

## MEMORANDUM TO THE ENPI COMMITTEE

### **ANNUAL ACTION PROGRAMME COVERING THE REGIONAL STRATEGY PAPER 2007-2013 AND REGIONAL INDICATIVE PROGRAM 2007- 2013 FOR THE ENPI EAST FOR 2007<sup>1</sup>**

#### **1. IDENTIFICATION**

<i>Budget Heading</i>	19.08.01.03
<i>Total Cost:</i>	€56 million
<i>Legal basis:</i>	Regulation N° 1638/2006 of the European Parliament and of the Council of 24/10/2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument

#### **2. REGIONAL CONTEXT**

In spite of the diversity that the process of transition has brought to the ENPI East region, its countries (Ukraine, Belarus, Moldova, Armenia, Azerbaijan, Georgia and Russia) share a common historical legacy and common challenges. Economically, faced with globalisation and progressive trade liberalization, they must revitalise and diversify their economies all the while maintaining fiscal and macroeconomic stability. For many countries in the region this also means adapting national standards to permit trade links with the EU. Socially, most countries are faced with security issues either on their borders or inside the country.

By assisting beneficiary countries in focusing on these common challenges, a regional approach by the EU has the potential to increase confidence among partner countries, thus promoting increased security, stability, and prosperity in the region.

#### **3. SUMMARY OF THE ACTION PROGRAMME**

##### **3.1. Background**

With an allocation of € 56 million, the ENPI Eastern Regional Action Programme 2007 will focus on five priority areas: Networks (transport and energy); Environment and Forestry; Border and Migration Management the Fight against Transnational Organised Crime, and Customs; People-to-people and Information and Support activities; and Land-mines; and Explosive Remnants of War, Small Arms and Light Weapons.

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<sup>1</sup> In the preparation of the present Annual Action Programme, due account has been taken of the observations made by the European Parliament on the ENPI Strategy Papers 2007-2013 and the Indicative Programmes 2007-2010.

In terms of *transport*, problem areas vary on a country basis, however, overall, international traffic is still hampered by infrastructure impediments and non-technical barriers along the TRACECA/NIS corridor. As a result, most beneficiaries' PRSPs and National Transport Strategies prioritize the harmonisation of their transport legislation and regulations 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.

*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, 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 region-wide integrated energy markets. Energy supply has become an element of security, not only due its economic and social impact, but also because it appeared to be a political lever in the past.

Illegal *environment and forestry activities* in Russia and the ENP East countries resulting from lack of governmental capacity or awareness are leading to a loss of national revenue and uncontrolled environmental degradation. The problems include illegal logging and wood trading, timber theft and smuggling, unauthorized forest conversion, unclear legislation and tenure arrangements, and lack of enforcement of forest regulations due to corruption. The November 2005 St-Petersburg Ministerial Conference on Forest Law Enforcement and Governance for Europe and North Asia (FLEG) underlines these issues with a declaration classifying forest management and timber trade as an area of national concern on the broader national governance and development agenda.

In terms of *border and migration management*, serious challenges are faced in regard to organised crime with large parts of the region constituting key smuggling and trafficking routes for illicit small arms and light weapons, people, and illegal drugs. Improving border management is essential to address this, and, at present, many borders are either insecure or poorly or corruptly managed. Support is clearly needed to build capacity, introduce modern border management approaches and provide institutional support.

*Information and Communication activities* are needed to address the lack of awareness and understanding of ENPI area country populations regarding the EU, its policies and relations with their countries and territories. The main problems in this area include difficult access to the target audiences, a lack of appropriate materials, tools, and strategies and a lack of involvement from media and communications professionals in the ENP countries. EU activities are aimed at overcoming these difficulties as well as on creating a coherent communications strategy for the entire ENPI region.

Finally, the Government of Belarus' ratification of the Mine Ban Treaty obliges them to destroy their *anti-personnel landmines* stockpiles, something they have difficulty undertaking on their own as some of their munitions are past their shelf life, contain toxic chemicals, and destruction has never been undertaken on such a large scale before. This adds a level of complexity to the destruction process, and creates a potential danger to the surrounding population and the environment. EC support is

justified from a humanitarian perspective, keeping in mind death and injury that Anti-Personnel Mines (APM) may cause.

### **3.2. Coherence with the programming documents**

This RAP is developed fully in line with the provisions of the ENPI Eastern Regional Strategy Paper 2007-2013 and Indicative Programme 2007-2010 and Art. 27 of the ENPI Regulation.

The European Parliament has been consulted on the content of these documents through the "Democratic Scrutiny Dialogue" with the EC and its comments have been taken into account during the formulation phase of the various programmes included in this Action Programme.

