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**ANNEX II**

of the Commission Implementing Decision on the financing of the annual action plan in favour of Sri Lanka for 2021

**Action Document for EU Green Policy Dialogue Facility**

**ANNUAL ACTION 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

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>business reference</b> <b>Basic Act</b>	EU Green Policy Dialogue Facility CRIS number: NDICI ASIA/2021/043-302 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)/
<b>2. Team Europe Initiative</b>	Part of TEI Green Recovery
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Sri Lanka
<b>4. Programming document</b>	Multi-Annual Indicative Programme 2021-2027 for Sri Lanka <sup>1</sup>
<b>5. Link with relevant MIP(s) objectives/expected results</b>	Specific objective 1 (SO1): To support sustainable growth contributing to the transition to a low-carbon, resource efficient and circular economy while promoting the conservation of biodiversity  Expected results: <ul style="list-style-type: none"><li>– Number of country strategy and policy tools developed in support of green or circular economy transition with EU support;</li><li>– Number of EU funded initiatives supporting the implementation of political, economic and social reforms and joint agreements in partner countries (EURF 20);</li><li>– 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 (EU RF 15);</li><li>– Number of government policies developed or revised with civil society organisation participation through EU support (EU RF 29);</li></ul>
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Priority Area 1: Green Recovery

<sup>1</sup> Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budgetary years subject to the availability of the commitment appropriations.

<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG : 17 Other significant SDGs (up to 9) and where appropriate, targets: 4, 6, 7, 8, 9, 12, 13, 14, 15			
<b>8 a) DAC code(s) <sup>2</sup></b>	151: Government and civil society- general: 40% 410: General environment protection: 30% 240: Banking and financial services: 30%			
<b>8 b) Main Delivery Channel @</b>	Third Country Government (Delegated co-operation) - 13000			
<b>9. Targets<sup>3</sup></b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <sup>4</sup> <input type="checkbox"/> Human Rights, Democracy and Governance <sup>5</sup>			
<b>10. Markers <sup>6</sup> (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" 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"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<sup>2</sup> DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodebooks.htm>

<sup>3</sup> Actual contribution to targets will be confirmed ex-post based on a standardised methodology.

<sup>4</sup> This target is specific to INTPA. If the action is marked as contributing to the Education target, please make sure the target on "Social inclusion and Human Development" is also marked.

<sup>5</sup> Thematic target for geographic programmes (at least 15%) in delegated act.

<sup>6</sup> For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> (go to "Data collection and resources for reporters", select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive).

If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

<b>11. Internal markers<sup>7</sup> and Tags<sup>8</sup>:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<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"/>	<input 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 type="checkbox"/>	<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"/>
	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"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): BGUE-B2021-14.020131-C1-INTPA Total estimated cost: 5 million EUR Total amount of EU budget contribution: 5 million EUR This action might be co-financed by (indicatively): AFD, GIZ, EIB and the Netherlands			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing<sup>9</sup></b>	<b>Indirect management</b> with the entity to be selected in accordance with the criteria set out in section 4.3.1.			

## 1.2. Summary of the Action

The action, the EU “Green Policy Dialogue Facility” will support Sri Lanka in developing and implementing its national multi-sector policies, reforms and interventions that are aligned with EU global policy priorities and initiatives promoting the external dimensions of the EU Green Deal and the Paris Agreement such as the Nationally Determined Contributions (NDCs) Partnership, the European Sustainable Finance strategy and Green Bond initiative, the Global Alliance for Circular Economy and Resource Efficiency, and the Global Coalition for Biodiversity. The EU will aim at supporting national efforts in addressing the multi-faceted environmental challenges, in mitigating and adapting to climate change in most vulnerable areas, which has led to climate-induced migration. Within the framework of the European Investment Plan/EFSD+, the EU will mobilize finance (public and private) to expand the development of green infrastructures in the energy, water and waste sectors. The EU will also support the

<sup>7</sup> The internal markers have been created to report on the implementation of the Commission’s own policy priorities in areas where no DAC reporting tool is available. For the sake of consistency and comparability, the methodology is equivalent to the DAC markers, with three possible positions (main target, significant target, not targeted)

<sup>8</sup> Methodology for additional tagging providing granularity on internal markers is under development.

<sup>9</sup> Art. 27 NDICI

development of a circular economy, decoupling economic growth from obsolete carbon intensive polluting practices and unsustainable production and consumption behaviours, by harnessing the benefits of digital transformation, innovation and entrepreneurship. The EU will support the authorities and civil society to protect their rich land and marine biodiversity. As part of its green diplomacy, the EU will assist in this endeavour drawing upon its own experience and knowhow on green recovery and aim to ensure that the whole population, women, men, girls and boys in all their diversity, benefits from it as much as possible leaving no one behind, whilst contributing to global efforts. The focus on green policies will benefit above all SDG 17 (sustainable partnerships) as well as SDGs 7, 12, 13, 14 and 15 but also 4, 9. The Facility will support directly the preparation and then facilitate and monitor the implementation of the Green Recovery Team Europe Initiative. As part of a Team Europe approach, the Facility must/shall be complemented by additional initiatives most likely from the following EU Members States, France, Germany and the Netherlands as well as the European Investment Bank and would participate directly in its governance structure. All EU partners might contribute jointly or in parallel through specific interventions which will be coordinated by the Facility. The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this annual action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

## 2. RATIONALE

### 2.1. Context

Sri Lanka is geographically well placed to take advantage of its strategic location as a transshipment and logistic hub. The country has a strong exporting industry and manufacturing capacity in certain sectors (although not sufficiently diversified) such as apparel, light equipment, and other consumer goods. Therefore, support to improving Sri Lanka's integration with the region and the global value chains is a big opportunity. Nevertheless this will require the adoption of the required quality, production and product standards of or in line with more sophisticated markets, in particular the EU or at least their approximation. Support to quality infrastructure and promotion of environmental, but also social and governance (ESG) practices as well as sustainable production and consumption for the private sector, especially for exporters would catalyse a green recovery and transition.

