INOGATE Programme
Annual Report
2009

A review of the INOGATE Programme’s activities in 2009

THE INOGATE PROGRAMME
Energy Cooperation between the EU, the Littoral States of the Black & Caspian Seas and their Neighbouring Countries

2009
The INOGATE Programme is supported by the European Union.

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Energy policies directly affect the lives of each and every person in Europe and in the INOGATE Partner Countries. By working together, the EU and the INOGATE Partner Countries can develop energy security strategies to best meet the needs of their citizens and their economies, whilst minimising damage to the environment. The EU’s own commitments to creating a competitive internal energy market, to developing renewable energy sources, and to move towards more efficient usage of energy are reflected in the INOGATE objectives to which all the Partner Countries have subscribed at the Ministerial Conference in Baku in 2004, forming the cooperation policy framework referred to as the ‘Baku Initiative’ on energy. Furthermore, the energy dialogue has been further strengthened within the framework of the Eastern Partnership and in particular the Energy Security Platform. It is within these policy frameworks that the technical assistance of INOGATE is channeled.

The INOGATE Programme is one of the first and most important programmes working in the framework of the EU’s regional energy cooperation and is a concrete manifestation of the EU’s commitment to long-term energy cooperation with its eastern partners. Acting on a regional level, INOGATE is in a unique position to ensure that energy-related challenges of all the Partner Countries are addressed through cooperative effort on a multi-country level. In this way, INOGATE facilitates practical co-operation not only with the EU, but also between the involved countries.

This Report gives details of the actions and key achievements of the technical assistance projects funded under the INOGATE Programme during the calendar year 2009 and is intended as the first of an annual series.

The EuropeAid Co-operation Office continues to support the INOGATE Programme, through ENPI (European Neighbourhood and Partnership Instrument) and DCI (Development Cooperation Instrument) funding. This report takes stock of all INOGATE projects ongoing in 2009 representing a total value of EUR 51 million. I am pleased to underline that the INOGATE Programme is complemented by the Neighbourhood Investment Facility (NIF) and the Investment Facility for Central Asia (IFCA) contributing to investment attraction to the INOGATE region in cooperation with the major European Financial Institutions. So far the NIF alone has financed up to 7 energy projects with EUR 32 million of NIF grants, leveraging loans of European Finance Institutions of EUR 1.9 billion and reaching a total investment costs of about EUR 4.4 billion in the region.

The EU’s commitment to its wider energy objectives, its intent to support its neighbours in these issues, and their joint successes is reflected in the continuing support to the INOGATE Programme 15 years after its creation. The views of our Partner Countries, as expressed through their respective Country Coordinators, are included in this Annual Report and help give insight on the contribution made by INOGATE to the energy cooperation in the region.

I hope you will find this report useful and enjoyable.

Marcus Cornaro
Director of Europe, Southern Mediterranean, Middle-East and Neighbourhood Policy, EuropeAid
The INOGATE Programme, a unique initiative of partnership and co-operation in energy policy, has been active since 1995 and in its present scope since 2004.

Two Energy Ministerial Conferences, the first in Baku in 2004, the second in Astana in 2006, set out the framework in which INOGATE operates, and confirmed its four objectives of convergence of energy markets, enhancing energy security, supporting sustainable energy development, and attracting investment towards energy projects of common and regional interest.

In pursuit of these objectives, the European Commission in close consultation with the INOGATE Partner Countries identifies priorities for regional energy support. Based on these priorities the EU supports a range of projects to advance these priorities, sharing skills and expertise. During 2009 sixteen INOGATE technical assistance projects and 4 supply projects were active, representing an investment of over Euros 51 million. Of these, four projects commenced during 2009, and three were successfully completed during the year. This report is intended in part to give an overview of the objectives and achievements of all these projects during 2009. More new projects will commence during 2010.

INOGATE is much more than the sum of its projects. The core of INOGATE is its network, in the Partner Countries, of Country Coordinators, Working Groups Members (one group for each of the programme’s four objectives) and Representatives of Energy Regulatory Authorities, whose commitment and expertise ensures that INOGATE corresponds to Partner Countries’ priorities and enables genuine regional cooperation. Regular meetings between the European Commission and Country Coordinators, and between members of the Working Groups, allow full discussion of INOGATE work programmes and enable all participants to help shape its future. The INOGATE Technical Secretariat (ITS), based in Kiev, and with a Caucasus Regional Coordination Office in Tbilisi, acts as coordinator for the actions of the ‘Baku Initiative’ and the INOGATE Programme. In this context, it maintains constant contact with the Partner Countries to provide support to ‘Baku Initiative’ objectives on a demand-driven basis; it organizes INOGATE’s official Coordination Meetings; it is in regular contact with all INOGATE projects; and it has a key role in communicating the INOGATE Programme, including maintaining the INOGATE web site (http://www.inogate.org).

The INOGATE work programme for 2009 listed 60 specific planned actions and events, of which all but one were successfully achieved by the end of the year. In addition, projects provided support through transferring and sharing expertise and information between the EU and experts and counterparts in the Partner Countries.

