



**ANNEX 1**

of the Commission Implementing Decision on the ENI East Regional Action Programme  
2019 Part 4

**Action Document for Promoting the Clean Energy Transition in the Eastern  
Partnership countries: EU4Energy Phase II**

**ANNUAL PROGRAMME**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

<b>1. Title/basic act/ CRIS number</b>	<p><b><u>Promoting the Clean Energy Transition in the Eastern Partnership countries: EU4Energy Phase II</u></b></p> <p>CRIS number: 2019/042-180</p> <p>financed under the European Neighbourhood Instrument (ENI)</p>
<b>2. Zone benefiting from the action/location</b>	<p>Neighbourhood countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova<sup>1</sup>, Ukraine.</p> <p>The action shall be carried out at the following location: six Eastern Partnership (EaP) partner countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and EU Member States.</p>
<b>3. Programming document</b>	<p>European Neighbourhood Instrument Regional East Strategy Paper (2014-2020) and Multiannual Indicative Annual Programme (2017-2020)</p>
<b>4. Sustainable Development Goals (SDGs)</b>	<p><b>Main SDG(s) on the basis of section 4.4</b></p> <p><b>SDG 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all;</p> <p><b>SDG 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;</p> <p><b>SDG 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;</p> <p><b>Other significant SDG(s) on the basis of section 4.4</b></p> <p>SDG 11: Make cities and human settlements inclusive, safe, resilient</p>

<sup>1</sup> Hereinafter referred to as Moldova.

	and sustainable; SDG 12: Ensure sustainable consumption and production patterns; SDG 13: Take urgent action to combat climate change and its impacts; SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development;			
<b>5. Sector of intervention/ thematic area</b>	Energy Eastern Partnership priorities: •Stronger connectivity priority of Regional Action Programme (RAP) 2019	DEV. Assistance: Yes		
<b>6. Amounts concerned</b>	Total estimated cost: EUR 9 094 736 Total amount of European Union (EU) contribution: EUR 9 000 000 The contribution is for an amount of EUR 9 000 000 from the general budget of the European Union for 2019. This action is co-financed in joint co-financing by: - the Energy Community Secretariat for an amount of EUR 94 736.			
<b>7. Aid modality(ies) and implementation modality(ies)</b>	Project Modality <b>Direct management</b> through: -Grant with the Energy Community Secretariat (with regards to component 1) <b>Indirect management:</b> (with regards to component 2-8)			
<b>8 a) DAC code(s)</b>	23110 - Energy policy and administrative management 23183 - Energy conservation and demand-side efficiency			
<b>b) Main Delivery Channel</b>	47000 - Other multilateral institution			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	X
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>	

<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A
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**SUMMARY**

The objective of the proposed action is to foster the clean energy transition and decarbonisation in the Eastern Neighbourhood countries through evidence-based energy policy design. The programme is sufficiently flexible to support also projects in sectors other than renewables and energy efficiency as long as the actions contribute in the long term to the EaP region’s energy transition and decarbonisation efforts (e.g. electricity grid modernisation for the further market integration of renewables or gas as back-up source for renewables).

In order to build on the previous EU4Energy programme, the overall EU assistance in the energy sector as well as the commitments and the energy reforms undertaken by the six Eastern partner countries, the new programme will promote regional cooperation leading to:

- sound energy legislative and regulatory frameworks for the transition to clean energy and the liberalisation of energy market. Particular attention will be given to the systemic approach linking up data, analysis and policies as well as new challenges and opportunities, such as the gradual embedding of digitalisation in all energy-relevant market segments and the cost reflectivity.
- the development of a conducive environment for sustainable energy, in particular for i) the deployment of renewable energy sources, ii) energy efficiency plans in the main energy-consuming sectors of the economy and iii) a further integration of electricity systems within the EaP region in line with the prioritisation of energy infrastructures projects.

The proposed action will be implemented, where appropriate, at the regional level but also at the countries’ level to address specific needs.

**1 CONTEXT ANALYSIS**

**1.1 Context Description**

At the Eastern Partnership Summit on 24 November 2017 participants recommitted themselves to improve the lives of all citizens on the basis of the ‘20 Deliverables for 2020’ agenda endorsed at that Summit, which guides EU’s cooperation with its Eastern partners. The existing EU4Energy programme and this new action are instrumental in the support to connectivity deliverables, in particular the Deliverable 14 (increase energy supply security) and Deliverable 15 (enhance energy efficiency and the use of renewable energy; reduce Greenhouse Gas emissions). While some milestones have been achieved (in particular with the drafting or assistance in development of 59 legislative acts and the assessment of energy interconnection projects of interest to the Eastern Partnership), some further efforts are needed on the synchronisation of electricity systems, optimisation of underground gas storage use, as well as on the regulatory aspects of energy efficiency, deployment of renewables and the monitoring and action for the reduction of CO2 emissions.

The EU's Eastern neighbours are facing similar challenges when it comes to the clean energy transition (change in energy mix and reduced dependency on fossil fuels) and the necessity to consider forward-looking energy policies and projections.

The region is highly dependent on imported oil and hydrocarbons and the region's energy intensity is in general too high, around twice higher than the average of the EU, because of ageing energy infrastructure, maintenance issues and inefficient industrial processes. As a result, there is also significant untapped energy efficiency and renewable energy potentials in the region. Eastern European countries share abundant renewable energy sources, in particular around the Black Sea basin. However, to tap into these potentials, the transformation of the institutional setting is needed (in particular the liberalisation of energy markets and the removal of market-distorting energy subsidies, the implementation of renewable energy and energy efficiency legal frameworks and the establishment of fully-functioning independent energy regulators).

The transition to clean energy requires therefore a clear long-term vision and strong political commitment, but also provides vast opportunities. When properly supported by a solid legal and institutional framework and backed by well-designed investments, the development of new clean technologies and increased renewable energy and energy efficiency measures will deliver many cost-effective benefits for the region's positive socio-economic development, particularly regarding jobs and competitiveness, as well as security of energy supply and the environment.

## **1.2 Policy Framework (Global, EU)**

The revised **European Neighbourhood Policy (ENP)** calls for prioritisation and for a more focused approach in order to deliver to the citizens tangible and noticeable results. This is reflected in the identification of the 20 Deliverables for 2020, developed in the Staff Working Document 'Eastern Partnership 20 Deliverables for 2020- Focusing on key priorities and tangible results'. To ensure the implementation of the deliverables on energy, the newly created multisectoral **Platform 3** (replacing the former Platform on Energy Security) and the **Energy Panel** bring together representatives of both the EU and six Eastern partner countries to discuss a number of core objectives in the field of energy. In addition, the monitoring of the implementation of the 20 Deliverables is carried out. In June-September 2018, the progress and latest developments for the 20 Deliverables were assessed and the results were reported to the Eastern Partnership Foreign Affairs Ministerial on 15 October 2018.

The multilateral track of the EaP has also advanced through a number of flagship initiatives, which give additional momentum, concrete substance and more visibility to the Partnership. This regional assistance to energy is part of what underpins the **Energy Flagship Initiative**.

