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ANNEX 2

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Federal Republic of Somalia for 2023-2024

Action Document for the Green Energy and Economic Development (GEED)

MULTIANNUAL PLAN

This document constitutes the multiannual 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

1. Title CRIS/OPSYS business reference Basic Act	Green Energy and Economic Development (GEED) OPSYS number: ACT-61875 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes Climate Action through Clean Energy Initiatives and Climate-resilient Economy
3. Zone benefiting from the action	The action shall be carried out country-wide in the Federal Republic of Somalia
4. Programming document	Multi-annual Indicative Programme (MIP) 2021-2027
5. Link with relevant MIP(s) objectives / expected results	MIP Priority Area 2, Specific Objective 2: <i>To strengthen the education and training systems for delivery of inclusive quality education and training.</i> MIP Priority Area 2, Specific Objective 3: <i>To promote green, low-carbon, climate-resilient economic development and regional integration (market access) through an enabling environment, direct support to the private sector and climate-responsive infrastructure services.</i> MIP Priority Area 3, Specific Objective 1: <i>To contribute to climate-resilient and low- carbon development in vulnerable communities.</i>
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	This action will be financed under Priority Area 2 (Inclusive and green economic growth) and Priority Area 3 (Resilience building and social inclusion) of the MIP. The sectors targeted are Education, Business Services, Energy and Agriculture, Forestry, Fishing .
7. Sustainable Development Goals (SDGs)	Main SDG: affordable and clean energy (SDG 7) Other significant SDGs : quality education and training (SDG 4), gender equality (SDG 5), decent work and economic growth (SDG 8), development of sustainable

	infrastructure (SDG 9), promote inclusive, resilient and sustainable urban development (SDG 11), responsible consumption and production (SDG 12), climate change (SDG 13).			
8 a) DAC code(s)	Energy generation, renewable sources – multiple technologies (DAC code 23210) - 40% Education facilities and training (DAC code 11120) - 35% Business development services (DAC code 25030) - 14% Agricultural development (DAC code 31120) - 11%			
8 b) Main Delivery Channel	Non Governmental Organisations - 21000 International Finance Corporation - 44004 Private sector in recipient country - 62000 Private sector in third country – 63000			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance		<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"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input 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"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line(s) (article, item):</p> <ul style="list-style-type: none"> BGUE-B2023-14.020121 BGUE-B2024-14.020121 <p>Total estimated cost: EUR 40 500 000</p> <p>Total amount of EU budget contribution EUR 40 500 000</p> <p>The contribution is for an amount of EUR 20 500 000 from the general budget of the European Union for 2023, and for an amount of EUR 20 000 000 from the general budget of the European Union for 2024, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p> <p>This action will be part of the Team Europe Initiative on Green Deal: Climate Action through Clean Energy Initiatives and Climate-resilient economy in Somalia. Denmark, Sweden, Netherlands, Germany and Italy may contribute to the Team Europe Initiative (TEI).</p> <p>The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this 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 through bilateral consultations. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.</p>			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through - Grants			

	Indirect management with the entity (ies) to be selected in accordance with the criteria set out in section 4.4.2.
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1.2 Summary of the Action

The proposed Action will boost the provision of on-grid and off-grid renewable energy solutions to households and Micro, Small Medium Enterprises (MSMEs) through the adoption of a market-based approach to strengthen productivity and economic growth. Specifically, the Action aims at supporting the development of food value chains by facilitating investments in affordable, clean, and modern energy and in climate adaptation solutions, which, if implemented well, should lead to substantial progress on SDG 7 (Ensure access to affordable, reliable, sustainable, and modern energy). To achieve this, the Action will support the financing of private sector investments which can spur green economic development, together with relevant advisory services, technical assistance and training on renewable energy, agro-ecological approaches and nature-based solutions.

