

**Agreement Between  
The Italian Ministry of Environment  
And  
The Regional Environmental Center for Central and Eastern Europe  
On the Establishment of  
The Italian Trust Fund  
For the Implementation of Environmental Projects  
In Central and Eastern Europe**

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The purpose of this Agreement between the Italian Ministry of Environment and the Regional Environmental Center for Central and Eastern Europe (hereinafter referred to as "the REC") is to establish the Italian Trust Fund (hereinafter referred to as "ITF"), as a special contribution of the MOE to the REC, aimed at strengthening their collaboration in the framework of the improving the CEE environment and cooperation with the CEE Countries within the European Union enlargement process.

ITF will be established within the REC, based on the applicable internal regulations of the REC, separately from any other funding mechanisms, including Japanese Special Fund (hereinafter referred to as "JSF") to allow full visibility and recognition of MOE's contribution to the REC.

**1. Funding**

- As an initial step, the MOE will earmark seventy-seven thousand four hundred and eight EURO (€77.468,53) of its contribution in year 2001 to the REC to be transferred to the ITF.
- The MOE transfers its present and future earmarked contributions to the REC's account on condition that they will be managed in an independent sub-account.
- Further Italian contributions will be paid according to the consultation between the General Director of the MOE, Department for Global Environment, International and Regional Convention as representative of the MOE, and the REC's Executive Director (hereinafter referred to as "the Officers").

**2. Purposes**

The ITF will be used to implement activities consistent with the REC's mission and complementary to other REC programs, such as:

- Elaboration of a policies and programmes for environmental improvement in the region;
- Identification of projects for environmental improvement, with special emphasis on integrated, multi-stakeholder projects (e. g. water cycle, waste, industry, energy), with regional and transboundary scope, having as main goals the environmental protection and the minimisation of emissions to be reached through an innovative multi-stakeholder process integrating rational use of energy and renewable energy sources;
- Preparation of pre-feasibility and feasibility studies related to the identified projects carried out jointly by the MOE and the REC;

- Holding of environmental seminars, workshops and/or conferences under the auspices of the ITF;
- Projects promoting further cooperation between the MOE and the REC on Climate Change and in particular on the Kyoto Protocol mechanisms (Joint Implementation and Emission Trading) in the CEE.

### **3. Consultation and decision-making on ITF**

- The Officers will consult and decide together upon management of the general operations of the ITF within the scope of this agreement and the applicable regulations on both sides.
- Taking into consideration the existing experience with the Japan Special Fund and cooperation between the two funds, the daily management and supervision of the ITF will be the responsibility of the Assistant Executive Director of the REC and Director of JSF (hereinafter referred to as "AED").

### **4. Selection and Implementation of the projects**

- Activities related to the selection and the implementation of the projects under the ITF will be carried out through mutual consensus between the Officers;
- Taking into account this consensus, the REC will submit project proposals to the MOE for its authorization normally before the beginning of each fiscal year, and on an ad hoc basis in case of rapid response projects.

### **5. Full time junior experts**

- REC together with MOE will jointly agree on the nomination of one or several junior experts (hereinafter referred to as "the Expert(s)") who will be seconded to REC from the MOE. For the period of the secondment, the MOE shall cover their compensation, accommodation and travel allowances;
- The REC will provide office space and the necessary facilities for the Expert(s) in the REC headquarters in Szentendre, Hungary;
- The Expert(s) will work mainly for the implementation of the projects implemented by the ITF maintaining close relation with the JSF and, where applicable, under the direct supervision of AED.

### **6. Implementation and reporting of the projects**

Under the supervision of AED the Expert(s):

- will prepare project proposals for financing by the ITF, and will participate in the implementation of the projects;
- on the completion of the projects, will prepare a final project report for the submission to the MOE by the REC;
- in these tasks the Expert(s) will be assisted by the relevant staff of the REC.

### **7. Financial administration**

- The Expert(s), under the supervision of AED, will look after the financial administration of the ITF in accordance with the rule of the REC and for the accounting of ITF in collaboration with the MOE;
- Part of the contribution to ITF may be used for supporting the daily operations of the ITF itself. For this case, the REC will submit the budget proposals to the MOE for its approval.

## 8. Information

The REC will ensure adequate dissemination of the information regarding the activities of the ITF, through its own information channels, such as website and periodical Bulletin.

## 9. Entry into Force

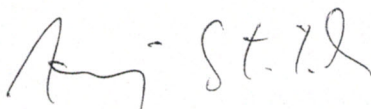
This Agreement shall enter into force upon signature and will be renewed every year through consultation between the Officers.

## 10. Modifications

The Agreement may be modified by mutual written agreement of the officers.

Signed in two copies in English.

For the REC



Jernej Stritih

Date 30. 5. 2001

At Szentendre

For the MOE



Corrado Clini

Date 31. 5. 2001

At Rome

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THE REGIONAL ENVIRONMENTAL CENTER  
for Central and Eastern Europe

**Agreement between the Italian Ministry for the Environment and Territory (MOET) and the  
Regional Environmental Center for Central and Eastern Europe (REC)  
On the Functioning of the Italian Trust Fund (ITF) at the REC and the Implementation of  
Environmental Projects  
in Central and Eastern Europe**

The Italian Ministry of Environment and Territory (hereinafter referred to as "MOET") represented by the undersigned Director General and the Regional Environmental Center for Central and Eastern Europe (hereinafter referred to as "REC"), represented by its Executive Director, agree on the following:

**1. Objective**

The purpose of this Agreement between the MOET and the REC is to define the functioning of the Italian Trust Fund, which was established by an agreement between the MOET and the REC on May 31, 2001; thus extending this agreement on the establishment of the Italian Trust Fund, which continues to be in force and effect except as modified by the present agreement.