Sri Lanka's Nationally Determined Contributions (NDCs) adopted in 2016 (being currently revised) propose a reduction of greenhouse gas (GHG) emissions by 30 % during 2021-2030 against the base year 2010 business-as-usual scenario, of which the industry sector together with transport, forestry and waste will contribute a 10% reduction (3% unconditionally and 7% conditionally) while the remaining 20% will be from the energy sector (4% unconditionally and 16% conditionally).

The Industrial sector is the 2nd highest contributor to the GDP, but there is a need to decouple growth from resource use and environmental degradation to achieve climate neutrality. In general, there is a lack of knowledge and market links to facilitate the move towards a green economy, despite the Government's efforts to promoting Eco Industrial Parks. Moreover, Sri Lanka does not have a strong culture of research and innovation either. However, the revised Industrial NDCs foresee the uptake of a circular economy with many measures outlined to promoting resource efficiency, reducing and reusing waste, supporting green technology transfer and digitalization, revising of regulations such as the Environmental Protection License for Micro and SMEs. Introducing incentives and voluntary tools are foreseen, too. Industrial NDCs also refer to improving water use, waste water treatment, themes already covered by several EU interventions. NDCs promote low carbon technologies and in this respect synergies will be built with pipeline projects and financing mechanisms for energy.

Waste management has become increasingly problematic accounting for 26% of the Emissions Profile. Post-harvest waste is as high as 40%. Effluents, especially from garment, rubber, construction and mining industries, pollute soil and inland water sources. There has been an increase in single use plastics, due to over packaging and lack of awareness. Moreover, Sri Lanka will need guidance and support to recover from the most recent environmental and maritime disaster, which is also affecting livelihoods, as well as biodiversity, the blue economy and tourism.

Efforts to combat plastic pollution and usage, garbage segregation have had mixed results. Proper legislation, direction, enforcement, capacity and monitoring are needed. An on-going multi country SWITCH Asia Project will produce a material flow analysis of plastics into the oceans. This data could serve as a base for a response aligning with the Basel Convention and take into account underutilized capacities in recycling facilities and India's leadership

in this area. A previous SWITCH Asia project supported the establishment of the Sustainable Consumption and Production (SCP) Policy, but implementation is lagging.

Sri Lanka's NDCs along with other government priorities and commitments to implementing the Paris Agreements notably the National Adaption Plan 2016-2025, are an opportunity to promote a green transition by supporting to investments in green infrastructure, promoting sustainable production and consumption patterns while protecting the rich marine and land biodiversity which is nevertheless under threat.

Sri Lanka adopted a National Biodiversity Strategy and Action Plan (NBSA) in 2016 but the impact of human activities, essentially in terms of farming and fishery, and NBSA's implementation remain major challenges.

The action will contribute to progress on a number of Sustainable Development Goals and consequent fulfilment of economic and social rights, and gender equality, in line with Sri Lanka's international human rights commitments.

In the most recent voluntary national review of the status of implementing the SDGs (in 2018 ) SDG 6, 7, 11, 12, 13, 14, 15, Sri Lanka has made notable achievements in its path towards becoming a resilient society, including the high coverage of water supply from safe sources and sanitation facilities, near universal electrification, and increasing the share of population living in permanent houses. There is growing national interest in sustainable consumption and production patterns. Sri Lanka is also endowed with a rich profile of biodiversity, also in relation to its seas, that has led the country to being identified among the 35 global biodiversity hotspots. However, the growing dependence on fossil fuel imports for transportation and energy supply, increasing vulnerability of urban centres and communities to disaster risks and the degradation forest and land resources pose challenges on the path to resilience.

The EU focus on themes related to the European Green Deal and on European Investment Plan (EIP) operations in Sri Lanka have been to large extent limited in previous periods. With small and fragmented EU interventions rarely underpinned by an effective sectoral policy dialogue and/or public diplomacy, the EU was not able to achieve its transformative ambitions in partner countries.

Under the Multiannual Indicative Programme (MIP) for Sri Lanka, the EU intends to allocate more funding to leverage investment in key green infrastructures, support small and medium size enterprises that have the ambition to convert to more sustainable business practices (in terms of production, supply chains, jobs, ...) and engage more actively in other climate change actions and biodiversity protection with authorities and population. An enhanced EU green diplomacy and policy dialogue with the different public and private stakeholders will be essential.

The ambitious objectives in Sri Lanka will not only require large public investments in greener infrastructures to improve the living conditions of the population but also transformative policy reforms (for sectoral and cross-cutting policies) and investment from and for the private sector to adopt more sustainable consumption and production practices through the adoption of management systems and technologies. Sri Lanka is in a critical fiscal situation that will require more flexible, concessional and innovative financing as a response. Incentivizing the financial sector to invest in greener, more sustainable and climate-resilient assets will also be a key success factor.

The digital transformation of the economy and innovative technologies will be essential and will offer opportunities to introduce more efficient business processes and operations, reducing the unnecessary and unsustainable depletion of scarce natural and finite resources.

All the above will however require a skilled population where Technical Vocational Education and Training (TVET) will be essential. Engaging with youth, women and groups that are living in vulnerable situations (particularly persons with disabilities, minorities, internally displaced people (IDPs) and refugees) and offering them equal treatment and opportunities in an inclusive manner will be crucial. The Facility will integrate initiative such as the Youth Sounding Board into the policy dialogue as well as the commitments of the EU Gender Action Plan III (GAP III) at all levels of the action. The action may contribute particularly to the EU GAP III thematic areas of engagement: 1) Promoting economic and social rights and empowering girls and women; and 2) Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation.

