

ACTION PROGRAMME FOR RUSSIA 2006

1. Identification

Budget heading	190601
Total cost	€47 million
Legal basis	Council regulation 99/2000 (Takis) of 29 December 1999 concerning the provision of assistance to the Partner States in Eastern Europe and Central Asia

2. Summary of the Action Programme

This National Action Programme for the Russian Federation comprises a series of actions in support of the Russian Government's capacity to engage in co-operation with the European Union. It is developed in line with the Russia National Indicative Programme 2004 -2006. This programme derives its priorities from the Four Common Spaces and the Road Maps endorsed by the EU-Russia summit of May 2005.

This Programme also includes activities to support the Special Programme for the Kaliningrad Oblast as defined in the National Indicative Programme 2004 -2006.

This Action Programme has been agreed with the National Coordinating Unit, located in the Ministry of Economic Development and Trade.

During project selection attention has also been paid to coherence with the Russian government's reform programmes and to co-ordination with Member States' and other donors' programmes. Due regard has also been paid to the needs and absorption capacity of each sector, to the choice of counterparts, in particular to their commitment to the reform process and their implementation capacity.

The financial allocation for this programme has been set at €47 million which is a reduction from the Indicative Programme. Russia has achieved much economic progress in recent years and the capacity of the Russian authorities to finance reform measures itself has grown significantly at a time when the country has a budget surplus and is repaying its international debts.

2.1. Institutional, Legal and Administrative Issues

This section contains projects in the area of the Common Space of Freedom, Security and Justice and in the area of the Common Economic Space.

Background:

Within the area of Institutional Reform, the Action Programme for 2006 concentrates on the areas of **Judicial reform** which were amongst of the key areas identified in the National

Indicative Programme 2004-06. The NIP also recognises the importance of modern technologies and the up-grading of skills and know-how as being central for Russia's society, with an essential aspect of this being Russia's transformation to an **Information Society**.

This reflects the common wish of the EU and Russia to contribute to the efficiency of the judicial system in Russia and the EU Member States, to the independence of the judiciary and to develop **judicial cooperation** between EU and Russia within the framework of the "Common Space of Freedom, Security and Justice". It also reflects the aspiration under the Common Economic Space to co-operate towards the creation of a common **EU-Russia Information Society** area.

Coherence with EC cooperation policy

The programme is consistent with the following actions on **Justice** envisaged within the Common Space of Freedom, Security and Justice:

- Cooperate, including through exchange of experience, on judicial reform in order to ensure the independence and the effectiveness of the judiciary in Russia based on the rule of law.
- Organise professional training for contact points, judges, prosecutors and law enforcement officials, as appropriate.
- Examine the possibility of cooperation projects aiming at strengthening the judiciary.

The programme also follows from the Common Economic Space actions on **information society**.

- Development of close coordination of policies and initiatives on strategies of ICT development
- The furthering of interoperability of ICT systems through bilateral and international cooperation.

Identified projects

1) Judicial Reforms

The Objective of the Project is to provide legal advice for population/ consumers before and during an action.

The project will include work towards the following:

- Improvement of the access to justice, in enhancing the quality of legal advice delivered to citizens, in particular to the most vulnerable groups of the society

- Improvement of equal access to justice, by improving the mechanism of provision of free legal counsel to citizens by the courts;
- Improvement of the execution of justice, by introducing to the Russian legal system elements of the European practices and practices of the European Court for Human Rights
- Improvement of the efficiency in the delivery of justice, in developing mechanisms for assigning deadlines in the treatment of court cases.

2) Support to e-government

The overall objective is to contribute to the harmonisation of Russian and European legislation, practices, and standards in the area of e -government, thereby contributing to the establishment of an EU-Russia Information Society dialogue.

The project will also work towards the following goal s:

- Improved transparency and accountability of the public administration due to a clear legal basis underlying e-government and information policy.
- Improved administrative efficiency through inter and intra agency cooperation in order to deliver state services to citizens.
- Development and implementation on a multi -regional level of selected e -services, based on a unified strategy and IT -architecture for the introduction of e -government.

