

Annex 1: Action Fiche for ENPI East Regional Action Programme 2011 Part I

1. IDENTIFICATION

Title/Number	Regional Energy Cooperation Programme: INOGATE Technical Secretariat / Energy Market Convergence for Electricity and Gas (CRIS: ENPI/2011/22823)		
Total cost	EUR 9 million		
Aid method / Method of implementation	Project approach: direct centralised management		
DAC-code	23010	Sector	Energy policy and administrative management

2. RATIONALE

2.1. Sector context and lessons learnt

Cooperation in the energy field between the European Union and its neighbouring countries in Eastern Europe and Central Asia has gained momentum in the last years, at regional as well as bilateral level, in nearly all energy sectors.

At bilateral level, memoranda of understanding were signed with Ukraine, Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan. Budget support in the energy field was granted to Ukraine (twice) and to Azerbaijan, and is being considered for Moldova. Moldova and Ukraine accessed the Energy Community in 2010 and beginning 2011 respectively and Georgia is an active observer. Besides, a joint EU-Belarus declaration on cooperation in the field of energy was signed in 2009.

At regional level, on the occasion of two Energy Ministerial Conferences, in Baku in 2004 and in Astana in 2006, the EU and 12 INOGATE countries¹ respectively endorsed the Baku Initiative, a policy dialogue on energy cooperation between the European Union and the littoral states of the Black Sea, Caspian Sea and their neighbors, and the related Astana Energy Roadmap which sets out four objectives of the regional cooperation in the energy sector: convergence of energy markets, enhancing energy security, supporting sustainable energy development, and attracting investment towards energy projects of common and regional interest.

In particular, the Astana Roadmap foresees the creation of integrated regional energy markets, on the basis of the principles of the EU internal energy market including environmental and safety standards.

The regional energy dialogue with the ENP-East countries has received a further impulse with the launch of the Eastern Partnership in 2009 which includes energy security as one of its main priorities through the establishment of an Energy Security Platform and the identification of a Flagship Initiative on Regional electricity markets, energy efficiency and

¹ INOGATE countries are the countries of the Eastern Partnership (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine), Central Asia (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Turkmenistan), and Turkey.

renewable energy sources. The Work Programme of the Energy Security Platform establishes core objectives among which approximation of energy policies, support for infrastructure development, interconnection and diversification of supply.

The achievement of the objectives of the Baku Initiative and the Eastern Partnership is supported, inter alia, through a regional implementation framework, the INOGATE Programme in which the countries of the Eastern Partnership and Central Asia have been participating since 1995.

Renewing the INOGATE framework. The INOGATE programme is made of a set of projects which address each of the Astana priorities mentioned above as well as the Eastern Partnership core objectives of the Energy Security Platform. General coordination and cooperation between each project is ensured by the INOGATE Technical Secretariat, launched in 2004, then renewed and strengthened in its structure in 2008. Such Secretariat has proved to be instrumental not only in coordinating all INOGATE projects but also in being the direct interlocutor with the INOGATE stakeholders (Country Coordinators and Working Group members).

Seeking tighter coordination of projects. However, partner countries and monitors have consistently highlighted that the INOGATE projects often seem to constitute a loose string of stand-alone technical assistance with a limited global strategic vision when it comes to their implementation, which suggests that stronger links between the INOGATE Technical Secretariat (ITS) and the INOGATE projects are necessary. This project therefore foresees to renew the existing ITS, based in Kiev, but also to widen the scope of its responsibilities. Until today the ITS has mainly functioned as a facilitator and coordinator of the INOGATE programme and has been responsible for its communication and visibility. The implementation of the INOGATE programme through separate Technical Assistance contracts has led to a number of drawbacks in the past in particular in terms of coherence of approach and sustainability of project results after the contracts ended.

