



**EN**

**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX**

to the Commission Implementing Decision on the financing of the individual measure in favour of the Asia-Pacific region for 2024

**Action Document for Energy Connectivity in South Asia**

**INDIVIDUAL MEASURE**

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

**1 SYNOPSIS**

**1.1 Action Summary Table**

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Energy Connectivity in South Asia OPSYS number: ACT-62233 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in the South Asia Region, and specifically in Bangladesh, Bhutan, India, Nepal, and Sri Lanka
<b>4. Programming document</b>	Regional MIP for Asia and the Pacific 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Priority 1- regional integration and cooperation – South Asia Sector 2: Trade, Energy and Digital Connectivity from Asia and the Pacific Regional Multi-annual Indicative Programme 2021-2027
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Priority 1 (regional integration and cooperation) of the Regional MIP for Asia and the Pacific 2021-2027
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): 7 Other significant SDGs (up to 9) and where appropriate, targets: 5, 12, 13, 1, 9, 10
<b>8 a) DAC code(s)</b>	231 - Energy Policy 60% 236 - Energy Distribution 20% 232 Energy Generation, renewable sources 20%
<b>8 b) Main Delivery Channel</b>	EU MS agencies/pillar assessed entities

<b>9. Targets</b>	<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 type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers</b> (from DAC form)	<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 checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<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"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Connectivity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/

	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<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 B2024-14.020131 (South and East Asia) Total estimated cost: EUR 5 000 000 Total amount of EU budget contribution EUR 5 000 000 This action may be co-financed in joint co-financing by EU MS agencies or international organisations.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Indirect management</b> with an entity to be selected in accordance with the criteria set out in section 4.3.1			

## 1.2 Summary of the Action

The proposed action aims to address the electricity connectivity gap in South Asia, which is currently the least integrated region in Asia. The EU recognizes the importance of its engagement in South Asia for its strategic interests, including regional stability and security, irregular migration, trade and investment, climate change, multilateralism, human rights, gender equality<sup>1</sup>, and democracy. The action aims to build complementarities and synergies with India, Pan-Asia, and migration actions of the Regional Indicative Programme (RIP), while considering previous actions and proposals.

South Asia's contribution to global emissions is rapidly increasing, moreover the region highly vulnerable to climate change. Countries in the region are increasingly aware of the importance to engage in climate change mitigation action and transition to renewable energy including from an energy security and competitiveness perspective. Improving cross-border electricity trade (CBET) is crucial to unlock the region's full renewable energy potential and promote a fair and inclusive<sup>2</sup> green energy transition. However, there are barriers to electricity market integration, including diverging national political priorities, lack of political dialogue at regional level, technical and regulatory barriers, and limited existing transmission infrastructure.

To overcome these challenges, and more specifically address the lack of regional dialogue, the proposed action intends to facilitate a shift from bilateral to multilateral regional cooperation approach. It aims to strengthen institutional political governance frameworks, build technical capacity, and establish a platform for intra-regional energy dialogue. The EU's CBET expertise put the EU in a favourable position to facilitate these dialogues and promote regional cooperation.

The expected impact of the action includes more efficient integration of renewable energy and therewith decarbonisation of the energy sector, improved energy security and therefore increased access to clean and affordable electricity. Moreover, the action is expected to enhance energy sector cooperation, and strengthen political and economic relations between the countries involved.

The key outputs of the action are: an improved policy/regulatory gender-responsive framework and investment climate for intra-regional energy connectivity; strengthened capacities of country level sector stakeholders for the creation of a regional energy market integration; as well as an increased multi-stakeholders' awareness and engagement (Private Sector/investors/think tank/civil society organisations (CSOs) including organisations of women and persons with disabilities) on the benefits of increased regional power trade.

<sup>1</sup> Regional MIP for Asia and Pacific 2021-2027

<sup>2</sup> European Union, European Commission, Joint Communication to the European Parliament and the Council: EU Gender Action Plan (GAP) III – an Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, 284/20, Brussels, 25.11.2020.

Additionally, the action will leverage investment in improving electricity transmission infrastructure and reducing technical barriers to trade.

The action aligns with various strategies and priorities, such as the Global Gateway Strategy<sup>3</sup>, Indo-Pacific Strategy<sup>4</sup>, EU external energy engagement strategy<sup>5</sup>, EU-India Connectivity Partnership<sup>6</sup>, EU Green Deal<sup>7</sup>, and Gender Action Plan III<sup>8</sup>. The action is aligned with Team Europe Initiative “Green Energy Transition” in Bangladesh and Team Europe Initiative “Green Recovery” in Nepal.

## 2 RATIONALE

### 2.1 Context

The sub-regional South Asia window is part of the priority 1 (regional integration and cooperation) of the Regional MIP for Asia and Pacific 2021-2027 with the budget allocation of EUR 30 million. Building on the lessons from the RIP 2014-2020 and emerging needs in the region, the key areas identified are climate change and environmental degradation, disaster risk reduction, trade, energy, digital connectivity and conflict prevention.

EU’s engagement in South Asia is important for the EU’s strategic interests regarding regional stability and security, irregular migration, increasing trade and investment, climate change & green energy transition, promotion of multilateralism, human rights, gender equality<sup>9</sup> and democracy. All the related actions have built complementarities and synergies with India, Pan-Asia and migration actions of the RIP, with country and thematic MIPs, while taking into account previous FPI actions and proposals from line DGs. Complementary will also be ensured with country level energy actions and investments in the target countries, Bangladesh, Bhutan, India and Nepal.

Improving cross border electricity trade (CBET) can unlock the vast renewable energy potential in the South Asia region through a more efficient, intra- and inter-regional energy trade structure. This action will help implement Global Gateway in the region and may be a launch pad for further, wider and cross-country investments in the sector, which are already part of the Global Gateway agenda, MIP and EFSD+ actions in some of the South Asian countries.

