INDEX
2010 Annual Action Programme (Part I)
implementing the Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy (ENRTP)

The present 2010 AAP Part I will be followed at a later stage by a Part II. Part II will mainly address actions on sub-themes such as the Global Climate Change Alliance (GCCA) and Carbon Capture and Storage (CCS).

<table>
<thead>
<tr>
<th>Priority 1 - Annex 1</th>
<th>Action Sheet A</th>
<th>Green Economy and Social and Environmental Entrepreneurship in Africa (UNEP)</th>
<th>€ 3 200 000</th>
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<td>Priority 2 - Annex 3-Action Sheet C</td>
<td>EU Water Initiative (EUWI) - Policy Development and Implementation for Sustainable Water Management in Africa (UNDP or UNICEF)</td>
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<td>Priorities 2 and 5 - Annex 4 Action Sheet D</td>
<td>Continued support to the EUEI Partnership Dialogue Facility (EU Energy Initiative)</td>
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<td>Priority 2 - Annex 5 Action Sheet E</td>
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<td>Priority 2 - Annex 6 Action Sheet F</td>
<td>PRO-FORMAL: Policy and regulatory options recognising and better integrating the domestic timber sector in tropical countries in the formal economy (Centre for International Forestry Research - CIFOR)</td>
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<td>Priority 2 - Annex 7 Action Sheet G</td>
<td>Supporting participation of national civil society organisations in FLEGT VPA preparation or implementation through local calls for proposals</td>
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<td>Priority 2 - Annex 8 Action Sheet H</td>
<td>Support to the implementation of The Great Green Wall for the Sahara and Sahel Initiative (Food and Agriculture Organisation - FAO)</td>
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<td>Priorities 1, 2 and 5 Annex 12 Action Sheet L</td>
<td>General Call for Proposals for different thematic actions in all developing countries</td>
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<td>Priorities 2 and 5 Annex 13 Action Sheet M</td>
<td>Local call for proposals to support climate change adaptation and renewable energies in Cuba</td>
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<td>The Global Automotive Fuel Economy Campaign of the Partnership for Clean Fuels and Vehicles (PCFV): Managing Vehicle Growth in Developing and Transitional Countries (UNEP)</td>
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<td>(1) Support for the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the work of their Secretariat (UNFCCC Secretariat)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(2) Support for climate change negotiations through the Annex I Expert Group (AIXG) of the Organisation for Economic Co-operation and Development (OECD)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(4) Support for the Intergovernmental Panel on Climate Change (IPCC) to facilitate the preparation of their 5th assessment report (IPCC)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(5) Support for UNEP assistance to regions in refining the Millennium Ecosystem Assessment through assessment at regional (sub-global) level (Capacity development for effective use of ecosystem assessment in developing countries) (UNEP)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(6) Support for the Secretariat of the Convention on Biological Diversity (CBD) in implementing CoP 10 decisions (CBD Secretariat)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(7) Support for the implementation of the CBD Work Programme on Protected Areas with a focus on marine protected areas in developing countries, least developed countries and small island developing states through targeted capacity development (CBD Secretariat)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(8) Support to the implementation of CITES CoP 15 decisions (2010-2013) (Convention on International Trade in Endangered Species - CITES - Secretariat)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(9) Support for the Secretariat of the UN Convention to Combat Desertification for the development of policy options based on priorities identified in the Work Programme for 2010-2011 (United Nations Convention to Combat Desertification – UNCCD - Secretariat)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(10) Support for the work of the Organisation for Economic Co-operation and Development Joint Working Party on Trade and Environment (JWPTE) (OECD)</td>
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<td>(11) Support for the Rotterdam Convention to ensure the follow-up of CoP decisions by providing assistance to selected Parties (Rotterdam Convention Secretariat)</td>
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<td>(12) Support for Parties to implement their obligations under the Stockholm Convention in 2010 (Stockholm Convention Secretariat)</td>
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<td>(13) Strengthening the implementation, compliance and enforcement of the Basel Convention in synergy with related MEAs (Secretariat of the Basel Convention)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(14) Support for the UN Environment Programme in organising and preparing the sessions of the Intergovernmental Negotiation Committee for a legally binding instrument on mercury, under UNEP GC Decision 25/5 (UNEP)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(15) Supporting the follow-up of the extraordinary CoPs of the Basel, Rotterdam and Stockholm Conventions (UNEP)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(16) Supporting the dialogue on the state of the environment in the Arctic region (‘Arctic-dialogue’) (tender procedure)</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(17) Supporting stakeholder engagement and preparation for a Rio+20 Earth Summit in 2012 (tender procedure or direct grant)</td>
<td>€ 350 000</td>
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<td>Priority 4 - Annex 16 Action Sheet P</td>
<td>(18) Outlook to RIO+20 – A sustainable development path for developing countries: How can sustainable consumption and production and green growth make it happen? (United Nations - Department of Economic and Social Affairs - UNDESA)</td>
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<td>(19) Developing a modular approach to chemicals management (OECD)</td>
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<td>Priority 5- Annex 18 Action Sheet R</td>
<td>Continued support to the Global Gas Flaring Reduction Public Private Partnership (World Bank)</td>
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<td>Priorities 1,2,3,4 and 5 - Annex 20 Action Sheet T</td>
<td>Support measures</td>
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**Action Sheet A for Africa with a focus on Burkina Faso, Kenya, Egypt, Ghana, Rwanda, Senegal and South Africa**

### 1. IDENTIFICATION

<table>
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<th>Title/Number</th>
<th>Under Priority 1 of the ENRTP: Green Economy and Social and Environmental Entrepreneurship in Africa (Ref 223791)</th>
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<td>Total cost</td>
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<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – joint management with the United Nations Environment Programme (UNEP)</td>
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<td>DAC-code</td>
<td>41010&lt;br&gt;<strong>Sector</strong>&lt;br&gt;Environmental policy and administrative management</td>
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### 2. RATIONALE

#### 2.1. Sector context

The financial and economic crisis is having profound developmental consequences. The dramatic loss of output, fall in commodity prices, trade, investment, jobs, the tightening of resources for development assistance, and reduced remittances from overseas workers collectively translate into additional challenges for sustainable development in Africa. This, together with the pre-existing food, fuel, water, and climate crisis, is undermining the efforts to eradicate poverty and achieve the Millennium Development Goals (MDGs). In the *World Economic Situation and Prospects 2009*, the United Nations Department of Economic and Social Affairs estimated that Sub-Saharan Africa would suffer the severest actual declines in per capita income during 2009, while the least developed countries (LDCs) could see growth decelerating by five percentage points from the robust growth they have witnessed in recent years.

Beyond these immediate consequences, the economic crisis is indicative of challenges in patterns of growth and development that have excessively relied on investment in financial capital without equal attention to investment in human and natural capital. The world economy has grown in a remarkable manner over the past 50 years, with a doubling of global Gross Domestic Product between 1981 and 2005. At the same time, 60 percent of world’s ecosystems have been degraded or exploited unsustainably according to the Millennium Ecosystem Assessment (2005). The continual neglect of investment in conserving and regenerating natural capital is increasingly undermining the basis of livelihoods and wealth creation in the developing world. This is particularly affecting the poor and most vulnerable segments of society. Reports published by the World Bank (2006) suggest that in most low income countries in Africa, natural capital accounts for up 26 percent of the wealth, compared to 2 percent in advanced industrial countries.

Responding to the economic, food, fuel, and climate change related challenges in Africa offers an opportunity to address immediate concerns while at the same time articulating new policies and promoting investment in green sectors to generate employment, improve living conditions and contribute to reorienting African economies towards a low carbon, energy and material-efficient path of growth and development.
All this requires a set of actions oriented towards refocusing policies and investment in sectors that can promote objectives of sustainable development; strengthening local capacities; and enhancing entrepreneurship that can complement actions by public decision makers.

A number of African countries, including Burkina Faso, Egypt, Ghana, Kenya, Niger, Nigeria, Rwanda, Senegal and South Africa among others, have formally requested UNEP's support and collaboration in undertaking national green economy initiatives, including by promoting local entrepreneurship to deliver activities that can realise social and environmental policy objectives. Such requests were made by Government representatives through their diplomatic representation at Nairobi (Headquarters of UNEP), or through direct contact with UNEP Senior Management and the Study Leader of the Green Economy Initiative. This proposal responds to and builds on those requests with a view to promoting regional and national initiatives on a green economy in Africa.

The countries proposed for this project were identified in consultation with regional institutions such as the Secretariat of the New Partnership for Africa’s Development (NEPAD), the Secretariat of the Common Market for Eastern and Southern Africa (COMESA), and the Secretariat of the African, Caribbean and Pacific (ACP) countries, through the UNEP Regional Office for Africa. The choice of countries was further based on the expression of clear commitment at high political level, the relevance of sectors identified for offering green economy opportunities to the country, and the relevance of the green economy sectors to national sustainable development priorities, including through United Nations Development Assistance Framework (UNDAF) programmes for the country, and finally taking into consideration relevant EC CSP/NIPs and ENPI Action Plan. All EU Delegations were consulted and gave their agreement on the inclusion of the countries in the project design.

This pilot project aims to focus on a few key sectors that appear to hold a significant potential for promoting economic development and creating employment, while addressing environmental challenges such as ecosystem degradation, resource depletion and climate change. A number of studies and assessments such as The Economics of Ecosystem and Biodiversity (TEEB) and the Millennium Ecosystem Assessment have highlighted the critical economic importance of natural capital for achieving lasting social and economic gains to advance well being in countries in Africa. Sectors such as forestry, sustainable agriculture, energy, fisheries, tourism, water and waste management, among others, offer opportunities for economic, social and environmental policy objectives, but at the same time face numerous challenges. Of particular importance is the limited understanding of the economic cost and benefits that characterise these economic sectors. In certain cases, investment in these sectors has being hampered by the lack of effective incentives to level the playing field vis-à-vis conventional technologies or address pricing and market distortions. Moreover, the absence or ineffectiveness of regulatory enforcement in sectors such as forestry or the control of air and water-related pollution remains a key obstacle to encouraging investment in clean technologies and sustainable use of natural resources. This project will select a few sectors per country that will be the focus of the project with a view to make the economic case for public and private investment, conservation and sustainable use. It is proposed that the sectors are identified on the basis of consultations with governments and national stakeholders; regional partners; the European Commission and other donor agencies present in the countries selected.
2.2. Lessons learnt

The assessment of policy approaches to integrating environment into economy as part of promoting sustainable forms of energy, sustainable production and consumption, and resource and material efficiency together with other policy processes and projects of the European Commission, UNEP, SEED (Supporting Entrepreneurs for Sustainable Development) and other donors reveals several lessons learned:

- Approaches focusing on the range of benefits and opportunities that can be derived from sustainable investment are likely to secure engagement from decision-makers and other stakeholders.

- The SWITCH Asia programme supported by the EU and UNEP funded initiatives on Sustainable Production and Consumption have demonstrated that the use of tailored economic instruments can influence production and consumption patterns that reduce demand for material, water and energy, by acting on the demand and supply sides of clean technologies, goods and services.

- Enhancing consumer awareness can be a powerful factor for changing both consumption patterns and supply of environmentally-preferable goods and services. Green products and services of SEED winners are developed within a local context and can therefore stimulate consumer awareness.

- Multistakeholder processes facilitate the process of undertaking painful reforms by generating a sense of national/regional ownership and participation.

- Providing tailored capacity building to start-up enterprises can help a majority of them to scale up and/or replicate.

- Examining the hurdles that social and environmental entrepreneurs face in becoming established allows useful capacity building tools to be developed; these can then be used by the broad community of entrepreneurs. One example is the SEED Critical Success Factors.

- Providing spaces for learning alliances and linking up stakeholders and experts, as in a number of EU funded programmes and SEED, helps to enhance solutions and promote South-South learning.

Consequential options to further policies supportive of green economy approaches and stimulate social and environmental entrepreneurship:

1. Policy-related interventions

- Promote policy approaches that integrate the economic and social value of natural capital, but factoring such benefits in national planning processes, resource allocation and government priorities.

- Support mainstreaming of green investment in national planning and budgetary processes.

- Conduct analytical work to provide evidence about the economic, social and environmental benefits of green investment. The SEED activities will gather evidence about each of these components as they relate to individual Small, Medium and Micro Enterprises (SMMEs).

- Support national agenda-setting processes that involve not only decision makers, but also other stakeholders in the private sector and civil society.
• Gather evidence of barriers encountered by social and environmental SMMEs to guide policy makers in putting in place frameworks to stimulate the emergence of green SMMEs and the market.

• Work with governments to develop frameworks that would allow social and environmental entrepreneurship to flourish.

2. Direct measures targeted at promoting investment by SMMEs and private sector in general, and capacity building for social and environmental entrepreneurs and SMMEs more generally

• Provide direct funding to SMMEs committed to delivery of sustainable development and the green economy.

• Demonstrate through economic analysis and best practices, economic benefits that can be generated by investment in green sectors, so as to stimulate private sector investment.

• Identify the most promising social and environmental SMMEs and provide them with capacity building.

• Develop and disseminate capacity building tools for green entrepreneurs.

This project would implement all of these except the provision of direct funding: that is addressed through encouraging national governments and institutions to examine possibilities for enhanced financial support to social and environmental SMMEs.

2.3. Complementary actions

The approach proposed under this project complements a number of already existing initiatives, such as UNDP’s Growing Sustainable Business or the World Bank’s Development Marketplace. Indeed, SEED’s expertise in providing high quality capacity building has been recognised by the Development Marketplace which has expressed strong interest in working in partnership with SEED. In addition, this project falls within the scope of the UNEP medium term strategy and in particular priority area on ecosystem management and resource efficiency, climate change, governance. For example, the project supports UNEP’s strategy on Ecosystem Management by estimating and incorporating ecosystem values into national planning, accounting and investment decisions. At the corporate and community level, it will aim to promote the sustainable use of natural resources and the provision of alternative, sustainable, livelihoods. SEED Winners can act as case studies demonstrating the potential for entrepreneurs to deliver environmental and social benefits. The SEED Partners, Supporters and Associates will assist in disseminating the lessons learned to a range of international and national forums.

By identifying existing opportunities, barriers and challenges to investment in the environment to promote economic development, employment creation, poverty reduction and responses to climate change and ecological scarcity that are key development and environmental challenges in Africa, the project will provide complementary support to other UNEP initiatives already underway. Such initiatives include the African 10-Year Framework Programme on Sustainable Consumption and Production, African Rural Energy Enterprise Development (AREED) and the Bioenergy Support Facility. In addition, the project can generate synergies and complementarities with the UNDP-UNEP Poverty-Environment Initiative (PEI). The PEI which is being implemented in some of the countries covered in this project (Burkina Faso, Kenya and Rwanda) seeks to include environmentally sustainable natural resource use as a core objective in development planning and budgeting so that poverty reduction and other economic development objectives are not undermined by the unsustainable use of natural resources. Typically, PEI studies measure the impact and cost of
degradation of natural capital in economic terms, and on the livelihoods of populations, and then assess the cost of remediation. Green Economy studies complement such economic analysis but focusing on the economic, social and environmental opportunities of investment in natural capital. GEI studies can therefore add to PEI economic assessments of the cost of inadequate use of natural capital an analysis of the benefits of mainstreaming and investing in the environment.

The project could be used to exploit synergies with the EU’s programmes on sustainable consumption and production. Furthermore, this project is a natural complement, at the regional level, of the TEEB project, which is funded by the EU as part of the G8+5 processes. TEEB is already providing clear indications of the critical importance of better integrating and managing natural capital in the process of development. Preliminary results point to four urgent strategic priorities which are all relevant to the countries proposed for this project: to halt deforestation and forest degradation; to protect tropical coral reefs, and the associated livelihoods of half a billion people; to save and restore global fisheries and related jobs; and to recognise the deep link between ecosystem degradation and the persistence of rural poverty and align policies across sectors with key Millennium Development Goals. This project will develop further macro-economic analysis towards better stewardship of natural capital in the countries proposed.

This proposal builds on a number of priority areas that have been identified in EU policy of supporting efforts to advance sustainable development objectives in Africa. One focus of the project on strengthening economic and social resilience by encouraging investment in social and natural capital is in line with the key policy priorities of the Africa-EU Joint Strategy, which provides an overarching long-term framework for Africa-EU relations. It also relates to many of the 8 Africa-EU strategic partnerships outlined in the action plan for 2008-2010, more specifically to the following: Millennium Development Goals (MDGs), Energy, Climate change, and Migration, Mobility and Employment.

The proposal is in synergy with themes defined under the new European approach to fragility in Sub-Saharan Africa, which are: bridging the gap between short-term needs and long-term policies to enhance resilience; enhancing human and social capital; supporting state-building and social cohesion; supporting better governance at regional level; and strengthening security and development together.

The proposal also complements several large EU-funded support programmes in place for SMEs in each of the geographical regions. While these EU-funded programmes are primarily targeted at promoting private sector development in general, usually by promoting cooperation between the private sector in the EU and in the developing countries, SEED engages directly with emerging entrepreneurial partnerships in developing countries, supporting small business development with multistakeholder involvement and using relatively small amounts of money to build their capacity to deliver social and environmental benefits. The size of the grants in the EU-funded private sector support programmes is usually also of a much larger scale and these grants involve direct business support in which financial gains and employment are the main goals. Nonetheless, there is potential for linking the SEED-related activities in this project to other relevant EU-funded activities such as the work of the Centre for the Development of Enterprise.

The UN Commission on Sustainable Development (CSD) is addressing sustainable consumption and production, mining, waste management in its 2010-11 cycle. SEED has close links to the CSD, and the direct experience of SEED Winners could provide important insights for the forthcoming sessions which will provide important visibility for this project.
2.4. Donor coordination

This project will be operated in response to advisory services requested by governments in the countries proposed. Coordination with national governments and other donors is planned through the channel of the integrated UNDAF and the donor coordination structures that are in place and driven by the partner countries, where such structures exist.

Coordination will be further pursued with programmes, projects and activities being undertaken by the European Commission and other donors in the countries and sectors selected. In particular this project will seek synergies with EU-funded programmes and projects under the Joint Africa-EU Strategy, and the action plan for 2008-2010 of the Africa-EU strategic partnerships. The project will seek to develop synergies by bringing evidence from economic analysis to support transformational public policies and private sector social and environmental entrepreneurship.

The high-level annual meeting between UNEP and the European Commission will be used as a platform to enhance coordination with other EU-funded programmes that may have inter-linkages with this project.

With respect to programmes and projects promoting private sector development, SEED brings together a number of donors in the Board: Germany, the Netherlands, Spain, the UK, and the USA. The SEED business plan helps to coordinate the activities of the donor countries on sustainable development entrepreneurship. SEED also brings together these donors in-country, co-ordinating their support to winning partnerships on the ground.

3. Description

3.1. Objectives

The overall objective is to make sure that governments and stakeholders refocus policies and investment on green economic sectors, such as renewable energy, sustainable agriculture, forests, water, tourism and waste management; strengthening local capacity; and enhancing social and environmental entrepreneurship. The specific objectives are to stimulate both investment and policy initiatives that promote green economy objectives and the creation of social and environmental entrepreneurial activities in Africa.

Expected results and main activities

The project will undertake activities in support of governments, the private sector and local communities in selected African countries, with a view to achieving the following results:

1) Opportunities and challenges for promoting the green economy are identified and addressed;
2) Investment and policy reforms needed to achieve a green economy transformation in the relevant sectors are identified and defined;
3) Greater awareness enables policy makers, business groups and civil society to pursue policy and societal changes in approaches to the environment and development;
4) Social and environmental entrepreneurship is stimulated and supported throughout Africa;
5) Specific on-the-ground projects are identified; studying their implementation contributes to achieving the objectives outlined above.
In order to achieve these results, the following activities will be undertaken:

Hold a series of workshops and training courses to familiarise policy makers, experts and other stakeholders with the key concepts and principles underlying the transition to a green economy;

Develop an awareness raising programme, targeting policy makers and the private sector, to provide improved information on opportunities and challenges for green economy in the countries and sectors selected;

Undertake scoping studies that assess the potential for investing in the green sectors selected, the potential benefits in terms of promoting economic growth, employment creation, poverty reduction and environmental improvement, and the identification of good practices with linkage with existing activities in the countries;

Identify priority areas for policy reform and investment to enable and support the emergence of a green economy in the countries and sectors selected;

Provide platforms for multistakeholder dialogue and consultation to explore and formulate elements of national strategies to promote green economy;

Stimulate the creation of social and environmental entrepreneurial activities by extending the already successful global SEED scheme (www.seedinit.org) to ensure that at least 40 SEED awards are made to innovative entrepreneurs in Africa (separate from the dedicated SEED programme in South Africa – see below) and, from all the applications submitted, gather evidence and insights about the contributions being made by SMMEs to the green economy in Africa;

Establish a separate SEED programme in South Africa to stimulate social and green entrepreneurship at the local and national level, and to deepen understanding of the barriers faced by green entrepreneurs and build a closer relationship with the government and policy makers. SEED SA will be the first of several planned national or regional SEED schemes. The SEED Board has decided to augment the SEED programme in this way because it will:

- provide a good platform to increase SEED’s impact in asking governments and other stakeholders to refocus policies and investments towards a green economy; the message that green business works can be made more convincingly
- through the Deputy Minister of Science and Technology and other Government Departments, promote national ownership and further advance social and environmental entrepreneurship in South Africa
- provide important information on key emerging economies which are contributing increasingly at the global level to the green economy; this will be relevant for countries like India and China
- create a larger community of successful social and environmental entrepreneurs and increase the exchange among them, allowing for more extended networking and increased business opportunities
- provide additional and deeper insights into the prevailing conditions for social and environmental entrepreneurs for the informing of policy
- be better able to draw on national institutions and bodies to find appropriate facilitating mechanisms in areas such as financing.
At the same time, the global SEED programme will continue. The growth in the activities in Africa as a whole represented through this project should however contribute significantly to the stimulation of the green economy across the continent.

3.2. Risks and assumptions

The main risks to this project are: changes in policy priorities and political instability in project countries.

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<th>RISK</th>
<th>COUNTERMEASURES and CONTINGENCIES</th>
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<tbody>
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<td>Macro-economic assessments on green economy opportunities and challenges, and identification of relevant policy initiatives in six African countries.</td>
<td>Limited capacity of national and regional institutions to undertake green economy assessments at macro-economic level.</td>
<td>Draw on a large network of expertise within and outside selected countries that are engaged in delivering advisory services under the UNEP Green Economy Initiative, in order to support country efforts and strengthen national capacity.</td>
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<tr>
<td>National and regional training and capacity buildings workshop and communication undertaken in six African countries.</td>
<td>Relevant policy-makers, business representatives and civil society actors are not involved in awareness raising and related workshops. Political conditions in countries not conducive to multistakeholder dialogue.</td>
<td>Conduct an exercise to identify all relevant actors and stakeholders prior to project implementation, in conjunction with national and regional partners. Conduct a careful assessment of political context in countries selected, before starting project activities.</td>
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<tr>
<td>The creation of social and environmental entrepreneurial activities is stimulated in Africa, the Green Economy is advanced.</td>
<td>Uneven coverage of SEED Awardees across Africa, so reducing stimulation of Green Economy.</td>
<td>Disseminate call for proposals actively in all countries, using SEED Partners and Associates.</td>
</tr>
<tr>
<td>60 African social and environmental entrepreneurs are supported in their scale up process.</td>
<td>Political events in particular countries impede capacity building efforts. Eligibility and quality of proposals inadequate.</td>
<td>Work with relevant organisations in neighboring countries. Direct prospective applicants to website guidance and introduce pre-selection screening.</td>
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<tr>
<td>Research on effectiveness of social entrepreneurs and their contributions in Africa completed and disseminated.</td>
<td>Uneven interest in SEED Awards produces incomplete picture of contribution of social and environmental entrepreneurs.</td>
<td>Conduct sectoral and regional as well as country analysis.</td>
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<tr>
<td>Policy messages drawn out of research available to policy makers and others.</td>
<td>Lack of uptake by policy makers.</td>
<td>Use as many channels as possible for disseminating results, including active promotion in national and international fora.</td>
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</table>

3.3. Crosscutting issues

This project concerns a number of crosscutting issues that form part of the work agenda of the EC, UNEP, national governments and other development partners. The projects falls within the scope of the UNEP medium term strategy and in particular priority area on Resource Efficiency – Policy, macro-economic assessments and instruments to empower governments
and business to advance resource efficiency and move towards a Green Economy. It relates to UNEP’s Climate Change strategy and will help make and communicate a strong and convincing economic case about significant gains in terms of cost savings, competitiveness, new growth opportunities, decent job creation, and poverty reduction – for increasing investments in clean energy, energy efficient industrial processes and carbon sinks. Finally, the project integrates elements of UNEP’s strategy on Ecosystem Management by estimating and incorporating ecosystem values into national planning, accounting and investment decisions.

3.4. Stakeholders

The key stakeholders and target groups to be involved in, and beneficiaries of the project are as indicated below:

Target beneficiaries

1. Governments: National governments, NEPAD Secretariat, ACP Secretariat, COMESA Secretariat and other relevant regional intergovernmental bodies will be provided with evidence and policy advice based on economic analysis to examine key opportunities and challenges for delivering economic growth, employment generation, poverty reduction and environmental improvement in the green sectors selected. Such an analysis will contribute to informing policy decisions and enabling governments to refocus public policies and investment in green sectors that can deliverer economic, social and environmental policy gains.

2. Business groups: business leaders will be able to identify and assess opportunities and risks of investment in green sectors, and have elements of information on possibilities to pursue social and environmental objectives while delivering on their core business strategies;

3. National experts and stakeholders: will benefit from platforms to interact with policy makers and contribute views and perspectives on the articulation of national strategies to promote green economy objectives.

4. Social and environmental entrepreneurs: The winners of a SEED Award receive a package of tailored capacity building, networking and profiling. This results in delivery of skills-development at the local level.

5. Local communities: SEED winners are often local entrepreneurs working in multistakeholder partnerships with community groups and NGOs, and sometimes academia or larger companies.

The local community benefits, often through added employment opportunities or community services. Only those projects are selected that at the outset build the delivery of social and environmental benefits into their business models (triple bottom line).

6. Donors: country support to promote green economy policy approaches in agriculture, energy, and forests will contribute to the objectives of the Millennium Development Goals, and to fulfilment other international policy objectives such as climate change mitigation and adaptation in Africa, and protection of global commons such as forests that are supported by the international and the donor community. They also stand to benefit from the insights gained through the SEED research into the problems faced by SMMEs delivering sustainable development.
Regional institutions and national governments that are expected to be key partners and beneficiaries of the project have committed to support and to be actively involved in the project. The secretariat of the NEPAD, through its Chief Executive Officer, has agreed to serve as the regional counterpart. National governments in the countries selected have committed to implementation of the project – for example the Senegalese Government which coordinates the environment, infrastructure and energy work programmes of NEPAD has expressed full support to the project through its Minister for NEPAD. Rwanda has expressed high-level support for cooperation on green economy through discussion between its Head of State and UNEP Executive Director. As regards South Africa, the direct involvement of the Deputy Minister for Science and Technology means that the project will have ready access to organisations that would be able to facilitate implementation.

The involvement of ministries of science, economy, and regional integration in the preparation for this project will ensure that line ministries beyond the Ministry of Environment will be active partners and owners of this project.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Joint management through the signature of an agreement with an international organisation, the United Nations Environment Programme (UNEP).

This project will be implemented and monitored by a tri-partite Steering Committee including representatives of UNEP (Division of Technology, Industry and Economy, under its Trade and Economics Branch, Sustainable Production and Consumption Branch, Energy Branch, and Regional Office for Africa and SEED, which is hosted by UNEP’s Division of Communications and Public Information), the European Commission, and the NEPAD Secretariat acting as regional counterpart for countries covered in the project.

Such an operational structure should ensure effective coordination in the management of the project, an efficient monitoring of performance indicators, and a harmonisation of reporting and monitoring with ongoing processes (by UNEP and other donors) in the target countries.

The SEED Board provides the strategic overview of the SEED Programme. It consists of senior representatives of the 3 Founding Partners - UNEP, UNDP and IUCN - and other Partners who are currently the governments of Germany (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety), India (Ministry of Environment and Forests), the Netherlands (Ministry of Agriculture), Spain (Ministry of Foreign Affairs and Cooperation), South Africa (Department of Science and Technology), the UK (Department for Environment, Food and Rural Affairs) and the USA (Department of State). Norway (Ministry of Foreign Affairs) is a Partner but not a Board member. The SEED Board will provide strategic inputs about the implementation of this project to the tripartite Steering Committee.

The advantages that SEED brings are not only the involvement of major government donors, and UNDP and IUCN, through the SEED Board but most importantly its extended networks around the globe and on local level together with the experience it has gained in promoting and supporting small scale entrepreneurs. Having access to entirely local business initiatives provides the opportunity for SEED to collect evidence and data that can inform a better policy environment and institutional strengthening for the stimulation of green entrepreneurship. The bottom-up and capacity building combined with business case approach of SEED is very appropriate and sensitive to local realities in developing countries.
The implementation of the project will involve staff from UNEP, including SEED, and external experts, and local partners. The Green Economy activities will be lead by UNEP Secretariat and will involve staff from the Economics and Trade Branch and UNEP Regional Office for Africa, with contributions from the Sustainable Consumption and Production Branch, the Energy Branch, and other relevant divisions and UNEP Environment Programme Coordinators in the countries.

In each of the countries covered in the project, UNEP will be directly working with a key policy institution that will be engaged to work on the Green Economy country analysis and facilitate the running of multistakeholder dialogues and consultations with relevant government agencies, private sector, civil society organisations, EC Delegations and representatives of relevant partner institutions.

The implementation of the SEED component of the project will be directed by the SEED Secretariat. As regards the activities across Africa, a number of external experts will be responsible for:

- running the SEED awards scheme
- providing packages of capacity building to each of the SEED Awardees
- helping to network and profile the Awardees
- gathering evidence from the Awardees and applicants for the prize about the types and range of entrepreneurial activities taking place in Africa
- developing appropriate tools
- identifying barriers to scale-up.

SEED SA will also be overseen by the SEED Secretariat but external experts, including at local level, working with government representatives, will be engaged to deliver the specific awards scheme, and to provide similar capacity building, networking and profiling as for the activities across the remainder of Africa.

Project management and coordination will be as follows:

**Outputs 1, 2 and 3** by UNEP, working in close collaboration with NEPAD, COMESA, ACP and the SEED Secretariats and respective Delegations of the European Commission in the countries concerned.

**Output 4**, by the SEED Secretariat, working closely with the partners Adelphi and IISD, and under supervision of the SEED Board.

Financing responsibilities and arrangements will lie with UNEP.

**EU Aid Effectiveness:**

The approach proposed in the implementation of this project, which involves an active participation of the Secretariat of the New Partnership for Africa’s Development (NEPAD) as an instrument of the African Union, as well as Africa’s regional economic communities (RECs) is expected to enhance efforts towards aid effectiveness by focusing on policy units that directly shape cooperation programmes between African countries and the European Union.

### 4.2. Procurement and grant award procedures

All contracts implementing the action will be awarded and implemented in accordance with the procedures and standard documents laid down and published by UNEP.
4.3. **Budget and calendar**

The total estimated costs are EUR 3 700 000. The maximum EU Contribution is EUR 3 200 000.

The extent of co-funding from UNEP for both components is expected to be EUR 500,000 but this cannot yet be confirmed as the Programme of Work for 2010-2011 is still under consideration.

The duration of the project, including final reporting, is **27 months**.

4.4. **Performance monitoring**

On the green economy component, monitoring by the Steering Committee will focus on indicators of progress. These will be reviewed along the way to ensure consistency with the overall goal and expected outcome of the project.

On the SEED component, monitoring will target delivery of the SEED Awards, impact of the capacity building provided to individual entrepreneurs, development of capacity building tools, and dissemination of evidence and policy guidance. Performance Indicators will be set at the start of the project by the SEED Secretariat and its long term partners, IISD and Adelphi.

4.5. **Evaluation and audit**

The implementation of the project will be subject to evaluation and auditing as per UNEP’s standard procedures, including review by the Quality Insurance System of UNEP’s Senior Management. It will include mid term, final and ex-post evaluation.

4.6. **Communication and visibility**

Activities to promote communication, outreach and visibility of the project include wide dissemination of the project output through the networks of UNEP, SEED, NEPAD, EU and other partner institutions, the creation and maintenance of a web portal including under the Green Economy Webpage, and the production of an outreach movie on Green Economy. Visibility measures are fully integrated into the SEED component through at least 60 events across Africa, and reporting of results at international policy fora, such as the UN Commission on Sustainable Development, the focus of which in 2010-11 is sustainable consumption and production.

In addition, donor visibility will be provided on major publications, brochures, meeting documentation, the SEED website, SEED Winner flyers, SEED documentation, media information and multimedia products, in the SEED newsletter, and in press materials. The EU logo will be featured prominently on all project products and events, the UNEP and SEED websites, newsletters, global meeting materials and publications along with national level products and projects (meeting agendas, banners, publications, and reporting and media material).

Regular policy updates will target key policy junctures such as meeting of the African Ministers of Finance and Environment, meetings of the relevant bodies of the African Union, the AU-EU policy dialogues, as well as international policy events including climate change conferences and meetings of the G-20.
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1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 1 of the ENRTP: Global Assessment Report on Disaster Risk Reduction (GAR11) (Ref. 227402)</th>
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<td>Total cost</td>
<td>EU contribution: EUR 500 451&lt;br&gt;Total estimated costs: USD 4.3 million (approx. EUR 2.9 million)</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – Direct centralised management with United Nations, secretariat of the International Strategy for Disaster Reduction (UNISDR)</td>
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<tr>
<td>DAC-code</td>
<td>74010 (Disaster prevention and preparedness) and 41010 (Environmental policy and administrative management)</td>
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2. **RATIONALE**

2.1. **Sector context**

The Global Assessment Report on Disaster Risk Reduction (GAR) of the UN International Strategy for Disaster Reduction (ISDR) is a biennial report of the ISDR system that contributes to the achievement of the Hyogo Framework for Action (HFA) through monitoring risk patterns, trends and progress in disaster risk reduction, while providing strategic policy guidance to countries and the international community. The GAR brings focus to the ISDR system and contributes to the relevance and effectiveness of disaster risk reduction, through two mutually supportive activity streams. Firstly, a large number of ISDR partners, including UN organisations, the World Bank, NGOs, academic and scientific organisations, regional organisations and governments are engaged in compiling and analysing the information on disaster risk patterns and trends, risk reduction progress and key challenges that feeds into the GAR. Secondly, through a series of launch events, presentations and workshops the findings and recommendations of the GAR inform not only international strategy and policy but also feed back into regional and national disaster risk reduction programming. Given the increasing inter-connected nature of global risks, the GAR contributes not only to the achievement of the HFA but also to other goals such as poverty reduction and climate change adaptation.

The 2009 Global Assessment Report on Disaster Risk Reduction (GAR09) was launched by the Secretary-General of the United Nations in Manama, Bahrain on 17 May 2009 and informed the Second Session of the Global Platform on Disaster Risk Reduction, held in Geneva from 15 to 19 June, 2009, followed by a large number of national and regional presentations to key stakeholders.

GAR09 highlighted how disaster risk is intimately linked to other crisis *domains*, particularly climate change and poverty. In particular it provided compelling evidence of the need to integrate existing policy and strategy frameworks for disaster risk reduction and climate...
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change adaptation, to adopt approaches based on broad participation and partnerships and to address underlying drivers of risk, such as declining ecosystems, vulnerable rural livelihoods and badly planned and managed urban development.

At the same time, the consequences of a series of inter-locked global crises (in domains including energy and food insecurity, financial and economic crisis, avian and swine flu pandemics and conflict), in a context of global climate change, have pushed risk management and reduction into the political centre-stage. Many countries now recognise the need for an integrated approach to disaster risk reduction and climate change adaptation within a broad framework of sustainable development and poverty reduction. This new sense of commitment and urgency was expressed in the Chair’s Summary from the second session of the Global Platform on Disaster Risk Reduction, held in Geneva in June 2009, which echoed the findings of GAR09 and highlighted a number of key challenges now facing risk prone countries:

- the harmonisation and integration of the policy and institutional frameworks for disaster risk reduction and climate change adaptation, in a broader context of poverty reduction and sustainable development goals.
- the up-scaling of risk reduction efforts from pilot projects to larger scale programmes in the context of national policy frameworks backed by political authority and resources.
- the transformation of the governance arrangements for risk reduction, from the traditional emergency management organisations and environment ministries to core ministries of planning, development, and finance.
- the adoption of new approaches to risk reduction based on partnerships which recognise that government and civil society and national and local level actions have a mutually supportive role to play.
- the development of financial and implementation mechanisms at the national level to manage the expected increase in available resources for risk-reduction from climate change adaptation, development and humanitarian sources.

This new and compelling imperative for risk reduction is the starting point for GAR11. If the focus of the GAR09 was on the identification of drivers of risk and on what needs doing, the overall focus of the 2011 GAR will be on drivers of risk reduction and on how to address the challenges listed above.

Broadly, the GAR11 process is structured around three principal components,

- An enhanced analysis of global risk patterns, trends and drivers, including a particular focus on the drivers of drought risk, including environmental degradation and climate change. A more fine grained and nuanced understanding of risk will be achieved through high resolution drill downs in specific countries and sub-regions, through bringing new countries and regions into the extensive risk analysis and by improvements in the measurement of the exposure and vulnerability of economic assets.
- An analysis of those social, economic and political factors and processes which drive, facilitate and catalyze progress in risk reduction, including: post-disaster recovery; the decentralisation of government; the strengthening of civil society; the application of codes and regulations; the use of cost-benefit analysis in public investment; market and financial incentives, effective implementation mechanisms and supportive social, employment and trade policies.
- A second round of progress reporting (2009-2011), against the Hyogo Framework for Action, using the HFA Monitor online tool. New reporting modules will be introduced, for example, output indicators related to the HFA strategic goals and indicators for regional and international organisations, and multi-stakeholder reporting will be formalised.
This Action Fiche refers to the first of these components, namely the enhanced analysis of global risk patterns, trends and drivers.

2.2. Lessons learnt

Formal cooperation between the UNISDR Secretariat and the European Commission began in 2004 with support to the preparation and organisation of the World Conference on Disaster Reduction at which the Hyogo Framework for Action was adopted by 168 member states. This was in part a function of an ongoing strategic relationship that was born out of the advocacy efforts of the International Decade for Disaster Reduction in the 1990s, since which time the UNISDR contributed frequently to the development of the European Commission’s policy on disaster risk reduction.

The 2004 Indian Ocean tsunami cemented this relationship in a series of formal engagements that began with a focus on the disaster event itself, and evolved into wider cooperation in multiple geographic and hazard-specific contexts.

In formulating its Biennial Work Programme 2010-2011, the UNISDR undertook an extensive review of its impact and efficacy in meeting the demands and expectations of the ISDR System. Thus in keeping with its coordinating role for disaster risk reduction the strategy for the forthcoming biennium aims to achieve its objectives with its partners by:

▫ increasing advocacy and strategic communications products and targets;
▫ strengthening knowledge management and the evidence base for disaster risk reduction;
▫ increasing regional cooperation and UNISDR regional presence to assist more directly intergovernmental organisations to reach national and local levels;
▫ strengthening coordination and policy coherence within the UN ‘delivery as one’ with special emphasis on addressing Resident Coordinators and UN Country Teams; and
▫ accelerating promotion of national coordination mechanisms for disaster risk reduction such as national platforms, with the goal of including climate change concerns.

GAR11 occupies a central position in the UNISDR Biennial Work Programme 2010-2011. As described in 2.1 above, the GAR processes contribute to focus the work of the entire ISDR system through:

1. engaging a very large number of partners at the national, regional and international levels to compile and analyse data and information
2. collectively enhancing knowledge and understanding of disaster risk patterns and trends, of how and why progress is being made and of key disaster risk reduction challenges
3. providing cutting edge guidance to disaster risk reduction policy, strategy and programming at all levels

In other words, the GAR is much more than simply another report. It is a strategic mechanism for collectively pooling and socialising knowledge with important multiplier effects at all levels.

The performance of the UNISDR in coordinating, supervising and monitoring the actions of a number of partner organisations to a) strengthen national institutional capacity in Disaster Risk Reduction (DRR), b) increase public awareness and knowledge on tsunami risk and DRR, c) strengthen local community capacities for DRR, and d) advance research and analysis on the risk and impact of tsunamis and other related hazards, was recently assessed in the context of an external evaluation of the 'Building Resilience to Tsunamis in the Indian Ocean Project'. The independent consultants engaged to conduct the evaluation during the period 21 August – 2 September 2009 found that in general the project should be considered a
success as a programme of various activities in support of the HFA priorities with levels of awareness of the importance of DRR having been raised. The full evaluation report is available for information.

Further appraisal and presentation of lessons learned in performing its coordinating, convening and facilitating function are found in the enclosed 'After Action Review of the Global Platform for Disaster Risk Reduction 2009’. The review provides a frank, internal review of the lessons learned by the UNISDR in hosting this flagship biennial event for the ISDR system. It provides a useful appraisal of UNISDR in undertaking some of its core mandated functions, not least in convening and facilitating information exchange and deliberation, guiding strategic direction of multiple stakeholders and the generation of strategic information.

2.3. Complementary actions

The development and publication of the Global Assessment Report on Disaster Risk Reduction 2011 (GAR11) will be closely related to a number of other processes, in particular the Global Platform for Disaster Risk Reduction, the IPCC Special Report on Climate Change and Extreme Events and the HFA Mid Term Review, as well as to diverse work-processes in UNISDR.

- As in the case of GAR09, the findings of GAR11 will inform the deliberations of the 3rd Session of the Global Platform for Disaster Risk Reduction, which will be held in 2011. In fact the GAR and the Global Platform should be considered as complementary mutually supportive mechanisms to engage, articulate and focus the ISDR system at all levels.

- Research produced for both GAR09 and GAR11 will feed into the IPCC Special Report on Climate Change and Extreme Events, which will be published after GAR11 towards the end of 2011. Through the Special Report UNISDR is supporting the IPCC to bring together the climate change and disaster reduction communities in a way that should contribute to harmonising and dovetailing disaster risk reduction and climate change adaptation activities at all levels.

- The second round of progress reporting against the HFA, undertaken for GAR11, will also generate the primary information to inform the Mid Term Review of the HFA (MTR). The MTR is a key process within the HFA agreed by the signatory member states.

- As mentioned above, GAR11 will also:
  - engage and focus the work of ISDR partners in all regions, including thematic, regional and national platforms;
  - will improve knowledge and understanding of risk patterns and trends and facilitate the introduction of risk information in planning and decision making processes;
  - identify clearly framed challenges and issues for advocacy and communication purposes and will contribute to the capacity development of partners.

As a primary output of Strategic Objective 4 of the UNISDR Biennial Work Programme 2010-2011 'Strengthened international system for disaster risk reduction', this Action contributes to the key information source for ISDR-wide advocacy, guidance and assessment of progress in building the resilience of nations and communities. The Action is intended to strengthen the UNISDR secretariat’s position as a provider of key strategic data on disaster risk, evidence for risk reducing investments, and practices and progress.

In addition to the complementary actions described above, UNISDR will use GAR11 to spearhead a strategic policy dialogue on risk reduction at the international, regional and national levels. This policy dialogue will be designed to provide guidance to governments
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and to inter-governmental regional organisations on how to adapt to climate change and how to reduce disaster risks.

In particular, the strategic policy dialogue will build on the present action, as the global risk analysis will enable a clearer identification of the risk reduction strategies most appropriate to dealing with different segments and strata of risk. The strategic policy dialogue will also build on the findings of the second component of GAR11 (an analysis of those social, economic and political factors and processes which drive, facilitate and catalyze progress in risk reduction) which together will characterise an enabling environment for reducing risk.

