

Meeting minutes

Date: 12.10.2007

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Date

28.09.2007

Subject

Steering Committee Meeting "MunEM"-Project, Partner Meeting

Participants:

- Dr. Joachim Ströfer, BMF
- Dr. Brigitta Kauers, BMF
- Michael Krug, GTZ
- Benjamin Struss, GTZ
- David Oberhuber, GTZ
- Knut Höller, IWO
- Karsten Müller-Janßen, IB Schleswig-Holstein
- Vladimir I. Potapov, KREEC
- Tatiana Fedorskaya, KREEC
- Ljbov Shcheglova, KREEC
- Nikita A. Borisov, Kaliningrad Region Administration
- Elena Smolina, Svetly
- Elena Odentsova, Svetly
- Tatiana Lobacheva, Mamonovo
- Svetlana Semikova, Mamonovo

Beginning: 15 h 15

- Welcome and opening
- Presentation and approval of the agenda for the meeting
- Approval of the meeting minutes from the Kick-off Meeting in Kaliningrad
- Introduction of Mr. David Oberhuber, GTZ

responsible

Ströfer, Kauers, BMF

Ströfer, BMF



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Workplan and timetable

- Presentation of Mr. Müller-Janßen on the work plan and timetable (see attached)
 - WP1/WP2
 - Milestone 1: Kick-off Meeting and Introductory Workshop were organised; Milestone 2 reached with Study Visit to Schleswig Holstein;
 - The Project is behind schedule concerning tasks 10-12 of the work programme (attached) and that progress need to be made until the technical visit to Kaliningrad on October 30th and 31st; the same holds true for the structure of the energy efficiency centres
 - there should be a clarification of the reference groups until the 31.10
 - a first report on the existing structure should be submitted by Mr. Krug until 31.10
 - Mr. Krug comments that the Questionnaire is under development and only needs to be approved
 - WP 3:
 - Pilot buildings have been selected, software for municipal buildings identified, checklist for building management are completed
 - Data for pilot buildings should be collected by 31 October
 - Mr. Müller-Janßen asks the Russian partners to contact Mr Caraus for data collection and clarification of remaining issues
 - WP 4:
 - Stadtwerke Lübeck continue with the work plan and prepare concrete measures
 - There has been an agreement to assess the possibility of developing a second software tool on energy consumption on the municipal level. KREEC will prepare a draft paper with the specifications the new software should have as well as a cost estimate until October 1st. On that basis the partners will enter into further discussions what can be realised within the framework of the project also considering the budget available.
 - Mr. Müller-Janßen states that on the next workshop (5-7 December) first results and recommendations should be discussed and that the same holds true for the WP4 where an inventory. Additionally it needs to be agreed how to progress with the additional software tool
 - Finally Mr. Müller place emphasis on the fact that the schedule is very tight and that therefore the work plan should be followed strictly, because otherwise the planned workshop in December will be useless

Responsible:

Müller-Janßen, IB SH

GTZ, KREEC, all

Krug

**Müller-Janssen,
Mamonovo, Svetliy**

IB-SH, Mamonovo, Svetliy

SWL

KREEC, IB-SH, SWL, GTZ



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Financial Procedures

Mr. Struss summarises the key problems faced concerning the financial procedures that we shared by all participants

1. The GTZ and the Lead Partner BMF are subject to audits by the German and potentially Russian Auditors. Therefore they have the obligation to act in strict conformity with German, EU and Russian law. These rules and its regulations only foresee bank transfers as a mode of delivery. Cash transfers are hence not an option
2. Money transfer to Russia pose a problem to the Russian partners as these transfers might be subject to transfers tax
3. Russian municipalities state that they are not allowed to hold foreign currency accounts and cannot receive any payments on official accounts from the project as they would be accounted under the heading "other income" in the treasury and it cannot be guaranteed that the funds will be used for the purposes of the project

Solution proposed by GTZ and BMF

- The German-Russian House (DRH) that has a special status in Russia and is a subsidiary of GTZ does not have to pay transfer taxes and will act as financial clearing house. Project funds will hence be transferred from GTZ to the German-Russian House in Euro, the DRH will convert them into Rubel and forward it via bank transfer to the partners
- As the municipalities cannot receive any funds GTZ through the DRH will administer those funds for the Russian partners and make direct payments to the service providers upon presentation of contracts and invoices for all partners
- The DRH will transfer the money for salary reimbursements for all Russian partners upon presentation of timesheets and salary slips directly to KREEC. KREEC, that can make cash payments, will pay out the other partners

The solution proposed found the general approval of all parties present. A few issues were however discussed in more detail:

Responsible:

Struss, GTZ

all



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Responsible:

Income tax/cash transfers

- Mr. Potapov states that his Organisation would lose 13% of the salaries due to the income tax he has to pay which was not calculated in the project. He points to the fact that there are 32 projects in the Kaliningrad region in which all the experts are paid in cash. He suggests sending someone to Germany who would bring the money to Russia where the experts could be paid in cash according to the timesheets.
- Mr. Ströfer and Mr. Oberhuber emphasise that all salaries in the contract are calculated as gross salaries and that the partners signed corresponding salary statements. Furthermore it is not with the practice of the BMF to pay in cash irrespective of the fact that other projects may do otherwise.
- Mr. Popatov states that per diems were paid out in cash in Germany and why this should not be possible with salaries.
- Mr. Oberhuber answers that per diems and travel cost are relatively small amounts and therefore treated differently. Furthermore no borders had to be crossed to make these payments.

Role of German Russian House

- Mr. Potapov and Mr. Borisov question the possible role of the DRH in the project and express their concerns that the DRH will interfere in project implementation. They point out their discontent with the behaviour of the auditor Mrs. Borisova of the DRH in the previous meeting in September.
- Mr. Oberhuber replies that the DRH is subsidiary of GTZ in Russia. He adds that Mrs. Borisova is no GTZ employee but a freelance auditor.
- Mr. Oberhuber acknowledges Mr. Potapov's claim, that the DRH is no partner in the project and has no right to interfere and that KREEC is not accountable to the DRH.

Subcontracts

- Mr. Potapov asks if the provision of services, e.g. translations or subcontracts foreseen under point 5.2 of the budget can be counted as a contribution of KREEC to the co-financing.
- Mr. Struss refers to the budget that clearly states that all activities under budget heading 5 are considered as subcontracts and hence need to be provided by third parties.
- Mr. Oberhuber adds that currently the co-financing is fully covered by staff costs allocated to the project. However if KREEC pays service providers directly and provides adequate documentation on payments made to the service provider this could also be considered as co-financing.
- However Mr. Oberhuber points out that KREEC staff preparing the information campaign cannot be paid from the money in budget line 5.2 subcontracts. The work associated with it needs to be done by the two technical experts of KREEC that are financed through the project. The 13.000 EUR in the budget are foreseen for printing, TV spots or comparable items.



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Responsible:

- Mr. Potapov asks how he should pay the municipalities and how the contracts for the payment of salaries should be designed because without a reliable contract he is not able to pay the salaries.
- Mr. Oberhuber express their confidence that KREEC will find a workable solution and this would not be under the responsibility of neither GTZ.
- Mr. Borisov asks if the budget foreseen for salaries reimbursements of Kaliningrad Region staff as proposed by e-mail.
- Mr. Struss answers that there is technical no problem to redistribute the budget however once a principle agreement on money transfers has been reached. However if the change in the budget accounts for more than 15% per budget heading an addendum is needed.

Next steps

- Mr. Borisov poses the questions on the further proceedings now as the timesheets have been handed in:
- Mr. Struss answers that an account is currently being opened at the DRH and as soon as an agreement has been reached the money will be transferred to the DRH. After a sub-grant between DRH and KREEC has been signed the computers will be purchased and the salary reimbursement for the past six months transferred to KREEC.

Next meetings

- Date for next workshop and Steering Committee in Kaliningrad was fixed from 5th to 7th of December
- Mr. Höller and Mr. Borisov cannot attend due to other business. IWO will be respresnted by Mr. Piatrouskaya and Kaliningrad Government by Ms. Maximova instead.

Consortium agreement

- Mr. Borisov states that Consortium agreement proposed by GTZ is unnecessary in his opinion and that local and regional bodies in Kaliningrad are not entitled to sign such a document. He proposes to prepare a comparable document that will be signed by the working group leaders from each partner.
- Mr. Struss replies that in the eyes of the Coordinator a Consortium agreement will be needed and will be prepared for the German partners and KREEC anyway. Concerning the municipalities GTZ will take their restrictions into account and would agree to the proposal made by Mr. Borisov although it would be only a second best solution in their opinion. Such a document would hence be signed by the Project Leader and the working group leaders. This issue will be on the agenda on the next steering Committee in December.



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Software

- Mr. Potapov raises the question concerning the software tool to that was not adequately discussed in the Mr. Müller-Janssen's presentation.
- Mr. Oberhuber draws attention to the fact that Mr. Potakov had no comments to the presentation on the work plan by Mr. Müller-Janßen and as Mr. Müller-Janssen had to leave already there would be no point to discuss this further.
- Mr. Ströfer stresses that this issue has been thoroughly discussed in Kiel and all parties agreed that first KREEC will prepare a list of further specifications of the different features of a potential software need to be prepared and that the discussion could only continue on that basis.

End of meeting: 16:45

Responsible:

