

ANNEX**ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME****1. IDENTIFICATION**

Title	<b>Transport dialogue and networks' interoperability between the EU and its neighbouring countries and Central Asian countries</b>		
Total cost	7 M€(EC contribution)		
Aid method / Management mode	Project approach – <i>centralised</i>		
DAC-code	21010	Sector	<i>Transport policy and administrative management</i>

**2. RATIONALE****2.1. Sector context**

The project is intended to improve the links of the EU Trans-European Networks with the neighbouring countries and the Central Asian countries thus contributing to transport and trade facilitation.

The importance of enhanced regional cooperation in the transport sector, as highlighted in the European Neighbourhood Policy (ENP), has been recognised for achieving sustainable economic and social development as well as contributing to stability and prosperity in the CIS and Black Sea regions. The TRACECA Member States as well as the Black Sea /Caspian littoral states and their neighbours have witnessed an increased demand for transport services, higher transport volumes and increased cross-border traffic for goods and passengers. Inter-regional and regional transport integration is a key for successfully meeting the new challenges faced by long-term trade and transport between the EU and partner countries.

Problem areas vary from country to country in the region's transport sector. However, some common obstacles and problem areas for intra-regional and inter-regional transport and transit have been identified. International traffic is still hampered by infrastructure impediments and non-technical barriers along the TRACECA corridor. In particular, most beneficiaries' Poverty Reduction Strategy Papers and National Transport Strategies underline the priorities related to the harmonisation of their transport legislation with the European standards, support to Private-Public Partnerships in infrastructural components, and the integration of their roads and network of railways into regional transport corridors.

This project is based on the priority action areas defined in the TRACECA Long-Term Strategy adopted by the Inter-Governmental Commission, which gathered Ministers of Transport of TRACECA countries in May 2006. This strategic framework comprises a number of sectors of action aimed at delivering by 2015 a sustainable, efficient and integrated multimodal transport system at both the EU-TRACECA and TRACECA-TRACECA levels. The strategy's implementation implies the development of efficient operational structures for the coordination of

TRACECA countries' activities. In this context, support to the TRACECA Permanent Secretariat's important role in promoting regional dialogue and coordinating regional projects remains crucial.

The project is also in line with the Ministerial Conclusions of the Second Ministerial Conference on Transport Cooperation between the EU, Black Sea and Caspian Sea littoral States and their Neighbours (Baku initiative), adopted in Sofia in May 2006 by Azerbaijan, Armenia, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, the Russian Federation (as an observer), Tajikistan, Turkey, Ukraine and Uzbekistan with representatives of the European Commission. The "Baku Initiative" Conference participants confirmed on the mutual interest for the progressive integration of their respective transport networks in accordance with international and EU legal and regulatory frameworks.

Finally this project is also in line with the related EC policy as identified in the Action Plans of the European Neighbourhood Policy (ENP) and aid effectiveness agenda: the project will focus on the implementation of priorities defined in the ENPI Eastern Regional Strategy paper, the Central Asian Strategy Paper 2007-2013 and their related Indicative Programmes.

The project is following-up the Communication of the Commission on "Guidelines for transport in Europe and neighbouring regions"<sup>1</sup>, in which it endorsed the recommendations on five major trans-national transport axes and on the so called horizontal measures<sup>2</sup>, as defined by the High Level Group on the extension of the major Trans-European Networks to neighbouring countries and regions in December 2005. The Commission also announced in its Guidelines that it will launch exploratory talks in order to enhance thematic cooperation with the ENP region.

## **2.2. Lessons learnt**

This project builds upon past activities implemented and priorities identified in the framework of the TRACECA programme. Up to now, 62 technical assistance projects worth 105 million euros and 14 investment projects worth 52 million euros have been financed through TRACECA for a total amount of 157 million euros. The last evaluations of the TRACECA programme, held in 2003 and 2007, pointed out that the most useful feature of TRACECA is that the programme encourages exchange of views between the member countries and gives them the opportunity of learning about up-to-date ideas and practices in EU states. Moreover the evaluation report underlined that there is urgent need to tie this work in firmly with the International Financial Institutions, which welcome the input of external finance into the feasibility study phase of their projects. This project will follow-up on these recommendations in order to improve the concrete outputs of the TRACECA programme and to strengthen the coordination with IFIs.

This project will also ensure a follow-up of previous EC-funded projects, implemented in the framework of the TACIS Regional and National Action Plans,

---

<sup>1</sup> COM (2007) 32 final, 31.1.2007.

<sup>2</sup> "Horizontal measures" aim to remove physical and administrative bottlenecks along the main transport axes identified and to facilitate cooperation and communication between authorities in the different countries. These include among others strengthening of regional co-operation, ensuring technical and administrative interoperability, implementation of new technologies like traffic management systems, as well as measures to improve safety and security. In the absence of such measures, bottlenecks would occur especially at border crossings even if infrastructure works were completed.

taking into account advisory remarks from progress reports and monitoring reports of the past projects.

### **2.3. Complementary actions**

In the field of external aid, from 2007 onwards assistance provided through the European Neighbourhood and Partnership Instrument (ENPI) will include support for Financial Institutions lending in the priority sectors identified in the context of the ENP and its action plans through a proposed “Neighbourhood Investment Fund”. This project will help the beneficiary countries to prepare for investments by supporting related horizontal measures, studies on the definition of master plans, feasibility of projects and on public-private partnerships.

In addition, the EC proposal for the new European Investment Bank external lending mandates for 2007-13 foresees a considerable increase in the lending ceilings for the neighbouring countries. A specific Memorandum of Understanding has been signed between the Commission, the EIB and the EBRD to facilitate co-operation in Russia, Eastern Europe, Southern Caucasus and Central Asia.

### **2.4. Donor coordination**

The coordination process with the beneficiary countries was included in the framework of TRACECA and Baku initiative working groups meetings held in 2006. Regular meetings of representatives of the beneficiary Ministries of Transport were held in order to discuss the 2007-2010 programming priorities in the field of transport. In particular, the programming priority of Transport regional dialogue and coordination with IFIs was discussed and approved by all representatives of the beneficiary Ministries of Transport (TRACECA National Secretaries) during the TRACECA working group meeting held in Chisinau in December 2006.

Since this project will develop potential synergies with IFIs and other donors, strong coordination with other transport programmes and initiatives in the region will be essential. During the identification and formulation phases, coordination meetings were organised with international organisations dealing with regional cooperation in the field of transport such as the UN Economic Commission for Europe (UNECE), the UN Special Programme for the Economies of Central Asia (SPECA); Central Asian Regional Economic Cooperation (CAREC), the EIB, EBRD, ADB and World Bank. In particular, EC technical assistance to sectors where the IFIs have identified needs for further reform and institutional strengthening would be considered.

Regarding coordination with the Organization of Black Sea Economic Cooperation (BSEC), the European Commission pointed out in its Communication of December 2006 on “Strengthening the European Neighbourhood Policy” the potential benefits of deepening the regional cooperation in the Black Sea region, notably in the areas of energy, transport and trade. The Commission looks at the possibility of closer links with BSEC and will soon issue a Communication on a Black Sea Regional Policy Approach.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The overall objective is to improve the links of the EU Trans-European Networks with the neighbouring countries and the Central Asian countries thus contributing to transport and trade facilitation.

The project's purpose is to enhance regional transport dialogue and transport intermodality between the EU and the countries belonging to the ENPI East Region and Central Asia region, in the context of supporting the further development of the transport system in the region and its interconnection to the major trans-European transport axes. Particular emphasis on improving coordination with IFIs and participation of the private sector in transport projects will be included.

#### **3.2. Expected results and main activities**

The project will provide technical and capacity-building assistance to the beneficiary countries in the priority sectors of regional transport dialogue and transport forecasts, identification of investment needs and promotion of Private-Public Partnerships for the improvement of links with the EU Trans-European Networks.

The project's *expected results* include the following priority issues:

An effective political dialogue, coordination mechanism is developed and convergence of transport policies improved in the framework of the TRACECA and Baku Initiative;

Further progress in eliminating technical and non-technical barriers to regional trade and transport and in harmonisation of regional regulatory frameworks with European standards is achieved;

The beneficiary countries' transport administrations and TRACECA structures are strengthened and their capacities reinforced for the implementation of the TRACECA IGC Long-Term Strategy and its related Action Plan;

Relevant regional actions plans are defined; Analysis of financial and technical feasibility of projects is provided and Public-Private partnerships are promoted;

Interoperability with the European transport networks is reinforced in the thematic areas defined by the 'Baku initiative', such as civil aviation, transport infrastructure, security in all modes of transport, road and rail transport and dangerous goods, maritime transport;

Coordination with International Financial Institutions and follow-up of regional investment appraisals in the field of transport is reinforced.

In the field of *regional transport dialogue*, the project's main activities will include:

- Training and capacity-building activities in order to provide institutional and strategic support to the TRACECA and Baku Initiative coordination mechanisms, for the establishment of an effective political dialogue mechanism between the EC and beneficiary countries transport administrations, projects' stakeholders and IFIs;
- Technical expertise and support for the implementation of the TRACECA IGC Long-Term Strategy and its related Action Plan, through capacity-building and training activities in the priority sectors defined by the 'Baku initiative';
- Regional working groups meetings in the framework of TRACECA and the 'Baku initiative' aiming at improving regional transport dialogue in the respective fields of civil aviation, transport infrastructure, security in all modes of transport, road and rail transport and dangerous goods, maritime transport;
- Support to the identification of sustainable transport projects and initiatives for enhanced regional co-operation, in particular in priority sectors identified in the action plans and in line with the 'Baku initiative' and EC transport policies, including the extension of Trans-European Networks to neighbouring countries;
- Assessment of technical and non-technical barriers to regional trade and transport; technical and institutional support for the definition of regional regulatory frameworks and the harmonisation of legal procedures with European standards;
- Regional ministerial conferences are organised (follow-up of regional policy dialogue under TRACECA and the Baku initiative) in order to improve the convergence of transport policies at high level, to support the implementation of the TRACECA long-term strategy and the Baku initiative recommendations.
- In the field of transport forecasts, identification of investment needs and promotion of Private-Public Partnerships for the TRACECA corridor, the project's main activities will include:
  - Support to exchange of information and data collection, as well as development of traffic forecasts for the TRACECA corridor: the project will help identifying bottlenecks and priority investment needs, and will undertake technical assistance measures with the aim to improve the corridor's capacity and to promote interoperability with Trans-European Networks;
  - Technical assistance to the identification, preparation and implementation of sustainable transport projects and initiatives for enhanced regional co-operation, with specific attention to links with key Pan European transport axis and to selected Central Asian countries, and to traffic flows between the Black Sea/Caspian Littoral States and neighbouring countries;
  - Support to regional coordination and promotion of Private-Public Partnerships for the identification and implementation of sustainable transport projects: the project will help the beneficiary countries to prepare for investments by supporting studies on the definition of master plans, analysis of financial and technical feasibility of projects and promotion of public-private partnerships.

- Support to coordination with International Financial Institutions and follow-up of investment appraisals, in particular through the proposed “Neighbourhood Investment Facility”.

### **3.3. Stakeholders**

The beneficiary countries are the countries belonging to the ENPI East region and Central Asia region, including all TRACECA countries (Armenia, Azerbaijan, Georgia, Bulgaria, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine, Uzbekistan) as well as the Baku initiative countries. The project's main stakeholders are the Ministries of Transport and institutions responsible for the sustainable development of transport policies and transport infrastructures.

The institutional capacity of the beneficiary countries has been assessed in the framework of the TRACECA coordination mechanisms established since 1993. In particular, representatives of the beneficiary Transport administrations have been appointed (TRACECA National Secretaries) to participate in coordination and working group meetings. The Permanent Secretariat of TRACECA based in Baku will be closely associated to the coordination of the project and should be able to play an important role in the regional transport dialogue.

The ENPI Regional Strategy and Indicative Programme indicate that "To ensure continuity with the Regional Cooperation Programme 2000-2006, and the associated assistance under the Tacis Regional Programme, the five Central Asian Republics of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan may also benefit from funding through the ENPI Eastern Regional Programme, provided that there is clear added value of having the continued active participation by Central Asia countries in the activities of the project in terms of building on existing linkages, activities or structures, or on increasing cooperation between the regions", in accordance with article 27 of the ENPI Regulation (EC n°1638/2006 of 24 October 2006).

The International Financial Institutions, especially the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), World Bank (WB) and Asian Development Bank (ADB) will be associated to the project, as the main investors in the transport sector.

Transport operators in the region, e.g. the railways, civil aviation, maritime companies, but also freight forwarders' associations will benefit from enhanced regional dialogue and know-how transfer.

### **3.4. Risks and assumptions**

Continued strong political commitment to regional cooperation and support from the partner institutions and beneficiary countries is a necessary condition for the effective implementation of the project. Partner governments and authorities should be ready to cooperate where necessary in the priority areas, take the measures required in terms of legal, technical and institutional reforms and adequate resource allocation. Long-term regional stability in the region is a prerequisite for the project's sustainability. In particular, inter-state tensions in the Caucasus region as well as in Central Asia might create difficulties in terms of regional coordination of transport flows, cross-border cooperation and trade facilitation. These risks are to be

minimised by the use of already functioning mechanisms for cooperation between the transport key stakeholders of the neighbouring states and with the EU.

### **3.5. Crosscutting Issues**

The project will improve good governance, through institutional building and restructuring. The application of EC rules and standards will also have a positive side effect on the environment. Gender policy principles will be applied in the selection procedures for the staff to be trained.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

Implementation will be carried out by the European Commission through centralised management.

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

### **4.3. Budget and calendar**

The total budget is of 7M€ to be granted in the form of, indicatively, one or two service contracts. This is primarily a technical assistance project. It is planned that the budget would be indicatively spread among the following components: a *first component* on regional coordination and institutional support to TRACECA and the Baku Initiative (€2,5M), as well as transport forecast analyses, training and capacity-building measures (€2M) in the priority sectors identified by the TRACECA long-term Strategy and Baku initiative recommendations; a *second component* focusing on for the identification of priority investment projects for the extension of the Trans-European Networks to neighbouring countries, identification of pre-feasibility studies, coordination process with IFIs and promotion of Private-Public Partnerships (€2,5M).

The contribution of the beneficiaries will be in the form of provision of counterpart staff, data and information. The project is expected to last 36 months.

### **4.4. Performance monitoring**

The project will be monitored by the Tacis/ENPI monitoring office and closely followed-up by the EU Delegations in the region. The TRACECA Permanent Secretariat will also be in charge of following-up the project's activities and reporting to the TRACECA National Secretaries.

Key indicators will be incorporated in the project's design for periodic assessment of the progress of the project components. This mechanism shall be specified in the project plan and performance shall be described in the periodic progress reports.

Monitoring will focus on collecting and analysing information on physical progress (input provision, activities undertaken and results delivered) and the quality of

process (i.e. stakeholder participation and local capacity building); financial progress (budget and expenditure); preliminary response by target groups to project activities (i.e. use of services or facilities and changes in knowledge, attitudes or practices); reasons for any unexpected or adverse response by target groups, and what remedial action can be taken.

#### **4.5 Evaluation and audit**

Expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Mid term and final evaluations of the results will be entrusted to independent consultants.

A multi-annual evaluation exercise covering all TRACECA projects implemented during the period 2006-2008, including this one, should be planned.

Audit missions will be undertaken by EC headquarters or entrusted to specialised consultants where necessary.

#### **4.6 Communication and visibility**

As part of this project, specific activities will be dedicated to communication and visibility. In particular, visibility actions will be undertaken and tools will be used (leaflets, maps) for the organisation of working groups meetings and ministerial conferences. The TRACECA website ([www.traceca-org.org](http://www.traceca-org.org)) will be further developed. One of the priorities will focus on promoting the TRACECA corridor and programme towards the International Financial Institutions and private investors in order to increase their financial participation to trade facilitation and transport investment projects along the corridor.

In all activities, the latest visibility guidelines concerning acknowledgement of EC financing of the project should be observed.

## ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	<b>Transport safety and security</b>		
Total cost	6 M€(EC contribution)		
Aid method / Management mode	Project approach – <i>centralised</i>		
DAC-code	21010	Sector	<i>Transport policy and administrative management</i>

### 2. RATIONALE

#### 2.1. Sector context

The project is intended to support the implementation of civil aviation and land transport safety and security measures in the EC neighbouring countries and Central Asian countries.

Security and safety related issues in CIS countries continue to hamper transport development and remain priority concerns underlined in the beneficiaries' Poverty Reduction Strategy Papers and National Transport Strategies. In particular, they highlight the priorities related to the harmonisation of their transport legislation and regulations with the European standard and the integration of their transport network into regional transport corridors.

Transport safety and security is one of the priority issues identified by the EC and the beneficiary countries in the "Baku initiative" recommendations adopted in May 2006 during the Second Ministerial Conference on Transport Cooperation between the EU, Black Sea and Caspian Sea littoral States and their Neighbours, by Azerbaijan, Armenia, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, the Russian Federation (as an observer), Tajikistan, Turkey, Ukraine and Uzbekistan with representatives of the European Commission.

The project's priorities have also been approved by all TRACECA National Secretaries during the working group meeting of December 2006. The project was defined on the basis of the TRACECA Long-Term Strategy adopted by the TRACECA Ministers of Transport in May 2006 and including a Chapter entitled "Towards safe, secure and sustainable transport in the TRACECA area".

This project is also in line with the ENPI Eastern Regional Strategy paper and the Central Asian Strategy Paper 2007-2013, which highlight that regional level assistance is needed in transport security and improvement of legal certainty and safety standards in the road, rail and maritime transport sectors. The project seeks to implement the objectives defined in the ENPI Eastern Indicative Programme 2007-2010 and its related bilateral Action Plans as well as the Central Asian Indicative Programme 2007-2010, such as the integration of the Central Asian and ENPI Eastern countries' transport markets, improving intermodality and alignment with international standards in the transport sector.

The project will follow-up recommendations of the High-Level Group on the extension of the trans-European transport networks to neighbouring countries and the Communication of the Commission on “Guidelines for transport in Europe and neighbouring regions”<sup>3</sup>, in which it endorsed the High Level Group's recommendations on five major trans-national transport axes and on the so called horizontal measures<sup>4</sup>. In particular, the objective of this project is to ensure that the priorities defined for safety and security on all modes of transport and particularly on aviation and maritime transport and on road safety will be implemented in a coordinated and timely fashion with the beneficiary countries.

The objectives of the project are also in line with the external transport policy of the Community. In the field of civil aviation, it aims at strengthening relations to the countries in Central Asia and at integrating neighbouring countries into Pan-European aviation structures. Partner countries should accept the implication of the EU internal aviation market in their bilateral aviation relations with EU Member States or the Community (Community standard clauses). In particular, countries like Kazakhstan and Kyrgyzstan encounter problems related to the development of air services to and from the EU because of inadequate safety oversight over air carriers resulting in the inclusion of some operators on the European "black list".

## **2.2. Lessons learnt**

This project builds upon past activities implemented and priorities identified in the framework of the TRACECA programme. Up to now, 62 technical assistance projects worth 105 million euros and 14 investment projects worth 52 million euros have been financed through TRACECA for a total amount of 157 million euros. The last evaluations of the TRACECA programme, held in 2003 and 2007, pointed out that most support has been provided to TRACECA countries in the road, rail, maritime and intermodal transport sectors. The Evaluation concluded that projects aimed at training and harmonising standards in the civil aviation safety and security could be included. The Evaluation 2007 underlined that the most useful feature of TRACECA was that the programme allowed for and encouraged exchange of views between the member countries and gave them the opportunity of learning about up-to-date EU ideas and practices.

This project will also ensure a follow-up of previous EC-funded projects, implemented in the framework of the TACIS Regional and National Action Plans, taking into account advisory remarks from progress reports and monitoring reports of the past projects.

## **2.3. Complementary actions**

Over the last few years, the EU Member States and the European Commission have further developed their regulatory activities in the field of transport safety and security.

---

<sup>3</sup> COM (2007) 32 final, 31.1.2007.

<sup>4</sup> “Horizontal measures” aim to remove physical and administrative bottlenecks along the main transport axes identified and to facilitate cooperation and communication between authorities in the different countries. These include among others strengthening of regional co-operation, ensuring technical and administrative interoperability, implementation of new technologies like traffic management systems, as well as measures to improve safety and security. In the absence of such measures, bottlenecks would occur especially at border crossings even if infrastructure works were completed.

In the field of aviation safety, directive 2004/36 (Safety Assessment of Foreign Aircraft) Directive) is designed to organise checks on third-country aircraft using EU airports and to collect and centralise related information. The Commission is also considering strengthening the control mechanisms for airplanes from third countries using European airports, which have been put in place by the SAFA Directive. Notably this will entail the involvement of the European Agency for Aviation Safety (EASA) in the coordination of inspection activities and the management of collected information (alert systems).

In the field of railway security, the European Commission adopted in 2006 a series of measures to support the revitalisation of the railway sector, including a Communication on the simplification of certification of railway vehicles, a proposal to recast the existing Railway Interoperability Directives and to modify the Regulation establishing a European Railway Agency and the Railway Safety Directive.

In the field of road transport, the Community policy objectives for road transport are to promote efficient road freight and passengers transport services, to create fair conditions for competition, to promote and harmonise safer and more environmental friendly technical standards, to ensure a minimum fiscal and social harmonisation and to make sure that the rules in road transport are effectively applied without discrimination. The existing legislation applying to road transport services establishes common rules on access to the market and to the profession, sets minimal standards for working time, driving and rest periods (including enforcement and the use of tachograph), sets minimal annual vehicle taxes and common rules for tolls and user charges.

Specific coordination with the international and European organisations involved in transport safety and security such as EUROCONTROL, the International Civil Aviation Organization (ICAO) and the European Aviation Safety Agency (EASA) will be ensured during the implementation of the project.

#### **2.4. Donor coordination**

The coordination process with the beneficiary countries was ensured in the framework of TRACECA and Baku initiative working groups meetings held in 2006. Regular meetings of representatives of the beneficiary Ministries of Transport were held in order to discuss the 2007-2010 programming priorities in the field of transport. In particular, the programming priority of Transport safety and security was discussed and approved by all representatives of the beneficiary Ministries of Transport (TRACECA National Secretaries) during the TRACECA working group meeting held in Chisinau in December 2006.

During the identification and formulation phases, coordination meetings were organised with international organisations dealing with transport safety and security, and in particular with the UN Economic Commission for Europe (UNECE); the International Financial Institutions, including the EIB, EBRD, ADB and World Bank; the European Aviation Safety Agency (EASA); Eurocontrol; the European Railway Agency (ERA).

In addition, during the preparation of the project, coordination will be maintained with other donors' transport programmes and initiatives in the TRACECA region, such as the UN Special Programme for the Economies of Central Asia (SPECA); the

UN Economic and Social Commission for Asia and the Pacific (UNESCAP); Central Asian Regional Economic Cooperation (CAREC), created by the Asian Development Bank (ADB) with participation of the Central Asian States, including Azerbaijan and China.

Regarding coordination with the Organization of Black Sea Economic Cooperation (BSEC), the European Commission pointed out in its Communication of December 2006 on “Strengthening the European Neighbourhood Policy” the potential benefits of deepening the regional cooperation in the Black Sea region, notably in the areas of energy, transport and trade. The Commission looks at the possibility of closer links with BSEC and will soon issue a Communication on a Black Sea Regional Policy Approach.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The project's objective is to improve transport safety and security environments in the EC neighbouring and Central Asian countries in line with European standards in the fields of civil aviation and land transport.

In particular, the project will provide technical and capacity-building assistance to the beneficiary countries' transport administrations in order to:

- increase awareness of and improve transport safety and security regulations and standards;
- develop regulatory frameworks in line with European safety and security regulations;
- support cooperation agreements with the related European agencies (EASA, Eurocontrol);
- support independent safety control and certification authorities;
- develop effective traffic management environments through adoption of regulations, procedures, manuals, checklists and on-the-job training.

#### **3.2. Expected results and main activities**

The project's expected results in the field of *civil aviation* will include:

- Regional Action Plans in the field of aviation safety and security are defined in coordination with the European Commission and its specialised EU agencies, based on a legal, institutional and organisational assessment of the civil aviation security and safety background in the beneficiary countries;
- Increased awareness of and improved civil aviation safety and environmental rules and procedures in accordance with requirements of international conventions, resolutions, recommendations and standards of the EU/EASA (European Aviation Safety Agency), where appropriate, the JAA (Joint Aviation Authority) and the ICAO (International Civil Aviation Organisation): new

regulations are promulgated, awareness on European standards is raised, support to working arrangements with the related European agencies is provided;

- Support is provided to independent authorities and comprehensive programmes for safety and environmental type-certification of aircraft, engines and parts, as well as certification of maintenance organisations; Support is provided to safe and effective air traffic management systems: development of independent national aviation safety authorities, ATM documents including aviation laws, ATS manuals, Air Traffic Controller licensing, safety oversight process and safety regulatory functions;

Accordingly, the main activities will focus on:

- Legal, institutional and organisational assessment of the civil aviation security and safety background in the beneficiary countries and definition of a related regional Action Plan in coordination with specialised EU agencies;
- Support to rule-making and to the adaptation of the safety and environmental legislation and regulatory frameworks to ICAO and EU/EASA standards, and possibly support to the creation of working links with the related European agencies (EASA);
- Provision of technical expertise and on-the-job training for the development of inspections, training and standardisation programmes to ensure implementation of the air safety legislation: practical support to the beneficiaries' national aviation authorities in charge of the airworthiness and environmental certification of aeronautical products, parts and appliances;
- Capacity-building activities and on-the-job training for the development of modern knowledge and practice of product support, maintenance and overhaul techniques, as well as technical support to the certification of maintenance organisations;
- Assessment of the current performances of ATM services and safety management systems in the beneficiary countries;
- Technical assistance for the development of independent ATM national safety and regulatory frameworks: setting of independent Aviation Safety authorities, development of organisational safety policies and standards, drafting of ATM documents and ATS manuals, support to the implementation of safety oversight process as means for measuring safety achievements and mechanisms for the rectification of deficiencies.

The project's expected results in *land transport safety and security* will focus on:

- Regional Action Plans in the field of road and railway safety and security are defined in coordination with the European Commission and its specialised EU agencies, based on a legal, institutional and organisational assessment of the existing situation of land transport safety and recommendations on key improvements to be implemented;
- Land transport safety, security and environmental rules and procedures improved in accordance with requirements of international and EU conventions, awareness

on European standards is raised, links with the related European agencies are strengthened;

- Regulatory authorities, authorities in charge of safety/license and accident investigation, as well as main security operators and independent certification authorities are strengthened;
- Improved legal standards for land transport safety practice (including the ones for the transport of dangerous goods) and minimal standards for working time, driving and rest periods (including enforcement and the use of tachograph), minimal annual vehicle taxes and common rules for tolls and user charges.

The main activities will include:

- Legal, institutional and organisational assessment of the situation in land transport safety and security in the beneficiary countries and definition of a related regional Action Plan in coordination with specialised EU agencies;
- Support to rule-making and to the establishment of legal standards for safety practice (including for freight services and the transport of dangerous goods), institutional capacity-building and awareness raising activities in line with requirements of European standards, support to the creation of working links with the related European agencies (EAR);
- Technical assistance to the national security authorities and main security operators in the sector of land transport in order to establish Road and Rail Transport Security Guidelines and customs-related guidelines for drivers and operators carrying or handling dangerous goods.
- Provision of technical expertise and on-the-job training for the development of inspection, training programmes and certification structures to ensure implementation of the safety and security legislation.

### **3.3. Stakeholders**

The beneficiary countries are the countries belonging to the ENPI East region and Central Asia region, including all TRACECA and the Baku initiative countries.

The institutional capacity of the beneficiary countries has been assessed in the framework of the TRACECA regional coordination mechanisms established since 1993. In particular, the Permanent Secretariat of TRACECA based in Baku and the representatives of national transport administrations (TRACECA National Secretaries) will be closely associated to the coordination of the project and should be able to play a role in the regional transport dialogue.

The project's main stakeholders are the Ministries of Transport, training institutes and structures responsible for transport safety, security and environmental rules and procedures. The identification of the other project's partners will be completed during the institutional and organisational assessment phase of the project.

