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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 3

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Federal Republic of Somalia for 2022

Action Document for “Economic Governance and Anti-Corruption Programme”

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Economic Governance and Anti-Corruption Programme CRIS number: NDICI AFRICA/2022/043-924 OPSYS ref. ACT-60613 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	NO
3. Zone benefiting from the action	The action shall be carried out in Somalia – country-wide geographical focus The action shall be carried out at or have an impact on the following locations: Somaliland, Puntland, Galmudug, South West, Jubaland, Hir-Shabelle and Benadir Regional Administration (BRA)
4. Programming document	Somalia Multi-annual Indicative Programme (MIP) 2021-2027
5. Link with relevant MIP(s) objectives/expected results	This Action will contribute to MIP Specific objectives 1 and 3, namely “to strengthen state capacity to deliver core functions” and to “promote green, low-carbon, climate-resilient economic development and regional integration (market access) through an enabling environment, direct support to the private sector, and climate-responsive infrastructure services (transport, digital, water and energy)”. In terms of expected results and associated indicators under the MIP, it will contribute to: <ul style="list-style-type: none"> - Somalia reaching HIPC completion point [indicator: Number of countries supported by the EU to strengthen revenue mobilisation, public financial management and/or budget transparency (EURF/GERF 2.19)], - Improved investment climate and business environment, complemented by ‘green’ economic, fiscal and/or public financial management policies and measures [indicator: Number of countries supported by the EU to strengthen investment climate (EURF/GERF 2.16)], and to

	<ul style="list-style-type: none"> - Increased economic activity in a wider range of sectors, with a focus on sustainable agri-food systems including nutrition, green, blue and circular economy value chains linking rural production with urban and foreign markets [indicator: Number of enterprises supported overall, and specifically in the development of sustainable agri-food systems, green, blue and circular economy activities]. 			
PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	This action will be entirely financed under Priority Area 2 of the MIP (Inclusive and green economic growth), specifically Sector 2.1. Economic and financial governance and sector 2.3. Economic Development.			
7. Sustainable Development Goals (SDGs)	Main SDG: 16 “Peace, Justice and Strong Institutions” Other significant SDGs: SDG 1 “Poverty”, SDG 2 “Zero Hunger”, SDG 7 “Affordable and clean energy”, SDG 8 “Decent Work and Economic Growth”, SDG 9 “Industry, Innovation and Infrastructure, and SDG 10 “Reduced Inequalities”.			
8 a) DAC code(s)	150 Government and Civil Society – 62% 250 Business & Other services – 31% 254 Banking and Financial Services – 7%			
8 b) Main Delivery Channel @	2000 - Non Governmental Organisations and Civil Society 4400 - World Bank Group (WB) 6000 – Private Sector Institution			
9. Involvement of multilateral partners	YES (IMF, IFC and the World Bank)			
10. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance ¹			
11. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ Thematic target for geographic programmes (at least 15%) in delegated act.

	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @ digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
13. Amounts concerned	Budget line(s) (article, item): BGUE-B2022-14.020121-C1-INTPA Total estimated cost: EUR 13 000 000 Total amount of EU budget contribution: EUR 13 000 000			
MANAGEMENT AND IMPLEMENTATION				
14. Type of financing ²	Direct management through: - grants - procurement Indirect management with the entity(ies) to be selected in accordance with the criteria set out in sections 4.4.3, 4.4.4 and 4.4.5			

1.2. Summary of the Action

In line with the orientations spelled out under Priority Area 2 of the EU Multi-annual Indicative Programme for Somalia 2021-2027, specifically *Sector 2.1. Economic and financial governance* and *sector 2.3. Economic Development*, this Action aims to address some of the key economic and financial governance issues that are constraining faster economic development in Somalia. The intervention encompasses two broad strategies, the first one being to strengthen financial accountability and countering endemic corruption, as a way to improve Somali citizens' trust in the new state structures (both at federal and state levels), and the second strategy aims to improve

² Art. 27 NDICI

Somalia (and Somaliland) investment climate and business environment and integration in the international financial system. These two overarching strategies are broken down into the following work streams:³

- (a) Supporting the establishment of a modern and coherent external audit function in Somalia, consistent with the emerging federal framework of governance,
- (b) Continuing (and enhancing) EU's engagement, on behalf of all Somalia donors, in the Financial Governance Committee (FGC),
- (c) Support wider fiscal accountability and economic governance reforms within the HIPC framework via the IMF Country Fund,
- (d) Enhancing the role of Civil Society in providing external scrutiny of Somali public finances and demanding greater transparency and accountability,
- (e) Promote inclusive economic reforms in the areas of business and investment that benefit the Somali private sector in key value chains and facilitate access to financing, and
- (f) Promote financial sector reforms aimed at integrating Somalia into the international financial system, including by contributing to AML/CFT, through strategic dialogue on financial governance and investments involving IFIs/DFIs and capacity building for local institutions.

This action takes forward some critical areas of support that have proven successful in the past, notably support to the external audit function and the Financial Governance Committee, while also teaming up with others (notably IMF, World Bank, UK, US) to support a coherent multi-donor approach to tackle Somalia's critical financial and economic governance challenges. The multi-donor approach is critical in light of the political nature of necessary reforms. Progress in these areas is essential to increase the legitimacy and sustainability of the Somali Government, and increase the integration of Somalia into the global economy to create jobs and increase income generation.

Contracts will comprise a mixture of direct management (likely via a service contract with a TA supplier and a CSO grant), and indirect management in the form of contribution agreements with the IMF Somalia Country Fund and WB Group Trust Funds.

The main SDG targeted by the action is SDG 16 "Peace, Justice and Strong Institutions", while also contributing to SDG 1 "Poverty", SDG 2 "Zero Hunger", SDG 7 "Affordable and clean energy", SDG 8 "Decent Work and Economic Growth", SDG 9 "Industry, Innovation and Infrastructure, and SDG 10 "Reduced Inequalities". The action is not a Team Europe Initiative, but supports the TEI on green deal/sustainable energy.

2. RATIONALE

2.1. Context

Somalia is a key partner of strategic interest for the EU in the areas of stability and security in the Horn of Africa, but also for climate change, migration, education and promotion of green economic growth. Despite sustained progress on economic reforms, the overall situation in Somalia continues to be extremely fragile and volatile hampered by political instability, climate induced shocks (drought and floods primarily), persistent security challenges, direct conflict and socio-economic vulnerability. These factors combined with the Covid-19 pandemic and the desert locust infestations are the main drivers of acute humanitarian needs, with 2.9 million people internally displaced and over 2.8 million people facing acute food insecurity and hunger (compared to 3.1 million people in the last major drought in 2017/18).

The political instability driven by Al-Shabaab and tensions between the Federal Government of Somalia (FGS) and some of the Federal Member States (FMS) characterise the political context in Somalia. The 15-month overdue presidential elections added to these tensions, which are undermining the state building efforts and progress towards key milestones, such as the finalisation of the provisional constitution, the agreement on the federal model, and the electoral system.

The political tensions and deep-seated grievances also represent a significant obstacle to achieving progress on the security front. Al-Shabaab continues to control significant parts of the country and carries out regular attacks against civilians as well as Somali and AMISOM forces. Despite the commitment in the Somalia Transition Plan (STP) to take over the country's security responsibility by 2023, Somali security forces remain heavily dependent on international support and cannot ensure the protection of the population.

³ The proposal has been prepared on the assumption that the proposal made to reinforce quality infrastructure in Somalia and Somaliland will be covered under the regional programme (Economic Integration and Trade Component).

On the economic front, Somalia achieved an important milestone in March 2020 by reaching HIPC Decision Point, which in turn resulted in the normalisation of the relationship with international financial institutions and the unlocking of significant financial resources most notably from the World Bank and the IMF. This notwithstanding, the political developments over the past year have led to the de facto suspension of direct budget support to the Federal Government of Somalia. In 2021, the Government of Somalia benefited from the IMF's global new SDR creation exercise, which created fiscal space that should allow the financing of priority spending up to the middle of 2022. After that, the fiscal outlook is precarious in the absence of a resumption of international budget support.

While there has been incremental progress in implementing financial and fiscal management related reforms in recent years, state legitimacy vis-à-vis Somalia's citizens remains low. Government capacity remains extremely weak at managerial and technical levels, collection of domestic resources very limited (around 5 per cent of GDP), emerging federal institutions are still being defined, and political instability - and associated security concerns - continue to hamper reform efforts. The emerging federal governance structures are still contested politically, and struggling to perform core state functions such as security. Both horizontal and vertical accountability mechanisms are weak, which facilitates the capture of institutions by political elites. This is fuelling distrust and reinforces patterns of fragility, as the country remains trapped in a "low-trust non-cooperative social equilibrium" (WB) with a constant risk of relapse into conflict and reversal of the state building gains achieved to date. Anti-corruption reforms are an element of the "HIPC floating triggers" that Somalia will need to meet as a pre-condition for effective and permanent debt relief (HIPC "Completion Point").

Weak integrity and accountability in the public sphere are also a major impediment to private investment flows, as attested by Somalia's consistent ranking as the country perceived to be most corrupt globally and at the bottom of doing business rankings. A stronger economy requires a sound investment climate, including a context to attract international capital flows to boost investments in Somalia and discourage illicit flows, and a vibrant private sector that creates jobs, pays taxes, and is able to engage in constructive public-private and social dialogue. Additionally, much remains to be done in terms of integration of local commercial banks into the international financial system and help address the key bottlenecks that are hampering engagement by international Development Finance Institutions in Somalia.

2.2. Problem Analysis

To pursue its ambitious state building goals and create more and better jobs for its citizens, Somalia needs to grow its economic base, which can generate tax revenues that can in turn enable the state to perform its core functions and resume some forms of service delivery to the population.

Economic growth in recent years has been limited and erratic, affected by insecurity, external shocks, low added value creation and the informality of commercial transactions. The economy is largely relying on remittances, international aid and some exports concentrated on a few products. The level of income poverty is high. A major challenge for Somalia has been to generate enough economic opportunities to meet the expectations of a young and rapidly growing population (population growth estimated 2.9% per annum). The distribution of wealth created through public policies has also been a challenge due to limited fiscal space and capacities. Most Somali, in particular women and youth, do not have access to decent jobs or sources of income. Access to financial services is very limited as well. Policy dialogue on economic policies with the federal member states, private sector and civil society is weak albeit institutionalized. These issues have been exacerbated by COVID19.