Therefore, in order to develop the various dimensions of a green economy, the EU will have to leverage its support by engaging more actively with the authorities, civil society and private sector in a coordinated manner.

## 2.2. Problem Analysis

#### Short problem analysis:

The EU has been implementing several interventions related to climate change, energy, water, circular economy or biodiversity but those were fragmented and were more often than not insufficiently underpinned by an effective policy dialogue, limiting the transformative potential in the sector.

Therefore, establishing inclusive sectoral policy dialogue will be the main objective of the EU Green Policy Dialogue Facility in order to ensure the alignment between a Team Europe Initiative and the Sri Lankan agenda. The Facility will also ensure better coordination with the other EU initiatives (including other global TA facilities) and development partners and create synergies among the different interventions. Finally, the Facility will support the preparation of new interventions foreseen under the respective MIP and more particularly under the European Fund for Sustainable Development plus (EFSD+) and EAG framework.

As observed in sectors such as the agricultural sector where the EU has been having a more structured policy dialogue and supported important transformative reforms, the political economy analysis showed the complexity of the decision making process which will be a major risk in implementing the activities under the facility and the often bureaucratic decision making process.

The capacity of the public sector to implement the public policies has also been proven detrimental for many EU and other development partner's interventions. The private sector has not been spared by the migration of skilled and competent workforce. The facility will pay a specific attention on the development of capacity in the public as well as in the private sector and offer incentives to retain or even repatriate its skilled workforce abroad.

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

The key stakeholders, that are the main duty bearers of the action, will be the Sri Lankan authorities with whom the EU will advocate on policies and regulatory frameworks supporting the green transition. Recently the President has established a Presidential Task Force to transform Sri Lanka's economy into a green socio-economy with sustainable solutions to climate change, which shows the high commitment the country has in achieving related objectives and aligning with EU green priorities. The involvement of the Ministry of Finance, the Ministry of Economic Policies and Plan Implementation, and the line ministries and related government agencies<sup>10</sup> will be a key success factor for an efficient policy dialogue.

Right holders of the action are people. Their rights will be represented by civil society and more particularly women's organisations, cooperatives, trade unions, and organisations with a specific mandate to advocate for a green transition, climate change mitigation and adaptation actions and protection and restoration of biodiversity will be fully involved in the EU Green Policy Dialogue Facility. Also, participation of groups living in vulnerable situations (such as persons with disabilities, IDPs, refugees and minorities), who are more affected by natural and environmental hazards in their daily lives, will have their voices heard through CSOs that are representing their rights. The private sector will be at the core of the activities related to green transition of the economy. The Facility will also provide specific support to the organised private sector (including but not limited to EU business associations, women's business organisations and cooperatives) to ensure their full engagement. The private sector will also receive more particular attention when it comes to the development of new interventions, with a particular focus on increasing youth and women's equal opportunities participation, especially those where the EU funding will leverage private investors in green infrastructure or development/adoption of green technological solutions.

The Facility will also ensure the involvement and coordination with other development partners that are aligned with the EU objectives and are active in the areas of interventions. The development of joint initiatives will be privileged, especially with EU member states/organisations under a Team Europe approach. The main EU partners under this Facility will be France (AFD) and Germany (GIZ) as main implementing partners and EIB and the Netherlands (through FMO and Enterprise Agency (RVO)) as key supporting partners mobilising additional resources from other funded initiatives and would complement this Action.

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<sup>10</sup> Such as the Ministry of Environment, the Climate Change Secretariat, the Sustainable Development Council, the Ministries Wildlife, Power, Energy, Energy, Urban Development, Transport, Agriculture, Water, Irrigation, Ministry of Women and Child Affairs.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to contribute to the green recovery and transition of the Sri Lanka economy and society.

The Specific Objective(s) (Outcomes) of this action are to

1. Support the development and implementation of inclusive national green, blue and sustainable public policies, with participation of women and men in all their diversity
2. Improve the business and investment climate in view of promoting an inclusive circular economy (both green and blue)
3. Increase accessibility and availability to green and sustainable finance

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

1. contributing to Outcome 1 (or Specific Objective 1)
  - 1.1. Inclusive policy dialogue established for the implementation of the Team Europe Initiative (TEI) on the green recovery of the Sri Lankan economy and society and prepared all related future EU funded interventions under the MIP with participation of CSO's, particularly women's organisations;
  - 1.2. Public policies fostered in selected sectors (e.g. industrial, water management, waste, energy, transport infrastructure, biodiversity and forestry) for an enabling regulatory environment to promote sustainable consumption and production and a low-carbon economy with a strong cross-cutting focus on technical and vocational education and training.
  - 1.3. Climate Change (NDC) Secretariat and other relevant agencies supported in evidence-based policy monitoring of the climate change mitigation commitments and/or impacts (incl. actual GHG emissions) and advice on adjustments and possible improvements in selected sectors (e.g. water, industrial, waste, energy, transport and forestry) under the NDCs;
2. contributing to Outcome 2 (or Specific Objective 2)
  - 2.1. Conducive business and investment environment enabled through an enhanced EU-Sri Lanka Investor Dialogue and key reforms that would facilitate sustainable business operations and green investments promoted;
  - 2.2. Transition supported towards a circular economy (e.g. with the Global Alliance for Circular Economy and Resource Efficiency) and regulatory and voluntary tools and incentives to facilitate sustainable production patterns in industries and MSMEs promoted, with particular focus on inclusion of women and women-led MSMEs<sup>11</sup>;
  - 2.3. Digital solutions promoted to enhance efficiency, transparency, gender-responsiveness (to meet needs of women, men, girls and boys in all their diversity) and innovation in sustainable production, consumption and supply chains.
3. contributing to Outcome 3 (or Specific Objective 3)
  - 3.1. Policy and regulatory framework for green and sustainable Finance (Taxonomy, Green bonds, monitoring and accountability framework, etc...) developed;
  - 3.2. Structuring of actual Green Finance operations (bonds issuance, credit line, equity investments) with the Government / Central bank and/or local financial institutions and enterprises supported;
  - 3.3. Policy advocacy for the adoption of innovative financing for nature based solutions such as carbon credit schemes for the protection, conservation and restoration of terrestrial and marine biodiversity facilitated.

