



EU4Energy



EU4ENERGY PROGRAMME

COMPONENT 3 - LEGISLATIVE AND REGULATORY ENVIRONMENT AND KEY ENERGY INFRASTRUCTURE

DRAFT WORK PROGRAMME
MAY 2019 – JUNE 2020

REPUBLIC OF AZERBAIJAN



INTRODUCTION AND OVERALL OBJECTIVE FOR THE YEAR

The overall purpose of the third year (May 2019 - April 2020) country work programme is to follow up on EU4Energy Governance activities carried out during the first year of implementation, as well as to respond to additional requests for support, received from the Partner Country. Activities included into the work programme are taking into account recommendations, coming from earlier EU4Energy governance activities and Energy Charter' reports and are considered necessary for achieving the objectives of the EU4Energy actions.

The overall objectives for EU4Energy Governance activities in the second year are:

- Provide support to the operationalization of the agreed policy proposals from Component 2 or from other EU4Energy reports/studies
- Support to introducing more efficient and effective procedures including cross-ministerial cooperation and public consultation process
- Strengthen the technical, institutional and administrative capacity in Ministry of energy and other key ministries and agencies

These objectives were identified following a comprehensive assessment regarding the status of the legislative, regulatory and institutional environment in the energy sector of the Republic of Azerbaijan, consultations with national authorities, EU Delegation to the Republic of Azerbaijan and other stakeholders.

During the first year of implementation (May 2017-april 2018), the development of a draft law for Energy Efficiency in line with best EU practices was the core of the EU4Energy Governance support provided. The project facilitated the establishment of an Inter-Ministerial Working Group, chaired by Deputy Minister of Energy and organized three meetings of the Inter-Ministerial group.

During the period May 2018 - April 2019, EU4Energy provided methodological support to the development of Long-term energy strategy of Azerbaijan. The project assisted the deliberations of the High-level working group, established with Minister's of energy order, A Roadmap for the development of a long-term Energy Strategy of Azerbaijan, consisting of proposed structure of the energy strategy, proposed next steps, deadlines and institutional responsibilities was presented and approved by the High-level working group in December 2018.

Furthermore the project followed up on the adoption of the draft Energy efficiency Law during the Inter-Ministerial consultations organized by the Cabinet of Ministers. As part of strengthening the existing procedures on stakeholders participation, a Gap analysis was undertaken of existing procedure for inter-ministerial and stakeholders consultation was in

comparison with EU best practice. A Code of good practice for public consultation and inter-ministerial coordination was developed and agreed with beneficiary Ministry.

In total 9 country missions were organised, 9 events and one training session, total of 300+ participants, 7 technical reports/publications.

The activities presented here take into account ongoing activities of other donors in the country. This country work programme has been drafted by the Energy Charter Secretariat (ECS) in consultation with the Partner Country and the EU. Assistance will be provided in line with EU principles.

THIRD YEAR COUNTRY WORK PROGRAMME, APPROXIMATE TIMETABLE OF ACTIVITIES

For the coming period the prioritised activities are aimed to:

- Facilitate the adoption of the Energy Efficiency law;
- Provide support to the development of secondary legislation on energy efficiency in line with the provisions of the draft Energy efficiency Law, namely:
 - o the development of National Energy Efficiency Action Plan
 - o acceleration of the development of Ecodesign labelling requirements for energy using products;
- Continue the support to the development of Long-term energy strategy of Azerbaijan.

The Third Year Country Work Programme comprises of the following list of activities, including individual measurable results expected in each priority area (see Table 1 and 3) and approximate timetable of activities for the third year (May 2019-June 2020) to support the planning (see Table 2).

