

ANNEX 1: ACTION FICHE

1. IDENTIFICATION

Title/Number	Additional contribution to the Northern Dimension Environmental Partnership Support Fund CRIS: ENPI/2010/22646		
Total cost	<i>EU contribution – €14 million</i>		
Aid method / Method of implementation	<i>Joint management – through a direct agreement with an international organisation</i>		
DAC-code	41010	Sector	Environmental policy and administrative management

2. RATIONALE

2.1. Sector context

Environmental degradation in the Northern Dimension area (countries in the Northern Europe) is of international concern. The environmental problems in the region are well known, including the impact on climate change and the negative consequences of pollution on the fragile marine ecosystem. It is important to note in this context that the Baltic Sea is relatively shallow (average depth of only 50 metres) and almost completely enclosed. Only 3% of the water is exchanged each year. Rivers drain a land area four times larger than the sea itself with a population of nearly 90 million.

These delicate trans-boundary problems and the existing pressures demand a macro-regional approach to effectively combat the long term environmental deterioration. Concerted and coordinated actions, that go beyond the capacity of a single country or organisation, are essential both for convergence of environmental standards and policies, and for funding cooperation activities. In this context, International Financial Institutions (IFIs) active in the region: the European Bank for Reconstruction and Development (EBRD), the Nordic Investment Bank (NIB) and the World Bank created the Northern Dimension Environmental Partnership (NDEP), signalling a new approach in promoting and financing environmental investments. Later on, the European Investment Bank (EIB) and, more recently, the Nordic Environment Finance Corporation (NEFCO) joined the NDEP.

The NDEP is part of the Northern Dimension (ND) Policy initiated in 1999 with the participation of Norway, Iceland, EU Member States and the Russian Federation. The main objective of this policy is to provide a common framework for the promotion of dialogue and concrete cooperation, to promote economic integration, competitiveness and sustainable development in the Northern Europe. A renewed ND policy was launched at the EU Helsinki Summit in November 2006 intensifying the cooperation among the actors in the region. The broad geographical scope of the ND policy covers the Baltic Sea region and the Arctic and sub-arctic regions of North West Russia. In order to facilitate project implementation in priority sectors, specific partnerships (on environment, transport and logistics, health and social wellbeing, culture) have been set up.

Good progress has been achieved since the start of the NDEP in 2001 in addressing the legacy of environmental damage in the ND Area including the nuclear safety challenges. The direct

beneficiary countries for the project are Russia and Belarus, although the latter country has not participated in any project yet since the decision to include Belarus as beneficiary country took place only in November 2009. Governments of both countries are fully supportive of the activities of the NDEP. The NDEP Support Fund currently consists of two windows, an environmental window and a nuclear window. Dedicated contributions to the nuclear window have been made. This additional contribution does not concern the nuclear window.

Activities of the NDEP are consistent with the EU Strategy for the Baltic Sea Region, adopted by the European Commission in June 2009 and welcomed by the Council Conclusions in December 2009, where the protection of the environment is one of the main challenges. Particular attention has to be paid to the impact of excess nutrients in the Baltic Sea leading to eutrophication and algal blooms.

The Commission is very committed to the NDEP and believes that such partnership plays a great role in addressing regional and cross border challenges in the area of the environment. The proposed contribution, together with other possible contributions and donations from Russia and other country partners, is needed to ensure the medium-term capacity of the NDEP. Although the total amount available for contracting new projects is more than €40 million, this amount is not enough to fulfil the objectives of the Fund. This additional funding is consistent with the decision taking by the Assembly of Contributors in November 2009 to (a) extend by 5 years the previous duration of the NDEP Support Fund until 2017; and (b) to include Belarus as beneficiary country.

In terms of figures, the aggregated investment of the Fund (non-nuclear window) is €3.167 billion to which loans and grants achieve the overall amount of €853 million. The size of NDEP grants amounts to €6.37 million (as of April 2010, in July 2010 an additional grant of 3.75 million was approved). The NDEP Support Fund has catalysed environmental investments by mobilising grant co-financing for leveraging loans from the IFIs. The grant funds have a significant multiplication effect on environmental investment in the area.

As of April 2010, pledges of contributions (non-nuclear window) to the Fund total €127.6 million (of which €107.39 million were received). It is particularly important to note that the main contributor to the Fund, in terms of pledges, is the Russian Federation with €40 million (of which €21 million were received as of 1st April 2010). The Commission is second in pledges to Russia with €30 million (€30 million received as of 1st of April 2010). Major other contributors are Germany (€10 million), Sweden (€9.1 million), Finland (€6 million), Denmark (€10 million) and Norway (€1.5 million). Belarus has pledged €1 million.