The EU Facility will mainly build on ongoing and past initiatives and enhance multi-stakeholder policy dialogue in order to promote the external dimensions of the European Green Diplomacy including exchange with EU public expertise, such as TAIEX and Twinning.

<sup>11</sup> the Facility will also support the coordination and preparation of interventions under regional and global programmes such as GCCA+, SWITCH

The Facility will support the preparation of new interventions foreseen under the respective MIP and more particularly under the EFSD+ and EAG framework.

The Facility will also ensure better coordination with the other EU initiatives (including other global/regional TA facilities such as the Asia Partnership Facility which would complement ad hoc requests outside of this facility) and development partners (UN expressed interest in working jointly on several topics) and create synergies among the different interventions.

The Government is not very actively involved in donor coordination although discussions do take place at sector level and to some extent by the Ministry of Finance for more general issues. Donors do however coordinate at general and sector level on quite a wide range of issues. In addition to other ministries, the Ministry of Women and Child Affairs will be involved in the dialogue in order to increase their capacity and participation.

The Facility would also ensure the coordination and promotion of most of the following complementary actions/initiatives funded by the EU and main EU MS as implementing partners at multilateral/ regional level (non-exhaustive list):

1. Clean Ocean Initiative (EIB/AFD/KfW...);
2. [CICLASIA](#) programme on resilient and Green cities (AFD, EU)
3. [Mobilise Your City Initiative](#) on sustainable urban mobility (AFD, GIZ, EU, France, Germany)
4. Accelerating Climate-Smart and Inclusive Infrastructure in South Asia (ACSIIS) (IFC)
5. [AFD's 2050 Facility](#) on long-term climate strategy
6. [Finance in Common](#) of [Climate Action in Financial Institutions](#) (AFD)
7. Scaling up of European Sustainable Finance Strategy to partner countries
8. EU Global Green Bond Initiative offering technical and financial support for the development of the green bond markets and other sustainable finance products (under discussion);
9. ElectriFI (FMO) offering investment opportunities to private sector developing renewable energy projects;
10. DESIREE (EIB) offering technical and investment opportunities to private sector for energy efficient solutions (under discussion);
11. PEEB cool programme, (under appraisal as an extension of [PEEB](#)) for cooling and energy efficiency in buildings in hot countries (AFD, GIZ, GCF)
12. [Investment Climate Reforms-Facility](#) (EU funded, implemented by GIZ)
13. [DeveloPPP](#) (BMZ facility providing matching grants to private sector)
14. [Dutch Good Growth Fund](#)
15. [Fund for Responsible Business](#) (NL)
16. [DRIVE \(infrastructure\)](#) (NL)
17. SWITCH Asia offering financial and technical assistance to SMEs for sustainable consumption and production (EU);
18. GCCA+ (EU)
19. SARTTAC (IMF) offering technical assistance in PFM related areas;
20. Global Facility for Disaster Reduction and Recovery (GFDRR) (WB)

For the purpose of ensuring complementarity, synergy and coordination, the Commission may sign or enter into joint donor coordination declarations or statements and may participate in donor coordination structures, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union.

### 3.2. Indicative Activities

The activities below are indicative and will be (re)defined on a demand-driven approach (aligning Sri Lanka and EU priorities) by the steering committee during an inception phase.

Activities related to Output 1.1:

- Establish a technical and consultative platform to discuss with different Sri Lankan authorities, business community and civil society.
- Organize events (general communication campaign, webinars, expert missions) to promote and inform about relevant European Green Deal (EGD) external dimensions (e.g. Farm to Fork Strategy, Biodiversity Strategy, Circular Economy Strategy) and facilitate government access/preparedness to global EU-led initiatives and policy platforms (e.g. global circular economy alliance, sustainable finance platform, ...) and foster the dialogue among local authorities and stakeholders and their engagement toward transformative policy reforms;



- Conduct an assessment on the EU and SL policy priorities covered by the TEI and identify possible alignment.
- Map other EU and EU MS global/regional interventions and identify most relevant to support the implementation in the country.
- Develop a strategic planning of interventions for the TEI.

#### Activities related to Output 1.2:

- Assess the state of implementation of the Sustainable Consumption and Production (SCP) policy, and of related public policies in selected sectors (e.g. industrial, water management, waste, energy, transport infrastructure, biodiversity and forestry).
- Map different interventions, programmes contributing to the implementation of SCP policy or other related policy measures at sectoral level, including those on circular economy.
- Identify possible skills and knowledge gaps in selected sectors and propose recommendations for Technical Vocational Education and Training (TVET) institutions.
- Develop interventions to support the implementation of SCP policy (including related policies at sectoral level) and TVET policy, and ensure inclusions of marginalised groups most at risk of climate change, natural and other disasters.

#### Activities related to Output 1.3:

- Conduct an assessment of the capacity of the climate change secretariat (and other relevant bodies) on the implementation of the NDC and align priorities identified under output 1.1.
- Conduct additional sector-specific assessment.
- Support the relevant bodies in setting-up Monitoring, Reporting and Verification (MRV) systems for GHG emissions, in selected sectors.
- Support and align EU interventions with other government and development partners' interventions.

#### Activities related to Output 2.1:

- Develop jointly with European Business representative organisations an advocacy roadmap to support the adoption of sustainable and green policy reforms in attracting FDI and incentivising sustainable and women-led business operations.
- Support the preparation and organisation of the Investor Dialogue technical and political meetings

#### Activities related to Output 2.2:

- Review the SMEs and industrial policies and align them with other policies promoting circular economy/SCP (activities related to output 1.2.)
- Identify EU existing regulatory, policy tools and incentives schemes that could be adopted in Sri Lanka and provide recommendations for their implementation
- Prepare interventions for the implementation of the recommendations

#### Activities related to Output 2.3:

- Conduct a gender sensitive and do-no-harm analysis on SMEs, industrial and circular economy policies (cf activities output 2.2.) and provide recommendations on adoption of additional policy measures to promote the role of women (including women from minorities and rural background).
- Assess the country digital agenda in specific sectors and identify most transformative/supportive solutions for the implementation of circular economy in a way that is accessible and inclusive.
- Identify and prepare possible interventions based on the assessment above.

#### Activities related to Output 3.1:

- Conduct an assessment of the current framework on sustainable and green finance
- Map different EU and development partners support/initiatives and establish a coordination platform
- Facilitate coordination with the EU Global Green Bond Initiative in support of the development of the regulatory framework
- Provide ad hoc technical assistance to authorities and financial market in the implementation of framework

#### Activities related to Output 3.2:

- Map different EDFIs operations related to green and sustainable finance (targeting private and commercial sub-sovereign clients) and identify possible blending and guarantee operations, as well as risks related to their implementation.
- Establish a platform with EDFIs for coordination of blending and non-blending operations and facilitate the development of joint EFSD+ operations at national and regional/multi-country level, as well as risks related to their implementation
- Support, through technical assistance, the structuring of green finance operations by EDFIs, particularly under the EFSD+ and EAG framework

#### Activities related to Output 3.3:

- Identify the different policies and interventions incentivizing terrestrial and marine biodiversity protection and restoration and promotion of nature-based solutions, as well as DRR/DRM aspects
- Support, through technical assistance, the implementation or development of financially incentivised schemes for investors, businesses and communities
- Design interventions supporting financially selected schemes and initiatives with the highest additionality

### 3.3. Mainstreaming

#### **Environmental Protection & Climate Change**

The Facility will also foresee the option to conduct a Strategic Environmental Assessment (SEA) as part of specific objectives 1 and 3 and while preparing new interventions, the facility will support in conducting Environment Impact Assessment (EIA) as well as Climate Risk Assessment (CRA) whenever relevant. DRR and DRM will be integrated and the participation of CSOs sought.

#### **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 analysis of the activities to be implemented will be conducted during the inception phase. Findings from this gender analysis will allow to develop certain more specific indicators such as the involvement of women, in all of their diversity, in activities related to the policy dialogue as well as the inclusion of gender sensitive consideration in the design of policies and interventions. Those will be monitored and evaluated during the implementation phase.

#### **Human Rights**

The Facility will support the development of policies and interventions that do directly contribute to human and environmental rights by protecting natural resources (clean water, fertile land, air quality), promoting sustainable management and equal access to those resources for persons and groups living in the most vulnerable situations, but as well offering incentives to economic operators to adopt more environmental friendly practices. The action adopts to the extent possible, a human rights-based approach and its working principles of applying all human rights for all, meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law for all and transparency and access to information supported by disaggregated data.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the Facility will indirectly and implicitly contribute more generally to the improvement of conditions of persons with disabilities while designing more inclusive, sustainable, environmental friendly and human rights-based policies and interventions, while taking into account specific fragility and vulnerability risks for people with disabilities.

#### **Democracy**

Through a structured policy dialogue that includes representatives of business and civil society, the Facility will contribute implicitly to a more inclusive and participatory democratic system.

#### **Conflict sensitivity, peace and resilience**

The policies and interventions developed under the facility will have a strong emphasis on more sustainable management of natural resources (e.g. water) as well as promoting in businesses the adoption of environmental, social and governance practices which present currently high risks of conflict according to preliminary findings of the Structural Country Assessment. The future interventions to be designed under this Facility should also possibly support in building the resilience in the sectors identified as having a high risk level when it comes to human conflict risk as well as climate change induced conflict.

#### **Disaster Risk Reduction**

Under outcome 1.1 and the TEI the Facility will assess and identify the highest risks and engage with the government to support and improve the disaster preparedness of the country but also prepare possible interventions with relevant EU partners through different type of instruments allowing rapid response (ECHO, EU MS, etc...) as well as developing an Action Plan with inbuilt mechanisms to activate for instance the ECHO crisis modifier tool and to mobilise Corporate Social Responsibility funding and other long-term investment in resilient green infrastructure (EDFIs).

The EU might also consider to provide additional support through regional initiatives as foreseen in the regional MIP.

