

ANNEX



**EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP
INSTRUMENT**

**ENPI
REGIONAL EAST
PROGRAMME**

**STRATEGY PAPER
2010-2013**

&

**INDICATIVE PROGRAMME
2010-2013**

LIST OF ABBREVIATIONS AND ACRONYMS

AP	Action Plan
BSEC	Black Sea Economic Cooperation
BSS	Black Sea Synergy
BUMAD	Belarus, Ukraine and Moldova against Drugs (assistance programme for the prevention of drug abuse and drug trafficking in Belarus, Moldova and Ukraine)
CA	Central Asia
CBC	Cross-Border Cooperation
CDM	Clean Development Mechanism
CFSP	Common Foreign and Security Policy
CIB	Comprehensive Institution Building Programme
CIS	Commonwealth of Independent States
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DCI	Development Cooperation Instrument
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Community
EECCA	Eastern Europe, Caucasus and Central Asia
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
EUBAM	EU Border Assistance Mission to Moldova and Ukraine
EUMS	European Union Member States
EUWI	European Union Water Initiative
GDP	Gross Domestic Product
GUAM	Georgia, Ukraine, Azerbaijan and Moldova
HQ	Headquarters (i.e. the European Commission in Brussels)
ICAO	International Civil Aviation Organisation
IFI	International Financial Institution
IfS	Instrument for Stability
ILO	International Labour Organisation
IMO	International Maritime Organisation
INOGATE	<i>Formerly “Interstate Oil and Gas Transportation to Europe” now “Energy Co-operation between the EU, the Littoral States of the Black and Caspian Seas and their Neighbours”</i>
IP	Indicative Programme
IPA	Instrument for Pre-Accession
JHA	Justice and Home Affairs
MEDA	Financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership (the forerunner of ENPI for the southern partner countries)
MFA	Macro Financial Assistance (MFA)
NGO	Non-Governmental Organisation

ND	Northern Dimension
NDEP	Northern Dimension Environmental Partnership
NDPC	Northern Dimension Partnership on Culture
NDPHS	Northern Dimension Partnership in Public Health and Social Well-being
NDPTL	Northern Dimension Partnership on Transport and Logistics
NIP	National Indicative Programme
NIS	Newly Independent States
NSCI	Nuclear Safety Co-operation Instrument
PCA	Partnership and Cooperation Agreement
REC	Regional Environment Centre
RIP	Regional Indicative Programme
ROM	Results Oriented Monitoring
RSP	Regional Strategy Paper
SCIBM	Southern Caucasus Integrated Border Management programme
SMEs	Small and Medium-sized Enterprises
TACIS	Technical Assistance to the Commonwealth of Independent States (the forerunner of ENPI for the Eastern partner countries)
TEN-T	Trans-European Transport Networks
TRA	Trade-Related Assistance
TRACECA	Transport Corridor Europe-Caucasus-Asia
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
WB	World Bank
WCO	World Customs Organisation
WTO	World Trade Organisation

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1. CHAPTER 1: FRAMEWORK OF RELATIONS BETWEEN THE EU AND THE EASTERN PARTNERS

1.1. The ENPI East Region

The primary aim of this Regional Strategy Paper (RSP) is to support multilateral cooperation involving the six Eastern Partners of the European Union (EU): Armenia, Azerbaijan, Belarus, Georgia, Ukraine and the Republic of Moldova. The cooperation is also open to Russia, whenever such participation is relevant to the objectives set out in this programme.

1.2. Strategic Objectives of EU cooperation with the ENPI East Region

The past 15 years have brought sweeping changes on the EU's eastern flank. Since the conclusion of Partnership and Cooperation Agreements between the EU and Eastern Partners, successive enlargements have led to greater geographic proximity. The European Neighbourhood Policy's has brought the six Eastern partners politically and economically closer to the EU. The EU has a growing responsibility to the partners to help them address the political and economic challenges they face and to support their aspirations for closer ties. It also has a vital interest in seeing stability, better governance and economic development at its Eastern borders. At the same time, partner countries in Eastern Europe and the Southern Caucasus all seek to intensify their relations with the EU. In this context, the European Union has launched two major and complementary political initiatives to deepen cooperation with its eastern neighbours: namely, the Eastern Partnership to deepen cooperation with its Eastern partners and the Black Sea Synergy.

Based on a proposal from the European Commission¹, the **Eastern Partnership** (EaP) was established by the EU and the six Eastern partners at the Prague Summit of 7 May 2009, as a specific eastern dimension of the European Neighbourhood Policy. The Joint Declaration adopted at the Prague Summit² makes it clear that the main goal of the Eastern Partnership is to create the necessary conditions to accelerate political association and further economic integration between the European Union and interested partner countries.

Bilaterally, the Eastern Partnership offers partners new contractual relations (i.e. Association Agreements), deeper economic integration with the EU, strengthened energy security cooperation and enhanced mobility of people, including gradual steps towards a visa-free regime as a long-term goal, provided that conditions for well-managed and secure mobility are in place. Special Comprehensive Institution Building programmes (CIBs) will be set up at a national level, aimed at core institutions, to prepare and facilitate this bilateral integration process.

Multilaterally, it introduces four thematic **platforms** on: 1) democracy, good governance and stability; 2) socio-economic integration and convergence with EU policies; 3) energy security; and 4) contacts between people, with the aim of bringing the partners closer to the EU. A **Civil Society Forum** was established which complements the work of the platforms. As part of the multilateral dimension,

¹ COM (2007) 160, 11.4.2007 and COM (2008) 823 final, 3.12.2008

² The text of the Joint Declaration can be found at the following web-site:
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/107589.pdf

flagship initiatives are being launched which will focus in particular on Integrated Border Management; SME Development; Civil Protection; Diversification of Energy Supplies; Regional Electricity Markets, Improved Energy Efficiency and Increased Use of Renewable Resources; and Environmental Governance.

The **Black Sea Synergy** was established at the Kyiv Ministerial meeting of 14 February 2008 on the basis of a proposal from the European Commission³. The Black Sea Synergy is a regional cooperation initiative covering five Eastern Neighbours as well as the Russian Federation and Turkey. At its core the Black Sea Synergy is a sea-basin cooperation aimed at solving problems which require region-wide efforts. Implementation of the Black Sea Synergy will initially entail the establishment of partnerships in priority sectors such as environment, transport and energy, as well as a Black Sea NGO Forum and other specific initiatives currently under discussion.

The renewed **Northern Dimension** provides an important framework for cooperation with the Russian Federation. At the Summit⁴ of 2006 it was transformed into a common policy of the EU, Russia, Norway and Iceland and a regional reflection of the four 'common spaces' agreed between the EU and Russia. Much of the practical implementation will take place in the context of the various "partnerships". Belarus has been invited to play an active part in the various initiatives and partnerships, although its inclusion as a full ND partner has yet to be discussed.

The **Baku Initiative** on transport and energy launched in 2004 is a policy dialogue aimed at enhancing energy and transport cooperation between the European Union and countries of the Black Sea, the Caspian Basin and their neighbours (all Eastern partners, plus Central Asia and Turkey). In the field of energy it covers aspects such as market convergence, energy security, sustainable energy and attraction of investment. To that effect, a common Energy Road Map was adopted at a Ministerial meeting in 2006. There are also a number of Multilateral **Environment** Agreements orienting cooperation among partner countries in the sector.

1.3. Rationale for multilateral cooperation

The establishment of the Eastern Partnership multilateral track marks a change in multilateral cooperation among the EU's eastern partners and with the EU. In the Prague Declaration, the EU and partner countries have agreed that the new EaP framework will provide for cooperation activities and open and free dialogue serving the objectives of the Partnership. The role of the Eastern Partnership in facilitating the development of common positions and joint activities, as well as its ability to foster links among the partner countries themselves has been duly recognised. This novel framework will lead to a more regular and structured dialogue among partners and with the EU, whilst creating a stronger basis for multilateral cooperation. The Black Sea Synergy, involving the establishment of specific partnerships and practical cooperative schemes, will contribute to enhancing regional dialogue among the Black Sea countries in the various areas where a potential for concrete cooperative schemes can be identified. The Northern Dimension will provide a functioning framework for pursuing commonly agreed policy objectives. Moreover, the participation of the four ND Regional Councils of the North will provide a forum for discussing enhanced cooperation and synergy between the Councils and contribute to more effective regional cooperation. The Baku Initiative, and its corresponding supporting

³ COM (2007) 160, 11.4.2007 and COM (2008) 823 final, 3.12.2008

⁴ The policy objectives for the Northern Dimension Policy, shared between its four Partners, were stipulated in the Political Declaration and the Policy Framework Document, both of which were adopted at the 2006 ND Summit.

programmes TRACECA (for transport) and INOGATE (for energy), will continue to provide the multilateral forum for further concerted action in sustainably developing these two important economic sectors.

These policy initiatives need to be supported by means of financial assistance, and should provide a policy focus for the multilateral cooperation activities under this programme.

The Regional East Programme focuses on those activities which, because they involve several Eastern partners and require cooperation amongst them, gain in effectiveness and efficiency when implemented at multi-country level. As such, its activities will be to tackle regional challenges of a cross-border nature, contribute to the sharing best practices among partners and stimulate people-to-people contacts. In contrast, activities focusing predominantly on one partner country will be implemented by means of the bilateral country programmes.

To fully complement this Regional Programme and the similar programme established in the South, the Inter-Regional Programme will also be substantially strengthened to provide more support to the eastern neighbours, including the Russian Federation. The Inter-Regional Programme will involve, through established cooperation mechanisms such as TAIEX and SIGMA, supporting public administration reform and regulatory convergence, TEMPUS and Erasmus-Mundus supporting increased cooperation in the area of higher education, and an ENPI inter-regional programme supporting cultural cooperation. It will also provide the necessary funding for the identification, development and co-financing of infrastructure projects in the areas of energy and transport interconnections, environment and climate change, and SME development.

1.4. Overall external policy goals of the EU

The strategy pursued by the EU in its relations with its Eastern Neighbours, as outlined in paragraph 1.2, is consistent with the overall policy goals of the EU external action. In that context, the EU promotes its values and interests by operating at one and the same time as a key global economic and political player, using various instruments such as the Common Foreign and Security Policy (CFSP), financial assistance, trade and the external dimensions of the EU's internal policies.

The EU strives in particular to promote democracy and human rights, in addition to prosperity, solidarity, security and sustainable development worldwide. In providing financial assistance, defining the right 'policy mix' is of the utmost importance for the EU. This means that, in order to achieve the EU's strategic external relations objectives, consistency of policy needs to be ensured between all available instruments dealing with a given region.

2. CHAPTER 2: ANALYSIS OF THE ENPI EAST REGION

2.1. Description of the region

The countries of the ENPI Eastern Region, although diverse, have a certain shared history. However, since the end of the Soviet Union, the diversity in the process of transition has become ever more marked⁵.

In Belarus, democracy is constrained by restrictions on human rights. In particular, the electoral process needs to become more transparent and there are restrictions on freedom of speech and freedom of association. The Belarus economy still remains largely under state control.

In both Ukraine and Georgia there is a need to inject new momentum into democratic reforms and to encourage political pluralism. The Republic of Moldova - the country with the lowest GDP per capita in Europe - has moved towards greater cooperation with the European Union within the ENP framework. It is currently entering a delicate political phase. Ukraine and the Republic of Moldova have pledged to make progress on Transnistria and have asked for the EU's assistance to monitor their common border. Azerbaijan's relatively good economic performance, driven by the high price of hydrocarbons, contrasts with its limited progress in the area of democratic governance. While Armenia has been the country of the South Caucasus countries most adversely affected by the international financial crisis, significant efforts are being made to push ahead with reforms. Georgia is also dealing with the consequences of an armed conflict with Russia, as well as Russia's recognition of the two separatist entities of Abkhazia and South Ossetia. Economically, Georgia receives donor support to address needs following the armed conflict, but further efforts to stabilise the domestic political situation are required.

The global financial and economic crisis is severely affecting the Eastern partners' real economies. These countries, whose buoyant growth in previous years had been driven essentially by the inflow of foreign capital (in the form of FDI, bank credits or, in some cases, remittances), are now suffering from a drying-up of international capital and credit markets. For several countries in the region, the financial meltdown is aggravated by the fall in the prices of export commodities, such as energy and metals, on which they rely heavily. The social impact, in terms of increased vulnerabilities and poverty, will make social responses and reforms even more urgent and challenging.

2.2. Common and shared challenges

The situation in the region poses several challenges to the partner countries that are engaged in a process of deeper integration with the European Union and enhanced regional cooperation

2.2.1. Democracy and Good Governance

Democratic Governance

The region is characterized by varying degrees of democratic consolidation and respect for human rights, and faces serious difficulties related to corruption and poor governance. Elections do not always

⁵ See the national Strategy Papers and Indicative Programmes for more detailed country analyses (available via : http://ec.europa.eu/world/enp/documents_en.htm)

meet the relevant standards, and changes of government rarely proceed smoothly. Poor governance makes it more difficult to address the root causes of conflicts and this hampers economic development. The Eastern partners are signatories to the core UN Conventions, members of the Council of Europe and signatories to the CoE conventions⁶, as well as parties to the OSCE with its human dimension commitments. Commitments to European human rights standards are reflected in ENP Action Plans and their successor documents. However, implementation of these commitments has proved a challenge in the region. Addressing this issue is central for the implementation of the Eastern Partnership, which is based on mutual commitments to the rule of law, good governance, respect for human rights, and respect for the rights of minorities, the principles of the market economy and sustainable development.

Mobility

While mobility of persons has the potential to increase commercial contacts, foster people-to-people exchanges and nurture cultural understanding, it needs to take place in a secure environment. In that regard, there are serious challenges with respect to organised crime and corruption. Large parts of the region are key smuggling and trafficking routes for illegal drugs, human beings and illicit small arms and light weapons, which exacerbates the problem. Trafficking in human beings is a major challenge affecting most countries in the region. At present, many borders are either not secure or poorly managed. Corruption among law enforcement officials seriously affects the functioning of many institutions. Migration management, including asylum, also needs to be improved. As many countries of the region are located on the heroin route between Afghanistan and the EU, drug trafficking and its spill-over effects are an important challenge. The region is also affected by national and international terrorism.

Conflicts

The region has a history of instability and conflict, with several protracted conflicts still unresolved. In the South Caucasus, following the outbreak of an armed conflict in August 2008, Russia recognised the two separatist entities of Abkhazia and South Ossetia. Armenia and Azerbaijan are locked in conflict over Nagorno Karabakh. The Transnistrian region remains de facto outside the control of the internationally recognised Moldovan authorities. In that respect, the Prague Declaration of the Eastern Partnership observes that “*conflict impedes cooperation activities*” and underlines the need to promote stability and multilateral confidence building. At the same time, these conflicts highlight the relevance of engaging in cooperative and confidence-building activities whenever possible.

