

Contracting Authority: European Commission

SWITCH-Asia

Promoting Sustainable Consumption and Production

Grant Application Form

Budget Line 19.100101

Reference: **EuropeAid/126274/C/ACT/Multi**

Deadline for submission of Concept Notes 28 February 2008
Deadline for submission of full Application Form 29 May 2008

Name of applicant:	Czech Mongolian Chamber of Commerce	
Title of the action:	Reducing environmental impact of tanneries	
Location(s) of the action:	<i>Mongolia, Ulaanbaatar</i>	
Total eligible cost of the action (A)	Amount requested from the Contracting Authority (B)	% of total eligible cost of action (B/Ax100)
[EUR]	1600000	80%
Total duration of the action:	48	

Dossier No	
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(for official use only)

Contact details for the purpose of this action:	
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Telephone number: Country code + city code + number	+420 604 499 078
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Contact person for this action :	Pavel Kordik
Contact person's email address :	cemok@cemok.org

Any change in the addresses, phone numbers, fax numbers and in particular e-mail, must be notified in writing to the Contracting Authority. The Contracting Authority will not be held responsible in case it cannot contact an applicant.

NOTICE

All personal data (such as names, addresses, CVs, etc.) mentioned in your application form will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Your replies to the questions in this form are necessary in order to assess your grant application and they will be processed solely for that purpose by the department responsible for the Community grant programme concerned. On request, you may be sent personal data and correct or complete them. For any question relating to these data, please contact the Commission department to which the form must be returned. Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time (Official Journal L 8, 12.1.2001).

PART A. CONCEPT NOTE

I. GUIDANCE FOR THE DRAFTING OF THE CONCEPT NOTE

There is no specific template for the Concept Note but the applicant has to ensure that the text of his concept note:

- Does not exceed 4 full pages (A4 size) of Arial 10 characters with 2 cm margins;
- Responds, in the same sequence, to the headings listed below and in the Application Form. It is expected that the size of each section will reflect the relative importance of each heading (ref max scores in the evaluation grid and in the Guidelines). The applicant may provide any additional information that he may deem useful for the evaluation, but which might not have been specifically requested (e.g. added value and/or synergy with other similar interventions - past, present, or planned - past activities, multiplier or spill-over effects, why the applicant is the best placed for the implementation of the action etc). The evaluation will be carried out in accordance with the evaluation grid and it will be based solely on the information provided by the applicant in the concept note.
- Is drafted as clearly as possible to facilitate its assessment.

1. Relevance of the Action

- Provide a general presentation and analysis of the problems and their interrelation at all levels.
- Identify clearly specific problems to be addressed by the action.
- Include a brief description of the target groups and final beneficiaries.
- Demonstrate the relevance of the proposal to the needs and constraints in general of the target country(ies) or region(s) and to the target groups/final beneficiary groups in particular.
- Demonstrate the relevance of the proposal to the priorities and requirements presented in the Guidelines.

2. Description of the action and its effectiveness

- Provide a description of the proposed action including, where relevant, background information that led to the presentation of this proposal. This should include:
- A description of the overall objective of the action, outputs and expected results;
- A description of the proposed activities and their effectiveness;
- Involvement of implementing partners, their role and relationship to the applicant, if applicable, and the applicant's relationship with them;
- Other possible stakeholders (national, local government, private sector, etc.), their anticipated role and/or potential attitudes towards the project.

3. Sustainability of the action

- Provide an initial risk analysis and eventual contingency plans. This should include at minimum a list of risks associated for each action proposed accompanied by a relevant mitigation measures. A good risk analysis would include a range of risk types including physical, environmental, political, economic and social risks.
- Give the main preconditions and assumptions during and after the implementation phase.
- Explain how sustainability will be secured after completion of the action. This can include aspects of necessary follow-up activities, built-in strategies, ownership etc., if any.

1. Relevance of the Action

Mongolia has a large number of small leather tanneries that process some 30 000 skins per day, for a total output of about 8 million units per year. The tanneries produce wastewater, solid waste and sludge that contain significant amounts of chromium (Cr) and other chemical pollutants. Pilot studies of environmental samples of water, sediment and sludge from the Tuul river and wastewater treatment plants indicate high levels of Cr pollution, which can reach humans through various pathways.

