

Annex 3

1. IDENTIFICATION

Title	Greening Economies in the Eastern Neighbourhood (EaP-GREEN) CRIS Decision: ENPI/2012/023-703		
Total cost	EU contribution: EUR 10 million Joint co-financing: OECD: EUR 800,000 UNECE: EUR 495,000 UNEP: EUR 400,000 UNIDO: EUR 500,000 The amounts provided are indicative and are subject to confirmation		
Method of implementation	Project approach – joint management with OECD		
DAC-code	41010	Sector	Environmental policy and administrative management

2. RATIONALE

2.1. Sector context

2.1.1 Partner Governments' policies and strategies

Despite political declarations, framework strategies or policies specifically targeting Sustainable Consumption and Production (SCP) have not yet been developed in the Eastern Partnership (EaP) countries¹. Possible reasons range from the low priority given to green growth issues on the national political agenda to weak inter-sectoral and inter-ministerial coordination, fragmented decision-making in relevant economic areas and lack of appropriate information, the fact that the costs of environmental policies continue to receive greater emphasis than their benefits against the background of unresolved economic and governance challenges. However, in most of the countries policies addressing SCP-relevant issues can be found, albeit in an isolated fashion and lacking overall coordination. Such policies usually take the form of general socioeconomic development strategies which are coupled with more specific environmental strategic documents. Such documents are already in force in Armenia and Ukraine, while they are currently being prepared or updated in Azerbaijan, Belarus, Georgia, and the Republic of Moldova.

The main part of relevant legislation in EaP countries dates back to the 1990s or to the first half of the 2000s. Newly prepared legal acts are often only partially harmonised with the EU legislation. Certain countries (e.g. Azerbaijan) have adopted detailed plans of harmonisation; others (e.g. Moldova) have approved detailed harmonisation guidelines. Nevertheless in several countries certain important legal provisions are still missing (e.g. waste management legislation in Georgia). In some countries, the persistence of command and control approaches characterised by a strong position of central governments in the economic decision-making has limited, to some extent, the transition to more market-responsive legislation. In other countries, governments pursued total deregulation rather than embarking on better regulation reforms. In some cases, this resulted in an accelerated depletion of natural

¹ Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine.

capital and a weakening of pollution prevention and control measures. The current environmental permitting system is fully or almost fully based on the former obsolete Soviet system, which further contributes to the reported gaps in implementation and enforcement of existing environmental legislation. Integrated permitting is not in place, although Belarus and Ukraine represent a partial exception. Economic instruments of environmental policy (mainly air and water pollution charges) are provided for by legislation but are often not efficient or not fully implemented. Harmful subsidies are still in place, mainly in the energy and water sector. Environmental Impact Assessments (EIA) are being carried out in all countries but their role in the permit delivery process is often not clearly defined and their status mostly depends on the decisions made by the authority issuing environmental permits. Strategic Environmental Assessments (SEA) of strategic and legal documents are rare and the approach is not applied to decision making processes relating, for example, to local economic development or spatial planning.

Industry has enjoyed growth in almost all countries since 1995 although its share of GDP is getting smaller as the service sector has been growing more rapidly. However, such growth in industry has been predominantly led by the exploitation and processing of fossil fuels, metals and minerals and primary processing of agricultural commodities at the expense of less energy- and resource-intensive manufacturing and light industry. Industrial recovery has therefore been led by relatively polluting and energy-intensive extraction and other primary industries producing fuel, metals, minerals, chemicals and agricultural commodities for export. As a consequence, the industrial sector is often dominated by one or a few industrial sub-sectors. The specialisation of countries as exporters of one or two dominant commodities can have a detrimental effect on efficiency in other sectors as such commodities may attract increasing shares of capital investment at the expense of investments elsewhere.

Companies are aware of the necessity of improving the environmental performance of their operations and production processes but many of them cite the lack of financial resources for environmental investments and overall regulatory and policy uncertainty as a primary constraints for adopting more sustainable production methods. Access to affordable financing and appropriate technology and management systems are then needed to start a virtuous cycle of sustainable production investments, while overall policy and fiscal frameworks can provide the enabling conditions to encourage green private investment.