2.2.2. Economic Development

Financial crisis

For most countries, the deterioration of the economic environment has led to a significant reduction in domestic and international demand, investment, and hence to the slowdown of growth. This process is set to continue: output is expected to contract in all countries of the region, the only exception being oil-rich Azerbaijan. Lower export prices and volumes, resulting from the contagion from trade partner markets (both within the region - primarily in Russia and to a lesser degree Ukraine - and outside) has led to a build-up of pressures on exchange rates and international reserves. Fiscal balances have also

⁶ Except for Belarus, which is not a member of the Council of Europe

deteriorated, leaving little room for additional fiscal stimuli to boost activity. The fragility of the banking system in some countries in the region is an additional factor of vulnerability. The severity of the crisis varies depending on the degree of integration in, and reliance on, international financial flows. So far, the smaller and poorer economies with less developed financial sectors have been less affected, but they may suffer, in their turn, when the remittance flows start to dry up as a result of the slowdown in the host countries (primarily Russia and the EU). The most vulnerable countries are being supported by IMF financing, and Ukraine, Belarus, Armenia and the Republic of Moldova have also already requested Macro Financial Assistance (MFA) from the EU.

Development of the private sector as a driver for economic recovery and stability

The private sector will be a key factor in restoring economic growth in the aftermath of the financial crisis. Economic integration with the EU will lead to a better investment and business climate which can support a stronger private sector. In that context SME development is particularly important because of the potential of SMEs to promote local economic development and employment.

Throughout the region, the development of SMEs is being hampered by the poor business climate. Procedures for creating, establishing and closing a business are cumbersome in most of the countries. Tax obligations are complex. SMEs lack access to cost effective advisory services which can help them improve their management and operations and help them find partners and customers in the EU. Above all, they lack funding due to underdeveloped capital markets and a financial sector still in transition.

Border regions in partner countries face specific challenges. Economic and cultural interaction between neighbouring communities is restricted by the existence of an international border, and this has adverse effects on economic development and cultural understanding. Throughout the region, business contacts are precluded, cultural contacts are rare, and the movement of people and goods is restricted. This is even more pronounced where borders cut across an area of unresolved and protracted conflicts. Efforts to address this problem will also contribute to confidence building and, ultimately, to stability.

Transport

The region faces key challenges in this sector. These include: linking partner countries with the Trans-European Network (TENs) axes and among themselves; gradual integration of the transport markets of Central Asian and ENPI Eastern countries; gradual approximation with the EU's legal framework and standards, promotion of sustainable transport and effective implementation of international agreements in the transport sector; the improvement of rail interoperability and road safety; the improvement of maritime and aviation safety and air traffic management, as well as raising maritime and aviation security to meet international standards; and the introduction of EU intermodal concepts, such as the 'Motorways of the Sea', in the countries of the region. The Baku Initiative, and the corresponding EC-funded programmes TRACECA provides the umbrella for regional transport cooperation between the EU and its Eastern partners (and their neighbours).

2.2.3. Climate Change, Energy and Environment

Climate change

Climate change is a key challenge affecting the global community and one which calls for joint efforts. The countries in the region need to implement the UN Framework Convention on Climate Change and the Kyoto Protocol, as well as to prepare for the implementation of the anticipated new successor

climate agreement for post-2012. There is a need to strengthen capacities in order to address both the causes of climate change (mitigation) and its impacts (adaptation). This poses a challenge, as climate issues cut across a large number of policy areas (e.g. air, water, waste, nature protection, industrial pollution, agriculture, forestry, fisheries, energy, transport, infrastructure and urban planning, tourism, human, animal and plant health, education and research). *Energy*

The Eastern partners (and their neighbours) and the EU have a common interest in strengthening energy security. Eastern partners are key in this respect, as energy producers (e.g. Azerbaijan) and as transit countries (e.g. Belarus, Moldova, and Ukraine). The Eastern Partnership is aimed at deepening of cooperation with regard to long-term, stable and secure energy supply and transit, including through better policies, legislation, regulation, transparency, energy efficiency, greater use of renewable energy sources. The Baku Initiative, and the corresponding EU-funded INOGATE programme, provides an umbrella for regional energy cooperation between the EU and its Eastern partners (and their neighbours). Energy is also a priority in the implementation of the Black Sea Synergy.

The interconnection of energy networks (electricity, gas, oil) can contribute to improving energy security. For example, interconnection of electricity grids with the EU will provide opportunities for the transport of electricity generated using renewable resources.

Increasing energy efficiency and the use of renewable energy resources can enhance energy security, whilst at the same time contributing to climate change objectives. The EU and the Eastern Partners recognize the potential for substantial efficiency improvements in the fields of energy production, transmission and use (in particular in the construction, transportation and industrial sectors).

There is ample scope to further strengthen policies, legislative and regulatory frameworks (based on the *acquis* in this area), as well as financing mechanisms to make these opportunities a reality. For example, the full participation of Ukraine and the Republic of Moldova in the Energy Community, and the possible granting of the observer status to the other Eastern partners, mark a step in that direction.

Environment

The countries of the region face a range of global, regional, trans-boundary and domestic environmental challenges. Key issues include air and water quality, waste management (including radioactive waste), nature protection (including biodiversity), industrial pollution, wasteful energy use, land use, and pollution of the Black, Caspian, Baltic and Barents Seas. Land degradation and desertification are also a particular challenge in the Southern Caucasus region.

With some exceptions, the countries of the region have ratified most of the relevant international and regional environment agreements. However, implementation remains a challenge in the vast majority of cases. There is a need to strengthen administrative capacity, environmental governance and strategic planning. The countries participate in the Eastern European, Caucasus and Central Asia component of the EU Water Initiative and some of the partner countries also participate in the Danube-Black Sea (DABLAS) Task Force, which could provide useful experience for the Black Sea basin initiatives. The goals of reducing environmental risks and pollution, as well as promoting more sustainable use of natural resources, are explicit in the Partnership and Cooperation Agreements with the partner countries in the region. In addition, all the ENP Action Plans contain actions to enhance environmental governance, address issue-specific environmental concerns and also promote international, regional and cross-border cooperation on environment issues.

2.2.4. *Advancing Integration with the EU and promoting Regional Cooperation*

In their quest to build modern and more efficient states and develop their economies, the six Eastern Partners are looking at closer political association and economic integration with the European Union. Economic integration, in particular, has the potential to boost trade, increase investment flows and provide growth opportunities. This ultimately leads to increased social cohesion and stability, which is the reason why most partners are interested in concluding a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU. However, in order to reap the benefits arising from such agreements, legislative approximation and regulatory convergence need to be combined with far-reaching political and economic reforms. Partner countries need to deepen their understanding of the EU acquis and find ways to incorporate principles and norms into their legislation and administrative practice. Governments in all partner countries face the challenge of how to effectively promote these structural changes and secure sufficient support from the Civil Service, the social and economic partners, as well as the population at large.

The enlargement of the EU has brought a need for increased European Union involvement in the Black Sea and for further defining cooperation priorities and mechanisms at the regional level. There are significant opportunities and challenges in the Black Sea area that require coordinated action at the regional level. These include key sectors such as energy, transport and environment. Enhanced regional cooperation could also generate more mutual confidence among the partners and, over time, increase stability and security in the whole region.

The shared policy objectives of the Northern Dimension Policy have established the basis for successful regional cooperation in the Northern regions. The policy still has much untapped potential and can effectively address issues of common concern to its four partners.

The success of these regional cooperation efforts does not depend on governments alone; it also requires support from the wider population. Interaction between EU citizens and those of partner countries, in particular young people, can positively influence change. Cultural cooperation and intercultural dialogue can contribute to confidence building and stability. Civil Society needs to be part of the policy dialogue and the public at large needs to receive sufficient information.

3. CHAPTER 3: OVERVIEW OF COOPERATION AND POLICY DIALOGUE

3.1. An evaluation of past and ongoing regional EU cooperation

Over time, the practice of programming, designing and implementing Regional Programmes has confirmed what a complex process this is. The programming and design of Regional Programmes involves numerous actors in Brussels and in the field, with varying degrees of (prior) consultation, mainly depending on whether there is a Delegation chef de file and/or whether a Regional Organization is involved.

As regards design and implementation, the complex nature of Regional Programmes creates significant operational challenges for the implementing bodies/delegations or the operational units in Brussels. At times this can result in long inception phases and may lead to implementation delays. Moreover, the degree of ownership of a Regional Programme is not always strong, as the programme can cover

several countries at the same time and develop activities according to the response capacity in the field, which may vary from one country to another.

As part of the Result Oriented Monitoring (ROM) exercise, the Regional Programmes generally tend to perform less effectively than bilateral programmes, reflecting the complex reasons briefly highlighted above. Nevertheless, Regional Programmes are fundamental to the pursuit of efforts towards stronger regional integration, encompassing social, economic and political stability.

Since the inception of the ENPI, efforts have been made to enhance the involvement of Delegations - and thus of the Partner countries - in the programming, design and implementation phases of Regional Programmes. A Code of Conduct has been adopted to strengthen the communication, flow of information and respective roles of Headquarters and Delegations in the design and implementation of Regional Programmes in the ENPI East. Focal points for Regional Programmes have been identified in all ENPI East Delegations and enhanced coordination is also being put in place at HQ among regional project managers and geographic coordinators.

The Eastern Partnership plays a major facilitation role in enhancing the importance of the regional dimension, particularly in the areas where its flagship initiatives will be identified.

3.1.1. Environment and climate change

Cooperation in the environmental sector under TACIS was substantial. In the period 1992 to 2002 the main focus at regional level was on water issues, in particular the regional seas, followed by support for environmental policy and plans, environmental education and awareness and support for environmental non-governmental organizations, provided through regional environmental centres. Over a period of ten years, environmental cooperation accounted for one quarter of the €484 million allocated to the TACIS regional programmes up to 2002. In 2004, attention focussed on the sustainable use of natural resources and increased resource efficiency, in particular regarding water, biodiversity and climate change, and on improving environmental and health conditions (€50 million was allocated to this priority for the period 2004-6). In the period 2007-2009, assistance was provided for forestry, waste management, monitoring and data, and air quality (€22 million). There is no doubt that TACIS has had a positive impact on the institutional development in the region: transfer of knowhow contributed to capacity building; assistance for policy development led to better legislation and institutional strengthening; capacity for implementing international agreements increased; and the involvement of the non-governmental and private sector grew. However, it is also evident that there is still a great deal to be done in order to ensure long term sustainability, in particular regarding enforcement of legislation and the strengthening of institutions at local and regional level.

In parallel, the policy dialogue with partner countries intensified under the ENP Action Plans, the technical talks with Belarus on environment and climate and the Strategic Partnership with Russia. Through these instruments, the EU aims to promote strengthened implementation and enforcement of multilateral environment agreements and processes. Only a robust political backing for regional initiatives, in particular those concerning regional seas, can ensure the sustainability of and stakeholder involvement in the projects to be implemented.

In the context of the Northern Dimension, a ND Environmental Partnership (NDEP) has been able to attract a substantial amount of grant funding from the EU Member States and loan funding from the International Finance Institutions to help to address the environmental challenges facing the region.

The European Commission is the second largest contributor to the NEDP support Fund (€30 million out of a total of €126 million) which has acted as a catalyst in delivering an estimated aggregate investment of over €3.1 billion for projects in wastewater treatment and networks, solid waste and district heating. In that context the NDEP has contributed substantially to the treatment of the wastewater flowing to the Baltic Sea and to the clean up of nuclear sites in the Kola Peninsula, Archangelsk and Murmansk.

3.1.2. *Energy and Transport*

Regional cooperation in the area of energy and transport is taking place as part of the **Baku Initiative** launched in 2004. The initiative is supported by two programmes: "TRACECA" for transport and "INOGATE" for energy, both of which are funded through regional cooperation.

As a result of the Baku Ministerial Conference “*Energy Cooperation between the EU, the Caspian Littoral States and their Neighbouring countries*” held in November 2004, regional energy cooperation, which had previously focused exclusively on the hydrocarbon sector, was expanded to include the electricity, energy efficiency and renewable energy sectors. In 2006, in Astana, an Energy Road Map was adopted, setting out the short to long-term cooperation objectives as well as approved actions in four priority areas, namely: convergence of energy markets on the basis of the EU internal energy market principles; enhancing energy security by addressing the issues of energy exports/imports; diversification of supply, energy transit and energy demand; supporting sustainable energy development, including the development of energy efficiency; renewable energy sources and demand side management; and attracting investment towards energy projects of common and regional interest. These developments helped to address the shortcomings identified in the context of the sectoral evaluation of the past co-operation in the energy sector which underlined the relevance of past interventions and pointed at the need for a more systemic approach, for more focus on energy tariffs, market regulations.

Between 2002 and 2009, the EU committed a total of around EUR 70 million to INOGATE under the TACIS Regional programme, the ENPI-East regional programme and the DCI Central Asia regional programme. Thanks to the INOGATE programme, the EU and energy ministers of Partner Countries agreed upon the Energy Road Map. Since then, the INOGATE programme has supported the countries in implementing this Road Map. The assistance focused mainly on the following areas: stimulating IFI investments in energy projects; support to strategic energy transport interconnections; support for priority interventions aimed at reducing critical gas losses; harmonising gas and oil and also as electricity standards of the Partner Countries with those of the EU; support to regional energy market convergence; capacity building for energy regulation; and promotion of energy efficiency and use of renewable energies. A report on the progress made by the EU and the INOGATE Partner Countries towards achieving the objectives of the Energy Road Map published in November 2008 shows that progress has been made in Partner Countries, in particular in legislative reform and the promotion of sustainable energy. However, the report also acknowledges that a significant amount of work has still to be done.

Since 2004 an amount of €35 million has been allocated to Transport, with an additional €7 million coming from the Central Asia Indicative Programme, bringing the total amount of funds committed and spent by the EU on transport projects since 1993 to €163 million. These funds were spent through the TRACECA framework. EU funding for transport has centred on the financing of feasibility studies for road, maritime and rail infrastructure projects across the ENPI Eastern and Central Asian regions.

Further to this additional funding for IFI and national co-financed infrastructure projects, there have also been projects to develop coordinated transport policies and to provide training and increase training capacities.

In parallel, the Instrument for Nuclear Safety Cooperation provided substantial amounts to improve nuclear safety in the countries covered by the ENPI Regional East Programme. Ukraine was the main beneficiary with substantial amounts being provided to the mitigation of the consequences of the Chernobyl accident. In the other countries, support was allocated to the development of the regulatory capability for nuclear safety.

3.1.3. Border management, stability and combating crime

In the previous programming period (2000-2006), €85 million was allocated for activities in this area under the Regional TACIS Programme. Under ENPI, an additional amount of €2 million was allocated during the period 2007-9. Over time, assistance has concentrated increasingly on better border management because of its contribution to stability and its potential positive implications in terms of lifting restrictions to mobility into the EU. Activities have concentrated on supporting the efforts made by partner countries to reform their national border management systems and to turn them into efficient organisations which are closer to EU standards and best practice, through institution and capacity building projects and the supplying of modern equipment.

