

Newsletter

1st issue
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SUST-RUS – Spatial-economic-ecological model for the assessment of sustainability policies of the Russian Federation – is a sound scientific support for formulating sustainability policies with the focus on a balanced integration between social, economic and environmental policy objectives.



Dear Colleagues,

In our first issue of the SUST-RUS Newsletter we would like to inform you about the objectives of the project, its current state, important stages of its implementation and the latest news.

Content:

- **SUST-RUS project**

Spatial-economic-ecological model for the assessment of sustainability policies is a unique tool for sustainable development policies formulation in the Russian Federation

- **Meetings**

Kick-off meeting

- **Internet site**

SUST-RUS internet site is up and running

- **News and events**

SUST-RUS project

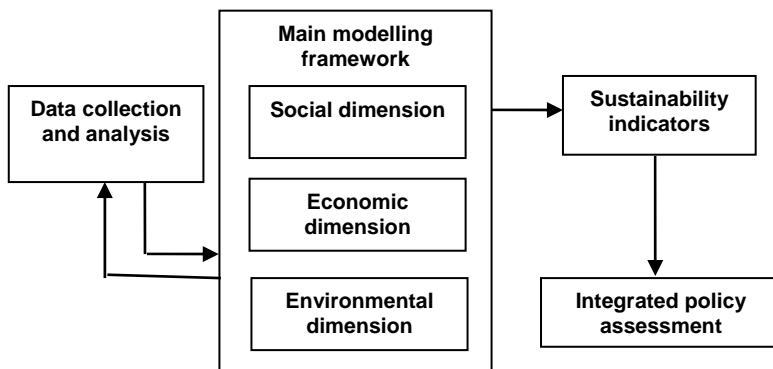
The SUST-RUS modelling approach will provide Russian and international community with the sound scientific support for formulating sustainability policies, which is characterized by a balanced integration between social, economic and environmental policy objectives. The use of the SUST-RUS approach will assist in an efficient incorporation of the sustainability goals into the existing Russian policy tools on regional and federal levels as well as in the assessment of the EU strategy for sustainable development in Russia. The SUST-RUS modelling approach represents the state-of-the-art in many different areas of knowledge and, hence, it will enrich the existing stock of models available for Russia.

The overall aim of the project is to develop and implement for Russia an integrated spatial-economic-ecological model, that will combine different aspects of economic activity (economics, transport, resource-use and environment), their affect on regional health and environment. The SUST-RUS model can be of great help to policy makers in their choice of medium and long-term sustainability policies.

The project's main goal is to develop a modelling approach, which represents the state-of-the-art in impact assessment and corresponds to the complexity of the sustainability issue.

In pursuing this objective the following assumptions and methodological guidelines are adopted:

Framework of the methodological approach

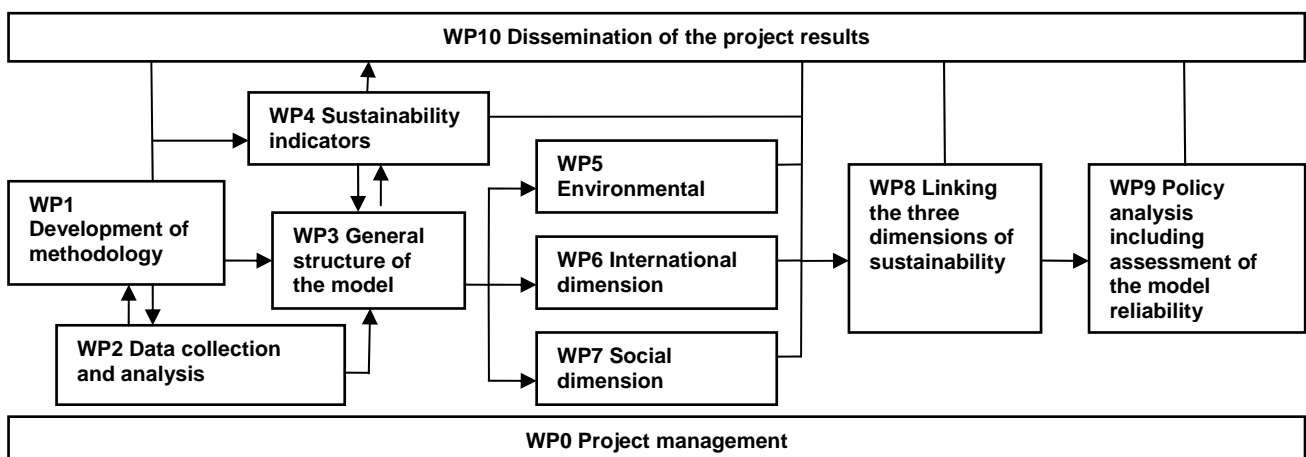


- ⇒ **Quantitative approach:** existing European and international models such as GEM-E3, PACE, RAEM, EPPA and MIRAGE provide adequate references for the methodological basis of the project.
- ⇒ **Focus on three major dimensions** – economic, environmental and social.
- ⇒ **Sensitivity tests and validation of results:** taking into account the degree of uncertainty of any study focused on social environment, the SUST-RUS project will provide robustness check of the main outcomes.

The SUST-RUS team will specifically focus on building a consistent database necessary for the implementation of the developed approach and constructing the spatial-economic-ecological model for Russia. We will also develop a set of sustainability indicators associated with the model, which allows for quantification of social, economic and environmental effects of sustainability policies. The last but not the least objective of the SUST-RUS is to assess the effects of a set of important sustainability policy measures by using the new model. This will help us to demonstrate the operation ability and reliability of the developed modelling approach.

Timing of work packages and their components

To achieve the project objectives the work is organized into 10 work packages:



More information about the SUST-RUS project you can find on our internet site www.sust-rus.org.

Kick-off meeting

On February 10-11, 2009 we held a kick-off meeting, which gave a good start to SUST-RUS project. During the kick-off meeting we had a chance to meet in person and to get a better understanding of SUST-RUS objectives, procedures and plans. There were representatives of all Consortium Partners (except for SSB), they gave informative presentations about their organizations' focus in relation to SUST-RUS project. EC project officer Peter De Smedt gave us a valuable overview of EC expectations and CEFIR presented time schedule and organizational structure of the project.

During the kick-off meeting the workshop "Economic Modeling of Energy and Environment: Current Approaches and Challenges" was given by our distinguished guest Dr. Sergey Paltsev. Dr. Paltsev is a Principal Research Scientist at Massachusetts Institute of Technology (MIT), Cambridge, USA, where he is working as the lead modeler in charge of the MIT Emissions Prediction and Policy Analysis (EPPA) model, which is a multi-regional computable general equilibrium (CGE) model of the world economy. He covered such issues as various CGE models, technical aspects related to industrial production's influence on environment and impact of political scenarios on global economy balance. This workshop helped us to get a better idea of the current state in the environmental modelling. Mr. Paltsev paid special attention to the importance of data collection effort as there is a clear lack of consistent environmental data for Russia. As he pointed out, a good, complete database for Russia, that we are to build for SUST-RUS, will be a valuable input for the modelling society.

Important things discussed during the kick-off meeting:

- **Scale of the model:** Russian federal level (7 regions)
- **Data availability:** input-output table/interregional trade flows/data availability
- **Various models:** overview, uses and abuses of models, the importance of consistency in data collection
- **Programming languages:** GAMS and MPSGE
- **Indicators:** calculability/quality/interpretation
- **Verification** of general equilibrium model's results
- **Links between policy and data:** policy questions should form the core of the model, forming the data set and model structure

Internet site

We are glad to announce that SUST-RUS project internet site is now up and running, you can find it at www.sust-rus.org. This web site is not only a gateway for public to the proceedings and findings of the Consortium, but a stage for discussion and feedback on the project activities and deliverables.

Internet site has a public area open to everyone and a "Partners area" for our Consortium members. In the public area there will be published all project reports and related articles, newsletters, news and events.

A few words about SUST-RUS logo – a white four-leaved (as there are four letters in SUST) clover in a blue sphere:



A four-leaved clover is a symbol of good luck. Its four leaves have the following meaning: one leaf for glory, one for fortune, one for love and one for health. The sphere is an emblem of earth, white and blue color palette symbolizes harmony.

So the idea is that the project results (SUST-RUS model) will contribute to the harmonic and sustainable development on planet Earth.