Outdated technology of primary processing disordered consumption of chemicals and unsatisfied treatment of wastewater in the pre-treatment plant deteriorate “Tuul” river ecology. Furthermore, the ecology of Baikal lake basin is polluted with hazardous chemicals and Mongolia is blamed for perishing its fauna and flora. The leather processing workshops (tanneries) and mining companies have been identified as the source of chemicals in the waste water.

The leather industry was very developed in Mongolia and Central Asia during the Soviet Union. The export of leather products almost stopped after the market structures had collapsed during the decade 1990-2000. In past few years the demand for the leather products rises significantly. Several small private tanneries were established to satisfy this demand – not only in Ulaanbaatar, but also in other Mongolian towns where their environmental impact is often unregistered.

Many chemicals used for processing leather and fur impact on environment and human health toxically. Furthermore the number of tanneries is rising significantly and also getting expanded. While old and big tanneries, which meet ecological requirements, use only 30% of the capacities, the primary simple, underdeveloped processing workshops with risky technology have tendency to grow up.

In Ulaanbaatar city alone, there are 46 tanneries registered, (26 functioning permanently, the rest of them work during winter time only). Only 2 bigger tanneries (Bulgaar and Mongol shevro) could afford to buy new technology, other are all small tanneries (they have around 10-30 workers) and the lack of finance prevents them to improve the technology.

All of tanneries in Ulaanbaatar city should be mandatory connected to the waste water treatment plant (named Khargia) since 2006. However, treatment efficiency of the plant is low due to the outdated technology and overloading. Most of the new settled tanneries don't have WW pre-treatment plants and aren't connected to the central sewerage. They are the main sources to defect the central sewer system' operation, deteriorate hygienic conditions and increase environmental pollution.

The action addresses the problem of river and soil pollution with hazardous chemicals produced by private tanneries with underdeveloped water pre-treatment plants. We propose to research and develop innovative process of pollution treatment and support the adoption of new technology to reduce further pollution. Together with the environmental issues, following problems of tanneries need to be addressed: limited domestic value-added, poor quality of hides and skins, shortage of working capital, technological capacity to produce export-quality leather goods, etc.

The project will help to (a) improve outdated water treatment plants of tanneries (b) build new small water treatment facilities to deal with chemicals produced in tanneries based on EU technology (c) gain new knowledge about the environmental pollution from collected data.

Beneficiaries are chambers of commerce, universities (pollution treatment R&D, data collection and knowledge mining). The target groups are tanneries needing to obtain water treatment technology (otherwise facing sanctions from government possibly leading to closure), EU technology suppliers, governmental institutions and agencies involved, municipal organizations responsible for water treatment and sanitation. Final beneficiaries are the urban environment & population in respect of reduced environmental pollution, the ecosystem Tuul River and the Baikal Lake at the first stage of the project, later environment in Mongolia, China and Central Asia.

2. Description of the action and its effectiveness

The overall objectives of the action are (a) to research, develop and apply efficient instruments for reducing the waste water and environmental pollution caused by chemicals produced by tanneries, (b) to open up opportunities in Mongolia and Asian markets for EU SMEs and banks specializing in supply of know-how, technology & finance to emerging environmental markets (c) to facilitate an environmental friendly production to meet the requirements in order to export the leather products (d) to work with institutions on municipal and governmental level promoting the adoption of environmentally friendly policies and regulations.

The outputs and expected results of the action are (a) to identify environmental impact of private tanneries in Ulaanbaatar from previous studies and additional sample collection and analysis – modelling, prediction and data mining (b) to map the technology and chemicals used in each tannery and to propose the upgrade of the technology and the modification of the tanning process, together with EU technology suppliers and universities (c) to build capacities of selected tanneries to prepare a business plan bankable by EU financial institutions (d) R&D how nanoparticles of metal (iron) can be used in pre-treatment plants to reduce pollutant concentration of the waste water before they ever reach Khargia water treatment plant; model application of developed method, presentations supporting the multiplier effect (e) to stimulate the pressure to biggest polluters from government and municipal authorities to adopt environmentally friendly production.