Initially, assistance was aimed at improving the management of partners' borders with the enlarged EU. Since 2005, the EU has been running a Border Support Team in Georgia under the EUSR for the Southern Caucasus. In the same year, it started the EU Border Assistance Mission to Moldova and Ukraine (EUBAM) - a very successful operation that has led to significant operational improvements in the management of the border between the two countries. The European Court of Auditors' Special Report No 9/2008 on "The effectiveness of EU support in the area of freedom, security and justice for Belarus, Moldova and Ukraine" found satisfactory results, particularly in the area of "Border Management" and specifically with EUBAM. Since 2007, the EU has also funded a South Caucasus Integrated Border Management Programme (SCIBM) for the three South Caucasus countries. Furthermore, the EU supports border management in relation to the mobility of people under its thematic programme for Migration and Asylum.

Complementary assistance was directed at transnational organised crime (fight against drugs (BUMAD) and trafficking in human beings) and migration management, including asylum management. In terms of migration management, the EU has developed policy instruments, such as the Global Approach to Migration and mobility partnerships that aim at tackling specific challenges related to legal and illegal migration in the area covered by the ENPI Regional East Programme.

Finally, in 2009, a project was launched to prevent, prepare for and respond to disasters affecting the EaP partner countries and the EU, based on the joint commitment to greater cooperation on disaster management. This cooperation contributes to social and political stability in the region and supports the countries' efforts to adapt to climate change. The implementation of activities on the ground under this programme has just begun and will continue until 2013.

In the framework of TACIS Nuclear Safety Programme, INSC, programme and Instrument for Stability, support was provided to increase capability to fight illicit trafficking (about 6.5 million € for

Azerbaijan, Belarus, Georgia, Republic of Moldova, Russia and Ukraine) and to improve export control of dual use technologies (Russia, Georgia, Republic of Moldova, Armenia and Azerbaijan).

3.1.4. *Other areas*

More and more young people and youth workers (over 5000 of them) from the eastern ENP partners and Russia benefitted from youth exchanges, voluntary service and training and networking opportunities under the Youth in Action programme in the years 2007-8, alongside an increase in the mobility of youth workers. This helped to enhance cooperation, understanding and dialogue between youth organizations from the EU and partner countries, as well as promoting better social integration of young people.

A lack of capacity in the relevant cultural organizations from eastern ENP partners and the Russian Federation may account for their low participation rates in the EU programme "*Investing in People - Access to local culture, protection and promotion of cultural diversity*". Their low rate of financing may be an additional factor.

While EU support in the fields of human rights, democracy and the rule of law had not been identified as a priority under previous regional TACIS/ENPI programming, a number of projects in these areas, including joint programmes with the Council of Europe (€2 million per year on average), have been funded through the European Instrument for Democracy and Human Rights (EIDHR)⁷. These included activities on the prevention of torture, human rights education, training of the judiciary, electoral reform and media pluralism.

3.2. **Lessons learned**

There is a substantial potential for regional cooperation, due to common challenges that can only be tackled through a regional approach and by capitalizing on the common goal of partner countries to get closer to the European Union. With the Eastern Partnership a new multilateral cooperation framework has been established, and the Prague Declaration signals a clear commitment of partner countries to work within that framework. At the same time, the Black Sea Synergy provides a regional framework for cooperative schemes among Black Sea countries.

Another important aspect to be taken into account in the RSP is the way in which the Regional Programme is to be implemented. Due to the large number of stakeholders and the wide geographical coverage, effective sequencing of the various stages of the project cycle has proved to be a difficult and crucial issue. The inherently 'diffuse' nature of a Regional Strategy requires strong and efficient coordination mechanisms to ensure proper communication between policy discussion and project implementation, and an adequate level of information and involvement of the various actors.

The future strategy should therefore be implemented by supporting cooperation initiatives that are strongly based on the Eastern Partnership. The thematic platforms will ensure the link between multilateral policy discussion and cooperation measures. This approach will increase ownership.

Ownership will also be crucial to the success of the Black Sea Synergy. Being a regional cooperation framework, the BSS will identify and support regional initiatives that have the potential to grow into

⁷ <http://www.jp.coe.int/>

region-wide cooperative schemes. To increase ownership, sector partnerships will allow the Black Sea EU Member States to play an enhanced role.

The choice between regional and national-level assistance must take the additional requirements of regional cooperation into account. This consideration is also relevant in terms of the capacity to leverage IFIs' funds. IFIs in general prefer to operate on a bilateral rather than on a multilateral basis, because of the clearer identification of responsibilities. Only a robust political backing, as has been the case under the Baku Initiative with the dedicated TRACECA and INOGATE programmes, can provide sufficient credibility to attract IFI funding at the regional level. This initiative provides a platform for continued cooperation with Eastern partners and Central Asia in the fields of transport and energy.

3.3. Consultations with stakeholders, donor coordination and division of labour

As part of the Mid-Term Review of the ENPI programming documents, in an effort to further improve co-ordination with member states and other donors, the Commission has established donor co-ordination matrices aimed at improving co-ordination and furthering the division of labour. The current and future priorities of other donors have been factored into this strategy in order to ensure cohesion and complementarity. While some donors have regional-based programmes of this kind, most of them use national-level programmes⁸. Full details are provided in the respective Country Strategy Papers.

At the strategy development and programming stages, no major risks of duplication of effort have been identified.

This programme has its roots in the discussions and exchanges that took place with Member States and partner countries in the run-up to the Prague Summit and in the declaration that was adopted there. More concretely, it takes into account the work done during the first and the second round of meetings of the four Eastern Partnership Platforms on identifying priority areas for multilateral work and it incorporates the relevant discussions that took place on the flagship initiatives.

Wider consultations of external stakeholders (Civil Society Organisations, IFIs, etc) were also launched using the internet, where a concept note was posted in June 2009⁹.

3.4. The EU policy mix (coherence with other core EU policies)

Relations with the countries of the region are affected by a number of other EU policies, which makes it important to choose the right 'policy mix'. This concerns the Common Foreign and Security Policy (CFSP), justice, freedom and security, trade, energy, transport and environmental protection in particular. Given the specific features of each country and its relations with the EU, the approach here has to be customised to each country. A detailed discussion of 'policy mix' considerations for each country can be found in the respective Country Strategy Papers.

⁸ Some donors active in the ENPI East Region, however, have programmes with regional dimensions (i.e. programmes covering more than one country in the region): In Armenia, donors with regional programmes include Austria, the EU, Norway and the UK. In Azerbaijan: Austria, the EU, Norway, Poland, the UK and the US. In Belarus: Sweden. In Georgia: Austria, the EU, Finland, France, Germany, Norway, Poland, Sweden, and the UK. In Moldova: Austria, the EU, Finland, Greece, Sweden and the IOM. In Ukraine: the EU, Hungary, Slovakia and Sweden.

⁹ Available via : http://ec.europa.eu/world/enp/mid_term_review/index_en.htm

4. CHAPTER 4: EU RESPONSE STRATEGY

4.1. Principal objectives:

The multilateral framework of the Eastern Partnership provides a forum to share information on and experience of the partner countries' steps towards transition, reform and modernisation, and provide the EU with an additional instrument to accompany these processes. It facilitates the development of common positions and joint activities and constitutes a forum for discussion on further developments of the Eastern Partnership. At the same time, the Black Sea Synergy and the Northern Dimension and the Baku Initiative will provide frameworks to identify, support and promote cooperative responses to regional challenges in the relevant areas.

The ENPI Eastern Regional Programme is, to a large extent, designed to accommodate and provide support for the implementation of these frameworks. The multilateral policy dialogue will be sustained by financing the operations of the Eastern Partnership structures (platform, panels, fora, etc.). The implementation of the flagship initiatives of the Eastern Partnership will help to lend visibility to the partnership and to address some of its key challenges in a multilateral setting. The Regional East Programme is also designed to promote regional cooperation around the Black Sea and support the implementation of the Black Sea Synergy. The Sector Partnerships established in that context will provide a joint framework in which partners engage in regional cooperation schemes in sectors such as environment, energy and transport.

Finally, activities under the programme will also contribute to the Baku Initiative and other relevant multilateral initiatives.

To this end, the Regional Programme complements the objective of the individual national strategies to develop increasingly close relationships with ENP partner countries, moving beyond previous levels of cooperation that simply provided assistance towards common objectives where there is a clear advantage in regional-level assistance. This advantage can take the form of an improved capability to meet outcome objectives, including fostering greater cooperation within the region, achieving economies of scale and/or avoiding duplication of effort.

The European Commission has a key role to play in terms of adding value through its assistance to the region. Via the European Neighbourhood Policy, and in particular the Eastern Partnership and the Black Sea Synergy, the EU has the ability to act as a mediator, facilitator and accelerator of processes that are beneficial to both the EU and partner countries. No other donor occupies this key position in the region as a neighbour and a partner. EU assistance therefore represents a unique driver for change and progress in the region in key areas and sectors.

4.2. Key issues to be addressed

4.2.1. Democracy, Good Governance and Stability

A commitment to the principles of international law and fundamental values - including democracy, the rule of law, respect for human rights and good governance - is at the core of the Eastern Partnership. In the area of Democracy and Good Governance, assistance will focus on the implementation of international human rights conventions. Particular attention will be paid to the Council of Europe (CoE) standards and recommendations from CoE monitoring mechanisms in areas such as national human rights structures, media pluralism, non-discrimination, protection of minorities, electoral

reform, rights of detainees and the fight against torture and ill-treatment. Commitments under the OSCE human dimension and UN human rights conventions may also be addressed. Activities should seek to bring together peers in the respective areas to exchange best practices and stimulate progress. This effort will reinforce bilateral reform programmes in this area, which will be reflected in ENP Action Plans and successor documents, and supported through national ENPI programmes. Although Belarus is not a member of the Council of Europe and currently lacks an ENP Action Plan, the country is party to several UN Conventions. Consequently, the programme will seek to include Belarus in activities to the extent possible.

The Eastern Partnership highlights the importance of promoting stability and multilateral confidence-building, as well as good neighbourly relations. The continued support for EUBAM should be seen in this context. EUBAM's mission is to provide on-the-job training and advice reinforcing the capacity of the Moldovan and Ukrainian officials, improving cross-border cooperation and the fight against cross-border criminal activities, especially against large-scale smuggling activities. There are plans to expand the mission's activities in order to address the situation on the Transnistrian border in a more comprehensive manner. Building on this experience, assistance will be provided for introducing integrated border management in the EaP countries, in particular at non-EU borders. This may also include assistance to contribute to the demarcation of internationally recognized borders. In addition to contributing to stability by addressing issues related to protracted conflicts, assistance will help implement the trade facilitation and mobility aspects of the Eastern Partnership. More effective border management will assist in the fight against drugs, address customs fraud, trafficking and illegal migration, and thus help to make progress in key policy areas, such as trade and customs. Setting up integrated border management structures aligned to EU standards is also an important prerequisite for progress on the mobility of persons. Recent years have seen a significant increase in natural and man-made disasters, in particular floods, fires, health risks (incl. pandemics) and marine pollution. The countries of the region are exposed to several types of serious disasters which could critically undermine the region's efforts towards sustainable development. Therefore, assistance will be provided to further strengthen disaster management capacities at local, regional and national level, by establishing effective cooperation between the EU and the partner countries, and among the partner countries themselves.

4.2.2. *Economic Development*

In this area, assistance will be provided to support local development by promoting direct cooperation between the border regions of partner countries, allowing regions in selected partner countries to cooperate with EU regions in the context of existing transnational programmes, and by supporting SME development.

An SME initiative will contribute to the local development of the countries covered by the Eastern Partnership by supporting actions aimed at the improvement of the business climate and enhancing the provision of advisory services to SMEs. As part of this initiative, in accordance with the Prague Declaration, the Commission will also work together with the EIB and EBRD to establish a financing facility combining grants and loans aimed at enhancing the provision of funding to SMEs, which will be complementary to existing initiatives in the region¹⁰.

¹⁰ While the SME funding facility will be an integral part of the SME flagship initiative, it will receive financial support through the inter-regional programme via the Neighbourhood Investment Facility.

Building on the successful experience of the Neighbourhood programmes and of ENPI CBC, new cross-border programmes will be established at the borders between partner countries¹¹. In their initial phase, they will be aimed at building up cooperation networks and promoting confidence building across the borders. As such, they will focus on people-to-people actions and economic development. In the same vein, selected border regions of partner countries will have the possibility to co-operate with EU MS regions in the context of existing Territorial Cooperation Programmes established under the Territorial Co-operation objective of the EU Cohesion Policy.

In the area of transport, EU assistance will focus on supporting the long-term TRACECA strategy up to 2015, the implementation of the ENP action plans and regional cooperation under the Black Sea Synergy. Support may also be provided for similar initiatives under the Northern Dimension. In the EaP context this process builds upon past activities under the TRACECA programme by providing support for linking EU-bound transport networks with the major axes of the Trans-European Networks (TENs) and region-wide activities to support gradual approximation with EU standards and legislation. It will also cover the effective implementation of international agreements in the transport sector, in particular on air safety, air traffic management and security, and maritime safety and security. Assistance may also contribute to improving road safety, multi-modal freight transport chains and rail interoperability, where there are clear advantages in assistance at regional level. Furthermore, foreign investments may be enhanced by mobilising different sources of financing to complete the required regional transport infrastructure.

4.2.3. *Climate Change, Energy and Environment*

In the area of climate change, assistance will be provided to support partner countries' efforts to implement the UNFCCC, the Kyoto Protocol and to prepare for the implementation of the expected new climate agreement for post-2012. The causes (mitigation) and effects (adaptation) of climate change will also need to be considered across the relevant policy sectors (e.g. air, water, waste, nature protection, industrial pollution, agriculture, forestry, fisheries, energy, transport, infrastructure and urban planning, tourism, human, animal and plant health, education and research), but will also require targeted actions on capacity building for the implementation of the new climate agreement anticipated for the post-2012 period. Strategic planning with regard to mitigation and adaptation will also need to be strengthened.

In the energy sector, there is scope for increasing energy efficiency and the use of renewable resources. The integration of energy markets and interconnection of the grids are key tools to increase energy efficiency, improve security of supply and contribute to climate change objectives. Interconnection of electricity grids with the UCTE will, for example, enable the transport of electricity generated using renewable resources. Support for the full integration of the Republic of Moldova and Ukraine in the Energy Community¹² will further advance the gradual approximation with EU policies and legislative and regulatory frameworks, and contribute to the agreed goals. Efforts must also be made to achieve a more efficient use of energy, particularly in the construction and industrial sectors, and to expand the use of renewable sources. Currently, progress is being hampered by the lack of a suitable regulatory framework/policy or the institutional framework of enforcement, including harmonization at regional level and the need to mobilize the necessary investments. In this context, the focus should be on

¹¹ This approach may, on a case by case basis, be extended to cover a border between one of the Eastern partners and a country not covered by ENPI.

