

TACIS 2003
NATIONAL ACTION PROGRAMME
RUSSIAN FEDERATION
- Part II -

1. Identification

Form of programme: National
Beneficiary Country: Russian Federation
Title: Action Programme
Year: 2003
Cost: €22 million
Budget Line: B7-520
Legal basis: Council Regulation (EC, EURATOM) No 99/2000 of 29 December 1999 concerning the provision of assistance to the Partner States in Eastern Europe and Central Asia
Duration: Contracts financed under this programme shall be signed no earlier than the signature of the Financing Memorandum in due form by the competent signatories, and no later than 36 months after the entry into force of the relevant budgetary commitment.
The technical activities provided for under this programme and all contracts must end by 31.12.2007.
Programming: DG External Relations
Implementation: European Commission on behalf of the Beneficiary State
Remarks: No administrative expenditure will be financed under this programme

2. SUMMARY OF THE PROGRAMME

Following a thorough dialogue with the National Coordinating Unit this National Action Programme 2003 – Part II comprises a series of actions in support of the Russian Government's economic, social, administrative and legal reforms in areas such as *civil society, training and education* and *municipal services* which are an integral part of the National Indicative Programme for the Russian Federation 2002-2003 agreed with the Russian Government in May 2002.

Tacis Russia Action Programme Part II will focus on two areas of co-operation: institutional, legal and administrative reform and the social consequences of transition. To ensure maximum impact, the budget will be concentrated on a limited number of projects.

In the area of institutional, legal and administrative reform, Tacis support will focus on two objectives: development of regional media and strengthening of business and administrative education in the Kaliningrad region. As regards the social consequences of transition, Tacis will focus on the key area of reform of the management of public utilities at the municipal level. In addition, Tacis will provide support through the Bistro facility and the Policy Advice Programme.

3. COUNTRY UPDATE

A detailed country assessment can be found in the Country Strategy Paper 2002-2006 presented to the Tacis Committee in November 2001, and an up-dated version was made available in the Indicative Programme for 2004-06, adopted by the Tacis Committee on 26 March 2003. Part I of the Tacis Russia Action Programme 2003 was presented to the Tacis Committee of 3 July. There have been no substantive developments of particular importance for the Tacis Programme since then.

4. PAST EC ASSISTANCE AND LESSONS LEARNT

As part of its project *Promoting Independence of Regional Mass Media* (Core Action Programme 2000) Tacis is currently working in eight regions at improving the framework in which journalists work, both at the legislative and enforcement levels, by creating better conditions for professional journalism and by developing a better understanding of the role of independent journalism in Russian civil society. Relevant experience will also be gained from the IBPP Tacis project *Creating equitable relationship between local authorities and independent mass media in Russian towns* that is currently providing training to city press officers in Siberia.

Tacis assisted from 1996 to 1998 in the creation of a Business School within the Kaliningrad State University. Based on this project and other donor and Tacis projects (Cross Border Co-operation, Special Action for the Baltic Sea Region, etc) executed at the same time, it became clear that a consultation and co-ordination mechanism was important to ensure maximum efficiency and effectiveness. This co-ordinated approach is particularly important in view of the importance of this region in the near future as recipient of external assistance in all areas of co-operation.

The on-going Tacis projects *Municipal Investment Support Programme* (Action Programme 2000) was launched in August 2002 and conceived for municipalities at an advanced stage of housing communal services reform, and the Tacis project *Management of Municipal services* (Action Programme 1999) started in January 2002. The results and experience of these two projects will be fed into the new utilities project.

The conclusions of previous and on-going reviews and evaluations of the Tacis programme have influenced the development of the Action Programme in a number of ways, as set out in Action Programme – Part I.

