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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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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.

What we have done so far

Phase I Preparation and visits to countries summer 2014

- Started 24 June 2014
- 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

Phase II Reports and discussion with DG NEAR/ DEVCO autumn and winter 2014

- Mission reports were prepared for each country
- A report was prepared in two stages, first for discussion with DG NEAR
- A second version after a further set of revision and comments from DG NEAR was issued for comments to stakeholders in February with comments due March 6
- Revised report in March
- **Executive summary in Russian issued.**

Phase III Develop recommendations (now)

Tell us what you think!

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.

Energy policy framework going forward

Policy framework (EaP only)

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

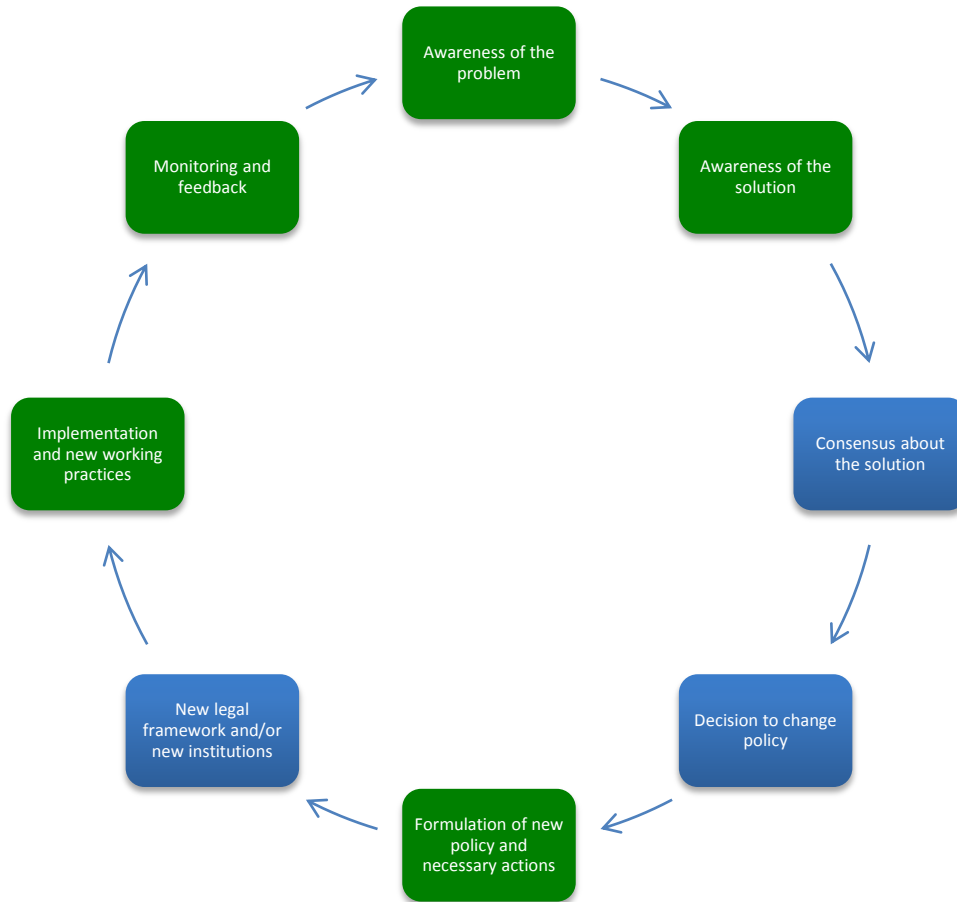
Investment project development

- 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.

Multi-country project design



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

Implications for regional programme

- Smaller more coherent groups
- Smaller total number of issues to be worked on
- Competition for resources
- Logframe analysis to check activities can achieve an objectively measurable result/impact, and not just outputs delivered
- Investment project finance linkage to key energy policy achievements

General requests for support

Support requested:

- Support requested was general, (relating to commitments to EnCT when relevant) covering energy trading, energy markets, EE and RES;
- A new area was requested to include CSOs in policy debates;

Countries with which to work:

- Neighbours, especially those involved in energy trading to the EU;
- MS were particularly relevant.