Table 1 Third year Work Programme

	Activities/months	Specific objective	Indicators/Sources of verification
	Area 1 Energy efficiency		
AZ 1.1.	Law on energy efficiency		
AZ 1.1.1	Facilitate adoption of draft law	SO1: Operationalization of the agreed policy proposals from Component 2	Organise high-level policy talks ¹ with Presidential administration and/or Committee on Natural Resources, Energy and Ecology to facilitate adoption of draft law
Az 1.2	National action plan on energy efficiency (NEEAP)²		
Az 1.2.1	Development of NEEAP structure (based on EU best practices) for Azerbaijan and setting up indicative target for Azerbaijan - based on comprehensive energy data, indicators and statistics for the last 5 years	SO1: Operationalization of the agreed policy proposals from Component 2	NEEAP working group established and two meetings held; NEEAP structure proposed and agreed by the working group; indicative target proposed and discussed with stakeholders and the Working group
Az 1.2.2	Sectoral measures selection and design, estimation of energy saving and targets, necessary financing of the measures	SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process SO3: Greater Technical, institutional and Administrative capacity in key energy ministries	Capacity building workshop organised on setting a sectoral targets and identification of sectoral measures; Sectoral measures identified, energy saving and necessary financing estimated
Az 1.2.3	Propose Institutional responsibilities and Monitoring and evaluation system		Institutional responsibilities for NEEAP implementation ; Inter-Ministerial consultation meeting on draft NEEAP and implementation Draft proposal for NEEAR Monitoring and evaluation procedures

¹ Conditional to the status of advancement of draft Law

² Activities are conditional to the provision of relevant national/sectoral energy statistics and indicators, developed within EU4Energy Data component

Az 1.2.4	Development of Comprehensive national action plan for efficient use of energy resources of Azerbaijan including financial needs and sources	and agencies	Draft NEEAP presented during High-level EE Roundtable/Conference
Az 1.3	Accelerating the development of energy labelling and eco-design requirements for energy using products	Operationalization of the agreed policy proposals from Component 2	
Az1.3.1	Building capacity for introducing eco-design and labelling requirements in Azerbaijan based on best EU practices	SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process SO3:	Capacity building workshop Identification of priority products groups
Az1.3.2	Draft Roadmap for the development of Eco-design and labelling requirements, including deadlines and institutional responsibilities	Greater Technical, institutional and Administrative capacity in key energy ministries and agencies	Roadmap report developed and presented to Ministry

Area 4 - Energy Strategy ³			
Az 4.1	Support to development of a long term strategy	SO1: Operationalization of the agreed policy proposals from Component 2 SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process SO3: Greater Technical, institutional and Administrative capacity in key energy ministries and agencies	
Az.4.1.1	Facilitate the activities of the Energy Strategy Project team and Advisory Group, including support to stakeholders consultations		Support to setting up Project team and Advisory group, organise 2-3 meetings and stakeholders consultations
Az4.1.2.	Support to the development a Green paper on Azerbaijan Energy Strategy, including future policy options and scenarios to be considered		Draft Green Paper developed High-level event organised to submit draft Green paper

³ Activities are conditional to the approval of additional budget envelope, going beyond the current EU4Energy Governance budget

Table 2 Approximate Timetable of Activities for the Third Year Work Programme

Activities/months		May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Area 1 Energy Efficiency															
AZ 1.1.	Law on energy efficiency														
AZ 1.1.1	Facilitate adoption of law- organise High level Policy talks with Presidential administration/Parliament														
Az 1.2	National action plan on energy efficiency														
Az 1.2.1	Development of NEEAP structure and setting up indicative target for Azerbaijan - based on comprehensive energy data, indicators and statistics for the last 5 years provided by EU4Energy component 1														
Az 1.2.2	Sectoral measures selection and design, estimation of energy saving and targets, necessary financing of the measures														
Az 1.2.3	Propose Institutional responsibilities and Monitoring and evaluation system														
Az 1.2.4	Development of Comprehensive national action plan for efficient use of energy resources of Azerbaijan including financial needs and sources														
Az 1.3	Accelerating the development of energy labelling and eco-design requirements for energy using products														
Az1.3.1	Capacity building on setting up eco-design and labelling requirements in Azerbaijan based on best EU practices														
Az1.3.2	Draft Roadmap for the development of Eco-design and labelling requirements, including deadlines and institutional responsibilities														
Area 4 - Energy Strategy															
Az 4.1	Support to development of a long term strategy														
Az.4.1.1	Provide assistance to the activities of the Energy Strategy Project team and Advisory Group, including support to stakeholders consultations														
Az4.1.2.	Support to the development a Green paper on Azerbaijan Energy Strategy, including future policy options and scenarios to be considered														

