (subsequently ratified as an international treaty), which set out a formal process to rationalize and facilitate the development of interstate oil and gas transportation systems and to attract the necessary investment.

It became the cornerstone of a flexible yet comprehensive institutional system, common to all signatory countries, which minimises investment risks, (political, legal, commercial and environmental), whilst maximising commercial efficiency.

This Agreement was a major contribution to the development of rules governing international oil and gas transit activities.



<sup>1</sup>The first 13 signatory countries of the Umbrella Agreement were: the Republic of Armenia, the Republic of Azerbaijan, the Republic of Belarus, the Republic of Bulgaria, Georgia, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, Romania, the Republic of Tajikistan, Turkmenistan, Ukraine and the Republic of Uzbekistan.

## INOGATE lays foundations for rehabilitation investment

The first phase of INOGATE's activities bore fruit by 2000 when the wealth of information it had obtained by mapping, examining and assessing gas and oil infrastructures in the partner countries could be embedded in the first major, evidence-based, investment programme proposals for rehabilitation and upgrading. These could be addressed to major financial institutions in the confidence that they had been prepared on an independent basis and using internationally recognized expertise and standards.

1996-2000

## INOGATE enhances coordination and information

Participating Countries also agreed at the INOGATE Kiev Summit held on **22 July 1999** (attended by the 13 Prime Ministers and the Commissioner for External Relations of the European Union) to establish a formal body to assist the coordination of INOGATE actions.



The **INOGATE Technical Secretariat (ITS)** in Kiev was officially inaugurated on **9 November 2000**, since when it has been active in providing the networking, coordination and promotion aspects of the INOGATE Programme's activities. On **15 August 2001** the Secretariat launched the first INOGATE website to provide information on the programme and on energy cooperation in general. The website ([www.inogate.org](http://www.inogate.org)) has been twice remodelled (in 2006 and in 2010), becoming an energy web portal that is the 'first port of call' for energy information, with a wide range on news and information on INOGATE activities and other relevant regional news and extensive downloadable archives of energy documentation.



1990-2001

## INOGATE maps the priority projects of Pan-European interest



In a pioneering series of regional maps, displaying for the first time the existing and potential networks of gas, oil and electricity distribution in Europe and the Partner Countries, INOGATE set the agenda for debate on new energy routes and markets. These landmark maps highlighting proposed priority axes projects of 'pan-European interest' have had a profound effect on all subsequent international energy transmission initiatives.

2003

2001-2004

## INOGATE transforms cross-border gas flows



INOGATE provided support for design of one new, and for the construction or rebuilding of nine existing, cross-border gas-metering stations, in the partner countries, enabling and increasing cross-border gas trade.

2003-2011

## INOGATE advances metrology standards



Measurement of gas and oil flows is a key issue in energy trading. With INOGATE support a major metrology centre was constructed and equipped at Boyarka, Ukraine, to provide a regional centre of excellence for metrology technology. In later phases the Centre has been upgraded through INOGATE to comprise other functions including satellite monitoring and training facilities.



2004

## INOGATE's energy scope is broadened

The 1st Ministerial Conference on Energy Cooperation which took place in Baku, Azerbaijan on **24 November 2004**, led to the **Baku Initiative** and set out the four 'priority areas' of energy cooperation which remain at the heart of INOGATE. Moving beyond the technical issues associated with hydrocarbons transportation, INOGATE's expanded areas of cooperation now include:

- **Convergence of energy markets with those of the EU**
- **Enhancing the safety and security of energy supplies**
- **Sustainable development**
- **Attraction of investment for energy projects of common interest**



The 'Baku Initiative' also set up INOGATE's permanent **Working Groups** for each of the four priority areas above, thus establishing an on-going '**INOGATE Network**'. The working groups have since met regularly to implement agreed actions.

## INOGATE promotes energy excellence through capacity building

In a series of over 100 training and capacity-building events organised through INOGATE since the Baku Initiative, more than 7,000 local energy experts and ministerial representatives have been supported in learning about new technologies and best practices. Many “trainees” have gone on from this support to become key energy decision-makers in their own countries.