In principal, the **strategic policy dialogue** will have the following components:

- The global launch of GAR11 at the 3rd session of the Global Platform for Disaster Risk Reduction in 2011. The findings and recommendations of GAR11 will inform the deliberations of the Platform, which in 2009 was attended by approximately 2,000 delegates including senior government officials from all risk-prone countries. The global launch will also generate media attention to the findings and recommendations of GAR11, which will further contribute to creating a supportive atmosphere for its take up at the national and regional levels.

- Following the launch, regional workshops at a senior level will be held with Ministries of Finance and Planning from risk-prone countries, in order to present the findings and recommendations of GAR11 and initiate a strategic dialogue with a view to national policy implementation and programming. The regional dialogues will be organised by the regional offices of UNISDR in collaboration with regional inter-governmental organisations, namely: the South Asian Association for Regional Cooperation (SAARC), the Association of Southeast Asian Nations (ASEAN), the Economic Cooperation Organisation (ECO) and the South Pacific Applied Geo-science Commission (SOPAC) (Asia Pacific); African Union and Regional Economic Commissions (Africa): League of Arab States (North Africa and Middle East); The Andean Committee for Disaster Prevention and Relief (CAPRADE), the Caribbean Disaster Emergency Management Agency (CDEMA) and Center for coordination of natural disasters prevention in Central America (CEPREDENAC), the Southern Common Market (MERCOSUR) and Organisation of American States (OAS) (Americas).

- Other presentations, launches and workshops built on the findings and recommendations of GAR11 will be held with specific groups of international organisations, donors, NGOs and others. For example, GAR09 was presented in the World Bank, in Japan, Norway, France, Switzerland and the United Kingdom, to UN Resident Coordinators, to the Intergovernmental Panel on Climate Change (IPCC) and to other key groups.

- National workshops will then be held with specific risk-prone countries that intend to build on the findings and recommendations of GAR11 to develop national risk reduction implementation plans

2.4. **Donor coordination**

Donor countries, including EU Member States and representatives of the European Commission are regularly consulted in the context of the ISDR Support Group (which meets approximately quarterly), and through ad hoc consultation exercises with donors on issues
pertaining to UNISDR work planning\(^1\), joint work programming of ISDR partnerships, international ODA investment trends for DRR, as well as through other fora:

- OECD / Development Assistance Committee (DAC) consultations with member states (including participating in ODA Peer Review processes),
- Global and Regional Platforms,
- UN General Assembly debates and ECOSOC meetings.

UNISDR has also undertaken dedicated briefings to the European Council Working Group on Development Cooperation, and the Working Group on Humanitarian Aid and Food Aid. It is regularly requested to assist, and has provided input to policy development and implementation exercises, including those of EU Member States and the European Commission. Most notably, it provided input to the development of the:

- **Communication from the Commission to the Council and the European Parliament:**
  EU Strategy for Supporting Disaster Risk Reduction in Developing Countries - COM(2009) 84 final, and
- **Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions:**

Synergies are also ensured with the actions developed under the programme for prevention, preparedness and response to natural and man-made disasters (PPRD South) as well as with the PPRD East programme to be launched.

3. **DESCRIPTION**

3.1. **Objectives**

The **overall objective** of GAR11 will be to provide national governments, regional and international organisations, civil society and other stakeholders with strategic policy advice on how to adapt to climate change and to reduce disaster risk. It is expected that GAR11 will guide strategic dialogue on these challenges at international, regional and national levels.

To this end, the GAR11 will offer enhanced analysis of global risk patterns, trends and drivers, identification of the social, economic and political factors and processes which drive, facilitate and catalyze progress in risk reduction and a second round of reporting (2009-2011) of progress towards the Hyogo Framework for Action.

The **specific objective** of the proposed action, which is part of the overall GAR11 process, is to enhance understanding of the global risk patterns, trends and drivers presented in GAR09; partly through a focus on the drivers of drought risk, including environmental degradation and climate change. A more fine grained and nuanced understanding of risk will be achieved by conducting high resolution drill-downs in specific countries and sub-regions, through bringing new countries and regions into the extensive risk analysis and by applying probabilistic risk analysis tools to pick out risk strata and segments that can be addressed through appropriate ranges of disaster risk reduction measures.

3.2. **Expected results and main activities**

GAR09 presented an estimation of global risk patterns for four natural hazards (tropical cyclones, floods, earthquakes and landslides) together with an estimation of hazard and exposure to drought and tsunami. The impact of frequently occurring, low-intensity disaster impacts was estimated in a sample of 12 countries in Latin America and Asia. Econometric

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\(^1\) most recently in the context of the development of the 2010-2011 Biennial Work Programme of the UNISDR secretariat
methods were applied to identify the key drivers of risk for each hazard and, at the national level, poverty impacts.

GAR11 will complement and enhance the GAR09 global risk analysis, with a view to providing further and compelling evidence of how, why and where disaster risk is increasing globally.

The **Expected Results** and **Main Activities** of the GAR11 global risk analysis will be:

**An updated vision of global risk patterns and trends:**

- Risk patterns change over time. The global risk analysis presented in GAR09 used datasets updated to December 2007. GAR11 will use datasets updated to December 2009. Therefore GAR11 will provide an updated vision of global risk, enabling the visualisation of what has changed in the last two years. Updating all the different data sets on hazards, population and economic exposure, disaster losses and on social and economic vulnerability attributes will be a fundamental first step in the GAR11 global risk analysis. In addition, while GAR09 analysed disaster risk trends globally and only for one hazard (flood), GAR11 will cover all hazard types and disaggregate the analysis, examining trends for different regions and country income classes.

**Improved visualisation of results:**

- The online Global Risk Data Platform, located on Prevention Web, currently allows all the global data collected for GAR09 to be visualised as maps at different scales, statistical tables etc. This enables users to further explore the data published in GAR09 and carry out their own analysis. For GAR11, new tools will be developed to improve the visualisation of data and range of analysis possible in the Global Risk Data Platform. The Platform will be enhanced by including query tools and other functionality for improving risk identification at the global level and by developing integration with other systems, such as DesInventar or multi-scale probabilistic risk analysis tools. This should vastly increase the relevance and usefulness of the Platform to a wider range of end-users.

- The online Global Risk Data Platform at present contains global datasets, but the level of resolution allows visualisation of the risks at sub-national level. As it is further improved through the present project, additional national and sub-national datasets will be included, further enhancing the ability to visualise risk at the sub-national level. While this will enhance the relevance of the tool, it has to be stressed that it is not intended to substitute for detailed, nationally driven and locally owned disaster risk assessments.

**An analysis of global drought risk:**

- A central focus of GAR11 will be on drought risk, which was a major gap in GAR09. GAR11 will analyse drought risk in specific countries and groups of countries (in particular in Africa and the Middle East), if possible leading to a global analysis. This will be done through national and regional case studies on drought risk and the application of quantitative methods to global hazard and exposure datasets, in particular identifying the factors and drivers that translate meteorological drought into agricultural and hydrological drought. In addition, GAR11 will explore how climate change (manifested, for example, as changing rainfall and temperature patterns and glacier melt) and environmental degradation (such as drainage of wetlands,
deforestation and excessive ground water extraction) linkages contribute to changes in the frequency, severity and extent of drought risk.

A deeper and broader understanding of extensive risk:

- The highly localised but often low-intensity impacts of frequently occurring hazard events are largely invisible to the international community. One of the highlights of GAR09 was an exploration of these patterns and trends of extensive risk in 12 countries in Asia and Latin America, for which data had been compiled. In particular, this exploration brought to light a rapid increase in weather-related impacts, associated with processes of urbanisation, territorial occupation, environmental degradation and rural vulnerability and magnified by climate change. It also demonstrated how this ‘off-the-radar-screen’ risk is responsible for a significant proportion of the damage to housing, local infrastructure and livelihoods, particularly in poor communities. GAR11 will deepen and broaden understanding of this kind of risk by bringing new countries and regions into the analysis, in particular from Africa, the Arab states and south-east Asia and through additional statistical analysis. It is expected that up to 24 countries will be covered in GAR11, vastly increasing the global relevance and validity of the results.

Identification of national and regional risk drivers:

- GAR09 used econometric and statistical techniques to identify global risk drivers for each of the principal natural hazards. For example, poverty (as measured by GDP per capita), increasing exposure of people and assets and poor governance (as measured by a lack of voice and accountability) were all identified as global risk drivers. GAR11 will drill down in key countries and sub-regions to explore and analyse risk accumulation processes at a higher resolution, enabling enhanced characterisation of these risk drivers. This will illustrate the real factors which are driving risk in different contexts and thus the drivers which will have to be addressed if risk is to be reduced. It is expected that GAR11 will develop one drill down in each region, building on advances in compiling national data on losses and exposure.

The identification of appropriate risk reduction strategies through applying probabilistic risk assessment tools:

- In GAR11, probabilistic risk assessment tools will also be applied to the global data to clearly identify different risk strata and segments and thus profile the specific range of disaster risk reduction strategies appropriate for each strata and segment. For example, the risks associated with a 500 year tsunami event are completely different to those associated with frequently occurring urban floods and require very different strategies. The use of probabilistic tools will allow calculation of the amount of risk in each segment and strata, associated costs and losses and the most appropriate risk reduction strategies available.

3.3. Risks and assumptions

- Most of the activities under this proposal will be carried out through partnerships, clearly specified in MoUs, grant agreements or sub contracts. Whilst every effort will be made by UNISDR to assure partnerships with entities with a proven track record of

\[^2\] probabilistic risk tools developed for CAPRA initiative
quality delivery, the use of sub contractors or consultants always entails some risk, particularly with regard to delays in the delivery of research products or to the quality of the outputs. The core GAR team and the program officers will assure close scrutiny of the timeliness and quality of outputs delivered by sub-contracted partners.

- Actions such as visualisation of risk information, update of risk data, analysis of trends and patterns of risk, drought risk analysis and probabilistic risk assessment are dependent on data availability and quality and on overcoming a series of methodological challenges. Variable data quality or methodological complications may hamper or limit the final outputs. In order to mitigate this risk, additional, unforeseen work will be factored into the implementation of each result area to maximise the probability of obtaining valid and quality risk data and information.

3.4. Crosscutting Issues

As highlighted in 2.1 above, the consequences of a series of inter-locked global crisis (in various domains), in a context of global climate change, have pushed risk management and reduction into the political centre-stage. Many countries now recognise the need for an integrated approach to disaster risk reduction and climate change adaptation within a broad framework of sustainable development and poverty reduction.

The Chair’s Summary from the Global Platform for Disaster Risk Reduction 2009\(^3\) highlighted a consensus on the need to integrate existing policy and strategy frameworks for disaster risk reduction and climate change adaptation, to adopt approaches based on broad participation and partnerships and to address underlying drivers of risk, such as declining ecosystems, vulnerable rural livelihoods and badly planned and managed urban development.

While this action is focused on disaster risk reduction, it will also contribute to the adoption of a more integrated holistic approach to managing and reducing risks in all domains, in particular with respect to climate change adaptation and poverty reduction. While the primary instrument of the ISDR system is the HFA, the action will also contribute to the achievement of the Millennium Development Goals (MDGs) and agreements under the auspices of the UNFCCC, including the Bali Action Plan and the Nairobi Work Programme. The action will also further understanding of the role of gender in the configuration of disaster risk, through encouraging the compilation of gender-disaggregated risk data.

3.5. Stakeholders

The GAR will be an independent ISDR report, coordinated by the UNISDR secretariat, and developed in association with other system partners such as the World Bank, UNDP, WMO and others.

Responsibility and accountability for the GAR will rest with the Assistant Secretary-General for Disaster Risk Reduction and Special Representative of the Secretary-General for the implementation of the Hyogo Framework for Action (SRSG). The SRSG would sign-off and approve the publication of the GAR. The GAR Coordinator and team will be housed in the UNISDR secretariat and will report to the SRSG.

In order to guarantee credibility and impartiality, the development of GAR11 will be guided by an independent Advisory Board, nominated by the Special Representative of the Secretary-General. The Advisory Board will be responsible for providing advice on the concept and substantive content of the GAR as well as on its launch, dissemination and mainstreaming, in the context of the Global Platform, the UNFCCC, the General Assembly and other processes. In particular, the Advisory Board will be responsible for endorsing and validating the GAR11

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\(^3\) http://www.preventionweb.net/globalplatform/2009/
concept paper (January 2010), the chapter outlines (July 2010), a first draft (January 2011)
and a final draft of the GAR11 (April 2011) before sign-off by the SRSG.

The European Commission will be asked to nominate a representative to join the Advisory
Board. Other nominees will include representatives of the World Bank, WMO, UNDP and
eminent academic figures, all of which will be represented by high-level officials able to
provide informed guidance.

A number of Technical Panels would also be set up and appointed by the SRSG to provide
detailed technical and scientific expertise and advice to the GAR Coordinator. The Technical
Panels would be responsible for ensuring a rigorous and impartial review process of each
chapter of the GAR. Each Technical Panel would nominate a Review Editor responsible for
ensuring that review comments are satisfactorily answered and resolved.

The activities proposed in the action will be implemented through a range of scientific and
technical implementing partners. These include other UN organisations (UNDP, UNEP and
WMO), scientific and technical organisations (Norwegian Geotechnical Institute, Arab
Academy of Science and Technology, CIMNI Polytechnic University of Catalunya and
others) and NGOs (Corporación OSSO).

Expected partners for each expected result are as follows:

**An updated vision of global risk patterns and trends:**

- UNEP-GRID and University of Geneva and the Norwegian Geotechnical Institute
  (NGI) with key data providers (including Dartmouth Flood Observatory, USGS,
  CRED, World Bank and many others)

**Improved visualisation of results:**

- UNISDR with UNEP-GRID and University of Geneva

**An analysis of global drought risk**

- World Meteorological Organisation (WMO), United States National Oceanic and
  Atmospheric Administration (NOAA) and regional and national partners to include
  the Arab Center for the Studies of Arid Zones and Dry Lands (ACSAD), Cuban
  Institute of Meteorology, Observatoire du Sahara et du Sahel (OSS) and others.

**A deeper and broader understanding of extensive risk**

- Corporación OSSO, Cali, Colombia; UNDP (Regional Centres in Bangkok, Cairo and
  Panama), SOPAC, Arab Academy of Science Technology and Maritime Transport,
  CDERA, national governments, universities and NGOs.

**Identification of national and regional risk drivers**

- UNDP Indonesia, Corporación OSSO, University of Geneva, Norwegian
  Geotechnical Institute and others.

**The identification of appropriate risk reduction strategies through applying
probabilistic risk assessment tools:**

- Centro Internacional de Métodos Numéricos en Ingeniería (CIMNI - Polytechnic
  University of Catalunya) and World Bank
Implementing partners have been selected on the basis of:

- On-going partnerships with UNISDR in the context of the broader ISDR system (for example WMO, UNEP, Arab Academy for Science and Technology)
- Previous work completed successfully for GAR09 (for example Corporación OSSO and UNDP Regional Centre Bangkok)
- Cutting-edge technical competence in a niche area of expertise (for example, CIMNI Polytechnic University of Catalunya)

4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

Direct centralised management through the signature of a contribution agreement with the UNISDR under application of Article 168 (c) of Commission Regulation (EC, EURATOM) No 2342/2002 of 23 December 2002.

This case of a direct award of a grant is justified in accordance with Article 168 of the Implementing Rules by UNISDR's monopoly position: UNISDR has a pre-eminent position in the area of disaster reduction policy as a result of the sole mandate provided by governments through the United Nations General Assembly resolutions, the International Strategy for Disaster Reduction and the Hyogo Framework for Action. This unique role, to provide global policy guidance and coordination, is evident for example through the creation and development of the biennial multi-stakeholder Global Platform for Disaster Risk Reduction, the annual provision of advice on disaster risk reduction to the General Assembly, and the production of global policy goods such as the 2009 Global Assessment of Disaster Risk Reduction and the 2009 UNISDR Terminology of Disaster Risk Reduction. Other policy outputs include promoting and supporting the World Conference on Disaster Reduction and drafting of the Hyogo Framework for Action, bringing disaster risk reduction to the UN Secretary General’s Policy Committee, pursuing the incorporation of disaster risk reduction guidelines into the UN Development Assistance Framework (UNDAFs); providing leadership and coordination on climate change and disaster risk reduction, such as through multi-agency submissions to UNFCCC processes and by driving the process to have the IPCC undertake a new IPCC Special Report on the management of climate extremes.

4.2. **Procurement and grant award procedures**

1) Contracts

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.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the DCI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in articles 31(7) and (8) DCI.

2) Specific rules for grants

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. They are established in accordance with the principles set out in Title VI ‘Grants’ of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:
- Financing in full (derogation to the principle of co-financing): 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 Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the EU.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

### 4.3. Budget and calendar

The maximum budget available is EUR 500 451. The estimated duration is 15 months.

A tentative breakdown of activities in Euros is presented here:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Indicative Cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project coordination and per diems</td>
<td>189 451</td>
</tr>
<tr>
<td>Travel</td>
<td>11 800</td>
</tr>
<tr>
<td>Studies, research (updating, visualisation, drought, and extensive risk)</td>
<td>254 460</td>
</tr>
<tr>
<td>Administrative costs (max 7%), audit, contingency</td>
<td>44 740</td>
</tr>
</tbody>
</table>

### 4.4. Performance monitoring

The GAR team in the UNISDR Secretariat will closely monitor all the activity streams. UNOPS through its project management system will monitor and provide periodic reports on the activities executed by them and through partners. External evaluation may be carried out for specific work streams with partners, if required.

### 4.5. Evaluation and audit

An audit may be required according to European Commission rules. This will be determined during the contracting phase as it depends on the requirements outlined above.

### 4.6. Communication and visibility

GAR11 will be launched at the 3rd Session of the Global Platform to be held in 2011. It is expected that the launch event will be sponsored and co-organised by one or more sponsors closely identified with the GAR, in the same way that the launch of GAR09 was sponsored and organised by the Kingdom of Bahrain.

The support of the European Commission to the development of the GAR11, as well as its contribution to the Advisory Board (see 3.5 above), will be identified in the final product, alongside the contributions of other donors, in accordance with the European Commission Communication and Visibility Manual for European Union External Actions.

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4 Date of the 3rd session of the Global Platform is to be finalised.
A programme of dissemination of GAR11 findings and recommendations, with a particular focus on strategic dialogue at the country and regional level, will be designed in partnership with UNISDR regional offices and other partners and implemented following the global launch. This programme will have as objective to mainstream the findings and recommendations of GAR11 into policy, strategy and programming at all levels. The research and analysis carried out through the proposed actions in this proposal will be part of the main GAR11 publication. Some of the research findings will also be published separately as Occasional Papers to present interim results and findings of research and studies commissioned for the GAR. All the background material will also be available for consultation on-line for specialised users. The interactive Global Risk Data Platform, located on Prevention web, will ensure that the results of the action are available to all users in an interactive format. This will not only promote the use of the global risk analysis but will promote further research and applications based on the data developed by other users.
**ACTION SHEET C FOR THE EUWI IN AFRICA**

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title</th>
<th>Under Priority 2 of the ENRTP: EU Water Initiative (EUWI) - Policy Development and Implementation for Sustainable Water Management in Africa (Ref 223428)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EU contribution: EUR 1 025 000</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – Joint Management with an international organisation (UNDP or UNICEF)</td>
</tr>
<tr>
<td>DAC-code</td>
<td>14010 (Water resources policy and administrative management)</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

The world is currently facing a global water and sanitation crisis that threatens lives, sustainable development and even peace and security. Some 1.1 billion people have no access to safe drinking water and some 2.6 billion people have no access to basic sanitation. In addition, climate change dramatically aggravates existing water shortages and threatens to contribute to political tensions and conflicts between riparian states.

Sub-Saharan Africa is facing the biggest challenges worldwide. At the current rate of progress, sub-Saharan Africa will miss the MDG target for water by one generation and the MDG target for sanitation by more than two generations.

Moreover, Africa is the continent with the highest number of transboundary rivers, lakes and aquifers. There are some 60 international river and lake basins in Africa, but less than 10 have the cooperation agreements necessary for sustainable management and equitable sharing of resources between riparian states. Therefore, creating new river basin organisations and revitalising existing organisations is one of the priorities in the African water sector.

In view of the current situation of economic crisis, there is an even stronger need for collaboration to make aid more effective and to achieve economically and environmentally sustainable development.

**Institutional arrangements**

AMCOW (African Ministerial Council on Water) was established in 2003. Its secretariat is based in Abuja, Nigeria with funding support from the EU-ACP Water Facility as part of the contribution to the Trust Fund managed by the UN Environment Programme (UNEP). The Executive Secretary was appointed in Summer 2008.

AMCOW is recognised since January 2009 by the AUC (African Union Commission) as its Specialised Technical Committee for water and sanitation. Cooperation between AMCOW and AUC is gradually becoming more effective. The civil society is represented by an African network (ANEW —also supported by the EU-ACP Water Facility).
EU Water Initiative

In 2002, at the World Summit on Sustainable Development, the EU launched the EU Water Initiative (EUWI) designed to contribute to the achievement of the MDG targets for water and sanitation, with a Strategic EU-Africa Partnership on Water Affairs and Sanitation.

The EUWI mission statement says: ‘In partnership with governments and other stakeholders (and in coordination with related regional initiatives in line with the Paris Declaration on Aid Effectiveness) the EUWI will work to accelerate progress towards achieving the water related MDGs and WSSD targets. The EUWI is not a financial instrument, and will seek to undertake its mandate through promoting improved strategies, policies, programmes and practices, working within a framework of an integrated approach to the management of water so that available resources, both human and financial, are mobilised effectively towards improved access for the poor to safe water and improved sanitation.’

The December 2006 EU Council meeting endorsed the report on the EU Strategy for Africa which includes a commitment to ‘Accelerate efforts to provide clean water and adequate sanitation including by reinvigorating the 2002 EU Water Initiative.’

The African component of the EUWI is coordinated by the Working Group (AWG), one out of four regional working groups of the EUWI. The AWG is co-chaired by AMCOW-TAC and an annually rotating EU member state (in 2009: Austria, in 2010 the Netherlands) while a Troika consisting of present chair, out-going chair and incoming co-chair functions as the management body. The work plan of the AWG is financially supported by grants from several EU member states and by a grant from the Water Facility. AWG is working with the African Ministerial Council on Water (AMCOW) to strengthen its capacity to fulfil a regional leadership role and to develop an implementation strategy for political commitments made by the African Union.

African commitment

In 2008, African leaders demonstrated strong political commitment to the sector by:
- signing the eThekwini declaration at AfricaSan, the second African conference on sanitation and hygiene in Durban.
- The African Union (AU) dedicated its June/July 2008 Summit in Sharm El-Sheik to water and sanitation: Heads of State made important commitments to accelerate progress towards achieving the water related MDG goals in Africa. The July 2008 African Union Declaration ‘Sharm El Sheik commitments for accelerating the achievement of water and sanitation goals in Africa’ acknowledges the work done by AMCOW in mobilising action towards sustainable and integrated water resource management and in providing policy guidance for coordination of water resources management and for water supply and sanitation initiatives.

Following the AU summit three task forces have been established to, under the leadership of AMCOW, develop implementation strategies for i) water supply (coordinated by AfDB), sanitation (coordinated by WSP) and transboundary water management (coordinated by GWP).

Africa and the development community still have much to do to translate these political commitments into outcomes. Financial allocations to the sector have increased in the last 6 years, but largely fall short of the requirements whilst weak institutions and a lack of capacity are limitations on the effective use of the available resources. Funds from development partners are not sufficiently targeted to the areas of greatest need and not always aligned with partner countries own plans.
2.2. Lessons learned

Since the launch of EUWI in 2002, and the signature of the EU-Africa Partnership on water affairs and sanitation, cooperation has been developed with AMCOW. The EUWI is the platform where all EU and African partners work together.

This has been a slow and difficult process partly due to weak capacity of African institutions. However, during the last year the situation has changed and become more promising. Some important developments are:
- the declarations on water and sanitation at AU Summits in 2008 and 2009;
- the recognition of AMCOW as a Special Technical Committee (STC) of the AU and
- the appointment in 2008 of AMCOW’s Executive Secretary, Mr Bai Mass Taal (with funding from WF)
- the opening of the new AMCOW secretariat’s office in Abuja, in July 2009.

South Africa is taking over the Chair of AMCOW in November 2009. Their strong commitment and capacities will give an important boost to AMCOW and enhance the opportunities of the Partnership with the EU.

A ROM (Results Oriented Monitoring) assessment was carried out by an independent consultant in Autumn 2008 on the current support from the WF to the EUWI AWG project. The consultant recommended to seek a stronger involvement and ownership of the programme by African partners. Since the ROM, important progress has been made to respond to the recommendations: joint AMCOW-AWG meetings have recently taken place in Abuja in July (where the Secretariat of AMCOW is located) and in Stockholm in August with strong input by African stakeholders in the decisions about future objectives and activities of the programme. A task force has been appointed by AMCOW to continue this engagement in the development of a detailed work programme.

The increased capacity of AMCOW through its Executive Secretary and the strong involvement of African Stakeholders in the development of the new work programme are positive elements, ensuring an ownership of the programme by key partners. The new proposal should also allow for a close coordination with the initiatives of the G8 and the Global Framework for Action, in which the Commission is also involved. It is envisaged that the new AWG strategy and work programme will be endorsed in the next AWG meeting planned back to back with African Water Week 2 in early November 2009.

AMCOW has also received core support, for capacity development, from the 9th EDF Water Facility (contract expires October 2009). Difficulties have been encountered with this support, mainly related to the weak management of the project by UNEP. The AWG repeatedly played a role in fostering improvements. The continued capacity development of AMCOW is crucial, but for any future support a better implementation mechanism should be identified.

There is a need to continue to improve the effectiveness of aid to water and sanitation in Africa, as is illustrated by the Report on Mapping of Aid to Africa, published by the EUWI-AWG in 2008. The work proposed in this AF will be an important contribution to this effect.

The time is particularly opportune to consider further support to African partners in water and sanitation, now that the political commitment has been clearly demonstrated at AU level, and when South Africa is taking the Chair of AMCOW with a strong commitment for progress.
2.3. Complementary actions

The activities supported by the AWG of the EUWI are clearly complementary to the national water programmes funded through the National Indicative Programmes, the support to transboundary water management through the Regional Indicative Programmes, the financial support through the ACP-EU Water Facility and the opportunities being developed in the framework of the EU-Africa partnership for infrastructures. The Commission also supports an EUWI Finance Working Group action with funds from the 9th EDF Water Facility. This action aims to provide African Partners with advice and support to develop national financial structures conducive to developing their water sector. This action has been slow to take hold due to difficulties in identifying committed African partners.

The Water Facility provides support to AMCOW through UNEP (the current contract ends October 2009), as well as to the civil society network ANEW. AMCOW, being a young organisation, will need continued capacity development support to be able to fulfil its mandate given to it by the African Union Commission (AUC) (to complement the support to its activities by the proposed support from the thematic budget line), and discussions are ongoing with other partners on the coordination on such support.

The Commission is working jointly with Germany, through GTZ, to support a reinforced cooperation between AMCOW and AUC and REC's, regarding IWRM and transboundary waters. In a parallel action the Commission, via the Joint Research Centre, is providing support to the NEPAD OST (Office of Science and Technology) initiative to launch regional (base on REC’s) Networks of Centres of Excellence on Research in Water. These networks will be an important component in Africa’s response to present and future water-related issues.

At the beginning of 2008, the Commission launched, together with a series of sector partners, a coordination and community development platform for the water sector called AquaKnow. This platform is built around partner countries and their Centres of Excellence and includes actors from the whole water community such as donors, cooperation agencies, African and European Universities, African and European NGO and other organisations active in the water sector.

The current project would also allow for coordination and synergies with the initiatives developed as a result of G8 commitments on water and sanitation in Africa under the Japanese and Italian Presidencies, and with the Global Framework for Action being developed under the lead of UK and the Netherlands, with a strong multilateral involvement. A reinforced coordination of these different initiatives in which the European Commission is involved, would facilitate a more harmonised response of the international community to African priorities in the water and sanitation sector.

Funding for this project is also fully complementary to existing support to the AWG through the EU Water Facility. The activities of this contract will be amended soon according to the revised AWG strategy and work programme (also following recommendations from the ROM).

Funding overlap in 2010 will be avoided by a coordinated planning and budgeting process of both funding sources.

2.4. Donor coordination

The EUWI was established as a catalyst for action to achieve the water-related Millennium Development Goals and the sanitation target agreed by the international community at the WSSD. It is a political initiative seeking to develop and share appropriate water and sanitation
sector policies and strategies (e.g. increase priority for the water sector in Poverty Reduction Strategies) as well as to coordinate, harmonise and align available and additional financial resources for improved water supply, sanitation and water management in the partner countries.

The EUWI is a policy framework for multi-stakeholder (governments, local authority, water operator, CSO & business) platforms for increased and streamlined EU Member State and EC support to the water and sanitation sector, in line with the Paris Declaration on Aid Effectiveness and in support of the EU Code of Conduct on Complementarity and Division of Labour in Development Policy. The EU Consensus on Development notes the EU Water Initiative as contributing towards agreed EU policy objectives in water and sanitation.

Within the EUWI, the AWG facilitates the coordination and cooperation of the European Commission, the EU Member States active in the water sector in African countries, the African Ministerial Council on Water (AMCOW), non-governmental organisations and many other stakeholders from Africa and the EU who are at times partners with these core actors.

3. DESCRIPTION

These objectives also build on the Africa Water Vision 2025 and the related Africa Regional Paper submitted to the WWF5 in Istanbul. The Heads of State and Government of the African Union, meeting in Sharm El Sheikh in July 2009, tasked the African Ministers Council on Water (AMCOW) to report regularly on the implementation of the commitments made on water security and sanitation in various declarations. AMCOW therefore listed a number of actions required to meet the commitments made. This ‘Action Plan and Framework for Reporting to the African Union’, published in 2009, is intended to be ‘….a useful reference to regional bodies and partners in defining their water and sanitation actions to align with the political commitments and the regional agenda’

The overall and specific objectives were (re-)determined during two strategy workshops in 2009 (Abuja and Stockholm), in which African and European members of the AWG participated, and during a continued consultation process after these workshops.

Overall objective

The overall objective of the project is to contribute to reaching the water and sanitation MDGs for Africa by providing assistance in making water supply and sanitation (WSS) services more widely available and by improving integrated water resources management and management of trans-boundary waters in Africa.

Specific objectives

The specific objective of the EU-AMCOW cooperation project is to improve the coordination and effectiveness of the process for implementation of African international and regional declarations, under AMCOW leadership. AMCOW has emphasised the crucial role of its European partners (EU/EC and EU member states) in the EU-African Partnership in supporting AMCOW and other African partners in these tremendous tasks and challenges.

3.1. Expected results and main activities

The project will increase efficiency in the implementation of international commitments and declarations to reach the MDG7, on water and sanitation in Africa, under the leadership of AMCOW.
Overall activities

- Supporting the implementation of declarations, specifically the eThekwini Declaration and the Sharm el Sheikh Declarations, including the drawing up of a strategy and an action plan.
- Monitoring aid effectiveness and efficiency in providing access to WSS actions by organising and promoting focused exchanges of up-to-date information on the implementation of the Declarations.
- Strengthening of partnerships and stakeholder involvement to implement the Declarations.
- Providing advocacy and knowledge sharing.

These four groups of activities are outlined in more detail in Annex I, with the expected results.

Some of the activities were spelled out during the participatory process that led to this action sheet. Other activities will be decided on following further analysis of the context, environmental factors and the partner’s capabilities. These activities will be worked out in close collaboration with AMCOW and other partners, to reflect the political nature of this programme and respond to the changing demands and priorities of stakeholders.

3.2. Stakeholders

The Initiative has been established as a forum allowing participation of many active actors in the WSS sector. Their participation and collaboration is ensured via the organisation of stakeholder fora and the exchange of information through a web site. It has been structured to allow effectiveness with several groups responsible for specific actions.

Members of the Initiative are:

<table>
<thead>
<tr>
<th>EUWI members</th>
<th>Other partners and stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Commission</td>
<td>European Parliament</td>
</tr>
<tr>
<td>EU Member States</td>
<td>Council of the EU</td>
</tr>
<tr>
<td>Partner countries in Africa</td>
<td>International community</td>
</tr>
<tr>
<td>Interested European third countries</td>
<td>General public</td>
</tr>
<tr>
<td>Continental &amp; Regional organisations</td>
<td>AquaKnow Platform</td>
</tr>
<tr>
<td>including African Union, NEPAD,</td>
<td></td>
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<tr>
<td>African Ministerial Council on Water and</td>
<td></td>
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<tr>
<td>Regional Economic Commissions</td>
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<tr>
<td>European Investment Bank</td>
<td></td>
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<tr>
<td>Non-EU Donors &amp; Development agencies</td>
<td></td>
</tr>
<tr>
<td>International Finance Institutions</td>
<td></td>
</tr>
<tr>
<td>NGOs, from Africa and EU</td>
<td></td>
</tr>
<tr>
<td>Local government &amp; Water operators,</td>
<td></td>
</tr>
<tr>
<td>from Africa and EU</td>
<td></td>
</tr>
</tbody>
</table>
3.3. **Risks and assumptions**

Political will is needed to address the particular needs and demands. AMCOW has high ownership in Africa and high recognition internationally, but lacks organisational capacity and support. The main risk for the project implementation is the limited capacity of African institutions, and especially AMCOW, which limits their ability to maintaining active inputs in the planning and implementation of activities. To mitigate this risk AMCOW needs support to strengthen its institutional capacity. Partners, including the European Commission, are currently discussing the coordination of such institutional support among themselves.

Another risk relates to the necessity of continued strong engagement by EU Member States in the EU-Africa Partnership. Some member states have made additional funding available which would indicate that the project is valued and confirms a willingness to maintain dialogue and support the objectives of the partnership. However, troika members' involvement in the AWG is time-consuming, and some EU countries admit that their internal capacity constraints limit their possibility for strong involvement in the EUWI. To ensure that the members states prioritise continued engagement in the EUWI they need to feel that the EUWI work is relevant, but also that they can influence the ongoing work. Hence, the relevance of EUWI needs to be shown by improving information and communication about the EUWI results. To encourage ownership stakeholders' views and priorities expressed in meetings have to be taken into consideration in the planning processes and included in the annual plans. For this a certain degree of flexibility regarding the planning of activities is needed. There is also a need to more clearly identify the roles, responsibilities and procedures within the project.

3.4. **Crosscutting Issues**

The EUWI addresses the cross cutting issues of good governance, gender equality, environmental sustainability and HIV/AIDS and these issues will therefore be included in the analytical cooperation and capacity building activities of the Initiative in Africa.

**Poverty:** the focus of the EUWI is on provision of WSS services for the poor with the overall objective of achieving the water-related MDGs. The AWG has used this overall objective to make WSS services more widely available for the poor in African partner countries. By using a multi-stakeholder dialogue approach (that includes an active participation of CSO) and through strengthened donor coordination and harmonisation, the activities of the AWG are expected to be very much focused on poverty reduction.

**Environment:** the AWG aims to support the sustainable provision of WSS services consistent with environmental objectives in partner countries and with the environment strategy papers of the Commission and EU MS in partner countries. By adopting an IWRM framework for all its activities, including transboundary issues and basin planning, the AWG expects that the activities of the AWG will benefit to the environment in general.

**Gender:** improved WSS services are generally thought to have positive effects on women’s life situation through less work required for fetching water, better hygiene, and reduced child mortality. Through the inclusion of civil society in the AWG’s dialogue and in its activities, gender issues will be embedded in the activities of the AWG, with an expected focus on women and children.
4. IMPLEMENTATION ISSUES

4.1. Implementation method and procurement and grant award procedures

Joint management through the signature of an agreement with an international organisation. An assessment is ongoing to select for implementation the United Nations Children's Fund (UNICEF) or the United Nation's Development Programme (UNDP). Core to the discussions with each agency is to underline the fact that, in addition to the challenges of implementing the declarations, this action is largely political in nature and requires a strong knowledge of the stakeholders and actors currently involved. The implementing agency must demonstrate this capacity.

Arguments for either of the two are:

UNICEF: is a known player in the WSS sector on the access side but they are also very active in pursuing the African Declarations on Water and Sanitation, which includes collaboration and discussion with the AMCOW and the African Working Group which consists of EU Member States and AMCOW, especially through monitoring of MDGs with the WHO. They have indicated their interest to implement the action and will confirm after consultations.

UNDP: is known also for being active in the WSS, but with a more political role. Their Brussels office Environment, Climate and Energy UN/UNDP Office would be the implementing entity of UNDP. Their senior advisor of this sector was active with the EC during the formation of the EU Water Initiative, the creation of AMCOW and the launching of the MDGs in Johannesburg WSSD. As part of their expertise they bring the UNDP Water Governance Facility based in the Stockholm International Water Institute. This facility promotes governance in WSS and are active in Africa so they have relevant experience. The UNDP has expressed their interest to implement the action, have confirmed informally but will confirm formally their willingness to implement.

4.2. Procurement and grant award procedure

Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.

All contracts implementing the action are 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

The EC may finance the full amount of the eligible costs of this action. The maximum budget available is EUR 1 025 000. The proposed duration is 36 months.

Full financing of the action is allowed as it falls under the application of art. 53(d).1 of the FR and art.253(d) of the IR (joint management).

A tentative breakdown of activities in Euros is presented here:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
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<td>Project management</td>
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</tbody>
</table>
4.4. Performance monitoring

Objectively verifiable indicators (qualitative and quantitative) will have to be part of the methodologies included in the technical proposals for the components of the project.

Besides the regular follow up by headquarters, monitoring missions (contracted by the European Commission) will ensure an external follow-up. The European Commission and the project coordinator will pay a particular attention at the recommendations expressed by the external experts.

Performance will be monitored through regular reporting to the Commission and to the EUWI AWG Troika (EU member states) which will include both financial reporting and analytical narrative reports. These reports will be the base for a continuous learning and self assessment process that will steer the planning of future activities. Annual work plans will be made to plan the activities per calendar year, within the agreed objectives. Annual reports will be drafted for the annual multi-stakeholder forum (MSF).

4.5. Sustainability of the work of the EUWI and EU-Africa partnership

The sustainability of the work of the EUWI AWG has greatly improved in the previous years thanks to the increase and continuity of funding. Until 2006, the AWG (and de facto also the EU-Africa Partnership) was relying purely on annual contributions from EU member states. The sustainability of the work of the EUWI in Africa in the near future will be secured until 2013 by the availability of the additional funding from the EC thematic budget line, for funding of specific activities but also for securing a professional day to day operation of the EUWI multi stakeholder platform. The strong focus on participatory approaches and links to other partners contributes to a strong ownership and sustainability of the activities carried out.

The EU-Africa Partnership is gradually improving and increasing in intensity. Further growth and maturing needs first of all time, based on a mutually established confidence and based on a gradually growing portfolio of activities that respond to demand of the Partnership parties. The recent re-vitalisation of the AMCO secretariat in Nigeria and the start of the new executive secretary provide new opportunities for growth and development of the Partnership.

Beyond 2013, the sustainability will very much rely on a continued commitment from the European and African partners and on the availability of new financial resources to support the Partnership.

4.6. 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).
Given the different funding streams for the AWG work plan (i.e. EU MS bilateral contributions, Water Facility and EC thematic budgets) it is proposed to make an annual audit report to show the complementarity of the different funding streams and the related activities. The making of these annual audit reports is not yet included in the work package but could be financed from the EC thematic budget, if agreed by the EC.

4.7. Communication and visibility

The AWG aims at communicating its activities and successes through the implementation of a specific communication strategy. This communications strategy was developed and implemented in the course of 2008 and has been aligned with the new EUWI communications strategy. This assignment helps the AWG to increase its visibility as donor and facilitator in WSS and IWRM/TWM at the global and also at the regional, sub-regional and country-level in Africa.
Action Sheet D for the EUEI in Africa

1. **IDENTIFICATION**

<table>
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<th>Title/Number</th>
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2. **RATIONALE**

2.1. **Sector context**

At the World Summit on Sustainable Development (WSSD) at Johannesburg in 2002, the international community acknowledged that access to modern energy services is essential for economic growth and the achievement of the MDGs. The Johannesburg Plan of Implementation proposed a wide range of actions, including that energy supply should be diversified and the share of renewable energy sources should be increased substantially. The EU Energy Initiative (EUEI) is a partnership established jointly between the European Commission and EU Member States at the WSSD.

The global concerns on energy security, energy access and climate change have reinforced the links between the energy future of Africa and Europe. The Africa-EU Energy Partnership, which is a partnership emanating from the EUEI, has been launched as a long-term framework for structured political dialogue and cooperation between Africa and the EU on energy issues of strategic importance. Through the Partnership, Africa and Europe will work together to develop a shared vision and common policy answers, and to stimulate specific action that addresses the energy challenges of the 21st century.

While some countries in Africa are major exporters of oil and gas, access to energy services in sub-Saharan Africa is the lowest in the world: More than 600 million Africans still rely on traditional biomass as their main source of energy and are subject of the daily drudgery of fuel collection, health effects of smoke inhalation, as well other economic, social and environmental repercussions. About 500 million people in Africa lack access to electricity. On the other hand, Africa’s potential for power generation (both fossil and renewable) is largely unused.

The overall objective of the Africa-EU Energy Partnership is to ensure access to reliable, secure, affordable, climate friendly and sustainable energy services for both continents, and so contribute to the achievement of the Millennium Development Goals (MDGs). The large ambition of this undertaking requires the setting up and maintaining an effective dialogue, as well as adequate follow-up and monitoring tools. In addition, the success of the Partnership
can greatly benefit from an initial batch of well designed and successful cooperation activities in key areas which can provide the necessary support to tangible Partnership activities.

The Partnership Dialogue Facility (PDF) is an instrument set up and financed by a number of EU Member States to provide a fast response to partner country needs relating to integrate energy in national planning and in poverty reduction strategies. The operation of the PDF has been very successful, and has been extended to a second period from 2009 to 2012. Main activities relate to the problem of access to modern energy services and recently to supporting the Africa-EU Energy Partnership.

The proposed EU contribution to PDF comprises continued support to the PDF programme for activities related to the Africa-EU Energy Partnership, in particular activities aiming at the continued development and amendment of the road map, and the preparation of implementation of some specific activities. This continuous support will aim at promoting synergies between partner countries and donors notably in the areas of increased energy access, regional integration and power trade, mobilisation of financing and contributing to specific institutional capacity and energy policy development needs.

The following are a number of topics and thematic areas for which the project will be able to provide various types of supporting activities. The Africa-EU Energy Partnership Forum in 2010 will bring together stakeholders from civil society, private sector and research organisations. Following the Copenhagen conference in December 2009, an increased emphasis on carbon financing is expected, which will have to be matched by concerted efforts from the African side to realise maximum benefits. Another challenge is how to provide adequate energy services to populations residing in peri-urban areas, often without title to property and surrounded by a largely informal business sector. Regional interconnection, power pricing and trade, and increased energy efficiency is a key element in providing increased energy security. An increased dialogue with regional actors in these areas is essential in support of the partnership objectives.

2.2. Lessons learnt

The activities of the PDF have been presented to and discussed within the framework of the EUEI Informal Member State Energy and Development Expert Group at several occasions and consultations have been taking place with the Commission regarding the Annual Programmes. The activities of the PDF, which are all demand driven, have been very useful in supporting countries in including energy in their national planning framework, and in particular in their Poverty Reduction Strategies.

A positive assessment of PDF’s performance was made in 2008 by the Governing Board of PDF based on a mid-term review. A revised mission statement was adopted by the Governing Board in the beginning of 2009 and the second service line for providing support to the Africa-EU Energy Partnership was confirmed with an initial budget of €3 million, including the funding from the EU.

