ANNEX 2

Of the Commission Implementing Decision on the 2019 Annual Action Programme for cooperation with third countries to be financed from the general budget of the European Union

**Action Document for**

**EU-GCC Clean Energy Technology Network III**

1 **KEY IDENTIFICATION DATA**

<table>
<thead>
<tr>
<th>Title of the Action</th>
<th>EU-GCC Clean Energy Technology Network - III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country/region/global</td>
<td>The countries of the Cooperation Council for the Arab States of the Gulf (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates plus EU countries when appropriate.</td>
</tr>
<tr>
<td>Sector of intervention</td>
<td>Sustainable Energy</td>
</tr>
</tbody>
</table>
| Indicative budget | Total: EUR 2 500 000  
  EC contribution: EUR 2 500 000 (100%)  
  Other contributions: NA |
| Duration and target start date of implementation | 30 months – July 2019 |
| Method of implementation | Direct management - Procurement |
| DAC code(s) | NA |
| Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | ☑ | ☐ | ☐ |
| | Aid to environment | ☐ | ☑ | ☐ |
| | Gender equality (including Women In Development) | ☑ | ☐ | ☐ |
| | Trade Development | ☐ | ☑ | ☐ |
| | RIO Convention markers | | | | |
| | Biological diversity | ☑ | ☐ | ☐ |
| | Combat desertification | ☑ | ☐ | ☐ |
| | Climate change mitigation | ☐ | ☐ | ☑ |
| | Climate change adaptation | ☑ | ☐ | ☐ |
| Global Public Goods and Challenges (GPGC) thematic flagships | NA |
2 RATIONALE AND CONTEXT

2.1 Action summary

In the past few years, the European Union (EU) and the Cooperation Council for the Arab States of the Gulf (GCC) have developed an Energy Dialogue going beyond the traditional trading relations between energy consumers and suppliers to cover areas such as market integration, renewable energy, energy efficiency, and sustainable use of gas.

In 2010, the EU-GCC Energy Expert Group (EEG) was created to support and implement the Energy Dialogue. At the same time, an EU-GCC Clean Energy Network funded by the EU, was also established to foster closer cooperation between the EU and GCC countries on clean energy policy and technology.

This action document proposes support for an additional phase of the EU-GCC Clean Energy Technology Network1 to continue to support the EU-GCC Energy Dialogue and cooperation in the areas of clean energy technology and policies beyond 2018.

Through the promotion of clean energy technology and policies, the action will contribute to the external dimension of the EU Energy Union2, help strengthen EU’s position as a global leader in the “clean energy transition” and promote the use of sustainable energy in the GCC. This Action will also pave the way for greater presence of the European clean energy industry in the GCC region.

2.2 Background/Context/Rationale for PI funding

The wealth of the energy resources of the Gulf countries, who hold 30% of the world’s oil reserves and 20% of global gas reserves, and the needs of the EU for diversified and reliable energy suppliers make the two regions complementary and mutually inter-dependent via a large trade of oil and gas. Such trade is a key element of EU relations with the Gulf countries.

However, the global landscape has changed and the EU together with other likeminded countries has embarked on a path towards “clean energy transition”. Leading the global energy transition, the EU has developed ambitious policies for a more sustainable use of energy, enshrined in the 20203 and 2030 Energy and Climate Framework.

The adoption of the Paris Agreement by 195 countries, setting ambitious climate targets was a major milestone at the global level. To implement its energy and climate strategy and to achieve the planned targets, the European Commission adopted the Clean Energy for All European Package4 in November 2016.

In addition, on 28 November 2018 the Commission presented a long-term decarbonisation strategy in a Communication titled “A clean planet for all”. The aim of the long-term strategy is to reaffirm Europe’s commitment to lead in global climate action and to present a vision towards a net-zero greenhouse gas emissions by 2050 through a socially fair transition carried out in a cost-efficient manner. It also underlines the opportunities that such transformation offers to European citizens and economy, whilst identifying challenges ahead.