South Asia’s energy sector mix varied from country to country but is largely dominated by fossil fuels. There is significant potential for renewable energy development, but the lack of investment funds, market integration or policy frameworks prevents an energy transition at scale.

In terms of energy supply, the nations within the region possess substantial reserves of coal, hydropower resources and potential renewable energy sources. Although they also have oil and natural gas reserves, the local demand for these resources exceeds the available domestic supply. As a result, the countries in the region rely significantly on energy imports to ensure their energy security. Additionally, the energy sector faces environmental and social challenges, including impacts on biodiversity, water resources, displacement of local communities as well as specific impacts on women's lives.

The region is one of the areas most vulnerable to climate change<sup>10</sup>, and its countries put a strong emphasis on climate change mitigation and the transition to clean and renewable energy, as also reflected in their respective NDC commitments. They have introduced a range of policies and regulatory frameworks to support the development of the electricity sector at national level, as well as to facilitate cross-border electricity trade in the region. More generally, all countries have restructured their power sector in recent years, but the level of restructuring differs from country to country. However, when it comes to regional power trade, only India has issued dedicated guidelines and regulations for facilitating CBET with neighbouring countries, and the legal

<sup>3</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en)

<sup>4</sup> [https://www.eeas.europa.eu/eeas/eu-indo-pacific-strategy\\_en](https://www.eeas.europa.eu/eeas/eu-indo-pacific-strategy_en)

<sup>5</sup> [https://energy.ec.europa.eu/topics/energy-strategy/strategy-eu-external-energy-engagement\\_en](https://energy.ec.europa.eu/topics/energy-strategy/strategy-eu-external-energy-engagement_en)

<sup>6</sup> [https://www.eeas.europa.eu/delegations/india/global-gateway-and-eu-india-connectivity-partnership\\_en?s=167](https://www.eeas.europa.eu/delegations/india/global-gateway-and-eu-india-connectivity-partnership_en?s=167)

<sup>7</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

<sup>8</sup> [https://www.eeas.europa.eu/eeas/gender-action-plan-iii-towards-gender-equal-world\\_en](https://www.eeas.europa.eu/eeas/gender-action-plan-iii-towards-gender-equal-world_en)

<sup>9</sup> Regional MIP for Asia and Pacific 2021-2027

<sup>10</sup> See Global Climate Risk Index 2021:

[https://www.germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021\\_2.pdf](https://www.germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_2.pdf)

framework scenario at regional level remains unharmonized. The present intraregional energy trade consists of electricity bilateral trade between India and Nepal, India and Bhutan and India and Bangladesh in BBIN region. Currently, around 700 MW of power is being traded between India and Nepal through various transmission routes. Bangladesh is importing 1,160 MW of power from India, whereas Bhutan exports around 2,325 MW of power to India<sup>11</sup>. In the FY 2021-22, India imported 7,597 GWh from Bhutan and exported 7,302 GWh and 1,921 GWh to Bangladesh and Nepal, respectively<sup>12</sup>.

Both Nepal and Bhutan have commenced electricity trade in the day-ahead market (DAM) of Indian Energy Exchange (IEX). Trading of electricity between neighbouring countries through power exchange is unique and possibly the first of its kind across various subregions of South Asia.

In the above-described dynamics, it is clear that India, due to its size and geographic location, is the key player for CBET in the region. This all-encompassing asymmetry vis-à-vis India is perceived as a bottleneck by the region's smaller countries and their national aspirations. This needs to be addressed by promoting the overarching common interest and related benefits of a green transition and energy security at regional level.

The creation of a dedicated platform, going beyond current bilateral exchange, and focused on the overarching regional sector transition and energy security as a common interest, is deemed a critical pillar to facilitate equitable and fair cooperation, resulting in mutual benefit for all involved countries.

South Asia regional energy market integration is the object of a few ongoing regional interventions from development partners, like USAID's five-year initiative (2021-26) on South Asia Regional Energy Partnership (SAREP) program, or the South Asia Forum for Infrastructure Regulation (SAFIR) by the World Bank, and South Asia Subregional Economic Cooperation (SASEC), facilitated by Asian Development Bank (ADB). The proposed Action will build on and closely coordinate with these ongoing initiatives.

The proposed action aims to address the significant integration gap in the South Asian electricity market, which is currently the least integrated region in Asia. Limited intra-regional trade is due to national political choices, technical barriers, and poor infrastructure. Improving market integration could unlock vast renewable energy potential and promote a fair and inclusive<sup>13</sup> green transition while ensuring energy security at the regional level. The action aims to shift from current bilateral dialogues to a multilateral cooperation approach, strengthen institutional political governance framework, build technical capacity, and support a platform for intra-regional energy dialogue.

The intervention logic is driven by the need to foster policy dialogue that plays a critical role in promoting regional energy cooperation and integration. The EU's convening power and political influence will be leveraged to facilitate high-level dialogue and promote the benefits of regional cooperation in the energy sector. By bringing together key stakeholders from the region, the action will create a platform for meaningful engagement and exchange of ideas, leading to greater understanding and consensus on the way forward for energy market integration in South Asia.

The impact of this action could be the development of a regional electricity market, resulting in increased generation and access to renewable and affordable energy in South Asia and reduction of greenhouse gas emissions. This would be characterized by increased intra-regional electricity generation from renewable energy and electricity flow, improved energy security, and strengthened technical and policy dialogue at multilateral level, with a focus on how to maximise regional integration of renewable energy sources. The increased regional cooperation and market integration could lead to improved political and economic relations between the countries involved. Furthermore, this action will ensure that the region's energy security is not reliant on a single country or entity by promoting a more diverse and inclusive regional electricity market.

In summary, the proposed action is an effort to bridge the gap in the South Asian electricity market by leveraging the EU's expertise and specific know-how to facilitate the development of a regional energy market in South Asia. The plan aims to promote intra-regional electricity interconnections and trade, facilitate technical and policy dialogue on regional energy market integration, and take stock of the other donors' existing relevant regional

11 USAID-SARI/EI, Role of Cross Border Electricity Trade in Enabling the Renewable Energy Deployment & Integration in India/ South Asia Region, July 2022.

12 POSOCO Monthly Reports of March 2021 and March 2022, <https://posoco.in/reports/monthly-reports/>

13 European Union, European Commission, Joint Communication to the European Parliament and the Council: EU Gender Action Plan (GAP) III – an Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, 284/20, Brussels, 25.11.2020.

initiatives. The expected impact will be an improved energy security, increased access to clean and affordable electricity, and ultimately an increased economic growth and cooperation in the region.

In a regional strategic perspective, the electricity sector cooperation, particularly through hydropower trade, will open ample spill-over benefits through integrated water-energy management practices. Indeed, EU support will focus on supporting interconnectivity efforts and projects with significant benefits to renewable energy deployment such as hydropower, wind and solar. The action will not support activities specifically aiming at the connection of new fossil fuel generators.

The action is aligned with the priorities of the Global Gateway Strategy, the Indo-Pacific Strategy, the EU external energy strategy “EU external energy engagement in a changing world”, the EU-India Connectivity Partnership, the EU-India Strategy, the EU Green Deal, Supporting the energy sector fits the priorities of the EU’s Global Gateway Strategy, Indo-Pacific Strategy, EU Climate Change Adaptation Strategy, and EU-India Strategy. It is a sector of priority not only for the EU, but also for its Member States, including in its dimension of cooperation with India. Supplying clean, affordable and secure energy in an efficient way by enabling a green energy transition is one of the Green Deal’s main pillars to significantly reduce the EU’s greenhouse gas emissions and achieve the EU’s zero pollution ambition. Moreover, the EU Green Deal pays particular attention to people and households highly dependent on fossil fuels and that could be most affected by a green transition. To support its energy transition, the EU is building the Energy Union, a fully integrated energy market- enabling the free flow of energy through the EU through adequate infrastructure and without technical or regulatory barriers. The Energy Union is a key asset to integrate renewable energy as well as increasing the EU’s energy resilience and security.

Finally, the action will leverage investment in improving electricity transmission infrastructure and reducing technical barriers to trade. Better energy market integration could also potentially mitigate the issue of the variability of renewable energy sources to some extent, making them more attractive for future investment.

By supporting women participation in decision-making processes, involving in capacity building activities this action is also aligned with the Gender Action Plan III and its key priorities: “Addressing challenges and harnessing the opportunities offered by the green transition and the digital transformation” and “Promoting economic and social rights and empowering girls and women”. Additionally, the action is aligned with the Global Gateway Strategy: “The Global Gateway will ensure that the benefits of investment are accessible in a fair and equitable manner. In this spirit, we will ensure that projects and investments are inclusive, especially in terms of gender equality”<sup>14</sup> and the Council Conclusions on the EU Strategy for Cooperation in the Indo-Pacific: “The EU will cooperate with Indo-Pacific partners in the protection and promotion of human rights, including raising the issue of gender equality and the empowerment of women and girls, reasserting that human rights are universal, indivisible, interdependent and interrelated”.<sup>15</sup>

## 2.2 Problem Analysis

The South Asian region, specifically comprising of India, Bangladesh, Bhutan, Nepal in BBIN region, faces significant challenges, hindering the development of a regional energy market. Currently, the region is the least integrated in Asia.

The current intra-regional energy trade is quite limited due to various factors, among which inadequate electricity transmission infrastructure, lack of policy and technical dialogue at the regional level, protective tariffs, unharmonized national technical and regulatory frameworks, geo-political bilateral dynamics, and environmental and social fragility are the major barriers to energy market integration in South Asia. The limited intra-regional trade is due to national political priorities, technical barriers, and limited existing transmission infrastructure.

The lack of a structured regional energy market is an important element negatively affecting energy security and reliability of power supply, which further hinders economic development and negatively affects the well-being of the people in the region. South Asian households with limited access to electricity use paraffin lamps for lighting and wood or charcoal for cooking and heating. This method exposes poor women and children, in particular, to

<sup>14</sup> European Commission Communication, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank. The Global Gateway, Brussels 1.12.2021 JOIN(2021) 30 final.

<sup>15</sup> Council of the European Union. EU Strategy for cooperation in the Indo-Pacific - Council conclusions, 7914/21, Brussels, 16 April 2021.

hazardous gases, causing severe health impacts.<sup>16</sup> In this context, India dominates the sector leveraging by establishing bilateral relationship with the other South Asian countries targeted by this Action. This could further increase geopolitical tensions hindering avenues of regional cooperation and negatively impacting the region's electricity market integration and overall development.

To address these challenges, there is a need to shift from bilateral dialogues to a multilateral cooperation approach, strengthen institutional political governance frameworks, build technical capacity, and support a platform for intra-regional energy dialogue, ultimately enabling CBET among all BBIN and potentially Sri Lanka. Policy dialogue plays a critical role in fostering regional cooperation and integration.

The EU's experience with electricity market integration, coupled with its role as a neutral broker in discussions on electricity market integration between countries in the region, positions it well to lead these dialogues.