These challenges notwithstanding, Somalia (and Somaliland) have made encouraging progress in terms of reforms and at institutional level to support investment and private sector development over the last few years. A draft trade policy is at an advanced stage and should address bottlenecks such as poor infrastructure and border management, absence of quality control and standards and limited value creation. It should also guide accession of Somalia to the WTO and integration into regional agreements: COMESA, AfCFTA. Basic regulations for investment, telecom, mobile money and business registration/licensing are in place and a draft federal energy law is at Parliament. Review of the federal financial sector law is also ongoing.

In the meantime, corruption remains pervasive and systemic and, as pointed out in FGS's own Anti-Corruption Strategy 2020-23, "plays into the hands of violent extremist groups, legitimising their agendas and threatening the critical peace-building gains made over the last few years" (...) as "gaps in legal frameworks, embryonic institutions, and a rampant culture of impunity have conflated to create an environment that is highly conducive to corruption".

Strengthening domestic accountability and countering Somalia's endemic corruption is critical for fostering public trust in state institutions (both at federal and state levels) and will ultimately contribute to stability and wider peace

and state building goals by enhancing the legitimacy of the formal state apparatus and reducing the attractiveness of alternative governance ideologies offered by violent, extremist groups such as Al Shabaab.

Supporting accountable governance will also contribute to the other objectives of this action by contributing to strengthening FGS's adherence to prudent fiscal management practices, which in turn is essential to maintain macroeconomic stability, attract private investment and drive economic growth.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

- Federal Office of the Auditor General (OAG) and state-level auditors' offices. Whilst the federal framework governing the audit function in Somalia is yet to be fully defined, there is ongoing technical collaboration across the FGS-FMS levels. Further coordination and harmonisation of audit practices and standards will be fostered by this intervention.
- The Financial Governance Committee (FGC) is a high-level advisory committee established in early 2014 by mutual agreement between the FGS, donors and IFIs. It comprises senior members of FGS and international representatives. It provides the FGS with a forum for dialogue and confidential advice on strategic and sensitive financial governance issues. The FGC is chaired by the Minister of Finance, and its membership consists of the Governor of the Central Bank of Somalia (CBS), representatives of the President and the Prime Minister, the Chair of the Budget and Finance Committee of the Lower House, the State Attorney General, and international representatives from the IMF, WB, African Development Bank and bilateral development partners (including the EU). Discussions are ongoing on whether the scope of the FGC could be extended to include FMS membership.
- IFIs – this Action proposes to consolidate the EU's engagement in-country with the IMF, WB and IFC by contributing to respective dedicated Somalia Trust Funds, thus enabling a coherent multi-donor approach to tackle Somalia's critical financial and economic governance challenges.
- Local CSOs engaged in fiscal and financial oversight and advocacy for greater government accountability on fiscal and financial governance issues.
- Office of Prime Minister, Ministry of Commerce and Industry (MOCI), Ministry of Planning and Economic Development (MoPIED), Ministries of Finance, Trade and Investments in Somaliland and federal member states
- Central Bank of Somalia, Somaliland Electricity Commission, SomInvest
- Somali commercial banks and microfinance institutions
- Private Sector Organizations (PSOs), including the network of Chambers, sector organizations, cooperatives, women in business organizations, foreign PSOs.
- Private sector, including energy firms, telecoms, business development services, MSMEs
- Development Finance Institutions (DFIs)
- Relevant UN agencies and like-minded donors engaged in these policy areas (notably Denmark, Germany, Sweden, UK, US, Norway)

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

In broad terms, the action will seek to foster sustainable green economic development in Somalia.

Two interrelated specific objectives (Outcomes) are expected to contribute to this overall objective, namely:

SO1. Accelerated reforms to strengthen financial governance in Somalia, including the countering of corruption, in line with requirements of the HIPC initiative

SO2. Improved investment climate and inclusive business environment in Somalia, particularly in the green and digital sectors

The Action's expected results (Outputs) are as follows:

1.1. Increased capacities of the Office of the Auditor General (OAG) and continuation of the Financial Governance Committee (FGC)

1.2. Greater capability fostered in Somalia's core economic and fiscal institutions (especially in the areas of macro-fiscal policy, PFM, DRM, Central Banking operations, AML/CFT)

1.3. Increased opportunities for citizen's scrutiny of fiscal and financial affairs of public interest

- 2.1. Improved institutional systems and regulations linked to investment, finance and business, including for businesswomen and MSMEs, in sectors of green and digital economy
- 2.2. Conditions created for strategic dialogue, involving national key stakeholders and IFIs/DFIs, on sound financial governance and inclusive access to financial services

NB – Outputs 1.1 - 1.3 contribute towards SO1; Outputs 2.1 -2.2 contribute to SO2.

3.2. Indicative Activities

Activities related to Output 1.1 – Increased capacities of the Office of the Auditor General (OAG) and continuation of the Financial Governance Committee (FGC)

- TA, training and skills development in support of OAG Strategic Plan implementation e.g. support to execution of annual financial, compliance and special audits (e.g. forensic, ICT) of government activities
- Strategic advice and TA – delivered through a combination of dialogue, stakeholder engagement, formal advisory notes, contract reviews, and commissioned TA - in areas covered by FGC ToR namely fiscal issues, contracts and concessions, natural resource management, and central bank governance

NB: the FGC also has a mandate to review and provide advice to FGS on all concession agreements and all procurement contracts above US\$5 million in value. The FGC meets on a regular basis; an annual Financial Governance Report (FGR) reviews progress on issues that have been discussed by the FGC during the past year and is publicly available.