Addressing the need for projects continuity. Partner countries have also often expressed their frustration at the discontinuity of projects which are usually not followed-up before one or sometimes two years; this is particularly true for highly technical projects concerning gas and electricity market approximation with the EU or concerning gas losses reduction for which continued support is essential.

Better balance between regional and bottom-up approach. Furthermore, the current policy dialogue frameworks, the Baku Initiative and the Eastern Partnership, set up clear mandates for regional approach to energy cooperation (such as the one within the INOGATE programme): in other words, building countries' capacities and strengthening their institutions by bringing them together to reflect and share experience in the priority areas defined by the Astana Energy Roadmap and the Work Programme of Eastern Partnership Platform on Energy Security. Having said that, partner countries are increasingly requesting a more demand-driven approach, allowing to respond to urgent needs in the countries and taking into account the different levels of development. Such was the philosophy behind the "pilot" experiment under the INOGATE project on "Support to Energy Market Integration and Sustainable Energy in the NIS (SEMISE): the Ad-Hoc Expert facility, a pool of experts intervening on request of the countries, with clearance by the European Commission, in areas where specific needs are being identified and addressed. The SEMISE experience shows that such balance of regional activities vs. demand-driven ad hoc expertise is considered as mutually beneficial; the regional dimension of the INOGATE programme being actually fed

in by the experience of ad hoc bilateral activities (which are selected among other criteria on their high degree of replicability in the region). It is proposed to enhance this approach in this proposed project.

Implementing the Baku Initiative Monitoring Framework. The INOGATE Partner Countries have agreed at the bi-annual meeting of the Country Coordinators and Working Group members in May 2010 to put in place a systematic framework for the monitoring of the progress made under each of the priorities related to energy market convergence, energy security of supply, sustainable energy and energy investments. The monitoring will happen through a set of quantifiable indicators. The results will also provide an input for the dialogue under the Energy Security Platform of the Eastern Partnership. At the Country Coordinators meeting of October 2010 in Tbilisi, the countries agreed on the set of indicators. The INOGATE Secretariat will play a crucial role in collecting necessary data and drafting up the reports. In this context it is essential that the INOGATE Secretariat has the necessary expertise to accomplish this task. The monitoring tool will also help to identify any needs for further assistance that require an ad-hoc response. Another reason why this fiche proposes to integrate both the advisory services and the coordination tasks within one Secretariat.

Continuing INOGATE support to gas and electricity sectors. As of mid-2011, there will be no more projects dealing with these two traditional INOGATE sectors. The Commission has received however several requests from beneficiary countries insisting that support to these sectors be continued. Also the flagship under the Eastern Partnership on electricity markets justifies such choice.

The main deficiencies as listed above can be avoided by turning the Secretariat into an integrated structure that is encompassing both technical assistance, as previously provided under the individual projects, – and responsibilities for the coordination and communication of the programme. The entire Secretariat's integrated structure (including both technical assistance and responsibilities for the coordination and communication of the programme) remains under the European Commission's overall political direction. Under this new concept the ITS will be responsible for providing technical assistance in the field of Sustainable Energy (financed under the Regional Action Programme - RAP 2010), Statistics (financed under RAP 2010) as well as Electricity and Gas (included as part of RAP 2011) besides its traditional functions mentioned earlier.

The outcome of an identification experts' mission conducted in all INOGATE countries between July and September 2010 suggests that all countries have expressed interest in the latest EU acquis in the field of gas and electricity markets.

The EU has a number of directives and regulations in place to ensure the proper functioning of the internal market both in the field of electricity and gas. It has taken strong commitments to tackle energy security, competitiveness, and sustainability which included measures towards a more competitive internal energy market. In July 2009, the Council and the European Parliament adopted the third legislative package through a set of modified regulations and directives which sets and confirms the core EU internal energy market principles. It envisages structural improvements that will promote competition, further integrate the markets and allow better access to infrastructure as well as improved cross border collaboration and trade.