Therefore, this Action is set to bridge the existing gap and the action will aim to improve market integration, unlock renewable energy potential, promote a fair and inclusive<sup>17</sup> green transition, and strengthen energy security at the regional level. By doing so, the intervention will facilitate the decarbonisation of energy sectors in the region intensify political and economic cooperation between the countries involved. Energy, welfare, and gender are well-known connections. In addition to creating new job opportunities for the local population, energy infrastructure improvements have a positive impact on education, health care, and women's equality in society as a whole.<sup>18</sup>

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

Policy:

- Ministries of Power and Energy of the target countries - in particular, within the ministries, the divisions in charge of power planning and renewable energy;
- Ministries of Foreign Affairs of the target countries, as they are the key actors for intra and inter regional diplomatic relations, including existing and planned agreements and joint visions and plans in the energy and power sector;
- Where relevant, the Prime Ministers' Offices of the target countries;
- Where relevant, Ministries of Environment/Climate Change, particularly for what concerns the power demand and consumption side as well as the NDCs, as well as environmental impacts;
- Where relevant, Ministries of Women's Affairs<sup>19</sup> of India, Nepal, Bangladesh and the National Commission for Women and Children of Bhutan, particularly their participation in high-level policy dialogue fora and other spaces to make visible women's specific demands and needs in the energy sector;

Regulatory and technical level:

In particular, among others,

- For Bangladesh
  - Economic Relations Division
  - Planning Commission
  - Power Division, Ministry of Power, Energy and Mineral Resources
  - Sustainable and Renewable Development Authority (SREDA) Bangladesh Power Development Board (BPDB)
  - Bangladesh Energy Regulatory Commission (BERC)
  - Power Grid Company of Bangladesh (PGCB)
  - Power distribution companies/utilities
- For Bhutan:
  - Bhutan Electricity Authority (BEA)

<sup>16</sup> USAID-SARI/EI, Role of Cross Border Electricity Trade in Enabling the Renewable Energy Deployment & Integration in India/ South Asia Region, julio de 2022.

<sup>17</sup> European Union, European Commission, Joint Communication to the European Parliament and the Council: EU Gender Action Plan (GAP) III – an Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, 284/20, Brussels, 25.11.2020.

<sup>18</sup> USAID-SARI/EI, Role of Cross Border Electricity Trade in Enabling the Renewable Energy Deployment & Integration in India/ South Asia Region, julio de 2022.

<sup>19</sup> Ministry of Women & Child Development of India, Ministry of Women, Children & Social Welfare of Nepal and Ministry of Women and Children Affairs of Bangladesh

- Druk Green Power Corporation Limited (DGPC)
- Bhutan Power Corporation Limited (BPCL)
- For India
  - Central Electricity Regulatory Commission (CERC)
  - Central Electricity Authority (CEA)
  - State Electricity Regulatory Commissions (SERCs)
  - Indian Renewable Energy Development Agency (IREDA)
- For Nepal
  - Nepal Electricity Authority (NEA)
  - Electricity Regulatory Commission (ERC)
  - Alternative Energy Promotion Centre (AEPC)
  - Power Transmission Company Nepal (PTCN)
- For Sri Lanka
  - Ceylon Electricity Board (Sri Lanka)
  - Lanka Electricity Company (LECO)
  - Sri Lanka Sustainable Energy Authority (SLSEA)

Private sector:

- Independent power producers (IPPs) and Energy service companies would benefit from a more efficient and harmonized regulatory and policy framework, removal of investment barriers and generally a more conducive investment ecosystem;
- Other private sector companies (from the region or European) which are current or potential stakeholders in the energy transition at country-and regional level;

The private sector would benefit from an increased involvement in the regional policy dialogue, along with platforms for matchmaking and knowledge/know-how exchange. They would also benefit in terms of better and more harmonized sector policies and regulatory framework, and improved market competitiveness, removal of investment barriers and generally a more conducive investment ecosystem;

Other stakeholders:

- Business associations as well as Chambers of Commerce both national and regional could assist in connecting and providing platforms to private sector, as well as to identify the main investment/ecosystem constraints;
- Regional organizations and fora, as for instance, among others, One Sun One World One Grid Initiative (OSOWOG), hosted by the International Solar Alliance (ISA), the South Asia for Infrastructure Regulation (SAFIR) and the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC);
- EU Members States active in the region will be involved at different levels, in a Team Europe approach, as well as MS TSO, regulators and related associations.
- Development partners active at regional level in South Asia (WB, ADB, USAID, etc) will be involved in terms of donors' coordination, lessons learnt, but also creation of synergies and complementarities;

Associations and Civil society:

- CSOs and NGOs, private sector and consumer associations supporting the energy transition and defending the voice of energy cooperative, prosumers and consumers, including women, youth and vulnerable groups, in South Asia countries and in the EU;

All the stakeholders identified above will generally benefit from the project in terms of an increased exchange of knowledge, know-how, technology, improved capacity, introduction of systems and procedures to improve efficiency and effectiveness, development of policy, regulatory and legal gender-responsive tools, among others. From an impact perspective, the population of the target countries are expected to be the ultimate beneficiary with a more reliable and cleaner electricity system. Whenever possible, a specific focus will be given to gender mainstreaming, human rights-based and disability inclusion approach in terms of target beneficiaries, as well as to young people in their diversity.

## 3 DESCRIPTION OF THE ACTION

### 3.1 Objectives and Expected Outputs

The **Overall Objective** of this action is to increase Cross Border Electricity Trade (CBET) to facilitate climate change mitigation efforts via the integration of renewable energy, reduction of GHG emissions, improvement of energy security, and ultimately support to economic growth and cooperation in South Asia.

The **Specific Objective** of this action is an improved policy framework and investment conditions for CBET and integration of renewable energy in South Asia.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

- 1.1 Improved regional and national policy/regulatory framework and investment climate for intra-regional CBET that facilitates the integration of electricity generation from renewable energy sources;
- 1.2 Strengthened capacities of country level sector stakeholders (public officials, public utilities, grid operators, private sector) for the creation of an integrated regional electricity market (country level preparedness);
- 1.3 Increased stakeholder awareness and engagement (institutions, private Sector/investors/think tank/CSOs) on the benefits of increased regional electricity trade and renewable energy integration.