From 2008, the PDF has taken an active role in the preparation of the Africa-EU Energy Partnership, and has commissioned work to support the development of the road map, organised workshops and participated in the meetings of the Partnership. It has further initiated work on the renewable energy program, which is intended as one of the main activities within the partnership. This work was started in spite of the delay of the initial contribution of EU funds (€1 million) drawing temporarily on Member States’ bilateral

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6 The review stated: The results of this investigation suggest that the PDF does perform a useful function, which arises because of the complexities and constraints imposed on the other possible instruments within the European Commission. This need is unlikely to change in the near future. The need for the PDF in some form is likely to remain for the foreseeable future. The advantages of the programme management unit staying in GTZ in Germany would appear to outweigh the advantages of moving.
contributions. The usefulness of work of the PDF, emanating from its role as a ‘think tank’ closely linked to the Commission, has been recognised from the EU as well as the African side.

Lessons learnt from this initial phases that progress would have been very limited and fragmented in the Partnership, had the resources of PDF not been available. PDF is considered as a joint resource by EU MS as well as the AUC and has for example provided support for one energy expert to the AUC, arranged a workshop in Uganda and been the key instrument in the development of the Road Map. The actual amount of work to support the AEEP has been more extensive than initially foreseen both with regard to the road map and preparations for policy meetings; however, the result is very positive. More efforts will be required to keep the Road Map a living document, and to further support the AEEP programme for 2010.

A review of the implementation of the JAES will take place during the next few months, and some changes may be proposed when elaborating the Action Plan for the next period (2011 – 2013). The Energy Partnership has consistently been presented as an example of a successful partnership, largely due to the contribution of the PDF; one of the current proposals on the table is that the Energy Partnership - or the Migration Partnership – participate in a pilot exercise to simulate what might be a second, improved, Action Plan; this will not be possible without support from the PDF.

This is the background for the current proposal to provide additional funding to the PDF (service line 2) in the amount of €1.5 million.

2.3. **Complementary actions**

The proposed project will reinforce Africa–EU Energy Partnership, will strengthen the existing Africa-EU dialogue on access to energy, energy security, and mobilisation of financing and will aim to scale up investment in energy generation, transmission, conservation, distribution and related infrastructure, in particular in renewable energy. The strategic dialogue and cooperation on energy will address the energy issues at the local, national, and regional levels.

The financing foreseen for this project will be complementary to the EU financial contribution to the activities of the Energy Partnership, via the other instruments that are managed by the European Commission, such as the Infrastructure Trust Fund, the Energy Facility, Global Energy Efficiency and Renewable Energy Fund (GEEREF) as well as Member States bilateral aid programmes, and international financial institutions. Moreover, the project will establish and maintain links with the EU-funded projects carried out by the EU Delegations and with those with a regional scope as well as the climate change projects.

PDF activities are divided into two service lines, service line 1 and service line 2, each with its own budget and objectives.

**Service line 1 of the PDF** (which was the original one) has a more general objective, driven by demands from developing countries: ‘To support developing countries in sub-Saharan Africa and elsewhere to design policies and action-oriented regional, national and sub-national strategies in order to create an enabling environment and platform for government, private sector and donor-funded investments in improved energy access.’ This support is based on dialogue activities at all levels, supplemented by thematic studies on critical energy access topics. The targeted action on governance under the second Energy Facility (3.5M€) should fall under this service line 1 (unless a separate service line needs to be created for audit and monitoring).

**Service line 2 of the PDF** was created with the specific purpose of supporting the Africa-EU Energy Partnership process. Through the 2008 ENRTP AAP, the Commission is providing...
co-financing to this service line in the amount of 1 million €, main activities being the
development of the road map, organising workshops and the High Level Meeting, and
developing a renewable energy programme. It has also provided direct support to the AUC by
financing short-term TA, and the presence at TREN of an AUC official. The proposed support
under this Action Sheet is for continued activities under PDF service line 2.
In addition to the support provided to the AEEP through PDF, there is the 55 M€ capacity
building programme financed by the EU. Capacity building under the AEEP is also provided
through the CEMA project and the JRC project (both financed under the ENRTP
programme). These projects are coordinated with the activities of the PDF, providing
consistency of ongoing actions.

2.4. Donor coordination

The role of PDF in support of the Partnership is well recognised by the African Union
Commission (AUC), and the PDF activities are seen as an expert contribution. In fact, all PDF
activities are demand driven. The project will pay particular attention to the various initiatives
and activities established at national, regional and continental level for energy and establish
the appropriate dialog framework to further coordinate these activities with the energy
strategy established under the partnership, it will raise awareness and it will further promote
synergies between the partner governments at bilateral and regional level.

Other activities and initiatives relevant or complementary to the proposed project are the
bilateral EU Member States programmes with Sub-Sahara Africa (which can be also seen as a
contribution to the Energy Partnership) and the Global Gas Flaring Partnership of the World
Bank, the Priority Action Plan for Euro-Mediterranean energy cooperation in 2008-2013
adopted in December 2007.

The project is proposed to be contracted to GTZ, which was selected as the agency to host the
PDF by the funding Member States. The PDF Governing Board, which has representatives of
all funding Member States, approves the Annual Programme. As a result of the first EC
contribution to the PDF, signed in November 2009, the Commission will be represented on
the Governing Board of the PDF.

The general activities of PDF are guided by the EUEI Informal Member State Energy and
Development Experts Group, where an additional number of MS are participating. The
activities developed with financing from the ACP-EU Energy Facility, will be guided by the

Concerning service line 2 of the PDF, the support to the Africa-EU Energy Partnership, which
is the target of the proposed activity, coordination between donors is facilitated through the
meetings of the EU Implementing Team, led by the two Member States Germany and Austria.
PDF is always represented in these meetings. So far, nine coordination meetings have been
held since the initiation of the Partnership. PDF is normally represented also in other meetings
under the Partnership.

3. DESCRIPTION

3.1. Objectives

The project’s overall aim is to advance the EUEI agenda in ACP countries, and in particular
accompany and assist the implementation of the EU-Africa Energy Partnership. These
actions will be prepared jointly or in close collaboration with partner institutions involved in
the energy partnership.
Specific objectives include (1) providing institutional and technical support for maintaining, updating and implementing the road map for the Partnership; (2) preparing the Africa-EU Partnership Forum, a core activity identified in the Lisbon Action Plan, and (3) commissioning studies in support of Partnership priority actions, e.g. (i) carbon financing in Africa; (ii) access to energy in peri-urban areas, and (iii) energy efficiency and trade.

3.2. Expected results and main activities

3.2.1 Expected Results

The expected results of the proposed project are:

- Strengthened, coordinated and focused Africa-EU dialogue on energy in the Partnership;
- A continuously amended and updated road map;
- An Africa-EU Energy Partnership Forum set-up in 2010;
- Expert input to the dialogue on energy in Africa on agreed topics relevant to the priority actions of the Partnership such as carbon financing;
- An increased dialogue with regional actors in the area of energy efficiency.

On the strategic level, the PDF will continue its activities as agreed in its mandate and annual work plans. There will be further support for political and technical discussions between the European Union and the African Union, and technical assistance with targeted workshops, preparation of background studies and policy analysis.

The following activities are planned, but with a high degree of flexibility to respond to changes in needs and priorities as the Partnership evolves.

3.2.2 Activities

a) Continued Africa-EU strategic energy dialogue

This action will facilitate and provide continued technical and logistic support, as appropriate, for the development and implementation of the Partnership. This could include:

- provision of scientific and technical expertise to help with preparations, working groups during the meetings etc;
- help with drafting a programme/agenda for events, such as plenary sessions and working groups on specific issues, and with finding a host country, speakers, chairs of working groups etc.;
- logistical support, including a venue, possible travel costs for LDC representatives, etc.;
- support for follow-up, including reporting;
- support for information and communication activities for the Energy Partnership, including via the web, and any other possible promotion tools (e.g. leaflets);
- setting up thematic (ad hoc) expert groups or teams as appropriate to ensure permanent policy and technical assistance to the high-level and Forum discussions.
One important activity is to provide support for updating the road map and for starting work on the priority action programme.

b) Preparation of the Africa EU Energy Forum

Preparation of the Africa-EU Partnership Forum between the EU and Africa, a core activity identified in the Lisbon Action Plan, includes liaising civil society, the private sector, and research organisations, drafting the programme, and logistical support.

c) Specific Studies and Background Papers

A number of specific studies on issues related to the priority actions of the Energy Partnership will be designed and prepared. These may cover aspects such as resources, financing options, organisational models, the role of utilities, the potential for regional cooperation, possible networking and institutional strengthening. The work will involve fact-finding surveys, stakeholder consultations, etc.

Suggested studies to be commissioned, subject to agreement in the Partnership, are:

(i) Carbon financing in Africa
Mobilising finance for energy investments in Africa, including finance for access programmes, regional integration and renewable energy, is key to achieving the access objectives and at the same time providing the basis for sustainable energy development. Following the Copenhagen conference in December 2009, increased emphasis on carbon financing is expected, which will have to be matched by concerted African efforts side to realise maximum benefits. The proposed study on carbon financing would identify gaps and suggest remedies, with the objective of making increased use of carbon financing in Africa.

(ii) Energy access in peri-urban areas
Not only is Africa’s population growing rapidly, it is increasingly moving into urban areas. This brings a number of challenges, one of which is how to provide adequate energy services to residents of peri-urban areas, who often have title to property and are surrounded by a largely informal business sector. This study complements previous studies on rural electrification, made with ENRTP support.

(iii) Increased energy efficiency and trade
Regional interconnection, power pricing and trade, and increased energy efficiency are key components of increased energy security. While specific energy consumption is low in Africa, energy use is often inefficient. In many power systems, electricity losses are high and end-use energy efficiency low. Demand side management, which is important in dealing with energy shortages, (increasingly frequent in Africa), is not generally applied. Increased dialogue with regional actors in these areas is essential to support Partnership objectives.

The terms of reference for studies will be drafted by the PDF in close liaison with relevant stakeholders, including the implementing teams on either side.

d) Reporting

Reporting on progress in the implementation of the actions described above; following the progress in the implementation of the Energy Partnership to ensure coherence and synergies with the other activities, including the outline of recommendations for future activity will be prepared in connection with various meetings of the Partnership (EU IT, JEG, JTF, Troika, etc.). Reporting, follow-up and information and communication activities are covered by the PDF budget under service line 2.

3.3. Risks and assumptions

The main risk lies in the level of commitment of the partner countries to the implementation of the action plan of the EU-Africa Energy Partnership. However it is anticipated that for a
great number of the partner countries, this process will be taken seriously since all the countries have already formally committed themselves by adopting the EU-Africa Joint Strategy and its First Action Plan on 8 and 9 December 2007 in Lisbon.

The Joint Strategy Africa-EU may be revised for the period after 2011. Such a revision would however not affect the 2010 programme, to which the proposed funds will be committed. The complex bilateral and multilateral relations between several of the partner countries are another risk factor. It is for this reason that it is especially important for the present project to seek the consolidation of specific expert teams with a focus on the specific topics covered. The added value of the studies undertaken will have to be demonstrated. This will be facilitated by broad ownership being established on the African as well as on the European side. Coordination will be made with the PIDA process. However, there is a need on the African side to broaden the participation of African organisations in the Partnership. This is particularly important for a successful implementation of the Africa-EU Energy Forum, where civil society, research organisations as well as the private sector are going to participate. It will be important that the infrastructure division of the AUC is able to secure sufficient financing for its activities from the 55 M€ capacity building programme financed by the EU. The quality of the studies made, considering the specificity of the topics, will be contingent on the selection of competent consultants. This will be facilitated by an open tendering procedure applied by the PDF.

The success of the proposed project will additionally depend on the credibility of the main contractor(s) and their ability to establish good communication structures and trust relationships with the EU-Africa Energy Partnership members and the partner governments. The active support of the European Commission will also be needed to ensure the smooth implementation of the foreseen measures.

3.4. Crosscutting Issues

The sustainability potential for the proposed project is very high considering that the activities launched under the EU-Africa Energy Partnership will not end but should expand at the end of the project. It is expected that there will be a permanent need for this type of technical assistance project to support the EU-Africa energy dialog and provide communication and visibility on the Energy Partnership.

By supporting the EU-Africa Energy Partnership and its priorities, it will also contribute to the implementation of other cross-cutting issues notably environmental sustainability and climate change. Furthermore, the EU-Africa Energy partnership is an integral part of the EU-Africa Joint Strategy whose main objectives are to strengthen and promote peace, security, democratic governance and human rights, and to facilitate and promote a broad-based and wide-ranging people-centred partnership. Finally, this project will indirectly support gender issues since the priorities identified by the EU-Africa Energy Partnership are taking into consideration the social realities in the continent where women and children are especially affected by the dependence on gathering of traditional fuels occupying much of their time and causing respiratory illness and death.

Due to the type of the project, no specific technology is needed for the successful implementation of it.

3.5. Stakeholders

In the context of the EU-Africa Joint Strategy the aim is also to empower non-state actors (private sector, economic and social partners including trade union organisations and civil society in all its forms according to national characteristics) and create conditions to enable them to play an active role in development, democracy building, conflict prevention and post-conflict reconstruction processes. Limited resources in ministries in the region calls for continued assistance through the provision of know-how and coordination mechanisms.
The key stakeholders/targeted groups to be involved to the proposed project are the:

- European Commission
- EU Member States, energy centres, private sector and civil society
- AUC, NEPAD, AFREC, Forum of African Energy Ministers
- African governments, regional organisations (RECs), resource centres, private sector and civil society;
- international financial institutions, regional banks, non-EU Donors and their interest is the mobilisation of increased financial, technical and human resources in support of Africa’s energy development.

It is important for the project to establish contact points in each one of the beneficiary countries and in the AU in order to guarantee the participation of the above mentioned stakeholders to the process with the support of the Commission services; to this end the EU delegations in the African States as well as the EU Delegation to the African Union will be closely involved to this exercise. Also financial assistance to the participation of representatives to the established dialogue may be necessary in some cases so as to increase participation.

Since the overall objective of the proposed project includes improved access to modern energy services as well as energy security, including by promoting diversification of energy sources and energy efficiency, special attention will be given to the participation of the civil society.

Finally, recognising the lack of clear and modern organisation structures in the African administrators, the project will specifically address the issue institutional capacity and will support the AU structures to be established notably for the Energy Partnership.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The action will be implemented under indirect centralised management following signature of an amendment to Delegation Agreement EuropeAid/DCI-ENV/2009/219569 entitled ‘EUEI Partnership Dialogue Facility’, or by signature of a new delegation agreement. The signed appendix on the verification of the conditions for indirect centralised management is attached in the 2008 AAP, see Commission Decision C/2008/8515 of 23/12/2008.

The reason for selecting GTZ GmbH (GTZ) is that GTZ hosts the Project Management Unit (PMU) of the EU Energy Initiative Partnership Dialogue Facility (EUEI PDF) on behalf of EU Member State governments. The PMU manages a series of activities in support of the EUEI concerned with energy access and energy security in Africa. These activities include assistance to develop energy-related policies and strategies of partner governments, support for the priority actions agreed between the EU and the African Union under the Africa-EU Energy Partnership Action Plan, and facilitation of donor coordination and strategic dialogue between EU and the AU and with civil society in both continents. The PDF also conducts thematic studies and policy analysis. GTZ conducts an extensive programme on behalf of the German government and in partnership with other EU Member States to promote renewable energy in Africa and worldwide, including links between European and African private sector partners. GTZ has offices in 44 African countries which can provide political advice and administer local contracts on behalf of PDF.

The decision body of the facility is the Governance Board, in which the donors have a seat (at the moment 6 EU Member States in addition to the European Commission).
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 GTZ GmbH. For implementing the action, GTZ will besides (sub) contracting also draw on its own expertise in-house. GTZ must have expenditures incurred (e.g. staff costs, contracts signed, other eligible costs paid) for at least an amount equal to the EU contribution within 12 months after signature of the delegation agreement with the European Commission.

4.3. **Budget and calendar**

The maximum EU contribution is **EUR 1 500 000** to be financed from budget item 21 04 01 of the year 2010.

The indicative duration of the action is 24 months.

Tentative budget breakdown:

- Energy dialogue, PDF activities: 600 000 €
- Africa-EU Energy Partnership Forum: 300 000 €
- Specific studies: 600 000 €

4.4. **Performance monitoring**

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.

This project should be understood as a project aiming to establish a policy dialog and provide institutional capacity building, designed to accompany reform processes in beneficiary countries. In this light, performance indicators will be related to the progress made on the actions included in the first EU-Energy Partnership Action Plan notably related to the promotion of electrification of Africa, improvement on energy security, increase of investment in energy generation and energy efficiency improvements. Other indicators will include the setting up or the continuation of regional policy dialogue fora (e.g. number of such events held), as well as general project facilitation activities implemented within the framework of this project.

The facility prepares Annual Action Plans, which are endorsed by the Governance Board on a yearly basis. Monitoring of activities is supervised by the Governance Board.

4.5. **Evaluation and audit**

Project reviews should be carried out on a regular basis every year.

A final evaluation should be foreseen and, if necessary, an audit may be carried out.

4.6. **Communication and visibility**

During the first 2 months of the project an inception report will be prepared by the contractors and submitted to the Commission in order to define the detailed action plan for the implementation of the activities of the project. Also the project will inform on the activities of the Partnership via the existing website.

On the basis of the results of the various Partnership meetings, the project should report on the progress made, and should also organise studies/expert meetings agreed during these meetings.
The EUEI PDF has its own web site and will also be contributing to the web site of the Partnerships. In the budget for service line 2 of the PDF, there is a budget for information and communication. There is also a budget for reporting (external costs).

It should be noted that many of the activities of the Africa-EU Energy Partnership provide for a very high degree of visibility (i.e. the High Level Meeting and the Africa-EU Energy Forum).
Action Sheet E for all developing countries

1. **IDENTIFICATION**

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2. **RATIONALE**

2.1. **Sector context**

The FLEGT Action Plan calls for the development of voluntary partnership agreements (VPAs), which are legally binding international treaties between the EU and timber producing developing countries. Negotiations with Ghana, Congo and Cameroon have concluded with VPAs initialled in September 2008, May 2009 and January 2010. Other negotiations are underway with Central African Republic, Indonesia, Liberia and Malaysia. A number of other countries have signalled their interest, such as Cambodia, Colombia, Democratic Republic of Congo, Ecuador, Gabon, Madagascar, Papua New Guinea and Vietnam.

The EU FLEGT Facility has been set up as a multi donor partnership to finance a shared goal of enhancing forests’ contribution to poverty reduction, sustainable economic development, and maintaining and enhancing environmental services. Through contributing to improved knowledge and technical support, the EU seeks to help timber producing developing countries establish good governance of their forest sector. The EU FLEGT Facility fosters good governance by supporting (1) multistakeholder processes that guide development of policy and systems to address illegal logging, (2) the negotiations and implementation of voluntary partnership agreements, (3) knowledge generation and (4) effective communication on forest governance, law enforcement and trade.

The EU experience with the negotiation of VPAs so far highlight a number of challenges and opportunities: the VPA enjoys high political profile and by the time conclusions are drawn it will have fostered strong stakeholder ownership, demonstrated new working relationships between stakeholders, secured agreement on new systems and reforms to be developed. All very positive results which bode well for implementation; but the VPAs generally embrace difficult political reforms, strong commitments to improved accountability and transparency, ambitious plans to upgrade systems and capacity much of which will challenge vested interests. Thus VPA implementation is likely to be complicated and difficult for all partners. We need, therefore, to move quickly into implementation, to maintain momentum and establish structures to monitor and support progress. In both Congo and Ghana
maintaining this momentum has proved problematic. This experience has demonstrated the need for **rapidly supporting start up actions** to maintain momentum.

This Action aims at providing additional resources to respond quickly in support of start up activities that follow immediately from the close of negotiations. Channelling these resources through the EU FLEGT Facility provides an efficient mechanism to this end that falls well within the operational guidelines of the EU FLEGT Facility and will build from the experience gained and relationships established in support of the negotiations.

### 2.2. Lessons learnt

To be effective, support will need to be tailored to each country circumstance and as defined by the VPA negotiation outcome. Experience has demonstrated that what is required is a response closely linked to the VPA's development.

Currently, the EU FLEGT Facility\(^7\) hosted by the European Forest Institute (EFI) is oriented towards (1) support for VPA preparation and negotiation and (2) assistance and backstopping in implementation. EFI has proven its capacity to provide the required technical assistance and analytical support in those domains, and all donors have expressed their satisfaction with the management and performance of the Facility.

Experience of concluded agreements suggests the need to move quickly to develop new systems, to initiate policy reforms and to build capacity of key institutions. Thus this Action will include activities such as training, establishing capacity building processes, and possibly the equipment required to engineer and pilot new systems such as GPS, log tracking systems, bar-code readers, traceability software, computers.

### 2.3. Complementary actions

The Facility complements national programmes that are supported by national budgets and/or development assistance of bilateral donors and multilateral institutions such as World Bank. The national budget and EU development assistance will cover most of the additional costs of VPA implementation, as will be foreseen in the development assistance or national budget programming cycle. The Facility will complement these resources in those cases where programmed support cannot be provided at the critical time immediately following negotiations through existing mechanisms. An analysis of the coherence and complementarity of the actions to be funded from the facility will be undertaken following requests from partner Countries.

The Facility has good knowledge of all EU and EU member States' supported FLEGT related projects, it is in contact with most of these projects and collaborates with an increasing number of them. This includes collaborative work with the FAO on the ACP FLEGT support programme and the National Forest Programme Facility (NFPF), The World Bank with the Program on Forests (PROFOR, in particular the FLEG component), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)

\(^7\) See contribution agreements EuropeAid/ENV/2006-124886/TPS and EuropeAid/ENV/2009-168912/TPS concluded under the thematic environment programme ENRTP.
GmbH funded projects, relevant projects of the Agence Française de Développement and Department for International Development (DFID) of the United Kingdom, as well as with many different non-governmental organisations implementing EU-funded relevant FLEGT projects.

2.4. Donor coordination

As the systems to be implemented are tailored to the national situations, and are framed in an agreement which is approved by the partner country government, consistency and alignment with national priorities is ensured. Coordination on FLEGT between EU & Member States as well as other donors has proven to be effective at global and partner country level and will continue. For all those reasons, the project is in line with the principles of Paris Declaration, Accra Agenda for Action and EU commitments on aid effectiveness.

The Facility coordinates its work plan closely with the European Commission, DFID, the Finnish Ministry of Foreign Affairs and The Netherlands’ Directorate General for International Cooperation (DGIS), which are all represented in the Steering Committee of the Facility. Good contact and coordination already has been established with relevant agencies and services in France and Germany. FAO, World Bank, regional banks and the International Tropical Timber Organisation (ITTO) are closely associated and informed on the activities developed by the Facility. Specific coordination meetings are organised by EFI in this respect.

3. DESCRIPTION

The present Action Sheet concerns the increase of funds to the EU FLEGT Facility. The majority of these additional funds will be used to increase the facility’s budget related to implementation matters following the conclusion of VPAs.

3.1. Objectives

Goal: Assist in the implementation of the EU FLEGT Action Plan and achieve sustainable and equitable use of forests in the interests of the poor.

Purpose: Encourage reforms that improve governance and the functioning of markets, ensuring that illegal logging and associated trade which adversely affect the poor are curtailed.

The Facility supports the objectives of the EU FLEGT Action Plan as further detailed in the Operational Guidelines and current logical framework\(^8\) for the EU FLEGT Facility.

3.2. Expected results and main activities

The EU FLEGT Facility enables the EU and EU Member States to implement the EU FLEGT Action Plan. The results contribute, therefore, to the expected results of the Action Plan. The Facility contributes to the following key results:

- Negotiation of VPAs completed or in progress with 20 partner countries by 2013.

\(^8\) [http://www.efi.int/portal/projects/flegt/](http://www.efi.int/portal/projects/flegt/)
• Licensing schemes operational to verify legality in 12 partner countries by 2013.
• National policies informed by evidence of the impact on poor people.
• Improved governance, including more transparency and accountability in forest operations with increased parliamentary and civil society oversight.
• Reduction in illegal logging.
• Market recognition for FLEGT licensed products.
• Better regulated trade to prevent importation of illegally harvested timber into the EU.
• Positive social impacts for forest-dependent people, such as improved benefit sharing, secured access rights, and reduced conflict associated with these rights.

More particularly, the results of this Action will be implementation of the VPAs, according to schedule. As the Facility responds to specific VPA-country demand and supplements other sources of support, it is difficult to specify results by country. Nonetheless, as outlined in the log frame, the Facility may support some of the following activities to help initiate implementation:

- Development of a log tracking system
- Capacity building for national organisation(s) implicated in the Legality Assurance System
- Support for independent monitoring by civil society
- Legal reform process
- Monitoring of impacts (social, market, etc.)
- Development of policy and systems to regulate the domestic market
- Communication

The specific support required, and therefore the expected results of this action, will depend on the specifics agreed in a particular VPA (the detailed expectations of the VPA and any additional support needs identified) and on the existing ongoing EU and Member State support mechanisms positioned to support early action in the country (e.g. ongoing sector support programmes, private sector projects or investments, and civil society projects).

This Action will support specific in-country investment, as identified in the VPA. The decision-making process for allocating funds is based on clear country demand and analysis of complementarity and coherence with ongoing actions supported by national programmes, the EU and other donors. In order to respond effectively to demand, the Facility will recruit a procurement officer.

### 3.3. Risks and assumptions

The VPA is a legally-binding treaty and partner countries and the EU are bound by it. The main assumption is that there is political stability in the VPA partner countries. Major risks include:

<table>
<thead>
<tr>
<th>Risks</th>
<th>Impact</th>
<th>Probability</th>
<th>Avoidance/Contingency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-ratification of the initialled agreements.</td>
<td>High</td>
<td>Low</td>
<td>The stakeholder consultation process, as well as the political commitment indicated in the country at highest level to initial the agreement, the risk is considered low. On EU side, the risk of non ratification is also considered</td>
</tr>
</tbody>
</table>
3.4. Crosscutting Issues

Legal and fair trade, aid coordination and spending, environmental sustainability, sustainable and equitable NRM for the benefits of the poor, gender equality, good governance, transparency and accountability, indigenous peoples' and human rights.

3.5. Stakeholders

The stakeholders of this action are essentially the stakeholders of the VPA: namely the partner government agencies responsible for regulation in the sector, concerned civil society (especially from the environment and human rights communities), the private sector (both large scale operators and those working in the informal sector) as well as the joint committee of the VPA (including EU representation) as this committee is established with oversight responsibility for the implementation of the VPA. Ultimately, the beneficiaries of the improved forest governance to which this action contributes are the millions of rural poor living in and near forests and benefiting from more accountable, sustainable and equitable forest management that the VPAs enshrine.

The Facility support will be targeted at specific groups of stakeholders in identified countries (for example capacity building of the national institution in charge of timber verification). Building from the new-found cooperation that resulted from the VPA negotiation, partner countries are committed to maintaining active stakeholder participation in VPA implementation which will help to ensure that stakeholder continue to guide and shape VPA implementation and which will certainly ensure that their views will be heard and duly considered. This provides further justification for this rapid response Action as it is essential that the positive experience of VPA negotiation rapidly leads to participatory action and multistakeholder structures to guide implementation.
4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

Joint management through the signature of an amendment to contribution agreement EuropeAid/ENV/2009-168912/TPS with an international organisation, the European Forest Institute (EFI) based in Finland. Other donors (status mid 2009) are United Kingdom, Finland, The Netherlands and Germany.

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 facility is likely to recruit extra staff to deal specifically with procurement. Technical support from the present facility is foreseen for the technical preparation of tender files as well as for technical supervision of sub-contracts.

To consider for inclusion in the Operational Guidelines if before the publication of tender files relevant to VPA implementation in a specific country, these shall be sent for information to EU Delegations, European Commission headquarters and/or other donors to the facility, as appropriate, leaving sufficient time to react.

4.3. **Budget and calendar**

The budget for the action is EUR 5 000 000 to be committed from budget line 21 04 01 from the year 2010.

Foreseen operational duration (indicative) is 36 months as from signature of the amendment to Contribution Agreement EuropeAid/ENV/2009-168912/TPS or as from the signature of a new contribution agreement.

4.4. **Performance monitoring**

Performance of the Facility is regularly monitored by the Commission services and other donors. A guiding logical framework has been developed for the overall action.

A monitoring mission was undertaken in September 2008 showing excellent delivery. Monitoring of the action will continue.

4.5. **Evaluation and audit**

By 2011 the European Commission will propose an external evaluation on all EU FLEGT related interventions supported from geographic and thematic programmes.

The audit procedures as laid down in the contribution agreement will apply.

4.6. **Communication and visibility**

All Facility documents and reports for distribution and the www.euflegt.efi.int site carry the EU flag. EU co-funding is mentioned in all presentations and talks given by Facility staff. All Facility staff business cards carry the EU flag. The Facility is very sensitive to the nature of the action where there is a need for close and regular association with the European
Commission, especially as regards to all actions supporting the development of FLEGT partnership agreements.
Action Sheet F

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 2 of the ENRTP: PRO-FORMAL: Policy and regulatory options for recognising and better integrating the domestic timber sector in tropical countries in the formal economy (Ref. 220243)</th>
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<td></td>
<td>EU Contribution: EUR 3 000 000</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – Joint Management with an International Organisation (CIFOR)</td>
</tr>
<tr>
<td>DAC-code</td>
<td>31280  Sector  Forests</td>
</tr>
</tbody>
</table>

2. RATIONALE

2.1. Sector context

In 2003, the EU launched the FLEGT (Forest Law Enforcement, Governance, and Trade) process that aims to curb illegal logging and limit the amount of illegal timber entering the EU. The intention of the FLEGT approach is to stop illegal logging, foster sustainable forest practices, improve forest governance in producing countries and fight poverty. A cornerstone of this strategy is the VPA (Voluntary Partnership Agreement) through which the EU and a timber producing country join together to establish a licensing scheme that assures legal compliance in forest operations and trade. Currently, the EU has finalised three VPAs, with Ghana, the Republic of the Congo and Cameroon. Five further VPAs are being negotiated in Africa and Asia, while negotiations with Latin American countries are likely to commence in 2010. The VPAs will help reduce illegal timber flows to EU markets, while additional measures currently under consideration (e.g., Due Diligence Regulation) will help curb the laundering of illegal timber, or ‘leakage’, via third countries.

Forest governance and addressing the problems of illegal logging cannot be addressed simply by designing regulatory systems oriented for the EU export market in isolation of the wider sets of interests, domestic market demands, and local forest users concerns. There is no clear segregation between forest management and production oriented for export markets compared to that oriented to local consumers. The VPA, and national authorities, cannot ignore the domestic market which is often dominated by small and medium sized loggers and traders. Better governance and livelihood options can best be achieved by assessing the dynamics of the timber sectors in an integrated way, especially where there are strong interconnections between the domestic and the international market supply chains. Some VPA partner countries (Ghana, Cameroon, Republic of Congo) have clearly indicated that they intend to apply the legality assurance system to all timber traded in the country, including domestic market.
In the last decade the domestic timber sector has enjoyed vibrant growth role. Recent data indicate that the domestic timber sector is big and has significant impacts on forests, local livelihoods, and governance. The available data are fragmentary, but there are indications that domestic consumption has grown, one study in Cameroon indicated it could be 200–300 per cent of reported exports. Research in Indonesia shows a similar trend and that the domestic timber sector makes important livelihood and economic contributions and impacts on deforestation and degradation.

National policies currently do not provide an adequate response to the challenges associated with the growth of the domestic sector, its impact on forests, its legalisation, and its direct or indirect links to exports. Often, production for the domestic market is poorly regulated with few incentives for operating within a regulatory framework and with significant barriers to integration to formal structures. This is especially true for small operators who may be unable to comply with forest management and tax regulations oriented to operations at a larger scale. A better understanding of the dynamics between domestic and international markets, formal and informal activities, legal and illegal operations, and artisanal and industrial forestry is needed. At the core of this action is the question of how domestic production and trade can rely on supply chains that are better known and better regulated.

To address these challenges this action will conduct in-depth country studies and a cross-continental comparison of countries involved, or likely to be involved, in the FLEGT-VPA in Africa, South-east Asia and Latin-America. The focus will be on exchange of experiences and strategies to address illegal forest activities in domestic timber sectors and the interplay with larger scale operations oriented to export markets, drawing particularly on existing research in forestry and other related fields.

2.2. Lessons learnt

In the past years a number of lessons have emerged from the increasing international attention given to the problems of illegal logging and trade. The appreciation that illegal logging undermines sustainable forest management and the fight against poverty provides the rationale for the EU's focus on FLEGT.

Evidence from years of research and development in the forest sector highlight the importance of multi-stakeholder partnerships to bring together state and non-state actors. Many FLEGT related projects supported by the European Commission have supported government and NGOs to this end. Few projects have focused on the private sector and fewer still have focused on the informal sector working at the margins of legality. It is important that these stakeholders and that the forest policy reforms supported by FLEGT address questions of domestic market supply and demand. Only then can FLEGT succeed and lead to tangible results of better managed forests secured benefits for the rural poor.

Many countries have taken measures to address the problem of illegal logging and trade. Center for International Forestry Research's (CIFOR) experience has shown that it is important to identify best practice and share these among countries to stimulate further action. Enforcing existing law may not be sufficient, especially if the laws themselves are inappropriate and make compliance difficult particularly those supplying domestic markets.
2.3. **Complementary actions**

This action builds on CIFOR’s research conducted in recent years on illegal logging and domestic timber markets in the Congo River Basin and South East Asia, as part of the larger objectives set by CIFOR’s Governance Programme, with a specific focus on the identification of efficient policies or market-based instruments to improve the social and environmental footprints of tropical forests. Coordination of the research objectives and activities of several actions funded by different donors is assured at CIFOR’s Programme and Domain levels. In the specific case of this action, synergies have already been established, and will be broadened where feasible, with another initiative on domestic timber markets funded by the European Commission and run by Tropenbos International in Ghana and Guyana. Synergies will also be sought with projects that will be selected through the European Commission's ongoing global calls for proposals, if relevant to this action.

This action is framed within the targets of, and will develop regular and permanent synergies with EU FLEGT Facility based at the European Forest Institute. As explicitly mentioned in the objectives, this action will seek to provide clear policy options to countries that are negotiating or implementing VPAs with the EU.

2.4. **Donor coordination**

The project is to be carried out by the Center for International Forestry Research (CIFOR). The project will establish a Steering Committee to supervise the project. The SC will in principle be composed of senior-management-level representatives of all the project partners, a representative from the EC, and a number of other participants (to be defined during initial stage of action implementation) representing national organisations (e.g., concerned ministries, national NGOs, civil society).

3. **DESCRIPTION**

3.1. **Objectives**

**Overall objective:** To foster legality, livelihood security and improved forest management in the domestic timber sector of selected tropical forest countries, in particular in countries negotiating or implementing a Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT VPA).

**Specific objective:** To produce policy-relevant options to better regulate and integrate the domestic sector in the formal economy, secure the livelihoods of people dependent on it, and promote the adoption of improved forest management practices.

3.2. **Expected results and main activities**

The action has four main estimated results:

R-1. Knowledge generation and learning: the scope of the domestic timber sector and its dynamics and impacts on forest management and livelihoods, and the role that current national and international policies have in shaping those dynamics, are analysed; lessons from existing successful policy approaches to timber and non-timber domestic sectors are learnt.

R-2. Development of policy options: the institutional and political opportunities and barriers, and the background market conditions for better regulating the domestic
timber sectors, are assessed; a menu of instruments, systems and policy options that could be considered in VPA negotiations, and that foster the improved regulation and integration of the domestic sector while promoting sustainable forest management and improved livelihood options, is identified and assessed with national partners.

R-3. Outreach, dissemination and capacity building: capacity is built through the integration of Master’s degree students in all phases of the action in tier-1 countries. The knowledge and data acquired, and the policy options identified, are shared widely in tier 1 and secondary study (tier 2) countries, their respective regions, and internationally.

R-4. Project management: simultaneous implementation of activities in various regions is optimised with timely delivery of output; timely and coherent budget management is assured.

3.3. Risks and assumptions

The main risks of this action relate to the sensitive nature of the issues to be researched. In many countries the informal sector that supplies much of the domestic market operates illegally making it difficult to work with these stakeholders. Furthermore, large scale forest operators are often closely tied to influential elite; and there can be considerable vested interest in maintaining the status quo and preventing smaller forest users from gaining legitimate and competing rights to forest resources.

Experience with research carried out by CIFOR in the Congo Basin, Zambia and Indonesia show that the most important condition to be met prior to implementation of activities is ownership of the action's aims by stakeholders in selected countries. Three groups of actors will be included from the outset in the design: first, government officials responsible for the regulation of the forest sector; second, domestic market operators (traders, sellers); third, domestic timber producers (loggers, transporters) in rural areas and villages. Over time and during project implementation research findings will be discussed with all concerned groups. One of the aims of the action is to produce practical policy options and for these to be taken forward into national decision taking. The stakeholder processes that accompany this research will therefore be vital for creating a constituency for the proposals. Civil society advocacy will be an essential ingredient for adoption of proposed policy reform.

Several factors can minimise the risks. CIFOR has been working in the selected countries on similar issues with local partners for many years, and thus is well known and respected amongst them and CIFOR has gained a lot of experience in confidence building. Since CIFOR is already engaged in research on the domestic market in Asia, Africa and Latin-America, it can depend on well-established networks and working relations to frame this action. CIFOR has long-standing cooperation relationship with national research centres in several of the selected countries.

3.4. Crosscutting Issues

Environmental sustainability, good governance and human rights are all addressed explicitly in the research programme activities, as well as research questions about gender equality. Available results show that, while forestry operations are carried out

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9 'Tier-1' countries are Cameroon, Democratic Republic of Congo, Gabon, Indonesia, Ecuador
‘Tier-2’ countries may include, but are not limited to, Liberia, Zambia, Vietnam, Colombia and Peru.
exclusively by men, as soon as timber reaches the market in the main cities, women play an important role in managing the timber business. The factors driving this unusual partitioning of roles along the value chain require better understanding as do the transactions costs (including uncertainties and risks to livelihoods and incomes), associated with women’s and men’s greater visibility in the market place in a context of illegality/informality. A similar analysis will be conducted at the village level, where most of the revenues derived from the informal sector enter the households’ economy. Analyses at village and city levels as well as along the value chain are intended to spotlight gendered vulnerabilities in illegality settings, to establish gendered barriers to legality (if any) and to identify legitimate arrangements and opportunities that will enhance gains to production and trade for both men and women. In-depth assessment of the social, ecological, and economic sustainability of domestic timber sectors will help frame options for improved policy frameworks so as to maximise the environmental sustainability of domestic timber sectors. Improving governance and fighting corruption are critical ingredients to ensure that the actions of both the formal (big) and informal (small) timber sectors do not have negative impact on forests and people.

3.5. Stakeholders

The main stakeholders of this action are government regulatory agencies, forest producers in the formal and informal sectors, domestic market consumers and civil society concerned with environmental sustainability questions particularly in Cameroon, Democratic Republic of Congo, Gabon, Indonesia, Ecuador where research will concentrate. The beneficiaries of this action will principally be the rural poor in these countries benefiting from more sustainable and equitable domestic timber production and trade.

While there is limited institutional capacity in many of the selected countries, recent CIFOR research on domestic sectors in the Congo Basin suggests that many stakeholders want to see an improved policy framework. In part this is because of the increasing risks and insecurity, bribery and corruption common in the informal sector. Producers for the domestic market could be empowered by their participation in the action, and could thus actively push for the adoption and implementation of improved policies.

Indirectly, other countries not included in this study will benefit from the outputs of this research, providing ideas and analysis which could help shape their policies and design of national legality assurance systems under future VPA.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Joint management through the signature of an agreement with an international organisation (the Center for International Forest Research [CIFOR]) as this organisation is best placed to lead and coordinate research on this question. CIFOR forms part of the CGIAR and is the global leader in research on tropical forestry and has already developed a body of research on illegal logging under their Governance Programme. CIFOR is also well placed to draw from and coordinate the contributions of other research institutions in the concerned regions.
CIFOR will work in close collaboration with the Centre de cooperation Internationale en Recherche Agronomique pour le Développement (CIRAD), with which a programme of seconded scientists has now been on-going for several years. Collaboration will also be sought with other research institutions working in this field, and in particular with national research bodies in the concerned countries. Other collaborators include the national Institut de Recherche en Ecologie Tropicale and Brainforest in Gabon; University of Kisangani and Ecole Régionale Post-Universitaire des Aménagement Intégré et Foresterie Tropicale in the DRC; Forestry Research and Development Agency and Agricultural University of Bogor, in Indonesia; and Universidad Técnica Estatal de Quevedo and the Servicio Forestal Amazónico in Ecuador. National teams will be hosted by CIFOR in tier-1 countries where CIFOR has a field station (Cameroon, Indonesia) or by a partner in the other countries (DRC, Gabon, Ecuador).

The project will be implemented through a series of governance structures related to (1) decision making processes; (2) implementation of the Work Packages; (3) quality assurance of the deliverables; (4) financial management; (5) communication with the European Commission; and (6) the interface with other relevant structures and activities outside the scope of the project. A Steering Committee will supervise the whole project (the EC will be represented on this Committee). A Project Management Board will report regularly on the activities of the project to the SC. The Project Management Board will include a Project Manager and leaders of Work Packages who will oversee project implementation, financial management, and links to other activities and organisations external to the project.

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**

The maximum EU contribution is EUR 3 000 000. The foreseen operational duration is 36 months.

4.4. **Performance monitoring**

The EC will launch result-oriented monitoring missions on an ad hoc basis. Monitoring systems will be developed for each action planned, if appropriate. This is essential for evaluating the activities, offering information with respect to follow-up measures needed to improve management of these or future activities. Indicators to monitor the action will be laid down in the logical framework.

4.5. **Evaluation and audit**

The audit rules are laid down in the general conditions of the contribution agreement. No evaluations are foreseen for this type of action. The Commission may conduct its own audit of the action as part of its yearly audit programme.

4.6. **Communication and visibility**

Most of the results will be widely disseminated to all stakeholders. A specific budget for giving visibility to the EU's financial support will be earmarked in the budget of the action.
The EU contribution will be identified and reported in key publications by the beneficiaries.
ACTION SHEET G FOR A LOCAL CALL FOR PROPOSALS UNDER THE FLEGT THEME OF THE ENRTP IN A NUMBER OF DEVELOPING COUNTRIES

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 2 of the ENRTP: Supporting participation of national civil society organisations in FLEGT VPA preparation or implementation through local calls for proposals (Ref 21891)</th>
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<td>Total cost</td>
<td>EU contribution: <strong>EUR 2 600 000</strong></td>
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<tr>
<td>Method/Management mode</td>
<td>Project approach – Call for proposals managed by European Commission Delegations in third countries – Centralised</td>
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<table>
<thead>
<tr>
<th>DAC-code, if applicable</th>
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<tbody>
<tr>
<td>Sector</td>
<td>Forestry</td>
</tr>
</tbody>
</table>

2. RATIONALE

The Strategy Paper for the Thematic Programme for Environment and Sustainable Management of Natural Resources, including Energy identifies the support to the Forest law enforcement, Governance and Trade (FLEGT) Action Plan as one of the key environment initiatives to support. More specifically, support for implementation of the Voluntary Partnership Agreements (VPAs), support for NGO and private sector initiatives which build the capacity of non-state actors to implement and monitor the VPAs are identified as two of the main activities that the ENRTP should support.

Experience shows that the FLEGT process gain from strong and pro-active national civil society organisations. As FLEGT negotiations progress those organisations gain confidence and build their capacity on forest governance subjects. Different stakeholders involved in the VPA negotiations (private sector and administration notably) have noted that a strong civil society has an important role to play in ensuring accountable forest governance and achieving the aims of the VPA. The general objective of this local call for proposals is to encourage their active participation in the VPA process and strengthen their capacity through specific projects that they manage.