In the second stage of the project the impact of the action will be evaluated and applied in other Mongolian towns. Results and recommendation will be disseminated in China (Inner Mongolia province) and in Central Asia countries to enhance the multiplier effect. Relevant institutions in India, Bangladesh and other Asian countries facing the environmental pollution from tanneries will be also contacted and referred to the project website. Research papers in journals and active presence in relevant conferences (financed from other sources) will help to give the action a world wide dimension.

The added value of the action is (a) strong research background of the project team promise innovative solutions (b) the combination of applied research and development with business promotion and enhanced environmental policies dramatically increase the effect of the action.

The project team consists of

The applicant:

Czech Mongolian Chamber of Commerce (CMCC) will coordinate the project, research institutions, address suppliers and financial institutions from the Czech Republic, and organize meetings in the Czech Republic and missions to Mongolia.

Partners:

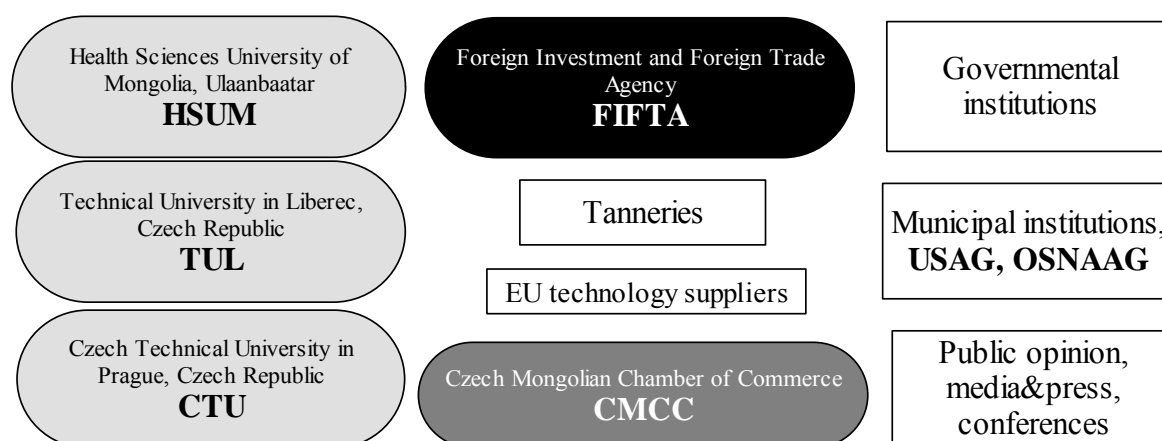
Foreign Investment and Foreign Trade Agency (FIFTA) will coordinate the project in Mongolia. It has direct access to target SMEs.

Health Sciences University of Mongolia (HSUM) – will participate on research (samples collection, identification of the pollutants, developing tools reducing it)

Technical University of Liberec (TUL) – will research and develop of advanced water treatment techniques based on nanomaterials.

Czech Technical University in Prague (CTU) – will be involved in data mining and knowledge discovery from collected environmental data – models, prediction of pollutant concentration, etc.

Research, Commerce and Policies



The project activities in the first stage of the project include:

- Dissemination workshops in Ulaanbaatar – focuses on project objectives & mobilization of tanneries.
- Recommend modern technology for bigger and small tanneries – environmentally friendly, cost saving, products quality improvement.
- Researchers to visit industrial polluters
- EU technology suppliers trade missions to Mongolia.
- Capacity building on preparation of bankable business plan.
- Training tannery owners and workers on cleaner production.
- Research on environmental impact of tanneries – study for assessing the waste water, sludge and Tuul river water quality and developing risk mitigating and reducing plan based on baseline data.
- Research and development of low-cost, efficient technology to reduce water and soil pollution.
- Research how waste products can be processed into secondary raw materials.
- Awareness rising, training municipal and governmental authorities to impose environmentally regulations on polluters.