¹² When appropriate, the extension of 'observership' to other EaP partners could be considered

supporting energy market convergence, improving energy efficiency and expanding and promoting the use of renewable resources. Assistance will support the establishment and strengthening of appropriate regulatory and policy frameworks and promote the adoption of best practices in line with EU standards. In this regard, support for the INOGATE programme along the lines agreed by the 2004 Baku conference and the 2006 Astana Ministerial conference on the Baku Initiative will continue to be provided, which will moreover buttress the energy-related objectives of the Eastern Partnership and the Black Sea Synergy. Sustainable energy actions at local level will also be encouraged particularly within the framework of the Covenant of Mayors, an initiative whereby cities commit themselves to go beyond the EU objectives in terms of CO₂ emissions.

Environment protection, including nature protection, and the sustainable management of natural resources, including marine resources, are key issues for the region. Many challenges are of a trans-boundary or regional nature and, in that context, both the Black Sea Synergy and the Northern Dimension regions warrant particular attention. In the field of environment, support will be provided for strengthened environmental governance under the EaP, for environment aspects of the Black Sea Synergy, as well as for multilateral cooperation on the environment to consolidate and strengthen the implementation of existing agreements and processes, including the Bucharest Convention on the Protection of the Black Sea. Support is needed in order to strengthen environmental governance, environment information and data, and strategic planning and to increase environmental cooperation and awareness. Water resources management, including cross-border river basin management and biodiversity conservation, is of particular importance. Capacities to address specific aspects of air pollution, waste management, marine and coastal pollution and industrial pollution, among others, will be further developed.

4.2.4. Advancing Integration with the EU and promoting Regional Cooperation

The multilateral framework of the Eastern Partnership is a key tool to advance integration with the EU, and assistance will be provided to support its activities. It provides a forum to share information and experience on the partner countries' steps towards transition, reform and modernisation, whilst at the same time endowing the EU with an additional instrument to accompany these processes. Cooperation in this area focuses on supporting the structures established to advance the Eastern Partnership multilateral dimension. This includes the four thematic platforms, expert level panels, the Civil Society forum and a contribution to set up an EU EaP assembly of local and regional authorities. Support will also be provided for activities such as technical meetings, conferences and study visits arising from the work programme and the work of the multilateral structures of the Eastern partnership. Through these activities identified by Platforms and Panels, partner countries will be able to advance towards coherent and compatible legislative and regulatory approximation. This will be of particular importance in the perspective of establishing a network of deep and comprehensive free trade areas and to support exchange of information and expertise at regional level in areas such as Information Society (Electronic Regulator).

An adequate amount of financial resources, in line with previous support, will be devoted to the identification, formulation, of programmes and projects, including the flagship initiatives, as well as to communication and information activities, both at centralized and at decentralized level.

In the context of the Black Sea Synergy, implementation will be pursued in the context of specific Sector Partnerships. These Sector Partnerships will be designed as permanent frameworks jointly owned by the EU, its Member States and the Black Sea countries, in which partners engage in regional

cooperation schemes in a specific sector. Sector Partnerships will bring together a selection of stakeholders: the EU and its Member States, Black Sea partner countries, the European Commission, international financial institutions, and, where applicable, multilateral and regional organisations, civil society, the private sector, etc. Initial priority sectors identified in 2008 include environment, transport and energy. In addition, the Black Sea Synergy may identify, promote and support a number of specific cooperative schemes in other areas. Support will be provided for activities in support of these structures and schemes, including for technical meetings, conferences and study visits.

In the Northern Dimension context, partnerships on Environment (NDEP) and on Public Health and Social Well-being (NDPHS) are being implemented. In addition, a Partnership on Transport and Logistics (NDPTL) will soon become fully operational and a new ND Partnership on Culture (NDPC) will be established. Other initiatives are also underway¹³. The Northern Dimension will contribute to Arctic cooperation and serve as the principal framework on which the external aspects of the EU Strategy for the Baltic Sea Region are to be pursued jointly with the other ND partners. Assistance will be provided for activities in support of these structures and schemes, including for technical meetings, conferences and study visits.

In order to deliver on the commitment to further develop democracy and active citizenship under the Eastern Partnership, it is essential to provide additional support for the participation of youth organizations, young people and youth workers in this important process through the ‘Youth in Action’ programme. Similarly, the role of culture in promoting the region’s sustainable development and acting as a catalyst for regional cooperation between government and non-governmental cultural operators and civil society organizations needs to be pursued. As part of this initiative, support will also be provided for cooperation between EaP countries on architectural heritage as part of the Council of Europe’s Kyiv Initiative. Cultural cooperation and inter-cultural dialogue are recognised as integral parts of the Eastern Partnership, as they contribute to addressing political processes and challenges. The Eastern Partnership requires support to strengthen the capacity of cultural operators in the region and enhances the role of culture as a force for reform, promotion of inter-communal tolerance and social cohesion.

4.2.5. *Involvement of non ENPI Countries*

Activities under this programme in the transport, energy and environment sectors, focusing primarily on ENPI countries, may also include the five Central Asian Republics on the basis of Article 27 of the ENPI Regulation. ENPI funding may be provided where the centre of gravity of these actions is in the ENPI region and where it is necessary for the achievement of the objectives of the measure¹⁴.

¹³ e.g. the establishment of a ND Institute (focussing on research and networking of universities), ND Business Council (enabling enhanced contacts between the business communities) and a framework for ND Sub-state cooperation (enabling enhanced cooperation between the local and regional authorities).

¹⁴ The principles for funding the Central Asian Republics’ participation in the ENPI Eastern regional programme will be that, in each case: (1) There should be clear added value in cross-regional cooperation in terms of building on existing linkages, activities or structures, or on increasing cooperation between the regions; (2) Where the ‘centre of gravity’ of the activity is in the ENPI Eastern region, with the majority of activities taking place within the ENPI Eastern region, it may be funded through the ENPI Instrument; (3) Where activities primarily take place in, or primarily benefit the Central Asian republics, they should be funded from the DCI Instrument; (4) There must be a clear and coherent link with the DCI Central Asia Regional Strategy and Indicative Programme.

Activities under this programme are also open to Turkey, which is a partner in the Black Sea Synergy and the Baku Initiative. The Community financing necessary to fund this participation will be made available through the Instrument for Pre-Accession (IPA).

4.3. Instruments and means

Since 2007, the European Neighbourhood and Partnership Instrument (ENPI), including both its national and its trans-national/regional and cross-border components, has been the principal tool for providing assistance to the ENP region. ENPI is complemented by the European Instrument for Democracy and Human Rights (EIDHR) and a set of thematic programmes under the Development Cooperation Instrument (DCI), for which Eastern partners are also eligible. In addition, certain measures may also be supported under the Instrument for Stability (IfS)(see 4.3.5). Lastly, there is a dedicated Nuclear Safety Co-operation Instrument (NSCI) (see 4.3.4).

4.3.1. ENPI national allocations

Assistance provided under the national ENPI envelopes focuses on the strategic priorities where assistance is delivered most effectively at national level. The details of each programme are country-specific and contained in the respective Country Strategy Papers (CSPs) and National Indicative Programmes (NIPs).¹⁵

4.3.2. ENPI Inter-regional and CBC programmes

The activities and initiatives described in this RSP and in RIP 2010-13 will be complemented and reinforced by activities under the Inter-Regional Programme 2011-13. The ENPI Inter-Regional programme focuses on activities that are best implemented at inter-regional level for reasons of visibility, coherence or administrative efficiency and to gradually strengthen dialogue and cooperation between the EU and all ENPI countries, as well as between eastern and southern neighbours themselves. Examples of such activities include TAIEX, SIGMA, Tempus and Erasmus-Mundus. Lastly, the Inter-Regional Programme will provide support to IFIs in identifying, developing and financing investment projects, either through the Neighbourhood Investment Facility or via direct contributions to partnerships and other initiatives.

4.3.3. European Instrument for Democracy and Human Rights and thematic programmes

Eastern Partners could also benefit from the European Instrument for Democracy and Human Rights (EIDHR), which provides support to civil society in the region across a wide range of human rights areas (such as the promotion of freedom of expression and association, the protection of human rights defenders; prevention of torture; improving the international human rights framework, and observation of elections). Support is provided through overall calls for proposals on thematic priorities, country-based support schemes or targeted projects with international organisations.¹⁶ In addition, eastern partners can also take advantage of a number of thematic programmes under the DCI¹⁷. Of these, the

¹⁵ These can be consulted on the ENP website: http://ec.europa.eu/world/enp/documents_en.htm

¹⁶ http://ec.europa.eu/europeaid/where/worldwide/eidhr/index_en.htm

¹⁷ ENPI partner countries are eligible for support through the following five thematic programmes : 1) Investing in People, 2) Protection of the environment and sustainable management of natural resources including energy, 3)Non-state actors and local authorities in the process of development, 4) Food security and 5) Migration and Asylum

“Migration and Asylum” programme is particularly relevant for the ENPI Region because of the importance of the issue and the scale of its activities in the region. This programme supports partner countries in their efforts to ensure better management of migratory flows in all their dimensions and devotes a sizeable proportion of its budget to the Eastern Partners.

The activities funded under thematic programmes must be fully consistent with the implementation of the present Regional Indicative Programme.

4.3.4. *Nuclear Safety Cooperation Instrument*

In order to improve the safety of nuclear plants, both for Nuclear Regulators as well as emergency management and the improvement of contaminated sites, eastern partners are also eligible for support through Nuclear Safety Cooperation Instrument.

4.3.5. *Instrument for Stability*

The main goal of the Stability Instrument is to provide an effective, timely, flexible and integrated response to situations of crisis, emerging crisis or continued political instability. Despite recent progress in some areas, several protracted conflicts still persist in the ENPI region. Future support for efforts to address such conflicts may be provided under the Stability Instrument.

5. **CHAPTER 5: REGIONAL INDICATIVE PROGRAMME 2010-13**

5.1. **Introduction**

This **Indicative Programme 2010-2013** will mainly support multilateral cooperation to further the objectives of the Eastern Partnership, notably to create the necessary conditions to accelerate political association and further economic integration between the EU and interested partner countries, and the objectives of the Black Sea Synergy, which are to promote and support cooperative approaches to regional challenges around the Black Sea. The programme will also contribute to advancing the Northern Dimension and the Baku Initiative. Finally, it will complement the support to the objectives of the respective National Indicative Programmes.

The Indicative Programme briefly describes the activities to be financed and sets out general objectives, specific objectives, expected results and possible indicators to measure the achievements of the programme¹⁸. In its implementation, the coherence of EU policies, complementarities within the EU and with other donors, as well as complementarities between the different EU programmes and instruments, will be pursued in all areas of cooperation.

5.2. **Main priorities and goals**

Assistance provided under this programme will focus on four priority areas and a number of sub-priorities:

¹⁸ At a more operational level (i.e. the Annual Action Programmes and project identification fiches) the suggested indicators will be made ‘SMART’ (Specific, Measurable, Attainable, Realistic and Time bound). The operational indicators will then be used to determine baseline scenarios at the beginning of the programme and will be subsequently utilized at the end of the programme to measure the actual achievements and impact.

Priority Area 1 Democracy, Good Governance and Stability

Sub-priority 1.1 Human rights, democracy and the rule of law

Sub-priority 1.2 Integrated Border Management

Sub-priority 1.3 EUBAM

Sub-priority 1.4 Response to natural and man-made disasters

Priority Area 2 Economic Development

Sub-priority 2.1 Support for SME Development

Sub-priority 2.2 Territorial cooperation

Sub-priority 2.3 Transport

Priority Area 3 Climate Change, Energy and Environment

Sub-priority 3.1 Climate Change

Sub-priority 3.2 Energy

Sub-priority 3.3 Environmental Governance

Sub-priority 3.4 Environment Protection and natural resources

Priority Area 4 Advancing Integration with the EU and Regional Cooperation

Sub-priority 4.1 Implementation of the EaP multilateral dimension

Sub-Priority 4.2 Support for the implementation of the Black Sea Synergy and the Northern Dimension

Sub-priority 4.3 Youth and Culture

For the period 2010-13, a total of EUR 348.57 million has been allocated to the Regional East Programme.

	Cooperation Priorities 2010-2013	Indicative Allocations
1	Democracy, Good Governance and Stability	30.7 %
2	Economic Development	20.7 %

3	Climate Change, Energy and Environment	25.8 %
4	Advancing integration with the EU and Regional Cooperation	22.8 %
	Total	100%

6. CHAPTER 6: DESCRIPTION OF THE PRIORITIES AND SUB-PRIORITIES

6.1. Priority Area 1: Democracy, Good Governance and Stability

The issues to be addressed under this priority have been described in the response strategy under paragraph 4.2.1. Cooperation actions will be grouped around four sub-priorities, namely: 1) Human Rights, Democracy and the Rule of Law; 2) Integrated Border Management; 3) EUBAM; and 4) Response to Natural and Man-Made Disasters.

Assistance under sub-priority 1.2 will contribute to the implementation of the Eastern Partnership Flagship Initiative on Integrated Border Management. As such it will build on ongoing activities of the Southern Caucasus Integrated Border Management programme and on the achievements and lessons learned of the BUMAD project in the fight against drug trafficking in Belarus, Moldova and Ukraine (in particular on aspects related to ‘supply reduction’).

Assistance under sub-priority 1.4 will provide additional assistance to contributing to the Eastern partnership flagship initiative on Civil Protection. When launched, this second phase will take into account the results phase I, which will be launched at the end of 2009.

6.1.1. *Sub-priority 1.1: Human rights, democracy and the rule of law*

6.1.1.1. **General Objective**

- To bring the partner countries closer to international standards in the core areas of human rights, democracy and the rule of law.

6.1.1.2. **Specific Objectives**

- To strengthen the ability in partner countries to identify and address key implementation challenges in the areas covered by the relevant international conventions;
- To improve the legal and regulatory framework in accordance with international (and in particular CoE) standards;
- To promote the exchange between the respective human rights structures (including Civil Society) of Eastern partnership countries.

6.1.1.3. Expected Results

- Work plans in place to address the gaps and areas for further reform identified per country in the areas covered by the peer reviews carried out;
- Increased compliance with rulings of the European Court of Human Rights;
- Increased compliance with recommendations of CoE and other monitoring mechanisms;
- Increased application of international human rights instruments;
- Channels and procedures for systematic consultation of Human Rights structures and Civil Society on draft legislation are created and used.

6.1.1.4. Possible Indicators of Achievement

- Number of effectively established work plans to address the gaps and areas for further reform identified by the peer reviews;
- Number of legal and administrative measures adopted to implement the rulings of the European Court of Human Rights;
- Number of legal and administrative measures adopted to implement the CoE and EU standards compared to baseline data available at the start of the exercise;
- Number of court cases applying international human rights instruments;
- Increase in the number of consultations of civil society on human rights legislation;
- Progress in areas for further reform as noted in relevant subcommittee reports and in ENP Progress Reports.