In March 2015, the European Commission issued a Communication with the objective of building an **Energy Union**, which is a key priority and constitutes a milestone in achieving ambitious energy and climate goals as well as forward-looking energy and climate change policies, with implications on its external dimension. In November 2016, the Commission presented a series of legislative proposals entitled '**Clean Energy for all Europeans**'. With eight pieces of legislation, this energy legislative package adopted in 2019 is a cornerstone of the Energy Union. It revisited the energy *acquis* in the areas of energy efficiency, renewables, internal market and governance, notably with the introduction of two new targets for the EU

for 2030 (at least 32% for renewable energy and at least 32.5% for energy efficiency) and the first national energy and climate plans.

In November 2018, the Commission presented its **strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy by 2050 – A Clean Planet for All**. This strategy reflects the enhanced ambition of the EU to meet its Paris Agreement commitments as well as forward- looking climate change and energy objectives.

Sustainable energy as a key area of cooperation is central to the new **European Consensus on Development** adopted in May 2017, which aligns the EU's external vision and framework of action with the 2030 Agenda for Sustainable Development.

Another important legal framework is the **Energy Community Treaty (EnCT)**. The EnCT signatories: Ukraine, Moldova and Georgia as Contracting Parties (Armenia is Observer, Belarus is an applicant for Observer) – have an obligation to implement the most relevant EU energy *acquis* on electricity, gas, renewables, energy efficiency, energy-related environmental legislation, energy statistics, competition and State aid law principles and maintain emergency oil stocks. The countries that are Parties to the Energy Community Treaty already signed up earlier to these commitments - in the Association Agreements. The Energy Community Regulatory Board (ECRB) gathers the energy regulators from the Contracting Parties, as well as Armenia (Observer). In addition, the latest reforms of the EU energy *acquis* are progressively added to the partner countries' commitments in the Energy Community Treaty and in the Association Agreements, in line with the principle of 'dynamic approximation'. The Energy Community Secretariat also plans to specifically support the national statistics institutes in the Energy Community countries to improve the accuracy and completeness of the energy data during the 2020-21 period across the region.

Established International Organisations active in the collection of energy data, e.g. like **the International Energy Agency (IEA)** or other comparable institutes. The IEA establishes, for instance, international commitments of its members in relation to emergency oil stock obligations as well as data reporting, and sets standards for its 30 member countries that are also members of the Organisation for Economic Co-operation and Development (OECD). These standards are becoming international standards and best practices through the IEA's engagement. Key areas of focus for the IEA include energy data and modelling, energy security, energy technology roadmaps, energy transition including energy efficiency and integration of renewable energy, environmental protection and economic development. The IAE already supports under the current Eu4Energy programme the six Eastern partner countries with data collection, modelling and use of data to feed energy policies.

The **Energy Charter Treaty (ECT)** is a plurilateral trade and investment agreement applicable to the energy sector. It was signed by the EU in December 1994 and entered into force for the EU in April 1998. To date, fifty-two states, as well as the EU and EURATOM, have acceded to the ECT. The EU Member States represent roughly a half of the Energy Charter Conference membership as well as of the Contracting Parties to the ECT. Armenia, Azerbaijan, Georgia, Moldova and Ukraine are Contracting Parties and Belarus applies the Energy Charter Treaty provisionally.

During the Ministerial Conference of the ECT in November 2018, the ECT Contracting Parties agreed on a list of items for modernisation. The objective of the Modernised ECT should be to increase investment in the energy sector in a sustainable way by creating a

coherent and up-to-date legally binding framework that provides for legal certainty and ensures a high level of investment protection.

The Modernised ECT should aim at establishing clear rules on a broad number of investment-related issues. This in turn will allow the ECT Contracting Parties to strengthen their institutional capabilities, public policies and legislative frameworks in the energy sector.

At bilateral level, there is a number of **Memoranda of Understanding (MoU)** in the energy sector signed by the EU with: Azerbaijan and Ukraine, as well as a **joint declaration** with Belarus.

The EU has also signed **Association Agreements**, including a Deep and Comprehensive Free Trade Area (DCFTA), with Georgia, Moldova and Ukraine. These agreements include commitments in the energy sector, on energy security and energy markets, including nuclear safety, regulatory reforms in line with the EU *acquis* and the establishment of open energy markets. They also aim at a more efficient use of energy and the development of renewable energy sources. The **Comprehensive and Enhanced Partnership Agreement (CEPA)**, which broadens the scope of relations between the EU and Armenia, was signed in November 2017. The EU and Armenia have already been working on the implementation roadmap, which also includes the energy sector. With Belarus, negotiations are ongoing on the set up of EU-Belarus Partnership Priorities (PPs), including the prospect of renewing cooperation in the energy sector. The EU is currently also negotiating with Azerbaijan a successor agreement to the existing Partnership and Cooperation Agreement (PCA), which will also include a chapter on energy.

The tendency is to move towards a more differentiated, focused and nuanced approach between the different countries of this region, **including in terms of financial supporting instruments**. From 2014, the European Union cooperates with the Eastern partners through actions financed under the European Neighbourhood Instrument (ENI). The same applies to the blending mechanism with the development of the Neighbourhood Investment Platform (NIP).

### **1.3 Public Policy Analysis of the partner country/region (status at the time of writing)**

From a regional perspective, all EaP partner countries have ratified the Paris Agreement and the comprehensive policies and strategies put forward in their Nationally Determined Contributions (NDCs) have become a formal part of their national policy framework and long-term planning.

In terms of energy security, most of the region's countries are vulnerable due to over-dependence on specific external energy suppliers, and therefore have a vital interest in increasing their energy independence by diversifying their sources of supply and increasing their domestic energy generation in a sustainable way, while embedding modern digitalisation technologies.

The Energy Community Treaty (EnCT) requires Moldova, Georgia, and Ukraine to approximate their legislation to the EU *acquis*.

Armenia and Belarus, which are members of the Eurasian Economic Union, and Azerbaijan, which is not, have their own legal frameworks, which currently still differ substantially from the EU's *acquis* in relation to the functioning of energy markets.

Substantial progress has been achieved with regard to energy reforms over the past decade. In particular, the legislation for opening electricity and gas markets as well as the legislation on energy efficiency and on renewable energy have been developed in the region to a varying degree.

Some further progress is necessary on the appropriate improvement of energy efficiency legislation in Armenia, Azerbaijan and Georgia and on electricity and gas-related legal changes for market liberalisation in Armenia, Azerbaijan, Belarus and Georgia. The system of renewables support in Ukraine is expected to change once the new law on the renewables' support scheme is adopted. The current support system risks endangering the country's long-term financial stability due to too generous amounts, particularly for large-scale projects. For further deployment of energy efficiency measures, several legal solutions, which are common in the EU but are not part of the energy *acquis*, are needed (legislation for the management of condominiums, property taxation with energy efficiency stimulations etc.). The implementation of adopted legislation, including the unbundling of the electricity and gas transmission system operators, is considered critical for the establishment of open gas and electricity markets in all Energy Community countries. Underground gas storage capacity is still a concern in Georgia.

