

TERMS OF REFERENCE

National Consultant for ACOPS for the UNEP/GEF project “Russian Federation – Support to the National Programme of Action for the Protection of the Arctic Marine Environment”

Activity 1.8.1 of the IWP “Development of financial mechanisms of the SAP implementation”

Review and Analysis of National Financial Sources, Instruments and Mechanisms for the SAP implementation

INTRODUCTION AND BACKGROUND

The above UNEP/GEF Project comprises four principal components:

1. Preparation and adoption of a Strategic Action Programme (SAP);
2. Completion of a set of Pre-Investment Studies (PINS);
3. Development and implementation of Environmental Protection System (EPS), embodying legislative, administrative, institutional and technical capacity improvements consistent with the SAP; and
4. Three demonstrations projects

The preparation and adoption of a comprehensive Strategic Action Programme for the protection of the Arctic marine environment (hereinafter “SAP”) will be a major output of the Phase I of the Project. The SAP will include costed and targeted measures on environmental protection in the Russian Arctic aimed at:

- Prevention and Reduction of Environmental Pollution (air, water, soil, coastal zone)
- Sustainable Natural Resources Management
- Conservation of Biological and Landscape Diversity
- Protection of Human Health

The SAP will take full account of the current state and the likely future changes including climate change impacts regarding the key environmental issues in the Russian Arctic, as well as economic interests of the population including indigenous people, and the international commitments of the Russian Federation. It is envisaged that the SAP implementation will lead to a significant improvement of the environment in the Russian Arctic, the circumpolar region and on the global scale. The SAP implementation would involve:

- improvement of the existing legal framework
- introduction of appropriate environmental enforcement mechanisms
- strengthening of institutional, technical and administrative capacities
- streamlining of responsibilities between authorities on the different administrative levels and private institutions
- encouraging private-public partnerships
- create favorable investment climate

- introduction of appropriate financing mechanisms

The availability of appropriate financing sources, instruments and mechanisms at the national, regional and global levels is the key to the successful implementation of priority measures under SAP. It is envisaged that the selection of specific financing mechanisms for SAP implementation projects would be developed by the Financial Working Group (FWG) to be established under the Project. It is also envisaged that FWG will work in consultation with government officials to take full account of the legal, institutional, political and economic circumstances in the Russian Federation.

QUALIFICATIONS AND EXPERIENCE

The National Consultant will possess the following expertise:

- At least ten years experience in development of finance systems for environmental and infrastructure projects in the Russian Federation
- Thorough knowledge of environmental and infrastructure project financing sources, instruments and mechanisms
- Practical experience of environmental project/programme financial feasibility studies
- Familiarity with legal, institutional, environmental and economic development issues in the Russian Federation
- Knowledge of various institutions dealing with natural resources, water, ecology, environmental protection and development in the Russian Federation
- Strong management and organizational capability and communication skills
- Ability to work independently and produce reports in a timely fashion
- Good English language capabilities would be of advantage

SCOPE OF WORK

The National Consultant shall be responsible for the **review and analysis of national financial sources, instruments and mechanisms applicable to the SAP implementation** and shall produce a structured report. The National Consultant will work in conjunction with the International Consultant responsible for the production of the Scoping Report on Financial Mechanisms for the SAP Implementation

The overall objective of the National Consultant's work is (i) to review and analyze the existing national financial sources, instruments and mechanisms and (ii) to provide recommendations for the development of the national financial sources, instruments and mechanisms applicable to the SAP implementation.

In addition to reviewing and analysing available national public and private financing sources and mechanisms, the National Consultant will identify their existing gaps/deficiencies which may have an impact on the SAP implementation.

The scope of the National Consultant's work will include, but will not be limited to the following national financing sources: Federal budget funds of the relevant ministries (grants, loans, concessional loans, interest free loans, guarantees)

- Regional budget funds (grants, loans, concessional loans)
- Municipal budget funds (grants, loans, concessional loans)
- Revenues from charges (for the normal use of water and natural resources, discharge of wastewater, disposal of solid waste, etc.)
- Revenues from penalties and fines (e.g. for non-compliance)
- Revenues from concessions (for the use or handling of water, wastewater, solid waste, natural resources, etc.)
- Revenues from tied taxes/fees/import duties (on land use, "harmful" commodities, cars, etc.)
- Revenues from public services (water supply services, waste water services);
- Equity of public and private investors
- Commercial bank loans
- Russian Corporations operating in the Arctic
- Others (donations, periodic revenues from privatization, etc.).

Such national funding sources as the federal, regional and sectoral target oriented programs should be included in consideration. Initiation of a special federal targeted program (or sub-program within one of the existing federal targeted programs) to encourage the Arctic industrial companies to tackle their environmental problems may be proposed as an option to support SAP implementation. The rationale for adopting a special federal program should be included. One of the options may include a relatively new instrument that is linked to the RF Government Resolution No. 239, dated April 19, 2005 "On Approving the Procedures for the Development, Approval and Implementation of Sectoral Targeted Programs" enables the subjects of budget planning to establish special-purpose sectoral programs eligible for additional financing, including the funds allocated from budget obligations of the Russian Federation. Such programs are to be adopted by the subject of budget planning upon approval of the MOEDT and MOF. It should be taken into account that federal budget funds may only be a relatively small part in the total funds available for implementation of target oriented programs.