6.1.2. Sub-priority 1.2: Integrated Border Management

6.1.2.1. General Objectives

- To build up appropriate operational and institutional capacity to ensure effective land and maritime border checks and surveillance and to combat border-related corruption, with a view to improving security, fighting smuggling and human trafficking, ensuring the right to seek asylum, reducing illicit drugs trade as well as other cross-border crime, facilitating mobility of people and transportation of goods across non-EU borders, particularly along the trans-European transport networks (TEN-T) and TRACECA;
- To improve cooperation in the field of border management, and help partners in the region to harmonise and simplify border management rules and to adopt best practices, in line with EU IBM standards;

6.1.2.2. Specific Objectives

- To strengthen operational and institutional capacity of border guards/customs to ensure effective border checks and surveillance, enhanced detection of persons in need of protection and combating border-related corruption;
- To improve international cooperation, networking and exchange of information (incl. best practices) among partners and EUMS on IBM contributing to harmonisation of strategies and further alignment with EU standards;
- To facilitate international transit for passenger and goods, in particular along the TEN-T and TRACECA corridors;
- To enhance partner countries' cooperation in the fight against drugs.

6.1.2.3. Expected Results

- Border guard/custom officials better trained in effective border checks and surveillance and combating border-related corruption;
- Coordination arrangements between customs and other border management services working at the borders and other border management services of partner countries and EUMS better specified and utilised;
- Selected border crossing points along the TEN-T & Traceca corridors strengthened as a result of pilot investment projects;
- Increased effectiveness in the fight against drug trafficking.

6.1.2.4. Possible Indicators of Achievement

- Increase in the number of border guards and customs officials that have successfully completed training to improve their capacity for effective border checks, surveillance and combating border-related corruption;
- Reduction of border-related corruption at the border crossing points targeted by the training component of the IBM programme;
- Perception of corruption among businesses and people who cross the border regularly, as measured by surveys before and after the programme;
- Increase in the detection of illegal migrants, trafficking victims and asylum seekers, and seizure of goods illegally crossing the borders covered by the programme;
- Increase in the exchange of expertise and coordination among the six Eastern partners drafting their IBM strategies and action plans (both in and outside the EaP panel on IBM);
- Number of border crossing points operating on the basis of the National Integrated border management strategy and action plan;

- Number of pilot investment projects launched along the TEN-T & Traceca corridors, receiving a positive assessment from participating parties;
- Increase in the exchange of best practices and cooperation initiatives in the field of drugs.

6.1.3. *Sub-priority 1.3: EU Border Assistance Mission at the Ukraine Moldova border (EUBAM)*

6.1.3.1. General Objectives

- To provide assistance and training in order to strengthen border management capacities and combating cross-border and organised crime at the border between Ukraine and the Republic of Moldova, including the separatist region of Transnistria;
- To help Moldovan and Ukrainian customs and border guard agencies to approximate their standards to those of the EU;
- To contribute to a peaceful resolution of the Transnistria conflict.

6.1.3.2. Specific Objectives

- Institutional and operational capacity of border, customs and law enforcement authorities enhanced;
- Cross-border cooperation between border, customs and law enforcement authorities increased;
- Public relations capabilities of partner services enhanced;

6.1.3.3. Expected Results

- Training programmes to increase the institutional and operational capacity of border, customs and law enforcement authorities implemented;
- Corruption of border guards and customs officials at operational level decreased;
- Analytical overview and statistical data on border security and cross-border movement of goods and persons improved;
- Increased cooperation activities and cooperation mechanisms established;
- Increased level of information among the local population of EUBAM's activities and of efforts made by partner services.

6.1.3.4. Possible Indicators of Achievement

- Increase in the number of border guards and customs officials that successfully completed training to improve their capacity for effective border control, surveillance and the fight against border-related corruption;

- Reduction of border-related corruption in the border regions targeted by the training component of the EUBAM programme;
- Improvement in technical and analytical equipment and expertise available for the services involved by the end of the programme;
- Coordination arrangements between customs and other border management services better specified and utilised;
- Number of successfully received public relations and information sessions targeting local communities carried out (measured by surveys) by the end of the programme.

6.1.4. Sub-priority 1.4: Prevention of, preparedness for, and response to natural and man-made disasters

6.1.4.1. General Objective

- To strengthen disaster management capacities at local, regional and national level, by establishing effective cooperation between the EU (the Civil Protection Mechanism) and the partner countries, and among the partner countries themselves.

6.1.4.2. Specific Objectives

- Strengthened prevention and preparedness capacities at local, national and regional level;
- Improved capacities for a coordinated, effective and efficient disaster response;
- Improved coordination and cooperation between the EaP partner countries authorities dealing with civil protection/disaster management and the EU Civil Protection Mechanism;
- Institutional capacity of partner countries to utilize a systematic approach to detailed risk assessment, early warning and mitigation measures is upgraded.

6.1.4.3. Expected Results

Depending on the individual progress of the partner countries:

- Assessment studies prepared identifying gaps in structures and capacities in areas where European support could add value;
- Better training of partner country experts and officials by means of short-term secondments to the Community Civil Protection Mechanism (MIC) and participation in the Community Civil Protection Training Programme;
- Revision of legal instruments to enable participation by partners in EU civil protection exercises;
- Operational capacity enhanced through the co-financing of specialised equipment acquisition on the basis of a needs assessment (as part of the detailed assessment studies).

6.1.4.4. Possible Indicators of Achievement

- Number of detailed assessment studies concluded which identify gaps and areas earmarked for further improvement;
- Number of appropriate measures initiated to address the gaps and areas for further improvement as identified by the detailed assessment studies;
- Number of successful secondments of partner country experts to the Community Civil Protection Mechanism (MIC);
- Number of partner country officials who have successfully participated in the Community Civil Protection Training Programme (measured by surveys);
- Legislative framework in place in the area of civil protection/disaster management to enable equal participation in EU civil protection exercises;
- Increase in personnel working with specialised equipment by the end of the programme.

6.1.5. Indicative Budget

The indicative allocation for priority area 1 will be EUR 107 million for the period 2010-2013.

6.2. Priority Area 2: Economic development

The issues to be addressed under this priority have been described in the response strategy under paragraph 4.2.2. Cooperation actions will be grouped around three sub-priorities, namely: 1) Support for SME Development; 2) Territorial Cooperation; 3) Transport.

Assistance under sub-priority 2.1 will contribute to the implementation of one of the Eastern Partnership Flagship initiatives, namely the SME Facility. It will focus on improving advisory services to SMEs to be provided, if feasible, through a dedicated Eastern Partnership window of the EBRD TAM/BAS programme. This will be complementary to a project facilitating investments, trade and networking of SMEs at both regional and EaP-EU level to be launched in 2010 (East Invest). In addition, support for the establishment of the SME finance facility will be provided under the Inter-Regional programme.

Assistance under sub-priority 2.2 is also intended to finance participation of the Republic of Moldova and Ukraine in the ERDF-funded transnational cooperation programmes for South-East Europe and Central Europe.

6.2.1. Sub-priority 2.1: Support for SME Development

6.2.1.1. General Objective

- To support the improvement of the business climate for SMEs and support their development.

6.2.1.2. Specific Objectives

- To promote alignment and approximation of legislation and policy framework to the EU acquis in the area of SME development;
- To extend advisory and support structures and operations in the area of SME support to the EaP region;
- To extend functioning networks of SMEs at both regional and EaP EU level

6.2.1.3. Expected Results

- Improved legislative and policy framework in place and implemented in line with the EU acquis in the area of SME development, in particular the Small Businesses Act;
- Improved access for SMEs to advisory services in line with the model already in place for transition countries throughout the EaP region;

6.2.1.4 Possible Indicators of Achievement

- Increased application of legislation in line with the EU acquis in the area of SME development, in particular the Small Business Act;
- Increase in the number of SMEs having access to the advisory services covered by the programme throughout the EaP region;
- Level of satisfaction of beneficiary SMEs with the quality of the advisory services offered, as measured by surveys conducted at the beginning and end of the programme;
- Increased profitability and business turnover of selected SMEs;

6.2.2. Sub-priority 2.2: Territorial cooperation in partner countries

6.2.2.1. General Objectives

- Strengthening cooperation across the borders between partner countries' border regions benefiting their social and economic development;
- Developing cooperation within larger regional groupings involving EU regions (transnational cooperation).

6.2.2.2. Specific Objectives

- Strengthened cross-border contacts through the programmes, between local authorities, communities and civil society organisations from the partner countries;

- Social and economic development of participating border regions of the EaP countries;
- Widening the scope of practical cooperation between border regions of the EaP partner country and regions of the EU MS.

6.2.2.3. Expected Results

- Functioning cross-border programmes within the partner countries conducting calls for proposals managed by joint bodies representing all participating parties;
- Increased cooperation of local authorities and local communities of regions bordering EaP partner countries;
- Increased cooperation between Civil Society on both sides of the targeted border region;
- Inclusion of partner country regions in EU transnational cooperation programmes in new areas of cooperation, such as technology, connectivity and telecommunications;
- Strengthened capacity of local and regional authorities from the EaP countries to cooperate with each other and participate in EU programmes.

6.2.2.4. Indicators of Achievement

- Number of cross border programmes set up and implemented with the EaP partner countries;
- Implementation records of the programmes launched;
- Increased level of structured and institutionalised contact between local authorities of bordering regions;
- Number of joint programmes and projects implemented by Civil Society Organisations and / or by local authorities of participating partner countries;
- Extent of contacts amongst the local populations compared to the level at the beginning of the programme;
- Increase in the number of EU transnational projects in which partner countries are participating by the end of the programme.
- Progress in areas for further reform, as noted in relevant subcommittee reports and in ENP Progress Reports.

6.2.3. *Sub-priority 2.3: Transport*

6.2.3.1. **General Objectives**

- The putting in place of a modern, compatible and interoperable physical infrastructure network across the various TRACECA countries, which links partner countries to the Trans-European Networks (TEN-Ts);
- The provision of regional-level assistance for the gradual integration of the transport markets of the ENPI Eastern countries and the Central Asian countries and the gradual regional convergence of policies and approximation to EU norms and standards¹⁹;
- To improve the performance and services of transport operations, in particular in the areas of maritime and aviation safety, by inter alia aligning air traffic management and maritime and aviation security with international standards.

6.2.3.2. **Specific Objectives**

- Increased inter-modality between land modes and with Short Sea Shipping, including those such as the EU concept of the ‘Motorways of the Sea’, in order to ensure the smooth and uninterrupted flow of trade for all types of freight actors by different modes of transport and across different countries;
- Increased integration of the transport markets of the ENPI Eastern and Central Asian countries;
- Effective enforcement of international conventions, in particular at port level, achieving a regional minimum level of compliance across the region, in particular as regards Port State Control and Flag State Implementation, including maritime security;
- Strengthened bilateral relations and regional cooperation on common policy objectives in the areas of maritime and air transport;
- The improvement of air navigation services, safety performance, air traffic management, flight safety operational requirements and airport safety regulations.

6.2.3.3. **Expected Results**

- Enhanced transport flows between the partner countries and the EU, and among the partner countries themselves;
- Effective implementation of international agreements in the transport sector, including those relating to transport security;
- Increased approximation towards the EU legal framework and standards;

¹⁹ This includes the effective implementation of international agreements in the transport sector, in particular those concerning transport safety and security, environmental standards and the improvement of interoperability in the rail sector;

- Closer alignment with EU safety and security legal framework for all modes of transport;

6.2.3.4. Possible Indicators of Achievement

- Increase in transport flows between the partner countries and the EU, and the partner countries themselves;
- Number of practical measures taken to improve the multimodal freight transport chain and a more efficient flow of goods between the EU, the Black Sea/Caspian littoral States and neighbouring countries;
- Increase in IFI, commercial and government financing of investment for infrastructure projects;
- Increase in the level of compliance with international conventions, in particular at port level, achieving a regional minimum level of compliance, in particular as regards Port State Control and Flag State Implementation, including maritime security;
- Implementation record of the recommendations of the High Level Group on the extension of trans-European transport axes to neighbouring countries and regions;
- Increase in compliance with international best practice standards.
- Increase of the European satellite navigation service (EGNOS) extension over airspace of some of the ENP countries initiated.

6.2.4. Indicative Budget

The indicative allocation for priority area 2 will be EUR 72 million for the period 2010-2013

6.3. Priority Area 3: Climate Change, Energy and Environment

The issues to be addressed under this priority have been described in the response strategy under paragraph 4.2.3. Cooperation actions will be grouped around four sub-priorities, namely: 1) Climate change; 2) Energy; 3) Environmental Governance; and 4) Environment Protection and natural resources.

Assistance under sub-priority 3.2 will contribute to the implementation of the Eastern Partnership flagship initiative on Regional Electricity Markets, Improved Energy Efficiency and Increased Use of Renewable Resources.

Assistance under sub-priority 3.3 will contribute to the implementation of the Eastern Partnership flagship initiative on Environmental Governance.

6.3.1. *Sub-priority 3.1: Mitigating and adapting to climate change*

6.3.1.1. General Objective

- To contribute to the mitigation of, and adaptation to climate change.

6.3.1.2. Specific Objectives

- To strengthened capacities to implement the UNFCCC, the Kyoto Protocol and its expected successor agreement;
- To strengthened strategic planning with regard to mitigation and adaptation;
- To improve capacities to benefit from possible new or reviewed mechanisms resulting from the successor agreement to the Kyoto Protocol;
- To increase the level of awareness on climate change mitigation and adaptation.

6.3.1.3. Expected Results

- Strengthened capacities to implement, enforce, monito and report to the UNFCCC and the Kyoto Protocol and its expected successor agreement;
- Joint implementation and clean development mechanism projects or possible other mechanisms agreed in Copenhagen developed;
- Domestic emission trading systems elaborated and implementation ;
- Low carbon development strategies prepared;
- Adaptation strategies and plans prepared;
- Enhanced convergence with a view of linking to the EU emissions trading scheme;
- Strengthened sectoral approaches to climate issues.

6.3.1.4. Possible Indicators of Achievement

- Steps taken to implement the UNFCCC, the Kyoto Protocol and its expected successor agreement as compared to the situation at programme start;
- Enhanced reporting on the implementation of the UNFCCC and the Kyoto Protocol and its expected successor document;
- Number of joint implementation and clean development mechanism projects developed and registered at the UN level as compared to the situation at programme start;
- Steps taken to prepare for linking the partner countries with the EU emissions trading scheme as compared to the situation at programme start;

- Preparation and implementation record of low carbon development strategies;
- Preparation and implementation record of national climate change adaptation strategies;
- Reduced level of GHG emissions at the end of the programme as compared to a 'business as usual' scenario;
- Increased level of awareness on climate change mitigation and adaptation as measured by impact surveys conducted at the beginning and end of the programme.
- Progress in areas for further reform as noted in relevant subcommittee reports and in ENP Progress Reports.

6.3.2. *Sub-priority 3.2: Energy and Energy Efficiency*

6.3.2.1. **General Objectives**

- Strengthen the regulatory, policy and institutional framework in partner countries;
- Enhance integration of regional energy markets;
- Improve Energy Efficiency and increase the use of Renewable Resources.