A comprehensive analysis of environmental impacts of household consumption has yet to be carried out in the EaP countries. However, it is expected that life-cycle impacts of food, electricity, heating and hot water, and transport would be of greatest concern, although they are at the same time the sectors where the largest potential benefits for the improvement of living standards could be achieved. The structure of household consumption varies from country to country. However, there is already evidence of an increase in environmentally unsustainable consumption patterns, such as private car ownership, consumption of electronic consumer goods and highly processed and packaged food, and the increasing generation of household waste, whose management still represents an issue in all countries. These trends will spread to larger shares of the population as economic growth continues. SCP strategies applied at this stage could contribute to safeguard against unsustainable patterns of consumption and production in the future.

2.1.2 EU intervention framework

The Communication "Increasing the impact of EU Development Policy: an Agenda for Change"² stressed that the EU should focus more its action on green economy mechanisms

² COM(2011)637.

and renewable energy sources in order to achieve the EU 20-20-20 Strategy objectives. More specifically, EU technical assistance in the environmental field should concentrate on sustainable and transparent management of natural resources, including raw materials, waste and ecosystem services.

The activities proposed under this project tackle a number of areas that are consistent with the priorities set out in Agenda for Change and in the ENPI-East Regional Strategy Paper (RSP) and the Regional Indicative Programme (RIP) 2010-2013. In particular, assistance under sub-priorities 3.3 and 3.4 of the RSP/RIP will aim to contribute to the implementation of the Eastern Partnership Flagship Initiative on Environmental Governance.

The project follows up the results of the work carried out in the framework of the Environment and Climate Change Panel of the EaP Platform 2, which led to the preparation of a Report on the "Opportunities and Options for Promoting a Green Economy in the EaP Countries". The Report recommended, among others, the preparation and implementation of a project to foster green economy to be elaborated in consultation with partner countries. In this context, the project should also establish direct links with the EU bilateral cooperation initiatives in the different EaP countries (see point 2.3) and implement actions in those fields of the EU *acquis* that are included in the Association Agreements negotiation processes.

The launch of a project on SCP is in line with the countries' priorities and responds directly to the challenges outlined in the Joint Communication to the European Parliament and the Council on a new response to a changing Neighbourhood. The project will support partner countries' commitment to move towards a green economy as stated in the Joint Declaration of the Warsaw Eastern Partnership Summit and in the Declaration of Seventh "Environment for Europe" Ministerial Conference held in Astana (September 2011). Finally, the project is consistent with the Communication on "Rio+20: towards the green economy and better Governance" and will contribute to the implementation of the Rio+20 Declaration. The action also marks a logical step forward in terms of sustainability of production and consumption by targeting the integration of the product life-cycle approach into decision-making and enabling to tackle pollution at its source rather than concentrating on remedial actions.

2.2. Lessons learnt

Studies and projects carried out in the field of SCP have shown that implementation mechanisms in use throughout the region include environmental laws and regulations, economic instruments, environmental permitting systems, environmental impact assessment requirements and, more occasionally, voluntary approaches and information campaigns targeted at producers and consumers. Governments have sometimes adopted ambitious environmental legislation and quite a few countries are currently attempting to approximate relevant EU legislation. However, environmental legislation is often incomplete or inconsistent, or sometimes even contradictory. Complicated permitting systems, weak and inconsistent enforcement, poorly designed market-based instruments, limited access to finance, and the low level of pollution charges and fines do not provide strong incentives for more proactive environmental management. Moreover, many existing environmental institutions suffer from a weak mandate, overlapping or poorly defined responsibilities, frequent restructuring, and inadequate budgets and staffing.

Capacity building and familiarisation with the principles of SCP would need to be extensively supported and an assessment of the way to optimise the permit delivery systems will have to be carried out as well. A wider and more effective use of policy tools requires capacity building for their effective implementation as well as further refinement and streamlining. Such tools include regulatory impact analysis; environmental footprint analysis of goods and

services; internalisation of environmental and social costs in pricing; compliance assurance, as well as broader considerations of the political economy of reform and mobilisation of finance for SCP-supportive investments.