With the proposed additional contribution, the Commission will more than equal the total contribution pledged by the Russian Federation to the non-nuclear window of the Fund. It is expected that additional contributions and donations from Russia and other partners will follow.

2.2. Lessons learnt

The Fund since its creation in 2001 has contributed to the implementation of a number of important projects, mainly in waste water sector. The NDEP is an efficient instrument which is regularly referred to as a model for other similar initiatives.

The main lessons learnt are as follows:

- 1) Given the experience with the identification, development and implementation of a number of projects, it is important to continue paying particular attention to the

selection and definition of good project proposals that can have a significant cross border impact in line with the objectives of the Fund.

- 2) Better integration of the projects into federal and regional programmes should increase their impact as well as the commitment and ownership of the beneficiary organisations.
- 3) An issue of particular concern is the need to improve the low disbursement rates (around 27 % of the value of signed grants or 24% of the value of approved grants, status April 2010). A task force within the NDEP Steering Group is looking into the problem to recommend measures to speed-up disbursements.

2.3. Complementary actions

The projects under the NDEP are complementary to other relevant initiatives in the region conducted by the beneficiary countries, other donors or even the Commission. In particular the following EU-funded projects have been taken into consideration:

- § Construction of a Sludge Incineration Plant (SIP) at the South-West Water Treatment Plant (SWWTP) in St. Petersburg
- § Towards Enhanced Protection of the Baltic Sea from Main-land Based Threats: Reducing Agricultural Nutrient Loading and the Risk of Hazardous Wastes
- § Kaliningrad Waste Water Plant
- § Kaliningrad Waste Water in Small Towns

It should be kept in mind that NDEP is a partnership bringing together dedicated EU Member States, the European Union, Norway, Russia, Belarus, (in the nuclear window) Canada, and the international financial institutions active in the Northern Dimension Area. It offers project-focused solutions to improve the environment surrounding the Baltic and Barents seas and cooperates closely with leading international environmental initiatives, including HELCOM, Barents Euro-Arctic Council, Council of the Baltic Sea States and Nordic Council of Ministers.

2.4. Donor coordination

The NDEP Support Fund is managed by the EBRD. The rules of the Fund foresee that the co-ordination between the interested parties (contributors, donors and IFIs) is made, on the one hand within the Steering Group, which prepares the work of the Assembly of Contributors, and on the other hand at the level of the Assembly itself, where the co-ordination is developed on the basis of strategic approaches with bilateral programmes. The Assembly of Contributors takes decisions on grants for the financing of projects

The activities of the NDEP are regularly presented at relevant meetings and other events where the donor community and other interested parties concerned with the environmental situation in the Northern Dimension area take part.

3. DESCRIPTION

3.1. Objectives

The purpose of the NDEP Support Fund is to accept and make use of grant funds provided by Contributors for the provision of project preparation and implementation assistance and investment co-financing in support of priority projects addressing severe damage in the environment and lack of energy efficiency, which are largely a legacy of the planned economy period and which have cross-boundary impacts. The objective of this EU contribution to the NDEP Support Fund (non-nuclear window) is to address the environmental protection of the Baltic Sea Region.

3.2. Expected results and main activities

The main results are the implementation of specific projects related to the environment and with a cross border impact in the Russian and Belarusian Baltic Sea Region in line with the objectives of the Fund.

The main features of NDEP Support Fund (non-nuclear window) can be summarised as follows:

- § Project focused on the northern Dimension Area of which the Baltic Sea Region forms an integral part.
- § Strong Russian (and also Belarusian), involvement and ownership
- § Mobilisation of resources for grant co-financing of key investments through the Fund
- § Coordination of IFI resources through a Steering Group and assigned project leadership by an IFI
- § An integrated, long-term programme approach involving investments as well as promotion of awareness, environmental standards and sector reform.

The NDEP Support Fund is managed by the EBRD according to the rules of the Fund and has two windows, one for nuclear safety and the other one for environmental projects.

There are two main pillars of the NDEP: an organisational structure, the Steering Group, as well as a funding mechanism, the Support Fund governed by the Assembly of Contributors.

The Steering Group coordinates the work of addressing the region's environmental problems, including as regards nuclear waste. It includes the European Commission, the Russian Federation and the IFIs active in the region and other contributors (donors and Belarus can participate as observers).

The NDEP Support Fund will catalyse environmental investments by mobilising grant co-financing for leveraging loans from the IFIs. The grant funds will have a multiplying effect on environmental investment in the area as they will make possible larger IFI loans that will finance the major share of the investments. Without a support fund, NDEP would therefore not gain the necessary strength. In this area, loans will be of less importance.

According to the Fund rules, the Steering Group makes proposals to the Assembly of Contributors of the Fund, which decides, on a consensus basis, the allocations of grant funds to specific projects. The Steering Group work closely with the Assembly to oversee the

implementation of projects, with the lead of each individual project to be allocated to one leading IFI concerned.

3.3. Risks and assumptions

The NDEP Support Fund has proved to be a successful tool for the implementation of concrete environmental projects in the ND area. However, the development of the projects requires long time in order to secure a proper financial framework. Moreover, the financing of these projects receives grants and loans which depend from guarantees to be provided with the authorisation of the Russian Authorities, and this can delay the process.

Another issue of concern is the low disbursement rate of the Fund (27% of the value of signed grants) which needs to be improved.

Nevertheless, the operations of the NDEP Support Fund benefit from the positive input of the IFIs in their role for preparing the projects. On the Russian side, the Ministry for Finance assures the co-ordination of the various Russian administrative levels regarding the sound financing framework including the required guarantees for the IFIs.

3.4. Crosscutting Issues

Implementation of investment projects in the area of environment interfaces with a number of policy spheres and has an impact on the economy and regional development and, therefore, on the living conditions of the population in the region.

3.5. Stakeholders

The final beneficiary is the entire Baltic Sea Region and its population. The EBRD fulfils the role of manager of the NDEP Support Fund. Relevant Russian Authorities at Federal, Regional and Local level directly benefit from the action. The Ministry of Finance plays a key role coordinating and leading the Russian participation.

Other project stakeholders include IFIs, other donors and contributors participating in the Fund and well as other organisations concerned with the environmental protection in the ND area.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The method of implementation will be **Joint management** through the signature of a standard contribution agreement with an international organisation, namely with the European Bank for Reconstruction and Development (EBRD).

The NDEP Fund is managed by the EBRD. The European Union has a long standing cooperation with the EBRD in the economic development sector.

An assessment of the EBRD procedures is currently performed by DG ECFIN. In anticipation of the results of the assessment required under Article 53d of the Financial Regulation, the authorising officer deems that, based on the problem free cooperation with the EBRD, joint management can be proposed and a Contribution agreement can be signed in accordance with

the provisions laid down in Article 43 of the Implementing Rules to the Financial Regulation.

The EU contribution will be made in one payment expected to be made in 2011.

4.2. Procurement and grant award procedures

In anticipation of the results of the external review in relation to Article 53(d) of the Financial Regulation, the authorising officer proposes that all contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

4.3. Budget and calendar

The total budget is €14 million, of which a minimum of €2 million will be for actions in Russia and a maximum of €2 million will be for actions in Belarus.

The present proposal aims at a further contribution for the non-earmarked part of the Fund and is expected to be paid in 2011. This grant includes a contribution to the EBRD's management fee for the additional professional and administrative support required to manage the funds.

The NDEP Support Fund is now set to run till November 2017.

4.4. Performance monitoring

The projects and relevant activities under the Fund will be closely followed by the EU Delegation to Russian. The project will be monitored according to the standard EU procedures of these types of activities.

The NDEP Support Fund benefits from the management of the EBRD and of the integration within the Steering Group.

Key indicators for the efficiency of the Fund include:

- § Availability of good project proposals prepared for receiving support. The Fund has now a number of promising proposals to be further elaborated in view of their possible financing after Assembly's approval;
- § Quality of the documents supporting the proposals;
- § Reduced preparation time;
- § Definition of a correct financial framework which will facilitate the grouping of the financing resources;
- § Progress in implementing specific projects according the predefined scheduled;
- § Appropriate disbursement rate.

4.5. Evaluation and audit

The activities of the Fund, managed by the EBRD, are supervised by the Assembly of Contributors. The financial statements of the fund are audited on an annual basis by internal and external auditors of the manager of the Fund in a manner consistent with that applied to the manager's ordinary capital resources.

In case of joint implementation with an International Organisation and a general agreement between the European Commission and an International Organisation on such joint implementation, evaluation and audit will be executed according to the arrangements foreseen in that agreement.

4.6. Communication and visibility

The proposed project will follow the latest visibility guidelines concerning acknowledgement of EU financing of the project.