#### **1.4 Stakeholder analysis**

The 'Promoting the Clean Energy Transition in the EaP' action is targeted at several actors, primarily government authorities in the partner countries, which need to improve their energy policies and institutional capacity in order to unlock the potential of the region to shift to the sustainable energy transition. The action will involve various arms of the government, including ministries of energy, environment and economy, statistical offices and regulatory agencies and public institutions dealing with energy efficiency, renewable energy and energy markets. Challenges for some of the countries relate to the lack of capacity at the level of ministries of energy to lead on the clean energy transition, the establishment of an effective cooperation between the different ministries and state agencies working on energy issues as well as numerous changes of energy ministers.

The **main direct beneficiaries** of the project include the following:

- Ministries of energy, of natural resources, of economy, of finance, of regional development, of industry, of environment, of transport and of new technologies and corresponding parliamentary (or relevant legislative authority) committees;
- Transmission systems operators (TSO) for electricity and gas;
- National energy regulators;
- National statistical institutes/offices in each partner country;
- Energy agencies or funds.

Private sector actors and international financial institutions (IFIs) as well as national and international non-governmental (NGO) sector will also be important partners for this action. In some countries, such as Ukraine, a large number of civil society organisations and think tanks exist and work on energy, covering different aspects of energy reforms. Strong interministerial and intergovernmental cooperation as well as donor coordination are therefore

crucial in the implementation process of the programme. The action will also be implemented in close cooperation with related domestic and international projects in the region.

Other key **indirect beneficiaries** and stakeholders include:

- Energy services companies, audit centres;
- Private sector companies and investors;
- Homeowners associations/condominiums;
- Civil society organisations working on energy and climate change issues;
- Other relevant entities dealing with policy-making or implementation in relation to the energy sector.

The **final beneficiaries** will be the citizens of the Eastern partner countries, who will benefit from enhanced energy security, accessibility and affordability of energy commodities, transparency of energy markets and energy pricing as well as an improved quality of life resulting from environmental effects of actions in energy efficiency and renewable energy fields.

## **1.5 Problem analysis/priority areas for support**

The European Union, notably through the EU4Energy programme (2016-2020), has provided policy, legislative and regulatory support as well as expert assistance and capacity-building to the six Eastern Neighbourhood countries in the area of energy.

Supporting beneficiary countries in focusing on common challenges and opportunities in the energy sector will result in crucial leverage for bringing prosperity and security to the entire EaP region and will help to further strengthen the EU's visibility in partner countries.

Building on the previous programme, the new programme aims at addressing the following issues:

- **Strengthening the national energy legislative and regulatory frameworks in the six EaP partner countries and providing ad hoc legal expertise/policy advice**

In addition to the further alignment with the EU energy legislation for countries with bilateral agreements with the EU/being Contracting Parties to the Energy Community Treaty, and with European standards for the others, a key issue for the future is also the legislation's effective implementation. The reform partnership between the EU and the six Eastern Partnership partner countries foresees meeting 20 Deliverables by 2020. As regards the energy field, this includes Deliverable 14 (increase energy supply security) and Deliverable 15 (enhance energy efficiency and the use of renewable energy; reduce Greenhouse Gas emissions). Work on the legislative and regulatory framework has to evolve continuously in these countries in view of delivering on the energy reforms outlined in the EaP 20 Deliverables.

- **Developing a conducive environment for sustainable energy investments**

Over the past years, renewables have emerged as a valuable alternative to traditional energy sources. The transformation of current generation, transmission, distribution and supply systems into more decentralised systems remains a challenge for the energy sector in the Eastern Neighbourhood. In order to thrive, renewables require modern grid infrastructures and liberalised energy markets.



It is therefore important to continue to support the development of further measures to remove investment barriers and to mobilise clean energy finance, e.g. through awareness raising or concrete business facilitation measures. Work should also continue to make the environment for clean energy still more conducive, e.g. through incentives like carbon pricing mechanisms or infrastructure improvements, the upgrading of the electricity grids to integrate renewables more easily or the modernisation of pipeline systems for the future transport of ‘green gas’.

Driving change in the region will also require substantial investments in clean energy and energy efficiency measures. To attract sector-specific investments and to make them more ‘bankable’, the countries will need to continue their energy reforms and facilitate economies of scales effects, e.g. by partnering projects with neighbours and further market regionalisation.

The Phase II of EU4Energy will continue to promote further collaboration between the partner countries at regional level and regional interconnections.

- **Enhancing energy data capabilities, management and data modelling, and linking them to analysis and evidence-based policy design**

Central to energy reforms is, on the one hand, the quality and availability of energy statistics and, on the other hand, an early consultation of and active communication with stakeholders. In absence of comprehensive data and its mastery, partner countries cannot aspire to develop evidence-based policies. The future implementing organisation will have to build on previous statistical work of the IEA in the region under the current EU4Energy programme as well as on the EU’s Energy Statistics Directive and EUROSTAT’s work.

- **Increasing access to energy information and transfer of knowledge as well as exploring new forms of capacity building**

The clean energy transition is not without economic and social impact. The development of technologies, in particular with the digitalisation of energy systems, is instrumental to its success. New opportunities for investments and jobs in renewable energy and clean technologies industry sectors will be created, in particular for women and the youth of EaP partner countries. Region-specific and national support programmes could still complement actions under EU4Energy to reduce the immediate impact on more traditional industries and lessen the energy transition’s costs for society as a whole.

Dialogue and raising awareness as well as strong and coherent communication messages are instrumental to build the understanding of the civil society towards the required reforms. The way ahead for these countries is evidence-based and inclusive decision-making for ensuring a sustainable future.

**2 RISKS AND ASSUMPTIONS**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Change in government priorities related to energy reforms	M	This risk will be mitigated by ensuring appropriate steering of the action. The action will provide the necessary information and

		support to partner countries to make appropriate choices. Partner countries' commitment at high political level will be required for a successful outcome of the action.
Lack/discontinuity of human resources – important degree of staff turnover and erosion of institutional memory	L-M	The action will work with a wide number of experts, provide trainings and explore new formats of knowledge-sharing (involving technical staff and mid-level managers to the widest possible extent) in order to establish a large skills base. The involvement of international organisations, which possess institutional memory and proper in-house expertise, will also lift partner countries towards international standards and best practices in the steering of the action.
Absence of financing conducive environment to implement renewable energy and energy efficiency projects	M	One of the components of the proposed action (component 2) will tackle the barriers to investments/legal issues and the identification of innovative financing mechanisms to improve the financing environment.
Delays due to the complexity of the reforms and red tape within the beneficiary governments	M	Strong involvement of the EU Delegations and careful planning of activities (taking into account the individual situation and needs of each country) will be ensured.
<b>Assumptions applicable to all components of the action</b>		
<ul style="list-style-type: none"> <li>• Energy remains amongst the main priorities of partner countries' policies for the coming decades, and governments show willingness to reform (in particular through integrated policy-making, taking into account climate change policies and gender balance strategies).</li> <li>• Alignment with needs and decision-making procedures by relevant authorities is overall timely and coherent.</li> <li>• Experts are available and there is good cooperation between all relevant stakeholders, including the provision of necessary human, technical and financial resources by the national authorities.</li> <li>• The quality of the support (notably the training and capacity building) to the beneficiary countries is adequate and allows them to develop the capacity to retain this knowledge.</li> </ul>		

### 3 LESSONS LEARNT AND COMPLEMENTARITY

#### 3.1 Lessons learnt

The action builds on the outcomes and the lessons learnt from the former INOGATE programme<sup>2</sup>, the evaluation of the EU support in the energy sector in the Eastern Partnerships countries for 2007-2013<sup>3</sup> as well as the Phase I of the EU4Energy programme (2016-2020)<sup>4</sup>.