2.3. Complementary actions

A number of regional and bilateral EU-funded projects that are relevant to the green economy are currently being implemented in the EaP countries through the ENPI. A complete list is contained in Annex 1. At bilateral level, the AAP 2012 for Belarus will be devoted to Green Economy (EUR 12 million), with activities strongly focused on legislative and institutional aspects and expected to start in 2013. The project will assist the Ministry of Environment and will aim at defining and integrating the concept of green economy and its supportive legal mechanisms into national legislation. Compared to this project, GREEN-EaP interventions will also target the Ministry of Economy with the aim to improve the financial aspects for the development of the green economy. AAP 2012 sector budget support activities are also planned in the agricultural sector for Georgia (EUR 40 M). In Ukraine, two bilateral energy related initiatives are relevant to this project: Support to Energy Sector (EUR 45 million) and the Contribution to the Eastern Europe Energy Efficiency and Environment Partnership Fund (EUR 15 million).

OECD is carrying out activities in the field of green economy in Eastern Europe, the Caucasus and Central Asia (EECCA), mainly through technical assistance provided by the Task Force for the Implementation of the Environmental Action Programme. Such activities include extensive policy analysis and the elaboration of policy packages aiming at promoting cost-effective policy reform to achieve environmental policy objectives; regional and country-specific work on improving the effectiveness and efficiency of environmental permitting systems; and support to the reform of economic instruments of environmental protection. The results of the work carried out within these activities and the specialised knowledge base developed will be used for implementing activities in the framework of component 1 of this action.

UNEP is leading a Green Economy Initiative (GEI), launched in 2008. This initiative is mainly implemented through provision of technical assistance with a view to shift towards more sustainable consumption and production as well as through support to stakeholders in their efforts to implement actions that are consistent with the GEI focus areas. In the context of the GEI, UNEP has been working at sectoral level with most EaP countries and is in the process of pioneering a number of new green economy activities. Experience in country- and sector-specific case studies and field activities will be used for formulating and implementing the demonstration projects that part of the present action.

National Cleaner Production Programmes are already operational in Moldova and Ukraine under the joint UNIDO-UNEP Programme on Resource Efficient and Cleaner Production (RECP), a follow-up to the UNCED conference in Rio de Janeiro in 1992. These Programmes deliver services to business, government and other stakeholders in their home country and to assist them with the identification, evaluation and implementation of cleaner production methods, practices, policies and technologies. They also act as advocates of cleaner production in view of pushing this issue higher up on the agenda of business and government. In countries where they have been established, the Programmes will serve as a vehicle for delivering assistance in the form of demonstration projects through the Cleaner Production Centres.

2.4. Donor coordination

Coordination with partner countries, Member States and other international donors is key to this project and it will be systematically sought in the framework of project steering committees, ad hoc working groups or Ministerial conferences. The EU Delegations will also play an active role at country level. The relevant EaP Platform will serve as a permanent forum for discussion about project implementation. Regular information flow between the European Commission and the implementing organisation(s) on one side and the partner countries on the other will be ensured through the communication channels of the EaP Platform, the EU Delegations, as well as direct contacts with relevant actors in the Partner Countries. The next Environment and Climate Change Panel of the EaP Platform 2 meeting to be held in September 2012 will provide an additional opportunity to consult partner countries in order to better define the sectors of intervention and the activities before project start.

Representatives of Partner Countries and EU Member States in the EaP Platforms have been associated to the development of the project concept during the preparation of the Report on the "Opportunities and Options for Promoting a Green Economy in the EaP Countries" and formulation of this project proposal. Line ministries and relevant state departments in Partner Countries have been consulted with the support of the EU Delegations in the region. Finally, international organisations and donors (UNIDO, UNEP, OECD, UNECE, and GIZ to name a few) were approached by DG EuropeAid to obtain feedback on the project design.

The project will also make use of existing governance and networking arrangements, including the OECD's EAP Task Force, which can also serve for donor coordination. The existing regional networks will be used to promote peer learning.

3. DESCRIPTION

3.1. Objectives

The **overall objective** is for the EaP countries to move towards a green economy by decoupling economic growth from environmental degradation and resource depletion.