The above outputs will make sure that the activities will be gender-responsive, and will as much as possible include organizations of women and persons with disabilities.

### 3.2 Indicative Activities

The proposed indicative activities for each Output are, among others, the following:

Activities relating to Output 1.1

- Mapping of best practices and successful approaches to increase renewable energy power generation and electricity trade from Europe and the South Asia region;
- Organize a high-level policy dialogue forum (at least annually) for government officials and policymakers to discuss and agree on a regional energy cooperation framework, with a focus on measures to promote cross-border electricity trade promoting the more efficient integration of renewable energy sources;
- Support to technical stakeholder dialogue, for example:
  - o Review of existing institutional and regulatory framework related to electricity trade in the target countries to identify gaps, inconsistencies and way forward;
  - o Review of institutional and regulatory barriers and gaps linked to electricity market and CBET specifically hindering renewable energy;
  - o Review of lessons learnt from existing initiatives at regional level (among others, SAFIR, SAREP) and bilateral programmes supported by the EU in the BBIN for example Team Europe Initiative in Green Energy Transition, Electrify, regional blending envelop for Renewable Energy Facility (upcoming EU Global Gateway Flagship projects in renewable energy etc);
  - o Support the identification of key priority areas to be addressed for a regional CBET mechanism with a specific focus on the integration renewable energy power generation;
  - o Based on South Asian electricity market assessment, review of national policy and review of institutional and policy review including lessons learnt from the EU and regional experiences, technically support the implementation of harmonised policy, legal and regulatory gender-responsive framework.

All EU inputs will prioritize measures to facilitate integration in the electricity market of existing and additional of renewable energy sources.

- Conduct a series of economic analyses to identify the most cost-effective and feasible cross border energy transmission and renewable energy projects to facilitate the large-scale integration of renewable energy, taking into account factors such as resource availability, infrastructure constraints, and investment climate.
- Develop a detailed implementation plan for the energy market roadmap, including timelines, resource requirements, and key performance indicators;

#### Activities relating to Output 1.2:

- Facilitate knowledge-sharing and capacity-building activities between countries, including the development of training programs, technical assistance, and peer-to-peer exchanges on best practices in renewable energy integration and cross-border electricity trade;
- Organization of national and regional training gender-responsive and inclusive programs, technical assistance, and knowledge-sharing platforms to strengthen the understanding of electricity trade-related issues and foster informed decision-making;
- Convene a series of technical workshops bringing together experts and stakeholders from across the region along with European experts and representatives from MS institutions, to discuss and address key technical barriers to intra-regional electricity trade and propose solutions for standardizing cross-border technical regulations;
- Conducting ad hoc training abroad for policymakers and technical experts from South Asian countries to visit the EU and learn from EU experiences in electricity market integration.

#### Activities relating to Output 1.3

- Detailed mapping and capacity assessment of key target actors both at regional and national level relevant for regional electricity market integration and increase of renewable energy generation capacity;
- Developing case studies and best practice guides that highlight successful examples of electricity market integration in the EU, and adapting these to the South Asian context, to be shared during information session;
- Conduct targeted stakeholder engagement sessions (involving also current EU internal market initiatives ) with key groups, including government officials, regulatory bodies, energy utilities, and industry associations, but also civil society organizations (including organizations of women and persons with disabilities), academia, and local energy communities, IPPs, prosumer associations, etc.
- Establishing a virtual platform for ongoing knowledge exchange and collaboration between EU and South Asian experts, including forums for discussion and information-sharing;
- Develop gender-responsive case studies and pilot projects that demonstrate the benefits and feasibility of increasing electricity market integration and renewable energy generation capacity within South Asia. Showcase successful examples of cross-border electricity trade, renewable energy projects, infrastructure development, and cooperation among countries in the region. These practical demonstrations can help overcome scepticism and build confidence in the potential advantages of integration.
- Develop recommendations on funding and financing mechanisms for regional infrastructure projects.

EU support will focus on supporting interconnectivity efforts and projects with significant benefits to renewable energy deployment such as hydropower, wind and solar. The action will not support activities specifically aiming at the connection of new fossil fuel generators.

### 3.3 Mainstreaming

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

The interventions implemented through this Action are planned to bring forth significant benefits, including a reduction in greenhouse gas (GHG) emissions and the mitigation of air, land, and potentially water pollution. The EU support will not aim at the connection of additional fossil fuels generations. By facilitating the increased integration of renewable energy as opposed to fossil fuels like coal and gas, these interventions contribute to the reduction of GHG emissions while also reducing pollution levels.

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

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

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

While specific assessments such as Environmental Impact Assessments (EIAs), Life Cycle Assessments (LCAs), and studies related to Circular Economy approaches or Climate Risk Assessments (CRAs) are not planned for this particular action, such assessments can be considered during the course of implementation, in close consultation with the target Governments. Possible assessments will integrate, where possible, a gender, disability inclusion and human rights-based approach.

### **Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the Action aims to contribute significantly to women's empowerment and gender equality in the region. The development of a regional energy market could lead to the creation of job opportunities for women in the renewable energy sector, traditionally male-dominated.

The action would promote women's participation and leadership in decision-making processes related to the regional energy market. This could involve creating spaces for women's voices to be heard, such as through women's forums and gender-sensitive consultations, as well as building the capacity of women to engage in policy dialogue and advocacy. By promoting women's meaningful participation in decision-making, the action could further help to address gender inequalities in the energy sector and beyond. Additionally, the action could work to ensure that women's needs and priorities are taken into account in the development of the regional energy market. Gender analysis will be promoted in the target countries' energy sector, where not yet done. These analysis' recommendations and those of already conducted gender analysis in the region will be used to structure some of the relevant activities of the action, especially under output 1.3. (e.g. engagement of women as decision makers at different levels of the power sector in the different contexts of the region areas, and how this can influence awareness/capacity to push CBET forward), in capacity-building activities and in the improvement of the policy, legal and regulatory framework at national and regional level.