The feasibility of following national financing mechanisms should be included in consideration where possible:

- providing guarantees to foreign companies to cover noncommercial risks of operations in the Russian Federation
- reducing import duties on equipment to be used for transition to low-waste technologies
- establishing a special leasing company operating with equipment for industry
- providing interest rate subsidies for technology upgrading
- accumulating environmental charges, and using the funds for technological upgrading of enterprises
- establishing a guarantee facility for credits taken by enterprises for transition to low-waste technologies

- industry restructuring activities;
- establishing a federal or sectoral targeted program;
- option for establishing a single Arctic Environmental Financial Facility for the protection of the Arctic marine environment

The National Consultant will provide recommendations regarding financial sources, mechanisms and instruments available for the potential project types below including a reference to the project owners where possible.

- remediation of contaminated sites including radioactive contamination
- waste management
- environmental damage from sunken ships
- water supply, treatment and sanitation
- energy efficiency
- air pollution reduction
- public health and safety

OUTPUTS

The National Consultant shall deliver a structured report using the guidance given in the Terms of Reference. The contents, structure and format for the draft as well as the final reports shall be agreed with the GEF Project Office and ACOPS Project manager.

Some additional information sources which may be of use are given in Annex 1.

A suggested draft report format for discussion purposes only is given in Annex 2

DUTY STATION

The consultant will operate from his/her home office or the GEF Project Office in Moscow when appropriate.

REPORTING AND TIMING

The Consultant will report to the ACOPS Project Manager.

The draft report shall be submitted for comments and approval within 70 calendar days from the date of contract signature by both parties.

The final report shall be submitted for comments and approval within 100 calendar days from the date of contract signature by both parties.

PAYMENTS

The maximum budget for this assignment is USD 9000

- 20% of the total sum shall be paid upon signature of the contract
- 80% of the total sum shall be paid upon acceptance of the final report supported by invoice and signed time sheets with clear indication of days worked each month (see Annex 3)

Payments are by bank transfer. Payments are subject to a satisfactory performance and reports acceptance.

ANNEX 1

Sources of Additional Information which may be of use

The additional sources of information, guidance and supporting materials may include:

- National Plan of Action for the Protection of the Arctic Marine Environment from Anthropogenic Pollution in the Russian Federation (NPA-Arctic)
- Federal Targeted Program “World Ocean”
- Decrees of the Russian Government on procedures for development and implementation of federal and sectoral targeted programs
- Budget codex, Tax codex and other relevant federal laws
- GEF/UNEP guidance documents and information resources including web-sites of similar GEF projects (www.iwlearn.org);
- Information sources of international organizations and their regional programs UNDP, IUCN, Arctic Council (PAME, CAFF, AMAP, ACIA), Nordic Council of Ministers, UNESCO, NATO, WWF, Greenpeace, Wetlands International, EU (TACIS, North Dimension), Polar Institute (Norway), Centre for Arctic Studies (Finland), Canada, Denmark, etc
- Information on the relevant projects under implementation in Russia
- Published materials of other international projects and research papers, reviews, books, etc.;
- Relevant reports issued by:
 - NEFCO
 - NPAF
 - Ministry of Economic Development and Trade,
 - Ministry of Natural Resources and its regional offices
 - Ministry of Health and Social Development - official reports on health in Russian regions,
 - Ministry of Emergency Situations and other federal and regional bodies of executive power;
- Official statistic data on Arctic regions of the Russian Federation;
- Documents provided by the GEF Project Office

ANNEX 2

Suggested draft report format (an alternative format may be proposed, the final report format is subject to approval)

EXECUTIVE SUMMARY

Introduction

Overview of the Legal Basis

Overview of National Policies and Strategies for the Arctic SAP Funding

Review of National Financial Sources, Instruments and Mechanisms Available for the four SAP priorities for the Russian Arctic

- *Public Funding Sources and Instruments*
- *Funding Mechanisms for Investment in Pollution Reduction*
- *Private Financing Models*
- *System and Practice of Charges, fines and levies*
- *Economic and Financial Incentives for Environmental Protection and Pollution Reduction*
- *Matrix of pros and cons of different national funding mechanisms and instruments applied for the Russian Arctic*

Investment projects relevant for SAP Implementation in the Russian Arctic and their financial sources

- *Current Investment Portfolios*
- *Planned Investment Portfolios (if consultant can obtain relevant information)*

Strategic recommendations for the Development of National Financing Mechanisms for SAP priority project categories

CONCLUSIONS

ANNEX 3

Time Sheet

ACOPS Russian Arctic GEF Project

PROJECT TIME SHEET

Company	ACOPS
Name of Expert	
Position	National Consultant

Calculation of Fees :	number of days worked (maximum 21 days per month)
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Month : _____ Year _____

Please fill in the time worked each date and add requested information where appropriate

Date	Days worked	Place of Performance	Remarks	
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Signature of Consultant
Date:

Signature of Contractor
Date: