Update on the Project Support Instrument (PSI) March 2013

Husamuddin Ahmadzai, Tekn dr
Meeting of Senior Arctic Officials
Stockholm, Sweden, 20-21 March 2013

Agenda 3.10 Preamble

- The Arctic Council PSI Guidelines § 5.1 mandates a semi-annual PSI Report to the SAO on the activities of the subsidiary body.

- This 20 March 2013 PSI Update provides developments since the 14 Nov. 2012 PSI report to SAO (PSI Update, ACSAO-SE03, Doc. 3.9 Nov 2012)

Agenda 3.10 Developments (1/3)

20-21 November 2012: The Fund Manager (NEFCO) convened the 2nd Preparatory PSI Committee (“PPCOM 2”)
- an informal exchange of views with the PSI Contributors
- informed on the selection of JSC VTB Bank as the Russian Execution Agency (REA)
- views on planning, strategy, project criteria etc.

Agenda 3.10 Developments (2/3)

- On 1 Feb. 2013, “servicing documents” package was sent to REA. The package consists of
  - a Contract between NEFCO and REA;
  - a Contract between AGA and REA;
  - a Letter Agreement (NEFCO AGA & REA)

- Mid April 2013: Expected execution of Service package between NEFCO, REA and MNRE

Agenda 3.10 Developments (3/3)

- The service agreements basically clarify the responsibilities of AGA (MNRE), NEFCO and REA, respectively, and the 1st annual budget for the management of the PSI.
- Signing of the servicing documents will enable the entry into force of NEFCO’s Cooperation Agreement with the Russian Federation.
- Once NEFCO has received the Russian contribution, it will proceed to make the PSI operational.

PSI Resources & Project Activities (1/4)

- The PSI pledges, deposits and allocations currently stand at EURO 15.9 million
- Additionally, the Swedish Trust Fund for SLCF was augmented in December 2012 to SEK 2.55 million.
- SAO have through decision (Nov 2012) inter alia
  - clarified projects “P1-P10” as approved AC project areas;
  - requested the FM to proceed with an appropriate assessment and development of these projects for future consideration of the PSI Committee for financing; and
PSI Project Preparation Activities (2/4)

- encouraged the FM to cooperate with relevant AC subsidiary body chair(s) to mobilize the PSI.
- the PPCOM 2 noted the on-going PSI related activities, the envisaged working plan, routes for presenting AC Projects for PSI financing and encouraged the FM to share the relevant information with appropriate AC subsidiary body for consideration and cooperation.

PSI project preparation activities (3/4)

The FM is currently preparing a pipeline of proposals for appropriate processing with an AC subsidiary body taking into account the tentative resource allocation 2012-2015 and in anticipation that PSI will be operational 2013. The pipeline includes:

- SLCP Projects (on BC, Methane, HFC) Table 1
- Mercury (re. non-ferrous smelter, energy eff., waste)
- POPs (re. PCBs, Dioxins, Pesticides)

SLCP Projects under preparation (4/4)

Consultation with SAO on PCOM Chairperson

- The PSI Guidelines (2005) and its Rules of Procedure (PSI-RoP, 2008) have been established by the SAOs in accordance with the Arctic Council Rules of Procedure (AC-RoP)

- One of the remaining items for operationalizing the PSI is the election of the Chairperson of the PSI Committee (PCOM). According to the PSI-RoP, the PCOM is to elect one of its members to serve as Chairperson commencing from its first meeting and the Arctic Council Rules of Procedure requires a consultation with the SAOs for selection of a chairperson and vice chairperson.

- NEFCO is pleased to inform that the PSI Contributors have agreed to elect the Russian Federation to serve as Chair of the PCOM for one year beginning from the first meeting of the PCOM.

Agenda 3.10 PSI Update Conclusion

**Action:** SAOs may wish to

1. Note with appreciation NEFCO’s Update on the PSI to the SAO Meeting of March 2013;
2. Acknowledge the election of the Russian Federation to serve as Chair of the PSI Committee for one year beginning from the first meeting of the PSI Committee;
3. Invite other members of the Arctic Council that have not yet done so, to consider joining the PSI;
4. Encourage parties to deposit their contributions with the Fund Manager to enable the PSI to become operational as early as possible.

Thank you for your Attention