In parallel, indicators will be as much as possible disaggregated by sex and have activities to increase reporting/evidence of women engagement in the sector. To the extent possible, an intersectional gender analysis will be applied to explore the different vulnerabilities of women, men, girls and boys based on categories such as age, ethnicity, location, migration status, and disability, among others.

This action is aligned with the following thematic areas of engagement of GAP III: "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation" and "Promoting economic and social rights and empowering girls and women".

---

### **Human Rights**

The action is aligned with the EU's Action Plan on Human Rights and Democracy 2020-2024.

While human rights may not be the primary focus of this Action, it will adopt a human rights-based approach. The objective of the Action is to ensure increased access to reliable and clean energy for all individuals in the target region, including marginalized groups such as women, youth, persons with disabilities, and internally displaced persons. This aligns with SDG 7, which aims to provide affordable, reliable, and modern energy services. The Action will try, to the possible extent, to include empowering energy consumers and end users in the region by increasing awareness and information disclosure. The human rights-based approach will be operationalized by upholding all rights, promoting meaningful and inclusive participation, preventing discrimination, and ensuring accountability and transparency.

In line with the human rights-based approach methodology, the proposed action will abide by the 'do no harm principle' to avoid unintended negative impact in terms of human rights.

---

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that persons with disabilities and their empowerment is not a specific target of this Action but they will benefit from the improved access to secure and clean energy along with other population of the target countries in the region. However, access and participation of persons with disabilities, especially youth and women with disabilities, will be encouraged in the activities related to the output 3. Where possible, their participation in public fora and training activities will be promoted, and, where possible, their access to employment in the renewable energy sector will

be encouraged. As far as possible, the disability inclusion approach can be integrated into all stakeholders' training processes and the improvement of policy, legal and regulatory frameworks at the national and regional levels.

#### **Reduction of inequalities**

An affordable, reliable, sustainable and modern energy for all is a key condition for the reduction of the socio-economic inequalities, and therefore this action is expected to make a substantial contribution towards reducing inequalities based on age, gender, disability, race, ethnicity, origin, religion, economic or other status<sup>20</sup>

#### **Democracy**

While democracy is not directly addressed by this Action, the proposed operations are expected to empower people by providing them with a more reliable, sustainable, cost-competitive power system, and contribute to improved accountability and the fight against corruption.

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

A stable and resilient society requires a dependable, effective, and sustainable power supply. It plays a crucial role in reducing conflicts arising from resource scarcity. Hence, although indirectly, the proposed Action will contribute to peace and resilience.

#### **Disaster Risk Reduction**

The action will ensure that climate risks and disaster risk reduction will be taken into consideration in dialogue and planning processes for new regional transmission infrastructure.

### 3.4 Risks and Lessons Learnt

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
Political	Risk 1 - The regional dynamics and geo-political bilateral relations between the countries in South Asia could create political risks that could hamper progress towards regional energy market integration.	<b>Medium</b>	<b>High</b>	The action will have a major focus on building trust and mutual understanding between the countries involved. This will involve policy dialogue, knowledge-sharing, and cooperation at the regional level. The EU could play a pivotal role in promoting dialogue and engagement between the countries in the region. Additionally, building technical capacity and strengthening national and regional institutions could reduce the risks of political tensions. A multilateral approach will enable all BBIN to work together, limiting geopolitical power imbalances.
Technical	Risk 2 The limited intra-regional trade is due to inadequate electricity transmission infrastructure, unharmonized national technical and regulatory frameworks. Moreover, countries being still fossil fuel heavy in their electricity mix, the	<b>Medium</b>	<b>High</b>	The action will build technical capacity and knowledge increase based on the EU's experience with electricity market integration. This will include promoting best practices and knowledge-sharing on technical and regulatory frameworks, as well as developing regional standards and guidelines for renewable energy integration. Additionally, the action will leverage investment in improving electricity transmission infrastructure and

<sup>20</sup> <https://sdgs.un.org/goals/goal10>

	action might favour the trade of fossil fuel based electricity.			reducing technical barriers to trade. In order to promote renewable energy sourced power generation and trade, the EU support will focus on supporting interconnectivity efforts and projects with significant benefits to renewable energy deployment such as hydropower, wind and solar. The action will not support activities specifically aiming at the connection of new fossil fuel generators.
Financial Risk	Risk 3 - The development of a regional energy market requires significant investment, which could be challenging to secure in the current economic climate.	<b>Medium</b>	<b>Medium</b>	The action will create the conditions for increased mobilization of resources and support from donors and international financial institutions. The EU can play a significant role in mobilizing resources from EU Member States financial institutions and EFSD+ financing tools.

### Lessons Learnt:

The identified sub-region of South Asia already has a strong experience and ecosystem of bi-lateral trade and an access to international best practices through the initiatives of its development partners as ADB, WB, USAID, TEAM EUROPE, JICA). More specifically, relevant interventions by EU and other development partners span across country-based and regional scope. The Action will be complementary to existing regional and national interventions. In terms of regional initiatives, the Action will take stock and build on the experiences of different programmes, among which the USAID's five-year initiative (2021-26) on South Asia Regional Energy Partnership (SAREP) program which aims to improve access to affordable, secure, reliable, and sustainable energy in six countries: Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka. Other ongoing initiatives/platforms include South Asia Forum for Infrastructure Regulation (SAFIR) by the World Bank; but also South Asia Subregional Economic Cooperation (SASEC), facilitated by ADB. The action aligns well with India's 'One Sun, One World, One Grid' (OSOWOG) initiative to develop an interconnected solar energy infrastructure on an international scale. Key takeaway from USAID programme is: arrangements like Nepal-India-Bangladesh or Bhutan-India-Bangladesh introduce complications in various aspects, such as the structure of agreements (PPA/PSA/TPA), commercial terms, and dispute resolution. These complexities often result in lengthy negotiations before finalizing the arrangement.