The present Report is the first in an annual series that will set out the Programme’s ongoing achievements. We hope this report will provide insight into the INOGATE Programme and indicate the real changes that the INOGATE Partnership can enable. We welcome all comments, and also invite all readers to subscribe to the regular INOGATE Newsletter (newsletter@inogate.org). All those working with INOGATE are proud of the achievements of 2009, and look forward to further progress in 2010 and beyond.
The term INOGATE originally arose as an acronym of the phrase “Interstate Oil and Gas Transport to Europe”, the subject of the original EU project in 1995. At that time the project was far more limited in scope, as the name implies. The enlargement of INOGATE’s activities began on 13 November 2004 with an Energy Ministerial Conference held in Baku, Azerbaijan, known as the ‘Baku Initiative’. On 30 November 2006, this initiative culminated in the signing of the Astana Energy Ministerial Declaration through which the INOGATE Programme’s expanded scope and objectives were formally adopted by all the countries involved as an ‘Energy Road Map’.

As a result the focus of EU support to the INOGATE Partner Countries was redirected to the new cooperation priorities of:

• energy market convergence on the basis of the EU principles
• enhancement of energy security
• supporting sustainable energy, and
• attracting investment towards energy projects of common and regional interest.

At the same time, in 2004 INOGATE’s remit was expanded to enable it to work not only with the oil and gas sectors, but also to concern itself with electricity, renewable energy and energy efficiency.

The activities undertaken in the framework of the INOGATE Programme are carried out both by contracted INOGATE projects and with the support of the INOGATE Technical Secretariat based in Kiev. They include:

**Technical support** to Partner Countries by:

• Devising and implementing EU-funded technical assistance projects in the objective areas
• Promoting capacity building in the objective areas
• Providing supporting desk studies (e.g. benchmarking)
• Identifying priority projects
• Providing links to other EU-funded bilateral technical assistance support instruments such as National Indicative Programmes, Twinning Programmes, and TAIEX (Technical Assistance and Information Exchange Instrument).

**Information, Communication, Promotion and Networking** between the EU and the Partner Countries:

• Promoting through active dialogue the goals and objectives of the Programme
• Networking relevant stakeholders in the Partner Countries, the EU and third parties such as donors, international financial institutions and stakeholders in the private sector
• Organising information events
• Providing a web portal facilitating information exchange (http://www.inogate.org)
• Presenting the Programme at relevant EU and third party events
• Disseminating newsletters and other information materials

The progress and results of the INOGATE projects carried out in 2009 are summarized in this Report under each of the four priority areas of cooperation.
The objectives of this two year project were:

- to support the transition to a market economy in Central Asia by assisting national governments with the development of energy policies coordinated with neighbouring countries
- to promote the concept of a common market of energy built on the South-East Europe model
- to enhance industrial cooperation in the energy sector through technology and know-how transfer.

To forward these objectives the project carried out awareness-raising actions, research on developing a regional energy market, actions to enhance sustainable development and technology transfer, and policy strategy assistance to the oil and gas sectors at national level.

Much of the project’s work in terms of conferences, seminars, and the arrangement of a study tour of South East Europe had been carried out before the end of 2009. The project’s final conference was organised on 2-3 April 2009 as a regional conference, with over 80 participants, and allowed the project to present its main achievements. These included development of a regional working group for harmonisation of energy sector legislation and market regulation procedures, proposals for a Central Asian Technology transfer Centre, assistance to the Kazakhstan government on gas sector strategy, advice to Uzbekistan government on utilisation of associated gas (currently flared) from oil wells, draft legislation for participating countries on sustainable development and renewable energy sources.
**The project’s objectives** are to support the beneficiary countries’ uptake of international standards, rules and practices for design, construction, manufacturing, testing, certification, accreditation, operation, storage and maintenance, as applied to all components of gas and oil production, transmission and storage.

The project initially contacted and established cooperation with stakeholders in Partner Countries and a selection of international gas and oil sector standards and directives was agreed for further processing. **In 2009** two regional seminars were organised on standardisation systems, and associated organisational structure and procedures. Participants shared experiences from the harmonisation process in other countries.

A number of priority standards for harmonisation have been identified and agreed with the partner countries stakeholders’ representatives, many of which are currently under translation.

The Euro-Asian Interstate Council for Standardization, Metrology and Certification of the Commonwealth of Independent States (EASC) undertook, in association with this project, the responsibility of procuring standards for the project’s use from CEN (the European Committee for Standardization), translating them into Russian and distributing them to the beneficiary countries (in conformity with copyright, translation and distribution procedures established by European and international standards organisations).

The project has achieved a common understanding on the rationale and need to move jointly to international standards in both the gas and oil sectors, whilst creating an awareness of EU and international standards, rules, certification and accreditation procedures in these sectors.

**Budget:** € 2.930.500  
**Timeframe:** December 2007 - November 2010  
**Participating Countries:** Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine

**More information**  
Contact person: Mr. Esa Nieminen, Team Leader  
http://www.inogate.org
The project's objective was to support Partner Countries' uptake of critical international standards and practices for reliable performance of network operations, including the reduction of line outages, with special emphasis on metering, gas transport and pipeline operation, and safety and environmental issues.

A key milestone of the project was the creation of a regional working group (RWG), giving the participating countries an opportunity to share opinions and expertise on standards at a high technical level, and at a high policy level, including Ministries and National Standards Organisations. Working in affiliation with CEN (European Committee for Standardization), the RWG performed a review of some 250 standards concentrating during 2009 on 4 priority European standards for which translations were prepared. Additionally, the project provided capacity building activities, including four national seminars and study tours to the Czech Republic and to the UK (St. Fergus Terminal, Scotland). These destinations were chosen because the Czech Republic is a good example of a country 'on the way' to international standards conformity, whilst the UK has both significant experience in standards development and the densest gas network in Europe.