6.3.2.2. **Specific Objectives**

- To strengthened institutional capacity at national and local level in partner countries to enable and stimulate energy efficiency and an increased use of renewable resources;
- To gradually approximate of the regulatory and policy framework in partner countries towards that of the EU;
- To increase inter-connectivity of energy grids;
- To increase trade, investment and technology transfers in the energy sector of the partner countries.

6.3.2.3. **Expected Results**

- Reforms in the energy sector (policies, legislation, regulation) to enable and stimulate energy efficiency and an increased use of renewable resources;
- Gradual integration of Ukraine and the Republic of Moldova in the Energy Community;
- Increased efficiency as a result of better interconnections of the energy grids;

- Establishment and implementation of “sustainable energy action plans” by cities having signed up to the « *Covenant of Mayors* ²⁰ »;
- Establishment and adoption of best practices on energy efficiency and the use of renewable resources in line with EU standards.

6.3.2.4. Possible Indicators of Achievement

- Progress of reforms in the energy sector as noted in ENP and EaP reporting exercises;
- Membership of Ukraine and the Republic of Moldova in the Energy Community and their gradual approximation with the relevant energy acquis;;
- The increase in IFI financing attracted for energy efficiency projects;
- Increased harmonisation and availability of statistical data;
- Number of sustainable energy action plans adopted at the local level as part of the *Covenant of Mayors*;
- Increase of international best practice standards met in the areas of energy efficiency and the use of renewable resources;
- Improvement in energy efficiency levels as compared to baseline measurements at the start of this programme.

6.3.3. Sub-priority 3.3: Environmental Governance

6.3.3.1. General Objective

- To promote environmental protection by strengthening environmental governance in the partner countries.

6.3.3.2. Specific Objectives

- Increased availability of reliable information in partner countries;
- To strengthen institutional capacities to ensure access to environmental information, to involve relevant stakeholders in environmental decision-making, on reporting, and on conducting EIAs and SEAs in line with the Espoo and Aarhus Conventions and their Protocols;
- To increase convergence with EU *acquis* in these areas;

²⁰ The Covenant of Mayors is an initiative of the European Commission that brings together the mayors of Europe's most pioneering cities in a permanent network to exchange and apply good practices across these cities and beyond to improve energy efficiency significantly in the urban environment (see: <http://www.managenergy.net/com.html>)

- To enhance implementation of reporting obligations deriving from international agreements, and improve coordination with relevant regional initiatives;
- To facilitate policy development and implementation of strategies in various environment sub-sectors.

6.3.3.3. Expected Results

- Enhanced capacities for the monitoring, collection, storage and assessment of environmental data;
- Improved reporting of environmental data in the relevant authorities, including the national statistical systems;
- National and regional environment information systems set up, linked and in line with the EU's SEIS;
- Improved access to environmental data for stakeholders in environmental decision-making, in line with EU legislation, and the Aarhus Convention and its Protocol on Pollutant Release and Transfer Registers;
- Improved capacities for preparation and use of high-quality environment assessments to support decision-making, in line with EU legislation, the Espoo Convention on Environmental Impact Assessment (EIA) and its Strategic Environmental Assessment (SEA) Protocol;
- Availability of a gap analysis per EaP country for compliance with EU horizontal legislation on access to information, public participation, reporting, environmental impact assessment (EIA) and strategic environmental assessment (SEA);
- Subsequent development and implementation of a strategy or work plan.

6.3.3.4. Possible Indicators of Achievement

- Improvement of the production and use of indicators at national and regional level as compared with the situation at programme start;
- Quality improvement of reporting of environmental data in the relevant authorities, including the national statistical institutions;
- Number of national and regional environment information systems, linked to and in line with the EU's SEIS;
- Improved level of access to environmental data for stakeholders in environmental decision-making (measured by surveys);
- Qualitative improvement of environment assessments to support decision-making, in line with EU legislation, the Espoo Convention on Environmental Impact Assessment (EIA) and its Strategic Environmental Assessment (SEA) Protocol;

- Implementation record of the national strategy or work plan to address the issues identified by the gap analysis per EaP country for compliance with EU horizontal legislation on access to information, public participation, reporting, environmental impact assessment (EIA) and strategic environmental assessment (SEA).

6.3.4. *Sub-priority 3.4: Environment protection and natural resources*

6.3.4.1. **General Objectives**

- To improve the sustainable use and management of natural resources including water and marine resources, biodiversity conservation, nature protection, and measures against land degradation;
- To increase environmental cooperation and awareness.

6.3.4.2. **Specific Objectives**

- To enhanced implementation of Multilateral Environmental Agreements;
- To increase convergence with the EU environmental acquis;
- To strengthen strategic planning and implementation capacities with regard to sustainable use and management of natural resources.

6.3.4.3. **Expected Results**

- Better implementation of Multilateral Environment Agreements, including the Bucharest Convention's objectives and other relevant objectives for the Black Sea region, the Convention's Strategic Action Plan (SAP) and ecological quality objectives;
- Increased convergence with selected aspects of the EU environmental acquis;
- Strengthened institutional capacities to address specific aspects of *inter alia* air pollution, waste management, marine and coastal pollution, and industrial pollution;
- Establishment of trans-boundary river management mechanisms and increased cooperation on regional seas;
- Environmental awareness activities carried out.
- Strengthened water resources management, including cross-border river basin management;
- Increased biodiversity conservation, nature protection, and measures against land degradation;
- Increased awareness on the part of national, regional and local authorities of the need for environmental protection.

6.3.4.4. Possible Indicators of Achievement

- Implementation record of the partner countries related to the Multilateral Environment Agreements;
- Number of legal and regulatory frameworks adopted in line with the EU environmental acquis;
- Qualitative improvement of strategic planning and implementation in fields including water quality, air pollution, waste management, nature protection and soils;
- Increase in the level of IFI investment financing in relevant areas as compared to the situation at programme start;
- Implementation record of the established trans-boundary river management mechanisms;
- Increase in environmental awareness of target groups as measured by impact surveys;
- Progress in areas for further reform as noted in the relevant subcommittee reports and in ENP Progress Reports.

6.3.5. *Indicative Budget*

The indicative allocation for priority area 3 will be EUR 90 million for the period 2010-2013

6.4. Priority Area 4: Advancing integration with the EU and promoting Regional Cooperation

The issues to be addressed under this priority have been described in the response strategy under paragraph 4.2.4. Cooperation actions will be grouped around three sub-priorities, namely: 1) Supporting the implementation of the EaP multilateral dimension; 2) Supporting the implementation for the Black Sea Synergy and the Northern Dimension; 3) Youth and culture.

Funding for information activities to be financed under sub-priority 4.1 will ensure the continuation of the activities currently implemented under the Information and Communication programme.

6.4.1. *Sub-priority 4.1: Supporting the implementation of the EaP multilateral dimension*

6.4.1.1. General Objective

- Fostering links among partner countries and with the EU in the context of the Eastern Partnership.

6.4.1.2. Specific Objectives

- To provide a forum to share information and experience on steps towards transition, reform, modernisation and gradual integration;
- To integrate CSOs in the multilateral dimension of the Eastern Partnership;

- To support the identification, formulation of programmes
- To enhance communication and information activities to promote awareness and positive appreciation of the Regional programme and of the Eastern Partnership;
- Achieve greater public and political visibility of EU policy, actions and programmes in the partner countries.

6.4.1.3. Expected Results

- Facilitation of the development of common positions and joint activities under the EaP Platforms and Panels;
- Platforms and Panels meeting regularly, fostering closer ties between partners and providing policy input in matters of common interest.;
- Platforms reviewing the progress achieved towards transition and approximation and reporting to the annual meetings of Foreign Ministers;
- Coherent and compatible legislative and regulatory approximation including in the perspective of fostering a network of deep and comprehensive free trade areas between partner countries.
- Group of Electronic Communications Regulatory Authorities established and successfully practicing the exchange of know-how and experience between the regulatory authorities of the EU and of the ENPI Eastern countries.
- Adaptation of national legislation and policy framework of partner countries following the policy dialogue organised within the platforms;
- A Civil Society Forum established and providing the multilateral governmental track of the Eastern Partnership with regular recommendations, input and feedback on the implementation of the work of the EaP;
- Programmes and projects of good quality identified, formulated;
- Increased awareness and positive assessment of EU and EaP policy in partner countries as a result of awareness-raising activities, such as journalist training, programme on TV, radios and Internet, road shows, seminars, etc.

6.4.1.4. Possible Indicators of Achievement

- Progress in moving forward the multilateral EaP agenda as noted in the Commission Progress Report;
- Number of joint declarations and common positions adopted;
- Number of reports and papers issued to further the objectives of the respective platforms and panels;

- Number of Eastern participants in EU cooperation programmes and enhanced quality of the applications submitted;
- Increased harmonisation with the principals of the EU framework for electronic communications and increased in integration of the electronic communication markets of the ENPI Eastern countries.
- Number of applications by Civil Society Organisations (interest expressed), in particular from the partner countries;
- Level of contact and exchange between the participating CSOs;
- Number of CSO recommendations, monitoring and evaluation reports presented, discussed and adopted by the multilateral governmental track of the EaP;
- Balanced public discourse on EU and EaP policy and cooperation initiatives in partner countries;
- Number and scope of State and non-State partners capable of running information and knowledge exchange activities on EU and EaP policy;
- Quality of the programme and projects formulated;
- Number of journalists trained;
- Number of publications disseminated.

6.4.2. Sub-Priority 4.2: Support the implementation of the Black Sea Synergy and the Northern Dimension

6.4.2.1. General Objectives

- Strengthened cooperative tackling of regional challenges and contributing to the establishment of regional cooperation in the selected sectors in the context of the Black Sea Synergy and the Northern Dimension.

6.4.2.2. Specific Objectives

- To increase the level of contacts and interaction between partners at all relevant levels (government, civil society, etc.) and support for the implementation of these policies through conferences and technical meetings;
- To improve the degree of implementation of those existing regional policies which contribute to these objectives.

6.4.2.3. Expected Results

- Stronger regional cooperation in general and within the selected sectors involving all relevant actors (government, civil society, etc.);

- Consolidation, strengthening and better implementation of existing processes in the targeted sectors;
- Increased levels of familiarity and confidence among partners and stronger policy dialogue among partners;
- Preparedness of partners to engage in advocacy on behalf of the above-mentioned objectives;
- Increased awareness of the regional aspects of problems and of the BSS and ND initiatives as a result of awareness-raising activities.

6.4.2.4. Possible Indicators of Achievement

- Number and scope of sector partnerships being launched and implemented;
- Increase in the level of awareness of the regional aspects of problems and of the BSS and ND initiatives as compared with the situation at programme start (measured by surveys);
- Level of confidence among partners in the partnerships as measured by impact surveys;

Increase in the levels of familiarity and confidence among partners as measured by surveys.

6.4.3. Sub-priority 4.3: Youth and Culture

Cooperation under this sub-priority will consist of two separate components covering Youth and Culture .

6.4.3.1. General Objectives

- Participation of youth organizations and young people in the development of democracy;
- Active citizenship in partner countries;
- Cultural policy reform through capacity building and professionalization of cultural operators at both governmental and non-governmental levels.

6.4.3.2. Specific Objectives

Youth

- To promote greater participation by young people in social, professional and political life in EaP partner countries, inter alia through the Eastern Partnership Window within the Youth in Action Programme;
- To develop greater contact, cooperation and dialogue between young people and youth actors in the EU and EaP countries;

- To enhance capacity building and support the role of youth NGOs and other actors to strengthen civil society in EaP Partner countries.

Culture

- To promote cultural cooperation between civil society organizations in a context of sustainable development;
- To contribute to the exchange of information and experience among cultural operators both at a regional level and with the EU;
- To create a regional pool of experienced professionals familiar with architectural and heritage conservation techniques in the context of sustainable development;
- To promote cultural exchanges and develop multi-disciplinary and multi-level cooperation on heritage conservation between EaP partner countries within the framework of the Kyiv Initiative.

6.4.3.3. Expected Results

Youth

- Enhanced partnerships and links in the form of youth exchanges, voluntary service actions and youth work cooperation projects between the EU and EaP countries;
- Strengthened capacity of the youth sector in the EaP partner countries.

Culture

- Developed intra-regional (EaP) and inter-regional cultural initiatives and partnerships;
- Strengthened management skills and networking capacities of the cultural organisations and operators;
- Enhanced sharing of cultural information, expertise and knowledge between the Eastern partners and the EU;
- Agreed regional methodologies and approaches to the management, conservation and preservation of urban architectural heritage;
- Regional pool of experienced professionals familiar with European cultural cooperation networks and their role in promoting social reform and sustainable development;
- Agreed urban regeneration/architectural heritage conservation projects with civic society and private sector contributions and input.

6.4.3.4. Possible Indicators of Achievement

- Number of civic initiatives evaluated positively by participants in areas such as tolerance/anti-racism, environmental protection, equality and social inclusion, resulting from supported exchanges and voluntary service actions;
- Number and scope of youth exchanges, voluntary service actions and youth work cooperation between the EU and EaP countries which were evaluated positively by participants;
- Number and record of implementation of established intra-regional (EaP) and inter-regional cultural initiatives involving government and non-government cultural operators;
- Increase in the capacity of cultural operators to positively advocate reform and influence regional sustainable development;
- Number and scope of agreed regional methodologies for the management, conservation and preservation of urban architectural heritage under the Kyiv Initiative;
- Number of private sector and civic society contributions to urban regeneration/architectural heritage conservation projects under the Kyiv Initiative.

6.4.4. Indicative Budget

The indicative allocation for priority area 4 will be EUR 79.57 million for the period 2010-2013.

7. CHAPTER 7: IMPLEMENTATION

The NIP priority areas included in this programme should be covered during the programming period 2010-13. However, the indicative nature of the programme allows a certain flexibility regarding the implementation of sub-priorities. The process for identifying Annual Action Programmes provides an opportunity to assess the suitability and timeliness of addressing a sub-priority and to take into account the outcome of the discussions that take place in the platforms and panels of the Eastern Partnership and the evolution of EU policies, so as to adapt the proposed measures accordingly. In this process, care should be taken to ensure implementation of those sub-priorities of key importance for deepening the relationship with the EU in the context of the Eastern Partnership and, in particular, of the flagship initiatives.

The implementation of this programme will take into account the policy discussions that take place in the Platforms and panels established by the Eastern Partnership. Funding will be provided for activities such as technical meetings, conferences and study visits stemming from the Platforms' work programme. Platforms and panels will be informed of the implementation of those measures under this programme that are relevant to their work. They will receive the relevant progress and technical reports for information and as an input into their discussions. They will also have the opportunity to make general recommendations on the implementation of the programme.

The Eastern Partnership Flagship Initiatives supported under this programme are not intended to be financed exclusively from the Community budget. EU Member States, Eastern European partners and other donors are invited to contribute to taking them forward. They can do this by designing and

implementing their own funded projects which fall within the scope of the initiatives, or by providing joint or parallel co-financing in relation to Community funded projects.