The **specific objectives** of the project are:

- 1) to mainstream sustainable consumption and production into national development plans, legislation and regulatory framework with a view to provide a sound legal basis for future policy development, in line with the regional and international agreements and processes and consistently with existing EU *acquis* in the relevant policy areas;
- 2) to achieve a shift to green economy through the adaptation and adoption of sustainable consumption and production practices and techniques in selected economic sectors (manufacturing, agriculture, food production and processing, construction);
- 3) to promote the use of the SEA and EIA as essential planning tools for an environmentally sustainable economic development.

3.2. Expected results and main activities

3.2.1 *Expected results*

Expected results of this project are: a) national legislation and sectoral regulatory frameworks are examined in depth and the presence or lack of elements that are relevant to SCP is

assessed; b) changes in national legislation and regulatory frameworks are achieved in order to provide stronger incentives for SCP; c) measurable improvements in resource efficiency and environmental performance are achieved in selected economic sectors; d) SEA and EIA are integrated into the national regulatory framework and are more regularly used in decision making; e) capacity building activities targeting public authorities and the private sector are carried out.

Such results will be achieved through an integrated approach which will combine policy reform; professional and institutional capacity building in government, economic sectors and financial markets; and support for enterprises to provide access to affordable financing and appropriate technology and management systems.

3.2.2 *Main activities*

In order to meet the project objectives it is proposed to structure the project around three components which are discussed below together with the proposed activities.

Component 1 - Governance and financing tools for promoting SCP. Component 1 aims to support advancements in the relevant sectoral policies' regulatory framework as well as to promote SCP on both the demand and supply side. The first objective will be carried out through a series of activities aiming to promote the integration into the national regulatory framework of elements of SCP. Priority will be given to those elements that are in line with regional and international agreements as well as the parts of the EU *acquis* included in the Association Agreements negotiations. In countries where an Association Agreement is not planned to be signed in the near future, activities will be implemented along the lines proposed above but outside the Association Agreement framework.

Possible areas of intervention for **specific objective 1** under Component 1 include:

C.1.1.1 Strategic policy setting and progress measurement. This action could support the organisation of the participatory process for the preparation of 10-year national SCP programmes in the EaP countries, as foreseen in the Johannesburg Plan of Implementation of the World Summit on Sustainable Development and implemented by the EU through the SCP Action Plan. Such policy frameworks will need to be complemented with an adequate set of indicators to measure progress.

C.1.1.2 Financing SCP. Actions in this field will aim at making access to national and international financing available and returns on environmental investments attractive to the private sector. Target funds may include global climate change related funds (CDM, JI etc). Policy barriers that impede private environmental investments flows, including barriers to foreign direct investment, will be identified and actions for their removal proposed. Tax policy and regulations could be considered as well to provide incentives to business interested in cleaner production. Environmentally harmful subsidies in the field of energy, water and agriculture will be identified and recommendations for their removal developed. Options for streamlining existing market-based instruments will also be examined. Finally, options for funding schemes supporting innovative companies will be assessed based on the experience of similar projects targeting SMEs.

C.1.1.3 Promoting public consumption changes through green procurement practices. Considering the large volume of public procurement, significant environmental and economic benefits could be achieved through green public procurement (GPP). To achieve the potential benefits, the challenge is to understand barriers, address information gaps and train officials, and identify related financial costs and benefits of initiating GPP at both policy and

operational levels. This activity will support the design and implementation of GPP policies and will provide capacity building for policy makers and procurers in accordance with the different national needs and conditions.

Possible areas of intervention for **specific objective 2** under Component 1 include:

C.1.2.1 Increasing demand for environmental management in industry. In the EaP countries the implementation of environmental management systems is the only service that is offered on a commercial basis. Other services supporting more sustainable production practices in industry continue to be provided primarily through donor-supported programs. Actions to extend the use of environmental management systems in both large companies and SMEs will be implemented in the framework of this activity. These could include the provision of assistance to business associations and chambers of commerce who will then assist their affiliates in the application of EMS methodologies under the guidance of the project, if needed.