The activities in the second stage will include:

- Dissemination workshops in other Mongolian cities (Erdenet, Darkhan, etc.).
- Training, matchmaking and capacity building.
- Install new nano-metal and acidifying methods.
- Follow up study based on waste water, sludge and Tuul River water quality analysis for evaluating an efficiency of newly introduced methods.
- Build up the enabling policy environment by opening a centre offering technical support services, follow up services, business links and applied research to tanneries on commercial basis.
- Create website and materials to disseminate the results and methodology.
- Contact and collaborate with relevant institutions in other Asian countries to enhance the multiplier effect.

The success of a project is not measured by promotional meetings that take place, but by business deals actually concluded and number of tanneries equipped by new technology. The research and development of new WW treatment technology can be verified by standard techniques (research

studies, articles, citations, etc.). The impact of the project will be measured by a comparative study of pollutant concentrations in the Tuul River.

3. Sustainability of the action

Mongolian government is already aware of the problem. It imposed regulations on tanneries operation and waste water treatment need to be supported by sanctions and efficient control mechanisms. Therefore project activities include close cooperation with Professional Inspection Agency, Ministry of Trade and Industry and Ministry of Environment.

The most difficult task of the project is to help stakeholders to get loan from financial institutions to buy WW treatment technology.

Some EU financing institutions have expressed a willingness to look at such proposals using relatively straight-forward approaches (notably the Czech Export Bank, the Commercial Bank, the EGAP Insurance Facility and the Ceskoslovenska Obchodni Banka (CSOB) which is a joint Czech-Belgian Bank covering the Czech Republic and Slovakia). One of the main priorities of the project is to help tannery owners and managers who may have only preliminary studies available to identify possible partners and funding sources, and make concrete progress towards structuring and finalizing deals.

The assumption is that direct introductions to the potential equipment suppliers and the funding institutions may help the match making process and lead to joint ventures or other forms of joint operation, but that in the case of Mongolia such match making activities must be backed by capacity building and training for Mongolian associations, firms and project developers. The associated capacity building and training is to strengthen the facilitating role of Mongolian trade associations and NGOs and to improve the capacity of Mongolian project developers to prepare bankable projects.

The project design uses the direct access to the Export Bank or Facility, and associated Commercial Banks, as a lever to ensure concrete discussions around concrete possibilities (for partnerships, joint ventures, project financing and implementation).

The advantage of the Export Credit mechanism is that it links equipment procurement to project financing. Export Banks and Facilities need to see partnerships between bilateral EU suppliers and the tannery owners. Joint ventures and joint ownership make it easier to mobilize capital via BOTs (Build, Operate, Transfer) or BOOs (Build, Operate, Own).

The research of the new WW treatment technology will induce innovative solutions to the treatment of heavy polluted water and developed technology will be released under the public licence.

The sustainability of the action will be supported by opening a centre offering technical support services, follow up services, business links and applied research to tanneries on commercial basis. Tanneries that will get financing and equip with new technology need follow up services. Also prepared projects can be further developed to get financing.

In the second stage, the methodology will be replicated in other Mongolian cities (Darkhan, Erdenet, Bulgan, Mandalgovi, Moron, etc.) where similar problems exist.

The project is replicable in Bangladesh, Northern India, and other countries. To support the multiplier effect, the dedicated web site will be created and relevant institutions contacted in these countries.

II. CHECKLIST FOR CONCEPT NOTE

EuropeAid/126274/C/ACT/Multi SWITCH-ASIA 19.100101

ADMINISTRATIVE DATA	To be filled in by the applicant
Name of the Applicant	Czech Mongolian Chamber of Commerce
EuropeAid ID number	CZ-2008-FOL-1402825827
Nationality¹/Country² and date of registration	Czech Republic, 21/12/2004
Legal Entity File number³	
Legal status⁴	Non profit organization
Partner 1	Name/EuropeAid ID number: Foreign Investment and Foreign Trade Agency Nationality/Country of registration: Mongolia Legal status: Non-governmental organization
Partner 2	Name/EuropeAid ID number: Health Sciences University of Mongolia Nationality/Country of registration: Mongolia Legal status: University

¹ For individuals

² For organisations

³ If the applicant has already signed a contract with the European Commission

⁴ E.g. non profit making, governmental body, international organisation...