The project held its final conference in Brussels on 14 October 2009, at which representatives of the beneficiary countries acknowledged the valuable work it had achieved. These key achievements include: the development of a sustainable technical discussion platform for benchmarking experience • studying and improving essential standards and practices in the gas sector • building sufficient technological capacity feeding into longer term normative making process and legislation for better quality and safety of operations • transferring essential know-how concerning efficiency • safety and security of the pipeline network system so as to set a basis for suitable investment conditions and technical studies for attracting infrastructure financing • recommendations for modification of existing legal framework • key norms for the selected standards • preparing a glossary of standard harmonisation terms • creating a bilingual, sophisticated web site.
Capacity-building for energy regulators in Eastern Europe and Central Asia

The project promotes the harmonisation of good energy regulatory practices in the Partner Countries of the INOGATE Programme. Thus the key objectives are the transfer of EU best practices and the strengthening of cooperation between the countries involved. To this end the project also aims to educate relevant ministerial level decision makers of these countries on the purposes and benefits of an independent energy regulatory organisation.

The project, which commenced in January 2009, is implemented by the Energy Regulators Regional Association. It held its first Technical Exchange session for regulators in Kiev, Ukraine on 13-15 May. Two energy regulator ‘peer review’ sessions were held, in Chisinau, Moldova on 26-27 October and Kutaisi, Georgia on 30 November-1 December in which regulators were able to contrast and compare experiences and regulatory practices between countries. In addition a training programme on ‘Energy Regulation in Transition Economies’ was held in Budapest, Hungary on 4-6 November 2009.

More training and seminars are to be organised in 2010.

Budget: € 330.000
Timeframe: January 2009 – July 2010
Participating Countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

More information
Contact person: Mrs. Krisztina Kasza, Team Leader
http://www.inogate.org
The project’s objectives are to assist the INOGATE Partner Countries in adopting international standards, rules and practices focusing on equipment standards in the electricity sector. The project contributes to reinforcing cooperation on standardisation as an element of market integration and convergence, within the framework of the INOGATE Programme. It seeks to help increase infrastructure efficiency, enhance quality and reliability of equipment, ensure safety in transmission and distribution and facilitate trade and investments in modern technologies.

To achieve these objectives the project established cooperation with stakeholders in the eleven Partner Countries and scheduled series of activities. Thus, its training seminars are aimed at making the basis of a regional awareness campaign in order to promote harmonisation of standards and technical specifications and synergy between various national bodies dealing with electricity standards. A study visit on EU harmonisation practices for technical regulations and standards will familiarize stakeholders from Partner Countries with EU harmonisation practices at place. Project Technical group meetings are meant to focus on assisting, encouraging and following the project’s progress in the development of a medium term strategy and action plan for the harmonisation process. Project’s workshops will be directed to transferring know-how on low and high voltage European/IEC standards.

In addition, the project will develop proposals for harmonisation of one or two major equipment standards throughout the region or (where appropriate) across sub-regions classified on the basis of geographic location or technical state of play. The selected standard or standards will be used as a case studies followed closely throughout the process, in order to maximise “learning-by-doing”. A Handbook with step-by-step guidance on the harmonisation process will be written at the end of the project.

Budget: € 1,482,500
Timeframe: September 2009 – March 2011
Participating Countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

More information
Contact person: Mr. J.-C. Gourdon, Team Leader
http://www.inogate.org
**The project’s objective** was to enhance the safety and reliability of main gas transit infrastructures in the beneficiary countries (Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan) through the development of a prioritised programme of actions for the reduction of the gas losses of the main gas transit systems.

The two main courses of action of the project were the preparation of an internet-based system for updating and validating information on current gas losses, and field work demonstrating relatively low cost pipeline testing procedures, using state-of-the-art technology, which was able to demonstrate the potential of significant investment return by the identification of major transit system losses.

As part of the project a jeep was equipped with sensory equipment and driven along a pilot sample of 700 km. of gas pipelines in the beneficiary countries. In the process 33 significant gas losses were detected and measured on the pipelines, representing annual losses valued at over €1.0 million ($1.4 million) or an average of over €1,400 per kilometre. In addition a further €1.4 million of losses were identified at a soviet-era compressor station. This pilot project represents an excellent case study demonstrating that modern methods and technologies for gas loss reduction not only benefit the environment, but also offer an easy and profitable return on investment to gas companies.

During the project 20 workshops were held (5 in each partner country) explaining its techniques, whereby know-how was transferred to over 350 participants. The final rounds of these two-day seminars were held in March-April 2009 and June-July 2009. Two supply contacts associated with this project, providing flow-meters and other measuring equipment, were also successfully delivered to the beneficiary countries during the year.

At the project’s final conference in Brussels on 13 October 2009 representatives of gas companies from the four beneficiary countries (plus Tajikistan which participated as an observer) commended the achievements of the project and confirmed that they would be putting into practice the lessons that it provided. The project was also a finalist in the ‘British Expertise 2009 Consultancy Project of the Year’ Awards in November 2009.
The project’s objective is the improvement of the conditions for enhanced gas supply security of the participating countries, and of the EU, by the introduction to automated security, safety and maintenance systems for gas transit and internal network lines (including introduction of a pilot system). The project also aims at disseminating best practices in reduction of gas losses of existing pipelines.

During 2009 a Pipeline Integrity Management System (PIMS) was purchased, installed and commissioned in Ukraine. This is the first practical implementation of such a facility in the NIS countries. The Pipeline Integrity Management System is designed to assist pipeline operators in maintaining pipeline assets in a safe and reliable condition. It ensures operational integrity and reliability of pipelines and related facilities, as it specifies the highest standards of quality inspection during manufacture and installation. A dedicated seminar was held in September 2009 to familiarise participants from the project beneficiary organisations with European standards and practices for PIMS, European methodology for estimation of gas losses and modern security surveillance systems.

The project also worked on initiatives for reducing gas losses in existing pipelines in the beneficiary countries. Gas losses and transit system outages in the beneficiary countries were reviewed and analysed, and a seminar held in April 2009 with participants from 16 gas companies. The main topics covered included EU methodologies and practices for gas losses, and gas loss estimation and measurement in the beneficiary countries. In October 2009 a study tour to Holland and Belgium was organised, in which participants were able to visit state-of-the-art facilities dealing with gas loss data collection, equipment and elimination systems, and were able to witness PIMS systems in operation.

Budget: € 999,990 (plus € 738,600 for supply of equipment)
Timeframe: December 2007 – April 2010
Participating Countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine

More information
Contact person: Ms. Anna Minakova, Team Leader
http://www.inogate.org
The project aims at a comprehensive certification, including EU/international validation and accreditation, of the Gas Metrology Centre in Boyarka (BMC), as well as commercialization of the Centre’s services. This is to be achieved through elaboration of a business plan for its commercial operation and the organization of presentational and promotional activities to all relevant international and national stakeholders.

In 2009 training of laboratory staff in metrology and calibration of laboratory equipment was carried out, and a study tour has been organised in Netherlands and Germany in November 2009. The final list of requisite equipment has been agreed. An audit of the existing Quality System has been carried out and two workshops were held on Quality Management System. The project presented its activities at the INOGATE Information Event in Kiev in November 2009.

A business plan for the Centre’s commercialization is near completion. During the year an updated brochure on the Centre’s activities was published, and a web site is presently under development.

Enhancing energy security  

Validation, certification and subsequent commercialisation of the Eastern Europe Regional Centre for Hydrocarbons Metrology (Boyarka, Ukraine)

**The project** aims at a comprehensive certification, including EU/international validation and accreditation, of the Gas Metrology Centre in Boyarka (BMC), as well as commercialization of the Centre’s services. This is to be achieved through elaboration of a business plan for its commercial operation and the organization of presentational and promotional activities to all relevant international and national stakeholders.

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A business plan for the Centre’s commercialization is near completion. During the year an updated brochure on the Centre’s activities was published, and a web site is presently under development.

**Budget**: €999,990 (plus €1,000,000 for supply of equipment)  
**Timeframe**: July 2008 – January 2011  
**Participating Countries**: Belarus, Moldova and Ukraine

**More information**  
Contact person: Mr. Arend Herwijn, Team Leader  
http://www.inogate.org
The overall objective of the project is to expand the remit of the Eastern Europe Regional Natural Gas Metrology Centre in Boyarka to include oil, oil products, liquefied gas metrology, satellite monitoring, optimization and control of gas and other hydrocarbons transit flows, and to offer training facilities on oil and gas metrology excellence.

In this context the project will provide an assessment on the extension of the Metrology Centre to include a range of activities covering oil, oil products, natural and liquefied gas metrology, satellite monitoring, optimization and control of gas and other hydrocarbons transit flows. It will also consider the commercial, technical and environmental viability of supporting the development of the Boyarka Centre as an international training centre for gas and oil metrology excellence.

In 2009 a comprehensive analysis of the existing EU best practices in these fields was initiated and will be completed in early 2010.

Economic, financial, engineering and environmental studies on extending the Natural Gas Metrology Centre to provide new services will follow during 2010, whilst a robust business plan demonstrating the commercial value of the extension of the Natural Gas Metrology Centre will be elaborated.

**Feasibility studies for expanding the Boyarka Centre to include oil, oil products, liquefied gas metrology, satellite monitoring for optimization and control of hydrocarbons transit flows & to offer training facilities**

**Budget:** € 1,500,000  
**Timeframe:** August 2009 – January 2012  
**Participating Countries:** Ukraine, Moldova and Belarus

**More information**  
Contact person: Mr. Aat van Delft, Team Leader  
http://www.inogate.org
Although not formally an INOGATE project, this project has very close links with the objectives of the INOGATE Programme and thus presented as part of the overall package of technical assistance to the Partner Countries. The project’s objective is to assist the Partner Countries in combating climate change, both by extending the use of the financial mechanisms attached to the Kyoto Protocol (KP) and by supporting the formulation of appropriate mitigation and adaptation strategies in each country. To this end it seeks to:

- reinforce climate change awareness of technical ministries, relevant government departments, and the general public
- develop institutional capacity, (in particular at the level of the Designated National Authorities) in dealing with climate change in general and the KP mechanisms in particular
- strengthens the responsiveness of the economic stakeholders (particularly industry and energy utilities) to climate change related issues and supports the use of the funding mechanisms available under the Kyoto Protocol, focusing particularly on energy efficiency
- support, on request of Partner Countries, the formulation, of climate change mitigation and adaptation strategies.