ANNEX 2: ACTION FICHE

1. IDENTIFICATION

Title/Number	Implementation of the Helsinki Commission (HELCOM) Baltic Sea Action Plan CRIS: ENPI/2010/22648		
Total cost	<i>EU contribution – EUR 2.5 million</i>		
Aid method / Method of implementation	<i>Joint management – through a direct agreement with an international organisation</i>		
DAC-code	41020	Sector	Biosphere protection

2. RATIONALE

2.1. Sector context

The Baltic Sea Action Plan agreed in the context of HELCOM, the Baltic Marine Environment Protection Commission (Helsinki Commission) established under the Convention on the Protection of the Marine Environment of the Baltic Sea Area, 1992 (entered into force on 17 January 2000), has identified the major environmental risks for the marine environment, and the necessary actions to restore the good ecological status of the Baltic Sea within four priority areas: eutrophication, hazardous substances, biodiversity and nature protection and maritime activities.

In addition to applying existing instruments (for instance the use of applicable EU funds for supporting the construction of new urban waste water treatment plants in EU Member States and Russia), as well as, where appropriate, the full implementation of EU legislation such as the Water Framework Directive, additional action is required to identify the potential for reviewing existing EU action, for proposing EU assistance, and new intervention. Important concerns remain in several areas, including in the Russian territory bordering the Baltic Sea (in the Gulf of Finland and the Baltic Proper - Kaliningrad).

The project proposed will utilise the experience and results of the activities by the BALTHAZAR-Project (2009-2010). This project of €2.5 million tackles pollution derived from large scale farms and hazardous waste collection sites and management processes. It addresses two environmental priority areas of the EU Marine Strategy Framework Directive and the HELCOM Baltic Sea Action Plan, eutrophication and hazardous substances (the contract for phase I was signed on 06 February 2009, duration – 24 months).

Moreover, the project proposed will go beyond the existing cooperation topics within BALTHAZAR and will address three priority areas of the HELCOM Baltic Sea Action Plan (BSAP): eutrophication, hazardous substances, biodiversity and nature protection, as well as monitoring activities to support and measure the implementation progress within the abovementioned segments.

The project will specifically assist the further development, revision and prioritisation of national measures to implement the HELCOM Baltic Sea Action Plan in Russia with input to the Federal Targeted Programme “National Action Plan for the rehabilitation and

improvement of the Baltic Sea ecosystem” presented at the HELCOM Ministerial Meeting in Moscow May 2010 (implementation of which will commence in 2011).

The project will mainly keep the focus on St. Petersburg City, Leningrad Region and Kaliningrad Region. Specific activities should also be carried out in Pskov, Novgorod and Karelia.

The project will yield valuable information and experience on implementation of the management activities and assessments to be transferred to other countries and regions. The project will specifically assist the further development and revision of national measures to implement the HELCOM Baltic Sea Action Plan for Russia as well as the other HELCOM Contracting States.

2.2. Lessons learnt

- 1) There is a need to fully coordinate the activities of different ongoing initiatives to obtain a complete picture of the importance of different sectors and cost effective mitigation measures.
- 2) It is also important to take into account the potential risk for the Baltic Sea marine environment and the achievements of the objectives of the HELCOM Baltic Sea Action Plan, also beyond the scope of the BALTHAZAR-project.
- 3) In order to achieve concrete results there is a need to further strengthen and complement the ongoing activities of BALTHAZAR in the current target areas, the City of St. Petersburg as well as the Leningrad and Kaliningrad Oblasts.
- 4) The project yields valuable information and experience on implementation of the management activities and assessments to be transferred to other countries and regions. The project is assisting in the further development and revision of national measures to implement the HELCOM Baltic Sea Action Plan for Russia as well as the other HELCOM Contracting States.

2.3. Complementary actions

The project will be complementary to relevant projects funded directly by the EU, the Northern Dimension Environmental Partnership or other related organisations, as well as bilateral initiatives.

2.4. Donor coordination

The results achieved by the proposed project could be discussed through meetings within HELCOM as well as with embassies of the EU Member States and other relevant entities.

3. DESCRIPTION

3.1. Objectives

The overall objective of this project is to promote Baltic Sea protection from pollution of hazardous substances and nutrients, and to promote protection of biodiversity.

Following the adoption of the National Implementation Plans, and their follow-up assessment after the 2010 HELCOM Moscow Ministerial Meeting, the project will assist in and facilitate the implementation of nationally prioritized and targeted actions in the Russian Federation.

The specific objective is to further strengthen the assessment and identification of potential sources of hazardous substances and nutrient loading, the assessment of environmental risks, the development of measures to be taken to reduce the Baltic Sea pollution, and to enhance protection of biodiversity as well as the development of necessary management system, including enhancement of the monitoring activities. The project will continue providing assistance to Russian federal and local authorities in order to improve the management and to enhance dialogue between environmental and other sectors, including agriculture and fisheries.

3.2. Expected results and main activities

This project will address three of the four priority areas of the HELCOM BSAP: eutrophication, hazardous substances, and biodiversity and nature protection, as well as monitoring and environmental awareness raising activities.