2.2. Private Sector - Economic Development

This section contains projects in the area of the Common Economic Space.

Background:

The programme follows the two priority objectives for economic cooperation under the National Indicative Programme (NIP) for the period 2004-2006: the consolidation of a sound financial sector in Russia, and the integration of Russia into the international economy. The programme also directly addresses the priorities outlined in the Common Economic Space, which has the objective of creating an open and integrated market between the EU and Russia by putting conditions in place that will increase opportunities for economic operators and promote trade and investment.

The programme is conceived along current **Russian policy priorities** that reflect these objectives in three sectors - financial regulation and supervision, intellectual property rights and fight against counterfeiting, and technical regulation - and will promote joint actions to support their implementation. The programme is also very much in line with major developments at the international level - with particular reference to **Basel II** and the **WTO** (TRIPS and TBT in particular).

Coherence with EC cooperation policy

The programme directly focuses on priorities of the road map for the Common Economic Space. The Roadmap in particular which has the objective of ensuring *inter alia* the stability of the financial system, support the consolidation of a sound **financial sector** and an effective system for protection of financial services consumers through improvement of the legislative base, effective supervision and implementation in accordance with the highest international standards and norms, applicable to financial service suppliers.

Regulatory Dialogue on industrial products (standardisation, technical regulation and conformity assessment procedures) is also a high priority of the Road map of the Common Economic Space, with the objective is to develop harmonised and compatible standards, regulations and conformity assessment procedures, including through enhanced regulatory dialogue and cooperation between responsible institutions and a reinforcement of the institutional capacities. Policy dialogue in this area is making progress, with the official launching of a Regulatory dialogue between the Commission and the Russian Ministry of Industry in December 2005.

Beyond the CES priorities, the programme also responds to general priorities of the EC - notably the EC Strategy of 2004 to fight against piracy and counterfeiting - and is largely build upon the concept of convergence towards the EC's *acquis communautaire* (i.e. approximation of Russian Technical Regulation system with the EC New Approach directives).

Identified projects

1) Financial Sector Regulation, Supervision and Governance

The project's overall objective is to enhance the regulation, supervision and governance of financial markets in Russia with a view to improve the investment climate and support closer economic relations between the EU and Russia in the context of the Common Economic Space. The project will specifically aim at upgrading the legislative and regulatory framework for financial markets, building the capacity of regulators and supervisors, and enhancing corporate governance on Russia's financial markets.

2) Approximation of Technical Regulation and Standardisation System

The project's overall objective is to support the approximation and effectiveness of the Russian technical rules and standards system with a view to promote Russia's integration into the world economy and support closer economic relations between the EU and Russia in the context of the Common Economic Space. The project's specific objectives will include:

- Approximation of the legal framework for standardisation and conformity assessment
- Enhancing the implementation and enforcement of technical rules and standards
- Promotion of EU-Russia cooperation in the area of Technical regulations and standards

2.3 Special Programme for Kaliningrad Oblast

Background:

At the EU-Russia summit of 11 November 2002 it was agreed that the EU will continue to support technically and financially Russian efforts to promote the economic development of the Kaliningrad region and to strengthen cross-border co-operation.

As a result, as a complement to the Tacis National Programme for Russia an additional €25 million was earmarked for that purpose in the NIP 2004-2006. The NIP identified a set of long term measures necessary to reverse the current trends in the region, including the upgrading of existing infrastructures in the water and wastewater sector. Under the "Support to Policy Dialogue in Specific Domains" the NIP also foresees support to Environmental issues, highlighting Kaliningrad as a pilot area with its land bordering exclusively with EU Member States. Finally, the NIP also underlined that activities are developed in synergy with the programmes of other donors, in particular the IFIs.

Identified projects

Kaliningrad Waste Water in Small Towns

This activity is to be developed through a Sectoral Programme approach, combining both technical assistance and co-financing of investment. It has the objective of addressing increasingly degraded environmental situation, especially as regards water management, with important cross-border impacts. It addresses directly the needs in Kaliningrad in the waste water treatment sector, in particular in small towns and the lack of essential infrastructure in the region, underlined by the Association of Foreign Investors in Kaliningrad as a key discouraging factor for investment. The programme was agreed in discussions with the Governor of Kaliningrad Mr Georgiy Boos and will be implemented through the Kaliningrad Regional Government.