<sup>2</sup> Contracts ENPI/2011/278-827 and ENPI/2012/300-657.

From the actions implemented and the achievements made, according to result-oriented monitoring (ROM) and interim narrative reports, it can be noticed that:

- Improved energy statistics aligned with international best practice are instrumental for the development of evidence-based and forward-looking energy policies.
- Adoption of market-supporting primary and secondary legislation, cost reflectiveness of energy prices and a gradual introduction of EU emission standards are key elements of the transition to a clean energy framework. In addition to the formal alignment of domestic legislation with the EU energy *acquis* and European standards, the challenge also lies in their effective implementation.
- The regional dimension is more effective in certain sectors and in demonstration cases/exchange of best practises. In particular, energy market integration, cross-border interconnections and integrated energy and climate planning require the adoption of minimum compatible technical and comparable data, economic standards as well as cross-border market integration at regional level, where appropriate.
- Flexibility in both the approach and the proposed cooperation instruments has to be sought to enable the EU and its partners to respond to ever changing circumstances and needs in the energy reforms.
- Participation of all relevant stakeholders, including in particular of civil society, is necessary to secure the long-term ownership of and compliance with the energy reforms, requiring also constant availability of relevant resources.

### **3.2 Complementarity, synergy and donor coordination**

#### **Complementarity with other regional programmes**

At regional level, a number of programmes are operating and already target some specific issues. Thus, the following will not be addressed by the present action:

- The gradual decreasing/removal of environmentally harmful subsidies, since the EU4Environment programme is already addressing this topic;
- SMEs, since it is the focus of the EU4Business programme.

Furthermore, energy policy is strongly interconnected to the climate change's agenda. Further alignment and coordination of technical assistance provided by the Energy Community Secretariat under the EU4Climate programme has to be considered to avoid duplication and ensure coherence of policy priorities and actions.

For Central Asian countries, covered under the current EU4Energy programme, the Directorate-General for International Cooperation and Development (DG DEVCO) is working on a new programme Capacity Building and Technical Assistance to Central Asian Countries – Renewable Energy and Energy Efficiency Support (CAREEE) to continue to provide support on the energy reforms.

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<sup>3</sup> Contract ENPI/2014/345-493.

<sup>4</sup> Contracts ENI/2017/388-297; ENI/2017/364-837 & ENI/2017/364-835.

### **Complementarity with blending and investments**

The Phase II of EU4Energy will continue to bring support to national authorities. Local authorities are supported in the field of Sustainable Energy, through Covenant of Mayors (CoM) and Sustainable Urban Demonstration Projects (SUDeP), as well as through the reinforcement of the Eastern Europe Energy Efficiency and Environmental Partnership (E5P). In addition, a number of energy efficiency facilities, financed through the Neighbourhood Investment Platform (NIP) and the European financial institutions (EFIs), aim to stimulate the private sector to move towards more energy efficient production systems.

Through blending, the Neighbourhood Investment Platform combines investment grants and technical assistance grants with loans from IFIs to stimulate investments, notably in infrastructure, in the Eastern Partnership countries. This also aims to incentivise banks to present projects that are of strategic value in terms of interconnectivity<sup>5</sup>. Priority projects will be identified across different frameworks: Projects of Common Interest (PCI), Projects of Energy Community Interests (PECI) and Projects of Mutual Interest (PMI).

### **Complementarity with bilateral technical assistance**

Financial energy support and bilateral assistance differs from one country to another. To support the partner countries in their energy reforms, the new action represents the opportunity to respond to their demands and needs as well as to capitalise the ongoing and planned bilateral ENI assistance in the specific areas (mainly energy efficiency and awareness raising). The potential for synergies with the following bilateral initiatives will have to be carefully cross-checked:

- In Armenia, one action will focus on **Energy efficiency and renewable energy projects** (EUR 15 million, Annual Action Programme 2019).
- In Azerbaijan, under the Single Support Framework 2018-2020<sup>6</sup>, the EU supports **the energy field** (around EUR 2 million), with the specific objectives a) to support enhanced connectivity in the energy area, including through support to enhanced governance of and reforms in the energy sector; b) to increase energy efficiency.
- The **EU4Belarus: Resource Efficiency Facility** (EUR 15 million, Special Measures for 2018) will aim to develop energy- and public infrastructure-related (pre-)feasibility studies and pilot investments in Brest and Hrodna regions.
- In Georgia, **EUR 27 million for energy efficiency measures** were earmarked under the bilateral allocation for 2018 and an **ad hoc technical assistance** was approved (EUR 8.5 million Neighbourhood Investment Platform (NIP) Board 2018).
- **A technical assistance project** (EUR 1.4 million, 2017-2020) has been developed to support Moldova in the implementation of the commitments undertaken under the Energy Community Treaty and in reforms of the energy sector. The project on **Citizens' Empowerment** (EUR 5 million, Annual Action Programme 2017) will support also raising awareness of citizens – especially pupils – and local civil society

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<sup>5</sup> As China's involvement in the region is growing, sustainability aspects of Chinese-supported projects become more important and will need to be assessed. To the extent that Chinese projects correspond with the EU's sustainability criteria, possible synergies between European and Chinese projects could be considered.

<sup>6</sup> Actions, which continue well into 2020 will need to be analysed both for their current and future synergies potential.

organisations (including mass media representatives) about energy and energy efficiency issues.

- The EU ongoing bilateral assistance to Ukraine in the field of energy and energy efficiency amounts to around **EUR 200 million**. In particular, support is provided to the implementation of **Ukraine's Energy Strategy** (Budget Support, EUR 45 million, 2013-2020) and the setting-up of the **Energy Efficiency Fund** (EU contribution of EUR 104 million). There are also a **project aiming to enhance the impact of civil society** in energy and related sectors' reforms (EUR 0.5 million, 2016-2019), a **Twinning Project on Renewable Energy Sources development** (EUR 1 million, 2019-2020), the European Commission-World Bank Trust Fund '**Policy Advice to Ukrainian Gas Sector Reforms and Infrastructural Support**' (EUR 3 million, 2016-2020) and a **Comprehensive Study of Underground Gas Storage Facilities in Ukraine** (EUR 1.9 million, 2017-2019).

The Technical Assistance and Information Exchange instrument (TAIEX) and the instrument for institutional cooperation between Public Administrations of EU Member States and of beneficiary or partner countries (TWINNING) help beneficiaries to address key challenges identified in the approximation of EU energy *acquis* as well as offer advice about EU Best Practices in the energy field. In this area of support, complementarity with TAIEX can facilitate the delivery of appropriate tailor-made expertise to address issues at short notice, both on multi-country or bilateral levels.

In addition, the Steering Committee, which will be responsible for approving the Annual Action Plans, will also be responsible for taking into account in its evaluation process complementarity with existing or planned actions as well as for prioritisation, in line with country's needs and requests, therefore providing flexible support to beneficiary countries.