Instruments

- Twinning was viewed very favourably
- Bilateral support was still expected for the energy sector in countries other than MD and UA;
- Investment project support was requested.

Our proposals for groups of countries

1. Umbrella Group of all countries
2. EnCT Group (MD/UA plus GE eventually?)
3. Energy Corridors (varies with gas, oil and electricity)
 - Azerbaijan
 - Georgia
 - Ukraine
 - Poland (elec/oil)
 - Turkey (elec/gas/oil)
 - Iran (gas)
 - Kazakhstan
 - Turkmenistan
 - Uzbekistan
4. Internal (national) markets (AZ, GE plus AM/BY?)
5. Energy Security group (TJ, KY)

Umbrella Group (11 countries) Communications

Better regular communications between DG NEAR/DEVCO and beneficiary ministries

- How, when, what about? How to improve?
- Should communications be through projects? Through Delegations? Direct with DG NEAR?
- Less formal seminars and more dialogue round the table?
- A Permanent High Level Group of officials as in EnCT? But no political commitment from all countries.
- What happened to the Working Groups? Lessons learnt? Are EU Concerted Action Groups a better model? Or EnCT Topic Working Groups?

Is technical assistance needed here?

- Do energy ministry officials need help to communicate policy issues to their Ministers? Awareness gained? Summaries of reports?
- Process management support? Realistic times for legislation, policy implementation? Planning for implementation?

Umbrella Group (11 countries) Technical working

General agreement that all countries want to work on:

- Energy statistics (continue on already prepared work plans)
- Status review on all countries (every two years)

Was this successful because IEA reputation adds value to both?

Is peer review of the status reports a good mechanism to be used elsewhere?

Country/topic groups

Pre-conditions:

- Smaller more coherent groups
- Smaller total number of issues to be worked on
- Competition for resources
- More focus on implementation than awareness raising
- Logframe analysis to check activities can achieve an objectively measurable result/impact in each country, and not just outputs (reports/workshops) delivered
- Groups can change over the 2014-2020 period (both members and topics).

Questions for discussion:

- Minimum requirement for legislation before joining a group?
- Sequential or parallel working?
- Shared twinning? (is this possible to organise?)
- Umbrella group has more involvement in setting up groups?

EnCT Group

Focus on regional energy strategy development

- Development of regional energy forecasts;
- Identification of regionally optimal investment projects;
- Coordination actions to produce pipeline of investment projects (special arrangements for Ukraine as it is big?)

Combined instruments

- Integration of regional instruments for both WeB and EaP countries who are members of EnCT
- (OR)
- Matching TA that is being provided for WeB countries as a group, by similar TA to the group Ukraine, Moldova (and Georgia?);
- (AND)
- Some tools (particularly for EE) have already been developed for the countries of the WeB and could be transferred to this group by TA;

Plus more involvement of ECS in choice of investment projects in NIF, as for WBIF.

Internal (national) markets (AZ, GE plus AM/BY?)

Group is for:

- Countries not planning to implement EU Third Package
- Likely to join EAEU regional energy market
- Assistance planned for setting up NATIONAL market

Focus of Work is commercialization of state companies and development of competition

- Management and accounting unbundling (NOT to be confused with steps to privatisation, which is not required by EU legislation);
- Development of new institutions needed for market: TSO, Regulator, (perhaps by an initial benchmarking exercise to identify gaps);
- Reduction of technical and commercial losses;
- Customer service targets and reliability of supply;
- Design of third-party access to the grid and feed-in tariffs for renewable producers.

What should be the minimum requirements to join the group?

Work in Progress

(needs more thinking and discussion)

Energy Corridors Group (varies with gas, oil and electricity)

- Needs separate groups for type of energy?
- Trading and investment support
- In practice seems to include everyone but Belarus (not fair!)
- New EU Energy Union proposals could influence type of projects supported

Energy Security group (TJ, KY)

- Infrastructure links/solidarity agreements.
- Sustainable energy and water development.
- Plus issues from the internal markets group, if so desired.

Tell us what you think!

(now is better, but also before June)

Dr Helene Ryding

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