

ANNEX

PROJECT FICHE PROJECT SUPPORT

Title	International Training Centre for Oil & Gas Metrology Excellence, to be attached to the Metrological Centre in Boyarka		
Total cost	2.5 MEUR		
Aid Method	Project approach: centralised		
DAC-code	23081	Sector	Energy

1. RATIONALE

1.1. Strategic framework

The involvement of the Community in the area of oil and gas networks in the Former Soviet Union started with the 1992 Tacis Interstate project involving only Central Asian and Caucasus countries. The project addressed a strategic sector and was relevant to the concerns of the Newly Independent States (NIS) to develop their oil and gas resources and to secure reliable supplies. This led to the creation in 1995 of a broader initiative henceforth known as the INOGATE (Interstate Oil and Gas Transport to Europe) Programme. This programme included for the first time the basic concept of interdependence among the NIS countries and the European Member States.

The INOGATE Programme was initially funded under the Tacis Interstate Programme as part of a four-year programme (budget lines of 1996-1999). With the change in the Tacis Regulation in 1999, the Tacis Interstate Programme was transformed into the Tacis Regional Co-operation Programme 2000-2006. In the Tacis Regional Cooperation Strategy Paper and the Regional Indicative Programme 2004-2006, three priority themes were identified to launch activities at the multi-country level:

- Sustainable Management of Natural Resources
- Promoting Trade and Investment
- Justice and Home Affairs.

Under the second theme, 3 specific objectives for oil and gas networks were set, as follows:

1. Development of rationalized and facilitated interstate oil and gas transportation systems, contributing to the implementation of the INOGATE Umbrella Agreement;
2. Improvement of security and safety of gas and oil transport, in particular from Russia and the wider Caspian Basin to Europe;
3. Promotion of IFIs investment and private sector involvement and progress on modernization and reform in these areas.

The proposed project intends to provide support in line with these objectives by supporting the transfer of know-how and building technical capacity for the provision of internationally accredited gas metrology and calibration services.

The Conclusions of the Baku Conference (see point 2 below) acknowledged the importance of further developing co-operation in the energy domain, with a view to:

1. harmonising the legal and technical standards in these countries with those of the EU and with international standards in order to prepare the ground for the creation of an integrated energy market in accordance with EU as well as international legal and regulatory frameworks;
2. enhancing the safety and security of energy supplies through *inter alia* the implementation of a more modern monitoring system for the operation of interconnections.

The project envisaged is in line with these orientations.

1.2. Lessons learnt

One of the key lessons learnt is the need to reinforce the sustainability of work carried out under previous Tacis projects. It is expected that adding a complementary training facility to the Metrological Centre established in Boyarka, Ukraine, will increase its sustainability.

The main function of Boyarka's Centre is to improve the measuring techniques applicable in gas transit so as to make them compatible with internationally recognized standards.

1.3. Complementary actions

This refers to the previous Tacis initiatives in favour of Boyarka's Metrological Centre. The adjunction of a training facility to this Centre should allow further transfer of know how in the metrology field throughout the NIS and in this way support the dissemination of and harmonisation with EU practices and norms.

1.4. Donor coordination

No other donor is involved in this area of activity.

2. COUNTRIES AND REGIONAL CONTEXT

2.1. Cooperation related policy in beneficiary countries

Baku's Ministerial Conference on "Energy Co-operation between the EU, the Caspian Littoral States and their Neighbouring countries" which took place in November 2004, opened the door to expanded energy co-operation between the EU and the countries of the Caspian Littoral States, namely, Azerbaijan, Iran, Kazakhstan and the Russian Federation, as well as the neighbouring countries of Armenia, Georgia, Kyrgyzstan, Moldova, Turkey, Ukraine and Uzbekistan.

Ukraine, Moldova and Belarus are the three countries directly concerned by this project. With the support of the INOGATE Programme, these three beneficiary countries have agreed to jointly create the Eastern Europe Regional Natural Gas Metrological Centre established in Boyarka.

2.2. Sector context

All activities of Boyarka's Centre (civil construction works, engineering of infrastructure facilities and equipment installation) have been performed in close co-operation with beneficiary countries' specialised bodies: NJSC "Naftogaz of Ukraine", SE "Beltransgaz" in Belarus and SC "Moldovagas" in Moldova. After completion of the main construction works in December 2005, the next step foreseen for 2006 is the accreditation and the international certification of the Centre.

