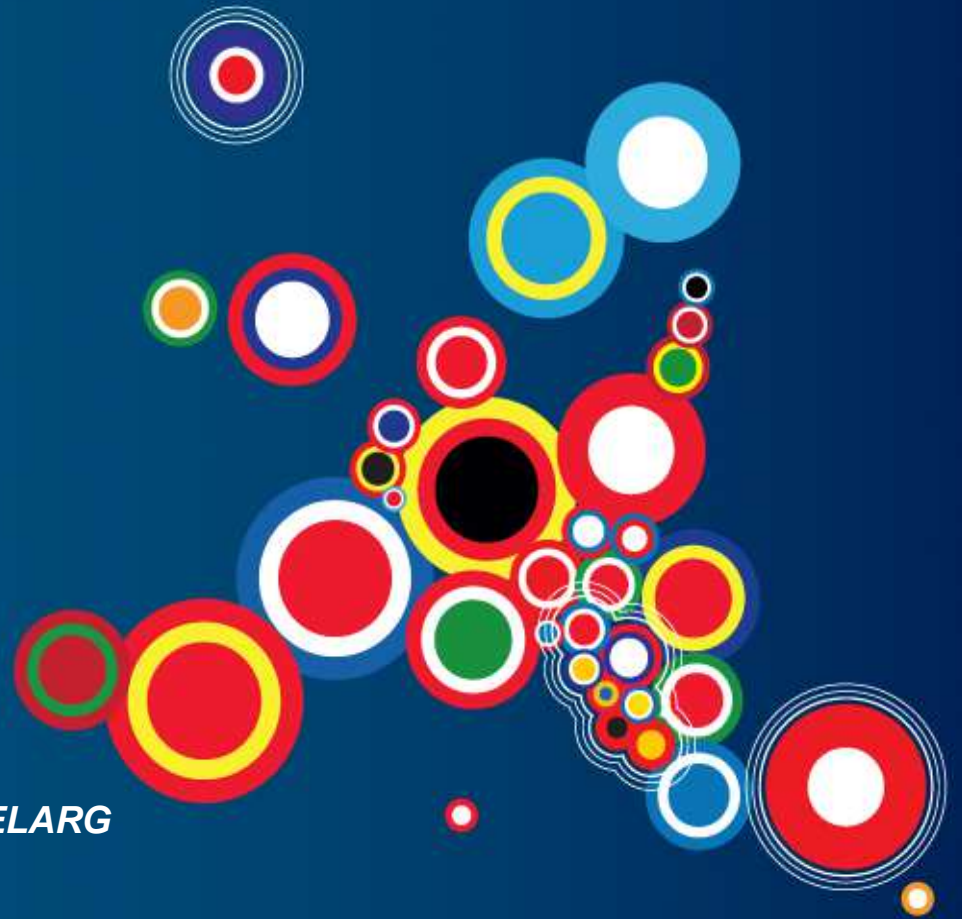


IPA in the Energy Sector

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EU Enlargement

**Energy Sector in the EU External Aid Programmes
27 November 2014**

Context and Connectivity

- Future of South East Europe, aka the Western Balkans, is within the European Union
 - EU perspective consistently reiterated by the European Council, Berlin Process
- Accession negotiations with Turkey ongoing
- Investments in connectivity = energy and transport
 - Important driver for economic growth and jobs



Energy Policy in South East Europe

- Energy Community Treaty
 - Guiding the energy policy in SEE
 - Signatories: EU and the countries of SEE
- Energy Community
 - Extends the EU internal energy (electricity and gas) market to South East Europe and beyond
 - Overall framework to guide the necessary reforms and promote investments
 - Makes a significant contribution to security of supply in the wider Europe
- Energy Community Treaty Secretariat (in Vienna)
 - Supports the countries in transposition and implementation of the energy acquis obligations
 - Working groups and task forces to facilitate their efforts
 - Budget financed 94,94% by EU = IPA



Infrastructure and RE+EE Investments

- 7 national IPA envelopes, 1 multi-country (regional) IPA envelope
- Big Projects = electricity transmission lines, pipelines, gas master plans
 - via WBIF (Western Balkans Investment Framework)
- Small Projects = smaller-scale RE and EE, but with a regional approach
 - via facilities / financial instruments: EEFF, GGF, REEP



Projects of Energy Community Interest (PECIs)

- Priority energy infrastructure investments: electricity transmission lines, pipelines, gas master plans, etc.
- Endorsed by all SEE6 beneficiary countries
- Not reinventing the wheel: PECIs mirroring similar PCI (Projects of Common Interest) list of the EU



Mirroring EU 2020 Agenda: RE and EE Targets in the Region

- Adaptations to EU 2020 = lower percentages, phase-in periods
- Energy efficiency:
 - savings of 9% of final energy consumption, by 2018
- Renewable energy:
 - to be achieved by 2020
 - Albania 38 %, Bosnia and Herzegovina 40 %, Croatia 20 %, Former Yugoslav Republic of Macedonia 28 %, Montenegro 33 %, Serbia 27 %, Kosovo* 25 %
- The region will also mirror the EU 2030/2035 targets:
 - Watchdog: Energy Community
 - Source of financing for EE and RE: IPA + IFIs, via 3 regional facilities / financial instruments: EEFF, GGF, REEP



Programming of IPA II

→ Sectoral approach

- Component structure replaced by comprehensive country strategies
- Move towards a logic of (co)financing policy strategies instead of individual projects

→ Single pipeline

- Rolling investment plans for each sectors linking to regional strategies (TEN-E Energy)
- Coherence of assistance and IFI/donor coordination

→ Increased role of Western Balkans Investment Framework (WBIF)

- Main vehicle to reinforce cooperation on regional investments
- More resources to be channelled through WBIF in 2014-2020



IPA II (2014-2020): Figures

- Total IPA budget ~ €12 billion
 - 40 % TR, 40 % six NATL, 20 % REG
 - NATL: WB six countries/envelopes, ~ €4.8 B total o/w ~ €225 for energy
 - REG: ~2 B total, ~ €800 M for investments
 - TR: ~ €94 for energy
- Estimated investments needed in energy sector: between € 30-40 B over 2014-2020