Several projects proposed by international organisations or European NGOs have been selected to support capacity development of local non-state-actors to be involved in the FLEGT preparation and negotiation, and this has proven very useful for the quality of the negotiation process. This has also fostered the strengthening of a number of local NGOs, not only "environmental" NGOs, but also human rights and/or development or "grassroots" NGOs. Creation of NGOs platforms in all VPA engaged countries has shown the vitality and the capacity of advocacy of local NGOs and their capacity to organise themselves in networks, despite limited structure and financial capacity. Analyses made by EU Delegations have shown the interest and the potential role of those local NGOs for advocacy and information activities related
to FLEGT, which is crucial to secure that different stakeholders get their voices heard in the FLEGT VPA preparation, negotiation and implementation. However, although they have a crucially positive role in the FLEGT process, very few local NGOs, have been selected under the global call for proposals, where the financial threshold is minimum EUR 500,000 per EU grant. Therefore, the objective of the present local calls for proposals is to support national civil society organisations in specific countries to participate in the FLEGT VPA negotiation or implementation process with projects which fall within their management capacity.

The countries have been selected following a formal process of consulting all EU Delegations in countries where VPA are most active. They were asked whether having a local call for proposals would be useful, would respond to a local demand, and would be manageable by the Delegation. A number of EU Delegations said that other instruments were more appropriate (Ghana, Malaysia, Colombia, Ecuador), and therefore decided not to have a local CFP. Other Delegations have formally confirmed that there is a number of local NGOs in the country to be supported through a local call for proposals, and informed they would be ready to manage this call. Those countries are Cameroon, the Central African Republic, Congo, the Democratic Republic of Congo (DRC), Gabon, Liberia and Indonesia. In those countries, the Delegation will be looking at other initiatives in order to seek complementary and avoid duplication (for example with the FAO Intra ACP FLEGT support programme, which has launched a call for proposals closed 6 November 2009 to support, *inter alia*, NGOs in all ACP countries with small scale projects related with forest governance).

The present local calls for proposals will benefit from the lessons learned from previous calls organised under the ENRTP and local ones organised by the individual delegations in the past.

Management of local call for proposals by the Delegation will be advertised at the level of Delegations, but also using the FLEGT networks. Member States (capitals and relevant Embassies) will be informed and associated properly. Partners (EFI, FAO, IUCN, project beneficiaries operating in those countries) and platform of local NGOs will be properly informed of the issuance of the calls by the Delegation.

An (in-country) information session will be organised where all NGOs will be invited to know more about the call and get all clarifications they need. This has been done in a number of countries for local call for proposals (for example for projects of the non-state actors thematic programme) and has proved very useful in increasing the number and the quality of proposals.

By targeting specifically the countries, by asking the EU Delegations what would be the most appropriate financial thresholds, by informing NGOs and adapting the local call to their needs, the risk that in a specific country, the number of proposals of good quality is not important enough, and that commitment of the foreseen amount is not possible is limited.

This risk will be further minimised by the possibility that the authorizing officer by sub-delegation decides to contribute the un-committed amount to another country.
3. **Description of the call for proposals**

3.1. **Basic act and financing source**

The basic act for this programme is the Development Cooperation Instrument (DCI) Regulation (EC) No 1905/2006, in particular Article 13, which was adopted on 18 December 2006. The four-year Strategy Paper for the Thematic Programme for Environment and Sustainable Management of Natural Resources, including Energy (ENRTP, 2007-2010) was adopted by the Commission on 20 June 2007. The local call for proposals will be financed under budget line 21 04 01 for the year 2010.

3.2. **Objectives of the programme, fields of intervention/priorities of the year and expected results**

The DCI Regulation describes the objective of the ENRTP as integrating environmental protection requirements into EU development and other external policies as well as promoting the EU's environmental and energy policies abroad in a common interest of the EU and partner countries and regions.

The objectives of the present call for proposals fall under the second priority of the ENRTP: **Promoting implementation of EU initiatives and internationally agreed commitments**

The Guidelines for the local calls for proposals will take into account the national specificities as well the status of VPA negotiation and implementation.

*Type of actions eligible for financing:*

Support to civil society organisations, indigenous peoples’ organisations and other non-state-actors to participate in national processes for drafting, negotiating and/or implementing FLEGT Voluntary Partnership Agreements (VPAs).

*Expected results:*

- Positive and focused civil society contributions to the development and negotiation of VPAs in more countries.
- Concerns of non-state-actors, including indigenous people integrated in FLEGT VPA actions.
- Effective implementation of FLEGT Voluntary Partnership Agreements as a result of greater societal involvement
- Positive and focused civil society contributions to the development of policy and legal reform identified in the VPA
- Stakeholders actively engaged in monitoring VPA actions and results.

*Possible Indicators:*

- Number of VPAs negotiated with active stakeholders' participation / contribution.
- Number of transparency initiatives on public information in forest sector.
- Number of VPAs where national NGOs are actively involved in legal and policy reform
Number of VPAs involving of civil society oversight of their implementation.

**Geographic scope:**
A total of 7 countries (see above) have been identified where support under this programme is considered necessary and feasible according to the views of the EU Delegations. Those countries are Cameroun, Central African Republic, Congo, Democratic Republic of Congo, Gabon, Indonesia and Liberia.

### 3.3. Eligibility conditions and geographical scope

The call for proposals will follow the standards established in the Commission's "Guidelines for Applicants".

**Eligibility:** Eligible are all types of non-profit-making non-state-actors\(^{10}\) who are nationals of the country where the action is taking place\(^{11}\).

In addition, all non state actors must be officially registered as such, according to the legislation in force in their respective country and must be able to demonstrate to have regularly carried out activities in the field of development of the kind covered by this programme during at least the last three years. This requirement can be reduced to two years. When duly justified, the requirement for official registration could be waved.

Indicative 2 to 5 actions will be selected per country. This will be specified per country in the guidelines.

The minimum and maximum size of the EU grant will be laid down in the Guidelines for Applicants in each country.

The initial duration of a proposed action shall not be lower than 12 months nor exceed 36 months.

The maximum requested EU contribution (grant) may not exceed 90% of the total eligible costs of the proposed action.

The requested EU contribution (grant) must fall, indicative, between a minimum of EUR 60 000 and a maximum of EUR 300 000. The exact thresholds for each country will be laid down in the specific guidelines by countries.

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\(^{10}\) Under Article 24(2) of Regulation (EC) No\(^{1905/2006},\) the non-State, non-profit making actors eligible for financial support include "NGOs, organisations representing indigenous peoples, organisations representing national and/or ethnic minorities, local traders’ associations and citizens’ groups, cooperatives, trade unions, organisations representing economic and social interests, organisations fighting corruption and fraud and promoting good governance, civil rights organisations and organisations combating discrimination, local organisations (including networks) involved in decentralised regional cooperation and integration, consumer organisations, women's and youth organisations, teaching, cultural, research and scientific organisations, universities, churches and religious associations and communities, the media and any non governmental associations and independent foundations, including independent political foundations, likely to contribute to the implementation of the objectives of this Regulation".

\(^{11}\) Nationality is determined on the basis of the organisation’s statutes which should demonstrate that it has been established by an instrument governed by the internal law of the country concerned. Any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if it is registered locally or has signed a ‘Memorandum of Understanding’.
Geographical scope and breakdown of total amount per country:

<table>
<thead>
<tr>
<th>Actions must take place in one of the following countries:</th>
<th>Total amount available per country (EUR)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroun</td>
<td>300 000</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>300 000</td>
</tr>
<tr>
<td>Congo - Republic of</td>
<td>400 000</td>
</tr>
<tr>
<td>Congo - Democratic Republic of</td>
<td>500 000</td>
</tr>
<tr>
<td>Gabon</td>
<td>300 000</td>
</tr>
<tr>
<td>Indonesia</td>
<td>500 000</td>
</tr>
<tr>
<td>Liberia</td>
<td>300 000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2 600 000</strong></td>
</tr>
</tbody>
</table>

* In case a country does not spend all its allocation, the authorising officer by sub-delegation may decide to contribute the remainder to another country.

3.4. Essential selection and award criteria

The selection procedure will be based on the principle of a restricted call for proposals. In justifiable cases an open call for proposals may be organised.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions\(^\text{12}\).

The guidelines of each local Call for Proposals will be published on the internet and in the national newspapers of the relevant country. They will lay down the final criteria and requirements: i.e. the rules regarding the eligibility of applicants and partners, the types of action(s) and costs which are eligible for financing, and the evaluation (selection and award) criteria.

The guidelines will also give information on the evaluation process and the contractual conditions which will apply to successful applicants.

3.5. Schedule and further information on the call for proposals

The call for proposals will follow the standards established in Commission's "Guidelines for Applicants".

**Indicative time table:**

- Mar/May 2010: Expected publication / launch of the call for proposal
- May/July 2010: Deadline for submission of full application forms.
- Sep/Dec 2010: Announcement final results and start of contracting.
- Nov 2010 – Feb 2011: First contracts concluded start activities.

3.6. **Indicative amount of call for proposals**

**EUR 2 600 000** from budget line 21 04 01 for the year 2010.

In case the allocation to the present Action Sheet is increased, the authorising officer by sub-delegation may decide to add extra countries.

For performance indicators to the FLEGT theme reference is made to Annex 4: "Matrix for programme implementation under the thematic strategy" of the ENRTP\(^\text{13}\).

4. **Support measures**

In addition to the normal follow-up made by the Headquarters and/or by Delegations, the Commission is entitled to carry out interim or ex post evaluation missions.

According to the terms of the grants contracts concerning visibility (in particular annex II of the Special Conditions), the beneficiaries of grants will be requested to take all necessary steps to publicise the fact that the European Union has co-financed the Action. Such measures must comply with the relevant rules on the visibility of external actions laid down and published by the Commission.

If applicable, audit requirements must also be executed according to established rules laid down in the grant contract referred to above.

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1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 2 of the ENRTP: Support to the implementation of The Great Green Wall for the Sahara and Sahel Initiative (ref. 222363)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EU contribution : EUR 1 400 000</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach : joint management</td>
</tr>
<tr>
<td>DAC-code</td>
<td>41010 Sector Env policy and admin management</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

Desertification processes directly affect 250 million people, particularly in Africa where two-thirds of the continent are dry lands and deserts.

In the Sudano-Sahelian region of Africa, extended dry land regions are inhabited by farmers, pastoralists and forest products gatherers whose traditional livelihoods heavily depended on the goods and services provided by forests, trees, shrublands and grazing lands. Forests in the arid zones of sub-Saharan Africa (including the circum-Sahara and Sahel areas) are an extremely important but undervalued resource. They have significant roles in biodiversity conservation, providing habitat and essential ecosystem goods (such as fodder for livestock, fuel wood, wood, medicines and herbs, tradeable goods such as resins and gums) as well as services (such as soil stabilisation, water, erosion and desertification control). Their role in climate change mitigation and adaptation is also important.

Climate change is also a huge, growing concern in the region as it is meant to exacerbate the human impacts already in effect. According to the Intergovernmental Panel on Climate Change (IPCC), global warming will cause a decrease in rainfall and an increase in extreme weather conditions such as long periods of drought (with few exceptions) in the drylands of sub-Saharan Africa. Severe water scarcity and increased desertification are likely, thus causing a vicious circle of forest and land degradation.

The proposed project has been originated and designed in a substantially different way from previous ones in that it is initiated and backed by the political will of African Leaders and the African Union and specifically focuses on the Sahelian dry land ecosystems. It contributes to the implementation of the “The Great Green Wall for the Sahara and Sahel Initiative (GGWSSI)”, a direct response to combat desertification affecting the Sahara and Sahel countries first proposed by former Nigerian president Olusegun Obasanjo, presented initially to the Community of Sahel-Saharan States (CEN-SAD) and then to the African Union (AU) in 2005 as an integrated development programme. In January 2009, the AU Summit of Heads of State and Government endorsed a joint Plan of Action developed by the AUC, CEN-SAD Secretariat and Senegal, which is now available for execution by Member States of CEN-SAD and development partners as requested in the AU Summit Decision of 2007.

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14 [http://www.africa-eu-partnership.org/pdf/090723_actionplan_ggwss_censad ua may08.pdf](http://www.africa-eu-partnership.org/pdf/090723_actionplan_ggwss_censad ua may08.pdf)
This project is designed to support the African Union Commission in the implementation of the GGWSSI in the framework of the first action plan (2008-2010) of the Africa-EU strategic partnership (under theme 6-Climate change) that was adopted in Lisbon in December 2007 during the second EU-Africa Summit and provides a logical follow-up to a joint African Union Commission-European Commission pre-feasibility study to assess the scope and pre-feasibility of the GGWSSI and which was finalised in June 2009. The proposed project responds to a number of key recommendations of this study.

As one of the key recommendations, the study proposed that the GGWSSI should constitute the main tool complementing ongoing continental / regional initiatives and strategic frameworks (such as TerrAfrica, NEPAD/CAADP, NEPAD Environmental Action Plan) in which the European Commission is already involved. The GGWSSI, as a regional integrative initiative, should catalyze financial support in arid lands and desert margins, which is critical for long term sustainability, peace and security.

Through the implementation of the GGWSSI, Africa will be making great strikes towards the regional implementation of the UNCCD. Furthermore, it would contribute to the implementation of the Environment Initiative of the New Partnership for Africa’s Development (NEPAD), the Sirte Declaration on Agriculture and Water, and the international environment and sustainable development policies, such as provided in the Johannesburg Plan of Implementation (JPOI),

FAO has been requested by the AUC to act as the technical lead implementer of the proposal. This project will, in particular, respond to:

- The need of strengthening the capacity of both the AUC and the CEN-SAD to enable them, effectively play their roles of political and technical coordination respectively.
- The need of building the technical capacity of the relevant stakeholders at regional, national and local levels.
- The need of appropriate and efficient technology transfer package aiming at capitalising research findings and scaling up success stories in combating desertification, deforestation and rehabilitation and restoration of degraded zones.
- The need of defining and starting implementation of concrete actions, improving local land governance models (involving municipalities, local communities and local NGOs) based on sustainable use of forest and land resources while providing incentives and clear benefits for local communities;
- The need of setting-up a regional platform for partnerships building and donor coordination at regional, sub-regional and national levels aiming at optimising use of existing resources and promoting access to various financial sources.

Given its regional dimension, the project will serve as a collector and provider of information, lessons learnt, expertise and technical assistance, coherent approaches, case studies, data and training, serving and learning from a network of beneficiaries, partners and actors active in the region.

### 2.2. Lessons learnt

During its implementation the project will benefit from an in-depth review and analysis of a wide range of plans and initiatives that are being developed and implemented locally, nationally and regionally. Lessons will be shared as deemed necessary to ensure the

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successful implementation. Furthermore, the European Commission and the FAO in close collaboration with the project partners are taking into consideration, the following:

- The renewed political commitments of the African leadership to champion GGWSSI as an approach to deal with the issue of land degradation, and climate change

- Recommendations drawn from the pre-feasibility study developed by European Commission and the AUC;

- Results of the study initiated by CILSS in 2005, compiling lessons learnt and best practices from 4 countries of the Sahel countries.

- The implementation plan produced by OSS and mandated by AUC/ CEN-SAD with the inputs of Senegal (2009-2010) but not yet implemented;

- The FAO experience in arid zones forestry.

- The UN Convention on Biological Diversity (UNCBD), UN Convention to Combat Desertification (UNCCD), UN Framework Convention on Climate Change (UNFCCC), UN Forum on Forests (UNFF) and New Partnership for Africa's Development (NEPAD) instruments and processes.

- The fact that the GGWSSI concept has gradually shifted since 2005 from a thematic project focusing on a massive tree planting initiative to a more holistic and integrated vision of sustainable land management.

- The fact that the GGWSSI should play the function of a federative platform to avoid duplication and promote building synergies, complementing and up-scaling of current successful initiatives.

2.3. Complementary actions

As part of the project activities, FAO, in close collaboration with its partners, will be undertaking a stakeholders’ analysis aiming at updating the mapping of the existing programmes, plans and projects undertaken by different actors under the framework of bilateral and multi-lateral cooperation as well as under governmental or non governmental plans or frameworks. This mapping exercise will identify gaps and opportunities for complementary action, at national, sub-regional and regional levels.

At country level, the project will take consideration and analyse the United Nations Development Aid Framework (UNDAF). It will also analyse ongoing EU-funded actions in the project area, as well as the EC country strategies papers as well as initiatives that are led by TerrAfrica, the Global Mechanism (GM/UNCCD), the UNCCD secretariat, the national focal points of the UNCCD in the countries, the CILSS, the OSS, the World Bank, etc.

While this project will benefit directly 8 countries it will also provide a unique opportunity to support sub-regional organisations such InterGovernmental Authority on Development (IGAD), L'Union du Maghreb arabe (UMA) and Comité permanent Inter-Etats de Lutte contre la Sécheresse (CILSS) to identify clearly issues and areas where there’s a need to mobilise action at trans-boundary levels. Furthermore, FAO will launch in January 2010, a complementary Technical Cooperation Project (TCP) which was earlier requested by the AUC to support 5 selected countries to implement the GGWSSI and therefore, will ensure close coordination and synergies building between the two projects.
2.4. Donor coordination

During the formulation stage of this project, FAO consulted actively with its partners including the African Union Commission, the CEN-SAD Secretariat, regional organisations such as Economic Community Of West African States (ECOWAS)/CILSS, IGAD, Observatoire du Sahara et du Sahel (OSS), UMA, and UN agencies such as the Global Mechanism of the UNCCD/ International Fund for Agricultural Development (IFAD) to have a clear picture on involved stakeholders and donors in the countries. FAO and partners have identified as part of this project the need of setting-up a regional platform for partnerships building and donor coordination at regional, sub-regional and national levels aiming at optimising use of existing resources and promoting access to various financial sources. This platform will engage with different donors and initiatives such as SolArid, TerrAfrica, the World Bank forestry Strategy that is under development, as well as important donors already active in the region, including GTZ, DFID and AFD. These will be consulted before and during the project implementation. In order to ensure continued ownership, commitment and capacity development among the African organisations and national institutions, the project and the platform will build up on ongoing negotiations and dialogue with existing national platforms, partners and donors. For example, the CILSS (one of the major project partners) a regional programme focused on increasing investments in sustainable land management (SLM), co-funded by the EC Food Security Thematic programme, the ECOWAS Action Plan for Climate Change Adaptation, co-funded by the EU Global Climate Change Alliance and with EAC. Furthermore, the Global Mechanism of the UNCCD (project partner) is also currently working with CEN-SAD in developing a platform of South-South Cooperation and funding mobilisation. Moreover in January 2010, FAO in collaboration with the Agence Nationale de la Grande Muraille Verte Senegal organised a multi-stakeholder technical and validation workshop in Dakar to discuss and validate the developed guidelines on sustainable forest management in drylands of sub-Saharan Africa as well as the promotion of their use by countries and partners involved in the GGWSSI. During this workshop, country Focal Points for the GGWSSI from 11 sub-Saharan countries have committed to work in collaboration with FAO, the EU and other participating organisations for the implementation of the GGWSSI, to report back to their respective ministries on the outcomes of the workshop and to discuss at national level follow-up actions for the implementation of the Guidelines in their respective countries.

3. DESCRIPTION

3.1. Objectives

The overall objective of the project is to contribute to the effective and successful implementation of the Great Green Wall for the Sahara and the Sahel Initiative (GGWSSI) as a tool for poverty alleviation, combating desertification and adapting to climate change.

The specific objective of the project is to enhance the capacity (including both technical and financial mobilisation capacity) of the AUC, the CEN-SAD Secretariat, the sub-regional and regional organisations involved including the Regional Economic Community Partners (ECOWAS, UEMOA, IGAD, UMA), the Global Mechanism of the UNCCD, regional organisations (OSS and CILSS) and the eight beneficiary countries to implement the GGWSSI in a coordinated and efficient way.

3.2. Expected results and main activities

Main Results
R1. A harmonised regional strategy for effective implementation and resource mobilisation for the GGWSSI is developed and validated by the eight selected countries, project technical and financial partners;
R2. Detailed implementation plans and project portfolio are prepared and validated;
R3. At least three (3) cross-border projects are formulated and investment plans for their implementation are developed;
R4. A capacity building strategy and programme (formal and informal) is developed and its implementation initiated, including pilot activities at local community level;
R5. A learning and networking platform is developed for enhancing knowledge sharing, technology transfer, best practices promotion and communications.

**Main activities**

During the inception phase (first three months), the main activities will be as follows:

- Setting up the project team (at country and regional levels)
- Holding meetings with partners and missions to countries for developing a detailed work plan (at regional and country levels) and clarifying roles and responsibilities of project partners
- Developing and finalising MOUs and contracts with regional and sub-regional partners and country counterparts on project implementation
- Putting in place steering committees for project monitoring (at national and regional levels)

In order to achieve project results and the specific objective, the following activities and indicative budget per set of activities will be considered (the budget is only indicative, it will be further developed, revised and prepared based on a detailed estimation of needs and inputs during the project description preparation):

<table>
<thead>
<tr>
<th>Activity</th>
<th>Indicative Budget (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1.1. Setting up an experts’ team to guide the drafting of the regional strategy (drafting methodologies, list of stakeholders to be involved, preliminary research and compilation of information, definition of process to follow).</td>
<td>200 000</td>
</tr>
<tr>
<td>A.1.2. Organisation of a three-days regional expert workshop to discuss and agree on the methodology and process to be followed for the formulation and adoption of a harmonised regional strategy for GGWSSI implementation.</td>
<td></td>
</tr>
<tr>
<td>A.1.3. Formulation of a first draft strategy based on methodology agreed above.</td>
<td></td>
</tr>
<tr>
<td>A.1.4. Submission of the draft strategy to a consultation process to gather comments and inputs. This will be done through the organisation of a maximum of 4 regional consultation workshops and eight national workshops</td>
<td></td>
</tr>
<tr>
<td>A.1.5. Finalisation of the regional strategy and organisation of a final regional workshop for its validation</td>
<td></td>
</tr>
<tr>
<td>A.2.1. Setting up the required teams in each country and the structures needed for consultation and project monitoring</td>
<td>350 000</td>
</tr>
<tr>
<td>A.2.2. In each country data gathering, research, review and analysis of existing documentation, strategies, papers and plans; organisation of field missions, consultative workshops at national and local levels to gather inputs into the implementation plan / project proposals.</td>
<td></td>
</tr>
<tr>
<td>A.2.3.</td>
<td>Drafting of the implementation plans/ project proposals and their submission for comments at national levels through consultation workshops</td>
</tr>
<tr>
<td>A.2.4.</td>
<td>Organisation of a regional workshop (involving identified potential donors) to present the eight draft country implementation plans and project proposals for peer-review and finalisation</td>
</tr>
<tr>
<td>A.2.5.</td>
<td>Preparation of a strategy to mobilise resources (involving identified potential donors) to implement the plans and the project portfolio.</td>
</tr>
<tr>
<td>A.3.1.</td>
<td>Holding regional and sub-regional meetings to discuss and identify cross-border priority issues and ideas for cross-border project proposals, according to the agreed methodology.</td>
</tr>
<tr>
<td>A.3.2.</td>
<td>Organising field missions and meetings to draft cross-border project proposals.</td>
</tr>
<tr>
<td>A.3.3.</td>
<td>Supporting IGAD, UMA, CILSS, OSS and relevant countries in mobilising resources to carry out the identified these projects.</td>
</tr>
<tr>
<td>A.4.1.</td>
<td>Capacity building and education actors analysis: this step will help map strategic capacity-building and education actors (Governmental and non-governmental) active in the GGWSSI countries on relevant issues</td>
</tr>
<tr>
<td>A.4.2.</td>
<td>Assessment of capacity building opportunities and needs, to be done jointly with the organisations identified.</td>
</tr>
<tr>
<td>A.4.3.</td>
<td>Development of a strategy for capacity building in the region. The strategy will cover strategic beneficiaries, capacity building plans, tools, capacity builders, etc.</td>
</tr>
<tr>
<td>A.4.4.</td>
<td>Based on the above, implementation of priority capacity-building actions targeting a number of GGWSSI stakeholders (involving training workshops and organisation of exchange visits) to show-case successful case studies and promote best practice.</td>
</tr>
<tr>
<td>A.5.1.</td>
<td>FAO in collaboration with OSS and a communication and networking expert: preparation of a proposal for a learning and networking platform for enhancing knowledge, technology transfer, best practices promotion and communications among GGWSSI technical and financial partners and implementers. The proposal will include setting up a website, holding thematic meetings, setting up a monitoring and reporting system on the GGWSSI implementation, etc. The proposal will be submitted for comments and approval to technical and financial partners in the project.</td>
</tr>
<tr>
<td>A.5.2.</td>
<td>Development by OSS, based on proposal agreed above, and on its existing websites and web pages, of a proposal for an innovative GGWSSI regional website to be seen as an electronic learning and networking platform benefitting GGWSSI actors. The website will be linked also to the FAO and project partners’ websites.</td>
</tr>
<tr>
<td>A.5.3.</td>
<td>Putting in place and management of the website by OSS.</td>
</tr>
<tr>
<td>A.5.4.</td>
<td>Preparation and launching of a monitoring/ evaluation and reporting system on GGWSSI implementation and resource mobilisation.</td>
</tr>
</tbody>
</table>
3.3. **Risks and assumptions**

Being a project involving a strong participation of different sectors, its success would be determined by the level of commitments and coordination at local, national and regional levels and climatic conditions. Also given some uncertainties in the project context and in the region, assumptions about the operationalisation are made.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Possible impacts</th>
<th>Probability</th>
<th>Measures</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low commitment at political level in the countries</td>
<td>Governments give less priority to the Project</td>
<td>Very low</td>
<td>Ensure Governments’ commitment. Ensure AU and CEN-SAD collaboration</td>
<td>Political stability exists during and beyond the project phase.</td>
</tr>
<tr>
<td>Local communities not attracted by the project</td>
<td>Input into the workshops and development of national plans from the local communities fall short of expectations</td>
<td>Low</td>
<td>Undertake community sensitisation and awareness creation especially regarding the economic and social values of the GGWSSI</td>
<td>EU interest exists</td>
</tr>
<tr>
<td>Partners have less capacity to engage in the project</td>
<td>Project implementation schedule and timeframes not respected</td>
<td>Low</td>
<td>Ensure the engagement of the CEN_SAD Secretariat and other relevant organs of the AUC in the implementation of the project. Putting in place a committed coordination team at the CEN-SAD Secretariat (Organisation of regional workshop and setting up Steering committee)</td>
<td>The regional coordination arrangement foreseen in the Regional Plan of Implementation is in place. Heightened level of political commitment which can yield resources mobilisation</td>
</tr>
<tr>
<td>Risks</td>
<td>Possible impacts</td>
<td>Probability</td>
<td>Measures</td>
<td>Assumptions</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>No donor support for implementation of the project outputs beyond the project</td>
<td>Implementation of the GGWSSI at the country levels hampered</td>
<td>Medium</td>
<td>Develop fundraising strategy and donor coordination for resource mobilisation are part of the project activities. Ensure PRSPs and other national budget mechanisms are embedded in national plans for GGWSSI</td>
<td>Donors committed to funding environmental and income generation projects. Implementing agencies and donors ready to focus on concrete outcomes in parallel with the studies</td>
</tr>
<tr>
<td>Political instability in the participating countries</td>
<td>Project implementation and timely completion hampered</td>
<td>Low</td>
<td>Political stability exists during and beyond the project phase.</td>
<td></td>
</tr>
</tbody>
</table>

3.4. **Crosscutting Issues**

This project contributes to the achievement of a number of objectives related to global initiatives and international conventions, with particular attention to gender equity and good governance as well as social, economic and environmental sustainability, including the following:

- enhance environmental sustainability (Millennium Development Goal 7 [MDG7]).
- control land degradation and desertification (UNCCD).
- promote integrated natural resources management.
- conserve biological diversity (UNCBD).
- contribute to poverty reduction (MDG 1)
- enhance mitigation and adaptation to climate change (UNFCCC).

3.5. **Stakeholders**

A stakeholder’s analysis is planned at the starting of the project to ensure the involvement and engagement of relevant stakeholders from the beginning as well as building up on existing work and initiatives. FAO will also actively engage with partners for the design and implementation of this proposal namely EU Member State bilateral donors active in the countries, UNDP and other United Nations organisations active in the countries, regional and national research institutions linked to land use planning and management, natural resources management, desertification and poverty issues, local and international civil society organisations and private sector entities.

4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

Joint management through the signature of an agreement with Food and Agriculture Organisation of the United Nations (FAO) Because of its proven experience and expertise in the subject. FAO has developed the ability to work closely and in harmony with rural communities, countries, sister UN Agencies and donors as well as research and capacity
building organisations. Thus the project falls in the mainstream of FAO’s competence and expertise.

The contract model to be used is the one related to standard contribution agreements under the Financial and Administrative Framework Agreement between the European Union and the United Nations.

Furthermore, MoUs/agreements will be signed with project partners including AUC, CEN-SAD Secretariat, OSS, GM/UNCCD, CILSS/ECOWAS, UMA, IGAD and other partner organisations as relevant, describing tasks and roles of each of parties in the project implementation and monitoring. This will be based on expertise and contribution of each partner to this project.

**Institutional Framework and Coordination**

**Project leader:** FAO – Forest Management Division

**Partners:** the African Union Commission (Department of Rural Economy and Agriculture), the CEN-SAD Secretariat (Rural Development department), and its Regional Economic Community Partners (ECOWAS, UEMOA, IGAD, UMA), the Global Mechanism of the UNCCD, regional organisations (OSS and CILSS) in collaboration with the national Governments of eight countries of the Sahara and Sahel region.  

The AUC and FAO will be jointly responsible for the execution of the project, FAO having the technical responsibility. The Forest Management Division (FOM) will be the Lead Technical Unit and therefore will designate a technical leader for the implementation of the project within the FAO set up.

The project will be located at the AUC, which will designate a “Coordinator” in the Department of Rural Economy and Agriculture for the project and through whom liaison will be established with the CEN-SAD Secretariat, and the relevant regional organisations (OSS, UMA, IGAD, CILSS/ECOWAS, ……). FAO will designate and hire in coordination and consultation with AUC a Chief Technical Adviser (CTA) who will be working closely with the AUC coordinator and under the supervision of the technical leader within FOM.

At regional level FAO and African partner organisations have identified as part of this project the need of setting-up a regional platform for partnerships building and donor coordination at regional and sub-regional levels aiming at optimising use of existing resources and promoting access to various financial sources.

At the level of the selected countries, the Ministry or Agency responsible for the GGWSSI will designate a National Project Coordinator (NPC) to be responsible for the coordination of the activities of the project in his/her country. Being a multidisciplinary project, a National Steering Committee will be established to ensure the input of relevant stakeholders, from the environmental, economic and social sectors as well as the private sector and civil society, in the planning and execution of the project. It is envisaged to set up Steering committees and a project coordination group taking into account as a basis already existing coordination structures for example those related to the UNFCCC, CBD, UNCCD or UNFF coordinating bodies.

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16 8 countries to be selected among Sahara and Sahel countries, North and South of the Sahara, except countries covered by a similar FAO TCP project in support of 6 countries: Mali, Burkina Faso, Niger, Chad, Ethiopia and Djibouti.
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 FAO.

4.3. **Budget and calendar**

Maximum EU contribution: EUR 1 400 000. Foreseen operational duration is **30 months** as from signature of a Contribution Agreement.

4.4. **Performance monitoring**

The FAO will have the overall responsibility for the technical and financial management of the activities and will maintain financial records in accordance with FAO financial regulations, rules, policies and procedures.

The project will be continuously monitored by FAO, in collaboration with its partners as well as by the National Steering Committees. A strategy established for the final evaluation of the performance of the project using an established FAO framework or other framework as may be agreed with the national authorities.

4.5. **Evaluation and audit**

A final external evaluation of the project will be undertaken.

4.6. **Communication and visibility**

The project will be developing at the onset of the project a communication action plan as part of the regional strategy within the project timeframe and beyond. Adequate communication tools (including the learning and networking platform including a website) will be developed and implemented by experts taking into consideration the strategies (regional strategy and plans for implementation at country, trans-boundary and regional levels), as well as the resource mobilisation strategy under formulation within the project implementation stage and bottlenecks/ barriers at the level of the participating countries.
FICHE ACTION I POUR L’AFRIQUE CENTRALE

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Intitulé/Numéro</th>
<th>Sous la Priorité 2 de l’ENRTP: Consolidation et extension de l’Observatoire des Forêts d’Afrique Centrale (OFAC) [Réf. 224234]</th>
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</table>

2. MOTIF

2.1. Contexte sectoriel

L’Afrique Centrale, par la superficie de ses forêts et la valeur de sa biodiversité (second massif forestier après l’Amazone contenant 90% des forêts denses humides d’Afrique), est une région prioritaire pour la conservation et la gestion durable des forêts et la biodiversité à l’échelle planétaire. Malheureusement, la connaissance de ces ressources et l’utilisation des informations dans les processus de décision est encore souvent trop limitée, ce qui entrave la gestion durable de ces écosystèmes et la mise en place de mécanismes de paiement des services environnementaux.

Le Plan de Convergence de la Commission des Forêts d’Afrique Centrale (COMIFAC)17 a été adopté en 2005 et représente la plate forme commune d’actions prioritaires aux niveaux sous-régional et national pour atteindre les objectifs convergents en matière de conservation et de gestion durable des écosystèmes forestiers. L’axe 2 du plan de convergence (Connaissance de la Ressource) correspond au mandat principal d’OFAC18, ce qui a été souligné dès le premier plan d’opération triennal en 2006. L’évaluation de ce plan en 2009 souligne la nécessité de renforcer OFAC et de le rattacher plus fortement à la COMIFAC à la suite du projet Observatoire des Forêts d’Afrique Centrale (FORAF / OFAC).

La communication de la Commission sur la déforestation19 mentionne l’impérieuse nécessité de systèmes de suivi de qualité basés en partie sur l’imagerie satellitaire et d’observatoires régionaux. « L’efficacité d’une politique dépend de la qualité des informations et des systèmes de suivi. La surveillance de la dégradation des forêts, en particulier, nécessitera des efforts spécifiques ainsi que des définitions et des critères communs. Grâce aux progrès techniques dans le domaine des logiciels, des satellites et des techniques de communication, les instruments de surveillance des forêts sont devenus moins chers et plus accessibles. Il est toutefois urgent de combler les lacunes qui subsistent. Les capacités propres des pays doivent être développées afin d’établir des systèmes nationaux de surveillance et de vérification de grande qualité permettant de mesurer les progrès et de garantir la mise en conformité. Pour y parvenir, il serait possible de recourir aux initiatives et méthodes communautaires déjà mises en œuvre par le Centre commun de recherche. Il conviendrait aussi de

17 Commission des Forêts d’Afrique Centrale
18 Observatoire des Forêts d’Afrique Centrale
promouvoir et de mettre en œuvre des initiatives régionales telles que l’Observatoire des Forêts d’Afrique centrale dans d’autres régions tropicales ».

2.2. **Enseignements tirés**

Le projet FORAF qui a comme mandat principal la mise sur pied de l’OFAC a permis d’identifier les enseignements suivants pour sa consolidation. La production continue d’informations de qualité se base sur des systèmes de suivi qui ont donné entière satisfaction mais pourront être améliorés sur certains points :

- la déforestation est déjà mesurée avec précision, mais la dégradation forestière doit être quantifiée de manière plus précise par le recours à des images satellites à résolution très fine et la compilation des inventaires de terrain.
- les indicateurs de gestion forestière sont bien récoltés, mais les projets de contrôle de terrain devront mieux intégrés au système de suivi de l’exploitation.
- les indicateurs de biodiversité sont effectivement collectés, mais les observations directes de biodiversité devraient être consolidées au niveau régional et versées dans les bases de connaissances mondiales.

La dynamique créée autour de l’Observatoire, et notamment autour de la rédaction de l’Etat des Forêts 2008 a montré une bonne appropriation du projet par les partenaires régionaux et nationaux et une volonté de partage de la part des partenaires internationaux. Il convient donc de poursuivre dans cette voie par les actions suivantes :

- animation de la cellule régionale basée à Kinshasa et implication étroite des autres initiatives d’information forestière,
- amélioration des mécanismes d’encodage en ligne de la base de données,
- approfondissement des liens entre les services nationaux et la cellule régionale
- mise sur pied du comité de pilotage présidé par la COMIFAC et d’un comité scientifique permettant de garantir la qualité des produits de l’OFAC,
- renforcement du rôle de plate-forme des initiatives régionales sur REDD\(^{20}\) et FLEGT\(^{21}\),
- collaboration plus étroite avec les institutions de formation et de recherche régionales.

2.3. **Actions complémentaires**

Ces actions représentent une continuité avec les interventions en cours dans le cadre du FED et du budget de la CE au niveau national et régional, notamment les projets de conservation (ECOFAC IV, Programme Forêt-Conservation 10\(^{ème}\) FED RDC), les projets relatifs à la gouvernance forestière (FLEGT, Observateur Indépendant au Cameroun et en RDC) et les projets de formation (ERAIFT\(^{22}\), Université de Kisangani).

2.4. **Coordination des bailleurs de fonds**

Le plan de convergence de la COMIFAC est l’outil principal de concertation autour duquel les partenaires du Partenariat pour les Forêts du Bassin du Congo (PFBC) coordonnent leurs activités. Le PFBC coordonne ses activités lors des Comités Consultatifs Régionaux et des réunions plénières annuelles.

Une cohérence et complémentarité très forte existe avec les programmes en cours et en préparation par l’ensemble des bailleurs et notamment : le Royaume-Uni, les

\(^{20}\) Reducing Emissions due to Deforestation and Degradation
\(^{21}\) Forest Law Enforcement on Governance and Trade
\(^{22}\) Ecole Régionale post-universitaire d'Aménagement et de gestion Intégrés des Forêts et Territoires tropicaux,
Etats-Unis (programme CARPE\textsuperscript{23}), avec la gestion des paysages du PFBC; la France, appui au processus d’aménagement forestier dans de nombreux pays ; l’Allemagne (GTZ/KfW), appui institutionnel à la COMIFAC et à de nombreux projets REDD, FLEGT et de conservation ; la Belgique, appui à une réserve et aux négociations FLEGT ; la Banque Mondiale, appui aux projets de préparation REDD et à des projets de gestion et de conservation ; les Nations-Unies, notamment par le projet UN-REDD. 

Plus spécifiquement dans le domaine de l’information forestière, les autres partenaires d’OFAC sont le projet Forest Transparency Initiative (FTI), réalisé par le World Resource Institute (WRI) et financé par DFID, l'Observatoire Satellital des Forêts d’Afrique Centrale (OSFAC) de CARPE, et le RAPAC (Réseau des Aires Protégées d’Afrique Centrale). Des conventions de collaboration sont signées ou en voie de signature avec ces contributeurs à OFAC.

3. **DESCRIPTION**

3.1. **Objectifs**

L’objectif global de l’appui communautaire est de réduire la pauvreté des populations locales qui dépendent des forêts africaines et de garantir la pérennité des services environnementaux. Ces écosystèmes menacés rendent des services écologiques considérables à l’échelle du continent et de la planète et sont souvent l’unique source de subsistance d’une grande majorité de la population.

L'objectif spécifique de l’appui communautaire portera sur la consolidation de l’Observatoire des Forêts d’Afrique Centrale (OFAC), sur son extension aux autres pays de la COMIFAC et aux autres régions forestières du continent africain. L’amélioration de l’accès à l’information sur les forêts africaines permettra ainsi la gestion durable des ressources, le maintien des services environnementaux (climat, biodiversité) et la mise en place de systèmes de suivi pour le paiement de ces services.

3.2. **Résultats escomptés et principales activités**

Le projet s’articule autour de 3 résultats principaux,

**Résultat 1 :** Les systèmes de suivi sont opérationnels et fournissent les informations nécessaires à la gestion durable des ressources et aux négociations internationales par les activités suivantes :

- l’estimation des taux de déforestation et de dégradation forestière et des quantités de carbone associées au moyen d’inventaires de terrain et d’études d’observation de la terre,
- le suivi de l’exploitation forestière au moyen d’indicateurs collectés par les opérateurs, d’études d’observation de la terre et de l’intégration avec les contrôles de terrain,
- la consolidation régionale et la diffusion internationale des informations sur la biodiversité des forêts d’Afrique Centrale.

**Résultat 2 :** L’Observatoire des Forêts d’Afrique Centrale est opérationnel et durable par les activités suivantes :

- la reconnaissance du statut d’OFAC au sein de la COMIFAC et l’adoption d’un plan de développement d’OFAC avec tous les partenaires du PFBC,

\textsuperscript{23} Central Africa Regional Program for the Environment
- la collecte de données décentralisée par les services nationaux et les autres contributeurs, étendue à tous les pays de la COMIFAC,
- la publication de l’Etat des Forêts du Bassin du Congo 2010 et 2012 et la diffusion en continu des résultats sur le site Web d’OFAC,
- l’étude du transfert d’expérience à d’autres régions forestières tropicales.

Résultat 3 : Les capacités humaines en matière de gestion et d’utilisation de l’information environnementale sont renforcées par les activités suivantes:
- la collaboration avec les institutions de formation et d’information environnementale régionales et internationales,
- le partenariat avec les services de fourniture et les nouvelles infrastructures d’acquisition de données satellitales,

3.3. Risques et hypothèses
La stabilité politique et la situation de sécurité dans les pays de la région restent des conditions élémentaires pour la réussite du programme. Des progrès substantiels ont été accomplis dans cette direction depuis quelques années et ne laissent plus craindre des situations de crise soudaine, qui pourraient mettre en péril les installations d’OFAC. Le concept même de l’Observatoire repose sur le postulat que les différents acteurs ont la volonté de partager leurs informations et leurs ressources pour les produire. La détermination politique de la COMIFAC et des partenaires du PFBC, y compris les opérateurs privés, les ONG internationales de conservation et les centres de recherche internationaux, pour créer toutes les conditions de succès et de durabilité d’OFAC depuis 2 ans démontre que cette hypothèse est bien vérifiée.

3.4. Questions transversales
Le programme contribue à assurer la durabilité des services écologiques rendus par les forêts au bénéfice des populations locales, du continent, et de la planète. Le maintien des services environnementaux des forêts touchera en premier lieu les populations vulnérables. Une attention particulière à l’égalité des chances sera portée lors du choix des cadres régionaux.

3.5. Parties prenantes
Le projet concerne la consolidation de l’OFAC et le renforcement de son impact auprès de ses partenaires. Les parties prenantes de ce programme sont :
- la COMIFAC et les Ministères des forêts et de l’environnement d’Afrique Centrale,
- les institutions partenaires de la COMIFAC et d’OFAC, (RAPAC, RIFFEAC…)
- les services de la Commission Européenne en charge des forêts tropicales,
- les autres partenaires internationaux du PFBC, notamment certains Etats membres de l'UE, les projets d’information forestière et les autres contributeurs à OFAC (WRI, OSFAC),
- les ONG de conservation agissant dans les paysages du PFBC,
- le secteur privé, dans de domaine de l’aménagement durable de la forêt,
- les populations locales,
- l’ensemble de la population de la planète.

4. QUESTIONS DE MISE EN ŒUVRE

4.1. Mode de gestion
Gestion centralisée directe, projet identifié comme ciblé de la ligne budgétaire ENRTP. La mise en œuvre se fera au travers d'un Arrangement Administratif avec le
Centre Commun de Recherche (JRC). Le JRC réalisera lui-même certaines tâches du projet, par recours au budget du projet et par ses financements propres (7ème Programme Cadre de la Recherche et du Développement Technologique), et assurera la coordination scientifique et administrative des tâches qui seront confiées à d’autres institutions. Les procédures utilisées dans ce cas suivront le règlement financier applicable au budget général et ses modalités d’exécution.

4.2. Procédures de passation de marchés et d'octroi de subventions

1) Contrats

Tous les contrats mettant en œuvre l'action doivent être attribués et exécutés conformément aux procédures et aux documents standard établis et publiés par la Commission, tels qu'en vigueur au moment du lancement de la procédure en cause.