C.1.2.2 Promoting more sustainable production processes. Work on the drivers for business to implement more sustainable production methods and techniques will be addressed in the framework of this project. Two distinct segments of industry will be addressed: (a) large industry, with a focus on conversion to best available techniques (BAT) through the promotion of integrated environmental permitting, and (b) small and medium-sized enterprises (SMEs), with an emphasis on achieving and going beyond regulatory compliance (by maximising resource efficiency) through a package of information and market-based tools. The preparation of industrial reconversion and investment plans as tools for maximising resource efficiency of production processes could be addressed under this activity and implemented in the field as part of the demonstration projects.

C.1.2.3 Promoting more sustainable agricultural practices. Despite considerable reduction in agro-chemicals use throughout the region, organic production has not been sufficiently supported by widespread government-led policies and certification schemes and has mostly grown under foreign certification labels and export schemes. This has somehow limited the business and export opportunities related to the proximity of the EU market as well as the potential for large scale conversion to organic agriculture. Work to promote more sustainable agricultural practices may focus on support for compliance with the Stockholm Convention on Persistent Organic Pollutants, promotion of organic farming practices and national certification and labelling schemes, tax exemptions for investments in bio-control integrated pest management products, and incentives that value the multi-functional uses of agricultural land.

Component 2 - SEA and EIA: accompanying SCP policy implementation. Component 2 aims to support the integration of environmental considerations into the preparation and adoption of laws, plans, programmes and projects by ensuring that environmental assessments are carried out for initiatives that are likely to have an impact on the environment. Where such initiatives are likely to have significant trans-boundary effects, the provisions of the Espoo Convention on Environmental Impact Assessment in a Trans-boundary Context and its Protocol on Strategic Environmental Assessment should be adhered to and used as reference. Activities to be implemented under Component 2 to meet **specific objective 3** could include:

C.2.1 Revision of the existing national regulatory and legislative framework. This activity will include the review of the current systems and the drafting of recommendations on how to strengthen the legal framework for SEA and EIA. As appropriate, assistance in drafting legislative amendments may also be offered;

C.2.2 Capacity building on SEA/EIA procedures, following good practices in use in the EU. This activity will comprise participative capacity development for stakeholders and pilot SEA/EIA procedures selected by partner countries. Pilot procedures would be applied to government plans and programmes, but might also include SEA of land-use plans relevant to activity C.1.2.1 or plans developed within activity C.1.2.2, as appropriate;

C.2.3 Strengthening the administrative capacity of the authorities in charge of the environmental assessments. This activity will provide for the involvement of planners, competent authorities and decision-makers, and will include clarification of responsibilities for SEA/EIA procedures. It will be implemented through activities C.2.1 and C.2.2. The projects would be subject to the appropriate environmental assessment, including effective public participation.

Component 3 - Demonstration Projects. A set of projects (regional or national with regional value or replication potential) intended to demonstrate the benefits of the work implemented under Components 1 and 2 is envisaged. They will be identified in cooperation with partner countries and could be implemented in relation to the introduction of a specific policy or policy instrument, on a sector basis or with a more specific territorial focus. The proposed sectors are manufacturing, agriculture, food production and processing, and construction. The projects will target both demand and supply side of production and will include actions for stimulating public and private consumers' demand.

Steering structure

Coordination of activities will be ensured through a steering committee composed of representatives of the Partner countries and the four organisations. The European Commission will chair the steering committee in cooperation with OECD. UNECE, UNEP and UNIDO will be part of the steering structure and will report on the implementation of their activities to the European Commission. EU Delegations will play a key role in supporting the project in the partner countries, providing technical advice and ensuring coordination with ongoing activities in the relevant fields. The steering structure will be defined in detail in a binding form in the Description of the Action, where the roles of the implementing bodies will be clearly defined for each component.

3.3. Risks and assumptions

Assumptions. For beneficiary countries, the harmonisation of environmental legislation with that of the EU is part of the European Neighbourhood Policy, including the Eastern Partnership agenda and the process of negotiation of the Agreements. It is assumed that a constructive EU policy oriented attitude will remain throughout the project duration as it was proved by the countries' positive contributions during the consultation phase carried out between December 2011 and February 2012. It is also assumed that governments will allocate the necessary technical resources needed to support the transition towards a green economy and SCP at least at project level. Although it is not assumed that all governments will adopt a dedicated SCP or green growth strategy in the short term, it is envisaged that they are interested in learning and practicing its implementation at both national level and on a pilot basis.