5. PROGRAMME COMPONENTS

5.1. Area of co-operation no. 1 – Support for institutional, legal and administrative reform

Civil society, training and education

The development of civil society is essential for the respect and protection of the rights of the individual, and independence of the mass media is a key element in this respect. Freedom and professionalism of the media and journalists must be supported, particularly in the regions. In this respect the programme includes the project **Regional Media Support Programme** which will provide tailored expertise consultation to regional media organisations in areas such as management, advertising strategies, ethics, professional training, legal advice and the enhancement of self-regulatory bodies at regional level. The project will also raise awareness of the role of the media in the regions through training for judges and press officers of regional, municipal or local administrations, among others. The project will also support a number of centres of expertise based in existing regional NGOs to improve the access of journalists to legal support.

The reform of training and education is an important element of the transition process to a democracy and a market economy governed by the rule of law. Promotion of democratic and market principles starts with the training and education systems, which also have to develop skills in relation with the requirements of the labour markets. Kaliningrad due to its geographical condition of enclave is confronted with the important challenges to respond to the European economic governance requirements as well as to improve its business climate. National Action Programme 2003 – Part II includes the project **Strengthening and Developing Business and Administrative Education in the Kaliningrad Region** which will aim at strengthening and upgrading the quality of business and administrative education of this region, while assisting in the establishment and development of new business and administrative educational programmes. The project will provide expert policy support to existing regional higher education establishments. Furthermore it will assist in the development of a modern business and administrative programme, based on an existing or new local training institution, which will include the training of trainers and regional civil servants.

5.2. Area of co-operation no. 3 – Support in addressing the social consequences of transition

Municipal Services

The living standard of the population depends on the delivery of appropriate services by the municipal authorities. They cover areas such as water, heating, housing and also waste and wastewater treatment. In addition to the transfer of know how to municipalities (including utility management, tariff policy, etc.), investments are required to modernise the facilities. The project **Support to Utilities Reform** will aim at building-up a global support system for Russian municipalities through a homogenous/coherent intervention, with a beneficiary panel in terms of municipalities involved in order to contribute to the implementation of the housing communal services (HCS) sector reforms. The project will assist Russian municipalities, willing to start the implementation of the utilities reform using a common approach to reforms, with flexible solutions as well as enhance the knowledge of civil servants at municipal level on management, organisational, technical and economic issues related to the utilities reform implementation and capacity building on the new approach and requirements of the reform process. Finally, the project will aim at attracting investments into the HCS

sector with a focus on Russian investors and Russian financial institutions. The project will not provide grants to the municipalities for investments.

6. COMPLEMENTARY EC-ASSISTANCE

6.1. Complementary actions under the Action Programme/Financing Proposal

6.1.1 Bistro

In order to complement the main Tacis projects, the Bistro programme will continue to provide, as in the past, support to small-scale activities. These will be related to the three areas of co-operation selected in the Indicative Programme 2002-2003 for the Russian Federation. Projects will be implemented with regional counterparts as a priority.

6.1.2 Policy Advice Programme

The Policy Advice Programme will continue to support the Russian government, the Parliament and other relevant institutions in the area of policy-making as a complement to the main Tacis projects. PAP will operate in particular on three major areas: Macro-economic and general economic policy work, PCA implementation and WTO accession and Reform of natural monopolies and support initiatives.

6.2. Other complementary actions outside of this Action Programme/Financing Proposal

Apart from the €73 million grant under the Tacis National Action Programme 2003, this National Action Programme 2003 – Part II will be supplemented by other assistance funded from 2003 budgets under the Tacis Co-operation Programme in the Baltic Sea region, the Tacis Regional Co-operation and Cross Border Co-operation Programmes, the Nuclear Safety Programme, the EU-EBRD Investment Preparation Facility, the support to the International Science and Technology Centre, as well as the European initiative for Human Rights and Democracy.

7. CO-ORDINATION WITH OTHER DONORS

Exchange of views and information with EU Member States and other bilateral and multilateral donors on their respective assistance programmes has been intensified. Meetings with representatives of the Member States have allowed for discussions on the overall programming strategy. The Delegation of the European Commission in Russia maintains a regular dialogue with Member States, the International Financial Institutions (IFIs) and other major donors. When designing this Action Programme, the experience and activities of other programmes have been taken into consideration. On its turn the National Co-ordinating Unit (Department for International, Financial and Economic Institutions Co-operation of the Ministry of Economic Development and Trade of the Russian Federation) for its part carries out regular meetings and exchanges views with other donors and IFIs.