Following the same trend, the countries of the Gulf Cooperation Council have been showing an increased interest towards cleaner sources of energy. The six GCC countries have plans to invest in renewables and have set ambitious targets by 2030-2040. This interest reflects a response to the global

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1 In 2017 at request of the GCC the network was renamed EU-GCC Clean Energy Technology Network
4 The Clean Energy for All European package is the most comprehensive initiatives ever presented in order to deliver secure, sustainable and competitive energy in the 2030 perspective and to meet the Paris Agreement. https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/clean-energy-all-europeans
trend in the area of climate change but also their commitment to diversify their economies and to reduce their overwhelming dependence on oil.

Energy consumption in the GCC countries has grown at an average of 6% per year since 2000, outpacing GDP (5%) and population growth (4%). This is largely due to the development of energy intensive industries, water desalination and consumption in residential buildings. Low energy prices have provided little incentive for energy efficiency and the energy consumption per capita in the region is amongst the highest in the world.

To move to a more sustainable development path, the GCC countries must pursue energy efficiency and diversify their energy mix ramping up investments in clean energy to meet domestic demand. These measures will in turn free up hydrocarbon resources for export, foster economic diversification, accelerate job creation, and reduce carbon emissions.

The Gulf region has great potential to exploit renewable energy sources. Recent solar projects tendered in the UAE resulted in prices below 3 US cents/kWh.

The GCC countries have been showing a keen interest in Europe's clean energy policies and technology and are interested to follow EU’s clean energy transition path. In this context, the EU and the GCC have extended their Energy Dialogue to topics such as market integration, renewable energy, energy efficiency, technology and sustainable use of natural gas. These topics are discussed regularly in the EU-GCC Energy Expert Group meetings. Meetings of the Group involve DG Energy, other relevant Commission services, EEAS, EU Delegations in the region and the energy departments in the GCC Secretariat.

In addition, the EU-GCC Clean Energy Technology Network was established as a platform of exchange on clean energy issues between EU and GCC public and private stakeholders and to help operationalise the discussions and decisions of the EU-GCC Energy Expert Group in the area of clean energy.

The network has proven to be an excellent tool to enrich the EU-GCC energy dialogue and cooperation, to support GCC partners in the implementation of sustainable energy policies and to facilitate the sharing of EU clean energy policies, technologies and best practices. This helps to consolidate EU’s position as a leader in the global response to climate change and also contributes to the creation of new business opportunities in the region for the EU industry, which is at the forefront of clean energy technology.

Given this successful experience, this action proposes to extend the ongoing project for an additional period of 30 months.

The new phase of the network will continue to contribute to EU’s energy and climate Diplomacy. By linking the policy dialogue on energy and the promotion of EU’s technology and standards, it will also contribute to EU’s economic diplomacy.

The action is well aligned with the Partnership Instrument (PI) Regulation and will be framed under its objective 1: To enhance EU bilateral, regional, inter-regional and multilateral cooperation and partnership strategies through 1) reinforcement of policy dialogues and 2) Development/adoption/implementation of collective approaches and responses to challenges of global concern, in the areas of climate change, energy and the protection of the environment.

In particular, the project contributes to the PI Multianual Indicative Programme (MIP) 2018-20 priority "Environment, climate and energy" and mainstreams the following cross-cutting issues: Multilateralism (building alliances), EU principles and values (in particular gender equality), Resilience and Innovation.

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3 EU GCC Clean Energy Network was first set up with EU funding in 2010. In 2015, a new phase of the Network was funded by the EU and is expected to run until June 2019.
2.3 Lesson learnt

Since January 2016, more than 60 successful initiatives in the areas of clean energy technology and policies have been completed by the network. Study tours to the EU allowing EU and GCC stakeholders to meet and exchange expertise and knowledge on respective clean energy technology and policies, were considered particularly successful. The proposed action will build upon the experience and good practices of the ongoing project.

Given the political situation in the region, some difficulties have been encountered to continue the regional cooperation. As a consequence, the network has progressively included more initiatives at bilateral level with individual GCC countries. The proposed action will continue this strengthened focus on bilateral cooperation, besides continuing to support the regional cooperation.

The first phase of the network ended in 2013, and a second phase was launched at the end of 2015 with a different contractor. Given this gap, the full potential of the momentum and work done under the first phase of the network could not be utilised at the beginning of the second phase.