### **3.4. Risks and assumptions**

Continued strong political commitment to regional cooperation and support from the partner institutions is a necessary condition for the project's effective

implementation. Partner governments and authorities should be ready to take the measures required in terms of legal, technical and institutional reforms and adequate resource allocation. Long-term regional stability in the region is a prerequisite for the project's sustainability. In particular, inter-state tensions in the Caucasus region as well as in Central Asia might create difficulties in terms of regional coordination of transport flows, cross-border cooperation and trade facilitation. These risks are minimised by the use of already functioning mechanisms for cooperation between the transport key stakeholders of the neighbouring states and with the EU.

Participating countries must recognise Community law and/or relevant international standards in the field of transport safety and security. In external aviation relations, the principle of Community designation must be applied either through a horizontal agreement with the Community or through amendments of bilateral aviation agreements with EU Member States.

### **3.5. Crosscutting Issues**

The priority sector of transport safety and security will include strong components related to good governance and environmental safety. In terms of good governance, the project will promote institutional restructuring, including in particular the separation of the governmental regulatory functions from the operational and commercial activities. The application of EC rules and standards will also have a positive side effect on the environment, mainly concerning noise and emissions. Gender policy principles will be applied in the selection procedures for the staff to be trained.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

Implementation will be carried out by the European Commission through centralised management.

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

### **4.3. Budget and calendar**

The total budget is of 6M€ to be granted in the form of, indicatively, two service contracts. This is primarily a technical assistance project. It is planned that approximately €3M would be allocated to each component of the project: civil aviation and land transport safety and security. The contribution of the beneficiaries will be in the form of provision of counterpart staff, data and information. The project is expected to last 36 months.

### **4.4. Performance monitoring**

The project will be monitored by the Tacis/ENPI monitoring office and closely followed-up by the EU Delegations in the region. The TRACECA Permanent

Secretariat will also be in charge of following-up the project's activities and reporting to the TRACECA National Secretaries. Key indicators will be incorporated in the project's design for periodic assessment of the progress of the project components. This mechanism shall be specified in the project plan and the observed performance shall be described in the periodic progress reports.

Monitoring will focus on collecting and analysing information on physical progress (input provision, activities undertaken and results delivered) and the quality of process (i.e. stakeholder participation and local capacity building); financial progress (budget and expenditure); preliminary response by target groups to project activities (i.e. use of services or facilities and changes in knowledge, attitudes or practices); reasons for any unexpected response by target groups, and what action can be taken.

#### **4.5. Evaluation and audit**

Expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Mid term and final evaluations of the results achieved will be entrusted to independent consultants.

A multi-annual evaluation exercise covering all TRACECA projects implemented during the period 2006-2008 should be planned and will include a technical evaluation of this project.

Audit missions will be undertaken by EC headquarters or entrusted to specialised consultants where necessary.

#### **4.6. Communication and visibility**

In all activities, the latest visibility guidelines concerning acknowledgement of EC financing of the project should be observed. Visibility of this project will be included also in the objectives of regional coordination projects in the field of transport.

## ACTION FICHE FOR 2007 ENPI-EAST ANNUAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	<b>Support to Energy Market Integration and Sustainable Energy in the NIS (SEMISE) - CRIS reference: 18661/4</b>		
Total cost	6 M €		
Aid method / Management mode	Project approach – Centralised management		
DAC-code	23010	Sector	Energy policy and administrative management

### 2. RATIONALE

#### 2.1 Sector context

Energy supply, conservation and diversification have become an overriding challenge for the EU and its Eastern European and Central Asian partners in the past two years. Uncertainties over reserves, added to stronger international competition for access to hydrocarbon sources and control of energy companies, have boosted oil and gas prices, highlighting the need for Europe and its neighbours to develop more integrated energy markets on a region-wide basis. Energy supply has become an integral element of security, not only due its impact on economic activity and social welfare, but also because it appeared to be a political lever on several occasions during that period.

As a result, a major overhaul of EU energy policy, including with regard to its external dimension, was carried out in 2006. This process started with the EC Green Paper ("A European Strategy for Sustainable, Competitive and Secure Energy") in March, was reasserted by the Commission, the Secretary-General and the High Representative for the European Council in a common paper advocating a renewed EU strategy for external energy relations issued in May, and culminated in the orientations adopted at the Heads of States' Summit in Lahti on 20 October 2006.

"In the framework of the Strategic EU Energy Review publicised in January 2007, the priorities proposed by the Commission regarding external policy aspects include: strengthening EU relationships with its neighbours; contributing to the improvement of legal frameworks to facilitate investments in international projects; developing financial instruments to enhance energy security through inter alia enhanced cooperation with the EIB and the EBRD; and encouraging energy efficiency and the development of renewable energies."

The European Council of June and December 2006 and of March 2007 endorsed this approach.

These goals are fully consistent with the EU international commitments (Kyoto Protocol, UNFCCC, and MDGs - especially in relation to environmental sustainability).

As far as EU relations with Eastern Europe and Central Asia are concerned, the process initiated in November 2004 in Baku with the aim of strengthening inter-regional energy cooperation was speeded up and deepened. An Energy Ministers' conference held in Astana, Kazakhstan in November 2006 provided directions for future cooperation, with a particular focus on the necessary convergence of energy markets, the enhancement of security of supply, diversification of sources and energy efficiency, as well as the need for furthering investments.

Memoranda of Understanding were, in addition, negotiated between the EC and Ukraine, Azerbaijan and Kazakhstan and political dialogue with Russia was reactivated.

The INOGATE programme<sup>5</sup>, which has already evolved since 2004 to encompass, not only oil and gas, but also the electricity sector, and to address energy-related environmental issues, needs to be pursued and reinforced to best tackle these new challenges. A key role is entrusted to the INOGATE Technical Secretariat (ITS) based in Kiev, in this context. The important areas to be covered by the ITS indeed include: information collection and dissemination, coordination of the inputs from all the INOGATE projects, liaison with energy stakeholders, as well as dialogue with, and support to the national authorities.

## **2.2 Lessons learnt**

Following the "Evaluation and Orientation Study for the main themes of INOGATE's future development", carried out in 2003, four potential areas of improvement were identified:

- Strengthening of its regional dimension and better targeted support to beneficiaries by inter alia creating additional region-based offices;
- Reinforced investment focus by preparing pre-feasibility and feasibility studies for suitable projects;
- Transfer of know-how throughout the process of identifying and developing sound and bankable investment projects in the oil and gas sectors;
- Increased collaboration with IFIs to facilitate project financing, besides the above-mentioned pre-investment measures.

In line with these recommendations, the capacity of the ITS was strengthened and two projects making available technical assistance resources for pre-investment purposes were launched. Close contacts were developed with IFIs, the EBRD in particular. A regional office was established in Tbilisi, Georgia and a supplementary office is to be set up in Almaty, Kazakhstan in the course of the year 2007.

At the Energy and Transport Ministerial Conference organized in Baku, Azerbaijan, on 13-14 November 2004, the EU Member States, the European Commission and representatives of the Governments of Azerbaijan, Armenia, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation (as observer), Romania, Tajikistan, Turkey, Ukraine and Uzbekistan, reached consensus on the necessity of enhancing co-operation in both the energy and the transport sectors and launched the

---

<sup>5</sup> INOGATE originally stands for « Interstate Oil and Gas pipelines to Europe » but could be seen nowadays, because of its enlarged scope, as the "Gate to innovation in the energy sector" in the region.

"Baku Initiative". Conference participants defined energy priorities for the future, based on mutual interest, and agreed to:

- Support the development of regional energy markets in the Caspian Littoral States and their neighbouring countries in order to facilitate the progressive integration of their respective energy markets as well as their consistency with the EU market;
- Make funding for new infrastructure more attractive;
- Embark on energy efficiency policies and programmes; and
- Use the existing INOGATE structures to help attain the objectives of this reinforced co-operation.

On 30 November 2006, at a Ministerial Conference held in Astana, Kazakhstan, the Baku Initiative partners endorsed a Road Map and agreed to focus cooperation on the convergence of energy markets, investment in energy safety and security, support of sustainable energy development, and on attraction of investment.

In order to best respond to the expectations expressed by the Energy Ministers in Astana, INOGATE needs to continue its transition process towards:

- The adoption of a programme approach, involving closer cooperation between the INOGATE projects, an enhanced coordination role for the INOGATE Technical Secretariat, and more inputs from the National Coordinators;
- Increased information exchange and collaboration between the INOGATE programme and all energy stakeholders, including regulators and professional representatives of the sector;
- The improvement of INOGATE image and the amplification of INOGATE ownership within the participating countries;

New means should also be made available to increase country support in areas such as: regulation, harmonisation of legislation, the preparation of national action plans (regarding e.g. energy efficiency and renewable energies) and the identification and promotion of investments through specific pre-investment measures (supplementing those to be covered by the Neighbourhood Investment Fund that will be set up in 2007).

### **2.3 Complementary actions**

The efforts of SEMISE will be supported by the action of the ITS and the pool of resources available under the other INOGATE projects. They will also be accompanied by country-specific EC cooperation initiatives (such as in Ukraine, Azerbaijan and Kazakhstan, as a consequence of the Memoranda of Understanding signed with the Commission). Working collaboration with lending institutions (EBRD, EIB, Member States institutions and the World Bank) will be actively pursued.

In addition, synergies will be developed with the EU Member States in the framework of their bilateral cooperation activities and possibly with other countries.

## 2.4 Donor coordination

Particular attention will be given to this issue. Donor coordination will be sought on a systematic basis by SEMISE, with the support of the ITS and of the National Coordinators designated by their governments, as well as the network of energy correspondents set up by the Commission in early 2007. The EC Delegations will also play an active role in this regard locally.

## 3 DESCRIPTION

### 3.1 Objectives

Overall objectives:

Help materialise the recommendations of Astana's Conference, namely:

- (1) ensuring the convergence of energy markets and prepare the ground for the creation of an integrated energy market, based on the principles adopted for the EU market regarding fair competition as well as environmental, efficiency and safety standards;
- (2) enhancing the safety and security of energy supplies through:
  - the modernisation of existing infrastructure;
  - the substitution of old and dangerous power generation plants, for environment-friendly power generation infrastructure;
  - the development of new infrastructure, particularly network interconnections;
  - the implementation of an up-to-date monitoring system for their operation;
- (3) improving energy supply and demand management; and
- (4) promoting financing of commercially and environmentally-viable energy projects of common interest, to be identified according to agreed criteria.

Specific objectives:

Enlarge the content and improve the overall consistency and sustainability of EC energy cooperation in the region, by addressing the needs in three particular areas: harmonisation of legislation, pre-investment studies and sustainable energy (i.e. environmentally-safe, used efficiently/wisely, and renewable whenever possible).

### 3.2 Expected results and main activities

Assistance to partners' countries in their efforts towards updating their energy-related legislation, preferably based on peer-to-peer cooperation mechanisms and with the support of networks of government professionals both from the region and the EU, will be one of the key components of the project. Convergence with the principles embedded in the EU Directives will be encouraged in parallel through e.g. targeted awareness-raising campaigns, exchange of staff and seminars.

Another aspect of the project activities will consist of identifying infrastructure investments which may be of interest to IFIs and subsequently, to carry out

feasibility studies in the oil, gas and electricity sectors<sup>6</sup>, but also, to open the way to substantial IFI involvement in the fields of energy efficiency and renewable energy. This will necessitate market demand studies and energy audits in the industry, transport and building sectors, as well as contacts with the local banking sector.

To promote sustainable energy effectively, a combination of additional inputs will also be required, such as: awareness-raising and capacity-building activities, as well as punctual assistance to governments to adapt national energy strategies or fiscal regulations, in order to open effectively new markets for energy efficiency and renewable energies in the region.

The achievements of the energy efficiency project implemented by the EBRD in Ukraine and Moldova under EC funding will be used as a reference to put this work in motion in other partner countries.

### **3.3 Stakeholders**

The widening of the scope of INOGATE activities – originally focusing on oil and gas – to electricity, energy efficiency and renewable energies, provides opportunities for new categories of stakeholders to benefit from EC cooperation. This is true for the civil societies in general as well as for specific economic sectors (industry, construction, transport, etc).

Partner governments involved, which confirmed in Astana their interest for strengthening the planning, legislative and management capacities of their national administrations, are now becoming key beneficiaries of INOGATE, beside oil and gas companies, which were the primary target groups in the earliest phases of this programme.

### **3.4 Risks and assumptions**

The energy policy of Russia (which has an observer status in the Baku Initiative) will influence programme implementation to some extent, but not necessarily in a negative manner (for instance, higher gas prices in Ukraine have considerably improved the profitability of energy efficiency investments, in addition to raising the interest of the participating countries in developing stronger cooperation links with the EU).

Tensions in the Balkans may also be a factor of instability that would undermine the security of supply and the investment climate.

Up to now, however, there is no evidence that the Baku Initiative has suffered much from this situation. On the contrary, it clearly appeared as a factor of rapprochement between all the participants.

Moreover, the support that partner governments have provided to INOGATE since the launch of the Baku Initiative and subsequently, throughout the sessions of the Working Groups that prepared the ground for Astana's Ministers Conference, is a good indication of the project prospects for sustainability.

---

<sup>6</sup>

Based on the experience of the ongoing projects: "Pre-feasibility studies and facilitation for developing gas transit interconnection in Caucasus and Central Asia" and "IFI technical assistance support fund for facilitating investments in oil and gas projects", which is aimed to facilitate investment in regional oil and gas transportation infrastructure.

### **3.5 Crosscutting Issues**

The new phase of the INOGATE programme of which this project is a part fully integrates sustainability goals in its design: it aims to consolidate a process which already enjoys credibility and support by embedding national policies and priorities into a coherent regional undertaking, addressing more fully existing institutional and legislative deficiencies.

Better governance is addressed through improved access of citizens to energy-related information and energy sources as well as new legislations promoting procurement transparency and fair competition and enhancing consumer protection against environmental impact.

## **4 IMPLEMENTATION ISSUES**

### **4.1 Implementation method**

Centralised management.