Partner 3	Name/EuropeAid ID number: Technical University of Liberec Nationality/Country of registration: Czech Republic Legal status: University
Partner 4	Name/EuropeAid ID number: Czech Technical University in Prague Nationality/Country of registration: Czech Republic Legal status: University

BEFORE SENDING YOUR CONCEPT NOTE, PLEASE CHECK THAT EACH OF THE FOLLOWING COMPONENTS IS COMPLETE AND RESPECTS THE FOLLOWING CRITERIA :	To be filled in by the applicant	
	Yes	No
Title of the Proposal:		
1. The instructions for concept note, published for this call for proposals, have been followed	X	
2. The proposal is typed and is in English	X	
3. One original is included	X	
4. An electronic version of the concept note (CD-Rom) is enclosed	X	
5. The action will be implemented in an eligible country(ies)	X	
6. The duration of the action is equal to or lower than 36/48 months (the maximum allowed)	X	
7. The duration of the action is equal to or higher than 24 months (the minimum allowed)	X	
8. The requested contribution is equal to or higher than EURO 500 000 / 1 000 000 (the minimum allowed)	X	
9. The requested contribution is equal to or lower than EURO 1 000 000 / 2 500 000 (the maximum allowed)	X	
10. The requested contribution is equal to or lower than 80 % of the total eligible costs (90 % for LDCs) (maximum percentage allowed)	X	
11. The Declaration by the applicant has been filled in and has been signed	X	
12. The present Checklist and the Declaration by the applicant are filled in and sent with the Concept Note	X	

III. DECLARATION BY THE APPLICANT FOR CONCEPT NOTE

The applicant, represented by the undersigned, being the authorised signatory of the applicant, including every partner, hereby declares that

- the applicant has the sources of financing and professional competence and qualifications specified in section 2 of the Guidelines for Applicants;
- the applicant undertakes to comply with the obligations foreseen in the partnership statement of the grant application form and with the principles of good partnership practice;
- the applicant is directly responsible for the preparation, management and implementation of the action with its partners and is not acting as an intermediary;
- the applicant and its partners are not in any of the situations excluding them from participating in contracts which are listed in Section 2.3.3 of the Practical Guide to contract procedures for EC external actions (available from the following Internet address: http://ec.europa.eu/europeaid/work/procedures/index_en.htm). Furthermore, it is recognised and accepted that if we participate in spite of being in any of these situations, we may be excluded from other procedures in accordance with section 2.3.5 of the Practical Guide;
- if selected, the applicant is in a position to deliver immediately, upon request, the supporting documents stipulated under section 2.4 of the Guidelines for Applicants.;
- the applicant and each partner (if any) are eligible in accordance with the criteria set out under sections 2.1.1 and 2.1.2 of the Guidelines for Applicants;
- if recommended to be awarded a grant, the applicant accepts the contractual conditions as laid down in the Standard Contract annexed to the Guidelines for Applicants (annex F);
- the applicant and its partners are aware that, for the purposes of safeguarding the financial interests of the Communities, their personal data may be transferred to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office.

Signed on behalf of the applicant

Name	Pavel Kordik
Signature	
Position	Executive secretary
Date	

IV. ASSESSMENT GRID FOR CONCEPT NOTE

(FOR THE USE OF THE CONTRACTING AUTHORITY ONLY)

	YES	NO
1. The submission deadline has been respected		
2. The Concept Note satisfies all the criteria mentioned in the Checklist (Section II of the Concept Note).		
The administrative verification has been conducted by: Date:		
<u>DECISION 1:</u> The Committee has decided to recommend the Concept Note for Evaluation after having passed the Administrative check.		
<u>DECISION 2:</u> The Committee has approved the Concept Note and asked pre-selected applicant to submit a full proposal after having pre-selected the best Concept Notes.		
The evaluation of the Concept Note has been conducted by: Date:		