Support from the partner countries' ministries and agencies is needed to reach the projects' objectives. Experience from recent projects shows that this assumption is reasonable if project results and activities are agreed in advance and countries' preferences are taken into account.

It is assumed that regional awareness raising and stakeholders' involvement at all project stages will help create transparency, confidence and better understanding of the benefits of an integrated approach to green economy. Coordination within the relevant EaP thematic platforms will be sought to ensure project ownership and, in case, dispute resolution.

Concerning the sustainability of project results, training and capacity building activities are considered to be the one of the most suitable ways to ensure that the results of technical assistance are long-lasting. This aspect will be adequately addressed by each project component.

Risks. The ongoing administrative reforms and structural difficulties, together with an unstable political situation in some of the countries represent the main risks for project implementation as this may make it difficult to identify reliable partners the project should work with. A permanent monitoring of the situation in partner countries is an essential mitigation measure.

A risk common to all countries is that environmental protection is usually not among the priorities of partner countries' policies due to limited financial resources. Lack of resources is further exacerbated by the current global economic downturn and by limited awareness of possible production costs reduction that can be derived from the implementation of SCP policies and practices. In addition, some aspects of the activities of the project, such as those related to the work on SEA, could be considered as politically sensitive in some countries. In the case of Georgia, line ministries stated that only work on the EIA could be accepted as being part of the chapters covered by the EU-Georgia Association Agreement process. The government of Azerbaijan had initially seemed to show limited interest in working on EIA. However, at the last EU-Azerbaijan sub-Committee, the country expressed its interest to participate in this component as well. Selective inclusion of countries interested in working on such issues could be used as a mitigation measure and to exert peer pressure.

3.4. Cross-cutting Issues

The action aims to contribute to a more efficient management of natural resources by promoting sustainable environmental management in production and consumption processes. This has a direct impact on climate change as more sustainable production processes are directly linked to more efficient resource use (including energy) which leads to a reduction of carbon emissions. Efficient environmental management is an element of good governance which should improve as a result of the project. The project will also ensure effective public participation of the private sector and civil society in the formulation of its activities as provided for by the Agenda for Change³. Social and economic development will be tackled as the project will support the emergence of new skills and local expertise via training. Gender issues are not directly targeted because the proposed activities are mainly gender neutral. If production processes in economic sectors where gender issues are relevant (e.g.: textile sector) will be targeted by the proposed action through demonstration projects, an in-depth analysis of gender-related issues will be carried out during the formulation phase.

3.5. Stakeholders

The beneficiaries of the project can be divided in four groups: a) The national ministries, agencies and departments responsible for environment, water, agriculture, tourism, industry, land use planning and finance and other bodies that have competencies in areas relating to the green economy; regional and local authorities and administrations; b) NGOs, civil society

³ COM(2011)637

organisations, research institutes, professional associations; c) Private sector producers: Business associations and large, medium and small enterprises, especially from the industry and food and agriculture sectors; d) Consumers: Citizens of the beneficiary countries as whole.

Platform 2 of the Eastern Partnership served as a primary stakeholders' consultation forum for project design. Countries' needs and requests for technical assistance were identified through three rounds of consultation in the framework of the Environment and Climate Change Panel, which led to the adoption of a Report on the "Opportunities and Options for Promoting a Green Economy in the EaP Countries". The first round (July 2011) discussed the first draft of the report, on whose conclusions this project is based. The second round (September 2011) approved the final version of the report and its conclusions and recommendations. The third round (December 2011) aimed at receiving comments on a project concept note that was circulated to all Platform participants. The concept note was also sent to Delegations and their counterparts at national level (government and public administration). Further comments were received and to the best possible extent integrated into this action fiche. Comments received after the submission of the action fiche will be dealt with when the Description of the Action will be drafted.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Joint management through the signature of a contribution agreement with an international organisation in accordance with Article 53d of the Financial Regulation: OECD. OECD complies with the criteria provided for in the applicable Financial Regulation and is covered by a framework agreement concluded with the Commission on 4 April 2006. The Standard Contribution Agreement will be used as contractual model as modified pursuant to the framework agreement between the OECD and the European Commission.