The project’s activities have included seminars in Minsk, Belarus (29-30 March 2009), Issyk Kul Lake, Kyrgyzstan (8-9 July 2009), Kiev, Ukraine (11 September 2009) and Astana, Kazakhstan (17-18 November 2009). The project also supported its beneficiary countries’ participation in the joint World Bank/UNDP carbon finance investment conference, Carbon Expo, in Barcelona on 27-29 May 2009. In addition it launched a Kyoto Protocol Primer, which provides a brief but comprehensive description of all components and instruments of the UNFCCC and its Kyoto Protocol in a form suitable for practical use by the project’s target audience of technical ministries and the public of Russian-speaking countries. It conducted a review of methodologies and tools to assess the technical and economical potential of energy efficiency in the industrial sector of the SKPI countries, together with an assessment of state-of-the-art energy saving technologies in the industrial sector around the world.
The project’s objectives are:

- Reduction of the environmental impact of economic activities in the oil and gas sector of Central Asia
- Improvement of environmental legislation based on the European approach
- Implementation of a number of sustainable environmental improvement projects within the beneficiary countries
- Participation in process of equipment procurement related to the detection of natural gas emissions

During 2009 the project developed recommendations on Kyoto protocol mechanisms implementation in Kazakhstan and Tajikistan; it also provided direct support to the beneficiary countries by preparing number of drafts regulatory acts associated with environmental protection and safety of oil and gas operations, such as:

- Draft of new “rules for development of oil and gas deposits”;
- National Plan on prevention of and reaction to oil spills and contamination of sea and coastal zones;
- Recommendations for improvement of methodological and regulatory documents related to accounting of greenhouse gases (GHG) emissions;
- Recommendations for accounting of GHG emissions and absorption (on the basis of the international standard ISO 14064);
- Draft technical regulation on safety of manufacturing processes and gas supply systems, recommendations on the methodology for measurement gas consumption and assessment of gas losses.

During 2009 three workshops on the foundations of the European environmental legislation were held in different beneficiary countries; national seminars on international standards and EU requirements for the oil and gas industries; on the use of alternative clean fuels; and on energy management and energy efficiency. The project has demonstrated the environmental and economic benefits of introducing environmental protection measures in the oil and gas industries and defined areas in the existing legislative/regulatory frameworks where intervention is recommended, including preparation of national programmes of improving legislation.

The project has assisted in preparation of a 2 million Euro supply tender to purchase specific measuring and detecting equipment to enhance environmental protection measures in the oil and gas industry in five beneficiary countries.

In 2010 the project will finalise the preparation of drafts regulatory acts related to environmental protection in the partner countries. In addition to this, training will be provided for the beneficiaries on the European approach for developing environmental legislation, three investment projects on the basis of Clean Development Mechanism will be elaborated, and two study tours for beneficiary organisations to the EC countries will be arranged.
**Rapid response expert facility for developing energy supplies and interstate transportation (Project completed September 2009)**

The objective of the project was to facilitate the development of gas, oil, electricity, energy efficiency, renewable energy and CDM energy sector projects, thereby enhancing the safety and security of energy supply within the region and with Europe in line with the Baku initiative and the conclusions reached at the Ministerial Conference held in Astana in November 2006.

This 3-year project provided technical assistance in the early stages of financing investment projects, by identifying potential investment projects, converting ideas into potential projects and preparing initial documentation to interest financing institution (scoping studies, concept papers, environmental studies, etc). Nearly 40 potential investment projects were identified in 4 countries; 10 projects were prepared and, supported, with relevant documentation supplied to international finance institutions (IFIs).

In 2009 the project finalised studies and provided support to the following 10 investment projects:
- Rehabilitation of trans-national gas pipeline (beneficiaries Kazakhstan-Kyrgyzstan-Uzbekistan)
- Rehabilitation of gas distribution system – Osh/Jalalabad (beneficiary Kyrgyzstan)
- Rehabilitation of Tokmok domestic gas pipeline (beneficiary Kyrgyzstan)
- Sary Jaz hydro electric scheme (beneficiary Kyrgyzstan)
- Rehabilitation of gas distribution system – Andjian (beneficiary Uzbekistan)
- Rehabilitation of district heating network – Andijan (beneficiary Uzbekistan)
- Application of renewable energies in remotely located social assets in Uzbekistan
- Rehabilitation of gas distribution system – Khojand (beneficiary Tajikistan)
- Surhob hydro electric scheme (beneficiary Tajikistan)
- Scoping of mini hydro schemes in Tajikistan.

The project drew attention of seven projects to IFIs’ and identified specific barriers for investment financing in the beneficiary countries. The project organised a closing project seminar in Tashkent in late September 2009, where the project’s achievements were presented.

**More information**
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http://www.inogate.org

**Budget:** € 2.385.750
**Timeframe:** September 2006 – September 2009
**Participating Countries:** Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan
The INOGATE Programme provides a financial contribution to the EBRD’s lending facilities that support energy efficiency and renewable energy investments in Ukraine and Moldova, in the framework of the EBRD’s Sustainable Energy Initiative: namely, the Moldova Sustainable Energy Finance Facility (MoSEFF) a credit line of €20 million for energy efficiency and small renewable energy projects in Moldova to be launched in February 2010, and the Ukraine Energy Efficiency Programme in the Industrial Sector and SMEs in Ukraine (UKEEP Phase 2, €100 million facility).

The INOGATE contribution funds technical assistance that identifies and brings eligible projects to local intermediary banks which are participating in the MoSEFF and UKEEP Phase 2. It also provides project-collateral incentive payments to local intermediary banks (in the framework of the MoSEFF). In 2009 consultancy agreements were finalised for EBRD’s facilities in both countries. Training of local bank staff on identifying projects eligible for MoSEFF began in 2009 and will continue throughout 2010 as more local banks come into the programme.

Operating frameworks with local banks in Moldova are scheduled to be signed in early 2010. It is presently anticipated that UKEEP2 will commence in late 2010 or early 2011.

**Identification and Promotion of Energy Efficiency (EE) Investments in Ukraine and Moldova**

**More information**
Contact person: Mr. Alexander Hadzhiivanov (EBRD)
http://www.inogate.org

**Budget:** € 9,500,000
**Timeframe:** December 2006 – June 2011
**Participating Countries:** Moldova and Ukraine
**Pre-Investment Project for the Trans-Caspian Black Sea Gas Corridor**

The project contributes to the establishment of technical, legal and financial conditions for the gas routes connecting the countries bordering the Caspian Sea to Central and Western European countries through Georgia and the Black Sea.

The project is implemented through a **multi-donor Trust Fund** managed by the World Bank that was signed in October 2009. In addition to the European Commission, the European Investment Bank is also contributing to the Trust Fund.

**Budget:** € 5,000,000  
**Timeframe:** October 2009 - December 2012  
**Participating Countries:** Countries of the Caspian and Black Sea regions

[More information](http://www.inogate.org)  
Contact person: Mr. Kari Nyman
Support to Energy Market Integration and Sustainable Energy in the NIS (SEMISE)

The SEMISE project has three objectives:

- Identifying gaps and the obstacles impeding progress towards regional energy market convergence
- Supporting energy investments, by contributing to the creation of a more conducive business environment, assisting the development of regional energy infrastructure, establishing collaborative links with energy companies, lending institutions and representatives of the business sector, identifying project opportunities and making project preparation services available to international finance institutions (IFIs)
- Promoting the development of sustainable energy policies and assisting in their implementation in the Partner Countries, with particular focus on promotion of demand-side management, energy efficiency, renewable energy initiatives, mitigation of the negative impact of energy-related activities on the environment.

During its first year (2009) the project has established its project offices in Kiev and dedicated itself to addressing its principal stakeholders in the partner countries. Fact-finding missions to establish contacts and research the on-site situation in each country took place to Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Ukraine and Turkmenistan. On this basis, the SEMISE team set out and launched three concrete packages of assistance to Partner Countries.

The first package of assistance launched was the SEMISE “Ad Hoc Expert Facility” (AHEF). Through this facility, INOGATE Partner Countries can apply and receive small-scale technical assistance that allows for the mobilization, at short notice, of expert support in the areas of energy market convergence and sustainable energy, thus facilitating the implementation of the Energy Road Map objectives. During November and December 2009, experts from the project took part in INOGATE Information Events in Moldova, Georgia, Kazakhstan, Azerbaijan, Armenia, Belarus and Ukraine; in all these locations interest in the Facility was marked, and as a result, already over 40 applications have been submitted to the Facility by year end.

The second package of assistance launched in October 2009 was the “Project Preparation Facility” which provides targeted support for facilitating investments in the energy efficiency and renewable energy sectors, in cooperation with international financial institutions and affiliated local financial institutions.

The third package of assistance, the Capacity Building Activities, will feature regional events fostering capacity building and transfer of know how and networking among the Partner Countries to address specific common themes in energy market convergence and sustainable energy.

Detailed response to the requests under the facilities will be a focal point for 2010, together with the launch of the capacity building programmes and other initiatives.
The overall objective of the project is to pursue and to expand the services provided by the INOGATE Technical Secretariat (ITS), which is the coordination mechanism of the ‘Baku Initiative’, and to improve the overall performance of the INOGATE programme in achieving the goals defined at the Energy Ministers’ conference held on 30 November 2006 in Astana, Kazakhstan. This project is a successor to the project ‘INOGATE Technical Secretariat and INOGATE Coordinators’ Network’ which concluded in February 2009.

The INOGATE Technical Secretariat (ITS), based in Kiev, and with a Caucasus Regional Coordination Office in Tbilisi, acts as coordinator for the actions of the ‘Baku Initiative’ and the INOGATE Programme. To this end, it introduced during the year an integrated overall bi-annual INOGATE Work Programme, so that all INOGATE activities for each year are clear, transparent and public. The Work Programme is updated on a six-monthly basis (the first revision was undertaken in September 2009). Official meetings with the INOGATE Country Coordinators and Working Groups Members were organised in April 2009 to endorse the work programme and in October 2009 to review its implementation.

A key role of the ITS is to promote communication of the INOGATE Programme both by raising its profile and by widening the network of stakeholders in the Programme, both in the EU and the Partner Countries. During 2009 the ITS helped to strengthen this network by facilitating the appointment and inclusion of permanent representatives from regulatory authorities in the Partner Countries and from international financial institutions in the coordination network of the INOGATE Programme. These representatives, through their participation in the official INOGATE working group meetings, provide useful guidance for the programme to better respond to the real needs of its stakeholders.