This type of project can hardly be devolved to any EC Delegation in the region due to the linkages with the EU policy to be established and because it covers both Eastern European and Central Asian countries. Regular liaison between the EC DGs directly or indirectly involved in the follow up of its activities (i.e. EuropeAid, RELEX and TREN) as well as with the EBRD and the EIB, will need to be maintained and this can be achieved more easily in Commission headquarters. Regular exchanges will however be developed with the EC Delegations in the region, especially those taking care of large EC-funded bilateral energy initiatives, such as Ukraine, Azerbaijan and Kazakhstan.

### **4.2 Procurement procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

### **4.3 Budget and calendar**

The total project budget, of 6 M € will be used for technical assistance purposes, to be recruited on the basis of one or more service contracts.

Implementation will cover indicatively a three year period, starting in 2008.

### **4.4 Performance monitoring**

Progress in the implementation of Astana's recommendations will be an integral part of the mission of the consultants working under SEMISE, which will develop performance and impact indicators and carry out regular reviews to assess these aspects, with the assistance of the network of INOGATE National Coordinators. The performance of SEMISE itself will be monitored by Commission headquarters, with country-level inputs from the Delegations. Contracted consultants will also ensure regular project monitoring, as is done for ENPI/DCI operations carried out at the regional level.

#### **4.5 Evaluation and audit**

The external evaluation will be carried in the last few months of project implementation. Audit missions will be undertaken by EC headquarters or entrusted to specialised consultants where necessary.

#### **4.6 Communication and visibility**

The project will take advantage of the actions initiated in 2007 by the ITS to improve INOGATE communication and visibility, including with regard to Internet communication (e.g. re-vamping of the web portal and publication of a newsletter). Ongoing efforts to improve data collection and dissemination of information on energy-related issues in the region will be pursued in particular.

## ACTION FICHE FOR 2007 ENPI-EAST ANNUAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	<b>Strengthening of the INOGATE Technical Secretariat (ITS) in support of the Baku Initiative – CRIS n°: 18661/3</b>		
Total cost	3 M €		
Aid method / Management mode	Project approach – Centralised management		
DAC-code	23010	Sector	Energy policy and administrative management

### 2. RATIONALE

#### 2.1. Sector context

Energy supply, conservation and diversification have become an overriding challenge for the EU and its Eastern European and Central Asian partners in the past two years. Uncertainties over reserves, added to stronger international competition for access to hydrocarbon sources and control of energy companies, have boosted oil and gas prices, highlighting the need for Europe and its neighbours to develop more integrated energy markets on a region-wide basis. Energy supply has become an integral element of security, not only due its impact on economic activity and social welfare, but also because it appeared to be a political lever on several occasions during that period.

As a result, a major overhaul of EU energy policy, including with regard to its external dimension, was carried out in 2006. This process started with the EC Green Paper ("A European Strategy for Sustainable, Competitive and Secure Energy") in March, was reasserted by the Commission, the Secretary-General and the High Representative for the European Council in a common paper advocating a renewed EU strategy for external energy relations issued in May, and culminated in the orientations adopted at the Heads of States' Summit in Lahti on 20 October 2006.

"In the framework of the Strategic EU Energy Review publicised in January 2007, the priorities proposed by the Commission regarding external policy aspects include: strengthening EU relationships with its neighbours; contributing to the improvement of legal frameworks to facilitate investments in international projects; developing financial instruments to enhance energy security through inter alia enhanced cooperation with the EIB and the EBRD; and encouraging energy efficiency and the development of renewable energies."

The European Council of June and December 2006 and of March 2007 endorsed this approach.

These goals are fully consistent with the EU international commitments (Kyoto Protocol, UNFCCC, and MDGs - especially in relation to environmental sustainability).

As far as EU relations with Eastern Europe and Central Asia are concerned, the process initiated in November 2004 in Baku with the aim of strengthening inter-regional energy cooperation was speeded up and deepened. An Energy Ministers' conference held in Astana, Kazakhstan in November 2006 provided directions for future cooperation, with a particular focus on the necessary convergence of energy markets, the enhancement of security of supply, diversification of sources and energy efficiency, as well as the need for furthering investments.

Memoranda of Understanding were, in addition, negotiated between the EC and Ukraine, Azerbaijan and Kazakhstan and political dialogue with Russia was reactivated.

The INOGATE programme<sup>7</sup>, which has already evolved since 2004 to encompass, not only oil and gas, but also the electricity sector, and to address energy-related environmental issues, needs to be pursued and reinforced to best tackle these new challenges. A key role is to be entrusted to the INOGATE Technical Secretariat, based in Kiev, in this context. The important areas to be covered by the ITS indeed include: information collection and dissemination, coordination of the inputs from all the INOGATE projects, liaison with energy stakeholders, as well as dialogue with, and support to the national authorities.

## **2.2. Lessons learnt**

Following the "Evaluation and Orientation Study for the main themes of INOGATE's future development", carried out in 2003, four potential areas of improvement were identified:

- Strengthening of its regional dimension and better targeted support to beneficiaries by inter alia creating additional region-based offices;
- Reinforced investment focus by preparing pre-feasibility and feasibility studies for suitable projects;
- Transfer of know-how throughout the process of identifying and developing sound and bankable investment projects in the oil and gas sectors;
- Increased collaboration with IFIs to facilitate project financing, beside the above-mentioned pre-investment measures.

In line with these recommendations, the capacity of the ITS was strengthened and two projects making available technical assistance resources for pre-investment purposes were launched. Close contacts were developed with IFIs, the EBRD in particular. A regional office was established in Tbilisi, Georgia and a supplementary office is to be set up in Almaty, Kazakhstan in the course of the year 2007.

At the Energy and Transport Ministerial Conference organized in Baku, Azerbaijan, on 13-14 November 2004, the EU Member States, the European Commission and representatives of the Governments of Azerbaijan, Armenia, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation (as observer), Romania, Tajikistan, Turkey, Ukraine and Uzbekistan, reached consensus on the necessity of enhancing co-operation in both the energy and the transport sectors and launched the

---

<sup>7</sup>

INOGATE originally stands for « Interstate Oil and Gas pipelines to Europe » but could be seen nowadays, because of its enlarged scope, as the "Gate to innovation in the energy sector" in the region.

"Baku Initiative". Conference participants defined energy priorities for the future, based on mutual interest, and agreed to:

- Support the development of regional energy markets in the Caspian Littoral States and their neighbouring countries in order to facilitate the progressive integration of their respective energy markets as well as their consistency with the EU market;
- Make funding for new infrastructure more attractive;
- Embark on energy efficiency policies and programmes; and
- Use the existing INOGATE structures to help attain the objectives of this reinforced co-operation.

On 30 November 2006, at the Ministerial Conference held in Astana, Kazakhstan, the Baku Initiative partners endorsed a Road Map and agreed to focus cooperation on the convergence of energy markets, investment in energy safety and security, support of sustainable energy development, and on attraction of investment.

In order to best respond to the expectations expressed by the Energy Ministers in Astana, INOGATE needs to continue its transition process towards:

- The adoption of a programme approach, involving closer cooperation between the INOGATE projects, an enhanced coordination role for the INOGATE Technical Secretariat, and more inputs from the National Coordinators;
- Increased information exchange and collaboration between the INOGATE programme and all energy stakeholders, including regulators and professional representatives of the sector;
- The improvement of INOGATE image and the amplification of INOGATE ownership within the participating countries.

### **2.3. Complementary actions**

The efforts of the ITS will be supported by the ongoing INOGATE projects, including SEMISE<sup>8</sup>, and accompanied by country-specific EC cooperation initiatives (such as in Ukraine, Azerbaijan and Kazakhstan, as a consequence of the Memoranda of Understanding signed with the Commission). Working collaboration with lending institutions (EBRD, EIB, Member States institutions and the World Bank) will be actively pursued. In addition, synergies will be developed with the EU Member States in the framework of their bilateral cooperation activities and possibly with other countries.

### **2.4. Donor coordination**

Donor coordination will be specifically sought by the ITS, with the support of the National Coordinators designated by their governments and the network of energy correspondents set up by the Commission in early 2007. The EC Delegations will also play an active role in this regard locally.

---

<sup>8</sup>

SEMISE stands for: "Support to Energy Market Integration and Sustainable Energy in the NIS"

### **3. DESCRIPTION**

#### **3.1. Objectives**

The overall objective of this project is to ensure the continuity of the services provided by the INOGATE Secretariat both in support of the INOGATE activities and for the implementation and follow up of the recommendations of the Energy Ministers' conference held in Astana on 30 November 2006.

The specific objectives of the project are to:

- Maintain the activity of the INOGATE network, particularly with a view to ensuring adequate information exchange on energy issues in the region and facilitating identification and updating of country needs;
- Increase coordination between EC-funded interventions at regional and bilateral levels and encourage synergies between donors;
- Support partner countries in establishing efficient regulatory bodies, taking advantage of professional specialists both from the region and the EU;
- Follow energy developments in the region and disseminate information accordingly to interested stakeholders.

#### **3.2. Expected results and main activities**

The ITS is expected to contribute to improving the overall performance of the INOGATE programme towards achieving the goals defined at the Ministers' conference in Astana.

The activities of the Kiev Secretariat, assisted in its tasks by its regional offices and by the National Coordinators, will include:

- Liaison, coordination and partnership development, which will encompass regular contacts and exchanges with the other INOGATE projects, Energy Ministries and utilities, EC Delegations in the region, donor agencies, international financing institutions, regulatory bodies and professional associations;
- Information, marketing, communication and website management, which will include data collection, follow up of energy reform, newsletter editing, dissemination of information on regional energy developments, as well as EU experiences and INOGATE specific activities;
- Institutional support and facilitation, which will cover the identification of national needs and requirements and project opportunities, arrangements for assisting partner countries in the formulation of specific strategies (in the field of e.g. energy efficiency) or in areas such as regulation.

Indeed, in most partner countries, the role of the regulators is limited to monitoring of tariffs. They continue to be controlled by governments and the lack of reference to market-based tariff-setting mechanisms is widespread, even where electricity markets are being opened up to competition.

Through the intermediary of the ITS, the professional networks developed between EU and regional energy regulators can be used to help overcome these problems and more generally, help improve the institutional and management capacities of the regulatory agencies and other relevant energy authorities, such as transmission systems operators.

The development of a web portal and the strengthening of the INOGATE network in the course of 2007 should have prepared the ground for the satisfactory execution of these tasks, while increasing at the same time INOGATE ownership in the partner countries concerned.

### **3.3. Stakeholders**

The widening of the scope of INOGATE activities – originally focusing on oil and gas – to electricity, energy efficiency and renewable energies, provides opportunities for new categories of stakeholders to benefit from EC cooperation. This is true for the civil societies in general as well as for specific economic sectors (industry, construction, transport, etc).

Partner governments involved, which confirmed in Astana their interest for strengthening the planning, legislative and management capacities of their national administrations, are now becoming key beneficiaries of INOGATE, beside oil and gas companies, which were the primary target groups in the earliest phases of this programme.

### **3.4. Risks and assumptions**

The energy policy of Russia (which has an observer status in the Baku Initiative) will influence programme implementation to some extent, but not necessarily in a negative manner (for instance, higher gas prices in Ukraine have considerably improved the profitability of energy efficiency investments, in addition to raising the interest of the participating countries in developing stronger cooperation links with the EU).

Tensions in the Balkans may also be a factor of instability that would undermine the security of supply and the investment climate.

Up to now, however, there is no evidence that the Baku Initiative has suffered much from this situation. On the contrary, it clearly appeared as a factor of rapprochement between all the participants.

Moreover, the support that the partner governments provided to the ITS since the launch of the Baku Initiative and subsequently, throughout the sessions of the Working Groups that prepared the ground for Astana's Ministers Conference, is a good indication of the project prospects for sustainability.

### **3.5. Crosscutting Issues**

The new phase of the INOGATE programme of which this project is a part fully integrates sustainability goals in its design: it aims to consolidate a process which already enjoys credibility and support by embedding national policies and priorities into a coherent regional undertaking, addressing more fully existing institutional and legislative deficiencies.

Better governance is addressed through improved access of citizens to energy-related information and energy sources as well as new legislations promoting procurement transparency and fair competition and enhancing consumer protection against environmental impact.

#### **4. IMPLEMENTATION ISSUES**

##### **4.1. Implementation method**

Centralised management.

This type of project can hardly be devolved to any EC Delegation in the region due to the linkages with the EU policy to be established and because it covers both Eastern European and Central Asian countries. Regular liaison between the EC DGs directly or indirectly involved in the follow up of its activities (i.e. EuropeAid, RELEX and TREN) as well as with the EBRD and the EIB, will need to be maintained and this can be achieved more easily in Commission headquarters. Regular exchanges will however be developed with the EC Delegations in the region, especially those taking care of large EC-funded bilateral energy initiatives, such as Ukraine, Azerbaijan and Kazakhstan.

##### **4.2. Procurement procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

##### **4.3. Budget and calendar**

The total project budget, of 3 M € will be used for technical assistance purposes, to be recruited on the basis of one or more service contracts.

Implementation will cover indicatively a three year period, starting from the end of the ongoing phase, which should be terminated in 2008.

##### **4.4. Performance monitoring**

Progress in the implementation of Astana's recommendations will be an integral part of the ITS mission, which will develop performance and impact indicators and carry out regular reviews to assess these aspects, with the assistance of the network of INOGATE National Coordinators. The performance of the ITS itself will be monitored by Commission headquarters, with country-level inputs from the Delegations. Contracted consultants will also ensure regular project monitoring, as is done for ENPI/DCI operations carried out at the regional level.

##### **4.5. Evaluation and audit**

The external evaluation will be carried in the last few months of project implementation. Audit missions will be undertaken by EC headquarters or entrusted to specialised consultants where necessary.

#### **4.6. Communication and visibility**

The project will take advantage of the actions initiated in 2007 by the ITS to improve INOGATE communication and visibility, including with regard to Internet communication (e.g. re-vamping of the web portal and publication of a newsletter). Ongoing efforts to improve data collection and dissemination of information on energy-related issues in the region will be pursued in particular.

## ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	Improving Forest Law Enforcement and Governance (FLEG) in the ENP East countries and Russia. CRIS: 018-661/4		
Total cost	EC Contribution: 6 M€ Indicative Total Cost: 7M€		
Aid method / Management mode	Project approach – Joint management with an International Organization. World Bank (WB)		
DAC-code	31210	Sector	Forestry policy and administrative management

### 2. RATIONALE

#### 2.1 Sector context

Illegal forest activities in Russia and the ENP East countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) include illegal logging, timber theft and smuggling, trade of illegal wood, unauthorized forest conversion, unclear legislation, unclear tenure arrangements and lack of enforcement of forest regulations due to corruption.

The causes of unsustainable forest management and illegal forest activities include:

- Lack of capacity of institutions responsible for forest management to review and update their policy, legal and institutional frameworks
- Inadequate capacity to enforce existing forest laws and policies
- Lack of reliable systems of information concerning forest management, policies and legislation and their implementation
- Insufficient awareness and commitment of key stakeholders
- Insufficient regional and sub-regional collaboration/ knowledge and information/ technology sharing
- Lack of transparency and equitable participation of civil.

The effects of unsustainable forest management and illegal forest activities include:

- Loss of revenue to governments, the private sector and local livelihoods
- Degradation of forest ecosystems and loss of biodiversity
- Loss of carbon stocks and climate change (deforestation accounts for 20% of global CO<sub>2</sub> emissions)

- Creating a negative image for the sector and the producing countries.

The Forest Law Enforcement and Governance (FLEG) process is the outcome of a number of consultations and initiatives, which have taken place in recent years in response to the growing problem of illegal logging and unsustainable forest governance around the world.

The **Europe and Northern Asia (ENA) FLEG** process was initiated in May 2004, with preparatory activities throughout the region, leading up to the St. Petersburg Ministerial Conference in November 2005. The Ministerial Conference brought together more than 300 stakeholders from the region and the Ministerial Declaration, an expression of commitment to take action against illegal activities in the forest sector, was adopted by acclamation by 44 governments<sup>9</sup> as well as the EC.

As noted in the Declaration, the development of market economies, changes in energy supply arrangements and the changing role of the public and private sectors in many countries are creating a need for strengthening and reform of the institutions responsible for forest management, reviewing and updating policy, legal and institutional frameworks and increasing capacity to enforce existing laws and policies.

Following the Ministerial Declaration, a number of countries have started working on their national FLEG Action Plan. However, in many cases the formulation work still needs to be completed and the results implemented.

In Russia, for example, forest sector reforms are now at a critical point of implementation. The new Forest Code of the RF has been approved (effective from 01/01/2007), which means that this year will be key to launching these reforms in a responsible and coherent manner. Furthermore, the Russian Government has recently confirmed its continued high interest in interaction with the WB on the issues of forest governance and anticorruption. This project is inscribed in the ongoing FLEG dialogue process and its activities follow up directly on the commitments made at the ENA FLEG Ministerial Declaration of 2005.

EU regional assistance for FLEG is included under priority area n°2 (Environment Protection and Forestry) of the ENPI Eastern Regional Indicative Programme (2007-2010)

## 2.2 Lessons learned

The WB, the IUCN (the World Conservation Union) and the WWF are expected to be the implementing partners for this project because of their long-standing involvement in FLEG processes (in particular in the Europe and North Asia region) from which they have been able to draw knowledge and expertise, critical to the success of this initiative.

<sup>9</sup>

Albania, Armenia, Austria, Azerbaijan, Belarus, Bulgaria, Bosnia and Herzegovina, Canada, China, Croatia, Denmark, Estonia, Finland, Georgia, Germany, Greece, Hungary, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Republic of Moldova, Mongolia, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America, and Uzbekistan.

The IUCN and the WWF both have a strong track record of facilitating work by civil society and the private sector in various regional FLEG and other forest-related processes, as well as useful contacts in the region concerned.

Furthermore, the WB has collaborated extensively with IUCN during the different phases of the FLEG process in the ENA-FLEG region, especially focussing on civil society self-selection and mobilization processes and the convening of civil society and industry dialogue.

Key lessons learned from this cooperation, and the other regional FLEG processes include: the need for increased awareness and commitment of stakeholders, action at the national-level based on comprehensive and coherent action plans, national ownership and systematic strengthening of national institutions, and linking national action with coordinated action at the sub-regional and regional level. These lessons underpin the approach in this project.

### 2.3 Complementary actions

To build on a commitment taken in 2002 at the World Summit on Sustainable Development (WSSD), in May 2003 the Commission published an EU Action Plan for Forest Law Enforcement, Governance and Trade (**FLEGT**)<sup>10</sup>. Council Conclusions were issued in October 2003, and the European Parliament motion on the FLEGT action plan was adopted in February 2004. The Action Plan sets out an approach to tackling illegal logging, which links the push for good governance in developing countries with the legal instruments and leverage offered by the EU's own internal market.

The goals of this project are consistent with those set out in the EU FLEGT Action Plan, and the role of regional FLEG processes is mentioned in Section 4.2.2.

The WB and IUCN have on-going forest programmes and broader governance reform activities in Russia and in most ENP East countries which will provide a platform for mainstreaming the innovations developed through this project. The project will also benefit from the existing collaboration between the WB and EU MS in the ENA-FLEG process.

The on-going actions of the WB-WWF Alliance will also provide a significant contribution to the ENA FLEG implementation process, supported by the projects which the WWF is carrying out with important private companies (e.g. IKEA and StoraEnso). Additionally, the proposed activities will be linked to on-going WWF projects in the region (in particular the *WWF Forest Strategy for the Southern Caucasus*). With regard to cross-border trade, the project will benefit from contributions to project activities by *TRAFFIC*. Synergies will also be made with all relevant on-going projects in the region

Synergies will also be made with relevant FLEG activities in Central Asia, in order for the project to benefit from useful exchanges of experience and information, and build better cooperation between both regions.

---

<sup>10</sup> The AP sets out an approach to tackling illegal logging which links the push for good governance in developing countries with the legal instruments and leverage offered by the EU's internal market. The core components of the AP are support for improved governance in wood-producing countries, and a licensing scheme to ensure only legal timber enters the EU.

## 2.4 Donor coordination

By following up directly on the resolutions made by the countries in the Ministerial Declaration on FLEG, this project is closely aligned to the beneficiary countries' priorities.

Ownership: The project will respect the leadership of countries over their development policies, strategies and procedures and align and coordinate actions with them. Effective use will be made of existing capacities and the capacities of different stakeholders will be harmonized.

Alignment and Harmonization: The cooperation of different organizations in the implementation of a single multi-faceted project will be an example of donor harmonization where the principle of complementarity is observed and fragmentation of aid is avoided. This project will also contribute to greater harmonization and alignment of aid, for example, through the ENA-FLEG International Steering Committee, which will include all of the major donors with an interest in improving forest governance in the ENP East and broader ENA-FLEG region (including the EC). The ENA-FLEG International Steering Committee is co-chaired by Russia and the WB.

For the purposes of decision-making in the context of this project, a specific coordination mechanism will be established, which will also include a representative of the EC (from Headquarters or Delegation). The WB representative will provide linkage between this committee and the above-mentioned ENA-FLEG International Steering Committee.

## 3. DESCRIPTION

### 3.1. Objectives

The overall objective of the project is to contribute to the achievement of legal and sustainable forest management and utilization practices, a strengthened rule of law and improved local livelihoods in the 6 ENP East countries and Russia.

The specific objective (purpose) of the project is to put in place improved forest governance arrangements through the effective implementation of the main priorities set out in the ENA FLEG Ministerial Declaration, with the support of selected pilot activities and with the active involvement of governments, civil society and the private sector.

### 3.2. Expected results and main activities

The project is proposed to be implemented through coordinated work by the three institutions (WB, IUCN and WWF) in the following 7 result areas:

- Result 1: Effective national and regional FLEG action processes in place

Focal area 1.1: Analytical work, including: Assessment of level of FLEG awareness (existing efforts, key actors, etc); Baseline studies on illegal logging; Identification of governance constraints, development and testing of responses.

Focal area 1.2: Consultative national action planning, including: Stakeholders mobilisation and involvement on national, regional and local level; Development of National Action Plans with stakeholder involvement.

Focal area 1.3: Mobilization of broader implementation support, including: Identification of investment needs; Facilitation of civil society inputs to official financing proposals; Assessment of fiscal/financial instruments to address illegal logging.

- Result 2: Increased National ownership and capacity

Focal area 2.1: Capacity building and training, including: Provision of ongoing support to FLEG efforts of different stakeholder groups; Support national and regional civil society networks; Enhance involvement of governmental staff at forest management unit level on identifies priority actions (in co-operation with *TRAFFIC*); Establishment (and local support) of monitoring mechanisms for illegal logging

- Result 3: Improved regional and sub-regional collaboration and knowledge sharing

Focal area 3.1: Specific events and mechanisms to share lessons learned, find solutions to trans-boundary issues and link with FLEG processes in other regions. Potential areas include: strengthening prosecutorial capacity, using the money laundering regime to combat forest crime, customs collaboration and transparency; Analysis/ strengthening of vulnerable trans-boundary areas for illegal timber trade and increase reliability of public data on cross-boarder trade.

Focal area 3.2: Cooperation with regional and national processes

- Result 4: Effective engagement of key trading partners

Focal area 4.1: Specific events and dialogue, including: Facilitation of special events, small awareness raising missions and dialogue; Cross border dialogue on FLEG between China and Russia; Facilitation of dialogue with forest industry from EU Member States and China.

- Result 5: Continuation of the formal official ENA FLEG process

Focal area 5.1: Organization of specific regional FLEG events defined in the Ministerial Declaration: Organization of workshop and of 2<sup>nd</sup> Ministerial conference (tentatively in 2010) and facilitation of participation of private sector, regional and local authorities in ENA FLEG process.

- Result 6: Sustainable forest management practices implemented

Focal area 6.1: Support to implementation of priority FLEG actions, such as: Pilot local level governance activities involving a range of partners in all 7 countries; Implementation of actions to, e.g., improve transparency of timber and financial flows; Implementation Introduction/development of timber tracking systems; Revision and harmonization of forest law and regulations to remove overlaps; Resolution of constraints to effective law-enforcement and forest crime prosecution.

Focal area 6.2: Monitoring: Development of indicators on illegal logging and forest crime, linked with broader governance indicators and elaboration of sustainable forest management standards

- Result 7: Increased awareness and commitment of key stakeholders on FLEG

Focal area 7.1: Production of materials and organization of events for target audiences and key stakeholders.

Representatives from the Central Asian countries may also be invited to participate to the regional and sub-regional FLEG events where there is clear added value in co-operation across the Neighbourhood/Central Asia border.

The WB will sign agreements with the other two implementing organizations and a clear division of roles and responsibilities will be defined.

### 3.3. Stakeholders

The project will target three main stakeholder groups: **Governments** (including line department staff, parliamentarians, the judiciary, senior representatives to regional and global forums, key trading partners, and sub-national and local authorities); **Civil society**, particularly non-governmental and community-based organizations and forest dependent communities; and **the private sector**, particularly companies and industry and trade associations involved in timber production and processing.

### 3.4. Risks and assumptions

Government agencies and some companies may perceive the project as a threat, which would impede their necessary participation and could affect access to information. There might also be a lack of interest on their side with regards to the project. Nevertheless, these risks are unlikely to materialize, considering that the commitment of governments to FLEG, as evidenced by their endorsement of the Ministerial Declaration and the fact that the FLEG process has enjoyed strong civil society engagement and private sector participation. Additional efforts are needed to strengthen the involvement of the private sector and these will be built into the project.

### 3.5 Crosscutting Issues

The project directly supports several of the priority approaches to be encouraged under the ENP, including promoting political dialogue and reform, strengthening national institutions and bodies responsible for the elaboration and the effective implementation of policies, supporting policies aimed at poverty reduction, and cross-border cooperation.

**Good governance and human rights:** The project will support democratization and enhance the role of non-state actors through participatory processes, capacity-building and training and by supporting the implementation of pilot actions. It will also allow issues concerning the role of indigenous and local forest-dependent communities to be addressed.

**Gender equity:** The participation of women in the project implementation and in the broader FLEG processes will be encouraged.

The project will make all possible efforts to achieve balanced gender representation in the consultative mechanisms established under this project. Gender equity as a key element of good forest governance will be promoted in all project materials as well as the inclusion of gender in analysis of forest legislation, in particular with respect to the impact on local livelihoods.

Environmental sustainability: Is not a cross-cutting issue, but a main objective

#### **4. IMPLEMENTATION ISSUES**

##### **4.1 Implementation method**

Joint management through the signature of an agreement with the World Bank. The grant will be provided to the WB through a multi-donor trust fund to be established through a specific Administration Agreement with the European Community, represented by the Commission of the European Communities, in accordance with the "*Trust Funds and Cofinancing Framework Agreement between the EC and the WB*", Dated November 8, 2001 as amended March 17, 2003 (EC-WB Framework Agreement).

##### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned, the WB.

##### **4.3. Budget and calendar**

The EC contribution is of €6 Million, out of an indicative total cost of 7M€

Possible additional sources of the Trust Fund include: 506 500 USD WB/BNPP contribution to support illegal logging action plans; 30 000 €IUCN/Canadian Forest Service contribution; 220 000 €IUCN/BBI MATRA contribution (to be confirmed); and 520 000 €WWF/IKEA contribution (Russia.)

Indicative starting date: Beginning 2008 and the foreseen duration of the project is 3 years.

##### **4.4. Performance monitoring**

A joint project coordination team of the Trust Fund donors will be constituted to ensure close alignment, coordination and an effective use of resources.

Developing the project monitoring system will include clarifying and confirming project stakeholders, institutional capacity, objectives and resources; analyzing the relationships between different organizations and stakeholder groups and their capacities; determining what additional information implementers and other stakeholders will need; and reviewing what existing information collection systems and procedures exist.

#### **4.5. Evaluation and audit**

Financial Audit and Control shall take place as stipulated in the Article 6 of the EC-WB Framework Agreement.

A midterm and final external evaluation of the project will be carried out in the course of the project's implementation.

Technical evaluations and quality control will be implemented in accordance with established WB procedures. This evaluation will be based specifically on the objectively verifiable indicators of achievement, as they appear in the LogFrame. Communication and visibility

As stipulated in the Article 7 of the EC-WB Framework Agreement, all publications, training programmes, seminars or symposia financed under the trust fund, and all press releases or other information materials issued by the WB with respect to the trust fund shall clearly indicate that the activities in question have received funding from the EC.