Remarkable steps have been made towards liberalisation and convergence of gas and electricity markets in a number of INOGATE countries. Moldova and Ukraine are now

contracting parties to the Energy Community². Georgia is an observer to the Energy Community and also other Eastern Partnership countries have shown interest, such as Armenia, which has applied to become an observer.

Efficiency of electricity and gas networks and markets is also at the core of the Astana Energy Road Map and the Eastern Partnership Energy Security Platform objectives, in particular the Flagship on Regional Electricity Markets. The Road Map foresees common arrangements in order to minimise the deterioration of the energy networks and to develop appropriate network maintenance practices.

The mentioned experts' mission identified a number of specific needs which can be summarized as follows: support to the development of legislative framework for gas and electricity in line with the EU acquis; further harmonisation of electricity and gas standards; support to unbundling of Transmission System Operators (TSOs), cross-border cooperation between TSOs; and support to reduction of technical and non-technical gas and electricity losses.

These proposals are also in line with the ENPI Regional East Strategy Paper and Indicative Programme 2010-2013 which states that the Baku Initiative, and its corresponding supporting programmes, TRACECA (for transport) and INOGATE (for energy), will continue to provide the multilateral forum for further concerted action in sustainably developing these two important economic sectors.

The project contributes to sub-priority 3.2 of the aforementioned document on “Energy and Energy Efficiency”. In particular it addresses the specific objectives concerning a gradual approximation of the regulatory and policy framework in partner countries towards that of the EU, an increase of inter-connectivity of energy grids, and improvement of trade through a greater interconnectivity of the market. It will also assist the gradual integration of Ukraine and Moldova into the Energy Community (or any other future membership application).

An evaluation of the INOGATE Secretariat was carried out in 2008 that evaluated the project positively from an effectiveness and efficiency point of view.

2.2. Complementary actions and donor coordination

The proposed project will pave the way for an integrated framework of the INOGATE Programme. It is proposed as a follow-up project to three on-going INOGATE projects to be completed in 2011 or early 2012: "Harmonisation of Electricity Standards", "Support to Energy Market Integration and Sustainable Energy" and "Strengthening of the INOGATE Technical Secretariat (ITS) in support of the Baku Initiative" as well as the recently completed projects "Safety and security of main gas transit infrastructure in Eastern Europe and South Caucasus" and "Harmonisation of Gas and Oil Technical Standards and Practices in Eastern Europe and Caucasus". As mentioned earlier, it is also proposed to integrate in this proposed project the INOGATE projects approved under RAP 2010, namely the "Strengthening institutional capacity for sustainable energy governance in the Eastern Partnership" project as well as the "Support to energy security in the Eastern Partnership and Central Asian countries through statistical cooperation" project.

² The Energy Community is an international organisation aiming at creating a stable regulatory and market framework in the field of energy based on the EU acquis.

In addition, specific attention should be paid to the two on-going EU-funded assistance programmes in the energy field with Azerbaijan and Ukraine. As far as Ukraine is concerned, the Annual Action Programmes 2007 and 2008 foresee a set of sector budget support schemes and technical assistance. As far as Azerbaijan is concerned the 2007 Annual Action Programme targeted the energy sector with a sector budget support aiming at implementing Azerbaijan's key priorities in the energy sector, as listed in the Memorandum of Understanding on Energy signed between the EU and Azerbaijan in 2006, with a view in particular to (i) increasing energy security by diversifying energy sources and (ii) paving the way for energy sustainability. The Financing Agreement for an amount of €14 million was signed on 30 December 2008 and part of the activities started in 2009. In parallel a twinning project of €1.1 million has started end December 2008 aiming at supporting the implementation of the Memorandum of Understanding on Energy between the EU and Azerbaijan.

A budget support to reform the energy sector is also foreseen in Moldova, in the framework of the Action Programme 2011. Although it will focus on energy efficiency issues, it will include a component on harmonisation of primary and secondary legislation in the Energy Community Treaty context, including most probably sectors relevant to this project.