Table 3 Intervention log frame

SO1: Operationalization of the agreed policy proposals stemming from the component 2 or from other country policy analyses (e.g. from the Energy Charter

Results chain	Indicators	Baseline	Targets	Sources and means of verification	Assumptions	Ref. to Work programme (2019-2020)
		Oct-16	End 2020			
Result 1.1 Operationalization of Policy Proposal to adopt an appropriate legal framework (primary and secondary) on energy efficiency and/or renewable energy ⁴	<p>Energy efficiency and Renewable energy law is drafted, adopted and implemented</p> <p>2-3 meeting of the inter-ministerial group to discuss draft law(s) take place</p> <p>2-3 follow up meetings with state and non-state stakeholders</p>	<p>There is no energy efficiency and renewable energy primary or secondary legislation in place.</p> <p>Limited inter-ministerial coordination in the process of development/adoption of energy efficiency/renewable energy legislation</p>	<p>Energy efficiency law and relevant secondary legislation, in line with EU best practice and fitting the Azeri context is drafted, adopted and implemented.</p> <p>And/or</p> <p>Renewable energy law, in line with EU best practice and fitting the Azeri context is drafted, adopted and implemented.</p> <p>Energy efficiency law inter-ministerial advisory group is established and holds meeting in the process of</p>	<p>Text of Energy efficiency law and secondary legislation</p> <p>Text of Renewable energy law</p> <p>Composition of the Inter-Ministerial working group on energy efficiency/renewable energy</p> <p>Agendas, list of participants and minutes from inter-ministerial group discussions.</p> <p>Summaries of follow up</p>	<p>Political stability and willingness to implement recommendations at both technical and political level</p> <p>Available appropriate human resources in key Ministries to actively contribute to the process (incl ability to</p>	<p>Follow up on draft Energy Efficiency Law adoption</p> <p>Organisic High-level Policy talks in Presidential administration or Parliament</p> <p>NEEAP working group established and two meetings held</p> <p>NEEAP</p>

⁴ Some of the indicators, targets and activities are also relevant to SO2

			energy efficiency law development, approval and implementation	discussions with relevant state stakeholders	<p>communicate in English and/or Russian)</p> <p>Political willingness to follow up with adoption of draft legislation</p> <p>Sufficient administrative capacity to develop and implement law</p> <p>Project access to decision makers</p> <p>Availability of energy statistics and indicators (from component EU4Energy Data)</p>	<p>structure proposed and agreed by the working group</p> <p>National indicative target proposed</p> <p>Draft proposal for NEEAR Monitoring and evaluation procedures</p> <p>Draft NEEAP presented during High-level Roundtable</p>
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<p>Result 1.3 Operationalization of policy proposal to develop long term energy strategy⁵</p>	<p>Roadmap on Long term strategy for the development of the energy sector is drafted, adopted and implemented</p> <p>2-3 meetings of the Energy strategy advisory group</p>	<p>Azerbaijan does not currently have a long term strategy for the development of the energy sector.</p> <p>Development and adoption of such strategy is considered a priority by the Ministry of energy, but no action is taking place mainly due to lack of internal capacity to draft strategic documents</p>	<p>Long term strategy for the development of the energy sector is drafted, adopted and implemented</p> <p>Energy Strategy development and implementation advisory group is established, includes representatives from academic, business and civil society.</p>	<p>Text of Long term strategy for the development of the energy sector</p> <p>Agendas, list of participants and minutes from Energy strategy advisory group</p>	<p>Political stability and willingness to lead the process for energy strategy development, adoption and implementation</p> <p>Available appropriate human resources in key Ministries to actively contribute to the process (incl ability to communicate in English and/or Russian)</p> <p>Political willingness to follow up with adoption of the energy</p>	<p>Draft Green paper, outlining various policy options and scenarios for the future energy strategy</p>
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⁵ To complement IEA's activities, implemented within Component 2

					strategy Availability of energy statistics and indicators (from component EU4Energy Data)	
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SO2: More efficient and effective procedures including cross-ministerial cooperation and public consultation process