**2. Operation**

The Italian Trust Fund (hereinafter referred to as "ITF") as a special contribution of the MOET to the REC, is aimed to strengthen the collaboration of the two institutions in the framework of the environmental improvement and cooperation with CEE Countries, by financing environmental projects of the REC.

The ITF is established in the REC as a separate trust fund, in line with REC's Policy on Trust Funds. It operates separate from any other trust fund to allow full visibility and recognition of MOET's contribution to the REC.

**3. Purpose for the ITF**

The purpose for the ITF is:

- Elaboration of policies and programs for environmental improvement in CEE.
- Identification of projects for environmental improvement, with special emphasis on integrated, multi-stakeholder projects, with regional and transboundary scope, having as main goals the protection of the environment and the minimization of emissions to be reached through an

innovative, multi-stakeholder process, integrating rational use of energy and renewable energy sources.

- Preparation of pre-feasibility and feasibility studies related to the identified projects, carried out jointly by the MOE and the REC.
- Holding of environmental seminars, workshops and/or conferences under auspices of the ITF.
- Projects promoting further cooperation between the MOET and the REC on Climate Change and in particular the Kyoto Protocol mechanisms in CEE.

#### **4. Governance of the ITF**

Management responsibilities of the ITF lie with the undersigned Director General of the MOET. His signature - even if not in original version - is the only legitimate one to represent MOET/ITF.

The ITF is supervised by the Coordinator of the Trust Fund, which is either REC staff or seconded to the REC by the MOET.

The Coordinator of the ITF is nominated by the MOET based on a selection procedure which involves the REC Executive Director. The eventually selected person needs the approval of REC's ED.

The Coordinator of the ITF works under the supervision of the Executive Director of the REC. She/he will sign a statement that she/he will follow all REC policy and procedures.

If the Coordinator is seconded to REC the MOET will cover all the costs for the position, including benefits and insurances deemed being necessary by the MOET.

#### **5. Staff of the ITF**

All staff of ITF will be governed by REC policies and procedures, including REC's administration manual.

If a staff member is seconded by the MOET, the MOET will cover all costs including benefits and insurances which are deemed being necessary by the MOET.

If a staff member is REC staff, his/her costs will be covered following REC's policies and procedures as outlined in REC's administration manual.

Staff of the ITF is selected by MOET. New positions have to be endorsed by the ED of the REC.

#### **6. Funding**

In compliance with REC's Policy on the Requirements for the Establishment and Operation of Trust Funds:

- The MOET will provide ITF with a baseline contribution of EURO 516.000.
- The MOET's financial commitment will be multi-annual, upon revision of previous year's surpluses.
- The total amount of annual financial contribution will be announced by the MOET at the beginning of each calendar year.

- With the MOET contribution to the ITF, beside project costs, all costs of running the fund (salaries, travel and other direct expenses) will be covered, if not specified different in this agreement.
- The MOET will transfer its contribution to a REC sub-account specially set up for the ITF.
- The ITF will be used only to implement activities, which are consistent with the REC's mission and complementary to other REC programs.
- All activities of the special fund are implemented at the same level of transparency as all other REC activities.

## **7. Evaluation and Selection of the projects**

Projects to be financed will be evaluated and decided upon by the MOET based on proposals submitted by the REC to the ITF. Selection will be based upon criteria and circumstances that inform and guide Italian environmental policy in the CEE Region.

REC will submit projects to the ITF on a request base.

## **8. Implementation and reporting of the projects**

Preparation and implementation of projects will be performed under supervision of the ITF by a REC project manager, and will be executed in compliance with all REC internal procedures for project management.

The following cases may apply:

- a. Project manager is located at REC Headquarter (HQ) → Project director (PD) is Head of respective department;
- b. PM is located at REC Country office (CO) → PD is respective CO director.

ITF involvement in an ITF funded projects may range from an external supervision of the activities of the project manager, to a deeper participation and steering activity in project preparation and implementation. ITF will clarify its intent, upon selection by the MOET. This also includes the possibility to act as a project director for selected projects. In this case ITF takes responsibility for the final outcome of the project.

Specific reporting requirements are established on an ad-hoc basis, and are contained in the respective contract awarding the grant to REC HQ or REC CO.

## **9. Financial administration**

All financial administration of the ITF is accomplished according to REC financial procedures.

## 10. Office space, equipment

REC will provide sufficient working space, workstations and equipment for two persons working for ITF. REC will see to provide an exclusive working area to persons working for ITF.

The costs for any further work stations, equipment etc. will be covered by ITF, including necessary insurances. After the termination of ITF at REC, this equipment becomes the property of the REC.

## 11. Information

The REC, will ensure adequate dissemination of the information regarding the activities of the ITF, through its own information channels, such as website and periodical Bulletin. Project fact sheets in conclusion of each of the ITF completed projects, may also be taken into consideration. The REC will undertake any action and/or amelioration to its current printed material, which could be seen as detrimental to ITF and/or MOET.

## 12. Entry into Force and Modifications

This Agreement shall enter into force on June 1, 2002.

It can be terminated by either party with a 60 days notice.

The Agreement may be modified upon bilateral agreement between the REC and the MOET.

Signed in two copies in English

For the REC



Toni Popovski

Date: October 8, 2002



For MOET



Corrado Clini

Date: October 11, 2002