2004-PRESENT

## INOGATE establish regional office for the Caucasus

Supporting the INOGATE Technical Secretariat in Kiev, a new regional coordination office for the Caucasus region, covering Armenia, Azerbaijan and Georgia, was opened in Tbilisi, Georgia. The office has helped improve the INOGATE Programme’s implementation in the relevant partner countries.

2005

## INOGATE creates an Energy Road Map

At the 2nd Ministerial Conference in Astana, Kazakhstan on 30 November 2006, the INOGATE Partner Countries established an ‘Energy Road Map’ setting out a short, medium and long-term plan of action for enhanced energy cooperation.



2006

## INOGATE adopts a new visual identity

To mark the official expansion of its energy mandate, the INOGATE Programme adopted a new visual identity to establish and promote its actions throughout the Partner Countries. The INOGATE logo is now a symbol of the widened energy cooperation between the EU and the Partner Countries.



2007

## INOGATE establishes a Work Programme

On 16-17 April 2007 at the Annual INOGATE Country Coordinators and Working Group Members Meeting, the 1st INOGATE Work Programme for the years 2007-2008 was adopted, setting the Programme on a new track, both more integrated and consolidated. Since then the INOGATE work programme has been updated twice a year on a rolling basis, providing a comprehensive listing of both past and future INOGATE activities.



2007

2008-2009

## INOGATE pioneers gas loss reduction



In Central Asia an inspection of a segment of 700 km of gas pipelines and one compressor station revealed a total annual loss valued at over 2.4 million Euros. INOGATE not only helped

repair most of the leaks, but also demonstrated that modern methods and technologies for gas loss reduction benefit the environment while offering a significant investment return. Small-scale demonstration projects in the INOGATE Partner Countries proved that relatively small investments can deal with urgent minor repairs and network improvements, improving both revenue and safety conditions.

2008-2010

## INOGATE enables harmonization of standards



Harmonization of energy standards is the key to enhancing competition, integrating regional markets and opening international energy trade. The INOGATE Partner Countries existed either without standards in many areas, or had developed individual standards or relied on old Soviet standards. INOGATE through programmes dedicated to gas and electricity standards has jump-started a long-term process of introducing international standards in the Partner Countries. INOGATE assisted in the adoption of a number of priority European standards

through the EASC (Euroasian Interstate Council for Standardization, Metrology and Certification of the Commonwealth of Independence States) electronic voting route.

2009 - PRESENT

## INOGATE supports the Eastern Partnership Flagship Initiative on Sustainable Energy

The launch of the EU's Eastern Partnership in 2009 comprised a series of flagship initiatives through which the EU develops its relationships with its neighbours in Eastern Europe and the Caucasus. INOGATE has contributed to the implementation of the initiative

'Regional Energy Markets and Energy Efficiency' through projects supporting sustainable energy initiatives and technical harmonization. In the process, INOGATE has put increasing emphasis on renewable energy and energy efficiency, meeting new policy prioritizations in an ever-changing energy world.



## INOGATE involves regulatory bodies

To promote and advocate sound energy regulatory practices in the Partner Countries of the INOGATE Programme, and to harmonise energy regulatory practices, INOGATE from 2009 onwards has included representatives from Partner Country regulatory bodies in its regular Working Group Meetings, and has carried out several successful capacity-building projects to support them, helping them to introduce new tariff schemes and regulations and improve the functioning of energy markets.



2009-PRESENT

## INOGATE lays foundations for Trans-Caspian energy supply

The completion of three intensive INOGATE projects, from 1996 onwards, outlining the potential for trans-Caspian energy supply to Europe, was the publication in 2010 of the Report on the Caspian Development Corporation Implementation (available on the INOGATE website). The objective of this study was to create an institutional design and commercial framework for the Caspian Development Corporation and its implementation, which aims to open up alternative gas supply routes from Turkmenistan and potentially other countries



increasing the diversification of the gas supply for Europe and the region.