This programme will be implemented in cooperation with the International Financial Institutions who are already active in the environmental field in Kaliningrad. It also builds on an Investment Plan for waste water treatment in Kaliningrad small towns elaborated under an earlier Tacis Project. The EC contribution to the programme will include the financing of preparatory and feasibility studies, capacity building within the regional and local authorities and *vodokanals* as well as the co-financing of selected investments together with IFIs and other donors. Russian co-financing is also essential for ensuring ownership and commitment from the relevant authorities for the achievement of the programme.

2.4. Additional Programmes

1) Institutional Building Partnership Programme (IBPP): Support to Civil Society, Local Initiatives and Culture.

The successful programme will continue to support co-operation at local level through partnerships among a wide range of local authorities and/or non-governmental organisations from Russia and from the EU Member States with the aim to strengthen the development of civil society.

There will also be a special €2 million allocation for projects in the area of culture. This is designed to reflect the new Cultural aspect of EU -Russian relations following the agreement on the “Common Space of Research, Education, Including Cultural Aspects”.

Designed along similar principles to IBPP, grants will be awarded with a minimum size of €200,000 and a maximum size of €400,000. Russia's rich cultural heritage will be supported through the implementation of this new scheme by promoting joint projects with EU organisations working in the area of culture. Russia will benefit by access to current best practices in the area of promotion, economic sustainability and access to cultural heritage. These joint EU-Russia projects will assist in the development of cooperation between the cultural industries of the EU and Russia in order to increase both their cultural and economic impact.

2) Tempus Programme (Financial contribution for Russian Participation)

In Russia Tempus has been running since 1993. It is an instrument suited to achieve the objectives and expected results set in the NIP 2004 -2006 with regard to higher education including post-secondary vocational education. The Tempus programme will be also an instrument for the implementation of the Common Space of Research, Education and Culture.

Tempus aims at supporting the restructuring of the Russian higher education system and its adaptation to the new socio-economic needs, with a particular focus on the regions. It does so through interaction and balanced co-operation between institutions in the EU Member States and the partner countries organised in consortia. Consortia create long term co-operation links between the partners, which should evolve towards issues such as academic recognition, credit transfer and development of joint-curricula.

Priority areas of Tempus activities are jointly defined by the European Commission and national authorities and are in line with the areas of co-operation in the mainstream Tacis programme. Projects address in particular:

- (1) Curriculum development and renewal in priority areas
- (2) Reform and modernisation of the structure and management of higher education institutions in view of strengthening their role in the society
- (3) Development of skills-related training to address specific higher and advanced level skills shortage during the economic reform, in particular through improved and extended links with industry
- (4) Contribution of higher education and training to citizenship and the strengthening of democracy

The three principal instruments for cooperation through the Tempus programme are Individual Mobility Grants, Structural and Complementary Measures and Joint European Projects.

3) Common Space Facility

A Common Space Facility is proposed to enable a rapid reaction to requests for short and medium term assistance to facilitate the on-going EU-Russia dialogue on the Road Maps.

This approach is expected to be particularly useful where a policy decision has been taken in the framework of EU-Russian cooperation in a certain area, but where impetus is needed on implementation. EU support can then be provided to the process.

The Common Space Facility will accompany and facilitate the on-going EU-Russian dialogue such as high-level discussions, preparatory studies, seminars, work shops, expert mobilisations, study tours, peer assessments, publicity, etc. It is intended that the Facility would have high-level impact and therefore play an important role in helping stimulating and developing thoughts and therefore the process of political decision-making.

The Partner Country full participation (Ministry of Foreign Affairs - MID and NCU) must be ensured to the project selection. Each project budget and specific recipient beneficiary will be subject of approval by MID and NCU.

3. Past EC assistance and lessons learnt

Since 1991, Tacis has been the leading technical assistance programme supporting the transition process in Russia. More than €2.8 billion have been earmarked in the form of national action programmes and through multi-country initiatives.

