II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 6 November 2001

granting a Community guarantee to the European Investment Bank against losses under a special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension

(2001/777/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission [1],

Having regard to the Opinion of the European Parliament [2],

Whereas:

(1) The Northern Dimension was launched by the Helsinki Council of 10-11 December 1999, which invited the Commission to put forward an Action Plan for the Northern Dimension. The Feira European Council in June 2000 adopted the Action Plan in the external and cross-border policies of the EU during 2000-2003. The Northern Dimension covers the geographical area from Iceland to the west across to North West Russia, from the Norwegian Barents and Kara Seas in the North to the Southern coast of the Baltic Sea.

(2) The Northern Dimension aims at addressing the special regional development challenges in northern Europe. These include harsh climatic conditions, long distances, particularly wide disparities in living standards, environmental challenges including problems with nuclear waste and waste water management, as well as insufficient transport and cross border facilities. It aims to intensify cross border cooperation between the European Union and its neighbouring countries and regions in northern Europe.

(3) The Community already supports some environmental projects in Northwest Russia with grants from TACIS, which, *inter alia*, pays attention to the need to reduce environmental risks and pollution, including transboundary pollution. It is justified for the Community to strengthen its support through limited European Investment Bank (EIB) loans. The involvement of the EIB would reinforce the impact of Community actions, not only by increasing the funds available, but also through the professional involvement of the Bank's project teams.

(4) At the initiative of the Presidency, the Ecofin Council of 12 March 2001 considered a set of criteria for a limited EIB special action for environmental projects in North West Russia, notably in the St Petersburg and Kaliningrad areas. It was underlined that (a) projects must be assessed by the EIB and the loans authorised on a case-by-case basis by its Board of Governors. It is thus not a question of a general lending mandate for Russia; (b) projects must have a strong environmental objective and be of significant interest for the European Union; (c) the EIB must cooperate and co-finance with other international financial initiatives in order to ensure reasonable risk sharing and appropriate project conditionality; (d) the aggregate volume of loans is to be subject to an indicative ceiling of EUR 100 million; (e) Russia must honour its international financial obligations, including those to the Paris Club.

(5) The Stockholm European Council of 23-24 March 2001 concluded that the Union should open up EIB lending for selected environmental projects in Russia, according to specific criteria decided by the Council.

[1] OJ C 240 E, 28.8.2001, p. 295.
[2] Opinion delivered on 24 October 2001 (not yet published in the Official Journal).

(6) It is therefore appropriate to provide a guarantee to the EIB to allow it to sign loan operations under this special lending action for selected environmental projects in the Baltic Sea rim of Russia, notably in the St Petersburg and Kaliningrad areas. The EIB has indicated its ability and willingness to extend loans from its own resources in North West Russia in accordance with its Statute.

(7) This special action, involving a separate 100 % Community guarantee, is of an exceptional nature and is not to be considered as a precedent for any future actions.

(8) The Northern Dimension Environmental Partnership (NDEP) will provide a framework for the setting of priorities, involving the Commission, bilateral and multilateral donors, international financial institutions and the transition countries concerned.

(9) EIB financing in Russia under this Decision should be managed in accordance with the EIB's usual criteria and procedures, including appropriate control measures, as well as with the relevant rules and procedures concerning the Court of Auditors and OLAF.

(10) For the purpose of adopting this Decision, the only powers provided for by the Treaty are those set out in Article 308,

HAS DECIDED AS FOLLOWS:

Article 1

Objective

The Community shall grant the European Investment Bank (hereinafter referred to as 'the EIB') a guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria, for investment projects carried out under this special lending action in the Baltic Sea basin of Russia under the Northern Dimension. Eligible projects shall have a strong environmental objective and be of significant interest to the European Union.

Article 2

Ceiling and conditions

1. The overall ceiling of the credits opened shall be EUR 100 million.

2. For the purposes of this specific Decision, the EIB shall benefit from an exceptional Community guarantee of 100 % which covers the total amount of credits opened under this decision and all related sums.

3. Projects financed by loans to be covered by the guarantee shall satisfy the following criteria:

(a) eligibility in accordance with Article 1;

(b) cooperation and co-financing by the EIB with other international financial institutions in order to ensure reasonable risk-sharing and appropriate project conditionality.

4. The Board of Governors of the EIB, under Article 18(1), second paragraph, of the Protocol on the Statute of the European Investment Bank shall approve on a case-by-case basis each loan to be covered by the Community guarantee.

5. The Board of Directors of the EIB shall only propose projects for approval to the Board of Governors if Russia honours its international financial obligations, including obligations for its Paris Club debt.

Article 3

Reporting

The Commission shall inform the European Parliament and the Council each year of the loan operations carried out under this Decision and shall, at the same time, submit an assessment of the implementation of this Decision and of coordination between the international financial institutions involved in the projects. The information submitted by the Commission to the European Parliament and the Council shall include an assessment of the contribution of the lending under this Decision to the fulfilment of the Community's objectives under the Northern Dimension.

For the purposes of the first subparagraph, the EIB shall transmit to the Commission the appropriate information.

Article 4

Duration

The guarantee shall cover loans signed during a period of three years from the date of adoption of this Decision. If, on expiry of those three years, the loans signed by the EIB have not attained the overall ceiling referred to in Article 2, this period shall be automatically extended by six months.

Article 5

Final provisions

1. This Decision shall take effect on the day of its publication in the *Official Journal of the European Communities*.

2. The EIB and the Commission shall fix the terms on which the guarantee is to be given.

Done at Brussels, 6 November 2001.

For the Council

The President

D. REYNDERS