The relevant actions that are either being undertaken by, or in the pipeline of, the Neighbourhood Investment Facility (NIF), in particular in the gas and electricity sectors will be carefully followed. These NIF funded actions include inter alia the feasibility study and the environmental/social impact assessments of the modernization of the Ukrainian Gas Transit System required by the European Finance Institutions as part of their due diligence for concrete investment projects in this sector. Another example is the Black Sea Transmission Network in Georgia. This € 290 million investment project co-financed by NIF, EBRD, EIB and KfW allows the link between the power supply systems of the Southern Caucasus countries with Turkey and Europe. It will stabilize the domestic power supply systems, reduce transmission losses and make the region independent from single supply sources.

Other regional initiatives include USAID 2006 Regional Energy Markets Assistance Program (REMAP) with two goals: 1) assisting in developing a transparent competitive electricity market in Central Asia; and 2) increasing electricity trade and energy efficiency to attract investments and stimulate economic growth; in addition some efforts are also made to develop common technical and commercial codes done by the joint cooperation between the Electric Power Council and Eurelectric, the association of the electricity industry in Europe.

Generally, the project proposal integrates some of the main principles of the Paris Declaration on aid effectiveness, of the additional Commission indicators, and of the Backbone Strategy as it builds on existing structures, encourages ownership by a participative approach during the planning and implementation phase of the project.

3. DESCRIPTION

3.1. Objectives

The overall objective of the programme is to contribute to the progress in the achievement of the Baku Initiative and the Eastern Partnership objectives, and in particular in the field of energy markets convergence and energy security.

The **first specific objective** of the project is to ensure a more effective, coherent and sustainable assistance in support of the Baku Initiative/Eastern Partnership objectives through the INOGATE Secretariat.

The **second specific objective** is to enhance convergence of Gas and Electricity Markets on the basis of the EU internal energy market principles, and to increase efficiency of the gas and electricity supply infrastructures.

Indirectly the project is also contributing to the implementation of the energy Memoranda of Understanding signed with various countries in the region.

The project should lead to the establishment of a new integrated implementation framework for the INOGATE programme in order to ensure sustainability of the results of the INOGATE activities but also a better coordinated and integrated implementation of the INOGATE future technical assistance actions, allowing for a balance between regional approach and demand-driven approach. It will aim at renewing while reforming the ITS structure. The ITS will retain its current responsibilities: to keep on maintaining constant contact with the Partner Countries to provide support to the 'Baku Initiative' objectives; to organize INOGATE's official Working Group Meetings and to be in regular contact with all INOGATE projects; to play a key role in communicating the INOGATE Programme, including maintaining the INOGATE web site (<http://www.inogate.org>). It would also be given an enhanced role in the implementation of future INOGATE technical assistance by integrating technical expertise within the ITS itself. The technical expertise eventually lies with the European Commission, therefore the Commission should keep its role of overall political director.

3.2. Expected results and main activities

The expected results of the project concern:

- 1) An ITS encompassing technical/advisory responsibilities as well as coordination and communication functions.
- 2) Improved coordination and coherence of INOGATE projects and activities in line with the needs of the INOGATE Partner Countries.
- 3) Further approximation of the Partner Countries legislation in the field of energy with that of the EU including further harmonisation of electricity and gas standards, without prejudice to on-going Association Agreement negotiations where applicable and consistent with Energy Community membership and/or participation for some countries.
- 4) Improved conditions for energy trade in the field of electricity and gas.
- 5) Improved efficiency of electricity and gas infrastructures.

Activities provided within the framework of this Action Fiche will include:

Activities related to the horizontal responsibilities of the INOGATE Secretariat (specific objective 1 and expected result 1 and 2)

- Horizontal activities related to the coordination, communication of the INOGATE Programme. Including the organisation of the Country Coordinators and Working

Group meetings, specific seminars etc. This also includes the collection of data and information concerning the concrete achievements of the support provided under the INOGATE programme (result 1 and 2).