The project will specifically assist the further development, revision and prioritisation of national measures to implement the HELCOM Baltic Sea Action Plan for Russia with input to the Federal Targeted Programme “National Action Plan for the rehabilitation and improvement of the Baltic Sea ecosystem” presented at the HELCOM Ministerial Meeting in Moscow May 2010 (which will start 2011). The activities will also assist in completion of the HELCOM Joint Comprehensive Environmental Action Programme in the Baltic Sea region (JCP programme).

The emphasis of the actions will be both on further concrete actions that will be defined based on the results of the BALTHAZAR project and on other activities; as well as on strengthening the capacity to further assess and implement necessary actions and joint activities based on jointly agreed HELCOM measures.

Actions will be taken within the following sections:

1. Eutrophication

The project will promote and implement the most cost-efficient solutions to reduce nutrient pollution to the Baltic Sea from different sources, including municipal waste waters and intensive agricultural activities in Leningrad and Kaliningrad Oblasts.

The activities will include further development of pilot projects aiming at practical results and continuing the feasibility studies to implement proposed pilot investments in nutrient pollution control from agriculture and municipal waste waters.

2. Hazardous substances

In this area, enhanced action is required for:

- the improvement of hazardous waste management in general,
- to address the pollution of hazardous substances from all sources, including waste sites to carry out feasibility studies to implement proposed pilot investments in mitigation of pollution by hazardous substances.

3. Biodiversity and nature protection

The HELCOM Ministerial Meeting in Moscow 2010 expressed concerns about the unfavourable conservation status in most of the Baltic Sea marine areas and that all levels of Baltic biodiversity have been negatively affected by human activities, noting the need for additional designation of Baltic Sea Protected Areas (BSPAs) and the development and application of proper management plans and/or measures for BSPAs.

The activities in the project will assist in achieving the commitments made under the BSAP, such as:

- the development and application of management plans and/or measures for the BSPAs,
- the production of red lists on species and biotopes of the Baltic Sea , and
- follow-up of the preparation of an inventory of rivers with salmon and sea trout populations in the Baltic Sea rivers within the Russian Federation, including the status of their habitats, as carried out within the HELCOM SALAR Project.

4. Monitoring

The activities will contribute to the harmonization of assessment methods in the whole Baltic Sea region in order to have comparable and reliable results for assessments and evaluation of sources for hazardous substances and nutrients (HELCOM Pollution Load Compilations), as well as the assessment of the status of the marine environment. Reliable pollution data is also important for preparations and follow-up of individual environmental investment projects. The specific activities will continue the verification of the environmental impact of identified hot spot facilities and assessment of risk areas in agriculture and hazardous waste management in order to enable prioritization of sources to be addressed as well as cost-efficiency assessment of investments.

The project will specifically contribute to the process of reviewing the HELCOM nutrient reduction targets and environmental objectives with regard to eutrophication (HELCOM TARGREV) and to the development of the core set of indicators describing the state of marine environment in the field of nature conservation and hazardous substances (HELCOM CORESET).

5. Raising public awareness and ecological education

Activities in this area will include among others: the production of necessary guidelines and manuals to enhance the capacities to provide input to HELCOM assessments; support the use of phosphorus free detergents by awareness campaigns enabling the substantial reduction of phosphorus losses from households; promotion of BAT for collection and treatment of sewage from single-family houses and scattered settlements.

3.3. Risks and assumptions

The Russian Federation has acknowledged the needs of common measures in the framework of the Convention on the Protection of the Marine Environment in the Baltic Sea. HELCOM has earlier shown that they can carry out this project in agreement with Russian authorities.

3.4. Crosscutting Issues

The project will have an impact on the living condition and economic policy in the region.

3.5. Stakeholders

The project will be managed by the Secretariat of the Baltic Sea Commission (HELCOM), the executive body of the Helsinki Convention. The target group of the action includes relevant Russian federal authorities, such as the Russian Ministry of Natural Resources and Environment, Russian Ministry of Agriculture, regional environmental and agricultural authorities, scientific organisations, environmental NGOs.

Other project stakeholders may include other donors and organisations, which are active in promoting Baltic Sea protection in Russia, including NGOs.

4. IMPLEMENTATION ISSUES

4.1. Method of Implementation

The method of implementation will be joint management through the signature of a standard contribution agreement with an international organisation. The international organisation identified is the Secretariat of the Baltic Sea Commission (HELCOM), the executive body of the Helsinki Convention.