Activities related to Output 1.2 – Greater capability fostered in Somalia's core economic and fiscal institutions (especially in the areas of macro-fiscal policy, PFM, DRM, Central Banking operations, AML/CFT)

- This component will support fiscal accountability and economic/financial governance reforms within the HIPC framework. Contributing to the IMF Somalia Fund will ensure critical TA is provided in support of gradually strengthening Somalia's PFM/DRM fundamentals and contributing to the nascent AML/CFT framework. More specific policy areas that will benefit from TA include debt management; tax policy and administration; macro-fiscal planning and budgeting; expenditure management; macroeconomic statistics and re-establishment of core central banking operations (e.g. financial regulation and supervision).

Activities related to Output 1.3 – Increased opportunities for citizen's scrutiny of fiscal and financial affairs of public interest

- This strand will support scaled-up activity by local CSOs engaged in fiscal and financial oversight and advocacy for greater government accountability on fiscal and financial governance issues.
- The ToR for the CSO grant will specify in more detail the scope of activities foreseen under this output, but the focus will be around enhancing external scrutiny of Somali public finances and, more broadly, the role of Civil Society in demanding greater government transparency and accountability.
- Specific areas of interest will likely be critical analysis of FGS (and FMS) annual budgets; quarterly budget execution reports; annual Financial Governance Reports; and reports/management letters on FGS financial statements and compliance audits performed by the OAG (hence creating a strong synergy with output 1).

Activities related to Output 2.1 - Improved institutional systems and regulations linked to investment, finance and business, including for businesswomen and MSMEs, in sectors of green and digital economy

- Strengthening the sectoral frameworks to encourage investments in sustainable energy and digital infrastructure and services, and improving facilitation and promotion of investments in Somalia, including investments from the EU.
- Improving business environment by (i) addressing regulatory gaps, in the area of renewable energy, digital infrastructure, inclusive financial services, public-private partnerships, and streamlining and enhancing transparency of regulations, (ii) building capacities to attract sustainable investments in key value chains including from foreign actors (iii) Supporting an inclusive (i.e. including women in business) public-private dialogue (PPD) and thriving business communities, through capacity building and advisory services for public and private institutions at national and regional level, including relevant sector associations.

Activities related to Output 2.2 – Conditions created for strategic dialogue, involving national key stakeholders and IFIs/DFIs, on sound financial governance and inclusive access to financial services

- Capacity building and technical assistance to key public institutions, commercial banks and other financial service institutions, to increase inclusive access to financial services, achieve financial sector reforms, while ensuring adequacy with international standards.

- Facilitating a strategic dialogue involving Somali stakeholders and International/Development Finance Institutions.

3.3. Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment)

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that a gender perspective is integrated throughout the Action with a focus on increased participation of women in training and decision making.

Human Rights

This Action will not explicitly target Human Rights.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that this Action will not explicitly target disability issues.

Democracy

By strengthening nascent institutional checks and balances on executive power and the vertical accountability function of CSOs, this action strives to foster effectiveness, efficiency and integrity in the management of public affairs and contribute to Somalia's nascent democracy (as per the principles embedded in the 2012 Provisional Constitution).

Conflict sensitivity, peace and resilience

To break the Somali state low legitimacy – low capability trap, efforts to strengthen PFM practices at FGS and FMS levels are paramount, as is the role of OAG and civil society in shifting the social contract from narrow clan-based patronage to broad based service delivery, including through providing greater oversight of the executive on the use of public resources.

Strengthening such checks and balances on executive power is imperative for conflict mitigation, especially as the country is seeing a huge uptick in ODA delivered through government systems following the re-engagement with IFIs in the context of HIPC. Over time, the role played by oversight institutions such as the OAG, FGC and CSOs will contribute to curb the type of pervasive rent-seeking by members of the political and business elite that has proved so damaging to Somalia's inclusive peace & state building prospects.

Disaster Risk Reduction

This Action will not explicitly target DRR issues.

Other considerations if relevant

N/A

3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	<p>Risk 1: political instability, conflict and insecurity continue to pose a risk to ongoing economic and financial governance reforms, and could further limit the civic space needed for CSOs and the media to credibly perform their oversight role.</p> <p>Specifically, political instability and risk of violent escalations could derail the IMF ECF programme and ongoing reforms leveraged by the HIPC process</p>	High	High	The EUD will continue to use its programmatic investments and accompanying technical/policy dialogue; its regular engagement with the IFIs and with EU MS in-country; and political dialogue with the FGS (in the context Article 8) to manage risks in this area.
External environment	Risk 2: Extreme vulnerability – despite signs of resilience - to economic, climatic and pandemic-induced shocks due to dependence on external aid and remittances, a narrow tax base and lack of integration to the international financial system.	High	High	<p>Activities envisaged by this Action will aim to address some of these vulnerabilities, particularly those associated with dependence on remittances, fiscal constraints and lack of access to external capital flows.</p> <p>The incentives provided by continued commitment by FGS to the IMF programme and the wider HIPC process and associated governance and institutional reforms.</p>
Legality and regulatory aspects	Risk 3: Lack of legal foundation for an independent audit office, a key element of safeguarding the use of public funds and establish the credibility of an audit opinion.	Medium/High	Medium/High	Policy and political dialogue to continue raising attention to the importance of enacting the new Audit Bill to ensure adequate independence of the OAG.
People and the organization	Risk 4: Somalia's limited and fragmented technical and institutional capacity translate into high fiduciary and corruption risk as the largely IDA-driven rise in ODA puts	Medium	Medium	The substantial TA and capacity development provided particularly by the IC on economic and financial governance (including maintenance of the FGC mechanism) will over time strengthen PFM systems and

	weak PFM and oversight systems to the test.			reduce fiduciary and corruption risks, as well as facilitate technical and policy dialogue on resource sharing as a way to mitigate political tension. The projects envisaged under Outputs 1-3 of this AD will directly contribute to mitigate some of the risks in this area.
People and the organization	Risk 5: Lack of political leadership to drive investment climate and business environment reforms at federal and member state levels could sustain country fragility.	Medium	Medium	Outputs 4-5 of this AD will directly contribute to mitigate some of the risks in this category. More broadly, the EUD will – directly or through its regular engagement with IFIs and DFIs – continue to use its programmatic investments and accompanying technical/policy/political dialogue with Somali Authorities at various levels, to push for accelerated reforms.

Lessons Learnt:

- Build on positive engagement with FGC and OAG in the context of SRBC and in collaborating with IFIs e.g. in context of HIPC.
- The FGC is a specially designed mechanism established jointly by development partners and Somali Authorities to reduce corruption in a limited number of strategic high value procurement and concession contracts. Commitment to the mechanism by the FGS, coupled with dedicated TA, has been part of SRBC conditionality. The effectiveness of the initiative has been widely recognised⁴, and as EU we have been closely engaged through funding the sensitive position of Donor Delegate to the FGC, as well as providing ad-hoc TA to specific transactions under FGC review. Continuing and enhancing our direct engagement in what is *de facto* Somalia's most effective anti-corruption initiative, will be an important feature of the EU's overall engagement in Somalia.
- There has been growing interest in the distinctive FGC model and potential lessons for other countries. Highlighted results from FGC advice to date include improvements in the value for money of government spending through competitive tendering of security sector rations contracts and renegotiation of fiscal terms to improve concession contracts such as those pertaining Mogadishu Port and Airport management, and provision of strategic advice in sensitive areas such development of the oil and gas sector (...).
- Support to OAG will contribute to strengthen external scrutiny of FGS and FMS finances by gradually instituting an effective independent audit function in Somalia (including, potentially, in Somaliland). It will build on the encouraging progress made in establishing a modern audit function in Somalia, driven as part of the SRBC's "complementary measures". Specifically, engagement to date has occurred through both substantive TA to the OAG and MoF, as well as the incentive effect provided by specific VT benchmarks (e.g. around timely submission of government financial accounts for audit), and policy dialogue around the four eligibility criteria (e.g. by including in the latest MAF an indicator on follow-up to OAG findings and recommendations). EU's engagement in this area has been fruitful to date: by way of example, since 2019 (for the first time in its history) OAG has been undertaking and publishing financial and compliance audits of FGS institutions, broadly in line with internationally accepted standards.
- There has been a growing interest from Donors and Development Finance Institutions is supporting private investments in Somalia. This interest has been driven from a resilient local private sector and entrepreneurial culture, and the economic reform agenda followed by the federal government. The EU has been engaged in this area since 2018 notably through the Inclusive Local Economic Development Programme (ILED). Outreach to

⁴ See Somalia case study in a recent WBG global report on fighting corruption <https://www.worldbank.org/en/topic/governance/publication/enhancing-government-effectiveness-and-transparency-the-fight-against-corruption>

DFIs, local banks and private sector in the framework of the European External Investment Plan have provided insights on existing bottlenecks to investments and possible approaches to follow in Somalia.

3.5. The Intervention Logic

The underlying intervention logic for this action is that:

Outputs to outcomes

IF capacities of the Office of the Auditor General (OAG) increase, and the Financial Governance Committee (FGC) arrangement continues (Output 1.1); **AND IF** greater capability is fostered in Somalia's core economic and fiscal institutions - especially in the areas of macro-fiscal policy, PFM, DRM, Central Banking operations, AML/CFT (Output 1.2); **AND IF** opportunities for citizen's scrutiny of fiscal and financial affairs of public interest increase (Output 1.3); **THEN** reforms to strengthen financial governance in Somalia, including the countering of corruption, in line with requirements of the HIPC initiative will be accelerated (SO1).

Also, IF institutional systems and regulations linked to investment, finance and business, including for businesswomen and MSMEs, in sectors of green and digital economy are improved; **AND IF** conditions are created for strategic dialogue, involving national key stakeholders and IFIs/DFIs, on sound financial governance and inclusive access to financial services; **THEN** the investment climate and inclusive business environment in Somalia, particularly in the green and digital sectors will improve.