The WB will also follow the procedures listed in the *Interpretative Letter on the Visibility Clause of the EC-WB Group Framework Agreement*, signed by EC Commissioner Ferrero-Waldner and by the WB President, Mr Wolfowitz on 02/06/2006. Any additional specific visibility requirement of the Commission shall be set out in the administrative agreement.

## ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title:	European Union Border Assistance Mission to Moldova and Ukraine – EUBAM 5		
Total cost:	EUR 12 million		
Aid method / Management mode:	Project approach – joint management		
DAC-code:	15220	Sector:	Civilian peace-building, conflict prevention and resolution

### 2. RATIONALE

#### 2.1. Sector context

The region of Transnistria proclaimed its independence from Moldova in 1992, one year after the dissolution of the Soviet Union. A short conflict ensued, with some 1,000 casualties. A ceasefire brokered with Russian mediation left Tiraspol in control of the region east of the Dniestr River in a self-proclaimed Republic of Transnistria. Since then, the conflict has been “frozen” in place.

The arrival in power of the administration of President Yushchenko in Ukraine in 2005, and the launching of the so-called “Yushchenko Plan” created a window of opportunity for further advance the resolution of the “frozen” Transnistria conflict. Since September 2005, the EU and the U.S. participate as observers in the negotiation process in the enlarged format “5+2”; the EU is represented by the EU Special Representative for Moldova.

Following a request from Moldova’s President Voronin and Ukraine’s President Yushchenko in June 2005, the EU decided to launch an EU Border Assistance Mission (EUBAM) which was inaugurated on 30 November 2005 after the Commission had signed a Memorandum of Understanding with Moldova and Ukraine on 7 October 2005. Since then, EUBAM enjoyed high political support from all stakeholders. Importantly, the Mission has also enjoyed continued attention and political and financial support on the EU side, including not only the Commission but also EU Member States. The latter’s active involvement as stakeholders in, and contributors to, EUBAM, has been a key element in the Mission’s success to date. This has enabled EUBAM to operate effectively and help achieve initial improvements in cross-border cooperation and the fight against cross-border criminal activities, especially against large-scale smuggling activities. EUBAM’s activities also evidenced that indeed much needs to be done in order to bring border and customs control procedures in line with EU standards. Already after a short period of operation, customs revenues increased on both sides of the border. In May 2006 EUBAM came up with 41 recommendations on measures required to improve control standards and to approximate them to those of the EU.

The EU’s involvement increased trust and cooperation between Moldova and Ukraine and led to remarkable results: a joint declaration signed by the Prime Ministers of Moldova and Ukraine, Tarlev and Yekhanurov, set in place the May 2003 bilateral customs agreement which enforcement started on 3 March 2006; two

Protocols on mutual exchange of analytical, operational and statistical information on goods and persons were signed between the Customs services and between the Border Guard services at the 5<sup>th</sup> Trilateral meeting in Brussels on 21 November 2006; Moldova simplified the registration of Transnistrian enterprises with the Moldovan Chamber of Commerce in March 2007.

Both countries showed continued commitment to a peaceful settlement of the Transnistria conflict and the effective implementation of the 2003 bilateral customs regime. Moreover, both countries expressed at a number of occasions their satisfaction with EUBAM's work and the assistance which is provided by the Mission; they asked the Commission to prolong the Mission's mandate beyond November 2007 for another 24 months. All relevant authorities fully cooperate with the Mission which is an important indicator regarding the project's consistency with the partner Government's policies and strategies.

## **2.2. Lessons learnt**

- (a) A major element of the successful start of EUBAM was the adequate and complementary use of different EU tools and resources. This has included rapid Community funding and a capacity-building "project" approach, combined with technical expertise of seconded EU Member States experts (which also constitutes a considerable equivalent financial contribution), and last but not least the full political weight of the Union in supporting this enhanced EU engagement. EU Member States as stakeholders in EUBAM have shown a considerable and legitimate interest in the Mission's activities and outputs, and expressed the wish to be continually informed and associated. In this respect, in addition to close co-ordination with EU Member States locally, the Commission and / or the Head of EUBAM will continue to actively inform and associate the Council and EU Member States. EUBAM monthly and special reports will be shared with the Council and EU Member States.
- (b) A major success in the settlement process was the re-establishing of the May 2003 customs agreement based on the Joint Statement of the Moldovan and Ukrainian Prime Ministers, dated 30 December 2005 and enforced as of 3 March 2006. The implementation of the customs regime caused harsh criticism from the Russian Federation (which openly supported the Transnistrian regime) as well as an economic self-blockade of Transnistria initiated by the Transnistrian regime. Both tried to set the Ukrainian Government under pressure to step back from their commitment. The support expressed by the EU and the OSCE – who welcomed the customs regime as an important contribution towards conflict resolution – helped to strengthen Ukraine's commitment to the implementation of the Joint Declaration. Continued EU technical support to the implementation of the Joint Declaration is required (i.a., facilitating dialogue between the two countries, facilitating the exchange of information, risk analysis). The EUBAM has been providing this technical support.
- (c) Targeting only border guard and customs services in the fight against smuggling has proven being not sufficient. Smugglers have been released and the smuggled goods were returned to the smugglers upon court decisions. Corruption continues to be a serious issue. This calls for including the Prosecutor's offices, the courts and the Ministry of Justice either in EUBAM activities or in accompanying technical assistance projects.

- (d) Implementation and practical backstopping of the Mission's logistic set-up by UNDP proved to be an effective way to manage complex operations of this nature. In particular, the flexibility and organisational capacity of UNDP proved to be of essence to the Mission of this size and nature.

### **2.3. Complementary actions**

The Commission is financing some EUBAM-flanking measures (BOMMOLUK projects) under the RAPs 2003 and 2005 which build upon EUBAM's 41 recommendations of May 2006. Follow-up projects are under consideration for the 2007 ENPI NAPs. The major objective of these projects is to support Moldovan and Ukrainian partner services in their efforts to approximate to EU standards.

Since January 2006, the Commission is funding an IOM implemented and U.S. co-funded project aiming at reforming the Ukrainian State Border Guard Service's human resources management system (NAP 2003, HUREMAS project). The project targets recruitment, training and career development of border guard personnel.

At the Ukrainian-Moldovan State border, the U.S. Defence and Threat Reduction Agency is funding a programme amounting to USD 14 million targeted at fighting the proliferation of weapons of mass destruction, nuclear material and components of dual use. Under the U.S. Millennium Challenge Account, USD 46 million was made available for anti-corruption measures in Ukraine which could have a certain impact on EUBAM's work. Coordination between the activities of the EUBAM with the EU Agency for the **Management of Operational Cooperation at the External Borders (FRONTEX) will be ensured.**

### **2.4. Donor coordination**

Under the Paris Pact Declaration, a sub-working group on border management issues has been established in which donor activities are being coordinated. As regards border management improvement there is only another serious donor active (apart from the EC), which are the U.S. Close cooperation and coordination of activities are ongoing on a permanent basis in order to ensure synergy effects. Coordination is also achieved through quarterly EUBAM Advisory Board and monthly EUBAM Coordination meetings.

## **3. DESCRIPTION**

### **3.1. Objectives**

#### *3.1.1. Overall objectives*

- To contribute to enhancing the overall border and customs management capacities and the abilities of Moldova and Ukraine to fight against cross-border and organised crime, including trafficking in persons and smuggling of migrants, and to approximate the standards of the border and law enforcement authorities to those of the EU.
- To assist Moldova and Ukraine in fulfilling their commitments under the European Neighbourhood Policy Action Plans (ENP AP) and the Partnership and Cooperation Agreements (PCA).
- To contribute to a peaceful resolution of the Transnistria conflict.

### 3.1.2. *Specific objectives*

- Capacity building and improved knowledge of EU standards/best practice: To build up appropriate operational and institutional capacity in Moldova and Ukraine to ensure effective border and customs controls and surveillance as well as effective fight against criminal cross-border activities and organised crime, including trafficking in persons and smuggling of migrants, with particular attention to the Moldovan-Ukrainian state border, including relevant inland areas and locations. Coordination will be ensured with FRONTEX.
- Confidence building between Moldova and Ukraine: To help building up trust between the agencies involved in border and customs controls and fight against crime through transparency, exchange of analytical and tactical information, close cross-border cooperation and development of an atmosphere for extended economic relations, for instance through joint border operations, joint border/customs controls, or the drafting of joint border security assessment reports.
- Monitoring the implementation of the 2003 Ukraine-Moldova customs regime: To monitor the correct and effective implementation of the 2003 Customs Protocol concluded between the State Customs Service of Ukraine and the Customs Service of the Republic of Moldova as agreed between the Prime Ministers of the Republic of Moldova and Ukraine in the Joint Declaration of 30 December 2005.
- Public awareness raising: To provide objective information to the local population in Moldova and Ukraine regarding EUBAM's tasks and assistance provided to the countries, ongoing activities at the border of which travellers and/or the local population benefits, rights and responsibilities of persons crossing the border (in order to complement anti-corruption measures), health risks of purchasing smuggled food (in order to complement consumer protection measures), etc.

### 3.2. **Expected results and main activities**

- (1) Professional capacity of border, customs and law enforcement officials enhanced: EUBAM concluded in its annual report after its first year of operation that the Moldovan-Ukrainian border is frequently used for illegal activities, in particular smuggling. EUBAM experts also identified, together with their national counterparts, a number of cases of trafficking drugs and stolen vehicles, cigarette smuggling cases, etc. which remained undetected due to a lack of professional skills of the competent authorities. EUBAM will therefore continue providing on-the-job training and coaching to border guard, customs and law enforcement personnel at operational / tactical level at relevant locations (at border crossing points, inland customs houses, and main transit points) with a view to upgrade the personnel's skills and make them acquainted with EU standards and best practices regarding border and customs controls and the investigation of crime.
- (2) Risk analysis capacity further improved: EUBAM is currently advising the border guard and customs services in establishing risk analysis capacity at central level. A Tacis project funded under the 2003 Regional Programme – BOMMOLUK 1 – is aiming, amongst others, at institutionalising risk analysis units in the partner services. This project will further enhance the professional capacity in the newly created analytical units and will allow the

partner services to switch fully to risk based controls. The partner services capacity to gather, analyse and disseminate information and intelligence at strategic, operational and tactical level will be increased, and the use of risk assessment techniques will be reinforced. This will provide the senior management with a better overview on the situation at the border and allow them to react on time when certain organisational or structural measures need to be initiated.

- (3) Cross-border cooperation between border, customs and law enforcement authorities increased: Criminal groups benefit from a lack of cross-border cooperation between border, customs and law enforcement authorities and use this circumstance to their advantage. EUBAM will continue supporting Moldova's and Ukraine's authorities to strengthen bilateral cooperation and information exchange on statistical, analytical and tactical data through a variety of measures such as initiating/ participating in joint cross-border operations, facilitating the exchange of liaison officers in such operations, offering training for conducting joint border and customs controls, drafting of joint border security assessment reports, etc. These measures will lead to an improved fight against cross-border crime and illegal migration and will, at the same time, facilitate legal movement of persons and goods across the border. Border and customs services will also get an increased understanding of an integrated approach to border management.
- (4) Analytical overview on border security and cross-border movement of goods and persons improved: EUBAM will perform visits and inspections to relevant locations including along the green border by joining border surveillance activities. This monitoring activity will encourage partner services to strictly implement the 2003 customs regime agreed between Ukraine and Moldova as well as to take serious counter-measures when criminal activities are detected. This will lead – in the mid-term – to a considerable reduction of illegal cross-border activities due to the increased risk of being detected, apprehended and prosecuted.
- (5) Corruption of border guards and customs officials at operational / tactical level decreased: The permanent cooperation with and being monitored by EUBAM experts will motivate partner services' personnel to carry out their duties objectively and according to existing laws. This will reduce the border and customs staff preparedness to demand or accept bribes.
- (6) Level of information in the local population of EUBAM's activities and the partner services' efforts increased: Awareness in the local population of the health risks and the losses for the State budget when consuming smuggled food stuff is extremely low. Incorrect information distributed in a targeted manner by third parties created a distorted picture of the reality at the border and of EUBAM's assistance provided. Targeted and objective information shall help the local population and policy makers to better understand the dimension of the problem and the results of the assistance rendered to the partner countries.

### **3.3. Stakeholders**

#### *3.3.1. Border Guard Service of the Republic of Moldova*

The Border Guard Service of Moldova is structured into four regional departments, and its transformation from a military structured entity into a fully professional law enforcement service should be completed by 2008. It still includes a proportion of conscripts, being gradually replaced by professional border guards, with staffing number generally adequate. A new border management law is currently under consideration in the Parliament. Passport controls at BCPs appear to be carried out in a satisfactory manner, but there seems to be little expertise in the identification of forged documents or in search methods to fight smuggling or illicit products. Surveillance of the green and blue border is generally inadequate, due also to a lack of means (communication lines, vehicles, patrol boats).

#### *3.3.2. Customs Service of the Republic of Moldova*

The Customs Service is structured in a Central Administration and 8 sub-ordinate offices. There exist 113 customs points across the country. The customs service employs 1,550 customs officers. The Customs Service has overall adequate administrative capacity / staffing and adequate knowledge of customs rules; customs procedures appear to be normally in line with international standards (Moldova is a member of WTO). However processing capacities are low and certain specialised skills are lacking (e.g. the implementation of transit procedures, the use of modern techniques of selectivity or risk analysis, etc). A considerable part of customs clearance of commercial traffic takes place in inland customs houses rather than at BCPs.

#### *3.3.3. State Border Guard Service of Ukraine*

The State Border Guard Service is structured into five regional departments, with the Odessa one in charge of nearly the entire border with Moldova. The SBGS has been – to a certain extent – demilitarised but, in addition to classical tasks of control and surveillance of persons and goods, and the fight against cross-border crime and irregular migration, still also has the function of defending the state border, and a somewhat military structure / training system. The SBGS has the overall responsibility for border management, including coordinating the work of customs and other law enforcement agencies present at the border, and green and blue border surveillance. Staff numbers and professional capacity appear as mostly adequate but operational-level staff is often inexperienced, and enhancement of some specialised skills appears necessary. Passport controls appear to be carried out in a satisfactory manner, with some specific problems noted due to short control time of trains. Surveillance of the green / blue border has generally better means at its disposals but could be significantly improved.