**Other considerations if relevant**  
NA

### 3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Legality and regulatory aspects	Insufficient enforcement of policies and regulations on the ground	High	Medium	There are many political intentions that were not operationalized in the past. The current government on the opposite rushes in translating its political will and sometimes harmfully so. Through evidence based assessment, monitoring and continuous and deep policy dialogue with local authorities and relevant stakeholders, the facility will ensure that a right balance between political/policy thinking and doing is adequately presented, accompanied and supported. The facility will support a possible regional/EU peer review mechanism on some of the supported measures and initiatives.
Planning process and systems	Further fragmentation of government competences across various Ministries, departments, agencies (MDA)	High	Medium	The facility will ensure to promote/support those platforms (such as inter-ministerial committees) to ensure coordination and promote participation and capacity of the national/state institutions and bodies promoting gender equality.
People and organisation	Limited capacity of government staff to absorb knowledge sharing and draft/implement relevant measures including capacity regarding human rights based approach, gender equality and women's empowerment.	Medium	High	Although the Facility does not provides per se a capacity development technical assistance, the approach will rather be on "learning by doing" basis, the facility to accompany the different stakeholders in the development of measures but as well translation into concrete interventions.
External environment	Influences from other geopolitical players	Medium	High	The Facility will to a certain extent ensure the inclusion of the key international partners of Sri Lanka beyond the project but the EU and the MS will have to play a bigger role in terms of diplomacy to ensure the alignment of interests.
External environment	Actions linked to vested interests from political and			The Facility will conduct some Political economy analysis in selected sectors/areas of interventions in order to identify

	economic personalities and entities (businesses, unions, parties)	Medium	High	adequately the risks and mitigate those. The proposed measures will work around the most sensitive issues and focus on the low-hanging fruit, adopting a progressive/incremental approach on policy advocacy.
Planning process and systems	Disconnection between government and civil society and private sector, weaknesses in the public-private dialogue	Medium	Medium	Engagement with the different stakeholders is at the core of the Facility. The existing platforms and dialogue will be strengthened and some key stakeholders empowered through the foreseen joint activities.

#### **Lessons Learnt:**

The EU has been implementing several interventions related to climate change, energy, water, circular economy, forestry or biodiversity but those were fragmented and were more often than not insufficiently underpinned by an effective policy dialogue, limiting the transformative potential in the sector. As observed in sectors such as the agricultural sector where the EU has been having a more structured policy dialogue and supported important transformative reforms, the political economy analysis showed the complexity of the decision making process (especially in Sri Lanka) which will be a major risk in implementing the activities under the Facility and the often bureaucratic decision making process.

In addition to constant dialogue with the Government, one way to mitigate this major risks will be to diversify the services that will be offered and use the maximum flexibility in the design of the Facility. Therefore, as mentioned in the intervention logic section above, in addition to the core activities in advocating for policy and regulatory reforms in the selected areas of intervention, the Facility will also be able to cover intervention preparation, promotion of twinning and TAIEX instruments, participation of government officials in global/regional events organized under EU regional initiatives, sector specific communication and visibility activities e.g. TEI for a Green Recovery, and capacity development for Civil Society Organisations and Organised Private Sector.

### **3.5. The Intervention Logic**

The EU focus on themes related to the European Green Deal and on European Investment Plan operations in Sri Lanka have been to a large extent limited in previous years. With small and fragmented EU interventions rarely underpinned by an effective sectoral policy dialogue and/or public diplomacy, the EU is not able to achieve its transformative ambitions in Sri Lanka. Policy advice is needed so as to bring more fact and science based thinking into decision making.

Under the MIP, since the EU intends to allocate more funding to leverage investment in key green infrastructure, support small and medium size enterprises that have the ambition to convert to more sustainable business practices (in terms of production, supply chains, jobs, ...) and engage more actively in other climate change actions and biodiversity protection with authorities and population, an enhanced EU green diplomacy and policy dialogue with the different public and private stakeholders will be essential to create the conditions for success and lasting change.

Based on the Team Europe approach, the EU will set up a dedicated cross-sectoral Green Policy Dialogue Facility that will cover all the themes under Priority Area 1 of the MIP including the TEI for a green recovery.

The Facility will support EU actors in engaging with the local authorities and the population on adjusting and adapting EU policies and more specifically the European Green Deal external dimensions to the local context (specific objective 1). Establishing a platform to exchange information and generate debate will be essential to present and promote EU green policies in the national context. The integration of sustainable policy measures will require not only evidence-based analysis (through academics who are very influential) and continuous dialogue, but as well economic incentives which will be provided through other interventions.

The involvement of the private sector in the implementation of those policies will be essential and the Facility will accompany the transition towards a circular economy. Therefore, a strong engagement with the private sector and ease of doing business will be supported through the Facility (specific objective 2). Assessment of sector-wide business and investment bottlenecks, development of specific and targeted policy and regulatory measures, promotion of new technologies by supporting R&D and academics and design of financial incentives for businesses will all contribute to a more conducive environment for the implementation of overarching green policies.

The achievements of the overarching policy objectives in transitioning towards a circular economy, building more sustainable infrastructures providing basic human needs while protecting biodiversity will have to be financed and the mobilisation will require setting up the necessary specific financial incentives and instruments to redirect the investment from financial institutions and private actors toward greener, more sustainable and climate-resilient assets (specific objective 3). Conducting assessment on the financial existing conditions to identify the regulatory as well the financial gaps will help the EU in the design of future interventions. The Facility will help structure innovative financial operations with the support of the financial sectors. The contribution of the EFSD+ and other EU global initiatives should help the country to pilot (leverage) several riskier sustainable finance operations (such as green bonds). The facility would provide technical assistance to financial institutions as well relevant authorities to prepare the necessary framework and capacity to develop further those instruments.

### 3.6. Logical Framework Matrix

At action level, the indicative logframe should have a maximum of 10 expected results (Impact/Outcome(s)/Output(s)).

It constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To contribute to the green recovery and transition of the Sri Lanka economy and society	Improvement in Global Indexes/Indicators <a href="#">OECD Green Growth Indicators</a> the Global Green Economy Index* and Environmental Performance Index  *(this would require the inclusion of LK in some of those Global Indexes)	To be defined at inception phase	To be defined at inception phase but improvement by 20 % on average	OECD Dual Citizen Yale/WEF	<i>Not applicable</i>
<b>Outcome 1</b>	1. the development and implementation of inclusive national green, blue and sustainable public policies, with participation of women and men in all their diversity is supported	a) Improvement in UN SDG related indicators b) Number and quality of green public policies developed with the assistance of the Facility	a) To be defined at inception phase b) 0	a) To be defined at inception phase b) minimum 2	UNSTATS	
<b>Outcome 2</b>	2. the business and investment climate in view of promoting a circular economy is improved	Ranking of Sri Lanka in a) WB doing business and b) WEF competitiveness index Additional indicators related to the circular economy would be added based on the development of future indexes e.g. <a href="https://www.oecd.org/cfe/cities/InventoryCircularEconomyIndicators.pdf">https://www.oecd.org/cfe/cities/InventoryCircularEconomyIndicators.pdf</a>	a) BL; 61.8 (2020) b) BL 57.1 (2020)	a) T:65 b) T: 60	WB WEF reports	
<b>Outcome 3</b>	3. Accessibility and availability to green and sustainable finance is increased	a) Number/volume of green financial products/instruments offered on the market;  b) Number and the extent of alignment with EU or international practices of legislations, regulations and policies developed	a) To be defined at inception phase b) To be defined at inception phase	a) To be defined at inception phase b) To be defined at inception phase	CBSL/SBI-SLBA report	

<b>Output 1 related to Outcome 1</b>	1.1 Inclusive policy dialogue established for the implementation of the Team Europe Initiative (TEI) on the green recovery of the Sri Lankan economy and society and prepared all related EU interventions with participation of CSO's, particularly women' organisations;	Number of processes related to partner country practices on promoting the external dimension of EU Green Deal (including EU interests in sustainable trade, investment, business operation) which have been influenced (cfr. Indicator 16 EU-RF)	0	5	Project reports	
		Number of EU funded interventions (and more particularly under a Team Europe approach) in related areas prepared and or coordinated with the support of the Facility.	0	5		
<b>Output 2 related to Outcome 1</b>	1.2 public policies in selected sectors (e.g. industrial, water management, waste, energy, transport infrastructure and forestry) for an enabling regulatory environment to sustainable consumption and production and a low-carbon economy with a strong cross-cutting focus on technical and vocational education and training are fostered;	<p>Number and quality of public policy reforms that have been directly or indirectly supported</p> <p>Proportion of women contributing to the policy development on climate action and environment justice</p>	0	10	Project reports Ad hoc surveys	
<b>Output 3 related to Outcome 1</b>	1.3 Climate Change (NDC) Secretariat and other relevant agencies supported in evidence-based policy monitoring of the climate change mitigation commitments and/or impacts (incl. actual GHG emissions) and advice on adjustment/possible improvements in selected sectors (e.g. water, industrial, waste, energy, transport and forestry) under the NDCs;	<p>Progress made in the implementation of the NDCs.</p> <p>Number (sector coverage) of EU recommendations/inputs provided to the Secretariat policy measures and reporting</p> <p>Number of monitoring systems targeting GHG emissions and green policy measures implementation that have been directly or indirectly supported</p>	To be defined at inception phase	To be defined at inception phase	NDC secretariat and relevant Ministries reports  Project reports	
<b>Output 1 related to Outcome 2</b>	2.1 the business and investment environment is more conducive to	Number of measures and recommendations from the investor	0	10	WB and WEF reports	



	promote sustainable business operations and green investments;	dialogue promoting green business operations and investment that have been implemented			Investor dialogue reports Business survey	
<b>Output 2 related to Outcome 2</b>	2.2 the regulatory framework and voluntary tools and incentives to facilitate sustainable production patterns in industries and MSMEs <sup>12</sup> transitioning towards a circular economy are promoted and set up;	Number of reforms supported  Number of MSMEs reporting having engaged in sustainable production/consumption, disaggregated by those that are women-headed	To be defined at inception phase  0	To be defined at inception phase  500	Government reports and organised private sector surveys	
<b>Output 3 related to Outcome 2</b>	2.3 digital solutions to enhance efficiency, transparency, gender-responsiveness and innovation in sustainable production, consumption and supply chains are promoted and adopted.	Number of digital solutions (increase in start-ups) offered on the market Volume of investments made by private sector operators  Number of Government entities (Ministries, State bodies, State owned companies,...) having adopted or developed plans to adopt new digital solutions	To be defined at inception phase	To be defined at inception phase	ICT Agency reports/surveys Organised private sector reports/surveys	
<b>Output 1 related to Outcome 3</b>	3.1 the policy and regulatory framework for green and sustainable Finance is developed or strengthened;	Number of measures adopted by the government and banking sector in relevant areas (Taxonomy, Green bonds, monitoring and accountability framework, etc...)  Number of Social, environmental, climate and disaster risk assessments promoted in the public and private sector, as well as risk reduction and management strategies, including the integration of key information into early warning systems (related to disasters, conflicts, etc.) OR Number of vulnerability, environmental, climate and disaster risk assessments conducted with support of the EU-funded intervention	To be defined at inception phase	To be defined at inception phase	CBSL banking sector association reports	
<b>Output 2 related to Outcome 3</b>	3.2 Green Finance operations with the Government / Central bank and/or local financial institutions and	Number of operations (bonds issuance, credit line, equity investments) launched by the government (CBSL, State owned	0	3	CBSL banking sector	

	enterprises are structured and launched;	banks or commercial finance institutions) supported by the EU or its MS			association reports	
<b>Output 3 related to Outcome 3</b>	3.3 policy advocacy for the adoption of innovative financing for nature based solutions (such as credit carbon schemes) for the protection, conservation and restoration of terrestrial and marine biodiversity is facilitated.	<p>Number of policy measures for financing nature based solutions adopted by the government</p> <p>Number of gender-responsive policies approved by partner government in the green economy sector</p> <p>Number of carbon credit schemes active in the country and volume of credit traded and/or income generated</p>	<p>0</p> <p>0</p> <p>0</p>	<p>5</p> <p>5</p> <p>2</p>	Government and CSO reports	