In accordance with these documents, the Networks component (namely transport and energy) may include assistance to the five Central Asian republics of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

### **3.3. Identified Actions and Expected Results**

The 2007 ENPI East Annual Action Programme is composed of five thematic areas.

#### *3.3.1. Networks*

This priority area is made up of Transport and Energy sub-priorities.

##### *3.3.1.1. Transport*

Two interventions are proposed under transport. They aim at improving the links between EU transport networks, its neighbouring countries and the central Asian countries, as well as to improve transport facilitation. Both projects are based on the TRACECA Long-Term Strategy adopted by the TRACECA Inter-Governmental Commission, in May 2006<sup>2</sup> and are in line with both the Ministerial Conclusions of the Second Ministerial Conference on Transport Cooperation between the EU, Black Sea and Caspian Sea littoral States and their Neighbours, adopted in Sofia in May 2006, the 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." Projects under this section include:

- **Transport dialogue and network's interoperability between the EU and its neighbours and Central Asian countries.**

The project's overall 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.

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<sup>2</sup> The TRACECA countries in addition to the ENP East countries are Bulgaria, Kazakhstan, Kyrgyzstan, Romania, Russia (as an observer), Tajikistan, Turkey, and Uzbekistan.

The project will provide technical and capacity-building assistance to the beneficiary countries' transport administrations in two priority areas. The first area is regional transport dialogue and includes institutional and strategic support for the establishment of an effective political dialogue and coordination mechanism between the beneficiary countries transport administrations, TRACECA National Secretaries and the EC. The second priority area will focus on transport forecasts, identification of investment needs, promotion of Private-Public Partnerships for the TRACECA corridor, and coordination with International Financing Institutions.

- **Transport Safety and Security**

The project's purpose is to support the implementation of transport safety and security measures in the EC neighbouring countries and Central Asian countries with a focus on the implementation of safety and security international standards, support to transport security training institutions and safety legal/regulatory frameworks in the thematic sectors of civil aviation and land transportation.

The project will provide technical and capacity-building assistance to the beneficiary countries' transport administrations in air transport safety and security and in land transport safety and security.

### 3.3.1.2. Energy

In the *energy* section two projects are proposed. They follow up on the so-called "Baku Initiative" launched at the conference of Energy Ministers of the EU, the ENPI-East and Central Asian countries in November 2004 and on the main conclusions of the Energy Minister's conference in Kazakhstan in November 2006, which provided directions for future cooperation including a focus on the convergence of energy markets, the enhancement of security and safety of supply, diversification of sources and energy efficiency, as well as the need encourage further investments. The projects under the Energy heading are:

- **Support to Energy Market Integration and Sustainable Energy in the NIS (SEMISE)**

This project seeks to (i) deepen the integration of the energy markets in the region through, in particular, better harmonization of legislation, (ii) enhance safety and security of energy supply by pursuing pre-investment efforts with a view to speeding up financing of energy-related infrastructure by IFIs and the private sector, and (iii) to develop energy efficiency and renewable energy more extensively in order to reduce energy requirements, contribute to price stability, and reduce the impact of price increase.

It has been designed on the basis of the recommendations made by the four Working Groups created in the wake of the Baku Initiative in 2004 and endorsed by the Energy Ministers at the Astana conference in November 2006. The project also aims to supplement and support the energy strategies and plans issued at national level, while ensuring their regional consistency.

Activities will fall in three areas: it will assist the partner countries with updating their energy related legislation through peer-to-peer cooperation mechanisms

between EU and partner country professionals; it will encourage IFI funding in the areas of energy by identifying possible targets and preparing pre-feasibility studies; it will engage in awareness-raising, capacity building and punctual assistance activities to governments to help open new markets for energy efficiency and renewable energy.

SEMISE is expected to give an increased emphasis on the institutional side (in conjunction with similar efforts from the INOGATE Technical Secretariat-ITS, with which day-to-day exchanges will be established).

- **Strengthening of the INOGATE Technical Secretariat (ITS) in support of the Baku Initiative**

The overall objective is to ensure the continuation of the services provided by the INOGATE Secretariat, both in support of the INOGATE activities and for the implementation of the recommendations of the Astana Energy Ministers' conference of 30 November 2006. This entails continuing the liaison, coordination, promotional, and institutional support work of the secretariat as it works to facilitate energy information exchange on energy issues, increase coordination between donors in the region, and support partner countries in establishing efficient regulatory bodies.