An assessment of HELCOM's procedures is currently performed by DG AIDCO. In anticipation of the results of the assessment required under Article 53d of the Financial Regulation, the authorising officer deems that, based on the problem-free cooperation with HELCOM, joint management can be proposed and a contribution agreement can be signed in accordance with the provisions laid down in Article 43 of the Implementing Rules to the Financial Regulation.

4.2. Procurement and grant award procedures

In anticipation of the results of the external review in relation to Article 53(d) of the Financial Regulation, the authorising officer proposes that all contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

4.3. Budget and calendar

It is expected that the project will start in early 2011 following the conclusion of the agreement with HELCOM. The budget amounts to €2.5 million.

4.4. Performance monitoring

The project will be monitored according to the standard EU procedures.

4.5. Evaluation and audit

A mid-term evaluation and a final evaluation may be conducted.

As per article 16.2 of the General Conditions to the Standard Contribution Agreement, “financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of the Organisation. A copy of the audited financial statements shall be submitted to the European Commission by the Organisation”.

4.6. Communication and visibility

The proposed project will follow the latest visibility guidelines concerning acknowledgement of the EU financing of the project.

Key results of the project will be communicated to all the governmental and non-governmental stakeholders. They also shall be published on the web-site of the EU Delegation, as well as in the various visibility and communication materials of the EU Delegation. All the reports and publications made in the framework of the project shall be widely disseminated in the relevant Russian regions.

A kick-off and a final conference could be organised to promote the project and its outputs and enhance the EU-Russia dialogue on the Baltic Sea protection.

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ANNEX 3: ACTION FICHE

1. IDENTIFICATION

Title/Number	Non-state Actors and Local Authorities programme for the Baltic Sea Region within the framework of priorities of the Northern Dimension CRIS: ENPI/2010/22649		
Total cost	€3.5 million		
Aid method / Method of implementation	Project approach – <i>centralised management</i> <i>Grant Contracts following a Restricted Call for Proposals</i>		
DAC-code	15150	Sector	Democratic participation and civil society

2. RATIONALE

2.1. Sector context

The Baltic Sea Region plays a strategic role in EU-Russia relations being the main gateway from Russia to Europe. Its prosperity, safety and security are of crucial importance not only for direct neighbouring regions and countries but for the whole of Russia and EU.

Although the ‘EU Strategy for the Baltic Sea Region’ is a strictly EU strategy, many of the issues can only be constructively addressed with Russia. The strategy does not dictate to Russia but indicates issues on which cooperation is desirable. In fact, the majority of the priority areas form a comfortable overlap with current Russian government and or regional government priorities for the Russian Baltic regions.

The overall objective of the project is to provide institutional strengthening support to stakeholders, in particular to Non-state actors and Local authorities to enable them to participate effectively in addressing common challenges (disparities in regional development, inadequate quality of life, demographic crisis, energy efficiency, etc.) and exploiting common opportunities (high education levels, natural resources, open societies, etc.) of the Baltic Sea Region and within the framework of priorities of the Northern Dimension.

The proposed actions are to follow the principle of multilevel governance and therefore are primarily focused on empowerment of EU and Russian regional /local authorities and non-state actors in addressing existing challenges and exploiting shared opportunities in the Baltic Sea Region.

Russia is fulfilling its quantitative commitments under the Kyoto Protocol, nevertheless the country still has a huge potential in energy efficiency improvement and greenhouse gas emission reduction. Adaptation aspects are critical for certain Russian regions, especially in the Arctic area and the Baltic Sea area, very vulnerable to climate change. Additional efforts on capacity building and public awareness are strongly required. At the moment only few Russian NGOs and limited number of local/regional stakeholders are dealing with climate change. Strengthening of national climate change mitigation and adaptation policies requires stronger involvement of Russian civil society in the process. Energy efficiency is one of the most important priorities in the recently concluded Partnership for Modernisation between the EU and Russia.

The areas proposed are in line with a number of the agreed priority sectors of the Northern Dimension, in particular: youth policy and the promotion of people-to-people contacts, links between cultural and economic life, energy efficiency, social welfare and health care, including prevention of communicable diseases, life-style related diseases and promotion of cooperation between health and social services.