Other EU-RF related indicators this Facility will contribute (directly and indirectly) to:

Indicator 4: Renewable energy generation capacity installed (MW) with EU support

Indicator 6: Number of MSMEs applying Sustainable Consumption and Production practices with EU support

Indicator 8: Marine Areas under a) protection b) sustainable management with EU support

Indicator 9: Areas of terrestrial and freshwater ecosystems under a) protection b) sustainable management with EU support (ha)

Indicator 13: Greenhouse Gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq) with EU support

Indicator 14: Number of jobs supported/sustained by the EU; disaggregated by green jobs

Indicator 19: Total length of transport infrastructure supported by the EU (kms): a) roads; b) railways; c) waterways

Indicator 32: Number of individuals with access to improved drinking water source and/or sanitation facility with EU support

<sup>12</sup> the Facility will also support the coordination and preparation of interventions under regional and global programmes such as GCCA+, SWITCH

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing Agreement

In order to implement this action, it is 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 48 months from the date of entry into force of the financing agreement.

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 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 measures<sup>13</sup>.

#### 4.3.1. Indirect Management with a Member State Organisation

This action may be implemented in indirect management with one or more EU Member State Organisations. This implementation entails the achievement of all the objectives and results under section 3. The envisaged entity will be selected using the following criteria: the technical capacity, expertise and mandate in the areas of interventions covered by the action, its local presence and complementarity with existing European funded interventions and its willingness to take a leading role in a Team Europe approach.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement pillar-assessed entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

#### 4.3.2. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In exceptional circumstances or where negotiations with the organisations mentioned in section 4.3.1. would fail, part or entirety of this action may be implemented in direct management through procurement and/or grant (as specified under section 4.3.3.).

#### 4.3.3. Direct Management (Grants and/or Procurement)

##### **Grants: (direct management)**

##### **(a) Purpose of the grant(s)**

Grants will contribute to the achievement of the three specific objectives as specified in section 3.1.:

1. Support the development and implementation of inclusive national green, blue and sustainable public policies, with participation of women and men in all their diversity

<sup>13</sup> [www.sanctionsmap.eu](http://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.

2. Improve the business and investment climate in view of promoting an inclusive circular economy (both green and blue)
3. Increase accessibility and availability to green and sustainable finance

**(b) Type of applicants targeted**

Applicants targeted would be legal entities and could be public bodies, international organisations, NGOs or organised private sector.

**Direct Management – Procurement:**

Procurement will contribute to the achievement of the three specific objectives as described in section 3.1.

#### 4.4. 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, 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).

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
<b>Objectives 1,2,3</b> composed of		NA
Indirect management with EU MS Organisation	5 000 000	
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another Decision	
<b>Contingencies</b> <sup>14</sup>	N.A.	
<b>Totals</b>	5 000 000	NA

#### 4.6. Organisational Set-up and Responsibilities

The Facility will establish a steering committee with the lead implementing partner, EU key partners (France/AFD, Germany/GIZ, EIB, the Netherlands and other EUMS diplomatic missions) as part of the Team Europe approach and key government stakeholders as co-chairs. Representatives from other development partners, the private sector and civil society will be invited as members when relevant. The steering committee will set the policy agenda, adopt an annual working plan and ensure the coordination of the different activities. It might entrust third parties with the implementation of activities.

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.

<sup>14</sup> 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.

Gender equality, human rights and human rights-based approach expertise will be ensured during 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 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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through 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).

Roles and responsibilities for data collection, analysis and monitoring:

The monitoring and reporting will be performed jointly between the EU and the lead implementing partner and other EU key partners on a Team Europe approach basis. Most of the data will be collected from different sources as indicators are mainly produced by external parties and sometimes at global level.

The facility will also produce (possibly through third parties) some of the data as some might not yet be available. For instance surveys from the organised private sector at more granular level will be needed. A more detailed assessment in terms of data availability and needs will be defined during the inception phase.

The Facility should also help the government in monitoring some of the progress made in implementing the policies and other international commitments with a special focus on the NDCs.

Although there will be an overall reporting on the progress for the facility, most of the reporting will be done at sectoral level and on specific topics on ad hoc basis.

All monitoring and evaluation systems will include a gender-performance component and assess gender equality results and implementation of rights-based approach working method principles (applying all human rights for all, meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law for all and transparency and access to information supported by disaggregated data) in terms of implementation of the project and project outcomes. Monitoring and evaluation will be based on indicators that are disaggregated by a minimum sex and age when applicable. Key stakeholders may be involved in the monitoring process, where appropriate.

The Facility will also benefit from ROM.

### 5.2. Evaluation

Having regard to the nature of the action, only a final evaluation might be carried out for this action.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this action is designed as a technical assistance facility supporting the general EU cooperation framework and not necessarily aimed achieving tangible results.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>15</sup>. 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.

<sup>15</sup> See best [practice of evaluation dissemination](#)

### 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 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.

## APPENDIX 1 REPORTING IN OPSYS

An Intervention<sup>16</sup> (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.

<b>Option 1: Action level</b>		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Option 2: Group of actions level</b>		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
<b>Option 3: Contract level</b>		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
<input type="checkbox"/>	Single Contract 3	
	(...)	
<input type="checkbox"/>	Group of contracts 1	

<sup>16</sup> [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](#).