### 3.3.2. *Environment and Forestry.*

- **Improving Forest Law Enforcement and Governance (FLEG) in the ENP East countries and Russia**

This project is inscribed in the ongoing FLEG dialogue process and its activities follow up directly on the commitments made at the 2005 ENA FLEG Ministerial Declaration. In accordance with the Declaration and Indicative List of Actions, this project aims at reducing illegal logging and achieving better forest governance arrangements in the ENPI East countries by strengthening and/or reforming forest policy, enforcement of forest laws, and monitoring capacities.

The goals of this project are also consistent with the EU Action Plan for Forest Law Enforcement and Trade (FLEGT) which emphasises governance reforms and capacity building, supported by actions aimed at developing multilateral cooperation and complementary demand-side measures designed to reduce the consumption of illegally harvested timber in the EU.

In its activities, the project will strengthen and reform the institutions responsible for forest management, review and update policy and legal and institutional frameworks, increase capacity to enforce existing laws and policies, improve the production and flow of credible information and analysis, and broaden participation in decision-making. It will be implemented by a grant provided to the World Bank Group.

### 3.3.3. *Border and Migration Management, Fight Against Transnational Organised Crime, and Customs.*

- **European Union Border Assistance Mission to Moldova and Ukraine - EUBAM 5**

The EU Border Assistance Mission to Moldova and Ukraine (EUBAM) project is based on the results of the 5th Trilateral Meeting on Border Issues between the Commission, Moldova and Ukraine<sup>3</sup> and on the 4th EUBAM Advisory Board meeting<sup>4</sup>. At those meetings Moldova requested the Commission to prolong EUBAM's mandate beyond the initially scheduled end date of November 2007. The Governments of Moldova and Ukraine are already in contact and discussing submitting a joint request to the Commission, as done in June 2005 by the Presidents of both countries. The quarterly Advisory Board and monthly Coordination meetings also indicate that there is a strong wish from all sides to prolong EUBAM's work in Moldova and Ukraine.

This project allows the continuation of EUBAM beyond 2007 with the following specific objectives: (i) to strengthen the effectiveness of border and customs controls by Moldovan and Ukrainian authorities along their common border, with a particular focus on the Transnistrian section; (ii) to increase customs revenues and decreasing cross-border customs fraud and criminal flows (including weapons and drugs); (iii) to decrease human smuggling and illegal migration across this border; (iv) to facilitate legitimate flows of goods and persons across this border.

The main activities of the Border Assistance Mission include the delivery of on-the-job training, the performance of visits and inspections to relevant locations, the building up of risk analysis capacity at central level, advice on border-related standards and best practices stemming from EU standards, advice on integrating the work of customs and border guards towards an integrated approach to border management and, finally, advice on further improving cross-border co-operation between Moldovan and Ukrainian services at the operational level.

#### 3.3.4. *People-to-People activities, Information and Support.*

- **ENPI Regional Information & Communication Programme**

The purpose is to implement a communication strategy that will raise awareness and understanding of the people of the beneficiary countries of their relationship with the EU within a single framework that covers both ENPI East and South regions. The goal is to build a sustainable relationship within the European Neighbourhood Area. As a result, a programme will be financed through both the East and South Regional Action Programmes. This action will finance the programme for the Eastern region.

This programme should deliver the following *results*: (i) Levels of understanding and awareness of EU and its relationship with the beneficiary countries and territories improved; (ii) Presence of EU policies and EU relationship with beneficiary countries and territories in the media, viewable/receivable in the region increased; and (iii) Sustainable communications channels with the people of the beneficiary countries and territories. Enhanced understanding, among the EU decision and policy makers, of the beliefs, cultures, interests and sensitivities of the peoples of the beneficiary countries and territories.

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<sup>3</sup> The 5<sup>th</sup> Trilateral meeting took place on 21 November 2006 in Brussels.

<sup>4</sup> The 4<sup>th</sup> EUBAM Advisory Board meeting took place on 30 November 2006 in Odessa.

- **Global Allocation**

The objective of the ENPI-East Global Allocation is to allow rapid commitment decisions on small actions and projects, which enables the European Commission to act with flexibility and adapt to evolving circumstances and unforeseen situations. It will be used as a framework for financing activities regarding: (i) Support to the project cycle management; (ii) Information activities; (iii) Organisation of meetings; and Ad hoc operations.

3.3.5. *Land-mines, Explosive Remnants of War, Small Arms and Light Weapons.*

- **Destruction of PFM-1 series ammunition in Belarus**

This project aims to support the Republic of Belarus in disposing of its possession of stockpiled PFM-1 series anti-personnel landmines, and thereby fulfilling its obligations outlined in chapter 4 of the Ottawa Treaty, which call for the disposal of all stockpiled anti-personnel landmines within four years of ratification.