The financing will be designed to catalyse systemic and sustainable changes in market systems and de-risk investment opportunities. The financial support to the private sector will be complemented by the provision of TVET programmes related to renewable energy and green skills. The intervention will seek to consolidate established collaboration with EU MS, with a view to scale-up the proposed Action with additional funding from EU MS. Given the very large investment needs across the country, the Action will also address some of the key challenges to development finance institutions (DFIs) investments in Somalia in the medium term and emphasise on the investment opportunities in Somalia in green energy. Preferred value chains for the Action will be livestock, sesame, and fisheries, although additional value chains in the circular economy could be considered. The action is aligned with Priority Area 2 (Inclusive and green economic growth) and Priority Area 3 (Resilience building and social inclusion) of the MIP, and is a key component of the TEI on the EU Green Deal in Somalia and a contribution to the Great Green Wall Initiative Accelerator, namely its Pillar 1 (Green value chains and farmers' support) and Pillar 3 (Climate resilience and renewable energy).

In summary, the activities of the action will be implemented in support of the EU Global Gateway (GG) Strategy. Specific priorities of the GG will be supported to realize achievement of the specific objectives of the action in the areas of accelerating the green transition, that is, increasing access to affordable, reliable, sustainable energy (green); supporting market integration; accelerating sustainable growth and decent job creation by supporting sustainable Somali agri-food systems; creating a conducive environment for sustainable private investments; enhancing investments in support of green energy production that supports agri-food and fish processing; facilitating innovation; and boosting improved nutrition.

2 RATIONALE

2.1 Context

Somalia's electricity power sector is severely underdeveloped due to years of conflict and political instability after the State collapsed in 1991, distribution infrastructure is fragmented and unreliable, losses are high at around 40 % compared to the Sub-Saharan Africa average of 11 %, and overall only 9% of the population has electricity access in rural areas and 63% in urban areas¹. The main source of energy is completely dominated in rural and peri-urban areas by locally available charcoal and firewood, thereby leading to destruction of the vegetative cover, one of the most acute environmental problems faced by the country, and GHG emissions. Protection of the vegetative cover will also be important to adapt to Climate Change,

The National Adaptation Programme of Action (NAPA) is a first step toward articulating and implementing a nationwide strategy that addresses the impacts of climate change across Somalia. The overarching vision set out

¹ Somalia. (2020, February 17). Lighting Africa. <https://www.lightingafrica.org/country/somalia-2/>

in the NAPA is to make the Somali people more resilient to climate change, recognizing their high vulnerability in an economy that is dominated by a high dependence on natural resources. Somalia's National Determined Contribution (NDC) estimates that reducing GHG emissions by 30% will require \$9.96 billion of investment into mitigation measures by 2030. The proposed action will demonstrate the way forward for achieving not only relevant GHG emission reductions, but even more so is hoped to demonstrate to domestic and foreign investors the potential of renewable energy in Somalia.

The provision of electricity services from the private sector is growing, mainly through private independent power producers (IPPs) and off-grid solar providers, but at a slow pace. The market is dominated by sub-standard products and services due to the high cost-sensitivity of customers. As a result, low energy access continues to significantly affect Somali households and businesses. In addition, retail power prices in Somalia are among the highest in Africa (at about \$1/kWh) because IPPs still rely primarily on inefficient diesel generators, with high fuel costs. Other challenges include the lack of cooperation between the Somali government and the ESPs, limited regulation and oversight of the sector, and the lack of implementation and follow-up of government policies and regulations.

There is nevertheless significant potential in all Somali areas in terms of renewable and alternative sources of energy, such as solar and wind power, but so far, due to among others security and funding problems deployment has been limited. The average daily solar energy received on a horizontal surface is about 5.5 - 7.5 kW/m², making it one of the highest in the world. The solar energy distribution in Somalia is also almost uniform, giving almost the same energy, disregarding the place or angle of installation. The average sunshine duration is estimated between 2900 - 3100 hours/year with modest temperatures, benefitting the service life of solar panels. With regard to wind energy, the annual average wind speed is about 4-10m/s with continuous flow throughout the year. The intensity is abundant in the Northern region and moderate in central and coastal areas. A large portion of the country's power demand can be covered using wind turbines of low to medium capacity. As a recent example, the installation of a 3 MEUR Hybrid Power Plant in Garowe city allows the reduction of diesel consumption by more than 2,000 litres per day, powering approx. 100,000 people by renewables only. The Hybrid Power Plant serves a 3.5 MW load and is expected to be shortly further extended with 450 kW of wind energy, covering with renewables and storage more than 25% of the energy needs of the city.