La participation au marché pour l'action décrite par la présente fiche est ouverte à toutes les personnes physiques et morales visées par le RF BUDG.

2) Règles spécifiques applicables aux subventions

Les critères de sélection et d'attribution essentiels pour l'octroi de subventions sont définis dans le «Guide pratique des procédures contractuelles dans le cadre des actions extérieures de la CE». Ces critères sont établis conformément aux principes stipulés au Titre VI "Subventions" du règlement financier applicable au budget général. Toute dérogation à ces principes doit être dûment justifiée, en particulier lorsque :

Le financement de l'action est intégral (dérogation au principe du cofinancement) : le taux de cofinancement maximal envisageable pour les subventions est de 80 %. Un financement intégral ne peut être accordé que dans les cas visés à l'article 253 du règlement de la Commission (CE, Euratom) n°2342/2002 du 23 décembre 2002 établissant les modalités d'exécution du règlement financier applicable au budget général des Communautés européennes.

Dérogation au principe de non-rétroactivité : une subvention peut être octroyée pour une action ayant déjà commencé si le candidat peut démontrer la nécessité de démarrer l'action avant l'attribution de la subvention, conformément à l'article 112 du règlement financier applicable au budget général des Communautés européennes.

4.3. Budget (Mio EUR) et calendrier

Le budget total du projet est de 2.700.000 EUR, sur une durée indicative de 36 mois.

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<th>Poste budgétaire (indicative)</th>
<th>Montant (Euro)</th>
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<td>Missions JRC</td>
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<tr>
<td><strong>Grand total</strong></td>
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### 4.4. Suivi de l’exécution

Un Comité de Pilotage, sous les auspices de la COMIFAC, réunira les partenaires concernés du PFBC (la Commission) et veillera à l’adéquation des activités d’OFAC au plan de convergence de la COMIFAC. Le suivi rapproché du projet sera assuré par un Comité Technique de Suivi réunissant périodiquement la COMIFAC, le JRC et les partenaires techniques de l’Observatoire (OSFAC, WRI, RAPAC).

### 4.5. Évaluation et audit

Une évaluation finale sera menée. Une provision est prévue dans le budget. L’audit financier n’est pas pertinent pour le projet géré par le JRC.

### 4.6. Communication et visibilité

Des actions de communication seront prévues dans chaque composante conformément au manuel sur la communication et la visibilité des actions externes de l’UE.
Action Sheet J for the Guiana Shield Facility

1. IDENTIFICATION

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2. RATIONALE

2.1. Sector context

The objective of the action is to set up the proposed Guiana Shield Facility (GSF), a multi-donor mechanism for the long-term financing of the activities needed to ensure the ecological integrity of the Guiana Shield eco-region, one of the most important eco-regions in the world. Its importance lies in the fact that

- it comprises 250 million hectares of largely pristine intact tropical rainforest storing around 50 billion tonnes of carbon and sequestering 500 million tonnes of CO₂ per year (extrapolated orders of magnitude);
- it holds an estimated 10-15% of the fresh water reserves of the world, and
- it contains an extremely rich and highly endemic biological diversity.

Geographical coverage is the Guiana Shield in northeast South-America, a unique eco-region with clearly distinct geomorphologic and ecologic properties. The Guiana Shield extends from Colombia in the west through to the Brazilian State of Amapá in the east. It covers the Venezuelan States of Delta Amacuro, Amazonas and Bolívar, encompasses all of Guyana, Suriname, French Guyana and continues into the ecologically associated areas of the Brazilian States of Pará, Roraima and Amazonas.

The Facility is to assist the Guiana Shield countries in meeting their obligations under Multilateral Environmental Agreements like the UN Convention on Biological Diversity and UN Framework Convention on Climate Change (especially the paragraphs on forests in the Bali Action Plan of the COP13) and the articles in these conventions on transfer of financial and technological resources from the developed countries to the developing countries.

The project has objectives compatible with the following priority themes of the 2007-2010 Environment thematic programme (ENRTP):

I. Working upstream on MDG7: promoting environmental sustainability

II. Promoting implementation of EU initiatives and helping developing countries to meet internationally agreed commitments

III. Enhancing environmental governance and EU leadership.
2.2. Lessons learnt

- It is important to establish local ownership of the process to assure support for project interventions.
- Contractual arrangements for payments / compensation for ecosystem services when adjusted to the local mores have a unique added value to the operationalisation of forest ecosystem policies through their monitoring protocols and culturally appropriate benefit sharing mechanisms.
- Remote sensing coupled to ‘ground truthing’ can be effective for establishment of ecosystem services baselines and monitoring.
- A duration of at least one year of systematic data collection is an adequate time for evaluation of robustness of the monitoring protocol.
- The make-up of the compensation / payment for ecosystem services depends on a country’s policy, local culture and needs.
- Inclusion of a gender focus in the field-based projects is an important aspect of sustainable development.
- Dissemination of properly targeted information is crucial to knowledge sharing, avoidance of confusion and understanding of the importance of proper management the eco-region to sustainable development.

2.3. Complementary actions

EC actions take place in all countries comprising the Guiana Shield, with the exception of French Guyana. A first review of main actions as supported by the EDF indicated that these actions do not interfere with the proposed GSF for Suriname and Venezuela, which respectively focus mainly on infrastructure improvement, and for Venezuela on modernising and decentralising the State, fair and sustainable growth and diversified production. For Guyana, the main focus of EDF funded actions is macro-economic support, sea defence and coastal management. For Colombia and Brazil, activities will be or are being devised on the quality of the environment and the safeguarding of biodiversity and environmental aspects of sustainable development respectively. Possibilities to increase complementarity between the proposed GSF action and EC actions in the beneficiary countries, as well as actions by other donors will be explored in the near future.

Several EU Member State Embassies have programmes or projects running in the GS countries. Of these, France is the most important due to French Guyana being an integral part of France. Outstanding example here is the initialisation and management of the 3.4 million hectares large Parc Amazonien de Guyane.

2.4. Donor coordination

The European Commission in this proposal is requested to perform the role of initial donor and promoter of the GSF. This is in line with the support the EU has provided to the GSI-II project, which provides the framework for scaling up and replicating field-based projects to safeguard key ecosystem services and equitably compensate ecosystem managers for their effort, one of the main activities of the GSF. Other donors will be attracted to contribute to the co-financing of establishing the proposed GSF as is presented here. The total requested amount for the co-financing of this proposal is € 4.7 million to be spent over a period of four years. In a second stage and as part of the activities of the GSF, a Guiana Shield fund (GS fund) will be set up and a strategy will be developed for the sustainable financing of the GSF and the
activities it supports. In particular, Norway, France (AFD), Germany, the UK will be invited to take part in the financing of the GSF and in a second stage in the GS fund. The Netherlands has committed itself to donate the same amount of money as the European Union to the GS fund.

3. **DESCRIPTION**

3.1. **Objectives**

The **overall objective** of the GSF is to promote ecologically sustainable development of the Guiana Shield by means of an integrated (policy, institutional and financial) management framework for the eco-region.

To help achieve this, the following **specific objectives** are envisaged:

I. To support the conservation and sustainable use of key ecosystem services and pay ecosystem managers and local communities fairly for delivery and maintenance of these services by extending/renewing ecosystem services contracts (field pilots) initiated under the Guiana Shield Initiative Phase II (GSI-II) project and by setting up additional contracts, thereby contributing to safeguarding the integrity of the Guiana Shield eco-region.

II. To give the proposed Guiana Shield Facility an institutional structure that represents the demands of the countries comprising the Guiana Shield and their inhabitants, has strong institutional support from these countries and is capable of effectively addressing overarching regional and cross-boundary issues.

III. To establish a sustainable financial basis for the maintenance of the GSF and the activities that it supports, focusing on financial contributions from (inter)national donors, revenues from Payments for Ecosystem Services and revenues from other financial mechanisms in the context of climate mitigation and adaptation.

IV. To promote an interconnected network of protected areas to safeguard the biodiversity and ecosystems of the Guiana Shield.

V. To support a regional management approach to addressing the main threats to the Guiana Shield eco-region, contributing specifically to a policy framework and the capacity-building needed to restrict uncontrolled migration and illegal mining activities that harm local populations and ecosystems.

VI. To build capacity and transfer knowledge.

3.2. **Expected results and main activities**

**Objective I. Conservation and sustainable use of key ecosystem services**

1. **Setting up of GSF field-based projects in the Guiana Shield**

Expected results:

- Key ecosystem services are safeguarded in ecologically strategic areas of the Guiana Shield
- Re-inforcement of eco-management in these areas
- Culturally appropriate compensation of ecosystem managers and local communities for their efforts to conserve ecosystem services.
Main activities:
- Continue ecosystem service contracts agreed under GSI-II in selected pilot sites
- Develop an implementation plan for scaling up and sustainably financing ecosystem services contracts based on ongoing experiences in the sites under contract
- Establish additional ecosystem service contracts.

**Objective II. Achieve strong institutional support for the GSF by the countries and institutions involved**

11. Establishing the institutional structure of the GSF

**Expected results:**
- Development of the GSF from the current organisational GSI structure into an organisation based on national inputs and regional coordination
- Effective and ‘widely accepted’ institutional structure of GSF.

**Main activities:**
- Organisation of a regional workshop back to back with the next Steering Committee in French Guyana in February 2010
- Establishment of a regional advisory board and National Steering Committees which together will ensure the institutional embedding of the GSF and a policy which will be broadly supported by stakeholders in the GS
- Organisation of national workshops in all Guiana Shield countries to ensure that national policies are sufficiently incorporated in the regional approach of the GSF.

**Objective III. A sustainable financial basis for the GSF**

III. Securing sustainable financing for the GSF

**Expected results:**
- GSF to financially support itself and its activities over a prolonged period of time, in principle indefinitely
- Financial contributions from the REDD mechanism and other mechanisms that are willing to pay for ecosystem services delivered by the Guiana Shield.

**Main activities:**
- Develop a strategy for securing sustainable financing for the GSF with the participation of the main stakeholders involved in the foreseen activities of the GSF
- Set up a fund structure which will guarantee the financing of the GSF in the long term
- Actively approach possible donors to take part in the GS Fund
- Establish a system for PES which is based on the specific ecosystem services of the Guiana Shield
- Involve in the GS Fund and GSF activities the REDD mechanism and other mechanisms on climate mitigation and adaptation together with programmes that are focussed on preparing for such mechanisms (e.g. Forest Carbon Partnership Facility (FCPF), UN-REDD).

**Objective IV. Promoting an interconnected network of protected areas**

IV. Support to Protected Areas

**Expected results:**
- Important steps are taken to establish new protected areas in the eco-region that in the longer-term can contribute to and bring to perfection an interconnected network of protected areas.

**Main activities:**
- Hold a workshop to develop the concept of a Network of Protected Areas (NIPA)
- Hold workshops with a broad group of stakeholders and consultations with park services and relevant governments on the development of new protected areas
- Initiate a desk study on the options for financial sustainability of establishing high potential new protected areas
- Develop a business plan with the involvement of the national governments of the Guiana Shield countries on the financial sustainability of establishing transboundary protected areas.

**Objective IV. A regional management approach to address the main threats to the Guiana Shield**

V. Contribute to solving problems related to uncontrolled migration and illegal mining

**Expected results:**
- Virtually total disappearance of illegal mining activities in most protected areas, the areas under contract through the field-based project of the GSF and areas inhabited by indigenous communities involved with GSF activities
- Reduction of illegal mining activities and improved law enforcement throughout the Guiana Shield eco-region.

**Main activities:**
- Organise consultation and coordination among all parties in all Guiana Shield countries involved in designing a policy to restrict illegal mining activities and to ensure strict law enforcement
- Contribute to setting up a system to monitor illegal mining activities over the entire eco-region and for selected areas of special interest.

**Cross-cutting activities that contribute to the key objectives**

IV. Capacity building and transfer of knowledge

**Expected results:**
- Increased capacity building by local communities and (research) institutes to contribute to ecologically sustainable management of indigenous living areas / territories
- Insight into the effects of GSF activities on cross-cutting issues and improvement of gender equality and social justice among local communities
- GSF widely accepted as a leading institute on monitoring of ecosystem services and benefit sharing with local communities in the Guiana Shield
- The Guiana Shield eco-region widely acknowledged internationally for the values of its environmental services and as an eco-region posing specific challenges.

**Main activities:**
- Organise local and regional workshops and trainings in patrolling with local communities and (research) institutes involved in GSF activities
- Organise training courses in ‘ground-verification’ of remote sensing monitoring results
- Conduct a study on gender effects and other cross-cutting issues of GSF activities and organise activities that will promote gender equality and social justice
- Monitor the actual condition of the Guiana Shield eco-region, on the ground and by advanced remote sensing technology, in addition to monitoring of ecosystem services in field-based projects
- Set up of monitoring of the discharge of Guiana Shield rivers and support research on the relationship between gold mining activities in the eco-region and its effects on the Caribbean Sea
- Maintain a GSF website that reflects on-going and planned activities, functions as a knowledge centre and includes a news section on relevant topics.

3.3. Risks and assumptions

The main political risks in setting up a GSF are to be found in the political willingness of stakeholders in the Guiana Shield to co-operate together in the GSF. Differences of opinions with regard to the exact delineation of the boundaries of the Guiana Shield countries might be an obstacle. Different political systems with different conceptions with regard to ecosystem management paradigms might prolong implementation of the GSF. Mitigating measures might be found in combining different political and strategic insights into concrete measures that are acceptable in practice to politicians and administrators.

Another risk is caused by illegal and unregulated gold mining by small scale Brazilian gold miners (garimpeiros), spreading into French Guiana, Suriname, Guyana, Venezuela and Colombia. The risk is that if they are not controlled in the short run, there will be long-run irreversible mercury pollution of the food chain, sedimentation of rivers as a result of the associated deforestation, loss of the plants and animals forming part of the livelihoods of the local communities and definite disintegration of the indigenous communities where the garimpeiros operate.

Deforestation as a result of logging for timber is a risk, but limited due to the fact that the Guiana Shield contains few commercially interesting species and labour and transportation costs are very high. The risk can be managed by timber certification as done through the Forest Stewardship Council (FSC), strengthening of state forest services and the use of remote sensing as implemented in the current phase of the Guiana Shield Initiative to track and expose illegal logging.

The building and/or asphalting of roads brings with it the risk of uncontrolled settlements along these roads, the trafficking of drugs, arms and protected plants and animals, poaching along the roads, and the transportation of garimpeiros to gold deposits accessible from the roads. These risks can be managed with strict zoning regulation, border and police controls, but this costs money and incentives to protect the ecosystems (as provided by the GSF). Other physical risks are agriculture and cattle ranching, oil exploitation (delta of Orinoco, Venezuela / heavy crude oil, Colombia) and illicit crops (Colombia).

3.4. Crosscutting Issues

The projects will be designed in close co-operation with the ecosystem managers and thus incorporate customary gender equality and human rights. The projects will positively affect social and human health issues, in particular but not solely by contributing to a foreseen reduction of mercury entering the Guiana Shield ecosystems due to reduced illegal gold mining activities. Benefit sharing mechanisms with local communities are included as an integral part of field-based projects and will contribute to enhancing the positive effect of GSF activities on the above mentioned crosscutting issues.

3.5. Stakeholders

The GSF will be steered by a GSF Advisory Board that will closely co-operate with National Steering Committees which consists of representatives of national
stakeholder organisations thus guaranteeing that civil society will be amply consulted and have ownership. Through these National Steering Committees the GSF will make optimal use of the existing institutional capacity.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Joint management through the signature of an agreement with an international organisation, the United Nations Development Program – UNDP, as this is the organisation implementing the 2006-2009 phase of the Guiana Shield Initiative (GSI). The standard Contribution Agreement (according to the FAFA) with the United Nations entities will be used. Partner at implementation level is IUCN Netherlands Committee, currently also partner in the GSI.

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

The maximum EU contribution is EUR 1 500 000.
The foreseen operational duration is 48 months.

4.4. Performance monitoring

Ecological as well as project monitoring and evaluation will be integral elements of the project implementation. Pilot projects will be monitored continually using agreed upon indicators. Once a year, a third party check of the contract performance will be done by a mutually agreed entity of solid technical and scientific reputation.

4.5. Evaluation and audit

Internal financial audits of the project by the standard UNDP project monitoring procedures will be carried out. The project will be subject to an external (mid-term / final) evaluation by an independent consultant and approximately two independent Result Oriented Monitoring missions by the European Commission.

4.6. Communication and visibility

The basic medium of communication is the GSF website www.guianashield.org in English and Spanish. Efforts are ongoing to add Portuguese. On this website, visibility is given to donor support.

Besides the publication of banners on reports, appropriate visibility actions to donor support will be taken.
**Action Sheet K focussing on coastal regions in different developing countries**

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 2 of the ENRTP: Implementation of Regulation 1005/2008 on illegal, unreported and unregulated (IUU) fishing (Ref. 22169)</th>
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<td>Aid method / Method of implementation</td>
<td>Project approach – centralised Service Contract – Call for Tender</td>
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<tr>
<td>DAC-code</td>
<td>31300 Sector Fishing</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

Illegal, unreported and unregulated (IUU) fishing is a widespread phenomenon with severe environmental and socio-economic impacts. It is estimated that 20% of all catches in the world stem from IUU fishing, jeopardising stock status and marine biodiversity. Developing countries pay the highest price for these activities due to lack of resources to manage their waters and fishing vessels. As a result, coastal developing countries have their marine resources plundered by IUU operators who often come from other countries. This has devastating effects on the marine environment, on the diversity and abundance of fish stocks, on local fishing communities who are no longer able to rely on fishing for their livelihood, and on the social and economic resilience of developing countries.

In 2001, the FAO adopted an International Plan of Action to prevent, deter and eliminate IUU fishing, which called upon all countries to take appropriate actions to fight IUU fishing. This action plan has been reinforced by the recent agreement, under the auspices of the FAO to adopt a legal instrument on port State measures. While there has been some action by individual countries and by a number of Regional Fisheries Management Organisations (RFMOs) to address IUU fishing, these actions have been largely ad hoc and mostly species-specific. Despite the measures taken to date, IUU fishing continues to flourish and a holistic approach that removes the financial incentive to conduct IUU fishing is required.

For IUU products to be prevented from reaching profitable markets like the EC, the incentive for IUU fishing must be removed. In response, the EU adopted Council Regulation (EC) No. 1005/2008 *Establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing* (the IUU Regulation). The regulation will enter into force on 1 January 2010 and has a wide scope of implementation. The Regulation aims to prevent, deter and eliminate IUU fishing and to ensure that IUU caught fish does not enter the EU market. The regulation applies to all imports and exports to/from the EU of processed and unprocessed marine fishery products. It introduces a catch certification scheme applying to all trade with the EU whereby the flag State of the fishing vessel must validate that the catch was made in conformity with applicable conservation and management rules.

The EU recognises that the Regulation will have an impact on third countries trading fishery products with the EU and that many developing countries will be facing specific constraints in...
the implementation of the Regulation and notably the catch certification scheme. This project aims to assist developing countries in overcoming these impediments to the success of the EU’s important initiative to combat IUU fishing.

The aim of this action is to assist developing countries to improve monitoring and control of their fisheries through the adoption of trade and market-based measures so as to:
- minimise IUU fishing in their waters; and,
- provide a credible basis for the validation and verification of catch certificates for consignments of marine fish traded directly and/or indirectly with the EU.

2.2. Lessons learnt

Research has demonstrated that IUU fishing constitutes one of the most serious threats to the marine environment, the sustainability of fish stocks and to marine biodiversity. IUU fishing has been a major concern for over a decade and is a focus for discussion at international, regional and domestic forums.

Many developing countries rely heavily on their marine resources as a source of food, income, employment and foreign exchange earnings. However these countries often lack the capacity to manage and monitor their domestic fishing fleets effectively or to ensure that their waters are not subject to illegal incursions by foreign vessels. As a result, developing countries are hard hit by IUU fishing and it is estimated that in some regions, such as West Africa, 50% of all catches stem from IUU fishing. IUU fishing activities have severe and long-term economic and social impacts on those countries. As marine resources become overexploited by IUU activities, direct and indirect income and employment opportunities are lost and export income and tax revenues are reduced. In countries with relatively little economic diversification, these impacts are far reaching.

The aim of the IUU Regulation is to reduce IUU fishing in all marine waters primarily through the requirement for certification of all marine fisheries products traded with the EC. The EU is the largest importer of fishery products with approximately 170 import partners. The Regulation is therefore expected to have a global effect on IUU fishing. By implementing the Regulation, flag States will be required to demonstrate sufficient control of their vessels and their activities in order to confirm that the fish products they wish to trade with the EC were caught/processed in accordance with all applicable conservation and management measures adopted by that country.

Coastal developing States trading marine products with the EU are, as flag States, already responsible for the control of their fishing vessels under Article 94 of the United Nations Convention on the Law of the Sea (UNCLOS). However those countries will have to adapt to the procedural requirements of the Regulation.

In a developing coastal States IUU fishing can be carried out by:

- domestic flagged vessels operating in their waters and failing to comply with domestic conservation and management measures;
- domestic flagged vessels operating on the high seas and failing to comply with the requirements that their flag State and measures adopted by an RFMO on fishing operations in those waters;
- foreign flagged vessels authorised to operate in the waters of the coastal State and failing to comply with the conservation and management measures imposed by the coastal state; or
- foreign flagged vessels operating illegally in the waters of the coastal State.
IUU products from these operations may be landed in either the flag State or a coastal State including an EU Member State. Those products may or may not be destined for direct or indirect export to the EU. Since the IUU regulation requires a flag State to validate catch certificates, coastal developing States may have both flag State and port State responsibilities in relation to implementation of the Regulation. They will need to be in a position to validate catches of their own flagged vessels and to ensure that product landed in their ports by foreign flagged vessels destined for the EU has been validated by the flag State of the vessel.

In order to know more about the effect of the Regulation, the Commission had a consultant carry out a study where seven developing countries from three continents and its capabilities to implement the Regulation were studied. To a great extent, large and medium-scale fisheries were found to be export oriented, mainly to the EU. Artisanal fisheries play a minor role in external trade and are currently suffering from IUU fishing by larger vessels. Most countries analysed were able to implement the Regulation although several of them need some assistance to improve their control system for supporting validations and verifications of catch certificates. It was also clear that all countries will benefit from the Regulation as it will facilitate the control of its fleet and ensure better cooperation with other countries throughout the commercial chain. The effective implementation of the IUU Regulation will therefore contribute to better management of fishing fleets and reduced opportunities for IUU fishing.

2.3. Complementary actions

The EU committed itself officially to assisting third countries in the implementation of the IUU Regulation when it adopted the Regulation on 29 September 2008. It has therefore been deeply involved in bilateral and multilateral discussions with numerous developed and developing countries throughout 2008 and 2009. In addition to bilateral and multilateral meetings, the Commission also organised regional training actions in the form of seminars dedicated to authorities in developing countries. Five two-day seminars were organised in 2009 benefitting countries in Africa, Asia, South America, the Caribbean and the South Pacific. Although the Commission had very positive feedback from the seminars it is clear that more actions are required to assist developing countries in implementing the Regulation and improving control systems to facilitate the control of their fishing fleet and their waters.

Although the action proposed will build on the results of the previous study and also on lessons learnt through the regional seminars undertaken by the Commission in 2009, its aim and results will be vastly different in several ways. In 2009 when the Commission organised regional seminars, the Regulation had not yet entered into force and all the supporting documents such as the implementing rules and the handbook was not available. Moreover, countries had still not notified its competent authorities for the implementation and validation of catch certificates including legislative and administrative changes required under article 20 of the regulation which contributed to a mix of knowledge on the regulation among participants. In addition, those regional seminars were designed as general information sessions and focused on providing information to a large number of countries and could hence not take into account individual country needs or the regional context.

Since the Regulation had not entered into force, the Commission could not identify areas where the need of assistance were pertinent since flag States had not started to carry out validations and verifications of catch certificates and other practical issues associated with the implementation of the requirements under the new Regulation.

The action undertaken by the selected service provider would therefore be very different as it will provide targeted training based on gaps, assessments and consultations with the
individual target countries selected for this action. The action will take into account lessons learnt and experiences from the countries in complying with the Regulation thus far, and will be able to provide practical advice and recommendations on how to overcome challenges and problems in the validation and verification of catch certificates and other issues related to the implementation of the Regulations on the spot, in close cooperation with the country concerned.

Apart from the action proposed, no other actions have been allocated to the implementation of the IUU Regulation.

2.4. **Donor coordination**

The consultants will assist the competent authorities in the countries concerned in improving control systems to facilitate the validation and verification of catch certificates and focus inspection at situation at risk, in order to effectively minimise IUU activities by operators in its waters. This will lead to a more sustainable management of natural resources through the objective of reduction of trade in IUU fishery products.

The consultants will be working in cooperation with the European Commission in order to ensure that beneficiary countries comply with the IUU regulation and can trade its marine fishery products to the EU. The action also aims at intensifying the countries commitment in the fight against IUU fishing.

15-20 developing countries shall be selected for the purpose of this action based on the criteria of:

- The relative ability of the countries to comply with the regulation and to address IUU fishing or to support their own capacity building in relation to compliance with the regulation;
- The relative contribution of marine fishery exports to the EU to total export income;
- The relative extent of the IUU fishing in the waters of the countries and/or trade in IUU products through these countries;
- The level of political will and commitment to address IUU fishing at a national and/or regional level;
- The level of engagement of the country with the EU on fisheries issues;
- The role of the country as a port State receiving products caught on the high seas or in the waters of other coastal States and destined for European markets;
- The contribution of the fishing industry and fish trade with the EU to gross domestic product and national employment; and
- The availability of alternative markets for the major species (by volume and/or value) exported to the EU.

The Commission provisionally suggest the following countries: Angola, Bangladesh, Ecuador, Ghana, Guyana, India, Indonesia, Kenya, the Maldives, Mexico, Namibia, Nicaragua, Papua New Guinea, Peru, the Philippines, Senegal, Surinam, Tanzania and Vietnam.

Other countries which may be of interest for this action is: Argentina, Brazil, Colombia, Costa Rica, Egypt, Guatemala, Jamaica, Malaysia, Mauritius, Myanmar, Panama, Pakistan, Peru, Thailand and Uruguay.

The Commission will assist the consultants with information collected during the implementation of the Regulation and throughout 2008 and 2009.
To start off with, the consultants shall establish profiles for each beneficiary country and discuss the results of the profiles with the Commission in order to ensure that the beneficiary country received the assistance tailored to their needs. The consultants shall be in contact with experts from DG MARE and receive training, if necessary on the practical aspects of the Regulation and previous bilateral contacts between the Commission and the beneficiary country concerned as part of their preparation. DG MARE will also distribute information material on the Regulation. The consultants shall also travel to Brussels before the start of the action as part of their preparation.

2-3 consultants are required for each mission to a country which should take approximately 10 days. Whilst on mission, the consultants shall work closely together with the competent and other relevant authorities involved in the implementation of the IUU regulation. The consultant shall, prior to the visit establish close contact with those authorities to ensure that both sides are well prepared for the mission and that the country has outlined their specific needs to comply with the IUU regulation.

The consultants shall inform DG MARE of the results and provide evaluation forms to the beneficiary country concerned to be completed after each visit and 3 months after each visit. Appropriate follow-up shall be carried out based on the results of the evaluation forms to ensure that the country will be able to apply the provisions of the IUU regulation and trade its fishery products to the EU.

3. DESCRIPTION

3.1. Objectives

The objective of the action is to accompany developing countries in their effort to comply with the IUU Regulation (Regulation No 1005/2008) through a focus on market and trade-based monitoring and control mechanisms. In order to achieve this goal the action will enable the consultants to accompany and assist developing countries in their efforts to comply with the IUU Regulation through practical advice and assistance on location.

The consultants will work closely with the competent authorities to identify weaknesses in the control systems, including the inspection and advice system, update and review control systems to ensure that the validation of catch certificates is well organised, and focus verifications on risk situations. Where the system is weak or non-existent, the consultants will help national authorities to set-up a control system for its fishing activities and fishing vessels. The setting-up/improvement of control systems will encourage the fishing vessels flying under the developing country’s flag and vessels operating, legally and illegally in its waters to manage marine resources. It will also contribute to better coordination of the institutions involved.

Given the lack of physical monitoring and surveillance assets available to many developing countries, market based measures can provide a very cost-effective mechanism for monitoring and controlling catch and vessel activities. The aim of the action is to stop illegal trade flows to the EU, through focusing the authorities’ attention on efficient control of fisheries by validating catch certificates to identify risk situations. By focusing on controlling trade, authorities will be able to determine which operators are engaged in IUU activities in a far more cost-effective manner, obtaining better results than they do from traditional methods of inspection, such as vessel and aerial patrols, which are generally not a cost effective way of detecting and identifying IUU operators.
The objective is in line with a long-term perspective to ensure that fisheries resources are sustainable and that national and international conservation and management measures are applied through an improved control system.

3.2. Expected results and main activities

MAIN ACTIVITIES
With the national competent authorities, the consultants will
- identify dysfunctions in existing control systems through the experience of the authorities responsible for areas of control, inspection and customs; — assist in improving the system of control of fishing vessels flying under the flag of the country concerned and fishing vessels operating, legally and illegally, in the waters of that country.

To start, the consultants will draft profiles of each beneficiary country and discuss the results of the profiles with DG MARE to ensure that the beneficiary country receives the assistance tailored to their needs. The consultants will be in contact with experts from DG MARE and receive training, if necessary on the practical aspects of the Regulation and previous bilateral contacts between the Commission and the beneficiary country concerned as part of their preparation. DG MARE will also distribute information material on the Regulation. The consultants will travel to Brussels before the start of the action as part of their preparation.

A list of countries to be targeted by the action will be agreed by the Commission in the inception report.

2-3 consultants are required for each mission to a country which should take approximately 10 days. Whilst on mission, the consultants shall work closely together with the competent and other relevant authorities involved in the implementation of the IUU regulation. The consultant shall, prior to the visit establish close contact with those authorities to ensure that both sides are well prepared for the mission and that the country has outlined their specific needs to comply with the IUU regulation

Once on location the consultant will work closely with the competent authority to review the system of validation in place for catch certificate for fishery products which are traded to the EU. If the country does not yet have such system in place, the consultant must cooperate to create an effective system of validation of catch certificates.

In order to improve or crate a good validation system the consultant must be able to cooperate with several different authorities to pool information on the application of conservation measures, information of fishing licenses, the registration of fishing vessels and export procedures in the country concerned.

The consultant will also spend a considerable amount of time training officials in the competent authority on how to verify catch certificates. This means that the consultant must be aware of the fishery profile, what it exports and if any imports of fish takes place, and in that case from what countries and how. The consultant must also be well aware of activities taking place in the Exclusive Economic Zone (EEZ) of that country and the activities carried out by its vessels.

The system of verifications shall be based on criteria of risk associated with the consignment to be traded to the EU. The consultant must therefore also be able to improve a sound system of inspections of fishing vessels which will mirror uncertainties resulting in verification. This will result in the country acquiring a better system of control which is steered towards risk, rather than traditional inspections routines.

In order to ensure that the information provided by the consultant receives maximum benefit the consultant shall also assist the competent authority/ies in drafting information to be


distributed to stakeholders. Such information could also be published on the website of the relevant authorities to ensure maximum transparency.

The information gained during the technical assistance missions to the targeted countries will be consolidated and posted on a relevant Commission website as well as appropriate websites of National Authorities. The consultants shall inform DG MARE of the results and provide evaluation forms to the beneficiary country concerned to be completed after each visit and 3 months after each visit. Appropriate follow-up shall be carried out based on the results of the evaluation forms to ensure that the country will be able to apply the provisions of the IUU regulation and trade its fishery products to the EU.

EXPECTED RESULTS

- Beneficiary countries will have an effective control systems ensuring an effective organisation of validation and verifications of catch certificates and thus a better understanding of the activities of their fishing vessels and fishing activities carried out in their waters.

- The countries will have a better understanding of how to effectively monitor and control fishing activities in their waters and to identify IUU fishery products in trade stemming from their fishing vessels or waters. The authorities will be provided with practical assistance tailor-designed to their needs to assist their work and to enable them to continue building capacity in the longer term. As a result, beneficiary countries will comply with their international obligations as flag state and benefit from a more cost-effective control, from more sustainable trade of fishery products with all their trade partners and therefore, they will benefit from a more fair economic development.

- Beneficiary countries will have effectively put in place a system of validation and verification of catch certificates as required by the Regulation

3.3. Risks and assumptions

Authorities in many countries do not have the experience or expertise to identify IUU activities and their related trade which is precisely the main target for the EU catch certification scheme. IUU operators are therefore free to benefit from its illegal activities in the area.

This lack of experience might lead to the assumption in developing countries that an increase in surveillance at sea would solve the problem, a solution requiring considerable legal and human resources to be fully implemented, with limited impact on trade in IUU fish. However, a solid organisation of validation and verification of catch certificates is a more efficient and cost-effective way to eliminate IUU activities from taking place as it allows controls along the entire chain of custody, from the point of catch to the final market. The lack of assistance to developing countries would enable IUU operators to continue operating freely without being sanctioned for their actions and the aim of the IUU Regulation would not be achieved since the levels of IUU fishing would not be reduced.

3.4. Crosscutting Issues

IUU fishing has devastating environmental impacts as it constitutes one of the most serious threats to the sustainable exploitation of living aquatic resources and marine biodiversity. It
causes depletion of fish stocks and future stock growth and it damages the marine environment through overfishing and the use of irresponsible fishing practices and techniques.

The depletion of fish stocks reduces the size of catches which in turn contributes to lower turnover and eventually job losses. The socio-economic impacts are therefore as severe as environmental impacts as many fishing communities in poor countries find themselves unable to rely on fishing for their livelihood.

IUU fishing also contributes to unfair competition among those operators who abide by the rules and those who do not. The benefits from operating illegally often outweigh the risk of detection and the lack of alternative employment means that some fishermen are forced to fish illegally. Those fishers who abide by the rules suffer from both the overfishing caused by IUU operators and the fact that they must compete with illegal product in the market place.

Masters of IUU vessels or vessel owners often disregard the rights of their employees and their crew often work under poor conditions with a salary which is far lower than the minimum wage. The working and living conditions for these employees are also a concern from human rights perspective. Sanitary requirements are also often disregarded by IUU fishers resulting in illegal fish entering the EU market which do not reach the sanitary standards required under EU law.

3.5. Stakeholders

The main stakeholders concerned in third countries are vessel owners, processors and exporters. The Commission has provided information on the Regulation to stakeholders in third countries at meetings where authorities have invited relevant stakeholders, through presentations made at the Brussels Seafood Fair in 2009 and through direct contacts. Although stakeholders are concerned with the provisions of the Regulation and the Commission is keen to address those concerns, efforts under this action should be focused primarily on the authorities responsible for administering the catch certification scheme. Stakeholders in some developing countries such as exporters and processors are often very advanced and already have the information required in the catch certificate. Such companies also have the financial resources to implement the catch certification scheme for their trade to the EU. To meet their own commercial and technical requirements, they already use their own traceability systems which often go far beyond the scope of the IUU Regulation and can easily support their contribution to the implementation of the EU catch certification scheme.

The situation is however different for authorities since it will be their task to validate the information submitted by the operators to support their claims on compliance with conservation and management measures and their subsequent request to validate catch certificates. It will be of tremendous importance that the authorities designated by the developing countries for accomplishing these tasks be familiar with the requirements and the procedures of the catch certification scheme to ensure its smooth functioning and its efficiency.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Direct centralised management
The consultants who will provide the technical assistance/undertake the activities will be chosen through a call for service procurement procedure.

4.2. Procurement and grant award procedures

1) Contracts

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.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the DCI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in articles 31(7) and (8) DCI, 21(7) ENPI.

4.3. Budget and calendar

The maximum EU contribution of 1 000 000 EUR will be used to provide technical assistance to at least 15 countries.

The funds will be used to cover, amongst others, experts fees, travel costs, per diems, development of a website.

Two experts in the fields of fisheries and customs with adequate experience will travel to one beneficiary country for a period of 10-15 days depending on the profile of the country, as established through preparatory work. The Commission have pre-selected 20 countries. The list may be subject to change, resulting in 150-200 travelling days over a period of 1 year.

The procurement procedures will take place in 2010. The action is foreseen to commence in June 2010 for an estimated duration of one year.

The terms of reference should ensure that EU Delegations are involved in the action and informed of all outcomes.

4.4. Performance monitoring

The performance of the assistance carried out by the consultants will be based on their evaluation reports and follow-up after each mission and in turn, the ability of the beneficiary country to carry out their responsibilities as laid down in the IUU regulation for its fishery products traded to the EU. The performance will also take into account the improvement of system of validations in the countries concerned and their abilities to carry out verifications of catch certificates based on situations at risk.

4.5. Evaluation and audit

The consultants shall inform DG MARE of the results and provide evaluation forms to the beneficiary country concerned to be completed after each visit and 3 months after each visit. Appropriate follow-up shall be carried out based on the results of the
evaluation forms to ensure that the country will be able to apply the provisions of the IUU regulation and trade its fishery products to the EU.

4.6. **Communication and visibility**

The action is funded by the EU and all work carried out by the consultant, including missions and follow-ups shall be appropriately marketed to reflect this.
Action Sheet L - Call for proposals for all developing countries

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priorities 1, 2 and 5 of the ENRTP: General Call for Proposals for different thematic actions in all developing countries (Ref. 20656).</th>
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<tr>
<td>Sector</td>
<td>Environment, sustainable management of natural resources, including energy</td>
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</table>

2. **Rationale**

Under the present action sheet, additional funds from budget line 21 04 01 of the year 2010 are allocated to this call for proposals.

This action sheet gives only a summary of key information. For the details, see the full action sheet for the call for proposals included in the 2009 AAP and the Guidelines published on 31 July 2009.

3. **Description of the call for proposal**

3.1. **Basic act and financing source**

The basic act for this programme is the Development Cooperation Instrument (DCI) Regulation (EC) No 1905/2006\(^{24}\), in particular Article 13, which was adopted on 18 December 2006. The four-year Strategy Paper for the Thematic Programme for Environment and Sustainable Management of Natural Resources, including Energy (ENRTP, 2007-2010) was adopted by the Commission on 20 June 2007\(^{25}\). Under Action Sheet J of the 2009 AAP EUR 62 650 000 was allocated to call for proposals EuropeAid/128320/C/ACT/Multi. In December 2009 an extra EUR 7 100 000 was added to the call for proposals through a transfer of funds between Action Sheets, bringing the total budget for 2009 to EUR 69 750 000.

3.2. **Objectives of the programme, fields of intervention/priorities of the year and expected results**

The objectives of the call for proposals EuropeAid/128320/C/ACT/Multi are laid down in three of the five priorities of the ENRTP:

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\(^{24}\) Specifically Art 13 and Article 38 of the DCI

\(^{25}\) C(2007)2572
Priority 1: Working upstream in assisting developing countries to achieve the MDG7 on environmental sustainability

Priority 2: Promoting implementation of EU initiatives and internationally agreed commitments

Priority 5: Support for sustainable energy options in partner countries and regions

Action Fiche J of the 2009 AAP and the Guidelines of the Call for proposals EuropeAid/128320/C/ACT/Multi give further details.

3.3. Eligibility conditions

The call for proposals will follow the standards established in EuropeAid's "Guidelines for Applicants".

A list of countries eligible for financing are defined in the Guidelines for the Call for Proposals published in the framework of this programme. These vary per lot.

For the purpose of eligibility of applicants and partner organisations, Article 24 of the DCI Regulation (EC) No 1905/2006 needs to be respected. However, a selection of these organisations is specified in the guidelines of the Call for proposals, that in particular target civil society and international organisations.

Seen that "Public and parastatal bodies, local authorities and consortia or representative associations thereof" (quote of the Guidelines) are eligible under the said call for proposals, a part of the funding may be spent through centralised indirect management.

3.4. Essential selection and award criteria

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 guidelines of the Call for proposals are published on the Internet. They lay down the final criteria and requirements: i.e. the rules regarding the eligibility of applicants and partners, the types of action and costs which are eligible for financing, and the evaluation (selection and award) criteria.

The selection procedure is based on the principle of a "restricted call for proposals", meaning all eligible applicants may take part but only the applicants who are shortlisted on the basis of a concept note are invited to submit a full proposal.

The guidelines also give information on the evaluation process and the contractual conditions which apply to successful applicants.

The maximum possible rate of co-financing for grants is 80%.

26 http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm
3.5. **Schedule of the call for proposals**

The schedule of the call for proposals is published on the website of the call for proposals.\(^{28}\)

3.6. **Indicative amount of call for proposals**

Maximum EU Contribution: **EUR 52 150 000** from budget line 21.0401 for call for proposals EuropeAid/128320/C/ACT/Multi.

The total amount of funds allocated to call for proposals EuropeAid/128320/C/ACT/Multi is based on allocations under the 2009 AAP Action Sheet J and 2010 AAP the present Action Sheet. The authorising officer by sub-delegation may decide to modify the indicative percentages per lot related to the breakdown of total funds over the different lots, as referred to at the end of section 2.6 in the 2009 AAP, Action Sheet J. This may for instance be the case when extra funds from a specific sub-theme of the ENRTTP are allocated to the call for proposals or when a difference of needs between the lots has been agreed upon.

4. **Support measures**

In addition to the normal follow-up made by the Headquarters and/or by Delegations, the Commission is entitled to carry out interim or ex post evaluation missions. According to the terms of the grants contracts concerning visibility (in particular annex II of the Special Conditions), the beneficiaries of grants will be requested to take all necessary steps to publicise the fact that the European Union has co-financed the Action. Such measures must comply with the relevant rules on the visibility of external actions laid down and published by the Commission. Audit requirements are also laid down in the same grant contract.

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\(^{28}\) See footnote 6
Action Sheet M – Local call for proposals in Cuba

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priorities 2 and 5 of the ENRTP: Supporting climate change adaptation and renewable energies in Cuba through a local call for proposals (Ref. 021947)</th>
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<td>Total cost</td>
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<td>Method/Management mode</td>
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<td>DAC-code, if applicable</td>
<td>23000 Energy 41000 Environment</td>
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<tr>
<td>Geographical Scope</td>
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2. Rationale

General sector context

Cuba is the largest island in the Caribbean, with a territory of 110,860 km². Approximately two-thirds of Cuba consists of plains or rolling lands with low elevation. The rest of the territory is formed by three groups of mountains, where most of the remaining natural forests occur. Cuba lies within the northern tropics and has a semitropical climate. The country has a total coastline of approximately 8,000 km. It also has the highest species diversity and 22% of the country is formed by specially protected areas. These specific geographical and natural endowments imply various environment-related challenges, for which the country has shown concern since the 1970s.

The National Commission for the protection of environment and the rational use of natural resources was created in 1976. From then on, the government started integrating the protection of environment and of natural resources in its legislation. In 1992, it joined the international collective effort initiated at the 1992 United Nations Conference on Environment and Development. It has since ratified the main International Environmental Agreements and has expressed the political will to contribute to environment improvement at the national, regional and global level.

The Ministry of Science, Technology and Environment (CITMA), the environmental authority in Cuba which runs the national environment system, was established in 1994. CITMA overlooks the coordination between research, scientific knowledge, technological innovation, environmental protection and sustainable use of natural resources. The creation of the Ministry made it possible to achieve a greater degree of national coherence and better respond to and contribute to international environmental work.