At the recent meeting in Rostov-on-Don for the 25th Summit on May 31-June 1, 2010, the European Union and Russia launched a Partnership for Modernisation to the mutual benefit of their citizens. In the final recent joint statement one of the Priority areas of the Partnership for Modernisation will include: ... *“ensuring balanced development by addressing the regional and social consequences of economic restructuring; ensuring the effective functioning of the judiciary and strengthening the fight against corruption; promoting people-to-people links; and enhancing dialogue with civil society to foster participation of individuals and business.”*

2.2. Lessons learnt

- 1) The lessons learnt from the 8-year implementation of the Institutional Building and Partnership Programme (IBPP) programme of support to civil society in Russia will be in-built into the current project. The present project will also build synergies with the still ongoing projects under the IBPP, some of which are taking place in the Baltic Sea Region, as well as those that have complementarity with the problem areas identified, but currently being implemented in other Russian regions.
- 2) Drawing on the success of the former IBPP Civil Society there is strong evidence of the important contribution that local Non State Actors and Local Authorities (NSAs/LAs) make to modernising policy when participatory approaches are introduced to decision-making. There has been regional and in some cases federal level policy changes that can be contributed to the influence of NSA/LAs activities specifically in the area of child rights and disability rights. Several services initially created by NSAs have already been integrated into the annual budget cycle of local and regional authorities. In addition, there is increased dialogue and partnership among NSA's (creation of common platforms) and between NSAs, LAs and business on pressing issues of social and economic importance. These successes can be shared with the Baltic Sea regions.
- 3) It is important to contribute to creating a critical mass of NSA in order to strengthen the civil society dimension in formulation of policies that affect a large percentage of the population and matter enormously to public opinion. Although there are numerous NSAs operating in the Russian Federation their ability to influence is seriously curtailed by the lack of networking, information sharing and platform building on common thematic themes. This is where the EU funding can make a difference in terms of supporting positive trends in nascent platform building activities and creating added value by investing in the professionalization of NSAs. The expected result is improved capacity for advocacy and opportunities for influencing public opinion and policy.
- 4) Previous and ongoing projects have provided significant support to Russia in implementation of its obligatory commitments under the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol and energy efficiency improvements. At the same time, activities in Russia on complementary instruments under the UNFCCC and the Kyoto protocol (modelling for long term projections of greenhouse gas emissions; operation of Russian Registry; Joint Implementation; Green Investment Scheme, development of domestic emission trading schemes; development

of instruments for adaptation measures; etc.) significantly decreased during the last one-two years.

2.3. Complementary actions

The proposed project is complementary to the European Union's Thematic Programmes, i.e. Non-State Actors and Local Authorities (possibly applicable from 2011), Investing in People, CIUDAD (Cooperation in Urban Development and Dialogue) and AENEAS (Thematic programme on migration and asylum). The project is complementary also to the Cross Border Cooperation programmes between the EU and Russia.

2.4. Donor coordination

The Delegation of the European Union to Russia organises regular EU coordination meetings and maintains a regular contacts with Member State Embassies and other donors. This involves regular information sharing on projects and general strategy discussions on NSA/LA development in Russia. The same applies to the participants of the Northern Dimension.

2.5. Objectives

The overall objective is to support cooperation with Russia in areas laid out in the Action Plan for the EU Strategy for the Baltic Sea Region. The action will provide support to stakeholders, in particular to non-state actors and local authorities to enable them to participate effectively in addressing common challenges (disparities in regional development, inadequate quality of life, demographic crisis, energy efficiency, etc.) and exploiting common opportunities (high education levels, natural resources, open societies, etc.) of the Baltic Sea Region.

Specific objectives:

- i. To strengthen institutional capacity building of key stakeholders so that they are better prepared for participation in decision making in the fields of climate change, energy efficiency, health and social protection, education and youth, transport and logistics, and culture and tourism within the framework of the priorities covered by the Northern Dimension.
- ii. To promote local/regional governance and improve links between citizens and local/regional authorities in the fields described above.
- iii. To strengthen cooperation between EU and Russia in the field of climate change and energy efficiency by working in partnership with similar European organizations, developing links and cooperation.
- iv. To increase the climate change awareness debate in Russia in respect to climate change mitigation.

2.6. Expected results and main activities

Grants will provide institutional strengthening support to the cooperation between EU and Russian Non-State Actors and Local Authorities or similar institutions in favour of the Baltic Sea Region so that they will:

- ù Enhance cooperation in tackling common regional social/health, economic and other challenges that will bring added value both to the individual and to society in terms of improved quality of life, in the context of the Northern Dimension priorities.
- ù Promote valuable links between EU and Russian NSAs Local Authorities that will lead to lasting partnerships.
- ù Promote local governance and improve links between citizens and local authorities.

2.7. Risks and assumptions

The project is embedded in the EU-Russia cooperation and contributes to the development of a new cohort of highly motivated and committed NSA/LA actors who are ready to be agents of positive change in the various areas covered by the Northern Dimension priorities.

The project assumes that there is motivation on the part of EU NA/LAs to team up with their Russian counterparts and to support their institutional development. This assumption is valid given the popularity of other partnership projects, such as IBPP and Cross Border Cooperation.