Results chain	Indicators	Baseline	Targets	Sources and means of verification	Assumptions	Ref. to Work programme (2019-2020)
		Oct-16	End 2020			
Improve stakeholders participation in energy/energy efficiency strategies, policies and legislation development	<p>At least one stakeholders meetings organised in the process of policies and legislation development and approval</p> <p>At least one public consultations of policy/legislative proposals</p> <p>At least three non-government/civil society stakeholders consulted in the process of legislative act development</p> <p>At least 3 bilateral consultations held in the process of legislative act</p>	<p>Formal procedure for public consultation of legislative proposals exists, but it takes place only at the final stage of draft law, when there is almost no scope to influence the policy outcome</p> <p>No participation of civil and business society in the process of identification and development of energy/energy efficiency related policies, legislation and respective institutional framework.</p> <p>No participation of civil and business society in the process of identification of</p>	<p>Code of good practice adapted to Azeri context for Public consultation is prepared, aligned to best EU practice and implemented in practice.</p> <p>Public consultation for energy related legislative proposals is organised at early stage of draft law.</p> <p>Civil and business society is consulted in the process of identification and development of energy/energy efficiency related policies, legislation</p> <p>Civil and business society is involved in the process of identification necessary amendments to legislation.</p> <p>Comments from public</p>	<p>Text of code of good practice for public consultation</p> <p>Agendas, list of participants and minutes from stakeholders consultations meetings</p> <p>Minutes from individual stakeholders consultations</p> <p>Documented stakeholders positions and comments</p>	<p>Political willingness to improve existing procedures for stakeholder involvement</p> <p>Willingness to engage non-government stakeholders in discussion of ongoing energy sector reform and legislation development</p> <p>Willingness of key stakeholders to engage in consultation</p>	<p>Stakeholders consultation meeting on the NEEAP structure and indicative target</p> <p>Inter-Ministerial meeting on NEEAP implementation, monitoring and evaluation procedures</p> <p>Stakeholders consultations and meetings organised on the Green paper for long term energy strategy</p>

	development	necessary changes to existing legislation	consultations are properly recorded, taken on board when possible and available for the public		process	
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SO3: Greater Technical, institutional and Administrative capacity in key energy ministries and agencies

Results chain	Indicators	Baseline	Targets	Sources and means of verification	Assumptions	Ref. to Work programme (2019-2020)
		Oct-16	End 2020			
Increased capacity and awareness to effectively develop, adopt and implement legislation and policies in the area of energy efficiency and/or renewable energy	<p>At least one training session</p> <p>Number of 20 + government officials trained</p> <p>Number of 2-3 high-level policy events organised, level of attendance</p>	<p>Lack of capacity to develop and effectively implement/enforce policies and legislation on and energy efficiency and/or renewable energy</p> <p>Lack of knowledge and awareness on the impact of energy efficiency policy options</p>	At least 20 officials/high level decision makers show improved knowledge and awareness following trainings, guidelines and high level policy roundtables.	<p>Training materials, guidelines and manuals</p> <p>List of participants</p> <p>Reports on results from evaluation</p> <p>Official feedback from participants</p> <p>High level policy events Agendas, presentation and list of participants</p>	<p>Relevant officials participating in project activities and training sessions</p> <p>Involvement/commitment of state authorities to work programme activities</p> <p>Project access to decision makers</p>	<p>Capacity building on NEEAP development – sectoral measures design and evaluation</p> <p>Capacity building on methodology for setting up eco-design and labelling requirements for products</p> <p>Roadmap report to introducing eco-design and labelling requirements</p>