Based on that learning, efforts should be made to ensure that the third phase starts immediately after the end of the second in order to keep the momentum and to continue the implementation of the various initiatives in the pipeline.

Moreover, in order to leverage the accumulated experience and to ensure continuity, it would be preferable that the third phase be implemented through the same contractor as in the second phase. This will allow building up on the work already carried out so far and will ensure maintaining the momentum and the good cooperation between the various stakeholders involved both in the GCC and in the EU.

In the past few years, a constructive energy dialogue has been established between the EU and the GCC including regular meetings of the EU-GCC Energy Expert Group.

By organising workshops, conferences, study tours etc. in the area of clean energy, the EU-GCC Clean Energy Network has been an ideal tool to operationalise some of the discussions of the political energy dialogue.

Implementation of activities related to clean energy technology and policies has helped consolidate EU’s position as a leader in the response to climate change and provided business opportunities for EU’s industry.

This impact could be further enhanced by strengthening messages (using the most recent data) relating to the economic viability of the clean energy transition. To ensure maximum impact of this project in the region, the good cooperation with other EU supported initiatives in the area (see section 2.5) should continue during this phase.

During the current project to support the EU-GCC clean energy technology network, discussions were held regarding the financial sustainability of the network including the possibility of adopting a membership based model or a model based on sponsorship by relevant institutions/organisations/companies in the sector. However, it was considered that this would greatly alter the logic of the network as an informal platform of exchange that brings together a variety of different kinds of stakeholders from the EU and GCC.

Therefore, emphasis should move from ensuring the financial sustainability of the network toward the generation of a sustainable impact for example by the creation of communities of experts, the development of bilateral cooperation with individual GCC countries or the implementation of joint research projects. Under this new phase, further emphasis will be placed on consolidating EU’s position as a leader in the areas of clean energy and technologies and in response to climate change. The project will also enhance its work towards greater recognition and uptake of EU’s policies, technologies and standards in the clean energy sector in the GCC region, thus facilitating business opportunities for EU industry.

http://www.eugcc-cleanenergy.net/events.
The network has already helped bring the stakeholders from both regions closer (e.g., universities and research institutions). Activities of the network in this new phase will further strengthen these relationships so such cooperation can endure beyond the lifetime of the project.

2.4 Coherence and complementarity

The action is coherent with the external dimension of the EU Energy Union aiming at more secure sustainable and competitive use of energy and recognising the global leadership of the EU in this sector. It will contribute to EU’s Energy and Climate Diplomacy as well as contribute to its Economic diplomacy by linking the policy dialogue on energy and the promotion of EU’s technology and standards.

Two other PI supported actions are ongoing in the region, the Strategic Partnerships for the Implementation of the Paris Agreement (SPIPA – AAP 2017) in Saudi Arabia and the EU-GCC Dialogue on Economic Diversification (AAP 2016). Close coordination between the various actions will be ensured to avoid any duplication and to create positive synergies. Other relevant EU initiatives (e.g., those related to research and innovation) will be mapped at the inception phase and synergies will be built with them. Research cooperation being a cross cutting element in this project, the activities developed under this action will be coherent with European Strategic Energy Technology (SET)\(^7\) plan and priorities for the design, development and deployment of new technologies and close-to-market solutions, with Horizon 2020 and the upcoming Horizon Europe Framework Programmes.

With PI funding under AAP 2019, DG Energy is also developing a project to support the establishment of a liquid, transparent and global Liquefied Natural Gas (LNG) market. GCC countries are exporters of LNG to the EU and to the global market. Coordination and synergies between the two actions will be ensured.

Besides coordinating with EU funded initiatives, the project will be in regular contact with EU Member State to ensure coordination and synergies with any relevant initiatives implemented by Member States.

To ensure synergies with other relevant EU action in the field of the clean energy transition, the EU-GCC Clean Energy Network will also aim to generate a knowledge base of EU policies and best-practice examples that may be able to be utilised and shared more broadly.

Lastly, the project will contribute to overall EU engagement in the region, for instance, it could support organisation of clean energy related activities in the framework of Expo 2020 planned to take place in the UAE.