- Activities related to the reporting on the progress in the field of energy market convergence on the basis of the EU principles, sustainable energy, energy security of supply and energy investments (result 2).

Activities related to Gas and Electricity Markets (specific objective 2 and expected results 3-5)

- Technical Assistance, training, seminars, ad hoc expertise etc, in the following fields (non-exhaustive):
 - EU best practices and advice in the field of Electricity and Gas primary, secondary legislation, rules and guidelines, tariff setting methodologies, unbundling, etc (result 3).
 - Harmonisation of electricity and gas standards and codes (result 3).
 - Framework improving energy cross border trade and cooperation (result 4).
 - EU best practice and methodologies in gas losses conceptual principles (incl. further training on the Pipeline Integrated Management System (PIMS), etc (result 5).

In addition, recent developments in the oil sector, in particular regarding the safety and security of oil activities, could also lead to consider a specific intervention within the framework of this proposed project.

The project will seek close cooperation with relevant EU bodies and networks such as ENTSO-E and ENTSOG, ERGEG, CEN, CENELEC etc. Furthermore activities will take due account of and will ensure consistency with the ongoing dialogue within the framework of the Eastern Partnership in the field of energy, in the framework of the Baku Initiative or in the framework of the Energy Community Treaty.

The project will produce an annual report on concrete achievements with respect to all expected results, in particular outlining how partner countries have benefited and the overall impact of its work.

3.3. Risks and assumptions

Assumptions are:

- Growing interest among beneficiaries in the 2nd and 3rd Energy Legislative Package introduction and implementation;
- The partner governments maintain the political willingness to foster convergence of their energy markets and to enhance the energy security between them and the EU (including to cross-border trade);

- Continued support by the partner countries to the EU financed regional energy technical assistance provided in their countries and to the INOGATE programme and the ITS in particular;
- The gas and electricity components in cooperation between the EU and countries of the ENP East / Eastern Partnership and Central Asia will continue to be a priority in particular within the framework of the Baku Initiative and the Eastern Partnership;
- Transmissions lines across borders are maintained and further developed;
- New countries stakeholders such as civil society organizations, especially for consumer protection, industry associations, design engineering and research undertakings are very important for tangible results and as such countries will allow their involvement in the project;
- IFI loans for energy grid upgrading in the beneficiary countries will be available;
- TSOs proactive participation in legislative process;
- The beneficiaries to appoint executives and specialist to be involved in the project.

The risk for the project is a lack of political interest in the participating countries to further integrate and harmonise their markets on the basis of the EU principles diminishing the possibilities of energy trade and hence energy security of supply. In this context the above assumptions could not be fulfilled. Considering that the issue of energy security and energy market harmonisation are high on the political agenda of both the EU and the Partner Countries, the risk is considered relatively low. Furthermore the continued dialogue in particular within the framework of the Eastern Partnership gives rather good confidence that the trend towards further harmonisation of markets will continue in the near future in particular with the EaP countries. Also the INOGATE programme and the ITS are continuously supported by the INOGATE partner countries. All countries generally participate to the meetings and support the INOGATE projects therefore the risk of a diminished interest in the programme is generally considered low.

Sustainability of the action:

This project fully integrates sustainability goals in its design: it aims to support consolidation of a process which already enjoys credibility and support by embedding national policies and priorities into coherent regional undertakings (the Baku Initiative and the Eastern Partnership), addressing more fully existing institutional deficiencies, and putting partner countries in a good position to reap the economic potential of harmonizing their gas and electricity markets and seeking efficiency of their infrastructures.

The proposed cooperative approach of the project should enhance the project's ownership of joint achievements and results. Also, the presentation of adapted and cost effective approaches, notably for institutional development and policy enforcement would contribute to the economic viability of the institutional frameworks.

3.4. Crosscutting Issues

Inclusion of Central Asian countries

When required, the inclusion of the Central Asian countries, which in principle are not covered by the ENPI Regulation, is made possible in past and on-going INOGATE projects through the use of the Article 27 of the ENPI Regulation, which sets out the legal ground for the inclusion of third countries in a certain context and for a number of strictly defined reasons, which are considered applicable to the INOGATE programme.

The coverage of the technical assistance provided by the INOGATE Secretariat in the field of energy market convergence, energy security, sustainable energy and energy investments in Central Asian countries in this project will vary to different degrees based on the following criteria:

- The regional relevance; certain activities by nature should be treated at a regional level due to their regional character (e.g. the gas sector obeys per se to a "corridor" logic between the producer/transit/final consumer countries (including EU countries, therefore activities in the gas sector should also cover Central Asian countries). Here joint activities will be continued.
- Efficiency and economies of scale: Certain activities are more efficiently implemented when allowing the participation of Central Asia (e.g. in case of harmonisation of electricity standards Kazakhstan is at a comparable level with certain ENP-East countries) other, on the contrary, would require a sub-regional focus;
- Contribution to the overall Baku-Initiative objective: Certain specific regional seminars, technical trainings would justify the participation of the Central Asian countries contributing to the exchange of experience and increased security of energy supply in the region;
- Existence of "mirror" projects for Central Asia financed from the Development and Cooperation Instrument: In case of the existence of a mirror project in Central Asia in a certain field (e.g. Sustainable Energy Programme for Central Asia (DCI-ASIE/2009/020-601) the involvement of Central Asia in the related technical assistance support provided by the INOGATE Secretariat will be limited to the participation in regional seminars in so far justified from a substance point of view (i.e. that are aiming at inter-regional collaboration).

The horizontal responsibilities of the ITS such as related to coordination, communication, progress monitoring, general information sessions, interregional seminars and activities will continued to be provided to all INOGATE countries (i.e. including Central Asia) at an equal level

Local expertise

Countries are also demanding that EU-financed projects make use of local expertise . This is an issue the Commission will seriously take into account in the project management as it will favour a maximum local empowerment and ensures sustainability of the projects results in the countries (local expert being naturally more likely to remain in their countries than international experts). Therefore an approach in which, de facto, local expertise is tapped, when applicable and justified, will be favoured.

3.5. Stakeholders

The project covers the wide range of legislation, regulations, technical issues, management, consumer protection and international cooperation aspects of the gas and electricity sub-sectors. Therefore the beneficiaries and stakeholders for the project include the following:

- Ministries of Energy, of Natural Resources, of Industry and New Technologies
- Transmission systems operators (TSO) for electricity and gas
- National regulators
- Ministry in charge of Finance
- National and Regional Standardization Bodies
- National Construction Authorities – a new important stakeholder for national design and construction codes of practice harmonization
- National Agency dealing with consumers protection
- Civil Society organizations for consumer protection
- Design engineering companies
- National Associations and Unions for gas and electricity (e.g. KAZENERGY in Kazakhstan)
- Research and development institutes

The capacity of stakeholders, particularly of state authorities, is often a challenging issue for any project. A broader targeted training arrangement, especially during the inception phase can be very valuable to build the capacity in national organizations as the proper preconditions for the project success.

When it comes to convergence of gas and electricity markets, an important issue is to mobilize the EU standardization and industry stakeholders such as CEN, CENELEC, Marcogaz - Technical Association of the European natural gas industry, ERGEG - European Regulators Group for Electricity and Gas, GIE - Gas Infrastructure Europe, ENTSOG - European Gas TSOs working towards the delivery of the single European gas market, ENTSOE - European Network of Transmission System Operator for Electricity. These organisations comprise substantial technical knowledge and can act as partners to the beneficiaries in the future.