To expedite the conclusion of multi-country arrangements, based on lessons learned by other development partners engaged in this sector (e.g. USAID, WB, ADB), the following aspects are suggested for consideration and further discussion:

1. Changes in laws and taxes for intermediary countries.
2. Determining the governing law in cases where non-contractual obligations arise in connection with multi-country supply. English law is commonly considered in such situations.
3. Establishing a dispute resolution mechanism for intermediary countries.
4. Addressing force majeure events.
5. Allocating the long-term agreement (LTA) booking liability for intermediary countries.

### 3.5 The Intervention Logic

The underlying intervention logic for this action is driven by the need to address the significant lack of electricity market integration in South Asia, which is currently the least integrated region in Asia. The limited intra-regional electricity trade is due to national political choices, technical barriers, and limited cross-border transmission infrastructure. Improving market integration could unlock a vast renewable energy potential and promote a fair and inclusive<sup>21</sup> green transition while ensuring energy security at the regional level. **The action aims to shift from current bilateral dialogues to a multilateral cooperation approach, strengthen institutional political governance framework, build technical capacity, and support a platform for intra-regional energy dialogue.** The regional dialogue mechanism to be built for the engagement with, and the support to, the institutional actors will take into consideration India's strong role in the regional sector and geopolitical dynamics. It will also build on the already ongoing regional initiatives by other development partners and ensure coordination with those. At the national level, the action will focus on strengthening policies, creating technical skills and awareness, and among public officials, public utilities, grid operators, private sector for the creation of an integrated regional energy market (country level preparedness).

Policy dialogue plays a critical role in fostering regional cooperation and integration. The action will leverage the EU's convening power and political influence to facilitate high-level dialogue and promote the benefits of regional cooperation in the energy sector. To this end, the capacities of country level sector stakeholders will be strengthened, and at the same time, awareness will be raised on the benefits of increased regional power electricity trade.

The specific EU's experience with electricity market integration, coupled with its role as a neutral broker in discussions on electricity market integration between countries in the region, positions it well to lead these dialogues. The action will focus on building the capacity of national (and where possible regional) institutions and governments to engage in policy dialogue on energy integration, with a view to establishing a framework for regional cooperation that supports a fair and inclusive<sup>22</sup> green transition and energy security. By bringing together key stakeholders from the region, the action will create a platform for meaningful engagement and exchange of ideas, leading to greater understanding and consensus on the way forward for energy market integration in South Asia. By promoting a more diverse and inclusive regional energy market, this action will ensure that the region's energy security is not reliant on a single country or entity.

The action will therefore, through a combination of policy dialogue and technical/capacity support, aim to achieve: i.) An improved policy/regulatory framework and investment climate for intra-regional energy connectivity; ii.) Strengthened capacities of sector stakeholders (public officials, public utilities, grid operators, private sector) for the creation of a regional energy market integration; iii.) Increased multistakeholders' (including where possible women, youth and persons with disabilities) awareness and engagement on the benefits of increased regional power trade.

This will be reflected into an increased intra-regional trade and flow of clean energy among the target countries, further leading to an improved energy security in the region, along with increased access to clean and affordable electricity, and ultimately support economic growth and cooperation in South Asia.

---

<sup>21</sup> European Union, European Commission, Joint Communication to the European Parliament and the Council: EU Gender Action Plan (GAP) III – an Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, 284/20, Brussels, 25.11.2020.

<sup>22</sup> Ibidem

### 3.6 Logical Framework Matrix

This indicative logframe 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 (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assump tions
<b>Impact</b>	Increased Cross Border Electricity Trade (CBET).	1. Total annual amount of electricity traded among countries in the region (in TWh) 2. Total annual amount of Electricity traded among countries in the region 3. GEF 2.7, GHG emissions reduced with EU support	1 2	1 2	1 2	<i>Not applicable</i>
<b>Outcome 1</b>	The policy framework and investment conditions for CBET are significantly improved.	1.1 The adoption of a multi/tri lateral joint document/agreement as a commitment for increased CBET; 1.2 Number of cross-border/regional transmission grid investments facilitated by the project;	1.1 1.2	1.1 1.2	1.1 1.2	
<b>Output 1 relating to Outcome 1</b>	1.1 Improved policy/regulatory framework and investment climate for intra-regional energy connectivity;	1.1.1 1. Number of new/revised CBET-enabling policies and regulations adopted/updated with EU support in target countries Extent to which proposed for adoption climate change adaptation and mitigation policies, and environmental protection strategies and plans (including energy policies/ strategies) are based on a gender analysis of risk, need, demand, barriers, and supply (GAP III, indicators) 1.1.2 Number of regional policy dialogue fora/multilateral meetings for government officials and decision makers held; 1.1.3 Number of participants in high level negotiation and mediation fora (peace, trade, investment, post-conflict and distribution) (FPI RF) disaggregated by sex	1.1.1 1.1.2	1.1.1 1.1.2	1.1.1 1.1.2	
<b>Output 2 relating to Outcome 1</b>	1.2 Strengthened capacities of country level sector stakeholders (public officials, public utilities, grid operators, private sector) for the creation of a regional energy market integration (country level preparedness);	1.2.1 Number of knowledge transfer activities completed (training sessions, workshops, study tours, or webinars) 1.2.2 Number of participants (disaggregated by sex and disability) to knowledge transfer activities, of which at least 80% confirm the usefulness of the activities for their own work on CBET.	1.2.1 1.2.2	1.2.1 1.2.2	1.2.1 1.2.2	
<b>Output 3 relating to Outcome 1</b>	1.3 Increased multistakeholders' awareness and engagement (Private Sector/investors/think tank/CSOs on the benefits of increased regional power trade	1.3.1 Number of participants (disaggregated by sex) who reported increased awareness on CBET as a result of peer exchange and mentorship activities. 1.3.2 Percentage of participants (disaggregated by sex) who reported an increase in their professional network as a result of stakeholder engagement sessions and related activities.	2.1.1 2.1.2	2.1.1 2.1.2	2.1.1 2.1.2	

## 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 countries.

### 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 72 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 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>23</sup>.

#### 4.3.1 Indirect Management with an entrusted entity

This Action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Experience in the energy sector, especially green/sustainable energy, energy efficiency, related policies and regulations, and power grid connectivity;
- Ability and experience in delivering and/or facilitating capacity building and knowledge-sharing (also through peer-to-peer knowledge transfer) among governments/policy makers and other relevant stakeholders;
- Experience in the region would be an asset including in some of the target countries;
- Deep knowledge of best practices and successful approaches to renewable energy trade and power market integration from Europe;
- Capacity for and experience of building partnerships with other entities (think tanks, institutions, associations, technical agencies, financial institutions..) at country and/or regional level and/or from Europe to implement the project activities;
- Knowledge on facilitating investment climate and business environment, including through support to innovation;
- Preference will be given to an entity that can give the Action a Team Europe approach, and therefore an entity which is familiar with the EU Green Deal, Global Gateway, EU policies towards energy, including cross border electricity trade and power market design, sustainable development, and with ongoing Team Europe initiatives in the region.

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

If this Action cannot be implemented in indirect management due to circumstances outside of the Commission's control, the implementation modality described in section 4.3.1 could be changed from indirect management with a pillar assessed entity to direct management through procurement and/or grants or a combination of both for the full amount indicated in section 4.5:

In case of Procurement (direct management):

Procurement would contribute to the achievement of the outputs 1.1. and 1.2 and if needed 1.3, specified in section 3.1 with an indicative global/maximum budgetary amount up to EUR 5 million.

<sup>23</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.

In case of Grants (direct management):

(a) purpose of the grant(s): the purpose of the grant would be to achieve output 1.3

Indicative global/maximum budgetary amount: up to EUR 2 million.

(b) Type of applicants targeted

The EU grant would target a wide range of applicants: private as well as public entities, governmental entities at different levels, (centralised or decentralised) regulatory bodies, but also universities/academia, research centres/institutes, NGOs and other actors in the field and region would be encouraged to apply.

#### 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 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).

#### 4.5. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>	<b>Third-party contribution, in currency identified</b>
<b>Implementation modalities</b> – cf. section 4.3		
<b>Objective 1</b>		TBC
Indirect management with an entrusted entity - cf. section 4.3.3	5 000 000	TBC
<b>Evaluation</b> – cf. section 5.2	To be covered by another Decision	N.A.
<b>Audit</b> – cf. section 5.3		
<b>Totals</b>	5 000 000	TBC

#### 4.6 Organisational Set-up and Responsibilities

The entrusted entities and project partners will implement the project. The entrusted entities will be responsible for development partner coordination, joint administration of the resources allocated by development partners (if applicable), the mobilisation of additional resources and project assurance.

Regular progress follow-up and monitoring of deliverables should take place with the continuous involvement of the EU and the key target countries' and project's partners. To this end, a specific Project Implementation Committee (PIC) will be created. Thematic and technical monitoring of the progress in the implementation of the Action will be entrusted to the PIC. This will meet at least quarterly, and ad hoc meetings will be organised whenever necessary.

A Programme Steering Committee (PSC)/ South Asia Energy Connectivity Forum should oversee programme coordination and implementation across the components and institutions of the Action, and specifically review progress against indicators, review the ongoing work plan and coordinate responses to issues identified in implementation. The PSC/Forum will review proper implementation, provide broad guidelines and address matters requiring inter-institution decisions. The EU will chair the PSC/Forum and will have an active participation and

engagement in the programme management in line with policy dialogue process. The main Government stakeholders will be the Power Secretaries of the target countries, as well as representatives from the respective Ministries of Foreign Affairs, along with the project partner entities.

The PSC/Forum will meet at least once a year, and ad hoc meetings will be organised whenever necessary.

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 and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

The detailed composition of the PIC and PSC, along with specific roles, will be defined during the inception phase. To the extent possible, the PIC and PSC will align their work with the existing Government coordination mechanisms in the respective countries.

Gender equality, environmental protection, human rights, disability inclusion and human rights-based approach expertise will be ensured during the implementation of the Action. They will also be integrated in relevant (capacity building) activities, documents (i.e. ToRs etc), as minimum requirements of expertise.

## 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 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. It will include regular monitoring, annual reports and auditing process, with the support of independent consultants & auditors where needed.
- Indicators shall be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity.

The implementing agency from the partner Government side will also actively contribute to monitoring and provide regular feedback. Joint supervision missions will be conducted by the implementing agency, on a yearly basis, to closely monitor implementation and the active and meaningful participation of stakeholders.

### 5.2 Evaluation

Having regard to the nature of the action, a mid-term and final or ex-post evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

Carrying out of mid-term evaluation will be the subject to the decision of the Project Steering Committee, in agreement with the Commission. In such case, the mid-term evaluation will be carried out for problem solving, learning purposes in particular with respect to

A final or ex-post evaluation 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 is a relatively innovative action.

The Commission shall inform the implementing partner at least 1 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 may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination<sup>[1]</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

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

Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

### 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.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, 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.