

Assignment contributing to the completion of a discussion paper in the project:

“A Multi-Stakeholder Partnership (MAP)”

Terms of Reference

Type of Contract: Service Contract
Assignment Timeframe: 1 month

I. General Information

Balkan Green Foundation (BGF) is a regional organization that promotes inclusive and equitable progress within the Western Balkans on sustainable development domain. Along with its partner organizations, BGF places a strong focus on advocating for solutions that promote development policies, which are in line with the world's latest developments, global challenges and national agendas for EU integration. Regional initiatives are undertaken on an ongoing basis to further convey BGF's commitment towards regional sustainability, ensuring the strengthening and advancement of vital policies affecting key sectors, such as energy, environment, and economy.

BGF has been successfully positioned as a key strategic partner for regional and global institutions, organizations, and communities in promoting sustainable development, energy transition, transforming innovative concepts into powerful solutions, and strengthening regional and global partnerships.

Since November 2017, BGF together with its partner Germanwatch are implementing the project “A Multi-Actor Partnership (MAP) for the Energy Transition”. The project is funded by the German Federal Ministry for Economic Cooperation and Development and supported by Engagement Global.

The project tackles the transition of the energy system and in particular, the electricity system, towards a more sustainable state, increasing the share of renewable energy, and improving local energy efficiency. In pursuit of these objectives, the discussion paper will be carried out as the final output of the project, as the subject matter became part of the discourse in the target region only at the latest stage of the project. Findings derived will be made available to key relevant stakeholders and the public in general through various media outlets and appearances, academic databases and international journals. These findings will also be unfolded in events organized that include workshops, debates, discussions and conferences in an endeavour to delve deeper into policy implications, recommendations and alternatives.

The thematic areas around which the research will be centered on are:

1. Discussion Paper: Gas in the Western Balkans

In recent years there has been considerable debate over the viability of using Natural Gas as a *transition fuel* while renewable energies mature technologically and economically. In the Western Balkans 6, coal makes up a substantial share of electricity generation (except in Albania), therefore, the transition process in the region remains a challenge. Accordingly, gas is being considered as a means for transitioning from coal towards renewables, by simultaneously addressing air pollution, geopolitical interests, security of supply and other matters. All in all, gas in the Western Balkans remains a complex topic with various interests and players involved. The intent of this paper is to contribute to a better understanding among the general public and public servants of the benefits and/or disadvantages/drawbacks brought by developing gas infrastructure and integrating gas in the energy mix of the Western Balkans 6.

II. Objectives

The overall objective is to contribute to a better understanding among the general public and public servants of the benefits and/or disadvantages/drawbacks brought by developing gas infrastructure and integrating gas in the energy mix of the Western Balkans 6. The specific objectives are: understanding the current gas situation including infrastructure and legislative framework of each country; identifying the main stakeholders relevant in gas developments and their position regarding the matter; analysing the geopolitical implications of gas in each country; investigating the development of gas infrastructure vis-à-vis decarbonisation; identifying environmental implications of developing a gas infrastructure and of using it as a source of energy.

III. Duties and Responsibilities

The organizations conducting the study have the following duties and responsibilities:

- Conduct a desk research on the subject relevant for the study based on the outline (Annex I of this ToR);
- Provide a thorough analysis of legal and strategic documents relevant for the study based on a given outline;
- Exchange with/Interview at least 3 (three) stakeholders and reflect their input in the analysis;
- The analysis shall be updated based on the comments provided by the “Contractor”;
- Deliver final national analysis until April 20, 2021. The detailed analysis shall contain 15 pages; with graphs, data and literature review relevant for the study (quantitative and

- qualitative); shall be prepared by at least 2 different authors and shall be approved beforehand by the “Contractor”; The summary of the analysis shall contain up to 5 pages;
- Participate in and present the study at the Final Workshop/Conference and ensure participation of at least 2 (two) relevant country representatives.

IV. Duration and Location of Assignment

The duration of the engagement will be **from the beginning of the agreement until 30th of April 2021**. The assignment will be carried out in each Western Balkan Country.

V. Confidentiality and Authorship

BGF and Germanwatch shall be deemed the sole owner of any of the information generated as part of the assignment, including, without limitation, any works of authorship resulting from the services during this employment and any works in progress. Except for purposes of this assignment, the information shall not be disclosed to the public nor used in whatever without written permission from BGF in line with International Copyright Laws applicable.

VI. Supervision

The Researcher will work under the supervision of the BGF and Germanwatch project team and will work closely with them.

VII. Payment

Compensations for this assignment will be in the form of a fee transfer in two instalments. The interested candidates should provide a financial offer with a fee based on the duties and responsibilities as indicated in paragraph III.

VIII. Application Procedure

Interested candidates should send a Letter of Interest along with a current C.V. and financial offer in the following email address: info@balkangreenfoundation.org.

