

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2020

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Brussels, 16 December 2020

Related documents: CC 685, Message 1788/21

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Chair of the Implementation Group

The Energy Charter Conference at its 31st Meeting held on 16-17 December 2020 **took note** of the Report by the Chair of the Implementation Group as set out in document CC 685.

Keywords: Report, Chair, Implementation Group

REPORT BY THE CHAIR OF THE IMPLEMENTATION GROUP

The Group convened three times in 2020, on 4 February, 23 June and 28 September. Taking into account travel restrictions to Belgium and suspension of Belgian visa activity, the last two meetings were held by videoconference via the ZOOM platform. In general, the discussions at the Implementation Group in 2020 were devoted to the implementation of the Conclusions of the 2019 Review under Article 34(7) of the Energy Charter Treaty as well as to other areas carried over from 2019 and relating to investments in the energy sector, transit of energy resources and energy efficiency.

Implementation Group meetings were chaired by Ms Klara Rakhmentova (Kazakhstan). In 2020 the Implementation Group had two Vice-Chairs: Mr Johan Vetlesen (Norway) and Mr Aziz Khamidov (Uzbekistan)

I. Implementation of the Conclusions of the 2019 Review under Article 34(7) of the Energy Charter Treaty (Activity 1 of the Programme of Work for 2020-2021 (CCDEC 2019 14))

1. In 2020, the discussion of the Implementation Group was mainly devoted to the implementation of the recommendations of the 2019 Review under Article 34(7) of the Energy Charter Treaty that was set as one of the priorities for 2020 at the 30th Meeting of the Energy Charter Conference in Brussels, Belgium.
2. Following the mandate of the conclusions of the 2019 review, the Implementation Group agreed to work on the following areas: a) review of Energy Investment Risk Assessment (EIRA); b) addressing the recommendations of the International Public Audit; c) evaluation and update of the terms of reference of the Implementation Group; d) analysis of the Investment Facilitation Toolbox; e) analysis of the work and tasks of the Knowledge Centre.

a) Review of Energy Investment Risk Assessment (EIRA)

3. Throughout 2020, the Implementation Group discussed the Secretariat's preparations for EIRA 2021 and potential improvements of the methodology, without prejudice to a decision to develop future editions of EIRA.
4. On 4 February, the Implementation Group agreed on the scope and planning for the review of EIRA (IMPL 72 and IMPL 77) and on 23 June, took note of the EIRA Review 2020 (IMPL 81) and provided comments on the follow-up actions on improving EIRA. The Group took note of the EIRA Methodology Update (IMPL 82), discussed the options for improvement of the EIRA methodology and indicated its preferences for the options to be implemented by the Secretariat as well as requested the Secretariat to prepare more detailed options and a draft questionnaire.
5. At the last meeting of the Implementation Group on 28 September 2020, the Secretariat presented the revised scope and methodology of EIRA, including the updated questionnaire (IMPL 88). The Implementation Group discussed IMPL 88 and invited delegates to provide their further comments in order to indicate their preferences to utilise the revised scope and the methodology of EIRA including the

updated version of the EIRA questionnaire (IMPL 89). At the same meeting, the Implementation Group took note of the publication of the Energy Investment Risk Assessment 2020, requested the Secretariat to develop and publish the EIRA Report in 2021, taking into account the Conclusions of the 2019 Review under Article 34 (7) ECT and agreed adjustments to the methodology of EIRA and invited Contracting Parties, Signatories and Observers to participate in the EIRA Report 2021 on voluntary basis, bearing in mind the Secretariat's available resources.

b) Addressing the recommendations of the International Public Audit (IPA)

6. Even though the IPA report did not contain any specific recommendations to be addressed by the Implementation Group, the Group agreed to address individual recommendations of the IPA as well as other issues relevant to the Group's activities. As a result, the Group requested the Secretariat to prepare papers related to the work of the Knowledge Center, including the detailed work plan on Knowledge Center (KC) activities to be undertaken in 2020 as well as the information on overlapping of KC's activities and their financing. The result of the discussion by the Group is outlined under the section 'Analysis of the work and tasks of the Knowledge Centre'.

c) Evaluation and update of the terms of reference (ToR) of the Implementation Group

7. The Group evaluated its current ToR (IMPL 78 Rev 2) and discussed proposals and potential changes to the updated document. The Implementation Group requested the Secretariat to develop an updated ToR based on comments received and agreed to discuss the revised document at the next meeting of the Implementation Group in 2021.

d) Analysis of the Investment Facilitation Toolbox (IFT)

8. On 4 February 2020, the Implementation Group agreed on the scope and planning for an analysis of the costs and benefits of the Investment Facilitation Toolbox (IMPL 73) and requested the ECS to prepare an analysis on the awareness raising, with costs and benefits including lessons learnt, in addition to measuring its implementation of the IFT. At the meeting on 23 June 2020, the Implementation Group discussed and took note of the requested Analysis of IFT (IMPL 79).
9. As a result of the discussions at the Implementation Group meetings, the Secretariat received an official request for the implementation of the IFT in Uzbekistan.