Cuba’s environmental policy framework is prescribed in the Law No. 81 of the environment. The specific analysis of the sector, commitments and work plan towards environmental
Annex 13 – Action Sheet M


The national strategy guides Cuba’s approach to address environment problems and identifies a series of measures (and indicators) for each of them. It aims at sustaining environment protection efforts and deepening the interrelations between the economy, society and the environment. It identifies the island’s principal environmental problems as being soil degradation, impact on forest cover, pollution, loss of biological diversity, and water shortages. Climate change puts increasing pressure on those problems. The adoption of mitigation measures, and above all of integrated adaptation measures, together with a more systematic use of energy-efficient processes, has become intrinsic to Cuba’s sustainable economic development. Still, Cuba is constrained by insufficient financial resources and difficulties partly induced by the embargo to access modern technologies. Cuban authorities have thus promoted climate change and energy as the main priorities for cooperation support.

National and donor coordination in the area of environment and climate change is ensured by CITMA. The Ministry of Basic Industry (MINBAS) is also involved as regards renewable energies.

As regards international cooperation projects, UNDP has been the main international agency active in this sector in Cuba since the early 1990s. Several projects are ongoing, in the areas of land and marine resources, sustainable management and promotion of innovative techniques as regards basins and bays (in particular the Cienfuegos and Havana bay), promotion of energy efficient sources, including hydro-energy and biomass, promotion and preservation of biodiversity and of protected areas, awareness raising and support to national early warning systems for risk management and disaster reduction. Other UN agencies such as the United Nations Industrial Development Organisation (UNIDO), FAO or UN-Habitat have operated or are operating projects in agriculture or waste management relevant to environment and climate change. UNEP is not directly present in Cuba, however it is implementing the regional project of the Caribbean Biological Corridor involving Cuba, the Dominican Republic and Haiti, part of which is funded by the EU through the 2009 allocation of the ENRTP programme. In addition to UN family agencies, a series of European or international NGOs such as HIVOS, MUNDUBAT, OXFAM, OIKOS, COSPE, CISP or WWF are also active in Cuba in areas directly, or more often indirectly, related to environment and climate change.

Donors for the above projects include i) the Global Environment Facility (GEF) for UNDP and other UN programmes; ii) on the EU side, Spain as regards bilateral cooperation and several other Member States through decentralised cooperation (including Belgium and Italy on water and sanitation, or France on biodiversity); and iii) other bilateral donors such as Canada, Switzerland, and Japan.

Climate change

Like most small islands, Cuba contributes very little to the emission of greenhouse gasses and adaptation to climate change has become a precondition for its sustainable development. Cuba is right in the hurricane belt and frequently suffers severe impacts from hurricanes or tropical storms. During the 2008 hurricane season, the country was severely hit by hurricanes Gustav, Ike and Paloma, which were the most destructive for decades, with overall damage is estimated at some ten billion dollars. The climate change may be increasing the frequency and strength of the hurricanes that affect Cuba.
In this context, Cuba is considered to have very strong capacity for natural disaster preparedness and disaster response, as the country has developed a highly effective response system. The creation of the Institute of Meteorology and the assignment to this institution of functions related to climate monitoring, as well as the orientation of research towards the establishment of prediction and climate warning methods for different timeframes, have proved useful in this context. The close collaboration of these institutions with the National Civil Defence System in charge of organising the country's response to disasters, as well as the continuous strengthening of the institutional capacity to prevent and to act before these variations, increase the level of readiness of the Cuban society and guarantee a high level of response when natural disasters strike the island. This has proved an efficient strategy to reduce the adverse impacts of climate variability. The main strength of the Cuban response system is that the preservation of human life constitutes its main priority, even at the cost of employing important material resources. Notwithstanding, efforts remain necessary to sensitise the population and productive sectors to the events of climate variability and widen the use and understanding of preventive, monitoring and warning systems, as well as to strengthen the on-going efforts to further enhance capacity to better protect housing and productive assets from the effects of natural disasters.

Climate change effects are nevertheless not limited to higher frequency and strength of hurricanes or storms. Natural droughts are even more disastrous for Cuba and those also are becoming more recurrent and last longer. Moreover, the effects of climate change in Cuba also include degradation of soil and reduction of cultivable lands, degradation of forests areas, rise of sea level (with serious impact on the coastal zones) and saline intrusion, extension of aridity in some areas often interrupted by period of torrential rains, increased desertification in some dry Eastern regions, biodiversity loss, as well as reduction in the quality of water and in the subterranean water reserves.

The combination of conventional environmental problems with climate change affects to variable extents food production (and human consumption), socio-economic activities, and eventually diminishes the resources available for development.

Concrete initial steps have been taken to promote the introduction of clean development production practices, improve the planning, savings and recuperation of water, revise construction norms, strengthen the monitoring and observation networks, reduce contamination and greenhouse gas emissions, as well promote actions of reforestation, soil conservation and studies. Amplification of these efforts and complementary actions are necessary to accompany Cuba’s social and economic development.

Energy:

Although energy consumption per capita is among the lowest in the area, Cuba's oil imports still account for 20% of its import expenditures. 80% of its energy needs are filled from conventional combustibles, and the main energy-consumers are the industrial sector (which includes agriculture), the households, the public sector and the transport sector. The country's dependence on imported energy has become one of Cuba’s bottlenecks for development and therefore one of its main new economic challenges. Since 2005, Cuba embarked on an ambitious energy strategy (revolución energética) based mainly on energy savings, improvement of energy management, research and development of adapted technologies, the search for diversified and new sources of (renewable) energy. In 2008 nevertheless, electricity produced from renewable energy sources represented only 3.85% of the total. To reduce its energy needs, Cuba is experimenting a wide variety of renewable resource technologies, including sugar cane biomass for electricity and cooking gas, small rivers for hydroelectric power, wind and a prodigious amount of sun for electricity with photo-voltaic and wind
generators, and bioclimatic architecture. Needs and energy opportunities vary from one province to the other. Studies are still ongoing to determine the most cost-efficient combination and pilot cooperation initiatives are being tried out.

Cuba’s main limitation essentially relates to the high costs involved to invest in renewable energies installation at a large scale. International collaboration promoting a more efficient and rational use and exploitation of natural resources, opening to foreign operators and companies in this sector, as well as a greater use of clean development mechanisms are therefore sought for.

- Biomass conversion

Cuba's reliance on sugar exports plays a central role in its economic and energy problems. Many in the Cuban energy community look towards sugar as a potential centrepiece of Cuba's recovery. Currently, sugar biomass is the main source of renewable energy (producing 88% of it), yet only produces some 3% of the country’s electricity (in 2008). Imported oil has long fuelled the majority of Cuba's energy needs. Sugar, the main export crop, provides the credits to get that oil but inadequate oil imports mean insufficient diesel to fuel harvest vehicles and other agricultural production equipment, and less feedstock to make fertilisers and pesticides. The shortages hamper the sugar harvest, reducing output.

Cuban agricultural operators have responded to the fertiliser and fuel shortage with a crash program to adopt and develop alternative agriculture methods such as minimal tilling to reduce tractor use, composting to reduce fertiliser needs, and organic pest control to reduce dependence on pesticides.

Sugar's potential contribution to the Cuban search for energy self-sufficiency does not end with converting cane waste into electricity. The industry produces about 3 million tons of solid cachaza a year - the residue of minerals and wax left after filtering the pressed cane juice. Cuban sugar researchers are developing biogas digesters to convert the cachaza into methane gas for cooking fuel.

Additionally, Cuba is also using other biomass, such as coffee bran and rice hulls, and forest residues, as energy sources. Cuba is investigating the energy conversion potential of the remnants of those raw materials for electrical generation.

- Hydroelectricity

Hydroelectricity is second only to biomass in Cuba's renewable energy picture. The hydroelectric potential in Cuba is estimated at 848 MW. The capacity factors are somewhat low due to the seasonal fluctuations of the rivers, as well as the requirements for irrigation use of water at certain times of the year.

Micro hydro generators already provide electricity to some rural villages in Cuba's mountainous regions. The micro hydro potential in Cuba is estimated at 25 MW, spread out over more than 400 sites. About 200 of these micro hydro sites have been developed already, supplying 30,000 Cubans with electricity. Four per cent of the Cuban population (160,000 homes) is still without electricity.

- Photovoltaic

Blessed with high solar radiation (over 5 kWh/square meter/day throughout the year, comparable to southern Arizona), Cuba has embarked on an ambitious rural photo-voltaics
program to bring electricity to the un-served parts of the population. The program is supported by the Cuban government, non-governmental organisations, and bilateral or decentralised cooperation from Switzerland, Spain, Austria, Germany and India. The primary beneficiaries have been doctor's offices, rural homes, and small communities. Over 50 community clinics and 295 homes have been electrified with photo-voltaic panels.

-Wind power

The use of wind power in Cuba is extensive, with more than 6,500 windmills for mechanical water pumping currently operating (and another 2,500 installed but awaiting repairs), along with many small wind turbines (less than 1 kW) for electricity generation. The grid expansion, combined with the availability of diesel generator and cheap fuel, reduced the use of wind power for electrical generation and water pumping. Starting in the late 1980s, CIES and other research organisations began to develop small wind turbines and windmills to meet specific needs, particularly in farming and cattle ranching. In 1991, the National Energy Commission sponsored the formation of the Wind Power Group, which later established a preliminary Wind Power Program presently focusing on three areas - wind power assessment, wind electricity generation, and wind water pumping.

Until recently, the Cuban wind resource was not considered sufficient to support large wind turbines or wind farms. However CIES researchers have begun monitoring at 17 sites over the last three years. In the central and eastern parts of the northern coast, CIES has located sites that could support wind turbines as large as 150 kW. Wind energy is now assessed as being the energy source with most potential (estimated at 2005 MW).

3. Description of the call for proposal(s)

3.1. Basic act and financing source

The legal basis for this programme is the Development Cooperation Instrument (DCI) Regulation (EC) No 1905/2006, in particular Article 13, which was adopted on 18 December 2006. The four-year Strategy Paper for the Thematic Programme for Environment and Sustainable Management of Natural Resources, including Energy (ENRTP, 2007-2010) was adopted by the Commission on 20 June 2007. The local Call for Proposal will be financed under budget line 21 04 01 from the 2010 budget. 2010 funds will be joined with funds adopted in 2009 under the ENRTP under a single call for proposals.

Due to the continued absence of local / regional funding for Cuba under existing geographic programmes, the present local call for proposals is financed from a thematic programme.

3.2. Objectives of the programme, fields of intervention

The general objective of the programme is to accompany Cuba’s efforts on climate change mitigation and adaptation, as well as in relation to its ‘energy revolution’ policy.

The specific objective of the programme is to increase knowledge-sharing, promote exchange of experiences and pilot initiatives, strengthen human, institutional, material and technological capacity and increase awareness, of climate change mitigation / adaptation and energy-efficiency options, both at national and local levels and throughout key development sectors.

These objectives are in line with the objectives laid down in the ENRTP response strategy 2007-2010, particularly priorities 2 and 5 (adaptation to climate change and renewable
energy). The proposed 2010 funds will supplement the EUR 3 000 000 of ENRTP funds already adopted for Cuba under the 2009 Annual Action Plan, Action Sheet I\textsuperscript{29}.

**ENRTP Priority 2 – Sub priority Climate change:**

The proposals should support innovative, integrated or best-practices approaches that contribute to the country’s adaptation strategy.

The type of actions eligible for financing includes:

- Activities which promote new and efficient ways of addressing climate change mitigation and adaptation, in particular in relation to activities at local/decentralised levels, and/or activities linked to key economic development sectors;

- Activities which aim at enhanced development and adoption of suitable technologies/methodologies for adaptation and mitigation, in particular in relation to exploitation of land and water resources;

- Activities which aim at better understanding and strengthening capacity along with developing pilot adaptation experiences in sectors such as agriculture, industry, tourism, health and/or domestic concentrations;

- Activities which aim at enhancing the capacity of local authorities and/or industry to understand the climate change issue, and plan and integrate climate change mitigation or adaptation measures into their local development strategies and plans.

- Activities or studies, in particular threat assessment work, that contribute to better management of the vulnerabilities and risks associated with natural disasters, and of their environmental impacts;

- Activities that initiate or contribute to national and/or local level disaster risk reduction measures for specific sectors and territories.

**ENRTP Priority 5 – Energy:**

The proposals should support sustainable energy options for the promotion of sustainable energy, preferably at local level.

The type of actions eligible for financing includes:

- Activities which promote and/or implement clean and environmental friendly energy technologies;

- Activities which aim at raising awareness and promoting and developing the use of renewable energy sources, and of innovative energy savings and efficiency measures at the level of the agriculture, industry, society and local governments.

- Studies and/or pilot experiences which aim at facilitating the development of energy infrastructures in support of the above objectives.

Initiatives promoting linkages with the industry including agriculture, tourism, the health sector and/or domestic concentrations will be favoured.

The Guidelines for the envisaged Local Call for proposals will further detail the specific interventions in relation to the two priorities, and the potential beneficiaries of the call.

### 3.3. Eligibility conditions

The call for proposals will follow the Commission's standard procedures which will be further specified in the Guidelines for Applicants. These guidelines will also specify further the types of activities, sectors or themes referred to in heading 3.2, as well as the eligibility rules for potential beneficiaries. Eligibility of potential beneficiaries is established by Article 24 of the DCI Regulation (EC) No 1905/2006, however it may be further specified depending on the type of action, the level of EC contribution, and the assessed capacity of different types of potential operators for projects in Cuba. Tentatively, eligible operators could include both eligible non-governmental organisations and UN family agencies, with a higher co-financing rate expected from the latter.

### 3.4. Essential selection and award criteria

The local call for proposals is expected to generate considerable interest among current and potential operators in related sectors. Those include both the above-described UN family agencies and a series of European or international NGOs. The underlying objective will be to foment the dynamics of cooperation between Cuban and international operators, whether through enhancing the activities of existing operators or through attracting new ones, with a view to facilitating exchanges of experiences and strengthening organisational, technical, material and management capacities at different levels.

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 and will be recalled and specified in the Guidelines for Applicants to this call for proposals.

### 3.5. Applicants will need to provide co-financing for their proposals. Full financing may only be applied in duly justified cases, in accordance with Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities. International organisations may also apply to this call, yet will have to contribute with a larger co-financing rate. Tentatively, this rate will be set at 20-25% in the case of international organisations and 10-15% in the case of NGOs. Schedule of calls for proposals

A single call for proposals with 2 lots will be published with ENRTP funds 2009 and 2010, with the 2010 part pending on the adoption of the programme. Publication of the call is planned in the first semester of 2010.

*Indicative timetable:*
- Publication: January 2010
- Evaluation: April 2010
- Contracting: July 2010

The period of implementation of contracts is expected to be 36 months.
3.6. **Indicative amount of call for proposals**

The amount proposed for adoption under this programme is € 3 000 000 from budget item 21.0401 of the 2010 budget. This amount will be awarded together with a further € 3 million already adopted under the 2009 AAP of the ENRTP, in particular Action Sheet I.

<table>
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<th>Indicative range of actions to be selected</th>
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<td>Energy</td>
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<td>2 - 6</td>
</tr>
<tr>
<td>Climate change</td>
<td>€ 500 000 - € 1 000 000</td>
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</tr>
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</table>

In case not enough project proposals of sufficient quality can be recommended by the evaluation committee for an EU grant, the authorising officer may re-allocate the remaining funds under another call for proposals under the ENRTP. Conversely, should additional monies become available, the overall amount awarded under this call may be correspondingly increased.

4. **Monitoring, evaluation, audit and visibility**

In addition to the normal project follow-up from the relevant Commission services, the Commission is entitled to carry out interim or *ex post* evaluation missions. Specific audit requirements will be laid down in all grant contracts to be signed with successful applicants, which may also foresee the conduct of an internal or external evaluation as part of the project.

As regards visibility of EU funding, the grants contracts and in particular their general conditions specify that the beneficiaries of grants will be requested to take all necessary steps to publicise the fact that the European Union has co-financed the Action. Such measures must comply with the relevant rules on the visibility of external actions laid down and published by the Commission.
Action Sheet N for all developing countries

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 3 of the ENRTP: The Global Automotive Fuel Economy Campaign of the Partnership for Clean Fuels and Vehicles (PCFV): Managing Vehicle Growth in Developing and Transitional Countries (Ref. 222154)</th>
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| Total cost  | Total estimated costs EUR 3 279 800  
EU Contribution: EUR 1 500 000 |
| Aid method / Method of implementation | Project approach – Joint Management with International Organisation (UNEP) |
| DAC-code    | 41020  
Sector  
biosphere protection, air pollution control and ozone layer protection |

2. RATIONALE

2.1. Sector context

Vehicle ownership in non-OECD countries is set to increase from today’s 200 million to 1.3 billion by 2050 (while in OECD countries it is set to grow slightly and stabilise). As a result developing and transitional countries today are facing two major transport - environment challenges – 1) high levels of urban air pollution and 2) increasing CO₂ emissions from fossil fuel combustion.

In response, the UNEP-led, and EU-supported, Partnership for Clean Fuels and Vehicles (PCFV) is launching a new campaign to significantly improve automotive fuel economy in developing and transitional countries. The PCFV is the leading global initiative to promote cleaner fuels and is the only initiative of its kind.

Urban air pollution today already kills an estimated 800,000 people per year, with the greatest burden of death, illness and costs in developing countries, on the poor and children. In addition, road transport is responsible for 17-18% of global CO₂ emissions from fossil fuel combustion and vehicles are also major black carbon emitters, now believed to be the second most important warming driver in the atmosphere. Given the projected vehicle growth rates in non-OECD countries, it is clear that the global effort to address climate change can only succeed when it also addresses the growing non-OECD vehicle fleet and involves these countries in a solution.

There are also sound economic motives for improved auto fuel economy – namely, reduced government and consumer expenditure on oil and fuel. Many non-OECD countries are net fuel importers; increasing efficiency will lower dependency on expensive imports, reducing high fuel expenditures and subsidies and freeing...
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finances for basic service provision and investment toward the Millennium Development Goals.

There are clear opportunities for countries to improve vehicle fuel economy up to one-third through widespread application of available technologies. The PCFV has been asked by partners and governments to widen its mandate to address greenhouse gas emissions of vehicles. This proposal combines the successful approach of the PCFV - bringing the public and private sectors together to develop and implement concrete regional and national action plans with time frames - with a new approach to transport CO₂ emissions. The PCFV will work closely with the new Global Fuel Economy Initiative (GFEI) spearheaded the International Energy Agency, the OECD-based International Transport Forum, the FIA Foundation for the Automobile and Society and UNEP. This Initiative has set a global target to double road vehicle fuel efficiency by 2050 reducing emissions from vehicles by 50% - i.e. the “50 by 50” initiative. This target is in line with IPCC and G8 recommendations. The PCFV will partner with the GFEI to implement the PCFV fuel economy campaign, focusing on regional and national development of fuel economy policies and the adoption of appropriate cleaner technologies in developing and transitional countries.

While all developed countries have adopted fuel and vehicles efficiency policies, no developing and transitional countries - apart from a few - have similar policies in place. To manage the enormous vehicle growth with resulting local and global emissions there is an urgent need for these countries to develop these policies and actions.

Using the existing PCFV approach, framework, experience, network and national contacts has a number of advantages, including: i) no start-up requirements as the fuel economy campaign will capitalise on existing successful implementation machinery through the PCFV, and ii) an already-formed implementation base through existing expertise and fuel economy candidate country network from PCFV clean fuel and vehicle activities since 2002.

The PCFV will work with governments and the private sector to develop regional and national plans and initiatives for improved fuel economy. This includes tailored fuel economy policies and programmes to enable a transition to efficiency (e.g. baseline evaluations of fleets, incentive regimes). With EU support, the fuel economy campaign can make a significant contribution to the efforts of countries to move toward less oil dependent, low carbon societies and accelerate leap-frog adoption of low carbon technologies and policies. Pilot countries in Africa, Asia and Latin America have already been identified.

2.2. Lessons learnt

The proposed project builds on EuropeAid/ENV/2006-116481/TPS: cleaner transport for better urban air quality and reduced global emissions: helping developing countries manage economic growth, C-116481, which has been evaluated by the EU monitoring systems and described as follows (EC monitoring reference MR-122460.01): “The project pursues ambitious objectives in regard to improving the quality of fuels and vehicles in developing countries. It is efficiently managed by UNEP and has achieved so far very significant results, with important long-term benefits on the environment, human health and global warming. EC: 1) Consider a substantial contribution to a follow-up PCFV project, aiming to improve air quality
and combat climate change." The same evaluation also provided recommendations on monitoring of project outcomes through more clearly-defined indicators and improved communication mechanisms to showcase this work and its contributing partners.

Lessons learnt from the PCFV since its inception in 2002 that have contributed to its success include:

- Strong motivation for PCFV member organisations to work in public-private partnership whereby partnering organisations recognise that no single member could accomplish individually the targets otherwise attainable through partnership with all sectors involved;
- The specificity of PCFV goals and a well-defined mission (e.g. lead phase-out, sulphur reduction, cleaner vehicles);
- An approach which has partners agree on targets at global and regional levels, while emphasising supporting concrete actions to implement these targets at the national level;
- A clear institutional set up with clear responsibilities – a neutral Clearing House, based in UNEP, taking the lead in implementation, a board of representatives, the PCFV Advisory Group, from each participating sector (including private sector, civil society and governments), and a set of PCFV Governance Rules subscribed to by all 120 PCFV member organisations;
- Providing guidance through global working groups on technical issues to help partners resolve differences and reach consensus, allowing the PCFV to effectively communicate to policymakers in individual countries; and
- The PCFV serves a hub for the concentration of expertise and resources to ensure the transfer of knowledge, policy, standards and technologies to developing and transitional countries – a critical mass for better air quality and lower greenhouse gas (GHG) emissions.

2.3. Complementary actions

The proposed action is in line with the European Consensus on Development, supporting the mainstreaming of the environment in EU support and integration of cleaner, more efficient energy use in development strategies at the national level in non-OECD countries. In addition, implementation of the campaign is in line with i) the Kyoto Protocol (the transport sector has been a part of the Kyoto Protocol since COP 10 in 2004), ii) recommendations of the Intergovernmental Panel on Climate Change (IPCC) on measures to limit CO₂ concentrations to 550 ppm and lower and see energy-related CO₂ emissions return to 2005 levels by 2050, iii) the WSSD Joint Programme of Implementation chapter, iv) the EU Energy Initiative, and v) the G8 decisions on climate change, clean energy, low carbon economies, and technology exchange. The proposed action is also supportive of the Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy, in particular priorities 1 and 2. Specifically, the action enables implementation of the EU Action Plan on Climate Change in the Context of Development Cooperation, including the main priorities: i) support for mitigation of climate change and ii) capacity development. The proposed PCFV fuel economy campaign is also consistent with additional ENRTP priorities on i) MDG7 by providing tools and
examples of energy efficiency practices and innovative policy and technology, ii) promoting coherence in EU auto fuel efficiency policy that will affect the global environment, trade relations, and energy supplies of partner countries, iii) will assist in the promotion of international environmental governance through the promotion of the UNFCCC and the Kyoto Protocol targets, iv) and will support more sustainable energy use in partner countries and regions. In addition, the proposed action complements ongoing European-supported transportation fuel economy initiatives, including the EU-supported initiative TOSCA - Technology Opportunities and Strategies toward Climate-friendly transport.

The EU cooperation strategies and development objectives will be incorporated in the national activities supported in this project, to ensure alignment between the PCFV implementation campaign and EU policy. All pilot countries have formally expressed interest, through various communications with UNEP, in developing national cleaner and more efficient vehicle strategies with PCFV support. National UNEP-recipient project agreements and documents will include language on incorporation of related partner and donor agencies and strategies into project implementation.

2.4. Donor coordination

The PCFV fuel economy campaign will be implemented initially in targeted regions and countries; to start with one country in Africa, Asia and Latin America as pilot cases, and to be followed by at least 25 additional country projects. Indonesia, Chile, and Ethiopia have already expressed interest in piloting the PCFV approach through official communication with UNEP; UNEP is also in discussions with Costa Rica – which plans on being the first carbon neutral country – to launch a pilot there. The PCFV campaign is consistent with the stated energy supply and security priorities, and improved access to cleaner mobility for development and reduction in energy poverty as expressed by countries in PRSP’s. Energy and transport concerns are also expressed in climate-related action plans, including National Adaptation Programmes of Action (NAPA’s), and numerous regional and subregional high level statements and ministerial decisions. pilot countries in 2008-2009.

3. DESCRIPTION

3.1. Objectives

UNEP, through the PCFV, provides knowledge products and support for national policy development to countries addressing road transport emissions and investigating appropriate cleaner technology options. UNEP’s assistance to countries to improve auto fuel efficiency is based on the successful PCFV approach and will form a natural extension of the first generation cleaner fuels and vehicles work that focused on establishing the building blocks of cleaner road transport systems – lead-free, low sulphur fuels and vehicle emission standards.

Using its existing framework, the PCFV will work with governments and the private sector to develop regional and national plans and initiatives for cleaner and more efficient vehicles. With the overall objective to double fuel economy worldwide by 2050.
UNEP will support the development of tailored national fuel economy policies and programmes (e.g. baseline evaluations of fleets, incentive regimes).

The focus of the PCFV fuel economy campaign will be on:

1) **Policy development & national implementation**: supporting the development and adoption of fuel economy policies at regional and national levels in non-OECD countries;

2) **Information dissemination, education, and communication**: running awareness campaigns to provide information that enables behavioural change and supports markets for fuel efficient technology. This includes the development of a global fuel and vehicle database and training toolset, the first of their kind.

Today, the transport sector accounts for close to a quarter of global CO₂ emissions. Transport related CO₂ emissions are projected to increase 50 percent by 2030 and 80 percent by 2050; conventional pollutants (NOx and BC) are also set to increase. The transport sector has the highest CO₂ emissions growth of all sectors; road transport is a major driver of this growth. Even if OECD fleets achieve major efficiency improvements, for example due to electrification, it is clear that a global effort to combat climate change and achieve post-Copenhagen reductions can only succeed by also addressing, as a matter of priority, the fuel economy of the growing non-OECD fleet.

The fact that only a few developing and transitional countries have taken action to establish fuel economy policies provides a major opportunity for GHG reductions in the next few decades. Emission reduction strategies in the sector can add up to over 1 gigatonne (Gt) of CO₂ annually from 2025 onwards, and fuel cost savings are expected to equal 6 billion barrels of oil per year by 2050. In IPCC scenarios halving CO₂ emissions by 2050 would mean that global emissions would fall to 14 Gt per year.

3.2. **Expected results and main activities**

The main activities of this project will include, with main activity components:

- **Development of and implementation of regional, sub regional and country-by-country** fuel efficiency policies and standards through technical, networking, and knowledge support:
  1. regional launches in targeted regions, e.g. Asia, Latin America and the Caribbean;
  2. negotiation of agreements and launch of national projects in 4 countries, e.g. Chile, Costa Rica, Ethiopia, Indonesia;
  3. the setting up of national working groups for implementation and regional networks of expertise and practitioners;
  4. national auto fuel economy training and planning sessions aiming at development of national integrated auto fuel economy plans for regulatory approval;
  5. ongoing regional and intra-national consultations and inclusion in PCFV and GFEI networks and the provision of experts and support.

- **Preparation of an interactive auto fuel economy toolset on different approaches to fuel economy** improvement (economic instruments, legal,
standards, import regulations, etc) to support policy development at the national level, allowing policy makers to compare the impacts and costs and benefits of different options:

6. improvement of the national and regional knowledge base;
7. data and modelling, including available information for developing and transitional countries on fuel quality and vehicle fleets (in cooperation with the International Energy Agency);
8. toolset development, refinement, and launch as an interactive tool available on CD and online;
9. toolset training courses held at national and regional levels to refine product.

Fuel economy standard development and policy gaps and opportunities for cooperation identified in an additional 25 non-OECD countries as a first step to global adoption of similar standards to reach 2030 and 2050 targets, and in preparation for full global roll-out (50+ countries):

10. building on experience in pilot countries, extension of PCFV and GFEI approach to additional countries in targeted regions;
11. development of national programmes in additional countries in, e.g., Asia, LAC and Africa.

Global vehicle and fuel efficiency knowledge campaign to improve the international profile of and national action toward road emission stabilisation:

12. UNEP and PCFV fuel and vehicle database online and available for public use, regularly updated;
13. fully interactive global outreach campaign, in cooperation with the FIA Foundation and UNEP communication units, including websites, representation at major auto/fuel/environment events;
14. PCFV and GFEI information and media products accessible online and in print.

Expected Accomplishments:

- Clean and efficient vehicles policies and standards developed in 4 pilot countries (planned countries are Ethiopia, Chile, Costa Rica and Indonesia);
- Adoption of clean and efficient vehicles policies in an additional 50 countries in targeted regions, of which UNEP will intensively support 25 countries (using the lessons learned in the four pilot projects and the global toolset);
- Regional and national networks of expertise and practice in place;
- Global fuel efficiency tool set developed as part of a global vehicle and fuel efficiency knowledge campaign to support global, regional and national activities (including methodology for baseline setting and sharing of best practices);
- Publicly available data on vehicle fleets and emissions for the purposes of this project.

Indicators of Achievement:

- Clean fuels and vehicles policies adopted and recorded in 4 pilot countries;
- Clean and efficient vehicles policies adopted in an additional 50 countries (of which 25 through national support projects);
- Auto Fuel Economy Toolset finalised, field tested and trainings held for its use in pilot countries and national support projects. Toolset available online
and in CD format;

- Baseline fleet assessment and inventory methodology developed, included in Toolset, and in use in pilot countries;
- Online database of vehicle standards and automotive fuel economy publicly available and regularly updated for developing and transitional countries globally;
- Formal adoption of PCFV targets and campaign in global, regional and sub-regional fora, including Ministers of Environment meetings in LAC, Africa and Asia;
- Developed set of indicators building on baseline data, that are outcome-based (e.g. improvement in air quality, decrease in CO₂ and non-CO₂ emissions).

Indicators that quantify final outcomes are dependant on the availability and tracking of baseline data; the planned toolset seeks to define and implement a practical baseline methodology.

### 3.3. Risks and assumptions

Project risks as evaluated by UNEP include:

- a lack of national data and information to gain an adequate understanding of fleet characteristics and vehicle flows;
- a lack of political interest in countries on the issue of fuel efficiency and the necessary urgency to deal with transport emissions;
- a lack of substantive and political support from industry groups – in particular vehicle groups and manufacturers;
- a lack of high-level support from partner agencies and shifting donor and institutional priorities; and
- insufficient documentation/available information of project indicators and outputs for monitoring and evaluation purposes.

UNEP accounts for possible foreseen recessive impacts by encouraging countries to set their own targets (rather than presenting standardised solutions) and by addressing this issue of spin offs in the global toolset. As the action is based on International Energy Agency and International Transport Forum projections and modeling, it also incorporates the assumptions inherent in the stated projections and baseline models.

UNEP assesses these risk as acceptable and manageable mainly because the project will be implemented using an established programme, the PCFV, with an established network of contacts at the global and national level and a tested and successful approach.

### 3.4. Crosscutting Issues

Urban air pollution is a serious threat in many developing and transition countries, aggravating poverty as emissions caused by transport and industry affect the health of urban residents. The Netherlands Environment Agency (PBL) estimates that from now to 2050 around 100 million premature deaths linked to air pollution could be avoided through measures such as low emission cars. The health and economic toll of poor air quality affects vulnerable of residents most: the poor, children, and the elderly who live, play, walk and work on or close to congested urban highways. Costs accrue in lost working days, increased morbidity and mortality, decreased
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productivity, damage to property, reduced agricultural output, and loss of tourism revenue. A recent study in Mexico (see medical journal Brain and Cognition, Volume 68, Issue 2, November 2008, Pages 117-127) showed that air pollution affects brain as well as cardio-vascular health, contributing to brain inflammation and intellectual deficits in school-age children. As air quality and climate change are development issues, the proposed action addresses cross cutting issues of poverty, environmental sustainability, rights to basic services and health, and the following:

Energy security - The PCFV targets automotive fuel efficiency improvement through enabling policies and cleaner technology adoption and transfer, complementing energy security and efficiency (including clean energy) agendas and policymaking in developing and transitional countries. Keen on budgetary savings and improvements in environment and health, governments and their partners in the private sector are encouraged to adopt a more pro-active approach in setting efficiency targets and ensuring their cost-effective implementation.

Costs of import - According to international studies (McKinsey 2009), improving automotive fuel efficiency is one of the most cost effective interventions to reduce GHG emissions. In addition, it also enables reduced government and consumer expenditure on oil. Many non-OECD countries are net fuel importers; increasing efficiency will lower dependency on expensive imports.

Low carbon economy – A leaner, greener transport sector is central to a low carbon economy and will create significant investment and employment opportunities. A successful sustainable transport policy will reduce a society’s use of the motor vehicle, while also catalyzing intensive improvements in the energy and fuel efficiency of road transport. Costa Rica, as an example, recognises the need to reduce emissions from the transport sector (80 percent of overall GHG emissions in urban areas) in order attain a national goal of carbon neutrality.

3.5. Stakeholders

The EU is a full member of the PCFV and is encouraged and invited to participate in the PCFV initiatives through all national, regional and international partner events and projects; this is particularly relevant to EU delegations.

UNEP and PCFV have engaged governments, the fuel and vehicle industries, civil society organisations and international organisations to better understand the potential for fuel economy improvement. As a result there is major interest in developing clean and efficient vehicles polices; for example, the four pilot projects Indonesia, Chile, Ethiopia and Costa Rica all approached UNEP for support to develop national policies. Via direct meetings and through regional and national events, the initiative actively solicits inputs and suggestions for how to best move forward and promote fuel economy improvement in a manner that maximises benefits while minimising costs to all involved. Civil society organisations form around a quarter of PCFV partners and are actively involved in PCFV implementation.

Given that an increasing number and share of vehicles will be sold in the developing and transitional economies in coming decades, it is essential for rapidly developing countries to establish their own fuel economy strategies and systems (regulations, incentives, etc). The PCFV fuel economy campaign targets automotive fuel
efficiency improvement through enabling policies and cleaner technology adoption and transfer, complementing energy security and efficiency (including clean energy) agendas and policymaking in developing and transitional countries.

Keen on budgetary savings and improvements in environment and health, governments and their partners in the private sector will be invited to adopt a more pro-active approach in setting efficiency targets and ensuring their cost-effective implementation.

Activities at all levels will be developed with the involvement of all key stakeholders (governments – industry- civil society –international and regional organisations) and are demand driven. By using the existing networks and contacts (PCFV and existing regional networks and national contacts of all four partners), the project requires minimum start up costs and time. For example, the PCFV works with leading regional environment organisations such as the Mario Molina Centre in Latin America and the Caribbean, the Regional Environment Centre in Central and Eastern Europe, the Clean Air Initiative for Asia, the Air Pollution Information Network for Africa in Southern Africa etc. Cooperation agreements already exist between UNEP and these organisations.

The PCFV consults stakeholders through regular meetings and teleconferences in the development of national projects and regional meetings. In addition, the PCFV and GFEI maintain steering and advisory groups to inform its work and the implementation of projects. Projects are developed and managed in multi-stakeholder groups and consultation, ensuring the best available technical and project management approach and advice.

At the national level, each pilot country will institute a national project management team, of which the PCFV and GFEI partners participate, as part of national automotive fuel economy working groups across government agencies, NGO groups and private sector partners. Additional countries would be selected based on regional events and as an extension to existing PCFV national projects.

The final beneficiaries of this project include urban residents, vulnerable groups (women, children and the elderly) and low income residents who are most vulnerable to the effects of climate change and poor air quality. The PCFV approach is tailored by country, with national working groups enabled to make appropriate decisions based on national context, needs, and priorities when it comes to reducing emissions from this sector.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Joint management through the signature of an agreement with an international organisation, the United Nations Environment Programme (UNEP). UNEP, using the existing strong and successful PCFV public-private partnership-based approach and network, will serve as a basis for the launch and growth of the PCFV fuel economy campaign, building on current PCFV relationships with governments and the private sector (including major oil and vehicle groups). UNEP, through the PCFV, provides knowledge products and support for national policy development to countries addressing road transport emissions and investigating appropriate cleaner technology options. UNEP’s assistance to countries to improve auto fuel efficiency
is based on the results-based PCFV approach and will form a natural extension of the first generation cleaner fuels and vehicles work that focused on establishing the building blocks of cleaner road transport systems – lead-free, low sulphur fuels and vehicle emission standards. Using its existing framework, the PCFV will work with governments and the private sector to develop regional and national plans and initiatives for improved fuel economy. This includes tailored fuel economy policies and programmes to double efficiency (e.g. baseline evaluations of fleets, incentive regimes). The lead in the implementation of this component of the campaign work in 2009-2014 will be UNEP through its Division for Technology, Industry and Economics and Transport Unit. The standard contribution agreement as agreed under the FAFA will be used.

EU Aid Effectiveness:

The identification process consisted of three high-level consultative PCFV/ GFEI meetings in 2008. The proposed action is in line with the Paris Declaration and EU commitments to the aid effectiveness agenda, in particular to strengthen capacity by coordinated support and the pledge to increase the percent of donor capacity-development support provided through coordinated programs consistent with national development strategies.

4.2. **Procurement and grant award procedures**

All contracts implementing the action will be awarded and implemented in accordance with the procedures and standard documents laid down and published by UNEP.

4.3. **Budget and calendar**

The total estimated costs are EUR 3,279,800. The maximum EU contribution is EUR 1,500,000.

The indicative operational duration is 55 months. UNEP provides facilities and staff in-kind; operational support includes staff time of designated programmatic staff and experts and cooperation agreements include direct support to countries in terms of legal funding agreements with partner governments and groups. UNEP has regional offices that will be involved in regional and national implementation of this project.

4.4. **Performance monitoring**

For monitoring purposes, the following indicators of achievement will be used:

- Increased number of developing countries with vehicle fuel efficiency standards.
- Increased media and international fora documentation references made to the PCFV fuel economy campaign and the GFEI, its products and tools.
- Any identifiable and quantifiable change in air quality, vehicular emissions at the national/regional level.
- In the national projects, baselines set will enable the PCFV to monitor global reductions/avoided CO₂ emissions as a result of national project implementation. Thus, it will be possible for this project to measure actual tons of CO2 avoided and reduced.
4.5. **Evaluation and audit**

The PCFV implementation undergoes regularly quarterly reviews by its Advisory Group and the PCFV partners during annual Global Partnership Meetings. The PCFV is also assessed and audited on an ad-hoc basis by the UN system’s Organisation for Internal Oversight Services (OIOS). The results of these assessments and audits are presented in a transparent and participatory manner to all donors and PCFV partners. In addition to these interim mechanisms, a final evaluation of the proposed project is also planned.

The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures. Reporting requirements and templates are an integral part of the UNEP legal instrument to be signed by the executing agency and UNEP.

Project oversight to ensure that the project meets UNEP and EU policies and procedures is the responsibility to the Task Manager in UNEP. The Task Manager will also review the quality of draft project outputs, provide feedback to the project partners, and establish peer review procedures to ensure adequate quality of scientific and technical outputs and publications.

An independent terminal evaluation will take place at the end of project implementation. The Evaluation and Oversight Unit (EOU) of UNEP will manage the terminal evaluation process. A review of the quality of the evaluation report will be done by EOU and submitted along

4.6. **Communication and visibility**

The activities mentioned above will be accompanied by a global awareness campaign to provide consumers and decision makers with information on options. From sponsored research, to events, publications and competitions, the PCFV works with partners across the globe to create the sort of momentum for change that is needed. The UNEP and the GFEI are developing a global State of the World report showcasing progress in automotive fuel economy worldwide, to be launched in 2010. In addition, www.50by50campaign.org, is the main hub of information for the GFEI, in addition to UNEP’s portals on cleaner fuels and vehicles (www.unep.org/pcfv).

In addition, donor visibility is provided on major publications, brochures, meeting documentation, media information and multimedia products, in the PCFV newsletter, and in press materials as per the established PCFV donor recognition policy. The EU logo will be featured prominently on all PCFV global products and events (website, newsletters, global meeting materials and publications) along with national level products and projects (meeting agendas, banners, publications and reporting and media material).
**Action Sheet O for Kenya**

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 3 of the ENRTP: Innovative approaches towards rehabilitating the Mau ecosystem (Ref. 021846)</th>
</tr>
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<tbody>
<tr>
<td>Total cost</td>
<td>EU contribution: € 2 300 000 Total estimated budget: € 2 300 000</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Joint management with the United Nations Environmental Programme (UNEP)</td>
</tr>
<tr>
<td>DAC-code</td>
<td>31220 Sector Forestry Development</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

In the past 30 years the population of Kenya has tripled resulting in a strong pressure on natural resources, which is exacerbated because Kenya’s economic growth rate has been lower than the population growth rate. Under pressure from conversion to agricultural lands and unsustainable resource extraction, closed-canopy forest accounts for less than 2% of Kenya's the land area.

The most serious consequence has been the disruption of the recharging of aquifers, rivers drying up, siltation of rivers and lakes and changing of the micro-climate. This has caused a shortage of water and hydro-power and heightened poverty.

Environmental stability is central to Kenya’s sustainable development, as stated in *Vision 2030*, which is Kenya’s plan to become a middle income nation. The Environmental Management and Coordination Act stipulates how environmental management is to be organised, enforced and monitored. The Forest Act (2005) and the Water Act (2002) incorporate the participation of communities and private sector in natural resource management and control.

The Mau Forest Complex consists of 22 Forest blocks and is the largest of the country’s water towers and provides goods and services annually in excess of Ksh. 20 billion in the hydro-power, tourism and tea sectors. It is also a main water catchment for lakes such as Natron, Victoria, Baringo and Nakuru and for the Mara river which provides water for the Mara-Serengeti ecosystem. An estimated 25% of the Mau Forest complex is badly degraded. The main drivers include politics-backed excisions for agricultural use, poverty driven illegal settlements, forest fires, unsustainable utilisation (logging and charcoal), and poorly defined property rights.

In July 2008 the Government set up a task-force to make recommendations to rehabilitate the Mau forest, which were approved by the Cabinet and the Parliament in September 2009 and include:

- The establishment of the Interim Coordinating Secretariat (ICS) in charge of coordinating response actions in the forest complex
- An effective management structure to stop any further degradation of the Mau Forests;
- Providing for the relocation of the people currently residing in the forests;
- The restoration of all degraded forests and critical water catchment areas; and
- Mobilising resources to implement the recommendations and secure the ecosystem.

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The Government plans to establish a Mau Forest Complex Authority that will take over the responsibility of the ICS for the coordination of the Mau Forest rehabilitation and management.

The project refers to the EU thematic strategy for the environment and sustainable management of natural resources, including energy (ENRTP) of 2007 specifically to priority (1) “working upstream on MDG 7: promoting environmental sustainability”.

2.2. Lessons learnt

Through forest and environment-related projects in Mau and other water towers, that the EU and UNEP have supported separately, the following lessons have been drawn:

- Forest loss cover is mainly caused by unplanned settlements and illegal commercial activities, such as logging and charcoal making. These are carried out by a limited number of community members with political backing from some local leaders.
- Communities living near the forest are sensitive to the need to preserve the forest, but need additional income from the forest to prevent them from undertaking destructive activities. This could be done through Payment for Environmental Service (PES), including money transfers from downstream water users to communities involved in forest protection activities upstream. Also establishing rights of the communities to harvest non-timber forest products can further enhance community protection.
- The issuance of illegal title deeds is a major impediment to forestland repossesson. The issuance of title deeds for a forest is an effective means to secure the land.
- In Mau communities, women are systematically left out in decision-making processes.

2.3. Complementary actions

The Government through the ICS has stepped up its enforcement actions to show that the acceptance of the task force recommendations is making a difference on the ground. UNEP supports two NGOs in Maasai Mau in the South of the complex with income generating actions and has made one of its senior staff available to the ICS. The United States Agency for International Development has commissioned studies and is a larger action. The Swiss Agency for Development Cooperation has supported two Kenyan institutions to undertake a detailed livelihoods survey among the Ogieks. The EU-funded Community Development Trust Fund implements two community based natural resources projects. The Finnish Government supports the institutional strengthening of the Kenya Forest Service.