The above will be achieved provided that the following holds true

- OAG remains de-facto independent while work on the legal framework progresses
- OAG receives adequate funding from the budget
- FGC mandate is extended by the incoming administration and Somali Authorities remain genuinely committed to the mechanism
- Phase 2 of the IMF Country Fund receives sufficient financing assurances from other DPs to proceed as planned and recommendations from Phase 1 evaluation are implemented
- The political and security context allows sufficient civic space for CSOs and the media to credibly perform their oversight role
- Somali and international financial institutions constructively engage with the Financial System Initiative process

Outcomes to Impact

IF reforms to strengthen financial governance in Somalia, including the countering of corruption, in line with requirements of the HIPC initiative are accelerated (SO1), **AND IF** investment climate and inclusive business environment in Somalia, particularly in the green and digital sectors is improved (SO2), **THEN** sustainable green economic development in Somalia will be fostered.

Provided that the following holds true:

- A new administration assumes power and resumes implementation of Somalia's economic reform agenda
- The country remains resilient in the event of further economic, climatic and pandemic-induced shocks
- Financial system reformed and able to attract reasonable amounts of financing and investments from foreign actors, in particular IFIs/DFIs, while being compliant with international standards

Logical Framework Matrix

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To foster sustainable green economic development in Somalia	<p>1. Ibrahim Index of African Governance score for “foundations for economic opportunity” dimension</p> <p>2. Status of Somalia's debt relief process in the framework of the HIPC initiative</p> <p>3. Degree of OAG independence</p> <p>4. Proportion of women in managerial positions (SDG 5.5.2) and GAP III</p>	<p>1. 18.4 / 100 (2019)</p> <p>2. HIPC Decision Point attained in 2020.</p> <p>3. OAG not fully independent</p> <p>4. No data (2021)</p>	<p>1. Improvement vs baseline by 2025</p> <p>2. HIPC Completion Point attained and access to international financial markets restored (2025)</p> <p>3. OAG independence enshrined in legislation</p> <p>4. TBD</p>	<p>1. Mo Ibrahim Foundation website</p> <p>2. IMF Staff Reports</p> <p>4. SDG Global Database</p>	<i>Not applicable</i>
Outcome	SO1. Accelerated reforms to strengthen financial governance in Somalia, including the countering of corruption, in line with requirements of the HIPC initiative	<p>1.1 Evidence of gradual emergence of a credible audit function at both FGS and FMS levels</p> <p>1.2 Stronger oversight role played by the Financial Governance Committee and CSOs</p> <p>1.3 Open Budget Index score for Public participation in Somalia</p>	<p>1.1 Audits carried out and reports published at FGS level and some FMS.</p> <p>1.2 Annual Financial Governance Report published but limited follow-up of recommendation</p> <p>1.3 2 (2019)</p> <p>2.1. 0</p>	<p>1.1 Regular execution of financial and compliance audits, and timely publication of quality reports at FGS and all FMS.</p> <p>1.2 Continued publication of FGR and evidence of increased follow up of recommendations</p> <p>1.3. 10 (2025)</p> <p>2.1.0 [tbc]</p>	<p>1.1. Websites of Federal and State OAGs</p> <p>1.2. MoF website;</p> <p>1.3. Int Budget Partnership website</p>	<p>New administration assumes power and resumes implementation of economic reform agenda</p> <p>The country remains resilient in the event of further economic, climatic and pandemic-induced shocks</p> <p>Financial system reformed and able to attract reasonable amounts</p>

	SO2. Improved investment climate and inclusive business environment in Somalia, particularly in the green and digital sectors	2.1GERF 2.15 Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced by the Action [NDICI] 2.2. GAP III. Number of gender-responsive policies approved by partner government with the support of the Action (by green or digital sectors, and other policies)	2.2. 0	2.2.0 1 (by 2025)	2.1.0 Progress report by implementing partner 2.2.0 Progress report by implementing partner	of financing and investments from foreign actors, in particular IFIs/DFIs, while being compliant with international standards.
Output 1 Related to Outcome n. 1	1.1. Increased capacities of the Office of the Auditor General (OAG) and continuation of the Financial Governance Committee (FGC)	1.1.1. Effective Technical Assistance and capacity building delivered to the OAG 1.1.2. Evidence of continued EU's engagement, on behalf of all Somalia donors, in the Financial Governance Committee (FGC)	1.1.1. No dedicated EU assistance 1.1.2. EU funding of donor delegate position	1.1.1 High execution rate of annual TA workplans 1.1.2 Continued funding of donor delegate position and specific TA as needed	1.1.1. TA reports 1.1.2.Financial Governance report; TA report	OAG remains de-facto independent while work on legal framework progresses. OAG receives adequate funding from the budget.
Output 2 Related to Outcome n. 1	1.2. Greater capability fostered in Somalia's core economic and fiscal institutions (especially in the areas of macrofiscal policy, PFM, DRM, Central Banking operations, AML/CFT)	1.2.1 Successful implementation of IMF Country Fund phase 2	1.2.1 Negotiations to put in place phase 2 of IMF Country Fund	1.2.1. Satisfactory execution of TA work plans under phase 2 of IMF country fund	1.2.1. IMF Country Fund Reports	FGC mandate is extended by the incoming administration and Somali Authorities remain genuinely committed to the mechanism Phase 2 of the IMF Country Fund receives sufficient financing assurances from
Output 3 Related to	1.3. Increased opportunities for citizen's scrutiny of fiscal and financial affairs of public interest	1.3.1.Number of events supported by the Action to promote greater transparency and accountability in fiscal affairs 1.3.2. Number of persons trained with the support of the Action in scrutiny of	1.3.1 0 1.3.2 0	1.3.1 TBC 1.3.2 TBC	Reports from implementing partner(s)	