More specifically for the **Regional Media Support Programme** the experience gained by the Eurasia Foundation and USAID funded projects will be taken in consideration in the selection of the media outlets to be supported by the project.

The important and fruitful presence of EC assistance in the Kaliningrad Region in different educational programmes will be looked into during all phases of the project **Strengthening and Developing Business and Administrative Education in the Kaliningrad Region**. SIDA has been, among others, particularly active in supporting the Kaliningrad Institute for International Business, for instance.

Technical Assistance provided under the project **Support to Utilities Reform** could interact with the EBRD or other IFIs programmes in the Russia Federation. The project will also enhance the participation of Russian financing institutions.

8. PROGRAMME IMPLEMENTATION

The Action Programme will be implemented in accordance with the following elements:

8.1 Implementation & Management

Contracts financed under this programme shall be signed no earlier than the signature of the Financing Memorandum in due form by the competent signatories, and no later than 36 months after the entry into force of the relevant budgetary commitment.

The technical activities provided for under this programme and all contracts must end by 31.12.2007.

The programme will be managed by the EuropeAid Co-operation Office. The procedures laid down in Art. 13 of the Council Regulation (EC, Euratom) No. 99/2000 are applicable to this programme, ie. the Committee for assistance to the New Independent States and Mongolia will be consulted and express an opinion on this Proposal under the comitology management procedure (Art. 4, Commission Decision 1999/468).

8.2 Monitoring, evaluations and audits

Monitoring

In addition to regular follow-up and controls carried out on the spot, if necessary by the Commission services and the Court of Auditors, a contract has been concluded with independent consultants to monitor the programme. This contract covers the whole Tacis programme, and will work upon requirements for periodic assessments of project progress against objectives. These will include on-the-spot visits to projects and interviews with stakeholders. Reporting will be in standardised formats giving scores to aspects of project performance.

Evaluation

Evaluations at programme, country or policy level will be carried out in line with the evaluation work programme of EuropeAid's Evaluation Unit H6 that is working under the direct authority of the Board. Furthermore, Directorate EuropeAid/A is in the

process of establishing an additional evaluation capacity at sector/subsector level to support its planning and project identification activities in the Tacis area. Priority areas for such sector evaluations will be selected on the basis of political priorities and significance of spending. As appropriate these might also include evaluations related to the programme under reference.

Audit

Operations financed under this programme will be subject to supervision by the relevant Commission services and the Court of Auditors to be carried out on-the-spot if necessary. The accounts and records of expenditure under the present Programme may be checked at regular intervals by an external auditor contracted by the Commission, without prejudice to the responsibilities of the Commission, including the European Antifraud Office (OLAF), and the Court of Auditors.

8.3 Tendering Procedures

The contracts for services, works and supplies shall be concluded in accordance with the tendering and contract award procedures laid down in the Financial Regulation and other relevant instructions.

9. COST AND FINANCING

The Programme will be financed through a Community grant of €22 million, allocated as follows among the different actions:

Area/Project	€Million
1. Support for Institutional, Legal and Administrative Reform	5.0
<i>Civil society, training and education</i>	
- Regional Media Support Programme	
- Strengthening and developing business and administrative education in Kaliningrad	
2. Support in addressing the social consequences of transition	10.0
<i>Municipal services</i>	
- Support to Utilities Reform	
4. Small Projects Programmes	7.0
4.1 Bistro	(€3.0 million)
4.4 Policy Advice Programme	(€4.0 million)
TOTAL	22.0

10. GOVERNMENT COMMITMENT AND CONDITIONALITIES.

Assistance is provided on the basis of the existence of the necessary elements for the continuation of co-operation through assistance, in particular respect of democratic principles and human rights, as well as the obligations of the Russian Federation as set out in the Partnership and Co-operation Agreement.

11. LIST OF ANNEXES FOR INFORMATION

Project fiches with logframes, summary of implementation arrangements.