Support to the rehabilitation of the Mau Forest and other water catchments is proposed in the ongoing mid term review of the 10th EDF Country Strategy Paper, with an indicative funding of €20 million. The support to the management structure, both of the Government and NSAs will improve the absorption capacity for a future EDF funded intervention.

2.4. Donor coordination

Donor coordination with the Harmonisation, Alignment and Coordination (HAC) arrangements for the forest sector takes primarily place at the Forest Donor Coordination Group with participation of Finnish Government, EC, USAID, World Agro-forestry Centre (ICRAF), Norway, and AFD. The group also incorporates selected NGOs active in the forest sector – including the International Union for the Conservation of Nature (IUCN), the World Wildlife Fund (WWF), and the Kenya Forest Working Group (KFWG). Coordination between the donors and the Government for the actions related to the Mau rehabilitation will

31 The name Ogiek refers to the hunter-gatherer communities that inhabit the forests in the Mau Forest Complex and parts of Mt. Elgon. This is an indigenous community threatened by developments in the forest ecosystems that are not in synchrony with their lifestyle and livelihood systems.
also be done by the ICS with support from the United Nations Environment Programme. UNEP is in the process of setting up a basket fund for the Mau interventions.

3. **DESCRIPTION**

3.1. **Objectives**

**Overall objective**: To restore the Mau forest ecosystem and create a sustainable basis for its conservation and management as a multiple asset system, for the benefit of local, national and international stakeholders

**Purpose**: To pave the way for expanded interventions in the Mau Forest and its surrounding areas by strengthening key capacity/capabilities and develop innovative approaches, 1) at central level to establish a management framework and 2) at local level to rehabilitate and protect some degraded water catchments and forests in Northern Mau, this includes of supporting livelihoods.

3.2. **Expected results and main activities**

**Results 1**: The Interim Coordination Secretariat has the capacity and resources to coordinate actions provided by other government services, donors and NGOs for an effective rehabilitation and protection of the Mau Forest Complex:

- **Activity 1**: Strengthen the Interim Coordination Secretariat, through, provision of equipment, and operational costs.
- **Activity 2**: Develop a communication strategy and support its implementation.
- **Activity 3**: Develop a Mau ecosystem complex General Management Plan, upon which specific Management Plans for blocks can be developed. The Plan will address drivers of destruction, as related to surrounding area and its population.
- **Activity 4**: Establish an environmental monitoring system including baseline data for forest carbon in 5 forest blocks, for the development of a ‘Reduced Emissions from Deforestation and Land Degradation’ (REDD) mechanism.

**Result 2**: The sustainable livelihoods of three hundred households and their communities living adjacent to two forest blocks in Northern Mau to limit their dependency on destructive resource extraction from forests and catchments.

- **Activity 5**: Support the productive use of forests, by promoting Community Forest Associations, by formalising community rights to non-destructive forest resource use, the establishment of nurseries and private woodlots and assessment studies for Payment for Environmental Services (PES), such as for payments by downstream water users.
- **Activity 6**: Support enhanced economic activities in the areas surrounding the forest in developing value-adding processes, small and micro enterprises, improving agricultural productivity, and engaging in agricultural processing and marketing.

**Result 3**: Rehabilitate degraded water catchments and forests lands in two forest blocks in Northern Mau

- **Activity 7**: Survey and demarcate the boundaries of two forest blocks for the issuance of title deeds.
- **Activity 8**: Plant appropriate seedlings on 200 hectares of degraded forest land.
- **Activity 9**: Assist in the establishment of ten River/Water User Associations aiming to manage riverine areas and water catchments in a sustainable manner.
3.3. Risks and assumptions

With the start of evictions in Mau, there is a risk that interventions targeting restoration may be impeded and impaired by politicisation of the action. To minimise this political risk, the geographical clusters selected for intervention and specifically for Results 2 and 3 target areas with limited land conflicts.

Continued resources for the protection of the Mau forest complex may not be available. This is mitigated at the local level by offering local communities sustainable resource extraction and by safeguarding their water supply. At a national and international level REDD and PES mechanisms will be developed to reflect the large economic benefits that a well functioning Mau forest ecosystem provides while support on concessioning will also improve overall resource flows to the forest blocks and leading institutions.

3.4. Cross-cutting Issues

Environmental sustainability: A key sustainability issue is to change the management of the Mau forest complex from managing as a single resource asset, namely wood, to a multi-resource asset, including water supply, sediment filter, biodiversity, hydro-power generation, ecological balance, carbon sequestration, and tourism.

Gender equality: In the targeted communities living, women and youth have limited influence in public decision making. The project will enlist their active participation in the activities.

Governance: Problems of the Mau result from non-adherence to land and environmental laws, and lack of coordination. The project will work on these issues, the communication and multi-stakeholder strategies will enhance transparency ensure broad participation.

Human rights: Concerns include the relocation of poor settlers and of disfranchising of indigenous peoples, such as the Ogieks. Monitoring by non-state actors (NSAs) and development partners and developing an information and communication approach will reduce this risk.

Sustainability: To increase sustainability of the community interventions, communities will contribute up to 10% of those actions designed to increase their livelihoods.

3.5. Stakeholders

Government: Relevant Government Ministries and the Interim Coordinating Secretariat (ICS). The ICS is a two-year transitional office that will spearhead the establishment of the Mau Forest Complex Authority (MFCA). Once in place, the MFCA will take over the responsibilities of the ICS and will take overall charge of ecosystem restoration.

Private Sector: The tea plantations, large wheat farms, forest product firms, and the Kenya Electricity Generating Company Limited are dependent on a well functioning Mau ecosystem and can be sources of funds and co-manager of forests.

NSAs: NGOs in conservation, ecology and livelihood support– including IUCN, WWF, Kenya Forest Working Group, Pact Kenya, Green Belt Movement). The NSAs can act as implementers of community based actions, can generate resources, can undertake advocacy and can critically monitor the Government’s actions.

“International stakeholders”, such as UNFCCC, the Nile Basin Initiative, the Lake Victoria Commission, the East African Community. Information gathered by the project will be shared with the EU Joint Research Centre, Global Environment Monitoring Unit. These stakeholders can provide technical support and financial inputs through schemes such as REDD.

Local communities including the Ogiek forest dependant communities, which are dependent on the forest for resources and are in part the cause of destruction. These groups have a claim on use rights to the forest, and additional livelihoods to reduce destructive activities.
**Settlers:** These include people that have been allowed to settle on forest lands and comprise of smallholder farmers and absentee owners. These people will have to re-locate from the forest complex.

4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

To ensure Government ownership, a Financing Agreement will be signed with the Government of Kenya. Joint management through the signature of an agreement with an international organisation with the United Nations Environmental Programme –UNEP because of its close involvement with the Government’s initiative to rehabilitate the Mau forest, its ability to use NGOs, Government institutions and the private sector to implement actions, and its knowledge and experience in the Mau forest. The Standard Contribution Agreement will be used. UNEP will engage with ICS, MFCA, other government agencies, private companies, and NGOs.

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.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the DCI regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in articles 31(7) and (8) of the DCI Regulation.

Full financing of the action is allowed as it falls under the application of art. 53(d).1 of the FR and art.253(d) of the IR (joint management).

4.3. **Indicative budget and calendar**

<table>
<thead>
<tr>
<th>Budget lines</th>
<th>in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution agreement with UNEP</td>
<td>2 160 000</td>
</tr>
<tr>
<td>Result 1 Governance of Mau Forest ecosystem</td>
<td>650 000</td>
</tr>
<tr>
<td>Result 2 Livelihood development</td>
<td>540 000</td>
</tr>
<tr>
<td>Result 2 Mau Forest Ecosystem rehabilitation</td>
<td>510 000</td>
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<td>Project coordination and management</td>
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<td>UNEP indirect cost</td>
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<td>Evaluation</td>
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<td>Contingency</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 300 000</strong></td>
</tr>
</tbody>
</table>

The operational period is 36 months from concluding a contribution agreement.

4.4. **Performance monitoring**

On the Overall objective level, the indicators will be on the area of degraded forest from remote sensing data; by UNEP. On the Project Purpose level, indicators will be the quantity and quality of coordination, resources mobilisation, and progress towards establishing a Mau Forest Complex Authority. Result-based indicators include an organisational assessment of the ICS, the existence and quality of strategic plans, M&E system, awareness of stakeholders, the number of local CFAAs and RWUAs established, the adoption of improved livelihoods, the area of forest lands under newly planted trees and length of river-banks managed sustainability.
4.5. **Evaluation and audit**

A final evaluation is planned to be contracted by the EU Delegation in consultation with UNEP. A ROM visit in planned to take place at mid-term. Regular audits will be the responsibility of UNEP in line with the arrangements in the FAFA.

4.6. **Communication and visibility**

At its start, the project will develop a communications and visibility strategy to ensure to reach all relevant stakeholders with appropriate messages and through appropriate channels.
ACTION SHEET P

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title</th>
<th>Under Priority 4 of the ENRTP: Strengthening international environmental governance and policy development</th>
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<td>Total cost</td>
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<tr>
<td>Method / Management mode</td>
<td>Centralised direct management and joint management. Actions under Priority 4 will be implemented by DG Environment under a cross-sub-delegation agreement with EuropeAid.</td>
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| DAC-code | 41000 Environment  
41030 Biodiversity  
31200 Forestry  
32164 Chemicals |
| Sector | Environment, sustainable management of natural resources, including energy |

2. **RATIONALE**

2.1. **Sector context**

A four-year Strategic Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy\(^\text{32}\) (ENRTP, 2007-2010) was adopted by the Commission on 20 June 2007. The basic act for this programme is the Development Cooperation Instrument\(^\text{33}\) (DCI), in particular Article 13, which was adopted on 18 December 2006.

Priority four of the ENRTP aims at improving governance and should help all governments to understand and deal with environmental issues and increase the priority given to sustainability. This requires:

- Working for coherence between the environmental and the other pillars of international governance for sustainable development.
- Assisting regional and international environmental monitoring and assessment.
- Providing additional support to the Secretariats of Multilateral Environmental Agreements (MEAs)
- Promoting effective compliance and enforcement measures for MEAs.
- Supporting international environmental and energy organisations and processes,
- Supporting civil society and environmental and energy policy think tanks.
- Improving the efficiency of international negotiations

This Action will be implemented through a combination of different mechanisms in accordance with the Council Financial Regulation\(^\text{34}\) and the options provided for in Article 25 of the DCI, in particular direct agreements, joint management, and tenders.

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\(^{32}\) C(2007)2572

\(^{33}\) Specifically Art 13 and Article 38 of the DCI

\(^{34}\) Regulation 1605/2002 and revisions thereof
for services. Since Priority 4 is for a limited sum, this Action Fiche addresses all activities and forms of implementation that will be used in 2010.

2.2. Lessons learnt

Long experience demonstrates that the global environment cannot be protected without international agreements built on a common understanding of the threats and solutions that respect the differing capacities of countries to play their part. An effective system of international environmental governance needs adaptable, well resourced institutions. Experience also shows that Multilateral Environmental Agreements and other international processes are unable to raise more than their basic running costs through contributions from the bulk of participants and are therefore reliant on assistance from a narrow range of donors for much of their activity. Such support finances the scientific underpinning for action and is essential for convening meetings and negotiations that are the basis for agreed action including by ensuring sufficient developing country participation in those meetings to make the results representative of all Parties. Donor support also allows organisations, including the UN Environment Programme (UNEP), to give specialist help to developing countries in capacity building.

However, more robust international organisations are not enough. Environmental agreements need to be implemented. Too often in the past the EU was able to persuade its partners to adopt ambitious agreements based on EU standards but could not ensure that support for implementing the agreements became a priority in national development strategies or in requests to donors. By combining support for promoting the EU's environmental policies abroad with a significant programme of environmental integration under the other Priorities it is expected that the ENRTP will encourage greater progress towards implementing the agreements reached.

The current Action Sheet for Priority 4 takes into account EU environmental priorities at global level and builds upon the experience of past and on-going actions since 2007. One significant change since the 2007 programme, made in response to comments from Member States, has been a continuing increase in the size of individual allocations to reinforce the EU's influence in shaping the activities of international bodies and giving them the means to work more effectively.

2.3. Complementary actions

The rest of the ENRTP will improve understanding of poverty and environment linkages and of the state of the key ecosystems on which human activity depends and will finance activities on the ground. This should improve implementation of international agreements and make the EU's leadership role more effective. The results of Commission funded research can also be important in suggesting policy objectives for Priority 4. As environmental challenges move up the political agenda and the will to take action grows there should also be increasing scope for combining action under Priority 4 with follow-up under EU and Member State country aid programmes.

2.4. Donor coordination

The EU coordinates its position for all international environmental processes within the Council including on questions of financial and technical assistance for developing countries and the funding requirements of international organisations. The availability of ENRTP support since 2007 has helped to strengthen this process.
3. DESCRIPTION

3.1. Objectives

The overall objective is improved international environmental governance through support for the implementation of EU external environment policy objectives, the promotion of international negotiations and processes that protect the global environment or building the capacity of developing countries to participate more actively in environmental governance.

In 2010 the programme will focus mainly on progress in four areas: Climate change; Biodiversity; Chemicals, waste and sustainable consumption and production; and International governance. There will also be support to help the Secretariats of a number of MEAs, to which the Community belongs, to implement decisions agreed by their Parties. Particular stress will be placed on gathering support for completing negotiations on the post 2012 climate regime and building capacity to implement the outcome, including specific work on monitoring, reporting and verification of greenhouse gas emissions in developing countries. Much of the work on biodiversity will be linked to increasing understanding of its importance for human wellbeing and using the fact that 2010 is the International Year for Biodiversity to enhance political will for decisive action. Globalisation and growing affluence in large emerging economies makes the promotion of sustainable consumption and production of increasing concern in order to avoid repeating the wasteful resource use and pollution of earlier models of development. The preparation of a "Rio+20" international event will be an excellent opportunity to contribute to defining a sustainable development model for the 21st Century.

3.2. Envisaged actions and expected results

This action fiche deals exclusively with Priority 4.

The following activities will be supported for the beneficiaries / organisations envisaged below and for the indicative amounts shown. These indicative amounts may be altered in line with Article 3 of the Commission Decision relating to adoption of this AAP for 2010:

| (1) | EUR 2 000 000 for Support for the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the work of their Secretariat (UNFCCC secretariat) |

The overall objectives are to facilitate (i) negotiations on the finalisation and implementation of a future climate change regime following the outcome of CoP 15 in Copenhagen in December 2009 as well as (ii) the implementation of the current climate agreements.

The specific objective is to support activities of the UNFCCC secretariat that have been endorsed by the Parties in order to build the capacity of developing countries, make key elements in the existing agreements work better and ensure a well-managed negotiating process that addresses the needs of developing countries. The precise details will be determined in the light of the outcome of the December 2009 Copenhagen Summit and the EU’s reaction to it. Assistance is expected to include:

- Contribution to the Trust Fund for Participation in the UNFCCC Process;
- Support to the expert review process of actions by Annex I Parties under the Convention and its Kyoto Protocol: training for expert review teams, especially members from developing countries and meetings of lead reviewers including regional seminars;

- Support to the implementation of the technology transfer framework and the work of the Expert Group on Technology Transfer (EGTT);

- Support to the Nairobi work programme which assists developing countries to assess impacts, vulnerability and adaptation to climate change;

*Expected results:* the contribution will promote higher levels of support for adaptation work in developing countries, and the availability of further tools for technology transfer to developing countries. It will also allow developing country delegates to participate effectively in UNFCCC meetings. Taken together, the various actions will help create a climate change regime that takes better account of the needs of developing countries.

*Indicators:* Number of developing countries delegates financed to participate in the UNFCCC meetings; Number of developing countries expert reviewers trained by the UNFCCC; Delivery of the expected EGTT outputs (to be defined in Copenhagen); Number of workshops and training seminars under the Nairobi Work Programme; Number of supported NAPAs.

The activity will be *implemented* through joint management with the UNFCCC Secretariat that has been tasked by the Conference of the Parties to undertake the activities listed. The UNFCCC Secretariat was established by the UN Secretariat.

This International Organisation will be subject to a compliance assessment in relation to article 53 (d) of the Financial Regulation. In anticipation of the results of this assessment the authorising officer deems that, based on the long-standing and problem free cooperation with this Organisation, joint management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of Implementing Rules to the Financial Regulation.

(2) **EUR 450 000** for Support for climate change negotiations through the Annex I Expert Group (AIXG) of the Organisation for Economic Co-operation and Development (OECD)

The *overall objective* of the activity is to generate greater understanding of the different issues, including policy solutions underlying the climate negotiations and to move to a greater common understanding to help shape the outcome of negotiations.

The *specific objectives* are to support negotiations under the UN Framework Convention on Climate Change, by allowing the Annex I expert group secretariat to undertake analysis on key issues underlying the negotiations for discussion within the group and with non-Annex I and developing country participants in annual workshops, and to support increased attendance at meetings by government delegates, climate change negotiators and/or other experts from selected emerging countries such as China, India, South Africa and Brazil.
Expected results are:

- New and more in depth analytical work on the implementation of the key elements of the next agreement of future action under the UNFCCC;
- Opportunity to discuss this work in a more open setting between developed and developing country representatives, inter alia by allowing participants from economies in transition and developing countries to participate in the meetings;
- Publication and dissemination of analytical papers with underlying analysis to feed into negotiations.

Main activities will include:

- 2-3 analytical papers on climate change crucial topics;
- Annual AIXG meetings (Annex I country government delegates/climate change negotiators only) in autumn 2011, 2012 and 2013;
- AIXG seminars (wider participation – including experts from key developing countries) annually in spring;
- Presentations and papers developed for the meetings by developing country experts.

Indicators: number of analytical / technical papers produced on key issues, meetings organised and participation of developing countries.

The activity will be implemented through joint management with the OECD. A compliance assessment in relation to Article 53 (d) of the Financial Regulation is currently underway. In anticipation of the results of this assessment the authorising officer deems that, based on the long-standing and problem free cooperation with this Organisation, joint management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of Implementing Rules to the Financial Regulation.

| (3) | EUR 2 500 000 for Support for capacity building on monitoring, reporting and verification (MRV), and other aspects of climate policies in developing countries |

The overall objective of the activity is to provide part of the basis for the inclusion of developing countries in the future climate change regime. Developing countries have accepted that they will need to take action by reducing emissions from 'business as usual' if they are to benefit from financial and technical assistance under the future regime. However, a solid implementable bargain requires an improvement in the quality of greenhouse gas emissions monitoring, reporting and verification (MRV) by developing countries, enabling them to produce high quality, transparent and consistent climate-related information on a regular basis.

The specific objective is to enhance developing countries’ capacities to put in place effective MRV systems and devise meaningful Nationally Appropriate Mitigation Actions (NAMAs) which will underpin their international commitments and will be able to produce quality, transparent, and consistent climate related information on a regular basis.
The expected results are:

1) An understanding of the MRV capacity and capabilities of developing countries in the area of climate change,
2) An understanding of the greenhouse gas emission-related data needs of developing countries and identification of existing and potential users of these data,
3) Identification of ways of monitoring, reporting and verification of greenhouse gas emissions and in particular the impacts on greenhouse gas emissions of policies and measures,
4) Suggestions made as to how developing countries could most successfully establish national systems for monitoring, reporting and verification of their emissions and of their climate change actions,
5) Most appropriate monitoring, reporting and verification options proposed for obtaining meaningful and comprehensive information on the greenhouse gas emissions and the actions taken by developing countries against climate change,
6) Capacity building provided in other priority areas identified in the Copenhagen agreement (e.g. most likely in drawing up low carbon growth plans).

The capacity building activities should focus on specific measurable and realistic outcomes. The main focus should be the establishment of national systems for MRV and the promotion of targeted data collection strategies and software tools to assist developing countries in moving to technically more robust methods.

_indicators:_ manuals produced for guidance on MRV aspects, state of MRV in some key selected countries (about 5 to be selected).

The action will be *implemented* through a restricted call for tender.

**| (4) EUR 600 000 for Support for the Intergovernmental Panel on Climate Change (IPCC) to facilitate the preparation of their 5th assessment report**

The IPCC is in the process of preparing its 5th Assessment Report (AR5) due in 2014. The AR gives a regular summary of the science of climate change and is a key driver in global climate change policies.

The overall objective of the activity is to contribute to the production of ever more accurate scientific information to drive global climate change policies.

The specific objective is to ensure proper involvement of developing countries in the preparation of the IPCC’s 5th Assessment Report.

Expected results:

- Developing country experts attend IPCC meetings preparing AR5 thereby enhancing the credibility of the outcome through balanced representation and interpretation of the science of climate change;
- IPCC AR5 preparation meetings are organised in developing countries to promote the regional focus of AR5 and incidentally to assist awareness-raising and capacity building in those countries.
Indicators: participants from developing countries attending AR5 preparation meetings, number of AR5 meetings organised in developing countries.

The action will be *implemented* through a direct grant to the IPCC. As an intergovernmental process, the IPCC which is jointly hosted by the World Meteorological Organisation and the United Nations Environment Programme has been given an exclusive mandate to provide the world with a clear agreed scientific view on the current state of climate change and therefore has a de facto monopoly in providing authoritative guidance. The IPCC reviews and assesses the most recent scientific, technical and socio-economic information produced worldwide relevant to the understanding of climate change. It does not conduct research itself. Thousands of scientists from all over the world contribute to the work of the IPCC on a voluntary basis.

| (5) | EUR 1 500 000 for Support for UNEP assistance to regions in refining the Millennium Ecosystem Assessment through assessment at regional (sub-global) level (Capacity development for effective use of ecosystem assessment in developing countries) |

The *overall objective* of the activity is to contribute to reversing the decline in ecosystem services through effective use of ecosystem assessment to inform policy-making in developing countries.

The *specific objective* is to enhance regional ecosystem assessment, by increasing the number of sub-global assessments, by building capacity in ecosystem assessment and by widening access to methodological tools in developing country regions.

The framework of sub-global assessments (SGAs) was developed as a core component of the Millennium Ecosystem Assessment (MA) aiming at directly meeting the needs of decision makers but coverage of the poorer regions of the world where people are most directly reliant on eco-system services for their livelihoods remains inadequate.

The *expected results* are:

1) SGAs are assisted by mobilising funds and technical support at a regional level to enable effective delivery of ecosystem assessments;
2) User-defined capacity needs for ecosystem assessment addressed at a regional level;
3) Existing tools (including valuation) and materials are disseminated to target audiences including currently under-served regions; and
4) Knowledge sharing and skills development occurs among assessment practitioners on an annual basis.

Indicators: Funding mobilised for applied SGA in developing countries (Africa, Asia and Central/South America); Participation of developing countries, in particular from Africa, Asia and Central/South America in regional targeted workshops on SGA and annual network-wide knowledge sharing trainings to be held between 2010 and 2013; Regional workshops and annual knowledge-sharing trainings carried out according to standards; Assessments tools (including valuation) and training materials produced and accessible to developing countries.
The action will be implemented through joint management with UNEP. UNEP has received a positive compliance assessment in relation to Article 53 (d) of the Financial Regulation.

**EUR 1 000 000 for Support for the Secretariat of the Convention on Biological Diversity (CBD) in implementing CoP 10 decisions**

The overall objective of the activity is to contribute to reducing the loss of biodiversity and achieving the post-2010 global biodiversity target, particularly in developing countries.

The specific objective is to contribute to the implementation of decisions that will be taken in October 2010 by the 10th Conference of the Parties to the UN Convention on Biological Diversity (CBD COP10) and the Fifth Meeting of the Parties to the Cartagena Protocol on Biosafety (CPB MOP5) particularly in relation to developing countries.

Since the activities to be funded will be based on decisions adopted by Parties in October 2010, the proposal remains to be fully defined but it will be based on those key EU policy priorities that are endorsed by developing countries. It is important to have resources available in 2010 so that the EU can engage constructively at the COP and MOP and promote a realistic work programme for the Secretariat. EU priorities are: a) support for participation of developing countries representatives in relevant meetings of the CBD and the Cartagena Protocol to ensure that decisions fully reflect the positions of all Parties, b) support for developing countries in implementing agreed activities under the Cartagena Protocol on Biosafety, c) technical assistance to developing countries to ratify and implement the International Regime on access to genetic resources and sharing the benefits that should be finalised at COP 10, d) implementation of the Strategic Plan of the CBD, e) support implementation by developing countries of COP decisions, in areas such as marine and coastal biodiversity protected areas, mainstreaming sustainable use of biodiversity into economic activity, biodiversity and climate change, freshwater and biodiversity, economics/valuation of biodiversity and ecosystem services.

**Indicators:** Participation of developing countries in CBD meetings to be held between 2010 and 2012; Regional workshops carried out and expert meetings held as decided by Parties to the Convention at CBD COP 10; Studies produced and published as decided by the CBD COP 10; Training toolkits and e-learning tools developed as decided by CBD COP 10.

The action will be implemented through joint management with CBD Secretariat which is under the responsibility and financially accountable to UNEP. The accounts of the CBD Secretariat were included in the compliance assessment in relation to Article 53 (d) of the Financial Regulation which found that UNEP generally meets the standards identified by the Commission for the four pillars.

**EUR 1 000 000 for Support for the implementation of the CBD Work Programme on Protected Areas with a focus on marine protected areas in developing countries, least developed countries and small island developing states through targeted capacity development**
The *overall objective* of the activity is to promote the global target of reducing current rates of biodiversity loss by 2010, particularly in developing countries. The Convention on Biological Diversity (CBD) is a key policy tool in this area.

The *specific objective* is to support enhanced implementation of the CBD Programme of Work on Protected Areas (PoWPA) in developing countries, with associated benefits for livelihoods and poverty reduction through (i) targeted capacity building and training on key themes by organizing sub-regional workshops, (ii) enabling sub-regional technical support networks and (iii) creating awareness about funding opportunities and capacities for the timely presentation of focussed project proposals under GEF5.

**Expected results** are:

(a) Professional capacity developed for enhanced implementation of the PoWPA including development of learning resources and training on key themes of work especially on marine protected areas, climate change, benefits and services of protected areas;

(b) Regional technical support network is developed and used; participants in PoWPA support activities in sub-regions are enabled to maintain contact with the programme and with each other; they are updated on new resources and training opportunities and enabled to communicate among themselves and receive technical advice;

(c) Focussed project proposals are submitted for funding as soon as the GEF5 approach to biodiversity projects is established by the GEF Council.

*Indicators:* Countries having access to professional capacity to undertake essential elements of the PoWPA; PoWPA implementation plans and effective sub-regional workshops organised; 64 PoWPA implementers are trained plus approximately 16 representatives of indigenous and local communities from 8 sub-regions; Regional coordinators appointed and supported by host agencies within the PoWPA Friends Consortium; At least 50% of Parties attending the workshops submit focused project proposals in time for consideration under GEF 5.

The action will be *implemented* through joint management with the CBD Secretariat.

| (8) EUR 500 000 for Support to the implementation of CITES CoP 15 decisions through its Secretariat (2010-2013) |

The overall *objective* is to conserve biodiversity by ensuring that international trade in specimens of wild animals and plants is sustainable and does not threaten their survival. The trade is diverse, ranging from live animals and plants to a vast array of finished products derived from them, including food products, exotic leather goods, wooden musical instruments, timber, tourist curios and medicines. The Convention contributes to the achievement of the target endorsed by the World Summit on Sustainable Development and the Convention on Biological Diversity of significantly reducing the current rate of biodiversity loss by 2010 and to the millennium development goals. CITES is implemented in the EU through Council Regulation (EC) No. 338/97.
The specific objective is to implement decisions to be taken by COP 15 in March 2010. These decisions are likely to call for:

- Compliance with and implementation of the Convention, including improved national laws and wildlife trade policies in developing countries; reducing the administrative burden for exporting (mainly developing countries) and importing countries; increasing incentives for the implementation of the Convention; clarifying provisions relating to the implementation and interpretation of the Convention.

- Effective enforcement of the Convention, including improved international cooperation in tackling illegal trade in priority species; the creation of a database to facilitate the analysis of data on illicit trade; a toolkit for use in relation to trade (legal and illegal); and assisting in the development of sub-regional wildlife enforcement networks.

- Improvements in species management and the scientific basis for implementation of the Convention, i.a.: improved guidelines on establishing non-detriment findings (proof of sustainable harvest), evaluation of the significant trade review process and the establishment of the Significant Trade Review Online Management System (STOMS) as well support for implementing decisions on specific CITES species.

The expected results will be defined in more detail once the decisions are taken. They are likely to include better national legislation through guidance by the Convention Secretariat; better capacity building; recommendations and actions for national enforcement plans and improved cooperation on international illegal trade; further work on non-detriment findings, the Significant Trade Reviews process, and electronic permitting; and elements of the implementation of Action Plans decided by the CoP.

Indicators: number of workshops carried out in accordance with CoP15 decisions, number of draft CoP resolutions and guidelines, number of tools (CD-ROMs - web tools - studies) assisting Parties implementing the Convention

The action will be implemented through joint management with the Convention on International Trade in Endangered Species (CITES) Secretariat which is under the responsibility of and financially accountable to UNEP. The accounts of the Secretariat were included in the compliance assessment in relation to Article 53 (d) of the Financial Regulation which found that UNEP generally meets the standards identified by the Commission for the four pillars.

(9) EUR 600 000 for Support for the Secretariat of the UN Convention to Combat Desertification for the development of policy options based on priorities identified in the Work Programme for 2010-2011

The overall objective of the activity is to enhance implementation of the UNCCD and particularly of its new 10 year strategy, which contains a set of well-defined objectives and expected results, each one supported by a specific performance indicator.

The specific objective is to assist UNCCD Parties with the fourth national reporting on the implementation of the Convention. It focuses on (i) assessing the baseline and performance in relation to a number of activities and issues relevant to desertification using agreed performance indicators and (ii) offsetting up a knowledge management system that will inform and guide subsequent assessment of the implementation of UNCCD. This reporting exercise will be the first based on the new Strategy and the
new performance indicators. It may be seen as a pilot exercise and will be a step forward in providing updated information on the state of play of UNCCD implementation, including the extent of land degradation and desertification throughout the world.

The *Expected results* are:

- Credible and verifiable information of the baseline situation for future planning of investments and actions;

- A credible and widely accepted understanding of the current state of implementation of UNCCD;

- The capacity of Affected Country Parties to assess the performance of NAPs as a means to combating DLDD and of UNCCD implementation is enhanced. Affected Country Parties here include the three main regional groups under the UNCCD (Africa, Asia and Latin America-Caribbean) plus the Eastern European countries neighbouring the EU.

The project will contribute to the publication of the national, regional and synthesis reports as well as the organisation of ad-hoc seminars for methodological and technical support to affected country parties.

*Indicators:* the publication of the reporting guidelines by the UNCCD Secretariat; the organisation of support seminars in all the regional groups; the compilation of national reports into regional syntheses; the preparation of the global synthesis; and a specific report on the implementation of this reporting exercise.

The activity will be *implemented* through joint management with the UNCCD Secretariat which was established by the UN Secretariat.

This International Organisation will be subject to a compliance assessment in relation to article 53 (d) of the Financial Regulation. In anticipation of the results of this assessment the authorising officer deems that, based on the long-standing and problem free cooperation with this Organisation, joint management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of Implementing Rules to the Financial Regulation.

(10) **EUR 180 000** for *Support for the work of the Organisation for Economic Co-operation and Development (OECD) Joint Working Party on Trade and Environment (JWPTE)*

The *overall objective* of the activity is to provide policy analysis to and promote dialogue amongst policy makers on key trade and environment issues, with a view to enhancing the mutual supportiveness of both policy areas, both among OECD members and between OECD and non-OECD countries.

The *specific objective* is to provide support to some key components of the OECD’s Trade and Environment activities taking account of its Work Programme for 2011-2012.
The expected results are:

1) In the framework of regional trade agreements, assistance is provided to government representatives negotiating, implementing and evaluating such agreements, with a specific focus on environmental and sustainable development provisions and impacts;

2) As regards trade and climate change, the policy implications of GHG emission reduction measures on transport is analysed, understanding of the effects of inefficient fossil fuel subsidies on trade and climate change is improved, and ways to remove barriers to trade in renewable energy are proposed.

3) Some key emerging trade & environment issues are identified and addressed as part of the 2011-2012 JWPTE work programme.

Indicators: reports submitted to JWPTE meetings as well as workshops.

The activity will be implemented through joint management with the OECD.

This International Organisation is currently subject to an external evaluation in relation to article 53 (d) of the Financial Regulation. In anticipation of the results of this assessment the authorising officer deems that, based on the long-standing and problem free cooperation with this Organisation as well as on its own evaluation of the internal rules of this International Organisation, joint management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of Implementing Rules to the Financial Regulation.

(11) EUR 400 000 for Support for the Rotterdam Convention to ensure the follow-up of COP decisions by providing assistance to selected Parties

The overall objective of the activity is to contribute to the effective implementation of the Rotterdam Convention, i.e. to protect human health and the environment from potential harm caused by the international trade in certain hazardous chemicals.

The specific objective is to strengthen the capacity of developing countries to meet the obligations of the Rotterdam Convention.

The Expected results are:

a) National awareness raising meetings on industrial chemicals held, guidance documents and easy-to-use risk assessments methodologies produced;

b) Sub-regional meetings held for designated National Authorities to foster cooperation (identify common problems and share experience in finding solutions);

c) Capacity building provided for the clearing-house mechanism of the Rotterdam Convention, in cooperation with the Stockholm and Basel Conventions;

d) 2 field projects prepared and implemented as pilot monitoring programmes on Severely Hazardous Pesticide Formulations (SHPF);
e) Financial support is provided for the participation of developing countries in the fifth Conference of the Parties COP 5.

*Indicators:* guidance documents, national meetings, sub-regional meetings, available online information on chemicals, pilot projects developed, participation of delegates from developing countries in COP 5.

The action will be *implemented* through joint management with the Rotterdam Convention Secretariat which is under the responsibility of and financially accountable to UNEP. The accounts of the Secretariat were included in the compliance assessment in relation to Article 53 (d) of the Financial Regulation which found that UNEP generally meets the standards identified by the Commission for the four pillars.

(12) **EUR 482 000** for **Support for Parties to implement their obligations under the Stockholm Convention in 2010**

The *overall objective* of the activity is to support Parties, in particular developing countries and countries with economies in transition to implement their obligations under the Stockholm Convention on Persistent Organic Pollutants (POPs).

The *specific objective* is to build the Parties’ capacity on approaches to managing, reducing and eliminating POPs, with particular focus on those POPs that were added to the Convention at the 4th Conference of the Parties and on PolyChloroBiphenyls (PCBs), through awareness raising and capacity building activities and the updating of national implementation plans.

*Expected results:* the proposed activities will result in enhanced knowledge and decision-making capacity on the environmentally sound management of POPs, particularly newly controlled POPs and PCBs. Parties, particularly developing countries, will have increased knowledge of the risks related to POPs and the tools and knowledge required to minimise those risks.

*Indicators:* training sessions, guidance documents produced, reference knowledge centre for information exchange, interactive CD ROM on POPs management, participation of developing countries to annual meetings, magazine produced on PCBs and translated into 6 UN languages.

The activity will be *implemented* through joint management with the Stockholm Convention Secretariat which is under the responsibility of and financially accountable to UNEP. The accounts of the Secretariat were included in the compliance assessment in relation to Article 53 (d) of the Financial Regulation which found that UNEP generally meets the standards identified by the Commission for the four pillars.

(13) **EUR 487 000** for **Strengthening the implementation, compliance and enforcement of the Basel Convention in synergy with related MEAs**

The *overall objective* is to enhance compliance with and implementation of the Basel Convention, especially by developing countries. This Convention on the control of cross-border movements of hazardous wastes and their disposal is the most comprehensive global environmental agreement on hazardous and other wastes.
The specific objective is to support actions selected by the Parties to the Basel Convention to improve the environmentally sound management of wastes and their cross-border movement.

The expected results are:

a) A review and assessment of the application of the control system for the cross-border movement of wastes; an assessment of the compliance and implementation status of specified obligations of the Parties; a review of existing national legislations and other legal or administrative measures; guidance documents on best practice in national reporting.

b) A draft instruction manual produced for the legal profession on the prosecution of illegal traffic; the development of tools and training activities to assist Parties in implementing and enforcing the Convention; an e-learning tool for training on inventory, reporting and notification requirements for chemical conventions; training of Parties in 3 regions to help countries comply with their national reporting obligations.

c) A case study produced on the development of model facilities for ship dismantling; a feasibility study to estimate the cost of the application of the Maersk-type model in the South Asian region and identify potential sites for establishment of such facilities; training delivered on environmental protection and waste management issues to managerial staff; assistance provided to Parties with setting up an environmental licensing system for the approval of ship recycling facilities and for drafting rules and regulations for the proper handling and management of hazardous wastes.

Indicators: assessment and feasibility reports available, training materials.

The action will be implemented through joint management with the Secretariat of the Basel Convention which is under the responsibility of and financially accountable to UNEP. The accounts of the Secretariat were included in the compliance assessment in relation to Article 53 (d) of the Financial Regulation which found that UNEP generally meets the standards identified by the Commission for the four pillars.

(14) EUR 1 000 000 for Support for the UN Environment Programme in organising and preparing the sessions of the Intergovernmental Negotiation Committee for a legally binding instrument on mercury, under UNEP GC Decision 25/5

UNEP adopted a Programme for International Action on Mercury in 2003. In February 2009, the UNEP Governing Council adopted Decision 25/5 mandating an International Negotiation Committee (INC) to develop a global legally binding instrument on mercury.

The Overall objective is to contribute to the negotiation process on a global legally binding instrument on mercury

The Specific objective is to secure the timely preparation and holding of five sessions of an intergovernmental negotiation committee (INC) on mercury, as provided for by UNEP GC Decision 25/5 and the recommendations of the preparatory working group.
meeting in Bangkok (19-22 October 2009); this includes inter-session work to be performed by the UNEP Secretariat.

The *Expected result* is a draft global legally binding instrument on mercury, ready for signature, in early 2013

*Indicators*: successful organisation of the INC sessions; timely availability of meeting documents; organisation of regional workshops to increase knowledge and to foster the negotiation process.

The activity will be *implemented* through joint management with UNEP.

(15) **EUR 300 000** for **Supporting the follow-up of the extraordinary CoPs of the Basel, Rotterdam and Stockholm Conventions**

The *overall objective* of the activity is to strengthen international environmental governance by promoting joint activities by and the sharing of resources between Conventions in related fields in order to improve their support to developing countries in particular.

The *specific objective* is to support the implementation of decisions on enhancing cooperation and coordination between the Basel, Rotterdam and Stockholm Conventions taken by the simultaneous Extraordinary Conferences of the Parties of the 3 Conventions to be held at the end of February 2010.

*Expected results*: The precise results will depend on the content of the decisions but are likely to include interim action to strengthen a joint approach to management of the 3 Conventions; joint efforts to help developing countries mobilise resources for meeting their obligations under the Conventions and the provision of compatible IT equipment to enable the Secretariats to work together more easily especially on a clearing house mechanism to provide information to Parties.

*Indicators*: timely implementation of the agreed decisions.

The action will be *implemented* through joint management with UNEP and possibly the Basel, Rotterdam and Stockholm Convention Secretariats which are under the responsibility of and financially accountable to UNEP.

(16) **EUR 300 000** for **Supporting the dialogue on the state of the environment in the Arctic region (‘Arctic-dialogue’)**

The *overall objectives* of the activity are to protect and preserve the Arctic in unison with its population, promote sustainable use of natural resources and contribute to enhanced Arctic multilateral governance.

The *specific objective* is to implement the proposal in the *Communication on the EU and the Arctic Region* COM(2008)763, adopted in November 2008 that the Commission should 'promote permanent dialogue with NGOs on the state of the
environment in the Arctic region' and agreed by the Council Conclusion on Arctic Issues adopted on 8 December 2009\(^{35}\).

The *expected results* are:

- A forum for key NGOs on Arctic environmental issues with the participation of EU and other interested parties, meeting at least twice a year;

- Secretariat support for the above, including a website;

- Holding of at least one workshop each year related to the state of the Arctic environment and contribution to the analysis for it. This should inform dialogue, thereby assisting EU policy development in order to improve the effectiveness of its response to present and potential future pressures on the Arctic environment.

*Indicators*: number and impact of meetings of the regular platform, website, long term stability of the dialogue (funds raised).

The action will be *implemented* through a restricted call for tender.

| (17) EUR 350 000 for Supporting stakeholder engagement and preparation for a Rio+20 Earth Summit in 2012 |

The overall *objective* is to improve developing countries' participation in international environmental governance.

The *specific objective* is to support global civil society preparation and engagement for the Rio+20 Earth Summit in 2012.

The *expected results* are:

- Coordinated civil society input to the World Summit in 2012: key stakeholder organisations are identified (NGOs, trade unions, local authorities and business), policy documents for the consideration and agreement of the stakeholders are produced and translated into the main UN languages;

- Regional preparatory conferences are held in Africa, Asia and Latin America;

- One or two preparatory conferences are held before the Summit;

- The participation of appropriate representatives and representation of stakeholder input in the Rio+20 Conference is ensured.

*Indicators*: Number of meetings held, number and quality of strategic documents prepared, number of participants involved in preparatory meetings and in the Rio+20 conference itself, number of civil society organisations participating.

The activity will be *implemented* through either a restricted call for tender, or a direct grant if an official civil society "platform" is established and recognised by the UN for Rio+20.

(18) EUR 650 000 for Outlook to RIO+20 - A sustainable development path for developing countries: how can sustainable consumption and production and green growth make it happen?

The overall objective is to provoke a similar leap forward in building international consensus on action required for global sustainable development as was achieved by the Report on Our Common Future (the Brundtland Report) which served as the basis for the 1992 Rio UN Conference on Environment and Development.

The specific objective is to construct a coherent vision of sustainable development in the 21st century in which the poor can enjoy rising living standards while humanity respects the carrying capacity of the planet.

Expected results are:

- A coherent vision of sustainable development in the 21st century is proposed. It builds upon lessons from experience, responds to the evolving and inter-linked nature of the challenges, and illustrates how policy and smart investments can guide the de-coupling of welfare from growth in consumption of materials;
- Policy-relevant scientific information on these issues is available for dissemination in a user friendly format;
- Realistic implementation mechanisms are identified and designed.
- A synthesis volume with the working title, “Sustainable Development in the 21st Century” (SD21) is drafted, and is available for discussion at the Preparatory Committee for Rio+20 if the UN General Assembly agrees, as expected, to hold this meeting.

Indicators: regional priorities defined; existing scientific information on case studies, successful models, activities, and policies brought together; expert meetings, conferences, lectures, and symposiums, organised specially for this purpose; policy briefs, articles, and background papers commissioned during this process; contributions received from major groups.

The action will be implemented through joint management with the United Nations Department of Economic and Social Affairs (UNDESA), Division for Sustainable Development (DSD). DSD is part of the UN Secretariat which has received a positive compliance assessment under Article 53 (d) of the Financial Regulation.

(19) EUR 200 000 for Developing a modular approach to chemicals management

The overall objective is to support the work and implementation of the Strategic Approach to International Chemicals Management36 (SAICM) particularly in developing countries.

The specific objective is to develop a framework and a number of modules for a toolbox enabling developing counties and countries with economies in transition to

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36 Adopted by the Conference on Chemicals Management at its first session, held in Dubai, United Arab Emirates, from 4 to 6 February 2008.
identify and implement practical and efficient chemicals management systems addressing national policy needs.

The expected results are:

1) A framework is developed in the form of a step-by-step guidance on formulating chemicals management problems, identifying options to address the problems and deciding on the best option to be pursued;
2) A number of modules for the toolbox are developed. The modules will focus on hazard assessment.
3) A pilot example from a developing country of how to apply the framework, how to use the toolbox, and how to address a concrete chemical management problem will be developed.

Indicators: availability of the toolbox and demonstration material.

The activity will be implemented through joint management with OECD.