#### **Synergies with other donors and international organisations/actors**

While the EU is the main donor in the region in the field of energy, other main international actors already active in the region comprise:

- the international financial institutions (in particular, the World Bank, the European Bank for Reconstruction and Development - EBRD, the Kreditanstalt für Wiederaufbau - KfW);
- USAID, working to facilitate efficient and reliable supply of energy (principally natural gas and electricity) as well as reforms aimed at enhancing energy efficiency in the region;
- the Energy Community Secretariat (regarding countries that are Contracting Parties);
- the International Energy Agency;
- the Energy Charter Secretariat.

Consistency with the priorities and the scope of work, already covered by the EU contributions to the budget of those organisations and in relation with other international actors present, has to be sought to avoid duplication, to make a more effective use of available resources and to ensure coordination with the European Union.

Finally, to ensure convergence with EU policies as well as complementarity and synergies with other projects and donors, a close dialogue between the EU, the action implementing partners and the partner countries will be sought under the Eastern Partnership multilateral

architecture. This includes, in particular, the multisectoral EaP Platform 3 on Connectivity, the EaP Energy Panel and its Flagship initiative in the field of sustainable energy.

#### **4 DESCRIPTION OF THE ACTION**

##### **4.1 Overall objective, specific objective(s), expected outputs and indicative activities**

The **overall objective** of the programme is to foster the low carbon and clean energy transition in the six Eastern partner countries.

The programme is also relevant for the 2030 Agenda for Sustainable Development. It contributes particularly to the progressive achievement of SDG 7 ‘Ensure access to affordable, reliable, sustainable and modern energy for all’ and SDG 16 ‘Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels’. SDG 9 ‘Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation’ is also key if we want the energy transition in the six Eastern partner countries to succeed.

Building upon the common strategic objective and previous lessons learnt, this can be translated into the following **more specific objectives**: (i) to strengthen energy legislative and regulatory frameworks as well as evidence-based energy policy design capabilities; (ii) to foster the implementation of a conducive environment for sustainable energy investments and prioritisation of infrastructure projects, and, where appropriate, an increase in regional market integration/intra-regional trade.

The proposed activities will vary according to the level of implementation of standards and absorption capacity in partner countries. Due account will be paid to the previous activities completed under the Phase I of the EU4Energy programme and the existing and planned bilateral programmes, addressing key energy issues and filling critical national gaps. Prior consultation with the EU Delegations/ European Commission before launching a new activity will have to be ensured. Priorities will be revised by the Steering Committee, through the approval of Annual Action Plans, in line with the needs and the level of results achieved. Regular communication on a cross-project and cross-country basis is considered essential for achieving the objectives for the EaP region as a whole.

The main activities implemented will be in line with the relevant Working Programme of the EaP Platform 3 (Connectivity, energy efficiency, environment and climate change) and include, *inter alia*, the provision of policy recommendations and policy guidelines, assisting in the drafting of legislative draft acts and capacity building through the organisation of meetings, seminars, workshops, web-based trainings, and the publication of relevant documents.

Specific objective 1: To strengthen energy legislative and regulatory frameworks as well as evidence-based energy policy design capabilities

**Result 1: Improved transposition and implementation of the energy *acquis* and coherent policy development in line with the Energy Community Treaty/Association Agreements/DCFTAs (for Georgia, Moldova and Ukraine)**

- Advance additional alignment work with EU *acquis* as provided by the Energy Community Treaty as well as the bilateral agreements with the EU not yet financed

through other EU contributions: assist in drafting/revising, support in adoption and implementation of laws and secondary legislation related to energy reforms;

- Enhance/introduce an overview of the above energy legislation's implementation/measurement of reform progress over time.

**Result 2: Further development of strategic thinking, planning and adoption of EU Best Practices and support on the CEPA implementation** (for other Eastern Partner Countries, which are not a Contracting Party to the Energy Community Treaty: Armenia, Azerbaijan and Belarus)

- Advance alignment with EU best practices or, where applicable the CEPA;
- Operationalise the agreed priority proposals (stemming from the Steering Committee, in which country specific requests are submitted and discussed);
- Reinforce policy analysis and contributions based on EU best practices as well as on discussed experiences and concepts from other countries in the field of clean energy transition towards zero emissions economy.

For both:

- Ensure the follow-up of policy pathways outlined in the Treaty/DCFTA/CEPA/EU best practices and published energy policy road maps, in-depth reviews for every country;
- Increase institutional capacities and coordination at political and technical level.
- Contribute to the Eastern Partnership multisectoral Platform 3 and the Panel on energy.

**Result 3: Increased capacity in energy data management**

- Ensure strong cooperation between energy ministries and national statistical institutes/offices to achieve a systemic approach in linking up data, analysis and policies<sup>7</sup>;
- Deliver comprehensive and effective trainings for the relevant energy actors on statistics;
- Improve energy data capabilities, data collection and monitoring, in line with best international practices, as well as strengthen access for all relevant stakeholders;
- Further development of demand-side data collection and management to be integrated into national energy balances.

**Result 4: Increased access to energy information and awareness raising**

- Further develop and facilitate access to energy information, in particular through constant updating of the web portal already in place with new data and any relevant information;
- Increase dialogue and awareness activities to foster stakeholders' participation in policy developments and implementation (notably on energy efficiency and circular economy solutions, changes in energy consumption pattern as well as standards, labels and certification);

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<sup>7</sup> Result 1 and 2 are interlinked to support evidence-based policy-making in the energy sector. The implementation of the programme has to ensure this aspect, in particular in strengthening the countries' autonomous data collection capacities.

- Further support the strategic communication on energy reforms.

Possible activities in these areas include:

**Sectoral assessments** will be provided in priority areas (e.g. compliance of national legislation and regulations with EU *acquis*<sup>8</sup> as well as with European standards and policy recommendations/guidelines). Implementation indicators will be developed.

**Capacity building** through the organisation of meetings, seminars, workshops, trainings and regional networks and web-based educational activities will contribute to strengthening the transfer of knowledge of civil servants and staff from the six partner countries on European values, policies, and standards in the area of energy. Some current institutional settings on liaising data, analysis and policy and some new approaches on retaining the knowledge sharing (especially in the public sector) will be further explored, e.g. through country-specific approaches based on a prior needs analysis (expert supervision of daily practices). Data obtained from these activities, including the contact points established in countries targeted by the programme and reports from its implementation, should regularly be shared with the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and the Directorate-General for Energy (DG ENER), in view of feeding into the Commission's Panel and Platform discussions.

**Publications** (reports, brochures, leaflets, energy data newsletters, etc.) will feed the web portal and will provide regional, comparative data and information on the results and impacts of the action.

Regarding the activities on legislative acts and policy recommendations or guidelines, some preparatory or complementarity work will be conducted in the framework of TAIEX/Twinning and existing EaP Platform and Panel meetings.

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<sup>8</sup> Currently, the state of compliance is only assessed by the Energy Community Secretariat for the Contracting Parties with the EU *acquis* under the Energy Community Treaty.