#### *3.3.4. State Customs Service of Ukraine*

The State Customs Service is generally adequately staffed, but comparably less well equipped than border guards. The overall border management responsibility lies with the border guards, with daily meetings taking place. The role of customs at the borders is often limited to preliminary documentary review, as most procedures are initiated and completed at the customs office of departure or destination. Administrative capacity appears to need reinforcement in some areas. Knowledge

and harmonised application of customs rules and procedures is generally better at the main transit points (including the ports of Odessa or Illichevsk) than at BCPs; training in certain specialised skills (e.g. application of risk assessment techniques) appears as necessary.

### **3.4. Risks and assumptions**

#### *3.3.5. Assumptions underlying the project intervention*

**Assumption 2:** EU Member States customs and border guards and police administrations will accept to prolong the secondment of the staff currently engaged in the Mission as well as to suggest further suitably qualified personnel for reinforcing the Mission and will continue contributing towards the successful operation of this Mission, notably through exchange of information.

The realisation of this assumption is likely, as the countries' political commitment emanates from the highest political level and was confirmed by the signature of the Memorandum of Understanding on the Border Assistance Mission between Ukraine, Moldova, and the Commission. Continued commitment and cooperation at the level of services was good up to now, and will continue being regularly reported on by the Mission. Moreover, the Government of Ukraine recently adopted the State Border Guard's development strategy up to 2015, a reform document aiming at achieving Schengen standards within the set time horizon. A similar reform strategy is underway for the Moldovan Border Guard Service. Also the State Customs Service of Ukraine has started elaborating a strategy paper for the service's development for the next decade.

**Assumption 2:** EU Member States customs and border police administrations will accept to prolong the secondment of the staff currently engaged in the Mission as well as to suggest further suitably qualified personnel for reinforcing the Mission and will continue contributing towards the successful operation of this Mission, notably through exchange of information.

The realisation of this assumption is likely. Preliminary indications from EU Member States demonstrate strong support for EUBAM and a healthy interest in continuing / enhancing their contribution to this joint EU endeavour, through seconding own personnel as "field personnel" of the Mission, and accepting to allow continued detachment from national service of the contracted "core" personnel of the Mission.

**Assumption 3:** The presence of the Mission personnel alongside counterpart operational services along this border will contribute to improving the effectiveness of controls towards EU standards and best practices, to diminishing risks of corruption, and to curbing the main illegal cross-border flows.

The first eighteen month of the Mission's operation demonstrated the counterparts' sincere interest to improve the effectiveness of border and customs controls. All services cooperate closely with the Mission and implement their recommendations. The practitioner-to-practitioner training in a live work environment is proving to be the right approach. This logic has underpinned all EC twinning projects deploying Member States practitioners in the pre-accession context.

**Assumption 4:** Improved border and customs controls and border surveillance along the whole border is a crucial element in the peaceful resolution of the Transnistria conflict.

This assumption intervenes at the level of wider / overall objectives. Clearly the realisation of this overall objective is beyond the remit of this Mission alone and depends also on other factors. There is already a clear indication that the expected results and the achievement of specific objectives will significantly contribute to this overall objective. Moldovan-Ukrainian relations improved considerably after the signing and implementing of a Joint Declaration of both countries' Prime Ministers dated 30 December 2005 and implemented since 3 March 2006. The Joint Declaration set in force the 15 May 2003 customs agreement between both countries based of which Ukraine excepts the import or transit of goods from Transnistria only if they have been cleared accordingly under the Moldovan customs regime.

### 3.3.6. *Risks*

- The Transnistrian regime – supported by Russia – will try to obstruct all constructive measures set by Moldova and Ukraine, in particular the implementation of the 2003 customs agreement. Transnistria and Russia have been quite successful in launching media campaigns against Ukraine and put Ukraine under political pressure. This calls for permanent EU observation of the political manoeuvres in the region and for preparedness to immediately react against such destructive actions. It will also require that Moldova and Ukraine remain firm in their cooperation and conflict settlement policy.
- The evident high level of corruption in all services could reduce the positive impact of EUBAM's operation. Criminal groups will react to the enhanced border control and surveillance measures; so far they were looking for new smuggling routes. A continued permanent observation of the security situation in the region will be required.

## 3.5. **Crosscutting Issues**

The programme has a strong good governance dimension since prevention of, and fight against corruption is targeted.

## 4. **IMPLEMENTATION ISSUES**

### 4.1. **Implementation method**

Joint management through the signature of an agreement with an international organisation.

### 4.2. **Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

#### **4.3. Budget and calendar**

Indicative breakdown of overall amount within the International Organisation's budget by main components:

Supplies (in EUR)	Services (in EUR)
1,000,000	11,000,000

The project is planned to be implemented within 12 months after conclusion of a joint management agreement with an international organisation, most likely the United Nations Development Programme (UNDP was the Commission's implementing partner for the previous phases).

#### **4.4. Performance monitoring**

Performance will be monitored by the EC Delegation and the Tacis/ENPI Monitoring Team. The implementing partner will have to submit regular progress reports.

#### **4.5. Evaluation and audit**

An ex-post / impact evaluation could be considered within a year after the end of the Mission's mandate.

#### **4.6. Communication and visibility**

EUBAM and the Commission's implementing partner will follow the communication and visibility strategy already in place. No additional measures will be required since EUBAM ensures the highest EU visibility possible.

## ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	ENPI Regional Information & Communication Programme		
Total cost	Total cost of the programme is EUR 19 Million and will be financed by : - <b>EUR 7Million ENPI East</b> - EUR 12Million ENPI South		
Aid method / Management mode	Centralised Management, managed by Headquarters and Delegations		
DAC-code	22011	Sector	Communication et information dans les programmes et projets de la CE

### 2. RATIONALE

#### 2.1. Sector context

This programme lies within the broader context of the ENP strategy, and particular the concern for a human dimension, as expressed in the principle of ‘people-to-people’ activities, “... the ENP must have a “human face”, and the citizens of the EU and of neighbouring countries should have more opportunities to interact, and to learn more about each others’ societies and understand better each others’ cultures.”<sup>11</sup> It follows directly on from the MEDA Regional Information and Communication Programme (2003-6) and from the Tacis Information and Communications Activities (TICA) (2004-6). The MEDA Regional Information and Communication Programme was put in place further to the request of the EuroMed Ministerial meeting of 2001 in Brussels to make efforts to improve the visibility of the Euro-Mediterranean Partnership in the Partner countries and territories. More specifically, the Mediterranean partners have continuously expressed, during different Euromed Ministerial meetings, the need to improve the public awareness of EU cooperation with their countries.

The fundamental problem this programme seeks to address, is the lack of awareness and understanding among the people of the ENPI area countries, of the EU, its policies and relations with their countries and territories (as confirmed by opinion research). Three main difficulties in raising such awareness are a) access (to the target audiences), b) lack of appropriate materials, tools and products, and strategies, and c) the need for media and communications professionals in the ENP countries, to contribute to the communications effort.

The programme will take into consideration the ENP communication strategy “Working together”, Communicating on the European Neighbourhood Policy and the following strategies: "the EU in the World – Towards a communication strategy for the European Union's external policy 2006 – 2009" and "Europe in the World: Some

---

<sup>11</sup> “Communication from the Commission to the Council on Strengthening the European Neighbourhood Policy”, 4 December 2006, p. 6

practical proposals for greater coherence, effectiveness and visibility" (COM(2006)278).

## **2.2. Lessons learnt**

The experience of the previous MEDA Regional Information and Communication Programme has proven instructive. Through a number of new and innovative products, (including collaborative media activities and products), the first programme has contributed to the raising of awareness of the Euro-Mediterranean relations, but there is still much to be done, in both creating ready-to-use attractive and stimulating audio-visual communications materials, and a much greater emphasis on the dissemination and take up of these products.<sup>12</sup>

## **2.3. Complementary actions**

The activities outlined within this programme will be linked to the communications activities consistent with and carried out under other programmes in the region. These include the Prince programme (destined to EU audiences), as well as the 'Local Information and Culture activities' and the 'In-country information activities' undertaken by the EC Delegations in ENPI countries. These local activities in the areas of information and communication, with the populations of the ENP countries, tend to be on a much smaller scale, are composed of mainly essential basic communication activities and not necessarily focused on the media.

Other communications actions, such as those developed in response to the EC White Paper on Communication (and related to the "Contribution to the period of reflection and beyond: Plan D for Democracy, Dialogue and Debate") which emphasises the need for communications based on dialogue and two way interaction, will complement and, where appropriate, be linked to those within this programme.

In the framework of the Euromed Regional Information and Communication Programme, a series of activities for journalists have been held, which has led to the creation of a sustainable network of media professionals in the region, in which the EU is a central actor. Although the funded activities may have been completed, the foundations have been built, for ongoing relations with this key group.

## **2.4. Donor coordination**

There is no co-ordination with other Donors needed in this case, since the activities foreseen are designed to promote specifically EU-partner country/territory relations, which are not necessary the concern of other donors. Any duplication or conflicting activities in the communications domain will try to be avoided.

---

<sup>12</sup> This programme takes account of the 'Ongoing assessment of the Euromed Regional Information and Communication Programme', and also the forthcoming assessment of information and communication needs in the former TACIS countries, and also the suggestions and proposals coming from the ongoing dialogue with media practitioners in the whole Euromed region under the 'Euromed and the Media' initiative.

### **3. OBJECTIVES**

#### **3.1. Sector context**

In general, this programme seeks to address the lack of awareness and understanding among the people of the ENPI area countries and territories, of the EU, its policies and relations with their countries (as confirmed by opinion research<sup>13</sup>).

The overall objectives of this programme are to:

- Raise awareness of the European Union and its relationship with the beneficiary countries and territories, in the countries of the ENPI area, by clarifying its policy aims and highlighting its achievements.
- Increase the sense of interest and ownership of this relationship, among the people of the beneficiary countries and territories in the ENPI area.
- Build and maintain sustainable communications networks and relationships to facilitate ongoing communications with the people of the beneficiary (ENPI) countries and territories, including:
  - facilitating the information flows back to the EC and its policy makers from key stakeholder groups;
  - supporting the learning, exchange and mutual understanding between key communicator groups (e.g. journalists) in EU and ENPI countries.
- Support the continued development of free and open opinion formation and freedom of expression in the countries and territories of the ENPI area.

#### **3.2. Expected results and main activities**

In addressing this lack of awareness, the Information and Communication Programme proposes to:

- principally focus on working with multipliers (particularly the media sector), with a view to maximise outreach to the general public, and help create an appropriate environment for dialogue and enhanced mutual understanding;
- extend and improve the production of new EU related information and communications tools and materials;
- improve the dissemination and take up of existing and new information and communications products.

This programme should deliver the following results:

- Improved levels of understanding and awareness of the European Union and its relationship with the beneficiary countries and territories;
- Increased presence of EU co-operation and its relationship with the beneficiaries in the media, viewable/receivable in the region;

---

<sup>13</sup> Some EC Delegations have undertaken attitude research in their countries.

- Sustainable communications channels with the multipliers of the beneficiary countries and territories (ex: journalists of the ENP region better trained, with a better understanding of EU affairs, etc...)

The main activities to be undertaken within this programme are:

(1) Media activities: maximising EU presence in the region's media

- Commissioned media activity: EC financial support to the production of new and/or existing TV, radio programmes, (print) press and internet activity. Activities targeting and/or including youth will be a high priority.
- Proactive media management: This activity relates both to making better use of existing media opportunities, and designed to obtain better dissemination, placement and re-use of existing information and communications products, among the television, radio, press and internet of the beneficiary countries.

(2) Communications Multiplier activities: Training & network building

- Journalist & media sector training projects: This activity will provide training to existing journalists, editors, producers – and perhaps other media professionals, on skills related and necessary to the reporting of EU affairs.
- Journalist & media network building: This activity is designed to build and consolidate a network (or series of networks) of key media players in the regions, who will both contribute to an ongoing two-way communications process and act as key multipliers for EU communications activities.
- Activities with other multipliers and stakeholders: Activities here will address organizations of young people, of women, etc.

(3) Information and communication campaign and media monitoring

This activity stream refers to the identification, strategy, definition, management of production, organisation, tailoring and distribution of information and communication deliverables, especially 'media-ready' products, to be used in both standard and rapid response activities. This activity also refers to media monitoring and analysis and coordination of the programme.

(4) Strategic communications research & analysis: Opinion research and polling

This activity stream is designed to provide feedback to EC policy makers and communicators on the state of public opinion, on the agenda of the media and to inform them on the impact and effect of the communications activities of this programme, in the beneficiary countries. This activity is dedicated to opinion research and polling.

### **3.3. Stakeholders**

The main stakeholders in the beneficiary countries and territories will be:

- (7) journalists and the rest of the media sector (i.e. media owners, broadcasters and publishers, editors, producers, media NGOs, associations, etc.) from among both private and public sectors.

- (8) academic and civil society sectors, particularly those with links or connections to young people in the beneficiary countries and territories.

The common thread running through the stakeholder community will be their interest in participating in the on-going political dialogue between the EU and their country, albeit at an unofficial level.

In order to fully participate in this programme, some of these stakeholders may well need support from within the programme, be it technical, informational, cultural, administrative, financial, etc. It can be expected that many of the identified stakeholders may be disadvantaged in terms of their knowledge, skills, capacity and access to resources. This must be considered in the design of the specific activities.

The information activities undertaken in the framework of other regional programmes, is another part of the overall communications exercise, and those implementing these activities should be considered part of the stakeholder group. These activities (and those implementing them) will need to be coordinated with this programme.

### **3.4. Risks and assumptions**

#### *3.4.1. Assumptions*

Media sector

In identifying this programme, the following assumptions have been made relating to media sector in the beneficiary countries and territories:

- There are no financial or technical barriers to participation in any of the media activities within this programme.
- There is a strong interest and willingness to participate in the activities described above.
- The potential media partners have the creative ability to develop product ideas that will successfully attract and interest their audiences.
- The potential partners also have the technical capacity, and the managerial ability to fulfil a possible contract within the framework of this programme.
- There are media entities which have a significant outreach among the target audience in the beneficiary countries.