News and events

Consortium Agreement and Grant Contracts

At the moment CEFIR is in the process of finalizing the signing the Consortium Agreement and Grant Contracts with the Consortium partners. The reporting forms and instructions for accountants on project reporting will soon be downloaded to our web side (partners' area).

Programming language

The SUST-RUS will be modelled using the GAMS modelling software (www.gams.com). Partners agree that most parts of the model will be in the MCP (mixed complementarity problem) format with the PATH solver. This will allow for use of the MPSGE (*mathematical programming system for general equilibrium analysis*) language if needed.

Scope of work

The detailed description of the project's work packages (WPs) as well as the list of milestones and deliverables can be found on our internet site (Project stages section). In the partner's area we will soon download the more detailed task-table for the nearest future activities. The particular tasks, outcomes and deadlines may be discussed with task leaders.

Upcoming events

- Our next internal meeting is scheduled for the 20th of May. To save time and money, it is planned to be held as a teleconference. All further details will be available on our web site.
- The internal training in GAMS/MCP is scheduled for the end of April, 2009. We came up with an idea to have a long-distance GAMS/MCP training course as some of our partners do not have prior experience in building general equilibrium model with GAMS software whereas the dissemination of modelling techniques is an essential part of the SUST-RUS project. The announcement and detailed information about this long-distance training course will be published on our web site.

Internet site and Newsletter

As this is our first issue and the web site has just started – you are welcome to send us your comments and recommendations on its layout and content.

We wish you success in your work and will come back to you in our next Newsletter issue!

SUST-RUS Consortium Partners



**CEFIR, Russia, Moscow
Coordinator of the Consortium**

Centre for Economic and Financial Research (CEFIR) was founded in 2000; it is one of the leading Russian independent economic policy think tanks.

Transport & Mobility Leuven NV, Belgium

Transport & Mobility Leuven (TML) clusters the knowledge of both research institutes and applies it to actual policy problems. TML has unique experience with building regional and European general equilibrium models.



Zentrum fuer Europäische Wirtschaftsforschung GmbH, Germany

The Centre for European Economic Research (ZEW) in Mannheim is one of the leading economic research institutes in Germany. Work in the SUST-RUS project will be undertaken by the Department of Environmental and Resource Economics, Environmental Management at the ZEW. The department has acquired a reputation in expertise in Computable General Equilibrium model building and analysis at the national as well as international (global) level in the field of energy and environmental policies. It has furthermore developed methods for integrating bottom-up technological information into a CGE environment.

Institute For The Economy In Transition, Russia, Moscow

Institute For The Economy In Transition (IET) is an independent non-commercial research organization. The Institute conducts both theoretical and applied studies in the field of economics, consults the agencies of state power of the Russian Federation on issues concerning the problems of economic growth in economies in transition, public finance, monetary and currency exchange policies, privatization policies, corporate finances, restructuring and institutional reform.



Ural State University, Russia, Ekaterinburg

Ural State University (USU) was founded in 1920 in Ekaterinburg, the oldest city in the Middle Ural, situated on the border between Europe and Asia. During its existence more than 50 thousand experts have been prepared; the University is one of the first Russian institutions to prepare a number of holders of a master's degree. Today USU offers an opportunity to get a fundamental education and actively participates in the development of various sectors of the Ural region's economy, using its scientific potential in Natural sciences, social and humanitarian spheres.

Voronezh State University, Russia, Voronezh

Voronezh State University (VSU) has a well-established reputation for excellence in teaching and research and is consistently ranked amongst the top Russian Universities. In the SUST-RUS project the basic attention will be concentrated to problems of regional economy and influence FDI on innovative activity of regions.



Far Easten Center For Economic Development, Russia, Vladivostok

Far Easten Center For Economic Development (FECED) – is a non-government, non-profit organization. The general mission of the FECED is to provide assistance in promoting the effective economic policy on the Russian Far East, deepening of mutually advantageous trade and economic cooperation with the Pacific Rim countries, and developing the domestic and foreign businesses' activities in the region. FECED pays special attention to development of civil society on the regional and municipal levels as an essential condition of social, economical and political development of the Russian Far East.

Statistisk Sentralbyrå – Statistics Norway, Norway

Statistics Norway, as one of the few statistical bureaus in the world, has a substantial research activity. Unit for Petroleum and Environmental Economics primarily study the oil and gas markets, climate change, sustainable development and natural resource management.