3.3. Stakeholders
By definition there are a wide range of stakeholders in activities to strengthen international environmental governance and exercise EU leadership. Stakeholders include governments, international and regional organisations, development NGOs, civil society advocacy groups including environmental NGOs, industry and agriculture representatives, labour organisations, women's groups, indigenous people and the research community. Many of the activities described above are aimed at facilitating the participation of a wide range of stakeholders in decision-making.

3.4. Risks and assumptions
Most of the organisations mentioned above are subject to high expectations from their members but have limited capacity to carry out work. The use of sub-contractors and consultants is common and can lead to delayed or lower quality results. Efforts have been made to minimise this risk by concentrating support on those parts of the respective work programmes which have a high profile and have received strong support from partners especially developing countries. Several of the actions are time-bound and directed at particular events. However, they are all aimed at building political and stakeholder support for long-term environmental sustainability.

3.5. Crosscutting Issues
Environmental sustainability is the objective of all the actions and many promote good governance. Women and marginal groups tend to be particularly dependent on the environment for their livelihoods so gender equality and human rights are central to many of the projects listed above.

4. IMPLEMENTATION ISSUES

4.1. Implementation method
The method of implementation for each identified action is specified under section 3.2.
Actions under Priority 4 of the ENRTP will be implemented by DG Environment under a cross sub-delegation agreement with EuropeAid.

4.2. **Procurement and grant award procedures**

In case of Joint Management: Agreements will be concluded and implemented in accordance with the procedures and standard documents laid down and published by the international organisation concerned, as specified in the agreements.

In case of centralised direct management: the Practical Guide to contract procedures for EU external actions will apply unless other requirements would prevail.

4.3. **Budget and schedule**

The maximum EU contribution for targeted actions and calls for tender under Priority 4 in 2010 financed from budget item 21 04 01, as detailed in this sheet, is **EUR 14 499 000**. The indicative breakdown is outlined under section 3.2.

In the case of grants and joint management the EU contribution may be maximum 80% of the total eligible costs. Exceptionally more than 80% co-financing may be agreed upon. For financing in full under centralised direct management, a derogation from the competent authorising officer by sub-delegation is required.

The estimated duration of the actions is between 12 and 36 months, depending on the type of intervention.

4.4. **Performance monitoring**

Depending on the nature of the action monitoring missions could be envisaged on an ad hoc basis.

4.5. **Evaluation and audit**

The audit rules are laid down in the general conditions of the contribution agreements, administrative agreements, grant- or procurement contracts.

Depending on the nature of the action mid-term and final evaluations would be foreseen for the actions.

Additionally, the Commission undertakes regular audits of actions.

4.6. **Communication and visibility**

Most of the results of the actions will be widely disseminated to all stakeholders.

EC contributions will be identified and reported in key publications of the beneficiaries.
ACTION SHEET Q
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title</th>
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2. RATIONALE

2.1. Sector context

Revenues from extractive industries can make a significant contribution to growth, poverty reduction, and sustainable development provided that they are managed well. When managed poorly, extractive industries may instead contribute to poverty, corruption, and conflict - better known as the ‘resource curse.’ Some countries rich in natural resources such as oil, gas, and mining have tended to under-perform economically, have a higher incidence of conflict, and suffer from poor governance.

These effects are not inevitable and it is hoped that by encouraging greater transparency in countries rich in these resources, some of the potential negative impacts can be mitigated. An extractive industries sector that adheres to best practices of accountability, transparency, and revenue management will reduce poverty and foster positive conditions for sustainable development.

2.2. Lessons learnt

Reviews indicate that a monitoring and evaluation framework that measures progress is critical to the success of EITI. The EITI Results Framework, a set of relevant monitoring indicators that track and measure progress of EITI country activities on the ground, has been designed as an effective method of evaluating activity design, timeliness of activity completion, and cost efficiency.

Regular dissemination of lessons learned from EITI implementation is also critical to its success. Dissemination of EITI lessons learned will be achieved through the Bank’s collaboration on governance initiatives across its departments, as well as through regional events/workshops, and meetings with all the major stakeholders. In addition, EITI multi-stakeholder engagement provides an opportunity for implementing countries to apply lessons learned from EITI to other sectors within their countries.
Lastly, political commitment and strong buy-in from all stakeholders is equally critical to the successful implementation of EITI on the ground. In some countries there is thin capacity and help may be needed in preparing a work plan, the budget, the scope of work or advertisements for bidders, or negotiating the contract with the auditor or aggregator.

The case of Nigeria’s EITI, however, has demonstrated that where strong national commitment and active engagement of all stakeholders led to better understanding of extractive industries and financial flows and improved ‘like for like’ revenue collections in Nigeria.

2.3. Complementary actions

Support for EITI, which aims at improved governance in resource rich countries, will not only complement other governance related programmes of the EC, but also the overall development agenda. Increasing transparency and accountability in resource rich countries will ensure that oil, gas, and mining revenues contribute to sustainable development and poverty reduction and help minimise conflicts fuelled by poor governance and misuse of resource revenues. Moreover, the EITI mandate to build multi-stakeholder partnerships provides a forum for civil society, governments and extractive industries companies to engage and exchange views on a high-profile topic. Civil society organisations are integrally involved in influencing the EITI, and their understanding of the issues can be beneficial to the civil society membership in getting organised. In addition, an affiliation with such organisations can be useful in increasing the visibility, credibility, and potential influence of the local civil society. Lastly, support for EITI further complements efforts to improve public sector policies and revenue management leading to a better investment climate for private sector development. One can expect the government to secure outside help for the multi-stakeholder group once it is formed. An external adviser can give impartial advice to the entire group, and ensure that the work is performed in a manner consistent with international standards.

2.4. Donor coordination

The EITI governance structure supports close collaboration with donors and beneficiaries through the EITI Board, thus promoting Donor Harmonisation, a key principle of the Paris Declaration. Its board members include donors, recipient countries, extractive industries companies, and civil society organisations. Through coordinating donor aid and activity, the EITI Multi-Donor Trust Fund (MDTF) further promotes the Paris Declaration by reducing the administrative burden on implementing countries. A Memorandum of Understanding between the EITI Board, Management Committee, and Secretariat further clarifies the role played by all parties involved ensuring effective donor coordination and partnerships. Donors who contribute more than $500,000 to the MDTF can also join the Management Committee which provides a forum to engage with other donors on implementation principles thus increasing aid harmonisation and effectiveness.

Country ownership, another key principle of the Paris Declaration, is also a critical component of the EITI process. The MDTF requires that countries design their own work program. This forms the basis of the Grant Agreement that the joining country enters into with the MDTF, thus ensuring that countries are leading the EITI process.
In this context, countries are encouraged to share their programs with bilateral donors to further coordinate donor activity on this front.

3. DESCRIPTION

3.1. Objectives

The Extractive Industries Transparency Initiative (EITI) aims to improve transparency and accountability in resource rich countries in order to fully realise the poverty reduction and sustainable development benefits from oil, gas, and mining.

Benefits for implementing countries include an improved investment climate, obtained by providing a clear signal to investors and international financial institutions that the government is committed to greater transparency. EITI also helps to strengthen accountability and good governance, thereby promoting greater economic and political stability. This, in turn, can help prevent of conflict from arising around the oil, mining and gas sectors.

The benefits to companies and investors centre on mitigating political and reputational risks. Political instability caused by opaque governance is a clear threat to investment. In extractive industries, where investments are capital intensive and depend on long-term stability to generate returns, reducing such instability is beneficial for business. Making payments to a government transparent can also help to demonstrate the contribution that their investment makes to a country.

The benefits to civil society come from increasing the amount of information in the public domain about the revenues that governments manage on behalf of citizens, thereby making governments more accountable.

3.2. Expected results and main activities

The EITI Multi-Donor Trust Fund currently funds activities in more than 12 countries, and the EITI has been endorsed in almost 10 more. Country-specific Grant Agreements are signed to define and establish which activities are to be executed by the Recipient. The Trust Fund can be used to support activities centred on the six basic EITI criteria:

- Regular publication of all material oil, gas and mining payments by companies to governments (‘payments’) and all material revenues received by governments from oil, gas and mining companies (‘revenues’) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.

- Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.

- Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator’s opinion regarding that reconciliation including discrepancies, should any be identified.

- This approach is extended to all companies including state-owned enterprises.
• Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.

• A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

EITI thus supports improved governance and accountability through the verification and full publication of company payments and government revenues from oil, gas, and mining. All reports are subject to validation by an independent auditor. Global activities are aimed at coordinating, disseminating, and producing/publishing outputs and sector-specific information and guidelines produced in the various countries.

Knowing what companies pay and what governments receive is a critical first step to holding decision makers accountable for the use of resource revenues. Moreover, better understanding of extractive industries financial flows among the public and civil society groups will strengthen the 'demand side' of governance and foster democratic debate. Improved transparency will not only reduce waste and corruption but also improve macroeconomic management, enhance access to finance leading to a better investment climate, and ultimately improve the development effectiveness of extractive industries.

Additionally, the World Bank aims to mainstream activities promoting good governance and accountability into its Country Assistance Strategy and policy dialogue work, as well as lending and non-lending technical assistance. The Bank also aims to increase collaboration with the IMF on this front.

Lastly, EITI is a partnership involving developing countries, donors, extractive industries companies, civil society groups and international organisations. By providing a forum for multi-stakeholder engagement, EITI can mitigate tensions that can lead to conflict.

3.3. Stakeholders

Stakeholders include developing countries, donors, extractive industries companies, civil society groups (from both donor countries and implementing countries) and international organisations.

The 2010-2011 work programmes cover 50 countries as of September 2009, versus 46 countries on 30 September 2008.


Civil society organisations involved in the process are: Publish What You Pay Coalition, Catholic Agency for Overseas Development (CAFOD), Georgia Revenue Watch and NGO Coalition ‘For Transparency of Public Finance’, Global Witness,
3.4. Risks and assumptions

The main operational risk to be managed in deploying MDTF funds is that of country and activity selection to ensure results are achieved. Other risks to be managed include coordination of MDT-funded implementation activities with activities supported by other development partners and stakeholders in EITI.

Mitigating measures include application of selection guidelines for allocations, donor role in discussing and approving work programs and close supervision by the World Bank of country-executed EITI activities, amended by in-country missions. Additionally, the employment of consultants who work on the ground and support the countries with their implementing activities has recently been proved an effective tool in a number of countries (e.g. DRC).

Other risk factors to be considered include external factors such as natural disasters and/or changes of the political climate, which may result in significant delays and/or sudden changes of internal priorities. Political upheaval and elections can seriously affect the timely implementation of EITI activities and disrupt the work of the government and its country champion in effectively moving the process forward. Taking a regional approach to EITI engagement may help address this risk. Lastly, lack of funding, when needed, is another challenge to the timely implementation of EITI activities as it can delay providing much needed support on the ground.

3.5. Crosscutting Issues

In the context of both the global EITI architecture and the World Bank strategy (in the context of which the MDTF operates), EITI is a transparency initiative focused on petroleum and mining revenues. As such, EITI is an important part in the wider Governance, Anti-corruption and Public Financial Management agenda. Also important are linkages to sound natural resource (extractives) management and sustainability. This link has recently gained additional strength when Liberia decided to include the forestry sector in its national EITI program. Finally, EITI works as a building block for strengthening civil society organisations in the respective countries, and fosters and supports the dialogue between the government and civil society. EITI provides a systematic forum for governments, civil society and extractive industries companies to engage on a host of sector issues and concerns such as community development, environmental concerns, and the gender bias in the benefits and risks from extractive industries projects. Multi-stakeholder approaches can become truly institutionalised.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Joint management concerning a multi donor action trust fund administered by the World Bank. For this purpose will an amendment to Administration Agreement
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EuropeAid/DCI-ENV/2007/143941/TPS be concluded, or alternatively a new administration agreement according to the established model.

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**

The maximum EU Contribution is EUR 530 000. The contribution is foreseen to cover approximately a three-year period (from the signature of a restated and/or amended Administration Agreement foreseen in 2010 until the end of the current operational duration of the EITI that is 22 April 2013). No further need for additional contributions to the EITI is foreseen during the course of 2010 and 2011.

Donor contributions (confirmed and expected) as of 30 June 2009 amount to approximately US$ 27.78 million.

1. The overall financial budget planning and work program execution and expenditures are for planning and monitoring/reporting purposes divided into three different categories in the work program for the EITI MDTF:

   - 'country specific activities' which consists of the support given to countries for implementation of EITI work plans in countries. These activities are almost always executed by the Recipient under onward grants with the recipient. These grants are supervised by the World Bank (Oil Gas and Mining policy and operations unit). Of the total proposed budget of US$26.7 million, US$20.0 million is for Country Work Program (i.e., where recipient-executed grant is in process or not yet signed) and US$6.7 million is for Recipient-executed activities via existing Grant Agreements.

   - 'country specific support' that the World Bank gives to new countries in dialogue about EITI, to countries preparing for work plans, and supervision.

   - 'global knowledge and dissemination component' which includes support to regional and global learning and knowledge sharing activities. The cumulative budget of the EITI includes US$4.8 million for global knowledge and learning and support for EITI, which includes regional and global conference costs, knowledge management and knowledge management products, coordination of EITI work, and some Bank staff costs, and US$200,000 for support to new countries.

2. The contribution of the recipient countries varies from country to country but indicative amounts are shown in separate tables.

3. The proposed work program and budget for the MDTF is prepared by the Bank and submitted to the Management Committee for approval on a six-monthly basis as specified in the Administration Agreements with the donors. Changes and updates including financial information and activity specific break downs are submitted to the donors on a regular basis.
4. Indicative timeframe for launching the procurement procedures or the call for proposals: not applicable.

5. The current foreseen operational duration of the EITI MDTF is until April 22, 2013.

4.4. **Performance monitoring**

Implementing countries must complete a Validation within two years of joining the EITI. Countries that demonstrate their compliance with EITI (or demonstrate substantive progress toward achieving this goal) receive international recognition for their efforts and achievements. If Validation is not completed, or if the validation shows that there has been no meaningful progress toward achieving EITI Compliance, the EITI Board will revoke that country’s Candidate status. Two countries, Azerbaijan and Liberia, have completed Validation and have been designated as EITI Compliant. Between 9 March 2010 and 14 May 2011, the validation of 28 countries will be considered.

Validation is an essential feature of the EITI methodology. Validation is EITI's quality assurance mechanism and an essential feature of the EITI methodology. Validation has two critical functions. First, it promotes dialogue and learning at the country level. Second, it safeguards the EITI brand by holding all EITI implementing countries to the same global standard. Validation is not an audit. It does not repeat the disclosure and reconciliation work that is carried out to produce EITI reports. Validation has broader objectives: it evaluates EITI implementation in consultation with stakeholders, it verifies achievements with reference to the EITI global standard, and it identifies opportunities to strengthen the EITI process going forward. The EITI Board uses Validation reports to determine a country’s candidate or compliant status. The Validation Process is carried out at the national level and is overseen by the national multi-stakeholder group.

The quality and consistency of EITI reporting was discussed at the Management Committee meeting held in Baku, Azerbaijan on 15-16 October 2009. The quality of EITI reporting is expected to become increasingly important as the countries move toward validation. Several candidate countries have already started producing reports.

The EITI Board may consider what should be the minimum standards for these reports and how to enforce quality and compliance with these standards. To address these issues and provide input to the Board, the World Bank convened two meetings in 2009 to fine-tune the findings and recommendations of the participants. The final report from this process 'Strengthening EITI Reporting' was issued to all stakeholders in August 2009. The quality control of EITI country reports will be on the agenda again at the donor conference to be held at the end of 2010.

4.5. **Communication and visibility**

EITI MDTF communication activities include:

- Participating in relevant global and regional conferences, workshops and seminars to raise the profile of EITI and promote transparency of extractive industries and governance
- Coordinating and sponsoring workshops, launching conferences, regional forums and training events aimed at promotion of EITI and dissemination of information, lessons learned and knowledge

- Collaborating with and supporting the EITI Secretariat who is in charge of formal communication and of up-dating and maintaining the EITI Web site.

- Maintaining an internal and external Web site focused on the MDTF activities.
1. **IDENTIFICATION**

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<td>32262</td>
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2. **RATIONALE**

2.1. **Sector context**

When crude oil is extracted from underground reservoirs, gas often comes to the surface as well. During the production process, this associated gas is released into the atmosphere, either as ignited (flared) or unignited (vented) gas.

The World Bank estimates that the global level of venting and flaring is currently at more than 150 billion cubic meters per year. According to recent estimates, the flaring in the Russia and the CIS is estimated to account for at least a quarter of this volume.

For the past 20 years, overall global flaring levels have remained virtually constant, despite efforts made by individual governments and companies, and despite many successes in reducing flaring. The overall effect of these efforts has been limited due to (1) the increase in global oil production and associated gas production; and (2) major constraints hindering the development of gas markets, gas infrastructure, and flaring reduction projects, which often require a collaborative approach with key stakeholders taking complementary and supportive action. Currently more than 80 percent of global venting and flaring occurs in fewer than 15 countries.

GGFR is a public private-partnership including governments of oil-producing countries, state owned oil companies, international oil companies, as well as other key stakeholders, co-founded and led by the World Bank Group, which supports the efforts of the petroleum sector worldwide to progressively reduce gas flaring.

2.2. **Lessons learned**

GGFR have being operating since 2002 and have accumulated a body of knowledge and lessons learned in flaring reduction. In just seven years since its creation the GGFR partnership has already achieved some significant results on the ground, including:
Major oil companies, the OPEC Secretariat and 15 countries that contribute a significant share of the world’s flaring (about 50 percent) have already joined GGFR.

The majority of partners have endorsed the Global Standard for gas flaring reduction.

GGFR has implemented demonstration projects for associated gas utilisation in eight countries.

GGFR is assisting Indonesia, Kazakhstan, Mexico, Nigeria and other countries to reduce flaring to minimum levels, through increased collaboration between operators, the national oil company and the regulator.

More specifically, GGRF is involved in:

**Capacity building in participating Organisations**

- **Country buy-in**: High level (i.e., ministerial) government support for active participation in the GGFR Partnership involving mutual acknowledgement of the issue, and the formulation, execution and implementation of a country work program.

- **An effective local partnership** of key stakeholders involved in aspects of associated gas utilisation, with high connectivity within organisations, and between organisations as responsibilities are often fragmented. Key stakeholders in country may include ministries, regulatory agencies, the national oil company, international oil companies active in that country, potential customers for the associated gas, NGOs and local populations around the flaring sites.

- **Ownership and leadership** within the key stakeholder organisations to work jointly on solutions to achieve reduction of venting and flaring in country and beyond. This includes an effective focal point in each of the key stakeholder organisations, and in particular in the government and/or national oil company for longer term management of flaring reduction in country, extending beyond the GGFR period of existence.

- Even with all of the above factors present, it takes time, effort and persistence to effect change in large organisations like governments and oil companies, and to implement programs and policies.

**Development of a work programme**

- The **effectiveness of the GGFR global deliverables** as an input into country specific work programs. The consultative process for commercialisation, the global flaring reduction standard, best practice regulations and carbon credits has proven a highly valuable input to country specific assistance.

- **An integrated approach** to find solutions to associated gas utilisation and flaring reduction in each country, covering commercialisation, regulation, the flaring reduction standard and carbon credit activities.

- **An in-country consultative process** can find potential solutions that are attractive for the key stakeholders involved.
Providing GGFR support

- The GGFR team can kick-start and facilitate country programs (although the GGFR team cannot put out flares for the partnership organisations). Facilitation includes e.g., guiding/supporting the consultation process in country as well as providing access to knowledge of best practices in the areas of commercialisation, regulation, standards and carbon credits.
- Efficacy of the Partnership: The number of participating organisations in the Partnership gives the Partners access to best practices, makes knowledge sharing possible, as well as peer support on country specific issues.

2.3. Complementary actions

Energetic use of associated gas and support for use of the Kyoto protocol mechanisms is one of the priorities of the Thematic Group on Energy Efficiency in the framework of the EU – Russia Energy Dialogue.

Perhaps the most relevant complementary initiative of the EU in support of the GGFR agenda from 2002 until 2006 was realised through the EU-Russia Technology Center. The Center was established as an initiative identified within the framework of the ongoing EU-Russia Energy Dialogue. Its objectives included enhancement of energy safety and security, promotion of innovative energy technologies, and facilitation in the attraction of investments for priority projects in the energy sector.

One of the Center’s activities in the oil and gas sector was to promote the exchange of know-how and information on new technologies in the area of associated gas utilisation.

In 2010 DG TREN is planning to organise a joint conference together with the GGFR and our Russian partners on gas flaring reduction. Cooperation in other regions like Africa (Nigeria, Angola) has been already discussed.

In addition, the EU and its member states promote carbon trading. A well-functioning carbon market enables project developers to secure carbon finance for flaring reduction projects, which enhances their economic sustainability.

2.4. Donor Coordination

To avoid overlap and duplication of efforts, GGFR pays due attention to the coordination of its activities with both donors and international initiatives that work in adjacent areas. The donor coordination is carried out through donor’s participation in GGFR Steering Committee meetings where donors have the possibility to tune GGFR activities to ensure that they are complementary and supportive to their respective development agendas and specific activities in the oil and gas sector, environmental protection, increasing access of the poor to clean energy, etc.

Also, GGFR closely cooperates with international programs that operate in the oil and gas sector and pursuing similar objectives. As a result, GGFR and the concerned initiatives benefit from each other and collectively achieve greater results. In particular, GGFR coordinates its activities with the Methane to Markets partnership in the area of venting reduction and with the EU-Russia Energy Dialogue on flaring and venting reduction in Russia.
3. **DESCRIPTION**

3.1. **Objectives**

Besides joining the international community in supporting GGFR efforts to help oil producing countries and companies reduce flaring and venting of gas, the EU participation in the GGFR will strengthen the political weight of the Partnership. This in turn is expected to help the GGFR engage with a number of key flaring countries, in particular Russia (at the Federal level) and some countries from North Africa and the Middle East.

The GGFR was launched in 2002 and is subdivided in the three contractually separate phases, each with corresponding commitments:

- **Phase I** related to the start-up of the partnership (until 2007)
- **Phase II** (2008-2010) focused on the economic aspects in some key partner countries (e.g. Nigeria) such as: commercialisation of associated gas, regulations for associated gas, implementation of the global flaring and venting reduction standard, capacity building to obtain carbon credits for flaring and venting reduction projects.

This AF relates to the implementation of Phase III over a three-year period from early 2010 until end 2012 which will take over the objectives of Phase II and add new priorities (see below). The Phase III action plan does not foresee the need for any further contribution during the course of 2010 or 2011.

3.2. **Expected results and main activities**

The Partnership’s main objective is to support governments and oil companies in their efforts to reduce flaring of associated gas, through global, country and dissemination activities. Developmental objectives include the following: i) generating economic benefits through monetising gas that is now wasted, ii) protecting the environment through reduction of greenhouse gas emissions, and iii) reducing poverty by enabling the poor to access clean and affordable energy.

GGFR’s main activities include:

**Global activities**
- Implementation of the Global Standard, development of recommendations on legal, regulatory and fiscal matters to promote flaring reduction investments, and roll-out of the Data Tool.

**Country-specific activities**
- Assistance to governments in developing flaring reduction strategies.
- Assistance to Partner countries’ Country Implementation Plans (CIP) based on the companies’ Associated Gas Recovery Plans (AGRP).
- Promoting gas commercialisation through associated gas utilisation reviews, demonstration projects, small scale use of gas, development of LPG scheme, and carbon credit financing.

**Dissemination activities**

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*That is knowledge transfer workshops in Partner countries in order to enable respective government bodies and oil companies to utilise the global gas flaring reporting web-based software that is now available at the following web address www.stopflaring.org*
- Country/regional workshops (knowledge transfer, best practice dissemination); organising high-level international conferences, publication of reports and communication to media.

- To provide political support and potentially some in-kind support such as co-sponsorship or presenting at workshops/conferences on flaring reduction might be the immediate avenue of establishing closer links.

- Assistance with regard to the development of pilot projects with regard to the reduction of gas flaring.

**Key Countries**

GGFR will focus on major flaring countries and regions. However, in order to achieve tangible results, the preference will be given to the countries where governments are truly committed to address flaring.

During Phase III, GGFR activities will be focused towards the five key anchor countries within World Bank regions: Russia, Nigeria, Qatar, Mexico and Indonesia and other countries in these regions on activities that may more directly lead to flare reduction projects and programmes. These five anchor countries comprise approximately 60% of the total country-focused budget.

The work plan for the initial year of the Phase 3 focuses on 10 key countries: the 5 anchor countries mentioned above and Gabon, Iraq, Azerbaijan, Kazakhstan and Uzbekistan. Specific action plans have been developed for each county.

**Main activities of Phase III (1st year) in Key Countries:**

- Policy and Regulatory advice in most anchor countries
- Facilitate Government - Operators dialogue in Nigeria (Nigeria Flare Reduction Committee) Qatar, Gabon and Kazakhstan
- Project development and facilitation in Mexico, Russia, Indonesia, Kazakhstan, Uzbekistan, Iraq and Azerbaijan
- CIP/AGRP assistance in Qatar, Mexico, Indonesia, Kazakhstan, Uzbekistan, Gabon and Azerbaijan

### 3.3. Stakeholders

End 2009, the GGFR Partners include the following:

**Flaring countries:** Algeria, Angola, Azerbaijan, Cameroon, Chad, Ecuador, Equatorial Guinea, Gabon, Indonesia, Iraq, Kazakhstan, Khanty-Mansijsysk (Russian Federation), Mexico, Nigeria, Qatar, UAE and Uzbekistan.

**Oil producing companies:** BP, Chevron, ConocoPhillips, Eni, ExxonMobil, Marathon Oil, Maersk Oil & Gas, NNPC, Pemex, PetroEcuador, Pertamina, Shell, Sonatrach, Sonangol, SOCAR, SNH, StatoilHydro, TOTAL, and Qatar Petroleum.

**Donor countries:** Canada, USA, France, and Norway.

**Multilateral organisations:** European Union, IFC, Masdar Initiative, OPEC Secretariat and World Bank Group.
3.4. Risks and assumptions

GGFR’s success depends on mobilising the support and cooperation of the oil and gas industry and governments. Many operating oil companies now flare gas because it appears the least cost solution given the nature of the development, the local market value of the resource and the overall fiscal, business and regulatory environment in which they operate. Given the perceived high costs of non-flaring (e.g. possibly in terms of non-production of oil, or through costly re-injection schemes), there may be resistance from some countries and parts of the industry about the collection of good data and the identification of specific locations where gas flaring is an issue. And there may be a reluctance to engage in a dialogue that looks like it may restrict a country’s or industry’s operational flexibility and harm national interest for what may be seen as largely a global benefit.

However, the ever growing support for the GGFR initiative be it from oil companies or partner countries, demonstrates the growing international support for this initiative.

Risk mitigation measures include frequent steering group meetings, and upfront discussion of potential conflict of interest issues with the partners and the agreement and signing of a memorandum on this issue, in particular in relation to seconded staff.

3.5. Crosscutting Issues

The GGFR’s contribution to environmentally sustainable development include:

- Reducing greenhouse gas emissions caused by flaring and venting through associated gas utilisation projects;
- Promoting the cleanest hydrocarbon resource – natural gas – instead of more environmentally damaging energy sources that are currently in use (such as fuel oil and coal), in particular in the power sector.
- Promoting carbon trading by attracting carbon finance in a form of CDM and JI in support of flaring reduction projects.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Joint management concerning a multi donor action trust fund administered by the World Bank. For this purpose will an amendment to Administration Agreement EuropeAid/DCI-ENV/2007/143942/TPS be concluded or, depending on the circumstances, a new administration agreement according to the model agreed between the EC and the World Bank.

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

The maximum EU contribution is EUR 270 000. Preliminary budget for Phase III is estimated at EUR 5 million. Current funding commitments (confirmed) total EUR 4.7 to 5 million.
The Steering Committee meeting has agreed to fund Phase III through a flat contribution of US$ 390,000 per Partner for **36 months** (with the exception of Partner Countries which could contribute a different amount or request a waiver, subject to agreement with the GGFR). The waiver option is mainly intended for developing countries but could also apply to the EU as a multilateral organisation as mentioned above. GGFR has received four requests for partial and full waivers for Phase III to date.

Based on expected contributions, the preliminary budget for Phase III is estimated at EUR 5 million. The budget allocation per region and by year will be subject to approval by the Steering Committee, depending on progress achieved and evolving circumstances. Although the funding potential of the current partnership exceeds EUR 5.3 million; as of September 2009, GGFR only had commitments for around EUR 4.7 million, including around EUR 1.3 million from government donors that are subject to annual budget appropriations and therefore not yet confirmed.

### 4.4. Performance monitoring

The GGFR has devised and agreed the following key performance indicators to measure and track performance:

<table>
<thead>
<tr>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Monitor global volume of flare/vent, (bcm)</td>
</tr>
<tr>
<td>2. GGFR coverage of global flaring (%)</td>
</tr>
<tr>
<td><strong>Standard (Stakeholder Engagement Process)</strong></td>
</tr>
<tr>
<td>3. # of companies with AGRP Plans</td>
</tr>
<tr>
<td>4. # of countries with CIPs</td>
</tr>
<tr>
<td>5. # of countries implementing CIPs</td>
</tr>
<tr>
<td>6. # of countries that have implemented the Data Tool</td>
</tr>
<tr>
<td><strong>Commercialisation</strong></td>
</tr>
<tr>
<td>7. Volume of associated gas utilised in Partners projects (bcm)</td>
</tr>
<tr>
<td><strong>Carbon Credits (CDM/JI)</strong></td>
</tr>
<tr>
<td>8. # of projects using GGFR sponsored methodologies</td>
</tr>
<tr>
<td>9. Volume of emission reduction from associated gas utilisation projects (Mtons of CO2e)</td>
</tr>
<tr>
<td><strong>Flaring Regulations and Enforcement</strong></td>
</tr>
<tr>
<td>10. Partner countries with standardised system for monitoring and enforcing flaring policies and regulations</td>
</tr>
</tbody>
</table>

### 4.5. Evaluation and audit

The Bank will provide the Contributors, within six months following the end of each Bank fiscal year, a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over financial reporting for trust funds as a whole. The cost of such attestation will be borne by the Bank. In addition, upon the request of a Contributor, the Bank may cause the annual statements of receipts, disbursements and fund balance prepared by the Bank with respect to the Trust Fund to be
audited by the Bank’s external auditors and will forward a copy of the auditor’s report to the Contributors. The costs of such audit shall be paid by the Contributor requesting such audits.

4.6. Communication and visibility

When the EU joined the GGRF in 2008, a press release was issued by the Bank to announce the new support. Other recent examples of communication activities where the EU support is mentioned include an article published in the International Gas Union magazine's spring edition of 2009, a photo exhibit on extractive industries and gas flaring at the World Bank's IFC building, and an upcoming short documentary to raise awareness about gas flaring reduction efforts.

A visibility clause specifying that all communication material, training programs, seminars or other activities financed under the GGFR Trust Fund shall clearly indicate the support from the contributors, will be included in the amended and restated Administration Agreement for all Partners in Phase III.

The GGFR Charter, which is also part of the Phase III agreement, introduces a Communication Network to share Gas Flaring reduction successes among Partners and Associated Partners, publicise relevant information and promote Gas Flaring reduction events sponsored by the GGFR to increase outreach and visibility efforts.

GGFR communication activities foreseen in 2010 include:

- Press releases on new partners joining the GGFR partnership (Mexico, UAE (Masdar initiative), the third phase, satellite results for 2009, etc)
- Feature stories for internal and external sites of the World Bank Group
- Planned workshop in Mexico Feb. 2010
- Major regional conference in Oman in March 2010
- Major regional conference in Kazakhstan in April-May 2010

Major regional conference in Kazakhstan in April-May 2010.
ACTION SHEET S
Global Energy Efficiency and Renewable Energy Fund - GEEREF

1. Identification

<table>
<thead>
<tr>
<th>Title</th>
<th>Under Priority 5 of the ENRTP: Continued support to the Global Energy Efficiency and Renewable Energy Fund - GEEREF (Ref.: 168899)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost 2010</td>
<td>EU contribution: EUR 15 000 000</td>
</tr>
<tr>
<td>Aid method / Management mode</td>
<td>Project approach - Centralised indirect management (art. 54 (2) (b) FR)</td>
</tr>
<tr>
<td>DAC-code</td>
<td>Sector</td>
</tr>
<tr>
<td>23010 Energy policy</td>
<td>Environment, sustainable management of natural resources including energy</td>
</tr>
<tr>
<td>23030 Power generation/renewable sources</td>
<td></td>
</tr>
</tbody>
</table>

2. RATIONALE

Under the 2007 AAP of the ENRTP, in particular action sheet D, the Commission allocated EUR 25 000 000 to the Global Energy Efficiency and Renewable Energy Fund (GEEREF).

Subsequently, under the 2008 AAP and 2009 AAP of the ENRTP, in particular action sheets D and G respectively, the Commission allocated another EUR 35 000 000 to the Global Energy Efficiency and Renewable Energy Fund (GEEREF).

As the full action sheet for GEEREF was included in the 2007 AAP, the present action sheet for 2010 will only summarise the main information and give updates on the state of play of GEEREF, as was done in the 2008 and 2009 AAPs.

2.1. Sector context

The four-year Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy [ENRTP, 2007-2010] has been adopted by the Commission on 20 June 2007. The basic act for this programme is the Development Cooperation Instrument No 1905/2006 (DCI), in particular Article 13. As referred to

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38 COM(2006)583 and press release IP/06/1329 of 6 October 2006 “Commission proposes €100 million global risk capital fund for developing countries to boost energy efficiency and renewables”
42 C(2007)2572
43 OJ L378 of 27.12.2006 p 41
above, EUR 25 million, EUR 20 million and EUR 15 million were allocated to GEEREF from the 2007, 2008 and 2009 AAPs.

A Commission Communication\(^{44}\) and the accompanying Impact Assessment\(^{45}\) set out in more detail how the Global Energy Efficiency and Renewable Energy Fund is to be designed in order to fit the needs within this sector.

### 2.2. Lessons learnt

The Impact Assessment highlighted the need to create a 'patient capital fund', as it was considered by a large range of stakeholders as the only option that would allow an effective and efficient pooling of public and private funds and, through appropriate risk sharing arrangements, provide an incentive for commercial capital to co-invest, thereby mobilising private capital that would not be available otherwise.

Mobilising private sector finance is essential in order to channel sufficient finance into sustainable energy investments. In particular, the overall equity flow needs further stimulation.

The lessons learnt include the need to ensure intermediate funding structures to avoid 'parachute banking' whereby project funding is too distant from the beneficiaries; setting reasonable expectations with respect to returns on investment to commercial co-financing parties; combine investment support with technical assistance also for management training purposes; introduce performance based incentive structures for fund management teams that ensure investments with returns to investors.

### 2.3. Complementary actions

The GEEREF, as outlined in the Communication, is a novel public-private partnership complementing available EU financing instruments. It is specifically designed to boost the EU’s capability to support the implementation of its partner countries' sustainable development and poverty eradication programmes, and accelerate the transfer, development and deployment of environmentally sound technologies. It will support in particular the development of the international cooperation dimension of the European Industrial Initiatives of the Strategic Energy Technologies (SET) Plan (COM (2007) 723 final). Complementarity with ongoing EU actions will be ensured by the European Investment Fund (EIF) with the assistance of the European Investment Bank (EIB), which will implement GEEREF (see below).

### 2.4. Donor coordination

For the elaboration of each envisaged action, coordination will take place, if possible, with the beneficiary country and/or other donors, notably Member States. The GEEREF will be set up with a mandate established by donors and investors.

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\(^{45}\) SEC(2006) 1224, 6 October 2006
3. DESCRIPTION

3.1. Objectives

As laid down in priority 5 (Support for sustainable energy options in partner countries and regions) of the thematic strategy paper ENRTP, the objectives of the present action are to contribute to the expansion of renewable energy, energy efficiency and other related clean energy technologies to markets and services in developing countries and economies in transition (including territories), with the objective of increasing access to low carbon, secure and affordable energy, and helping to improve the economic and social circumstances of underserved or disadvantaged populations, to encourage sustainable economic development, while promoting the protection of the environment.

This action should be seen in the context of the EU’s general policy objectives in the field of energy to simultaneously win the battle against climate change, to eradicate energy poverty and to secure global energy supplies.

3.2. Envisaged actions and expected results

GEEREF was set up in November 2008 as a separate independent legal entity in Luxembourg. The use of a separate legal entity is common practice in the risk capital sector. In early December 2008 after the fund had been fully established, the GEEREF Investment Committee, made up of representatives of the three public investors Germany, Norway and the European Commission approved the fund's first investments. The first investment was subsequently signed in September 2009.

Description of envisaged actions intended to support the ENRTP are the following:

- The GEEREF will pool public and private funds through an innovative public-private partnership in order to offer new risk sharing and co-funding options for various investors in the areas of energy efficiency and renewable energy.
- The GEEREF will actively engage in the creation and funding of regional sub-funds or scale up similar existing initiatives.

The expected results of GEEREF’s addressing the equity funding gap for energy efficiency and renewable energy projects are as follows:

- As will be set out in the mission statement of the Fund, the Fund will contribute to the expansion of renewable energy, energy efficiency and other related clean energy technologies to markets and services by increasing access to financing.
- A first financial input in the order of EUR 100 million (EU funding plus other investors input) achieved, the Impact Assessment showed that additional capital of at least EUR 300 million up to EUR 1 billion could be mobilised through the sub-fund structure and at the project and SME level.

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It is also expected that the GEEREF will lead to increased engagement of the private sector in investment in the energy efficiency and renewable energy business. The provision of “patient capital” provided on a long term and subordinated return basis will buy down the cost of capital for renewable energy and energy efficiency projects/SMEs. This will improve investment conditions for private equity co-investors or senior lenders, thereby making the project SMEs eligible for funding from these sources. The latter will thus have access to resources previously outside their reach.

3.3. Stakeholders

The scope of the GEEREF is to support regional sub-funds for Sub-Saharan Africa, Caribbean and Pacific Island States, the countries of the European Neighbourhood Policy and Russia, Latin America, and Asia (including South-East Asia, Central Asia and the Middle East). There will be a special emphasis on serving the needs of the ACP countries. The support is intended for renewable energy and energy efficiency project developers and SMEs.

3.4. Risks and assumptions

GEEREF aims to be financially self-sustainable. To mobilise private risk capital in high risk and medium risk sub-funds, the public component of the GEEREF will serve to accept lower returns depending on the actual risks to be covered, and thereby lift returns for the private sector towards commercial thresholds. The public component will also serve to accept longer investment or repayment periods and to take on higher transaction costs to allow targeting small and medium scale businesses. Given the implicit risk of investing in untested markets in developing countries markets it is possible that 100% capital recovery will not be achieved.

3.5. Crosscutting Issues

This action has an environmental purpose and will accelerate the transfer, development and deployment of environmentally sound technologies. It promotes poverty eradication by promoting SMEs in the energy sector that will generate income and can lead to less dependence on expensive imported fuels. Though the economic aspect is prevailing, it also considers gender equality. Women are usually responsible for collecting biomass and the availability of modern energy supplies reduces physical burdens on women thereby improving their health and allows more time for income earning activity.

All activities of the Fund will be based on values that focus on established sustainability values in accordance with the Triple Bottom Line Principles (People, Planet, Profit) in order to ensure that an investment has a positive impact on the environment and contributes to sustainable development. This is being set out in the Issue document of the fund.
4. IMPLEMENTATION ISSUES

4.1. Implementation method

The EU contribution is being made available via centralised indirect management (Financial Regulation, Article 54(2)(b)) with implementing tasks delegated to the European Investment Fund (EIF). The EIF received a delegation of powers from the Commission in 2007 to subscribe to shares in the GEEREF, hold those shares in a separate trust account on behalf of the Commission, take part in the decision making organs of the GEEREF and monitor the progress of the GEEREF and report to the Commission. Those tasks have been detailed in an agreement concluded between the Commission and the EIF, which was subject to the provisions and the conditions provided for in the Financial Regulations for indirect centralised management based on existing cases.

For this purpose an amendment to the ongoing Mandate with reference ENV/2007/147331 (CRIS 168899) with title "Management of a participation of the European Union in the Global Energy Efficiency and Renewable Energy Fund ("GEEREF")" will be concluded. Alternatively a new mandate may be signed.

4.2. Procurement and grant award procedures

a) In case of grants, procurement: 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 EU 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.

b) In case of agreements with international organisations: 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

EUR 15 000 000 from budget item 21 04 01 of the year 2010.

GEEREF was set up for a limited period of 15 years after the Initial Closing Date. The duration of the Compartiment may be extended twice by one-year up to the discretion of the Board with the consent of GEEREF A Shareholders representing at least 75% of the GEEREF Total Commitments. The EU funding of EUR 80 million (indicative) is planned in the strategy paper ENRTP for the period 2007-2010.
4.4. **Performance monitoring**

Financial reporting will be in accordance with the requirement of the International Financial Reporting Standards. Non-Financial reporting will complement the financial statements based on selected environmental, social and economic objectives or indicators e.g.:

- Amount and % of co-financing obtained
- Amount of carbon dioxide avoided or reduced
- Number of households provided with access to modern energy
- Number of MW produced or installed renewable energy capacity
- Number of MWh saved or MWh clean energy delivered
- Number of mt of substituted
- Number of businesses participating in the seed, start-up and growth phase.

4.5. **Evaluation and audit**

The audit rules are laid down in the general conditions of the contribution agreement and in the prospectus of the fund.

The mandate signed with EIF foresees semi-annual reports and a final report, both on technical and financial aspects.

All agreements, including those made on behalf of the EU by EIF will include the necessary provisions to safeguard the audit rights of the EC/Court of Auditors.

4.6. **Communication and visibility**

The EU contribution to the GEEREF has already been referred to extensively in international fora. A press release was issued at the occasion of the fund's first investments early December 2008. All publications of the Fund will acknowledge the EU contribution.
ACTION SHEET T
SUPPORT MEASURES

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Under Priority 1, 2, 3, 4 and 5: Support measures (ref. 22045)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td><strong>EUR 1 464 130</strong></td>
</tr>
<tr>
<td>Aid method/ Management mode</td>
<td>Direct centralised management</td>
</tr>
<tr>
<td>DAC code</td>
<td>n.a. Sector n.a.</td>
</tr>
</tbody>
</table>

2. DESCRIPTION

This amount is reserved for actions eligible under the thematic strategy paper ENRTP falling in one of the following categories:

- Potential support measures for the programme (e.g. audits, evaluations, studies, identifications, conferences, etc.) not exceeding EUR 200 000 each;

- Support measures to the European Union Water Initiative EUWI and the European Union Energy Initiative EUEI (e.g. monitoring, implementation of communication and information strategies, feeding and updating of websites, studies on strategic policy issues, etc.) for a maximum total amount of EUR 800 000 to be implemented through relevant procurement procedures or established framework contracts, for the latter not exceeding EUR 200 000 each;

In justified cases may tasks be entrusted to the Joint Research Centre (JRC) under application of Article 242 of the Implementing Regulation using established administrative arrangements.

The relevant authorising officer in EuropeAid may also consider entrusting implementation tasks under budget article 21.0401 to the JRC through a cross-sub-delegation;

- Use of existing framework contracts for actions/missions of maximum 2 years and not exceeding EUR 200 000 per action, if allowed by the framework contract.

The financing source is budget line 21.0401 from the year 2010.

2.1. Method of implementation

Direct centralised management.

2.2. The use of established framework contracts is envisaged for a number of operations. Procurement and grant award procedures

1) Contracts

   - 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.
Annex 20 – Action Sheet T

for the implementation of external operations, in force at the time of the launch of the procedure in question.

- Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the DCI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in articles 31(7) and (8) of the DCI Regulation.

2) Specific rules for grants

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. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): 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 Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Union.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.