Audiences in beneficiary countries and territories

The following assumption has been made relating to potential audiences in the beneficiary countries and territories:

- The target audiences are not averse to communicating and engaging in a dialogue with and about the EU.

#### *3.4.2. Risks*

The main risks of this programme are:

- Political instability in certain parts of the ENPI-covered regions render some, or all of the activities within this programme impossible to undertake or complete.
- Political constraints in certain parts of the ENPI-covered regions prevent the publication or broadcasting or participation in some, or all of the activities within this programme.
- The response to the calls for tenders may not reach a minimum standard, in terms of quality of offering.
- Internally, EU agents don't consider promoting results of their programmes to a general public, which may result into a lack of material for communication experts.
- Hostile political climate (towards the West) renders the media sector unwilling to enter into a visible cooperation with the EU.
- Obtaining sufficient feedback on products and productions to undertake appropriate evaluation and monitoring.

In addition, the level of skills, knowledge, capacity and resources available in many of these organisations may be less than that of their EU equivalents. This will also have an impact on the ability to re-use and re-distribute productions or products developed within this programme.

#### *3.4.3. Mitigating measures*

In order to mitigate one of the above mentioned situations, well prepared and publicised prior information sessions will be held in the beneficiary countries and in Brussels. In order to arise interest within the European Institutions, the appropriate senior staff will be involved in the activities. A separate evaluation activity running in parallel with the projects will ensure continuous feedback and analysis.

### **3.5. Crosscutting Issues**

Activities within this programme will recognise the priority of gender equality, and include this in the general operating principles of all activities. Adherence to principles of good governance and respect for human rights (particularly freedom of expression of journalists and media professionals), will be embedded in the requirements for participating media organisations.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

The implementation will be carried out under the direct centralised management scheme. There should be a high level of exchange and interaction amongst delegations participating in the same or similar projects. The project will be guided by the feedback from the assessment activities.

## 4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Implementing Rules of the Financial Regulation where financing in full is essential to carry out the action in question.

## 4.3. Budget and calendar

The ENPI regional information & communication programme will be funded through two budgets: 12M€ from ENPI South and 7 M€ from ENPI East budget. Activities will be implemented according to the needs, nevertheless respecting the granted amount for the two sub-regions.

The indicative breakdown of overall budget, of main components split by strands and activities, is provided in the following table:

<b>Activity</b>	<b>Indicative Budget (Million Euros)</b>
i) Media activities: Maximising EU presence in the region's media	<b>10</b>
ii) Communications Multiplier activities: Training & network building	<b>2</b>
iii) Information and communication campaign and media monitoring and analysis	<b>5.5</b>
iv) Strategic communications research & analysis: Opinion research and polling	<b>1.5</b>
<b>Total</b>	<b>19</b>

The budget for this project will be committed as follow:

- for ENPI East : EUR 7 Million;
- for ENPI South : EUR 12 Million.

The programme will be implemented as service contracts.

Most of the projects will begin in 2008.

#### **4.4. Performance monitoring**

Performance monitoring of the programme implementation is carried out as a continuous on-going activity.

#### **4.5. Evaluation and audit**

Expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Mid-term and final evaluations of the results achieved will be entrusted to independent consultants, as well as external audits (which will be carried out if necessary). These evaluations and audits will be funded from other sources than the project budget, since no commitment will be possible once the validity of this Decision has expired ("N+1" rule will apply).

#### **4.6. Communication and visibility**

Since this is in itself an information and communication programme, there is no need for additional communications or visibility activities relating to the programme itself. Nevertheless, the programme will work in close cooperation with the other programmes to promote the visibility of the EC in the ENPI region.

## ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	ENPI-East Global Allocation for 2008		
Total cost	EUR 5,000,000		
Aid method / Management mode	Project approach – centralised		
DAC-code		Sector	

### 2. RATIONALE

The ENPI-East Global Allocation for 2008 follows a series of former Accompanying Measures financed in the framework of the TACIS programme.

This is a flexible mechanism, a "facility" giving the EC the possibility to decide on the financing of small-scale actions that are in keeping with the objectives of the Eastern dimension of the ENPI programme as well as its operational and policy priorities.

### 3. DESCRIPTION

#### 3.1. Objectives

The objective of the ENPI-East Global Allocation for 2008 is to ensure rapidity of the commitment decision on actions and projects, while enabling the European Commission to act with flexibility through the use of an instrument capable of adapting to evolving circumstances, such as dealing with unforeseen situations.

#### 3.2. Expected results and main activities

The Global Allocation will be used as a framework for financing activities in the following fields:

- **Support to the project cycle management**

This component includes activities linked to:

- identification and formulation of bilateral and regional projects which may result in funding from ENPI-East (e.g. sector studies, country or region studies, studies on cross-cutting issues or in specialised areas, preparatory activities, etc.);
- pilot projects and other small-scale activities to back up major projects during their implementation (programmes carried out under the country or multi-country programmes);
- audit and evaluation / impact assessment of projects for which financing of such activities could not be foreseen due to the N+1 rule, or is no longer available.

The indicative budget for this component is **EUR 2,000,000** to be contracted by means of framework contracts. In the very few cases where the existing framework contracts would be impossible (e.g. budget over the EUR 200,000 threshold, experts unavailable for various lots, etc.), other procedures laid down in the Financial Regulation will be followed.

- **Information activities**

This component covers activities of the EC delegations in the ENP East countries and Russia in the following areas:

- publications and other information and awareness-raising activities about the European Neighbourhood Policy and the Strategic Partnership EU-Russia, designed and implemented in coherence and complementarity with the regional Information and Communication programme, in order to enhance the visibility of EC activities in each ENP East country and Russia

This component will have an indicative budget of **EUR 500,000** to be split among the EC delegation based on their annual programme of activities. These activities will be implemented by means of grant and service contracts. All grant contracts will be awarded following calls for proposals launched locally by the EC delegations. The required procedures for service contracts will be applied in accordance with the Financial Regulation.

- **Organisation of meetings**

This component covers the different kinds of meetings organised by the EC in the framework of the ENPI-East partnership, including ministerial conferences conducted in co-operation with the EU Presidency, thematic working groups, civil fora, sector preparation meetings, etc.

The indicative budget for this component is **EUR 1,000,000**. The technical preparation of the meetings as well as their logistical organisation will be done through framework contracts.

- **Ad hoc operations**

This component will be used to finance operations for specific cases, e.g. emergency or crisis situations, which fall outside the scope of the standard country or multi-country programmes.

The indicative budget for this component is **EUR 1,500,000** to be split between service contracts, grant contracts and/or operations jointly managed with international organisations according to the needs of each activity.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

Centralised management.

#### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Implementing Rules of the Financial Regulation where financing in full is essential to carry out the action in question.

#### **4.3. Budget and calendar**

Contracts can be financed under this ENPI-East Global allocation as soon as the Commission decision is adopted, until 31 December 2008 in accordance with the N+1 rule.

## ACTION FICHE FOR THE 2007 ENPI-EAST REGIONAL ACTION PROGRAMME

### 1. IDENTIFICATION

Title	Destruction of PFM-1 series ammunition in Belarus		
Total cost	EC: €4,000,000		
Aid Method	Project approach – Centralised management by the EC Delegation		
DAC-code	15066	Sector	Landmine clearance

### 2. RATIONALE

#### 2.1. Strategic framework

The EC's support to the destruction of Belarus stockpiles of the PFM-1 series anti-personnel landmines is linked with Government of Belarus (GoB) ratification of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer or Anti-Personnel Mines and on Their Destruction (Mine Ban Treaty (MBT) under which anti-personnel landmines stockpiles must be destroyed by States Parties at the latest 4 years after ratification). The EC support is justified from a humanitarian perspective, keeping in mind death and injury that Anti-Personnel Mines (APM) may cause to the Belarusian people.

The PFM-1 series mines (*PFM-1 and PFM-1S*) were designed to be disbursed by different types of delivery system, e.g. canisters, rockets and cluster bombs launched by helicopters, amongst others. Their specific design does not allow them to be either safely neutralized or disarmed. A version designated PFM-1S is also produced, which is designed to self destruct approximately 24 hours from arming.

The shelf life of the PFM-1 series munitions (*munitions containing PFM-1 or PFM-1S mines*) has been planned as 10 years, and this deadline has now long expired. Although the injuries they produce primarily result from the explosion, there are different toxic chemicals released into the environment. This adds a level of complexity to the destruction process, and creates a potential danger to the surrounding population and the environment. Moreover, the PFM-1 series munitions stockpiles are usually kept next to other types of munitions, some very old and, thus, unstable. This could lead to accidental explosions.

#### 2.2. Lessons learnt

PFM-1 series munitions has never yet been destroyed nor dismantled on an industrial scale.

A similar project, aimed at disposal of PFM-1 series munitions stockpiled in Ukraine, is intended to be implemented shortly.

#### 2.3. Complementary actions

On 14 November 2005, Belarus agreed with NATO Maintenance and Supply Agency (NAMSA) and interested donor countries to implement a project to destroy all stockpiled antipersonnel mines other than PFM-series mines. All these mines, except for the POMZ types, are to be destroyed by open detonation. The project is

funded by Canada and Lithuania as lead countries in this NATO PfP project. NAMSA is providing project management, technical oversight and auditing services.

## **2.4. Donor coordination**

No other donor is currently active in this field for Belarus, and can't nor be foreseen.

## **3. COUNTRY CONTEXT**

### **3.1. Cooperation related policy of beneficiary country**

Belarus acceded to the Mine Ban Treaty on 3 September 2003, and the treaty entered into force for Belarus on 1 March 2004. Belarus submitted its third Article 7 report on 24 April 2006, covering calendar year 2005.

### **3.2. Sector context**

Decrees issued in September and October 2003 banned the stockpiling and use of antipersonnel mines that are not command-detonated, and assigned engineering forces to continue stockpile destruction. On 8-9 December 2003, the Belarus Campaign to Ban Landmines/SCAF in cooperation with the Ministry of Foreign Affairs held a treaty implementation seminar in Minsk. A National Plan of Action for implementing the treaty has been drafted. Belarus ratified CCW Amended Protocol II on 2 March 2004.

In its April 2006 Article 7 report, Belarus declared a stockpile of 3,672,789 as of the end of 2005. This includes a total of 3,371,984 PFM-type mines and 300,805 other antipersonnel mines. Approximately 300,000 antipersonnel mines have been destroyed between 1992 and 2003.

In August 2003, the Specialized Demining Centre of the Ministry of Interior of the Republic of Belarus was established in Minsk.

## **4. DESCRIPTION**

### **4.1. Objectives**

The overall objective of the project is to support the GoB to fulfil the commitment taken through the ratification of the Mine Ban Treaty, which implies the irreversible destruction of the PFM-1 series antipersonnel landmines stockpiled in Belarus.

The project will be implemented by a contractor, selected through a tender process, which will be allowed to sub-contract up to a maximum of 20% of the project budget.

The destruction should be carried out on one (1) destruction sites, identified, provided and arranged by the GoB, in coordination with the Contracting Authority. This implies that the Contractor will have to establish a destruction facility on one (1) site provided and arranged by the GoB at no costs for the Contracting Authority or the Contractor.

The Contractor is free to choose its own technology, provided that it produces the above mentioned results. The Contractor must use the technology presented in its

tender dossier and approved by the Contracting Authority. The method must fulfil all requirements in accordance with the GoB legislation and International best practices.

Monitoring of the project progress is the actual tool for the verification of the destruction of the PFM-1 series ammunition and is a condition for releasing payments to the Contractor. It must be assured that the number of destroyed PFM-1 series mines can be verified. Verification is of special importance, as the GoB under the MBT Article 7, has to submit reports to the United Nations.

The quantity of the monitoring equipment to be deployed is also of the discretion of the Contractor. The equipment being a tool of the Contractor to implement its assistance, and not a kind of assistance in itself, is the property of the Contractor.

The project shall also cover personnel training and qualification, and must ensure that requirements for operating the facility are in accordance with GoB legislation. For non-permanent personnel a planned training program must be part of the QM program.

#### **4.2. Expected results and main activities**

The specific objective of the project is to support the effort of the GoB to destroy its PFM-1 series ammunition within 24 months from the signature of the contract.

#### **4.3. Stakeholders**

The priority target group is the citizen of Belarus and neighbour countries.

The beneficiary will be the Government of Belarus.

#### **4.4. Risks and assumptions**

The project is based on the assumption that the GoB accepts to contribute to the destruction of the PFM-1 series munitions project by carrying and bearing costs for a certain number of activities whose accomplishment is preliminary or complementary to the work to be accomplished by the Contractor.

The non fulfilment of any of the obligations under the GoB responsibility would slow down and possibly suspend the destruction project or even make impossible its achievement.

PFM-1 series munitions has never been destroyed nor dismantled on an industrial scale. This may create unexpected challenges and difficulties. One area that must be addressed in particular is the PFM-1S arming and self destruction timeline.

#### **4.5. Conditionalities**

The beneficiary should provide clear political, administrative and concrete commitment, as to be specified in the Terms of Reference, to allocate financial resources for the project.

#### **4.6. Crosscutting issues**

Good governance and environmental impacts.

## **5. IMPLEMENTATION ISSUES**

### **5.1. Implementation method**

Signature of a Financing Agreement with the Government of Belarus, under centralised management by the EC Delegation.

### **5.2. Budget and calendar**

The total budget available is of €4,000,000. The EU funding will cover the physical destruction of the ammunition; the GoB will incur all other costs related to the destruction project.

The whole amount will be spent through a service contract to be signed with a contractor with very specific expertise of munitions destruction.

The project operational duration should not exceed 24 months.

### **5.3. Procurement and award of grants procedures**

All contracts implementing the financing agreement must be awarded and implemented in accordance with the procedures and standard documents lay down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

### **5.4. Performance monitoring**

The project will be monitored according to standard procedures.

Project monitoring and evaluation will be based on periodic assessment of progress on delivery of specified project results and towards achievement of project objectives.

In the evaluation both quantitative and qualitative indicators will be used.

### **5.5. Evaluation and audit**

The project will follow standard procedures for evaluation and audit.