IX. Deadlines

The deadline for submitting an application, which should contain all required documents/information requested in section VIII is: **March 20, 2021, 23:59**.

Annex I - Gas in WB6 Study Outline

In all the Western Balkan countries except in Albania which generates almost all of its electricity from hydropower, coal power makes up a substantial share of electricity generation. Since all the Western Balkans 6 countries are members of the Energy Community and as Contracting Parties they are committed to implement the relevant EU energy *acquis communautaire*, the EU's ambitious climate and sustainability goals such as becoming carbon neutral by 2050, should be reflected in the region's policies and their energy transition paths. However, having a large share of energy generation coming from fossil fuels, the energy transition remains a challenge for the region especially when considering security of supply concerns in the near and medium-term future.

In recent years there has been considerable debate over the viability of using Natural Gas as a *transition fuel* while renewable energies mature technologically and economically. Even though gas emits roughly 50% less CO₂ than coal when burned in power plants and it is comparatively cheaper than coal, it is nevertheless a fossil fuel which may slow down the decarbonisation path. Additionally, there are concerns that gas is associated with leaks of methane which is a potent greenhouse gas, and investments in natural gas might crowd out investments in renewable alternatives. However, the gas debate is not only looked at from the environmental or economic aspect, but it also plays an important role in geopolitics. Europe is strongly dependent on Russian natural gas supplies and as things stand, gas remains a high geopolitical interest for Europe, from which its stability is directly affected. Despite the fact that decarbonisation policies and the quick developments in renewable energy technologies are also seen as strategies to change the status-quo of the geopolitics of energy, the EU is considering 'Caspian gas' as a way to diversify gas supply in several EU and pre-accession countries.

This subject matter is relevant for WB6 because the new Trans Adriatic Pipeline has brought a prospect for distributing gas to the region and at the same time, the West and Russia are battling for control of the transport of natural gas through the Balkans, pursuing their geopolitical agenda in the region. The US for years has planned to introduce American LNG into the Balkans energy mix. The multitude of plans and cross cutting of various gas pipelines with different agendas can have long lasting effects to the sustainable development of the WB6 countries as a whole and might lead to political polarization.

Regardless of the developments, the readiness of the Western Balkan 6 to join the gas market should be considered from the legislative, market and infrastructure aspect and other interests to do so. All of the WB6 countries are members of the Energy Community Treaty and therefore they have to make efforts in reaching different targets and implement the EU energy *acquis* which is at the heart of this treaty. Gas is one of the key energy sector benchmarks in the implementation reports for each country, and the implementation of gas *acquis* looks at the unbundling, third party access, wholesale market, retail market and interconnectivity.

There are numerous questions that are raised when one looks at the current situation for developing a gas market in the Western Balkans in the near future. First, one needs to know if all the WB6 countries do have the same outlook on including gas on their energy mix. Second, the legislative,

market and infrastructure readiness remain substantial when considering integrating gas in the energy mix because each of the countries do face issues in at least one of the matters. The EU does also have a say in this subject. All of the countries are prospective EU countries and as such, they need the 'blessing' of the EU if they want to continue with such a substantial and influential venture. As mentioned, the EU with its Green Deal has set even more ambitious goals regarding their decarbonisation path which also influences the Western Balkan's decarbonisation targets. Gas remains debatable whether it is compatible with the EU's decarbonisation path. Another important matter is the origin of gas if the region decides to import it and include gas in their energy mix. Even though the region shares the same EU integration prospect and some of those countries are members of NATO, there are other players such as Russia and China that have influenced individual WB6 countries' policies and decisions lately, including the energy sector. Therefore, developing a gas infrastructure in the Western Balkans may be a double-edged sword if not planned properly. The last but not least important matter is how the new gas infrastructure projects will be financed. International donors have a crucial role in investing in large-scale projects in the region and as such, they do influence these decisions because without such support, the countries may face difficulties in bringing such costly projects into life.

As one can see, gas in the Western Balkans remains a complex topic with various interests and players involved, therefore, in order to understand the current situation and the future of gas in the WB6, the following questions shall be answered:

1. What is the current gas situation in your country?
 - 1.1. What is the current gas infrastructure?
 - 1.2. What is the current legislative framework for gas?
2. Who are the main (internal and external) stakeholders relevant in gas developments in your country?
 - 2.1. What is the Government's position on bringing and increasing gas supply, and at what cost?
 - 2.2. What are the geopolitical implications of gas in your country?
 - 2.3. What are the positions of other relevant stakeholders on bringing and increasing gas supply?
3. What does developing a gas infrastructure vis-à-vis decarbonisation mean for your country?
 - 3.1. What are the environmental implications of developing a gas infrastructure and of using gas as a source of energy?