The European Commission's support to the destruction of stockpiles of anti-personnel landmines is linked to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer or Anti-Personnel Mines and on Their Destruction (Mine Ban Treaty ratified by Belarus in 2004) under which anti-personnel landmines stockpiles must be destroyed by States Parties at the latest four years after ratification.

#### **4. PAST EC ASSISTANCE AND LESSONS LEARNT**

The EC has substantial experience in working in the region on a regional level through the past implementation of the Regional Action Programs 2000-06. Key lessons can be taken from this experience.

Firstly, regional activities can be effective in establishing successful regional networks, such as the TRACECA Intergovernmental Conference, INOGATE, or the Caspian Sea Convention. Both networks have reached a substantial level of maturity and have good prospects of becoming self-sustained processes in the future. These results also seem to indicate that, in spite of the existence of regional “frozen conflicts” and political tensions between countries, there is a substantial potential for Regional Cooperation across the EECCA region due to the realistic perception that common challenges that can only be tackled through a regional approach.

Experience has shown that the most successful projects are those which, from the outset, have benefited from sustained high level political support provided from a regional institutional framework. Regional activities should, therefore, either support initiatives where there is existing political willingness among beneficiary countries to co-operate on a regional basis, or on initiatives which will raise political commitment for regional cooperation in areas where this does not yet exist.

Regarding working with other donors, it has become clear that IFI's in general prefer to operate on a bilateral basis due to the clearer identification of responsibilities.

Only robust political backing, as has been the case with TRACECA, INOGATE can provide sufficient credibility to attract IFI funding at the regional level.

A final aspect to be taken into account is the implementation method of regional projects: due of the high number of stakeholders and the wide geographic coverage, the inherent 'diffuse' nature of regional programs requires strong and efficient coordination mechanisms to ensure an adequate level of information and involvement of the various actors.

## **5. COMPLEMENTARY ACTIONS**

Activities proposed in this RAP will be closely co-ordinated with other EC-funded activities, such as those funded through relevant ENPI National Action programmes.

From 2007 onwards assistance provided through the ENPI will include support for Financial Institution lending in the priority sectors identified in the action plans through a proposed "Neighbourhood Investment Facility" as well as support for the implementation of horizontal measures. Some projects included in the regional programme will help the beneficiary countries to prepare for investments by supporting 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.

The RAP 2007 will also complement the ENPI Cross Border Co-operation Action Programme and ENPI wide Action Programme, which aim at addressing issues related to common challenges arising from proximity, such as economic development of border areas, environment and communicable diseases, illegal immigration, trafficking and people-to-people contacts.

## **6. DONOR COORDINATION**

The ENP strategy paper, which frames the regional activities to be carried out during the period concerned, takes account of other donors' activity plans. All the regional programmes and projects are approved by the representatives of the EU Member States on the ENPI Committee before their adoption by the European Commission.

Other meetings provide an opportunity for consultation and for monitoring ENPI East regional activities with the Member States' representatives. These meetings include meetings of the ENPI Committee, meetings of senior officials from the ENPI East region partners on political and security aspects of the partnership and regular meetings with other international donors on such issues as the environment, energy and transport.

In addition, Ministerial Conferences, sectorial working groups and Task forces are regularly organised by the EC with representatives from both Member States and

partner countries in order to keep them informed of the progress of the EC initiatives in specific areas and to take into account their recommendations and proposals for the future.

## 7. COMMUNICATION AND VISIBILITY

The Information and Communication programme is financed by this regional action programme in order to improve communication with the beneficiary countries and to promote ongoing project activities. In addition to this, each specific project has its own communication component.

## 8. COST AND FINANCING

Programme/Project	(€m)
Transport dialogue and networks' interoperability between the EU and its neighbouring countries and Central Asian countries	7.0
Transport safety and security	6.0
Support to Energy Market Integration and Sustainable Energy in the NIS (SEMISE)	6.0
Strengthening of the INOGATE Technical Secretariat (ITS) in support of the Baku Initiative	3.0
Improving Forest Law Enforcement and Governance (FLEG) in the ENP East countries and Russia	6.0
European Union Border Assistance Mission to Moldova and Ukraine - EUBAM 5	12.0
ENPI Regional Information & Communication Programme (Eastern Component)	7.0*
Global Allocation	5.0
Destruction of PFM-1 series ammunition in Belarus	4.0
<b>Total</b>	<b>56.0</b>

\* Total cost of the programme is EUR 19 Million and will be financed by:

- EUR 7Million ENPI East
- EUR 12Million ENPI South

Within the maximum indicative budget of all the specific actions, cumulated changes not exceeding 20% of the maximum contribution of the Community are not considered to be substantial provided that they do not significantly affect the nature and objectives of the Regional Action Programme 2007.

The authorising officer may adopt such changes in accordance with the principles of sound financial management.