The Metrological Centre is envisaged to become a structure allowing the creation of a common and up to date gas accounting system. The Metrology Centre will also facilitate the transition of the countries concerned from current, national, standards for gas flows measurement to internationally accepted ones.

By the end of year 2006, the Regional Metrological Centre should be ready to provide state-of-the-art calibration services for the gas transfer within the region and to other countries. These services are planned to expand also to metrology for oil and oil products. This is of strategic importance to enhance security of oil supplies and implement EU standards on metering and product quality.

Boyarka's Metrology Centre is the only such centre that has three primary standards of natural gas flow within one territory representing unit of flow using different operational principles. The verification facilities include critical nozzle, primary bell standard and rotary device for flow representation. The uniqueness of the Centre is that together with the standards for gas flow there will be such physical standards as pressure and temperature. It is planned that the Centre will enter the network of metrology centres that are certified to carry out programmes for European standards harmonisation.

3. DESCRIPTION

3.1. Objectives

The overall objective of this project is to develop an International Training Centre for Oil & Gas Metrology Excellence as a complementary facility to the "Eastern Europe Regional Centre for Metrology of Natural Gas" that has been set up in Boyarka, Ukraine, whose main function will be to transfer know-how on oil and gas measuring techniques in accordance with internationally recognised standards.

The specific objectives of the project are as follows:

- to develop a business plan for the Training Centre's commercial operation
- to develop the curricula and training materials for a full set of relevant courses to be identified
- to train the trainers in the delivery of courses to be elaborated
- to support the development of the physical state-of-the-art training facilities
- to prepare a marketing programme prior to launching the activities of the Training Centre in the countries concerned.

3.2. Expected results and main activities

The expected results of this project are:

- The development of a business plan to ensure the commercial sustainability of the Training Centre;

- An operational Training Centre with course materials prepared and trainers certified;
- A completed marketing programme resulting in significant preliminary registrations for courses to be carried out by the Training Centre.

3.3 Stakeholders

The direct beneficiaries are Naftogaz in Ukraine, Beltransgaz in Belarus and Moldvogaz in Moldova as the main “owners” of Boyarka’s Centre. Participation could however be extended to other interested countries. Indirect stakeholders include technical personnel from oil and gas companies in the NIS and possibly EU countries.

3.4 Risks and assumptions

- Boyarka’s Centre was not internationally certified in February 2006. It should be certified after the completion of the construction works, presumably, after 10 March 2006;
- Personnel and equipment of the Centre have been certified locally; now the assembled equipment should be certified as well, after that the Centre will be fully operational.
- In February 2006 the Centre was still not operational. The date anticipated for putting it into operation is 10 March 2006.

3.5 Conditionalities

Boyarka’s Metrology Centre should be in full operation at least by the end of year 2006.

3.6 Crosscutting issues

Good Governance	X
Integration into world economy	X
Environment	X

4. IMPLEMENTATION ISSUES

4.1. Implementation method

All activities of the proposed intervention are to be implemented through centralised management.

4.2. Budget and calendar

The indicative budget for the project is 2.5 MEUR. It is envisaged that an estimated amount of 1.5 MEUR will be used for the provision of technical assistance, while an estimated budget of 1 MEUR is earmarked for supplies. This breakdown might however be adjusted in the course of the implementation of the project.

The expected duration of the action is 24 months.

The contribution of the beneficiary countries should be in kind: providing office space and/or accommodation and the necessary time inputs of government staff or from staff of other publicly-funded institutions involved in the project.

4.3. Procurement and award of grants procedures

All contracts implementing the Decision of the Commission and/or the Financing Agreement 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.

All project estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the project estimates in question.

4.4. Performance monitoring

Monitoring indicators will be developed in the terms of reference of the tender dossiers. The EC Delegation in Ukraine and the other EC Delegations concerned will take care of the monitoring tasks, duly assisted by relevant experts in charge of ensuring the follow up of the TACIS regional programmes.

4.5. Evaluation and audit

Evaluations and audits will be carried out using standard EuropeAid procedures.