During 2009, the ITS organised a series of successful events including:

- **Energy Security Seminar** in Brussels in February 2009, which provided a useful forum for the exchange of perspectives between the INOGATE Partner Countries and the EU on the important issue of energy security.
- **INOGATE Information Events** were co-organised with the Ministries in charge of energy in Moldova
(25 November 2009), Georgia (2 December 2009), Kazakhstan (2 December 2009), Azerbaijan (4 December 2009), Armenia (8 December 2009), Belarus (11 December 2009) and Ukraine (15 December 2009). In each event, the ITS provided information to key local energy stakeholders on the INOGATE work programme, its achievements and on the technical support that can be accessed through ongoing INOGATE projects, helping to increase the programme’s understanding and transparency.

As part of its role to promote INOGATE activities, the ITS participated during the year in events, including the ‘Oil and Gas’ Forum in Kiev, Ukraine (3-5 November 2009) and INOGATE project events and final conferences, where the INOGATE programme and its activities and achievements were communicated. The ITS has set out an expanded set of communication initiatives under a newly developed INOGATE Communication Strategy. It has maintained the INOGATE website (www.inogate.org) and completed a comprehensive review for its upgrade which will take place in 2010.

In its role to support the European Commission for the overall coordination and development of the INOGATE Programme, the ITS assisted the European Commission in the identification of upcoming INOGATE projects by organising regional consultation workshops with stakeholders across the Partner Countries. As a result, new initiatives are planned in the areas of improving cooperation on energy statistics and the strengthening of the institutional capacity for sustainable energy governance in Partner Countries. Furthermore, a INOGATE related project is being planned supporting the uptake of the EU ‘Covenant of Mayors’ to cities in the Partner Countries.

Budget: € 2,934,000
Timeframe: February 2009 – February 2012
Participating Countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

More information
Contact person: Mr. Kyriakos Morfis, Team Leader
http://www.inogate.org
The INOGATE Country Coordinators (CCs) are at the heart of the INOGATE network. Located within the Ministries responsible for energy in each INOGATE Partner Country, they both promote the INOGATE Programme in their own countries and convey information on local energy actions and policies for the benefit of the Programme as a whole through their regular contacts with the INOGATE Technical Secretariat. Their experience in energy issues also enables them to represent their country’s energy objectives at the regular INOGATE Country Coordinator meetings, and to share information and opinions with their fellow CCs, contributing substantially to the cooperation which is the essence of INOGATE.

INOGATE projects such as SEMISE (Support to Energy Market Integration and Sustainable Energy) mean that energy stakeholders in the state, private and NGO sectors all have the opportunity of access to EU expertise in developing priority energy initiatives.

Mr. Levon Vardanyan  
Head of the Development Department,  
Ministry of Energy and Natural Resources of the Republic of Armenia

Energy is now truly an international market and INOGATE enables us to ensure that our markets and practices fully meet international standards so that we can obtain maximum benefit both for our citizens and our energy customers.

Mr. Ramiz Rzayev  
Head of investment and reconstruction of industrial enterprises department,  
Ministry of Industry and Energy of the Azerbaijan Republic

The Republic of Belarus is interested in common activities to be held in the following years within the pillars of “Baku Initiative” and INOGATE Programme. In 2009, with the participation of the Republic of Belarus, in the framework of INOGATE Programme, six (6) projects have been launched and realised, which will allow to increase in future the usage of the instrument of cooperation between our countries.

Mr. Aleksei Voystrikov,  
Head of Main Department for Strategic Development and Investments, Ministry of Energy of the Republic of Belarus.
Meetings with Country Coordinators and Working Group Members from other INOGATE partner countries during the year have enable me to communicate a wider energy perspective in my own country. At the same time INOGATE allows Georgia to make a significant contribution to developing energy relations with the EU.

Ms. Nana Pirtskhelani
Deputy Head of International Relations and Investment Projects Department, Ministry of Energy of Georgia

Countries such as Kyrgyzstan without significant mineral energy resources of their own can develop with the support of INOGATE renewable sources, improved energy efficiency and modern energy markets which can benefit our people and our economy.

Mrs. Guilsara Kasymova
Acting Head of Gas and Heat Supplies Section of the Fuel and Energy Complex Department, Ministry of Industry, Energy and Fuel Resources of the Kyrgyz Republic

INOGATE cooperation assists us in developing a constructive energy strategy which can take account of regional and environmental issues as well as our immediate economic and social priorities.

Mrs. Galina Parsian
Head of the Thermal Power Department, Ministry of Economy and Commerce of the Republic of Moldova

INOGATE is an important link for our country with the world’s energy markets and strategies, assisting with access to finance, technology and modern standards of infrastructure. The experience, know-how transfer and information exchange we have so far are received from the INOGATE programme has proved the excellent value our decision to join the INOGATE family back in 2006.

Mr. Rashid Gulov
Deputy Chief Engineer, “Barki-Tojik” OJSC, Republic of Tajikistan
INOGATE is one of the windows enabling Turkey to further cooperate with its neighbours both within and outside the European Union to develop energy policies that can benefit all of us.

Mr. Reha Muratoğlu  
Head of Division within the Transit Petroleum Pipelines Department,  
Ministry of Energy and Natural Resources of the Republic of Turkey

The Ukrainian transit system is the main energy feeding system of Europe nowadays. The INOGATE Programme can provide support in maintaining this vital transportation system in an excellent operational condition, contributing to the energy security of Europe.

Mr. Sergiy Bevz  
Director of European Integration and International Co-operation Department,  
Ministry of Fuel and Energy of Ukraine

INOGATE projects such as the initiative for reducing losses in the gas transit system of Central Asia have provided significant positive results for my country. We welcome the cooperation opportunities that INOGATE provides.