OECD is proposed as leading organisation for this project with direct responsibility and overall coordination functions for all components. OECD will also directly implement Component 1. UNECE is proposed as implementing organisation for Component 2. UNIDO and UNEP are proposed as implementing organisations for Component 3. The European Commission will participate in the project with a view to ensure consistency of interventions and keep the Eastern Partnership agenda at the centre of the proposed operations.

The signature of a single Standard Contribution Agreement with OECD is proposed instead of four separate agreements with each organisation. Such arrangement is proposed with a view to reduce transaction and contractual costs, speed up implementation and avoid excessively long processes if different contractual standards have to be applied. Past work experiences with OECD and UNECE in particular has also demonstrated that such organisations are able to react effectively and rapidly to the European Commission's instructions when it comes to project implementation.

OECD has been selected because of its long-term experience in the field of economics, environmental management and governance in the EaP region, where its activities have concentrated on improvements to environmental policy design and implementation, identification of country-specific incentives and policy instruments, and integration of environmental concerns into economic and social development processes. UNECE is the main implementing agency of the reference international agreement for Component 2 (the Espoo Convention and its Protocol on SEA) and is therefore particularly suited for managing the activities proposed with regard to SEA and EIA. UNIDO and UNEP are jointly implementing

the National Cleaner Production Programmes in the ENP East region and have a long-lasting experience providing integrated technical assistance programmes on resource efficiency and cleaner production. UNEP is also managing the Policy Component of the SWITCH-Asia regional programme (total budget: EUR 130 million), which has proved to be a successful project on SCP. All organisations have a proven track record in terms of project management in the field in general and in the beneficiary countries in particular.

4.2. Procurement and grant award procedures

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

4.3. Budget and calendar

The indicative EU contribution will be EUR 10 million. This amount will be divided as follows among the project's components: EUR 4 million for Component 1; EUR 2 million for Component 2 and EUR 4 million for Component 3. The four organisations will contribute to the project budget with EUR 2.5 million (indicative aggregate amount). Such funds will be used by the organisations for implementing activities in the project components they are in charge of respectively.

The contracting procedure shall be launched in the third quarter of 2012 with a view to start project implementation in December 2012 or during the first quarter of 2013 at the latest. The indicative duration as from signature is 48 months. Final figures for co-financing by potential implementing organisations are under negotiation with OECD, UNECE, UNEP and UNIDO.

4.4. Performance monitoring

Qualitative and quantitative objectively verifiable indicators (OVIs) will be part of the methodology that will be elaborated in the Description of the Action. Detailed OVIs will be defined per country in cooperation with partner countries and based on the experience of other projects. Flexibility in the determination of indicators will have to be provided for due to both the different socioeconomic characteristics of the Partner Countries and their policy priorities. Proposed quantitative OVIs will include: number of EIAs/SEAs carried out compared to baseline year, number of pieces of legislation amended to integrate SCP elements, number of strategic documents adopted, number of demonstration projects implemented, number of participative capacity-development workshops held and number of participants, quantified gains in resource efficiency and production costs as part of the demonstration projects, etc. Internal monitoring will be ensured by meetings of the projects Steering Committees and external monitoring by the external Results-Oriented Monitoring (ROM) programme of the European Union.

4.5. Evaluation and audit

Evaluations and audits will be carried in accordance with the provisions of the framework agreement concluded between OECD and the European Commission on 4 April 2006. Furthermore, the project shall be regularly monitored in the framework of external Results-Oriented Monitoring (ROM) programme of the European Union.

4.6. Communication and visibility

The provisions of article 6 of the Standard Contribution Agreement with International Organisations will be followed. During the inception period the project will develop a communication plan containing information and communication activities and ensuring visibility of the project in all produced materials. Special emphasis shall be put on communication materials in Russian and in the national languages of the beneficiary countries. The websites of the implementing bodies and of the European Commission will have to make cross-reference to the initiatives carried out under this project. The results of the activities and the lessons learnt will be disseminated through various regional and global networks, and will also include those managed by the implementing bodies (e.g.: UNIDO/UNEP Resource Efficient Cleaner Production regional network, Green Economy knowledge exchange platform etc.).