2.5 EU added value

The action aims at enhancing and supporting the EU-GCC energy dialogue, with focus on promoting the clean energy transition. There is no international organisation or EU Member State body that has such specific objectives and competence.

The EU will capitalise on its Member States’ diverse experience in clean energy policies and technology complementing it with the EU experience displaying the advantages of regional integration in the clean energy transition.

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\(^7\) The integrated European Strategic Energy Technology Plan (SET Plan) is part of a new European energy Research & Innovation (R&I) approach designed to accelerate the transformation of the EU’s energy system and to bring promising new zero-emissions energy technologies to market. Research, innovation and competitiveness are also one of the five dimensions of the Commission’s Energy Union strategy.
The action will also provide opportunities for the EU clean energy industry and technology stakeholders to showcase their approaches, capacities and technologies and provide concrete opportunities for greater presence of EU clean energy industry in the GCC region.

2.6 Cross-cutting issues

As clean energy transition and climate change are directly correlated, the EU-GCC Clean Energy Network will focus on climate change as a key horizontal issue. Research issues, in line with the Strategic Energy Technology (SET) plan and priorities, will be also addressed as relevant, in each of the five working areas.

The action will also promote EU’s standards and best practices in the sector with the GCC countries. Gender equity will be mainstreamed throughout the implementation of the action by aiming to (inter alia) ensure gender balanced speaker panels, round tables and working groups, including at high-level representation. Gender equality will be addressed by inclusion of gender-relevant issues in the policy dialogues.

Initiatives supported will also include one report on gender and clean energy issues looking at gender equality in administrations and businesses mapping women’s involvement and contribution to clean energy technologies and policies.

Measures will be taken to reduce the environmental impact of the action’s activities. Efforts will be made towards more accessible project resources, e.g., more accessible event venues, accessible project website etc.

3 ACTION DESCRIPTION

3.1 Objectives

The overall objective of the action is to contribute to stronger political and technical relations in the field of clean energy between the EU and GCC both at regional and bilateral levels.

The specific objective of this action is to deepen engagement between EU and GCC stakeholders in the area of clean energy policies and technologies and climate change to promote the uptake of clean energy by the GCC countries.

Following outcomes will help to achieve the objectives mentioned above:

1. A strengthened network of EU and GCC entities (public administration, research institutions, businesses and industry stakeholders etc.) in the area of clean energy and climate change
2. Increased working contacts and cooperation between EU and GCC entities active in the area of clean energy and climate change
3. Increased knowledge and information exchange between EU and GCC stakeholders in the area of clean energy and climate change and on the possibilities of cooperation in the sector
4. Through the events, conferences and study tours, but also through joint research and demonstration projects, the action will provide space for the EU clean energy industry to showcase their approaches, capacities and technologies and provide concrete opportunities for enhancing access of EU clean energy industry to the GCC region.

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The EU-GCC Clean Energy Network should continue to operate through five working areas:

i. renewable energy sources,
ii. energy efficiency,
iii. more sustainable use of natural gas,
iv. electricity interconnections & market integration,
v. carbon capture and storage (CCS).

Climate change will be addressed as a horizontal issue cutting across the five areas defined above.

Some of the activities that will be implemented to achieve the objectives detailed above will be (inter alia):

- Exchange of know-how, sharing of best practices, coordination & promotion of joint actions between the EU and GCC stakeholders through the organisation of events, thematic discussions, working group meetings and high-level conferences.
- Support to the formal EU GCC Energy Expert Group.
- Facilitation of joint research and demonstration projects.
- Study tours for GCC industries and policy makers to the EU.
- Policy analysis and provision of data and other technical information related to the energy sector.

3.2 Stakeholders

The action will be implemented in the European Union and in the six countries of the Gulf Cooperation Council. It will foster the regional cooperation between the EU and the GCC as well as contribute to the bilateral cooperation between the EU and individual GCC countries, inter alia, support the implementation of the “Cooperation Arrangements” signed between the EU and Kuwait, UAE, Qatar and Oman.

Main stakeholders of the action will be representatives of Ministries and public bodies (administration, utilities and policy makers) as well as private sector representatives (consultancy, industry, research entities, and academia) from the EU and the GCC countries active in the field of energy.