Mr. Djakhangir Turgunov,  
Principal Specialist of the Information and Analysis Department on the Issues of Fuel and Energy Complex, Metallurgy, Machinery and Chemical Industry,  
Cabinet of Ministers of the Republic of Uzbekistan
## Overview of the INOGATE Programme’s projects active in 2009

<table>
<thead>
<tr>
<th>No</th>
<th>AP</th>
<th>Project Title</th>
<th>Budget</th>
<th>Project Duration</th>
<th>Area of cooperation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2004</td>
<td>Development of co-ordinated national energy policies in Central Asia</td>
<td>€2,006,000</td>
<td>05/2007 - 04/2009</td>
<td>Area No. 1</td>
</tr>
<tr>
<td>3</td>
<td>2005</td>
<td>Harmonisation of gas technical standards and practices in Central Asia</td>
<td>€1,356,100</td>
<td>05/2008-10/2009</td>
<td>Area No. 1</td>
</tr>
<tr>
<td>4</td>
<td>2007</td>
<td>Capacity-building for Energy Regulators in Eastern Europe and Central Asia</td>
<td>€330,000</td>
<td>01/2009 - 07/2010</td>
<td>Area No. 1</td>
</tr>
<tr>
<td>5</td>
<td>2006</td>
<td>Harmonisation of electricity standards</td>
<td>€1,482,500</td>
<td>09/2009 - 03/2011</td>
<td>Area No. 1</td>
</tr>
<tr>
<td>6</td>
<td>2005</td>
<td>Technologies and methodologies for reducing gas losses of the Central Asian gas transit system</td>
<td>€1,493,625</td>
<td>03/2008 - 11/2009</td>
<td>Area No. 2</td>
</tr>
<tr>
<td>7</td>
<td>2005</td>
<td>Safety and security of main gas transit infrastructure in Eastern Europe and Caucasus</td>
<td>€999,990</td>
<td>12/2007 - 04/2010</td>
<td>Area No. 2</td>
</tr>
<tr>
<td>7.a</td>
<td>2005</td>
<td>Supply for safety and security of main gas transit infrastructure in Eastern Europe and the Caucasus</td>
<td>€738,600</td>
<td>08/2008 - 12/2010</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>2005</td>
<td>Validation, certification and subsequent commercialisation of the Eastern Europe Regional Centre for Hydrocarbons Metrology (Boyarka, Ukraine)</td>
<td>€999,990</td>
<td>07/2008 - 01/2011</td>
<td>Area No. 2</td>
</tr>
<tr>
<td>8.a</td>
<td>2005</td>
<td>Supply of equipment for Eastern Europe Regional Centre for Gas Metrology in Boyarka</td>
<td>€1,000,000</td>
<td>07/2009 - 07/2010</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>2006</td>
<td>Feasibility studies for expanding the Boyarka Centre to include oil, oil products, liquefied gas metrology, satellite monitoring for optimization and control of hydrocarbons transit flows &amp; to offer training facilities</td>
<td>€1,500,000</td>
<td>08/2009 - 1/2012</td>
<td>Area No. 2</td>
</tr>
<tr>
<td>10</td>
<td>2006</td>
<td>Support to Kyoto Protocol Implementation (SKPI)</td>
<td>€4,787,000</td>
<td>09/2008 - 09/2011</td>
<td>Area No. 2</td>
</tr>
<tr>
<td>11</td>
<td>2006</td>
<td>Enhancement of environmental protection measures in the oil/gas industry of Central Asia (EPMOGI)</td>
<td>€2,840,000</td>
<td>12/2008 - 12/2010</td>
<td>Area No. 3</td>
</tr>
<tr>
<td>11.a</td>
<td>2006</td>
<td>Supply of equipment for enhancement of environmental protection measures in the oil/gas industry in Central Asia - LOT 1, 2, 4, 5, 6, 7, 9</td>
<td>€2,047,287</td>
<td>12/2009 - 12/2010</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>2004</td>
<td>Rapid response expert facility for developing energy supplies and interstate transportation</td>
<td>€2,385,750</td>
<td>09/2006 - 09/2009</td>
<td>Area No. 4</td>
</tr>
<tr>
<td>13</td>
<td>2006</td>
<td>Identification and Promotion of Energy Efficiency (EE) Investments in Ukraine and Moldova</td>
<td>€9,500,000</td>
<td>12/2006 - 06/2011</td>
<td>Area No. 4</td>
</tr>
<tr>
<td>14</td>
<td>2008</td>
<td>Pre-investment Project for the Trans-Caspian-Black Sea Gas Corridor</td>
<td>€5,000,000</td>
<td>10/2009 - 12/2012</td>
<td>Areas No. 2/4</td>
</tr>
<tr>
<td>15</td>
<td>2007</td>
<td>Support to Energy Market Integration and Sustainable Energy in the NIS (SEMISE)</td>
<td>€5,670,000</td>
<td>01/2009 - 01/2012</td>
<td>Areas No. 1/3/4</td>
</tr>
<tr>
<td>16</td>
<td>2007</td>
<td>Strengthening of the INOGATE Technical Secretariat (ITS) in support of the Baku Initiative</td>
<td>€2,934,000</td>
<td>02/2009 - 02/2012</td>
<td>Areas No. 1/2/3/4</td>
</tr>
</tbody>
</table>

**Total INOGATE support**: €51,831,355