Specific objective 2: To foster the implementation of a conducive environment for sustainable energy investments and infrastructure projects

**Result 5: Development of concrete measures to remove investment barriers and mobilise clean energy finance**

- Increase in capacity building/training activities for a deepened understanding of barriers to investments/legal issues (e.g. deregulation, taxation, unbundling, wholesale market opening, market integration, certification, energy service contracting, etc.);
- Promote smart digitalisation technologies at all levels of the energy supply chain;
- Make initial steps towards the introduction of a carbon pricing mechanism;
- Contribute to making sustainable investments more easily ‘bankable’, e.g. from international financial institutions and others, due to continued energy sector reforms and economies of scale (i.e. further regionalisation).

**Result 6: Further promoting regional cooperation on energy security and trade**

To support energy security and an uptick in intra-regional trade, further technical assistance on trade and energy security at the regional level will be provided.

Possible activities in these areas include:

**Institution building** will be ensured through tailored support to processes of institutional change, the reinforcement of energy regulatory bodies’ independence and their further inclusion in international professional network(s).

Policy guidance and advisory tools geared towards fostering a conducive environment for investments in renewable energy and energy efficiency as well as bringing appropriate policies, strategies and legislative framework in the Eastern partner countries closer to the EU *acquis*, including on trade facilitation measures and, where appropriate, promoting more regional market integration.

**Exchange of best practices** with other peer European institutions and at regional level.

An **external scoping study** for the six Eastern partner countries on education and jobs’ opportunities for the youth provided by the energy transition will be envisaged. A ‘EU4Energy Summer School’ could be developed to build on the results of this study.

Specific objective 3: To facilitate coordination and knowledge sharing at regional-level

**Result 7: Ensured regional coordination and oversight**

Under this result, the functioning of planning and oversight mechanisms, including Steering Committees, will be ensured (*further information are provided in section 5.6*). This is essential for coordination between different elements of the action. Shared planning tools at the operational level will be used, e.g. a list of events and missions, and lists of planned reports or other products.

For the activities covered under this action, given the constant evolution and changes in the energy sector as well as the political changes, the Steering Committee will be able to provide ad hoc support at the request of the beneficiary country when planned annual activities and budget will be discussed.

## **Result 8: Action visibility and strategic communication ensured**

Strategic communication is an essential element supporting reforms. Activities will be carried out to ensure transparency, visibility, and impact of the action (*further information is provided in the communication section 5.10*). This will also facilitate the exchange of good practices as well as the reporting on impacts indicators and results. Monitoring of progress on energy data as well as aggregating and standardising data and indicators at regional level will also be carried out. Based on progress achieved under INOGATE and Phase I of EU4Energy, the development of these statistics and indicators will be facilitated. This also includes ensuring presence on social networks through the development of attractive social media content, to be used through the channels of EU Delegations and DG NEAR, as well as maintaining the project's web portal. Presence and visibility at meetings under various Platform and Panels functioning as part of the Eastern Partnership architecture will be ensured, as well as communication with relevant EU institutions and presence during relevant international fora. Communication, collaboration and the systematically sharing of data and information with other (regional) Commission projects working on strategic communication in the EaP region will be ensured.

### **4.2 Intervention Logic**

The Phase II of EU4Energy will contribute to achieving the EaP Deliverable 13 and 14, through the main activities described above, in order to support forward-looking and evidence-based policies in the energy sector.

With the assumptions that a continued stable political and financial climate at regional and country level is needed and will continue, **the multiple effects of the proposed action** (through regionally designed and organised discussions, legislation, trainings, tools and energy data production and dissemination) will enhance the deployment and implementation of desired policy, regulatory and institutional mechanisms. It will also increase the ownership of these reforms, covering energy security, sustainable energy and energy markets, which are essential for a shift towards the sustainable energy transition and for an increase in citizens' trust in the institutions and in the benefits of these reforms.

The range of activities under the Phase II of EU4Energy will promote a closer collaboration and cooperation between all the countries in the region within their energy administrations, sectors and all relevant stakeholders by providing **a crucial opportunity to share and learn from best practices across borders**. This is expected to create a catalyst effect for steering energy reforms in the entire region.

### **4.3 Mainstreaming**

A number of relevant mainstreaming issues of the action are particularly relevant.

The **Environment and climate** impact of the support to energy efficiency, sustainable energy (including demand reduction) and renewables in the six Eastern partner countries will be positive. By assisting partner countries in strengthening their institutional capacity in relation to sustainable energy and improving the business climate for energy efficiency and renewable energy investments, the action supports sustainable development and contributes to climate change mitigation. There are also indirect effects of energy efficiency and clean energy technologies that will improve safety and health of workers and citizens. In addition, the action will support Eastern partner countries, on an ad hoc basis, and in coordination with

other EU policy dialogues and programmes, to implement the environmental and climate-related obligations stemming from the Energy Community Treaty.

The proposed action will encompass a **good governance and human rights approach**. One component aims to help partner countries in improving the production and dissemination of energy data as well as in strengthening institutional governance, in particular by focussing on institutional capacity as regards the implementation and evaluation of effective and evidence-based policies and action plans. By enabling further development of evidence-based policy-making and increased access for civil society to relevant energy information, the action will have a positive effect on the governance in the partner countries. Citizens are also expected to benefit in the long run from easier access to clean and affordable energy, higher consumer standards and better protection from unfair pricing.

The action will promote **gender balance** by ensuring women's access to training activities and will encourage gender-equal participation in all programme activities: at least 30% of the seats should be reserved for women; at least 30% of the local experts should be women. Implementing partners will also strive for a gender-balanced recruitment policy, with an objective that at least 30% of their experts and staff contracted by the action are women.

#### **4.4 Contribution to SDGs**

This intervention is relevant for the United Nations' 2030 Agenda, which covers 17 SDGs and contains 169 related targets. It contributes primarily to the progressive achievements of **SDG 7** on ensuring access to affordable, reliable, sustainable and modern energy for all and **SDG 16** concerning promotion of peaceful and inclusive societies for sustainable development, provision of access to justice for all and building of effective, accountable and inclusive institutions at all levels. It also contributes to implementing **SDG 9** that relates to building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation), **SDG 11** on making cities and human settlements inclusive, safe, resilient and sustainable, **SDG 12** on ensuring sustainable consumption and production patterns, **SDG 13** concerning taking urgent action to combat climate change and its impacts) and **SDG 17** on strengthening the means of implementation and revitalising the global partnership for sustainable development.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with partner countries.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

### **5.3 Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>9</sup>.

#### **5.3.1 Grants: (direct management)**

*(a) Purpose of the grant(s)*

The objective of the grant is to achieve the output/component 1 of the action.

*(b) Type of applicants targeted*

The type of applicants targeted is an entity with strong expertise and knowledge of the energy sector in the EaP partner countries, related mainly on evidence-based policy recommendations and energy regulatory and legislative frameworks.

*(c) Justification of a direct grant*

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Energy Community Secretariat (EnCS).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power or nature of the action with regard to Article 6(1)(f) of the CIR.

As a partner organisation based on a legally-binding instrument (the Energy Community Treaty), the Energy Community Secretariat has also provided support to the Phase I of the EU4Energy programme. The EnCS has a strong expertise in legislative and regulatory work in the energy sector.