EU Member States’ local trade promotion offices, their Chambers of Commerce and European companies, sectoral or regional associations will also be involved in this action.

To maximise synergies with the initiatives of the EU Member States in the GCC region, information on the network’s activities will be provided at the meetings of the Energy Working Party of the Council of the European Union. Moreover, close contacts with the member state representatives in the region will continue.

3.3 Risk assessment and management

<table>
<thead>
<tr>
<th>Description of Risk</th>
<th>L/M/H</th>
<th>Mitigation/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The political tensions between the GCC countries further slow down the cooperation at regional level in the GCC.</td>
<td>M</td>
<td>The project is aimed at both regional and bilateral levels. The action will continually monitor the political situation and adjust its emphasis on regional/bilateral levels as per the political context and needs.</td>
</tr>
<tr>
<td>Even though at different paces, all the GCC countries have been</td>
<td>M</td>
<td>The project will reinforce its messaging to policy makers and political leaders in the</td>
</tr>
</tbody>
</table>
implementing policies aimed at a more sustainable use of energy and at reducing their dependence on oil. One driver of such transition was the low oil price experienced since the second half of 2014. An increase in the oil price could possibly reduce efforts of GCC countries in their transition to a more sustainable use of energy.

GCC region on the need for a clean energy transition as a means to diversify the economy beyond oil and contribute to growth and jobs as well as implement the Paris Agreement.

The successful and timely implementation of activities also depends on the support provided by the various public stakeholders at regional and bilateral levels on the GCC side. A risk exists that this support may not be constant over time or decrease.

Continuous outreach to the GCC stakeholders right from the project start will be ensured. Regular updates on project activities (both past successful activities and upcoming) will be shared with GCC Secretariat as well as individual GCC countries to ensure their close involvement in the project.

3.4 Communication and EU visibility

Communication and visibility of the EU is a legal obligation for all external Actions funded by the EU. This Action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

Appropriate contractual obligations shall be included in, respectively, the procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action⁹, which came into force on 1 January 2018, shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The current PI action, running until mid of 2019, has already developed communication and visibility measures to ensure EU’s visibility. Relevant information on the network activity and initiatives are available on a dedicated network website¹⁰. Specific materials have been created and media/social media campaigns launched on relevant policy areas/topics.

Such communications and visibility measures should continue and be further developed in the next phase of the action. The website will be continuously developed and updated to promote the initiatives, to be the interface for participants, a platform of exchange and a repository for relevant documentation.

Comprehensive and timely information will be regularly sent to key stakeholders (including media, think thank representatives) alerting on the outcomes of the actions and disseminating background information on key issues.

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¹⁰ http://www.eugcc-cleanergy.net/
4 IMPLEMENTATION ARRANGEMENTS

4.1 Method of implementation

Procurement (direct management)

(a) The programme will be implemented via a service contract.
(b) Indicative timing: June 2019

4.2 Indicative budget

<table>
<thead>
<tr>
<th>Method of Implementation</th>
<th>Amount in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement (direct management)</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>2.5</td>
</tr>
</tbody>
</table>

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures\(^\text{11}\).

4.3 Organisational set-up and responsibilities

A Steering Committee including representatives from relevant EU services in Headquarters and Delegations, as well as the project implementation team will ensure proper project governance and strategic orientation. The Steering Committee will meet at least once a year, starting with a kick-off meeting during the inception phase of the project.

Moreover, the project activities will be discussed at the annual meetings of the EU GCC Energy Expert Group, which will provide further technical guidance.

To ensure active participation by the GCC countries regular updates (newsletter of activities, studies etc…) will be shared with the GCC Secretariat and individual GCC countries contact points. Beside this, the GCC Secretariat and individual GCC countries contact points will be regularly informed and updated on project milestones and most successful events.

4.4 Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process and part of the implementing entity’s responsibilities. To this end, the implementing entity shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its results. The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of core and corporate indicators.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the Action. The final report, narrative and financial, will cover the entire period of the Action implementation.

The Commission may undertake additional Action monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring

\(^{11}\) www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

4.5 Evaluation and audit

For this Action, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” rule applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.4 above, will be funded from sources other than those allocated to this specific Action.