The Russian administration signed the Financing Memoranda for the 2004 programmes (CBC, Baltic Line, Nuclear safety, Regional and the National Action programme) at the end of June 2005, which caused delays in launching the implementation process. The Russia AP2005 (€50 million) was presented and agreed at the Tacis Committee in June 2005. The Financing Agreement was submitted in September 2005 and the signature remains awaited. The delays in the absorption of the existing funds is one of the factors in the reduction of the amount available as part of this Action Programme.

The Court of Auditors while considering the Tacis programme made observations – inter alia – concerning the need to ensure clear objectives of the project, the need to utilise the log frame, and to improve evaluations. These remarks have been taken into account while preparing this Action Programme.

Recent evaluation work continues to be taken into account, including the interim evaluation of the current (2000-06) Tempus programme, which confirmed its relevance and fully endorsed its intervention logic as effective and efficient. The EC Delegation is currently carrying out the implementation of an evaluation plan, with evaluations already under way in the field of Energy and Civil Society support. Further evaluations are currently under preparation.

4. Complementary actions

General overview of ongoing EC actions, actions of other donors and/or of the beneficiary country, complementary to those of the present Action Programme

The National Action Programme 2006 will be supplemented by other assistance funded from 2006 budgets under the Cross Border Co-operation Action Programmes, in particular the financing of the Neighbourhood Programmes and Border Crossings; the Nuclear Safety Action

Programme; the Regional Co-operation Action Programme; the Northern Dimension Environmental Partnership (NDEP); the support to the International Science and Technology Centre as well as ECHO's humanitarian aid programme in the Northern Caucasus. In addition, a number of projects to strengthen the rule of law in Russia, financed under the European Initiative for Democracy and Human Rights (EIDHR), are at present under implementation. In order to ensure complementarity and avoid any duplication, due account will be taken of these activities.

5. Donor coordination

Brief overview of concertation process with other donors and notably with Member States

The Delegation of the European Commission to Russia maintains a regular dialogue with Member State Embassies, the International Financial Institutions (IFIs) and other major donors. Most major bilateral donors, however, are currently in a stage of reducing their support, or phasing-out completely.

Regular coordination meetings with the EU Member States hosted by the Delegation are held every three months, with each session facilitating discussion and exchange of experience on different theme topics. Recent issues discussed include Civil Society and the new Financial Perspective.

As part of the preparation for the implementation of the Special Programme for the North Caucasus, regular contact is maintained with the international organisations active in the area, including the foreseen implementation partners from the UN.

The Delegation hosts the monthly Inter-Agency meetings on Health Sector Coordination facilitating the exchange of information between donors, consultants and NGOs on projects, forthcoming events and best practices.

The Delegation takes part in quarterly donors meetings on Judicial Reform, which are organised on a rotating basis by the main donors active in that sphere, which apart from the EU, include the US and the World Bank.

The Delegation is one of the participants of the World Bank-DFID donors coordination group. World Bank-DFID funds a dedicated secretariat and organises regular meetings in the field of budget and administration reform. The EC is financially supporting this process.

Regular contact was maintained with other IFIs – inter alia - in the context of municipal projects (notably EBRD, NIB), SMEs (notably EBRD) and NDEP (EBRD, NIB, EIB, WB).

6. Cost and financing

Table indicating the amount allocated to each proposed project, structured per priority sector or area of cooperation.

Sector 1: Institutional, Legal and Administrative Issues (Common Space for Freedom, Security and Justice/CES)	€8m
1.1 Judicial Reforms	€6m
1.2 Support to E-Government	€2m
Sector 2: Private Sector - Economic Development (Common Economic Space)	€7m
2.1 Financial Sector Regulation, Supervision and Governance	€4m
2.2 Approximation of Technical regulation and standardisation system	€3m
Sector 3: Special Programme for the Kaliningrad Oblast	€9.5m
3.1 Kaliningrad Waste Water in Small Towns	€9.5m
Sector 4: Additional Programmes	€22.5m
4.1 Institution Building Partnership Programme (including Culture)	€7m
4.2 Tempus	€10m
4.4 Common Space Facility	€5.5m
TOTAL	€47m