Currently, both the lack of modern energy and electricity availability and the high costs of energy whenever available have a negative impact on the country's economic growth. Indeed, Somalia's gross domestic product (GDP) per capita has consistently been ranked among the five lowest in the world throughout the last decade and in 2020 it was the second lowest in the world. The primary sector remains the biggest employer of both men and women at 79.2% and 83.9% of the labour force respectively. The main livelihood systems are agriculture and livestock production, which all rely on adequate rainfall. Given several decades of conflict and political instability, these systems are vulnerable to shock, such as consecutive seasons of rain failure, drought, flood and inflation, all of which have a direct impact on the population's food security and nutrition situation. Somalia's population is suffering from a chronic nutrition crisis with global acute malnutrition (GAM) rates exceeding the emergency threshold of 15% in most areas.

In 2015, the Federal Government State (FGS) approved a law on private foreign investments (i.e., the Foreign Investment Law) that is reaping its first rewards with foreign companies and DFIs (e.g., EIB, AfDB) now taking their very first tentative steps in Somalia after decades of absence. International donor organisations are also again active in Somalia and Somaliland in the electricity and renewable energy sectors. The World Bank (WB) has assisted the country with some major initiatives, including the Power Master Plan, Somalia's Electricity Project (SEAP), and the Somali Electricity Sector Recovery Project (SESRP). The latter project, which was recently launched in close collaboration with the Ministry of Energy and Water Resources (MoEWR), has the goals of increasing access to lower-cost, cleaner/modern electricity supplies as well as re-establishing the electricity supply industry. More specifically, the SESRP aims to increase renewable energy generation by optimising and scaling up the generation infrastructure of existing Electricity Service Providers (ESPs), to enhance electricity access to existing public facilities, and to strengthen the capacity of both public and private institutions to set up an enabling institutional and regulatory environment for the electricity sector. In this context, the WB recently expressed interest in cooperating with the European Union (EU) on Somalia's energy sector. Potential areas of cooperation span from the establishment of a national energy regulatory authority to the implementation of the Electricity Bill,

which is awaiting presidential assent following passage by the Somalia Parliament (National Assembly and Senate) in February 2023, through the adoption of secondary legislation, and the development of the off-grid sector.

Somalia is a key partner of strategic interest for the EU, with the objectives of achieving lasting stability, security and socio-economic growth. This requires comprehensive and sustained support to renewable energy, and climate technologies businesses to innovate, create jobs and leverage investments for resilient and sustainable incomes in rural and marginalised communities in Somalia, in combination with sustainable climate-smart agro-food interventions and climate-resilient infrastructures. Supporting the renewable energy and the agribusiness sectors in Somalia would be fully aligned with the Somali National Development Plan 9, which targets inclusive, green economic growth, whereas building resilience to climate shocks is a cross-cutting priority.

2.2 Problem Analysis

Short problem analysis:

As recently recalled by the World Bank and the African Development Bank, there are four main issues in the energy sector in Somalia: (i) Limited access to electric power in quantity, quality and reliability: the extremely limited access for Somali households and businesses (MSMEs) to modern energy, especially electricity, is a problem affecting the quality of life and constraining productivity and economic growth in the most important productive sectors for Somalia (agriculture, livestock); (ii) Shortage and / or lack of qualified personnel and the uncertainty regarding future supply of trainable persons, given a long-lasting interruption of education and TVET processes; (iii) Low penetration of modern energy, especially in rural areas (off-grid solutions), which forces most Somali households to resort to poor quality lighting and to cook with biomass and small businesses to rely on expensive fossil energy; (iv) Excessive exploitation of biomass as a consequence of extremely limited access to modern green energy, meaning that about 90% of energy consumption in Somalia is firewood and charcoal, with resultant damage to the country's very limited ecological/environmental resources.