e) Analysis of the work and tasks of the Knowledge Centre (KC)

10. In line with the conclusions of the 2019 Review under Article 34(7) ECT, the Implementation Group agreed on the scope of the Knowledge Centre's assessment (IMPL 74 Rev) and requested the Secretariat to prepare Analysis of the work and tasks of the KC. The implementation Group took note of the Analysis of the KC activities (IMPL 80) and requested additional information on the overlapping KC

activities and their financing (Budget Part I and II). The Implementation Group at its third meeting took note of the documents related to activities of the KC (IMPL 86 and IMPL 87) and recommended to the Secretariat to provide more robust peer review and consultation process on publications as well as to proceed with virtual trainings to reduce costs.

II. Implementation of the Programme of Work (PoW) (CCDEC 2019 14)

11. In 2020, the discussion of the Implementation Group was also devoted to other areas carried over from 2019 and related to the implementation of tasks according to the Programme of Work for 2020-2021.

EIRA (Activity 5 of the PoW)

12. In 2020, in line with previous Conference decisions, the Implementation Group continued its work on EIRA. The Group's work in this respect focused on the planning and development of #EIRA2020, monitoring of expenses, and the review of the EIRA process and methodology.
13. #EIRA2020 assesses 30 countries spanning Europe, Africa, Asia and Central America. 26 of these have participated in the previous editions of the report and four are new entrants. The country profiles highlight the key strengths and areas for improvement in each country, gives recommendations to improve results, and assists policymakers in designing risk mitigation.
14. Starting 2020, the EIRA publication introduces a new chapter which summarises the actions taken by countries to mitigate the EIRA risks and address the improvements suggested in the report's previous editions. This addition will allow policymakers to evaluate their progress in achieving results, undertake a course correction where needed, and develop future policy trajectories that are predictable and in the national and international interest.
15. The country profiles now also include background information from Orbis Crossborder Investment on energy projects and deals completed between 2015-2020 in the participating countries. The purpose of this information is to give policymakers and investors a broad picture of the participating countries' actual energy and investment landscape.
16. The third edition of the EIRA report was published and launched on 6 October 2020. It contains the profiles of 30 member and observer countries. More than 215 contributors have been involved in the development of the publication, all on a *pro bono* basis.
17. The 2019 EIRA extended profile of Nigeria (Activity 17 of the PoW) was developed from the voluntary contribution received from Nigeria in 2019 (part of the general voluntary contribution from Nigeria of EUR 48 400). However, the presentation of the report, that was expected to take place during the Abuja Energy & Climate Summit on 18-19 March 2020, was postponed due to the coronavirus outbreak.
18. The EIRA website (<https://eira.energycharter.org>), which was launched in 2019, went live and simplified the data collection process. Government focal points and

external parties were able to fill the EIRA questionnaire online and also use it to provide the supporting documents. The website provides detailed information on each participating country, a year-on-year comparison of the countries' performance and risk level, and an online library of over 1,800 primary legal documents.

Transit of Energy Resources (Activity 3 of the PoW)

19. The Implementation Group continued discussing transit-related topics in 2020. The Group addressed the potential content and proposals for further work of the Group to enable further discussion on the decommissioning of pipelines and the legal aspects of transnational power transmission and grid interconnection (IMPL 75, IMPL 83) as well other transit-related topics (IMPL 84) (. Taking into account that energy transit was not one of the priorities identified for 2020, the Group recognised the standpoint of the completion, regardless whether or not these topics would see further development and took note of the documents developed by the Secretariat. Transit-related activities will resume in 2021 in accordance with the underlying Programme of Work.
20. On the regional cooperation front, despite the restrictions caused by the pandemic, the Transit Unit has managed to continue its work on promoting regional energy cooperation in Central and South Asia focusing on sustainable energy development, regional markets and interconnection. Work on the policy dialogue has culminated in the 16th Meeting of the Taskforce on Regional Energy Cooperation. A few proposals from the attending Contracting Parties have been made, and the regional cooperation aspect will see more development in 2021.

The role of the International Energy Charter in achieving clean energy transition (Activity 7 of the PoW)

21. In 2020, the Group discussed the scope of a public event on the role of the International Energy Charter in achieving clean energy transition and the justification why the event should be devoted to the planned phase-out of coal power in the ECT Contracting Parties (IMPL 90 Rev). The Group suggested that apart from the phase-out of coal power, the proposed public event should also address other energy sources in a balanced manner as well as the role of the coal power on ensuring energy security. The Group agreed to discuss the revised proposals for the public event on the role of the International Energy Charter in achieving clean energy transition at the next meeting of the Implementation Group in 2021.

III. Internal procedural issues

22. In 2020, Implementation Group continued the practice of distributing IMPL documents in electronic form only. The Chair considers that the Implementation Group has efficiently addressed all assigned tasks for 2020, taking into account the Conference priorities set by the 30th Meeting of the Energy Charter Conference.