2010

## INOGATE facilitates Eastern expansion of Covenant of Mayors

Recognizing that civil society has a vital role to play in developing sustainable energy, the EU 'Covenant of Mayors' initiative began by enrolling the commitment of EU local and regional government. In **October 2010** INOGATE



assisted in organising a major conference in Tbilisi heralding the extension of the 'Covenant of Mayors' to cities in the Partner Countries, leading to a specific EU project to encourage widespread participation and establish a branch of the Covenant of Mayors Secretariat in Lviv and Tbilisi.

2010-PRESENT

## INOGATE assesses progress on Astana Energy Road Map

During 2011 the INOGATE Technical Secretariat, with the support of the Country Coordinators and the Working Group members, prepared and issued the 1st **INOGATE Status Report**. With a clear set of indicators for each of INOGATE's priority areas of cooperation, the report sets out the state of play in each Partner Country relative to the agreed objectives of the November 2006 Astana Declaration. A yearly update of the report will be prepared in the future.

2010-2011

2008-2012

## INOGATE teams with EBRD to support sustainable energy investment



**Energy Financing Facility (MoSEFF).** INOGATE's commitment of €9.5 m. has supported grants enabling access of industry and enterprise in these countries to credit lines of over €120m. for energy-saving investments.

To support sustainable energy development, INOGATE teamed up with the EBRD to support investment initiatives in Ukraine, through the **Ukraine Energy Efficiency Programme (UKEEP)** and in Moldova, through the **Moldovan Sustainable**

2011

## INOGATE communicates results of 15 years of cooperation



In 2011, INOGATE celebrated 15 years of successful energy cooperation with the Partner Countries. Special communication activities targeted to government, industry and civil society were undertaken in all partner countries giving yet another opportunity to underline the key message of the INOGATE Programme – that is, long-term energy security for either the EU or the Partner Countries can be found

only through regional and international cooperation.

2011-2012

## INOGATE delivers 'on demand' support to partners

In an innovative extension of INOGATE's activities through projects with specifically designed interventions, the INOGATE project **Support to Energy Market Integration and Sustainable Energy in (SEMISE)** initiated an 'Expert Facility' to respond to Partner Countries' demand-driven requests for energy support. A total of over 50 projects were carried out throughout the INOGATE countries under this initiative, helping to bring targeted solutions to very specific issues that can be replicated by other Partner Countries.



## INOGATE looks to the future

The INOGATE Programme is now preparing for its next “fifteen” years. The achievements of the past have given many valuable lessons for the future. INOGATE is evolving with its time. It started with the ‘Baku Initiative’ but now also supports the political dialogues and frameworks that have been set up with its Partner Countries since (e.g. the various Energy Memoranda of Understanding signed with the EU, the Eastern Partnership and the expansion of the Energy Community Treaty towards the European Neighbourhood countries). In 2012 an important step was taken to strengthen the programme around a significantly **expanded INOGATE Technical Secretariat** with closer integration of programme actions and enhanced sustainability of results and outputs.

The EU remains strongly committed to promote energy cooperation and the recent INOGATE Status Report on the Astana ‘Energy Road Map’ shows that all partners remain well on course for its objectives.



It is our strong ambition for the INOGATE Programme to remain a major feature in the energy relations of the EU with its eastern neighbours and Central Asia, and that the coming years will bring further significant integration amongst the INOGATE participants. Furthermore, it is envisaged to expand INOGATE to new fields such as in the field of **energy statistics**.

An increased attention will be given to **sustainable energy** as the energy source of the future. This will include support to initiatives such as the Covenant of Mayors, whereby cities are committing themselves to reduce CO<sub>2</sub> emissions by 20% through the implementation of Sustainable Energy Action Plans.



The new expanded INOGATE Secretariat (started in early 2012) will provide dedicated technical support, on a ‘demand driven basis’, through a pool of experts that will cover all priority areas of the energy cooperation.

Ultimately, INOGATE’s vision remains the same: to support the cooperation of the EU and the INOGATE Partner Countries to secure adequate and reliable energy resources for their citizens at affordable prices.



ENERGY COOPERATION BETWEEN THE EU, THE LITTORAL STATES OF THE BLACK & CASPIAN SEAS AND THEIR NEIGHBOURING

For the latest information on the INOGATE Programme, please visit <http://www.inogate.org>