#### **5.3.2 Indirect management with entrusted entities**

A part of this action may be implemented in indirect management with entities, which will be selected by the Commission's services using the following criteria: strong expertise and knowledge of the energy sector in the EaP partner countries, mainly on evidence-based policy recommendations and energy regulatory and legislative frameworks.

The implementation by these entities entails the components 2 to 8 of the action to be implemented by the entity and cross-reference to the objective/result in section 4 to which this modality will contribute to achieving.

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<sup>9</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

### **5.3.3 Changes from indirect to direct management mode due to exceptional circumstances**

Due to circumstances outside of the Commission's control, the alternative preferred implementation modality to indirect management will be direct management as follows:

#### *(a) Purpose of the grant(s)*

The objective of the grant is to achieve the outputs/components 2 to 8 of the action.

#### *(b) Type of applicants targeted*

The type of applicants targeted is entities with strong expertise and knowledge of the energy sector in the EaP partner countries, mainly on evidence-based policy recommendations and energy regulatory and legislative frameworks.

### **5.4 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### **5.5 Indicative budget**

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution (in EUR)</b>
<b>Objective 1/Output 1</b> composed of Grant (direct management)	1 800 000	94 736
<b>Objective 1/Output 2,3 and 4</b> <b>Objective 2/Output 5 and 6</b> <b>Objective 3/Output 7 and 8</b>	7 200 000	
<b>Total</b>	9 000 000	94 736

### **5.6 Organisational set-up and responsibilities**

The responsibility of the action lies with the European Commission. The steering of the programme will be led by Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) in close cooperation with the Directorate General for Energy (DG ENER).

The European Commission will ensure, with the strong support of the entrusted entities, the coordination and communication with the interested stakeholders, including relevant

Commission Services, EU Delegations and other donors, IFIs. The entrusted entities should also strive to set up regional representation in at least some of the Eastern partner countries. **Programme-specific contact points shall be nominated** at headquarters and field offices to ensure strong coordination as well as synergies with other relevant programmes, projects and initiatives in the energy field.

The action shall be governed by a **dual governance structure**. The entrusted entities shall organise prior to each Steering Committee, pre-Steering Committees in all countries at bilateral level, including key stakeholders as well as local offices. **These local Steering Committees shall be co-chaired by the respective EU Delegations and the entrusted entities** to avoid overlap and to ensure strong coordination. Subsequently, the main Steering Committee, which will be co-chaired by the Commission and the entrusted entities, including the representatives of the entrusted operational entities, of the European External Action Service and of any other concerned Directorate-General of the Commission, will take place. The Steering Committee is responsible for monitoring the implementation of the Phase II of EU4Energy on the basis of activity reports presented and for agreeing on the activities for the following year, after the formal consultation with EU Delegations. The Steering Committee shall meet at least **once year** and ideally **twice** to decide on the annual activities at the outset of the year (meeting 1) and at the end of the year for the monitoring of the implementation (meeting 2). When possible, the Steering Committee will be held back-to-back with events conducted within the Eastern Partnership framework of cooperation. Reporting on progress will also be provided at relevant EaP Ministerial meetings.

Technical-level activities will also require an appointment of counterparts by the relevant competent authority in the beneficiary partner country.

### **5.7 Performance and Results monitoring and reporting**

Performance measurement will be based on the intervention logic and the logframe matrix, including its indicators.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial **monitoring system** for the action and elaborate regular **progress reports** and **final reports**. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final reports, narrative and financial, will cover the entire period of the action implementation.

The Commission may also **undertake additional action monitoring visits** both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Further, implementation of the projects and their contribution to EaP deliverables will be closely monitored by the Steering Committee.

## **5.8 Evaluation**

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

These evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account the tangible results of the action and the impact achieved for citizens, the visibility and communication of the action as well as the lessons learnt, leading to reforms in the partner countries.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, a reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing Decision.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and to be updated on a regular basis. The communication and visibility activities should build on the outcomes and the lessons learnt as well as the communication material and tools developed under the communications component of Phase I of the EU4Energy programme.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action<sup>10</sup> (or any succeeding document) shall be used to establish the Communication and Visibility Action Plan and the appropriate contractual obligations.

In particular, it is the responsibility of the implementing partners to keep the relevant EU Delegations and the Commission fully informed of the planning and implementation of the specific visibility and communication activities. To enhance the effectiveness of communication activities, some contacts points on communication should be nominated at both headquarter and field offices. All such activities have to be agreed with the relevant Delegation(s) for their conformity with national visibility and communication activities before work starts.

The entrusted entities will ensure adequate visibility of EU financing and will report on its visibility and communication actions as well as the results of the overall action to the relevant monitoring committees. They will draft a communication and visibility plan containing communication objectives, target group, communication tools to be used.

Furthermore, key results will be communicated to the European Commission and to all relevant stakeholders. All reports and publications will be widely disseminated and impact indicators will be defined. All activities will have to comply with the European Union requirements for visibility on EU-funded activities as well as be in line with the priorities and objectives of regional communication initiatives supported by the European Commission and the relevant EU Delegations.

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<sup>10</sup> [https://ec.europa.eu/europeaid/sites/devco/files/communication-visibility-requirements-2018\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/communication-visibility-requirements-2018_en.pdf)



**APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)**

	<b>Results chain: Main expected results</b>	<b>Indicators</b>	<b>Baseline (years)</b>	<b>Sources of data</b>	<b>Assumptions</b>
<b>Impact/Overall objective</b>	<b>Achieve the clean energy transition</b>	Degree of synergy between the EaP partner countries in implementation of reforms  Number of legislative acts and policies supporting energy efficiency and renewable energy, energy markets statistics developed/improved with civil society organisations' participation through EU support	Developments outlined in the reporting on the previous programme and energy Deliverables for 2020	-Mission and meetings reports of the implementing partners; -Implementing partners' and European Commission's reports on the scope of recommendations/guidelines taken into account the drafting, adoption and implementation of legal acts; -Interim reports from implementing partners; -Official and available international and national statistics; -Media coverage; -Decisions/resolutions of relevant ministers;	<i>Not applicable</i>
<b>Outcome/Specific objective 1:</b>	<b>To strengthen energy legislative and regulatory frameworks as well as evidence-based energy policy design capabilities</b>	New/amended legislation and regulations adopted and in force  More informed and improved energy policy making, through the use of energy data and indicators	Number of legal and policy acts in each country in 2020 (previous programme reporting).  Assessment of national statistics agencies' knowledge and application in practice (previous programme reporting)	- Reports of the implementing partners; -National statistics websites;	Political commitment of the six EaP partner countries to conduct energy reforms.  Cooperation of national authorities in the six EaP partner countries  External political, economic and social conditions are conducive to the effective delivery of the programme