Outcome n. 1		public finances by sex, age and disability status				other DPs to proceed as planned
Output 4 Related to Outcome n. 2	2.1 Improved institutional systems and regulations linked to investment, finance and business, including for businesswomen and MSMEs, in sectors of green and digital economy	<p>2.1.1. Number of processes and frameworks drafted or revised in the fields of business, investment and financial markets with the support of the Action (by green and digital economic orientation and other relevant topics)</p> <p>2.1.2. Extent to which processes and frameworks supported by the Action have mainstreamed gender equality and MSMEs access to financial and support services.</p> <p>2.1.3. Level of involvement of the private sector, including women in business and MSMEs, in structured dialogues with national stakeholders regarding economic reforms</p> <p>2.1.4 Level of engagement of EU private sector in Somalia</p>	<p>2.1.1. 0</p> <p>2.1.2. 0</p> <p>2.1.3. Structured PPD limited to energy and ICT with participation limited to major firms</p> <p>2.1.4 No structured dialogue involving EU private sector</p>	<p>2.1.1. 4 processes in green economy, 4 in digital economy, 2 in financial sector, 1 PPP</p> <p>2.1.2. Majority of processes supported by the action have mainstreamed gender equality.</p> <p>2.1.3. Structured PPDs actively involving relevant public institutions and federal member states, women in business and MSMEs.</p> <p>2.1.4 EU Somalia Investment, Trade, and Business Forum operational</p>	Reports from IPs	<p>Recommendations from Phase 1 evaluation are implemented</p> <p>The political and security context allows sufficient civic space for CSOs and the media to credibly perform their oversight role</p> <p>Somali and international financial institutions constructively engage with the Financial System Initiative process.</p>
Output 5 Related to Outcome n. 2	2.2. Conditions created for strategic dialogue, involving national key stakeholders and IFIs/DFIs, on sound financial governance and inclusive access to financial services	<p>2.2.1. Number of IFIs and DFIs engaged in regular dialogue</p> <p>2.2.2. Number of private financial and economic national operators with increased knowledge on economic reforms</p> <p>2.2.3. Financial sector assessment completed</p>	<p>2.2.1. 0</p> <p>2.2.2. 0</p> <p>2.2.3. 0</p>	<p>2.2.1. 5</p> <p>2.2.2. 5</p> <p>2.2.3. 1</p>	2.2.1. FSI reports on Somali institutions adequacy to international standards. Reports from IFIs/DFIs.	

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component [For Budget Support only]

N/A

4.4. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁵.

4.4.1. Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s)

The objectives and the type of actions eligible for financing and the expected results are described in sections 3.1 and 3.2, pertaining to Output 1.3. "Increased opportunities for citizen's scrutiny of fiscal and financial affairs of public interest".

(b) Type of applicants targeted

Applicants targeted for the grant will be a CSO/NGO or a consortium of CSOs/NGOs with a track-record in the governance and accountability sector (analysis, awareness raising and advocacy), ability to operate in Somalia (FGS, FMS and Somaliland).

4.4.2. Direct Management (Procurement)

It is foreseen to have several service contracts. This procurement will contribute to achieve Output 1.1. "Increased capacities of the Office of the Auditor General (OAG) and continuation of the Financial Governance Committee (FGC)" and to achieve Output 2.1. "Improved institutional systems and regulations linked to investment, finance and business, including for businesswomen and MSMEs, in sectors of green and digital economy".

4.4.3 Indirect Management with an international organisation

A part of this action may be implemented in indirect management with the IMF. This implementation entails the provision of TA through the multi-donor IMF Country Fund, and will contribute to achieving Output 1.2. "Greater capability fostered in Somalia's core economic and fiscal institutions (especially in the areas of macro-fiscal policy, PFM, DRM, Central Banking operations, AML/CFT)".

The envisaged entity has been selected using the following criteria: (i) sector expertise, (ii) specific mandate for the local context; and (iii) strategic relevance for EU multilateral engagement.

⁵ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4.4 Indirect Management with an international organisation

Output 2.1 of this Action may be implemented in indirect management with the IFC. This implementation entails mainly the provision of business advisory services. The envisaged entity has been selected on the basis of its track record in promoting investment climate reforms and its ability to successfully engage with both public and private actors in Somalia. Specifically, the IFC is currently successfully implementing an ongoing multi donor programme which would be continued. Existing donors are the EU, DANIDA, and the UK, with some other countries having expressed an interest to join in the future. In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.4.5 Indirect Management with an international organisation

Output 2.2 of this Action may be implemented in indirect management with the World Bank via the Multi Partner Fund (MPF). This implementation entails the provision of a secretariat function for the Financial Sector Initiative, convening of stakeholders, technical assistance to private sector Financial Institutions, independent diagnostics (to inform the focus of technical assistance) and detailed assessments of Financial Institutions' AML/CFT, risk management and corporate governance systems and processes. During in country discussions between development partners and the Government of Somalia, the envisaged entity was selected on the basis of its capacity to bring together key stakeholders at a strategic level. Other key development partners, notably the UK and the US, have already made contributions to the MPF for this purpose, with the anticipation that the EU would join at a later date.