The Inter-Regional Programme will provide support to IFIs, directly and/or through the NIF, for the identification, development and financing of projects addressing infrastructure needs in the areas of transport, energy and environment and SMEs capital requirements. It will also contribute to the partnership and initiatives established under the Black Sea Synergy, the Eastern Partnership, the Northern Dimension and the Baku Initiative. In order to avoid duplication, as a general rule, no support to IFIs for investment and investment related activities will be provided under this programming document.

Cooperation between border regions of partner countries will be implemented using a methodology that mirrors as closely as possible the one applied under the ENPI cross border co-operation component at the borders between partner countries and the EU. In particular, this type of cooperation will be based on specific programmes prepared using the principle of partnership and agreed between the partner countries concerned, and it will be used to finance joint projects.

Relevant stakeholders (including Civil Society Organisations) will be consulted on the design of the measures to be implemented under this programme and, where relevant, they will be involved in the monitoring process.

Gender will be mainstreamed as a cross-cutting issue in all assistance measures.

Climate change is a key challenge affecting the global community across a wide range of policy areas (inter alia air, water, waste, nature protection, industrial pollution, agriculture, forestry, fisheries, energy, transport, infrastructure and urban planning, tourism, human, animal and plant health, education, research). In the implementation of this indicative programme, considerations with regard to climate change causes (mitigation) and effects (adaptation) will be integrated into relevant areas of intervention. The different stages of the implementation process will make use of available climate risk screening methodology to improve climate resilience of the activities in the chosen area of cooperation.

8. CHAPTER 8: RISKS AND ASSUMPTIONS

Risks that may potentially affect the implementation of this programme have been identified at various levels.

Overall, this programme assumes a high level of commitment to multilateral cooperation from partner countries. Encouragement in that respect is provided by the considerable degree of support that the new Eastern Partnership and its multilateral track enjoy in partner countries. However, there is always the risk that this support may weaken with time and that the differences between partners will become so substantial that they bring multilateral cooperation to a halt. At present, this risk is assessed as medium to low.

Under the priority **Democracy, Good Governance and Stability**, the implementation of the Integrated Border Management Flagship initiatives relies on the active participation of all countries involved. Given the situation of protracted conflicts in the region, some countries may wish to opt out. This risk is assessed as medium and, in order to counter it, the Commission is actively encouraging all countries to participate through diplomatic contacts and will strive to address their concerns through appropriate

project design. In the same area, the implementation of EUBAM relies on the continued commitment of the Republic of Moldova and Ukraine. The risk of this commitment weakening in the coming years is assessed as low.

Under the priority **Economic Development**, the implementation of the “Territorial Cooperation” sub-priority, and in particular the establishment and implementation of the cross border programmes, will be particularly challenging given the novelty of the approach and the need to establish programmes in cooperation with local and regional authorities. This may hamper implementation. The risk is assessed as medium and, in order to counter it, implementation will have to be gradual. Efforts to inform partner countries will need to be made. In implementing the transport sub-priority, the risks are related to the need to better clarify the interconnection between the Baku Initiative (with its supporting TRACECA programme) and the Black Sea Synergy. This risk is assessed as low and can be addressed through exchange of information and better co-ordination.

Under the priority **Climate Change, Energy and Environment**, the global community may not agree on a global climate agreement for the period post-2012. However, given the time available, the existing momentum and the commitment of all parties, the risk of them failing to agree can be assessed as small. A second set of risks is related to the need to better clarify the articulation between the different initiatives in the area of energy. As far as energy is concerned the Eastern Partnership, the Black Sea Synergy the Northern Dimension and the Baku Initiative (with its supporting INOGATE programme) have (or plan to have) an energy dimension. This complex policy framework makes it more difficult to identify clear and focussed objectives for the measures to be implemented. This risk is assessed as medium and can be addressed by better co-ordination and exchange of information, leading to a clearer division of labour.

Under the priority **Advancing integration with the EU and regional cooperation**, no significant risks have been identified, other than the areas mentioned above.

ANNEX I - ENPI Regional Environment Profile

1 Description of the state of the environment

The countries of the region are confronted by a range of global, regional, trans-boundary and domestic environmental challenges. Key issues include air quality, water and waste management (including radioactive waste), nature protection, industrial pollution, wasteful energy use, land use, and pollution of the Baltic, Barents, Black and Caspian Seas. The region is increasingly affected by phenomena caused by climate change. Major sinks of greenhouse gases exist due to the many forests in the region. Land degradation and desertification present a challenge, particularly in the Southern Caucasus region.

In addition to causing environmental degradation, **air pollution** is also a health and social problem, in particular in urban areas where transport is a major source of pollution.

With regard to **water quality**, the use and protection of shared waters, such as the Danube River, The Dniester River, the Dnieper River, the Kura-Araks river system, the Black Sea and the Azov Sea, is a key issue. Existing problems are related to both the quantity and quality of water. Water quality is affected by discharges of municipal and industrial waste water, return flow from agriculture and oil pollution in coastal areas, which give rise to health and environmental threats, including loss of biodiversity. The existing infrastructure for waste water collection and treatment in the region needs to be upgraded, and new capacity constructed.

The lack of proper **waste management** practices and infrastructure is a serious concern throughout the region. Prevention, collection, treatment, recovery and final disposal need to be stepped up. In some countries there is a problem with stocks of obsolete pesticides.

As regards **nature protection**, the establishment of effectively managed, protected areas is a challenge for the countries of the region. Illegal logging causes economic costs as well as loss of biodiversity. Ownership and environmental management systems in the forestry sector need to be strengthened in Russia.

With regard to **land use**, the clearing of forestlands and outdated farming practices are contributing to land degradation and desertification, in particular in the Southern Caucasus region.

As regards **global environment issues**, rapid economic growth in some of the countries of the region may increase greenhouse gas (GHG) emissions. The countries in the region are party to the UN Framework Convention on Climate Change and the Kyoto Protocol, and therefore need to implement their respective provisions.

2 Environment policies

During the past decade, steps have been taken in the region to reform environment institutions, policies and legislation. Various strategies and action plans have been adopted. However, strategic planning and prioritization in the light of scarce resources and competing needs continues to present a challenge for all of the countries in the region. Realistic implementation strategies, including with regard to financing, are often absent. In developing environmental programmes, sufficient attention is not always

given to the involvement of stakeholders and building of support for environmental reform. Although there is considerable variation throughout the region, integrating environmental considerations into other policy areas is a challenge.

3 Environment legislation and its implementation

The situation with regard to environment legislation varies throughout the region, but in many cases there is a need to further develop legislation, especially implementing legislation. In several cases there is a need to review emission standards. The countries of the region face difficulties with regard to implementing and enforcing environment legislation due to a lack of administrative capacity and financial resources.

Throughout the region, the level of public participation and awareness of environment issues does not always allow civil society actors to fully assume their role in the development and implementation of environmental policy and legislation. UNECE Conventions have a key role to play in this respect.

Regional Environmental Centres (REC) in the region aim to help address environment issues by promoting cooperation between various stakeholders, including NGOs, governmental bodies, local communities and the business sector. The RECs also aim to promote public participation in the environmental decision-making process.

4 Administrative capacities

In order to ensure implementation and enforcement of environment legislation and multilateral environmental agreements, the key issues are the strengthening of administrative capacities, strategic planning and prioritisation. There is also an urgent need to improve the capacities of the partner countries to undertake environmental assessments on the basis of reliable, comparable and accessible data, as promoted through the EU's Shared Environmental Information System (SEIS). Development of procedures, increased financial resources and staff training are all important issues.

Addressing trans-boundary pollution is a complex and often problematic issue, which includes ensuring that the institutional and legal frameworks are in place to address it efficiently. Many of the countries need to strengthen the procedures for implementing commitments under multilateral environmental agreements and their capacity for implementing multi-country projects financed by international organisations and donors. Support to secretariats of international Conventions can help facilitate the process.

5 Regional and international processes

A forum for dialogue and cooperation on environment and climate issues is provided by **the Eastern Partnership (EaP)**²¹, which builds on the willingness of Eastern ENP partners to come closer to the European Union and to align their policies and legislation, albeit with varying degrees of ambition and at varying speeds. In the context of the EaP, a dedicated flagship initiative, focused on strengthening environmental governance, is to be launched.

²¹ Covering Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The Black Sea Synergy²² is a regional cooperation initiative aimed at solving problems which require practical, region-wide efforts. Consideration is being given to the launch of an environment partnership which would build on existing regional objectives, focusing as a priority on the implementation of the Bucharest Convention on the Protection of the Black Sea and its four protocols.

The countries of the region have ratified, acceded to or approved the relevant **international and regional conventions (with regard to the latter, UN-ECE Conventions are of particular importance)**, with some exceptions. These include the Espoo Convention on Environmental Impact Assessment (Georgia, Russia), its Strategic Environmental Impact Assessment Protocol (not ratified: Georgia and Armenia; not signed: Azerbaijan and Belarus), the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Russia) and the Stockholm Convention on Persistent Organic Pollutants (Ukraine).

Regional cooperation on trans-boundary water management takes place in several fora. Ukraine and the Republic of Moldova participate in the **International Commission for the Protection of the Danube River (ICPDR)**, established to implement the Convention on Cooperation and Sustainable Use of the Danube River. Russia, Ukraine and Georgia are members of **the Black Sea Commission**, which implements the Bucharest Convention; the EU has applied to become a member of that Convention in order to support its implementation. Russia and Azerbaijan participate in regional cooperation under **the Caspian Environment Programme**.

Russia, Ukraine, the Republic of Moldova and Georgia are members of the **Danube-Black Sea Task Force (DABLAS)**, which provides a platform for cooperation between IFIs, donors and beneficiaries in the area of water protection and water-related issues of the Danube and the Black Sea. The main aim is to encourage a strategic focus on the use of financing, and to ensure co-ordinated action between all financial instruments operating in the region. It can provide useful experience to the Black Sea basin initiatives.

The Eastern European, Caucasus and Central Asia component of the EU Water Initiative, which is a regional component of the EU Water Initiative agreed at the 2002 World Summit on Sustainable Development, involves all countries in the region. The aim of the initiative is to promote improved water governance and coordination between stakeholders.

The countries of the region are participating in **the Forest Law Enforcement and Governance (FLEG) process** concerning the protection and sustainability of forests in Eastern Europe and South Caucasus.

6 Key environment areas where action is required

The countries of the region face a range of environmental challenges at the global, regional, trans-boundary and domestic levels. Key issues include air quality, water and waste management (including radioactive waste), nature protection, industrial pollution, wasteful energy use, land use, and pollution of the Baltic, Barents, Caspian and Black Seas. The region is increasingly affected by phenomena caused by climate change. Major sinks of greenhouse gases exist as a result of the many forests in the region. Land degradation and desertification present a particular challenge in the Southern Caucasus region.

²² Covering Armenia, Azerbaijan, Georgia, Moldova, the Russian Federation, Turkey and Ukraine.

As regards climate change, the countries need to implement the UN Framework Convention on Climate Change and the Kyoto Protocol, and to prepare for the implementation of a new agreement to succeed the Protocol. Particular attention needs to be paid to mitigation and adaptation issues and to ensuring the inclusion of relevant actions in all national plans and budgetary processes. Many of the countries have significant possibilities to use flexible mechanisms under the Protocol.

In order to ensure implementation and enforcement of environment legislation and multilateral environmental agreements, key issues include the strengthening of administrative capacities, strategic planning and prioritisation. There is also an urgent need to improve the capacities of the partner countries to undertake environmental assessments on the basis of reliable, comparable and accessible data, as promoted through the EU's Shared Environmental Information System (SEIS). Procedural development, increased financial resources and staff training are important issues.

Strengthening of public participation in and awareness of environment issues is important for the development and implementation of environment policy. UNECE Conventions play a key role in this respect. The Regional Environment Centres of the region can assist in promoting environmental awareness and protection by providing a forum for cooperation between various stakeholders.

Other areas of strategic importance are the identification of possibilities for enhanced regional and sub-regional cooperation and the convergence of environment legislation. The EU framework directives for air, water quality and waste management include valuable principles and benchmarks that can inform policy developments in the ENPI East region. The need to comply with multilateral environmental agreements is linked to these issues.

As regards the European Neighbourhood Policy (ENP), the key areas where action is required are identified in the environment sections of the Action Plans negotiated to date with Armenia, Azerbaijan, the Republic of Moldova and Ukraine, and the Republic of Moldova. They define a set of jointly agreed priorities for action ranging from environmental governance and issue-specific activities to international and regional cooperation on environment issues. Progress towards implementing the Action Plans will also contribute to meeting the objectives of the Partnership and Cooperation Agreements that the EU has agreed with these countries. Technical talks on environment and climate issues are also taking place with Belarus. Russia is not covered by the ENP, but environment issues are included in the Common Economic Space as part of the Partnership and Cooperation Agreement.