Some of these actors are participating in the Baku Initiative as well as in the Eastern Partnership activities, which INOGATE is both supporting. Efforts in cooperation and coordination will be sought so that INOGATE and these latter activities are complementing each other. Similarly activities will be closely coordinated with the work of the Energy Community Secretariat in order to ensure synergies and avoid overlap.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will be implemented through direct centralised management and preferably through one single service contract as a result of a call for tender.

European Commission headquarters will manage the contract in close liaison with the EU Delegations in the relevant partner countries. The INOGATE Technical Secretariat and the established network of INOGATE Country Coordinators and Working Group members will help ensure adequate circulation of information and coordination between the stakeholders concerned. The activities of the project will be reviewed and approved by the European Commission. Furthermore project implementation will be monitored through the meetings with the relevant INOGATE Country Coordinators and Working Groups to ensure the partner countries' oversight of project implementation and regional collaboration. On a case by case basis, national or sub-regional working groups on specific topics with the main stakeholders may be established to facilitate the preparation and implementation of activities.

4.2. Procurement procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

To allow timely implementation, tenders should be launched before the adoption of the Financing Decision with a suspensive clause.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) of the ENPI Regulation.

4.3. Budget and calendar

The estimated budget for the activities covered by this Action Fiche covering EaP and, upon different modalities (see paragraph 3.4), Central Asian countries, i.e. 11 countries, is €9 million.

This would cover technical assistance, capacity building and information dissemination services.

This estimate is based on the initial project's identified thematic and geographical scope and priorities, in comparisons with the on-going related INOGATE projects mentioned earlier. It includes:

- €3 million for the INOGATE Secretariat related to its responsibilities in the field of communication, coordination etc
- €6 million for the activities related to Electricity and Gas.

The foreseen operational duration is estimated to be up to 48 months, starting from the signature of the service contract.

4.4. Performance monitoring

No applicable standard indicators for this Development Aid Committee (OECD-DAC) sector and particular field of activity exist yet. Key indicators for measuring project progress as included in the logical framework refer to: 1) the number of proposals produced and/or new laws, regulations and procedures adopted in the field of gas and electricity markets; 2) an increased number of skilled staff for the implementation of gas and electricity markets policies and laws; 3) increased knowledge of the EU acquis in the gas and electricity sectors) 4) increased knowledge in gas losses technologies among the relevant stakeholders (TSOs, energy ministries etc.) The elaboration of the objectively verifiable indicators (qualitative and quantitative) will have to be part of the section on organisation and methodology included in the technical proposals.

Internal monitoring will be assured by the European Commission and the INOGATE Working Group and Country Coordinators. External monitoring will be undertaken by the framework contract for Results Oriented Monitoring (ROM).

4.5. Evaluation and audit

Expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Mid-term and final evaluations of the results achieved will be entrusted to independent consultants, as well as external audits (which will be carried out if necessary). These evaluations and audits will be funded from other sources than the project budget, since no commitment will be possible once the validity of this Decision has expired ("N+1" rule will apply).

4.6. Communication and visibility

The EU visibility guidelines must be followed by all projects. The project will contribute and take advantage of the actions initiated in 2007 by the INOGATE Technical Secretariat to improve information dissemination on the activities carried out under this regional programme and more generally, on energy-related issues in the region. This includes the dedicated English/Russian web portal, newsletter and contacts database. A re-vamping of the web portal is currently in progress. This will contribute to raise the visibility of EU-funded operations.

The project will work out a communication strategy and develop specific activities in order to inform Partner Countries and potential stakeholders of the opportunities that it offers. Throughout, the communication and visibility actions of the project will be guided by the Communication and Visibility Manual for EU External Actions.

Implementation of the communication strategy in the partner countries will be also carried out in collaboration with the EU Delegation, when appropriate.

For the communication through the HQ channels, constant communication should be kept with DG DEVCO A3 Unit and with the ENPI Info centre web portal (www.enpi-info.eu).