4.4.6 Changes from indirect to direct management mode due to exceptional circumstances (one alternative second option)

In case negotiations with the envisaged entity and a replacement entity mentioned in 4.4.4 fail, the Commission's services may decide to launch a procurement in direct management mode instead.

4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Output 1.1 – Increased capacities of the Office of the Auditor General (OAG) and continuation of the Financial Governance Committee (FGC)	6 000 000	
Procurement (direct management)		
Output 1.2 – Greater capability fostered in Somalia's core economic and fiscal institutions (especially in the areas of macro-fiscal policy, PFM, DRM, Central Banking operations, AML/CFT)	1 000 000	TBC
Indirect Management with an international organisation		
Output 1.3 - Increased opportunities for citizen's scrutiny of fiscal and financial affairs of public interest	1 000 000	

Grants (direct management)		
Output 2.1 - Improved institutional systems and regulations linked to investment, finance and business, including for businesswomen and MSMEs, in sectors of green and digital economy	4 000 000	TBC
Indirect Management with an international organisation	2 000 000	
Procurement (direct management)	2 000 000	
Output 2.2 - Conditions created for strategic dialogue, involving national key stakeholders and IFIs/DFIs, on sound financial governance and inclusive access to financial services	1 000 000	TBC
Indirect Management with an international organisation		
Evaluation – cf. section 5.2	will be covered by another Decision	N.A.
Audit – cf. section 5.3		
Contingencies ⁶	N/A	N.A.
Totals	13 000 000	

4.7 Organisational Set-up and Responsibilities

For Output 1.1, the precise organisational set-up and responsibilities will be agreed with the OAG in due course, but to the extent possible, policy dialogue and strategic oversight arrangements will seek to adopt and strengthen existing ones, rather than creating ad hoc structures.

For output 1.2, strategic oversight and direction setting will be ensured through the Country Fund's Steering Committee, of which the IMF, the FGS and all contributor agencies are part. This will be complemented by regular institutional and technical dialogue in-country and at HQ level.

Governance arrangements for Output 1.3, including the respective EUD and NGO(s)/CSO(s) roles and responsibilities in overseeing implementation, will be detailed in the ToR.

For Output 2.1, a Trust Fund Steering Committee provides strategic oversight.

Related to output 2.2, the Secretariat will be responsible for implementing the project in line with the implementation arrangements and reporting the implementation progress to the World Bank Task Team Leader and will arrange regular sessions to update and consult MPF donors on project delivery. Progress reports will be provided by the Secretariat to the MPF donors against a results framework on a semi-annual basis.

The EUD will also ensure participation in relevant working groups established under the aid architecture supporting National Development Plan implementation, as well reporting to the Mutual Accountability Framework (as required).

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's or contractor's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

⁶ Consider that contracts where no financing agreement is concluded, contingencies have to be covered by individual and legal commitments by 31 December of N+1.

For all outputs, roles and responsibilities for data collection, analysis, monitoring and reporting on indicators of the logframe, will be agreed with the implementing partner/contractor.

The Commission may undertake additional project monitoring visits through its own staff, third party monitors or independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.2 Evaluation

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. Evaluations will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least one month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination⁷. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

⁷ See best [practice of evaluation dissemination](#)

APPENDIX 1 REPORTING IN OPSYS

An Intervention⁸ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention is defined in the related Action Document and it is revisable; it can be a(n) (group of) action(s) or a (group of) contract(s).

Tick in the left side column one of the three possible options for the level of definition of the Primary Intervention(s) identified in this action.

In the case of ‘Group of actions’ level, add references to the present action and other action concerning the same Primary Intervention.

In the case of ‘Contract level’, add the reference to the corresponding budgetary items in point 4.6, Indicative Budget.

Option 1: Action level		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
Option 2: Group of actions level		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#): <Present action> <Other action>
Option 3: Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	<foreseen individual legal commitment (or contract)> OAG and FGC - Procurement (direct management), amount EUR 6 000 000
<input checked="" type="checkbox"/>	Single Contract 2	<foreseen individual legal commitment (or contract)> IMF Country Fund – indirect management with international organisation, amount EUR 1 000 000
<input checked="" type="checkbox"/>	Single Contract 3	<foreseen individual legal commitment (or contract)> Citizen engagement – grants (direct management), amount EUR 1 000 000
<input checked="" type="checkbox"/>	Single Contract 4	<foreseen individual legal commitment (or contract)> Economic Reforms – indirect management with international organisation, amount EUR 4 000 000

⁸ [ARES \(2021\)4204912](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including ‘action’ and ‘Intervention’ where an ‘action’ is the content (or part of the content) of a Commission Financing Decision and ‘Intervention’ is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).

<input checked="" type="checkbox"/>	Single Contract 5	<foreseen individual legal commitment (or contract)> Financial Sector Reforms – indirect management with international organisation, amount EUR 1 000 000
<input type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>