ANNEX III: Main Economic Indicators

	2005	2006	2007	2008	2009 proj
Real sector					
Real GDP growth (domestic currency, % change)					
Armenia	14.0	13.3	13.7	6.8	-5.0
Azerbaijan	26.2	34.5	25.0	10.8	2.5
Belarus	9.4	9.9	8.2	10.5	-3.5
Georgia	9.6	9.4	12.3	2.1	-2.5
Moldova	6.6	4.8	3.0	7.2	-4.0
Russia	6.4	7.4	8.1	5.6	-3.8
Ukraine	2.7	7.1	7.3	2.5	-9.5
<i>CIS Region (GDP at PPP)</i>	6.5	8.0	8.3	5.5	-4.3
Nominal GDP (EUR billion)					
Armenia	4	5	7	8	8
Azerbaijan	11	16	23	31	36
Belarus	24	29	33	41	31
Georgia	5	6	7	9	9
Moldova	2	3	3	4	4
Russia	614	788	942	1150	920
Ukraine	69	85	103	128	74
<i>CIS Region (total)</i>	730	932	1118	1371	1082
GDP per capita (EUR)					
Armenia	1223	1584	2081	2526	2453
Azerbaijan	1267	1886	2648	3620	4055
Belarus	2476	3018	3368	4271	3237
Georgia	1201	1415	1680	1961	2066
Moldova	668	746	956	1040	1154
Russia	4282	5521	6628	8099	6488
Ukraine	1467	1815	2218	2786	1635
<i>CIS Region (simple average)</i>	1798	2284	2797	3472	3013
Inflation (average annual % change)					
Armenia	0.6	2.9	4.4	8.9	3.6
Azerbaijan	9.6	8.3	16.7	20.8	6.2
Belarus	10.3	7.0	12.1	13.3	12.7
Georgia	8.3	9.2	9.2	10.0	3.4
Moldova	11.9	12.7	12.4	12.8	9.7
Russia	12.7	9.7	9.1	13.3	13.2
Ukraine	13.5	9.0	12.8	25.2	19.3
<i>CIS Region (simple average)</i>	9.6	8.4	11.0	14.9	9.7
Social indicators					
Unemployment rate (%)					
Armenia	8.2	7.2	6.7	6.3	
Azerbaijan	1.1	1.0	0.9	0.8	1.0
Belarus	1.5	1.2	1.0	0.8	1.5
Georgia	13.8	13.6	13.3		
Moldova	7.3	7.4	5.1	4.0	5.5
Russia	7.7	6.9	6.1	7.7	9.5
Ukraine	7.8	7.4	6.7	6.5	10.0
<i>CIS Region (simple average)</i>	6.8	6.4			

Table (continued)

Fiscal sector	2005	2006	2007	2008	2009
General government budget balance (% GDP)					
Armenia (Central Government)	-2.0	-2.1	-2.2	-1.2	-3.9
Azerbaijan	-2.3	-4.6	-6.2	-7.2	-10.8
Belarus (Central Government)	-0.6	1.4	0.6	-0.8	0.0
Georgia	-2.4	-3.0	-4.7	-6.0	-6.8
Moldova	1.6	0.3	-0.2	-1.0	-7.0
Russia (Central Government)	7.5	7.4	5.5	4.1	-6.5
Ukraine	-2.3	-1.3	-1.5	-0.5	-5.0
<i>CIS Region (GDP weighted)</i>	5.6	5.6	3.9	2.9	-6.2
Total gross public debt (% GDP)					
Armenia	24.3	18.7	17.4	15.8	25.0
Azerbaijan	16.2	17.5	15.0	11.7	11.0
Belarus	9.6	11.0	11.6	19.0	20.0
Georgia	36.6	28.9	23.4	27.7	31.0
Moldova	32.0	29.2	23.3	22.5	31.0
Russia	13.2	5.4	5.1	7.1	7.1
Ukraine	17.7	14.8	12.2	11.2	15.0
<i>CIS Region (simple average)</i>	21.4	17.9	15.4	16.4	20.0
Monetary sector					
Degree of monetisation (M2/GDP, %)					
Armenia					
Azerbaijan (M3/GDP)	14.7	19.1	22.0	22.3	21.2
Belarus (M3/GDP)	19.7	22.1	24.8	21.9	21.3
Georgia (M3/GDP)	14.8	19.5	23.7	23.2	
Moldova	29.5	27.9	34.5	34.7	26.5
Russia	28.0	33.4	40.1	32.4	30.0
Ukraine	43.8	47.7	54.3	53.9	52.0
<i>CIS Region (simple average)</i>	25.1	28.3	33.2	31.4	
Dollarisation in bank deposits (%)					
Armenia	63.6	52.3	39.6	27.7	
Azerbaijan	80.7	61.2	47.0	55.5	57.0
Belarus	27.5	29.1	30.5	31.0	30.0
Georgia	71.8	69.4	65.6	75.8	
Moldova	41.8	49.1	43.3	31.3	43.8
Russia	29.0	27.1	24.1	36.1	30.0
Ukraine	35.0	38.0	32.0	44.0	45.0
<i>CIS Region (simple average)</i>	49.9	46.6	40.3	43.1	
External sector					
Trade balance (% GDP)					
Armenia	-13.2	-14.0	-17.3	-22.2	-20.0
Azerbaijan	25.0	38.3	48.8	49.7	22.2
Belarus	1.0	-4.5	-9.0	-9.6	-8.6
Georgia	-18.9	-23.9	-26.8	-28.1	-20.2
Moldova	-40.6	-46.4	-52.1	-52.9	-36.5
Russia	15.4	14.3	9.9	9.4	3.6
Ukraine	0.8	-2.9	-5.6	-9.0	-2.8
<i>CIS Region (simple average)</i>	-4.4	-5.6	-7.4	-9.0	

Table (continued)

Current account balance (% GDP)					
Armenia	-3.9	-1.4	-6.4	-12.6	-11.4
Azerbaijan	1.3	18.4	28.9	35.5	10.8
Belarus	1.6	-1.8	-5.0	-8.2	-8.0
Georgia	-10.9	-15.1	-19.6	-22.6	-13.0
Moldova	-7.6	-11.1	-15.8	-16.7	-13.7
Russia	11.0	9.8	5.9	6.3	1.4
Ukraine	3.1	-1.6	-4.2	-6.1	-1.0
CIS Region (simple average)	-0.8	-0.4	-2.3	-3.5	-5.0
Foreign direct investment (net, % GDP)					
Armenia	5.1	5.3	7.2	5.8	
Azerbaijan	3.5	-6.2	-16.6	-4.1	-1.5
Belarus	1.0	0.4	3.0	3.6	2.7
Georgia	7.1	13.7	15.5	9.5	
Moldova	6.4	7.4	11.0	11.2	6.4
Russia	2.0	3.2	3.6	3.5	0.5
Ukraine	9.0	5.4	6.6	3.6	4.4
CIS Region (simple average)	4.9	4.2	4.3	4.7	
External vulnerability					
	2005	2006	2007	2008	2009
External debt (% GDP)					
Armenia (public)	22.0	19.0	16.0	14.0	22.0
Azerbaijan (public)	12.5	9.4	8.1	7.5	7.2
Belarus (public plus private)	17.4	18.5	27.9	24.6	30.0
Georgia (public)	27.1	22.0	17.5	20.7	23.2
Moldova (public plus private)	69.5	74.2	75.7	68.2	67.5
Russia (public plus private)	33.7	31.7	35.8	28.9	25.0
Ukraine (public plus private)	45.3	50.4	60.2	58.0	97.5
CIS Region (simple average)	32.5	32.2	34.5	31.7	38.9
	2005	2006	2007	2008	2009
Real effective exchange rate (2004=100)					
Armenia	97.5	106.3	123.5	305.8	
Azerbaijan	115.6	119.9	128.2	164.2	
Belarus	76.3	73.4	72.3	71.2	
Georgia (y-o-y, %)	3.7	3.7	1.3	8.4	
Moldova	102.1	96.3	95.4	103.2	
Russia	149.2	163.0	173.0	184.0	
Ukraine	110.2	115.5	117.1	127.6	

Source: European Commission ECFIN: The Impact of the Global Crisis on Neighbouring Countries of the EU, Occasional Papers 48, June 2009

ANNEX IV: Millennium Development Indicators for the Eastern Region

Millennium Development Goals	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine	Russia
	2007	2007	2007	2007	2007	2007	2007
Goal 1: Eradicate extreme poverty and hunger							
Employment to population ratio, 15+, total (%)	40	61	53	56	44	54	59
Employment to population ratio, ages 15-24, total (%)	26	39	34	22	17	34	33
GDP per person employed (annual % growth)	11	14	9	12	5	6	5
Income share held by lowest 20%	..	13,3	8,8	5,4	..	9,0	6,4
Malnutrition prevalence, weight for age (% of children under 5)	4,2	..	1,3	..	3,2	..	..
Poverty gap at \$1.25 a day (PPP) (%)	..	1	1	4	..	1	1
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	..	2	2	13	..	2	2
Prevalence of undernourishment (% of population)	21	12	5	13	5	5	5
Vulnerable employment, total (% of total employment)	..	53	..	62	32	..	6
Goal 2: Achieve universal primary education							
Literacy rate, youth female (% of females ages 15-24)	100	100	100	..	100	100	100
Literacy rate, youth male (% of males ages 15-24)	100	100	100	..	100	100	100
Persistence to last grade of primary, total (% of cohort)	98	99	100	100	96	98	..
Primary completion rate, total (% of relevant age group)	98	..	92	92	93	101	..
Total enrollment, primary (% net)	94	..	91	95	90	90	..
Goal 3: Promote gender equality and empower women							
Proportion of seats held by women in national parliaments (%)	9	11	29	9	22	8	10
Ratio of female to male enrollments in tertiary education	120	..	141	112	139	124	136
Ratio of female to male primary enrollment	103	98	99	97	98	100	100
Ratio of female to male secondary enrollment	105	..	102	100	103	100	98
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	45,7	50,2	..	48,6	53,5	54,6	51,2
Goal 4: Reduce child mortality							
Immunization, measles (% of children ages 12-23 months)	92	97	99	97	96	98	99
Mortality rate, infant (per 1,000 live births)	22	34	12	27	16	20	13
Mortality rate, under-5 (per 1,000)	24	39	13	30	18	24	15
Goal 5: Improve maternal health							
Adolescent fertility rate (births per 1,000 women ages 15-19)	30	29	22	30	32	28	28
Births attended by skilled health staff (% of total)	98	89	100	98	100	99	100
Contraceptive prevalence (% of women ages 15-49)	53	51	73	47	68	67	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	76	82	18	66	22	18	28
Pregnant women receiving prenatal care (%)	93	77	99	94	98	99	..
Unmet need for contraception (% of married women ages 15-49)	13	23	..	..	7	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases							
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	1	..	..	22	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	25	..	..	55	..	..
Incidence of tuberculosis (per 100,000 people)	72	77	61	84	141	102	110
Prevalence of HIV, female (% ages 15-24)	0,1	0,1	0,1	0,1	0,2	1,5	0,6
Prevalence of HIV, male (% ages 15-24)	0	0	0	0	0	2	1
Prevalence of HIV, total (% of population ages 15-49)	0,1	0,2	0,2	0,1	0,4	1,6	1,1
Tuberculosis cases detected under DOTS (%)	51	46	40	113	67	55	49
Goal 7: Ensure environmental sustainability							
CO2 emissions (kg per PPP \$ of GDP)	0,3	1,0	0,8	0,3	0,9	1,2	0,9
CO2 emissions (metric tons per capita)	1,4	4,4	6,5	1,1	2,1	6,9	10,5
Forest area (% of land area)	10	11	38	40	10	17	49
Improved sanitation facilities (% of population with access)	91	80	93	93	79	93	87
Improved water source (% of population with access)	98	78	100	99	90	97	97
Marine protected areas, (% of surface area)	..	..	..	..	..	..	..
Nationally protected areas (% of total land area)	8,7	4,8	5,2	3,9	1,4	3,3	6,8
Goal 8: Develop a global partnership for development							
Aid per capita (current US\$)	117	26	9	87	71	9	..
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	2	1	1	4	3	3	2
Internet users (per 100 people)	5,7	10,8	29,0	8,2	18,4	21,5	21,1
Mobile cellular subscriptions (per 100 people)	62	53	72	59	49	119	115
Telephone lines (per 100 people)	20	15	38	13	28	28	31
Other							
Fertility rate, total (births per woman)	1,7	2,0	1,3	1,4	1,7	1,2	1,4
GNI per capita, Atlas method (current US\$)	2.630	2.640	4.220	2.120	1.210	2.560	7.530
GNI, Atlas method (current US\$) (billions)	7,9	22,6	40,9	9,3	4,1	118,9	1.069,8
Gross capital formation (% of GDP)	37,2	21,3	33,2	34,6	38,2	26,9	24,6
Life expectancy at birth, total (years)	72	67	70	71	69	68	68
Literacy rate, adult total (% of people ages 15 and above)	99	100	100	..	99	100	100
Population, total (millions)	3,0	8,6	9,7	4,4	3,8	46,5	142,1
Trade (% of GDP)	58,3	102,2	129,6	89,3	143,5	96,2	52,3

Source: World Development Indicators database (<http://ddp-ext.worldbank.org/ext/GMIS/home.do?siteId=2>)

ANNEX V: Description of the MTR process

The Mid Term Review of the Regional East Programme was carried out between December 2008 and October 2009, on the basis of an MTR checklist²³. Owing to significant changes and developments in the regional policy framework - such as the launch of the Eastern Partnership in May 2009, as well as the increasing importance of horizontal issues such as climate change - the Commission Services concluded that the Strategy Paper for the Regional East Programme had to undergo an in-depth revision. In addition to this it was decided that, in view of the need to re-orient existing activities towards the objectives of the Eastern Partnership, the programming period for new RSP/RIP would be brought forward to also cover 2010.

The analysis of the lessons learned from past cooperation activities underlined the need for strong and efficient coordination mechanisms to ensure proper communication between policy discussion, project implementation and an adequate level of information and involvement of the various actors. The Regional East Programme will therefore be implemented by supporting cooperation initiatives that are strongly based on the Eastern Partnership and Black Sea Synergy.

The bringing forward of the ENP reform agenda requires the involvement of civil society and other stakeholders both in the EU and in partner countries. This is why, for the ENPI programming documents, the consultation of external stakeholders²⁴ of the programmes was organised in three ways: 1) via a web-based consultation, during which contributions from stakeholders could be sent to a special MTR email inbox; 2) via preliminary discussion during programming missions to a number of Eastern partner countries, as well as during Eastern Partnership 'Road shows'; and 3) via exchange of views with partner countries and EU Member States during the meetings of the Eastern Partnership Platforms.

For the on-line consultation, a special web-page was created where the concept notes of the new NIPs were posted for comments during a period of 15 working days (http://ec.europa.eu/world/enp/mid_term_review/index_en.htm). The concept note for the Regional East Programme was posted on this web-site on Friday 12 June with the deadline of 3 July 2009. This webpage also contained general information on the MTR process. Contributions from stakeholders could be sent to a special MTR email inbox.

In addition to these consultation methods, important elements of the Regional East Programme (notably those related to the Eastern Partnership) were also discussed during the meetings which were held with the Brussels-based platforms (e.g. Aprodev, Eurostep, TRIALOG / CONCORD, WWF).

²³ The validity of the existing Strategy Papers was determined by asking the following check-list questions: 1) Have there been significant changes in the relevant EU policy framework?; 2) Are there new horizontal priorities (e.g. Climate Change, Drugs, Financial and Economic crisis, Migration) that need to be addressed?; 3) Have there been significant changes in the recipient countries' internal situation (e.g. economic, social and political developments)?; 4) Have there been significant changes of the regional or international context?; 5) Does the implementation of earlier programmes (lessons learned) indicate that a change of strategy is needed?; 6) Have the activities of other donors changed significantly?

²⁴ Stakeholders include civil society organisations, (local) government representatives, International Finance Institutions, EU Member States and other donors (incl. International Organisations)

For the Regional East Programme a limited number of contributions were received from EU Member States and a few civil society organisations relating to the proposed priorities and thematic issues such as climate change and environment protection (WWF), the importance of conflict prevention, peace building, confidence building measures and human security (EPLO), culture (European Cultural Foundation), support for civil society participation, etc. These comments have been taken into account to the extent possible.

As mentioned above, the views of beneficiary countries and Member States were sought in the context of the relevant regional cooperation fora. For example, at the first meeting of the Eastern Partnership Multilateral Platforms, views were exchanged on the Eastern Partnership Flagship Initiatives, which have been taken into account in the finalisation of this document.

During the consultation period, various discussions also took place within the Commission leading to the further elaboration of the concept note into a fully-fledged version of the programming document. The document then had to go through several internal quality control and validation phases (such as an official inter-service consultation of all the relevant Commission Services) before it was presented to the EU Member States via the ENPI Management Committee, and the European Parliament for what is known as the "Democratic Scrutiny" procedure. Presentation to the Commission for a decision was scheduled for the first quarter of 2010.