In addition the partnership for modernisation concept put forward at the recent EU-Russia summit in 2010 gives new impetus to cooperation with non-state actors as enhancing dialogue with civil society was acknowledged by Russia and the EU as one of the priority areas of modernisation, including the promotion of people to people links and foster participation of individuals and businesses.

2.8. Crosscutting Issues

The project directly supports the policy principles of mainstreaming good governance and social rights issues by encouraging NSAs to play a pro-active role in public oversight of decision making and policy planning and for LAs to be more inclusive in working with stakeholders.

Depending on the theme of the individual actions, issues of environment, health, social and economic rights and gender equality may be touched upon, as these issues are included in the both in the EU Baltic Sea Strategy and the EU-Russia Partnership for Modernisation.

2.9. Stakeholders

- ù Russian NSAs including professional associations and local and regional authorities including departments responsible for social affairs, health, education and youth, energy efficiency and other priorities covered by the Northern Dimension. These are the main recipients of necessary support in terms of expertise, exchange of experience and best practices.
- ù EU NSA and LAs – who will facilitate the transfer of know-how to their Russian counterparts, integrating them into wider international networks and introducing a new mind-set and openness to multi-cultural values

- ù Individual citizens – who are the final beneficiaries of any implemented action. Special focus will be on socially excluded and vulnerable groups such as children, persons with disabilities, youth, the elderly. A special focus will also be on the population of the areas and regions participating in the action and on the general population in the sense that energy efficiency and climate change are global problems.

Other important stakeholders of the proposed projects include:

- ù Federal authorities – as the key decision makers and legislative agents.
- ù Media – for visibility, the promotion of values, improving transparency and channelling public dialogue Federal authorities – as the key decision makers and legislative agents.
- ù Private sector business – an important ally in promoting and supporting initiatives put forward by NSA/LAs.
- ù Judiciary and Legal professionals – responsible for protecting the legal rights of citizens including social rights.
- ù Universities and scientific and research organisations – in relation to climate change and energy efficiency.
- ù International donors: partners of the EU in supporting NSAs and ensuring complementarity and synergy.

3. IMPLEMENTATION ISSUES

3.1. Method of implementation

The implementation method is Direct Centralised management.

- ù The EU Delegation in Moscow will act as the Contracting Authority.

There will be a Restricted¹ Call for proposals

The Applicant and the Partner(s) must form a partnership originating from at least two EU countries and Russia. Eligible applicants will be EU or Russian NSAs (non-state actors) and LAs (local authorities). All activities are to take place in the Russian Baltic Region and will be in support of the priorities of the Northern Dimension framework.

3.2. Procurement and grant award procedures

All contracts implementing the action 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.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title IV 'Grants' of the Financial Regulation applicable to the general budget.. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- ù Financing in full (derogation to the principle of co-financing⁰: the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases

¹ Two-step Call for Proposals, first a Concept Note is submitted then only shortlisted candidates invited to submit full applications.

provided for in Article 253 of the Commission Regulation (EC, Euratom) no 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.

- ù Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

3.3. Budget and calendar

An indicative budget of €3.5 million.

Individual grants will be awarded for projects between the following minimum and maximum amounts: Minimum amount: €200,000; Maximum amount: €500,000

Beneficiary contributions are in principle a minimum 20% for each individual action.

The duration of the each project is to be between 24-30 months

Launch of the calls for proposals: 1st Quarter 2011

3.4. Performance monitoring

The individual actions will be monitored by the ENPI monitoring team, based in Moscow, according to standard procedures. Usually, in the case of small projects monitoring is carried out on the basis of a sample.

Day to day monitoring of performance is also carried out by the project management Staff at the EU Delegation, who will be closely involved in the organisation of the individual actions under this Facility.

As the project will consist of a number of actions in different sectors, it is not possible to list all relevant indicators. However, the key performance indicators for the project will be 1) the number of NSA/LA staff (and organisations as part of networks) having benefited from capacity-building actions. 2) The percentage of targeted NSAs having participated in policy dialogue alone or within a network with EU.

3.5. Evaluation and audit

A final evaluation will take place at the end of the project. If need be, an audit shall also be carried out.

3.6. Communication and visibility

The proposed project will follow the latest visibility guidelines and the communications manual concerning acknowledgement of EU financing of the project.

The results of individual actions implemented under the programme may be published on the website of the EU Delegation, as well as in the various visibility and communication materials of the EU Delegation.

Each project under the programme is obliged to undertake visibility actions, which often take the form of conference, seminars, press briefing, radio or TV programme, in each activity EU visibility guidelines are to be followed. In addition, EU official participation in many individual events ensures some visibility.