<b>Output 1 – Component 1</b>	<p><b>-Improved transposition and implementation of the energy acquis and coherent policy development in line with the Energy Community Treaty/Association Agreements/DCFTAs</b> (for Georgia, Moldova and Ukraine)</p> <p>•Advanced additional alignment work with EU <i>acquis</i>, assist in drafting/revising, support in adoption and implementation of laws and secondary legislation related to energy reforms.</p>	<p>Level of alignment with EU <i>acquis</i> as provided by the Energy Community Treaty and bilateral agreements/partnerships with the EU</p> <p>Number of workshops/events/capacity building exercises, including those of regional nature, carried out and level of participation.</p> <p>Ratio of women and men officials trained</p>	<p>Sectoral assessment (including legislative compliance) do not exist for all the six countries.</p> <p>Number of legal and policy acts in each country in 2020 (previous programme reporting).</p> <p>500 participants (of which at least 30% are women )</p>	<p>-Mission and meetings reports of the implementing partners;</p> <p>-Sectoral assessments;</p> <p>-Implementing partners' and European Commission's reports on the scope of recommendations/policy guidelines/international obligations taken into account while drafting, adoption and implementation of legal acts;</p> <p>-Monitoring reports by project experts;</p> <p>-Interim reports from implementing partners</p> <p>-Official and available international and national statistics;</p> <p>-Media coverage;</p> <p>-Decisions/resolutions of relevant ministers</p> <p>-Attendance lists from the programme's activities</p>	<i>Ibid.</i>
<b>Output 2 – Component 2</b>	<p><b>-Further development of strategic thinking, planning and adoption of EU Best Practices and support on the CEPA implementation</b> (for other Eastern Partner Countries, which are not a Contracting Party to the Energy Community Treaty: Armenia, Azerbaijan and Belarus)</p>	<p>Number of legal acts/policy guidelines/gap analyses/ policy recommendations/policy guidelines developed for the six EaP partner countries</p> <p>Number of workshops/events/capacity building exercises, including those of regional nature, carried out and level of participation.</p>			

<p><b>Output 3 – Component 3</b></p>	<ul style="list-style-type: none"> <li>•Advance alignment with EU best practices or, where applicable the CEPA;</li> <li>•Operationalise the agreed priority proposals</li> <li>•Reinforce policy analysis and contributions based on EU best practices as well as on discussed experiences and concepts from other countries in the field of clean energy transition towards zero emissions economy.</li> </ul> <p>For both:</p> <ul style="list-style-type: none"> <li>•Ensure the follow-up of policy pathways outlined in the previous programme.</li> </ul> <p><b>-Increased capacity in energy data management</b></p> <ul style="list-style-type: none"> <li>•Ensure strong cooperation between energy ministries and national statistical institutes/offices to achieve a systemic approach in linking up data, analysis and policies ;</li> <li>•Deliver comprehensive and effective trainings for the relevant energy actors on statistics;</li> <li>•Improve energy data</li> </ul>	<p>Ratio of women and men officials trained</p> <p>Extent to which recommendations on energy data are taken on board /Extent to which statistical methodology in the country is aligned with best international practices</p> <p>Number of technical assistance activities on energy data in the framework of the programme performed and level of participation</p>	<p>&gt;500 participants (of which at least 30% are women )</p> <p>Some elements exist on national statistics websites and on the EU4Energy web portal</p>	<p>-Official and available international and national statistics; -Webpage; -Project reviews, reports and publications;</p>	
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<p><b>Output Component 4</b></p>	<p>capabilities, data collection and monitoring, in line with best international practices, as well as strengthen access for all relevant stakeholders;</p> <ul style="list-style-type: none"> <li>•Further development of demand-side data collection and management to be integrated into national energy balances.</li> </ul> <p><b>4- -Increased access to energy information and awareness raising</b></p> <ul style="list-style-type: none"> <li>•Further develop and facilitate access to energy information, in particular through constant updating of the web portal already in place with new data and any relevant information;</li> <li>•Increase dialogue and awareness activities to foster stakeholders' participation in policy developments and implementation (notably on energy efficiency and circular economy solutions, changes in energy consumption pattern as well as standards, labels and certification);</li> <li>•Further support the strategic communication on energy</li> </ul>	<p>Extent to which the demand-side of data collection and management are actually considered in national statistics</p> <p>Extent to which the compilation of energy data enables the production and publication of regional and national indicators</p> <p>Extent to which civil society is involved in the consultations on energy reforms and actions</p> <p>Relevant communication tools developed and tested (such as media coverage report)</p> <p>Number of visits to the web portal/social media per year</p> <p>Ratio of women, men, youth beneficiaries of communication campaigns related to EU4Energy</p>	<p>Some information/initiative exists – mainly at national level</p> <p>936 visits to the web portal (previous programme reporting)</p> <p>In all EaP partner countries, civil society involvement and consultations are foreseen. However, in all of them civil society faces</p>	<ul style="list-style-type: none"> <li>-Project reports and publications conducted;</li> <li>-Agendas, summary records and other materials;</li> <li>-Accounts on social media and relevant statistics;</li> <li>-Webpage;</li> <li>-Newsletters;</li> </ul>	
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	reforms		challenges in effectively being involved		
<b>Outcome/Specific Objective 2:</b>	<b>To foster the implementation of a conducive environment for sustainable energy investments and infrastructure projects</b>	National regulatory frameworks and decision-making mechanisms are set up to address sustainable energy investments	Few elements exist.	- Reports of the implementing partners	<i>Ibid.</i>
<b>Output 5 – Component 5</b>	<p><b>-Development of concrete measures to remove investment barriers and mobilise clean energy finance.</b></p> <ul style="list-style-type: none"> <li>•Increase in capacity building/training activities for a deepened understanding of barriers to investments/legal issues</li> <li>•Promote smart digitalisation technologies at all levels of the energy supply chain;</li> <li>•Make initial steps towards the introduction of a carbon pricing mechanism;</li> <li>•Contribute to making sustainable investments more easily ‘bankable’, e.g. from international financial institutions and others, due to continued energy sector reforms and economies of</li> </ul>	<p>Number of technical assistance requests received for institutional capacity development and cooperation barriers to investments and legal issues among EaP partner countries</p> <p>Ratio of women and men officials whose capacity was strengthened</p> <p>Extent to which the benchmarks and recommendations/guidelines are taken on board in policy processes related to introduction of renewable energy sources auctioning</p> <p>Number of studies and assessment drafted and disseminated, number of events highlighting the opportunities of smart digital technologies</p> <p>Number of young persons, men and women, reached by the pilot actions of the EU4Energy Summer</p>	<p>Capacity is scattered and insufficient on these issues.</p> <p>&gt;500 participants (of which at least 30% are women )</p> <p>Number of recommendations and guidelines in each country in 2020 (previous programme reporting).</p> <p>No experience</p> <p>Pilot basis</p>	<p>-Mission and meetings report of the implementing partners;</p> <p>-Programme reporting;</p> <p>-Interim reports from implementing partners;</p> <p>-Attendance lists from the programme’s activities</p> <p>-Sector-specific policy and legal proposals;</p> <p>-Study conducted;</p>	<i>Ibid.</i>

<p><b>Output 6 – Component 6</b></p>	<p>scale (i.e. further regionalisation).</p> <p><b>-Further promoting regional cooperation on energy security and trade</b></p> <p>•To support energy security and an uptick in intra-regional trade, further technical assistance on trade and energy security at the regional level will be provided.</p>	<p>School with an improved knowledge of policy-making and economic opportunities of the clean energy transition</p> <p>More informed and improved energy policy-making on (regional) energy infrastructure development and trade</p>	<p>Some elements exist: (lessons learnt from previous programme reporting).</p>		
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