Despite the fact that MSMEs have been long identified as critical entities in promoting resilient economic development and improving livelihoods in the face of climate change, they still face challenges to attract financing due to constraints related to the poor regulatory framework in place, continued political instability, lack of access to national and international markets as well as the high cost of doing business, as, for instance, electricity is mainly diesel-generated and comes at one of the highest cost/kWh in East Africa. In the absence of DFIs in Somalia which are ready to invest through the EFSD+ instrument due to a number of challenges, it seems critical to develop alternative mechanisms to support high risk, micro, small or early-stage firms through matching grants and, whenever possible, to support businesses with loans, guarantees and equity, co-investing with local financial institutions while providing in parallel technical support to local actors. Lessons learnt from these operations are expected to serve as a catalyst and encourage future investments under the EFSD+. Almost a decade ago, Africa Enterprise Challenge Fund (AECF) took up the challenging first-mover role in Somalia and invested competitive matching grants in over 20 companies in the energy access, renewable energy and agriculture sector in Somaliland and Puntland. More recently, AECF supported micro finance institutions to reach new groups of clients through the provision of risk capital and capacity building and demonstrated that the private sector is dynamic and presents opportunities for investors able to tailor instruments to the particular context of the country.

Previous EU-funded interventions in the area of agribusinesses also demonstrated the potential effectiveness of more comprehensive solutions, with renewable energy components. For instance, the previous EU-funded OUTREACH project was instrumental in assessing the value chains of banana, sorghum and sesame production and marketing, identifying a number of production and supply constraints. In order to address these constraints, the stakeholders along the three value chains in consultation with the Federal Ministry of Agriculture and Irrigation (MoAI) identified key strategies that call for both public (including donor) and private investments. For instance, the sustainable revival of the banana export sector was identified to have the potential to generate an income of no less than 150 Million USD for the Lower Shabelle region farmers annually. Such improvements were supposed to be made by applying improved agricultural practices, using improved processing facilities and approaches, including packaging and cold storage facilities, which in turn should be operated on the basis of renewable energy applications for climate change and economic reasons. If such potential could be realised, it could tremendously

change the rural unemployment rate and improve income for farmers, traders, and other stakeholders along this value chain.

In line with the expected outcome of the TEI on the EU Green Deal in Somalia (Climate Action through Clean Energy Initiatives and climate-resilient economy), EU support in the renewable energy and productive sectors should favour a market-based approach to facilitate investments in both affordable, clean, and productive energy and in climate adaptive solutions in order to strengthen productivity and resilience of the food systems. This should be achieved by strategically financing private sector investments which can spur green economic development, together with relevant advisory services, technical assistance and training on renewable energy, agro-ecological approaches and nature-based solutions. EU financing should be used to catalyse systemic and sustainable changes in market systems and de-risk investment opportunities. The financial support and technical assistance to the private sector should be complemented by the provision of TVET programmes related to renewable energy and green skills, including long-term servicing of installed infrastructure and management/recycling of Renewable Energy infrastructure at its end-of-life. EU support should also seek to consolidate established collaboration with EU MS as the proposed Action should be easily scalable with additional funding from EU MS. Given the very large investment needs across the country, EU programmes should also emphasise investment opportunities in Somalia with a view to scale-up DFI and local financing in the medium term.

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

- Government institutions at FGS and Federal Member State (FMS) levels will be involved in coordination and policy-making, based on their mandate and respective areas of expertise. This will include in particular cooperation with the Ministry of Finance and the Central Bank of Somalia, Ministry of Commerce and Industry (MoCI), Ministry of Planning, Investment and Economic Development (MoPIED), Ministry of Agriculture and Irrigation (MoAI), the Ministry of Energy & Water resources (MoEWR), and Ministries of Fisheries, Livestock, Environment at FGS and FMS level;
- Local or municipal authorities will be involved to facilitate the implementation of the action at the local level and they should be enabled to play an important role in relation to their constituencies, for instance during the deployment of the renewable energy systems at selected sites / locations;
- Private sector entities will be engaged in the implementation of the action, in particular ESPs, and local financial institutions. These actors will be encouraged to provide basic services that are accessible to households, and agri-businesses.
- Associations such as for instance the Somali Green Energy Association (SOGEA) will be involved to increase awareness on productive uses of renewable energy among MSMEs and agriculture farmers in targeted value-chains.
- Target beneficiary communities will be closely involved in designing relevant interventions through consultations, baseline reviews and design of community action plans. It is essential that the action build on local knowledge, skills and traditional coping mechanisms.
- Implementing partners will be selected based on their mandates and skills in the relevant sectors of the intervention and as well based on their established presence in, and expertise on, certain locations.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (OO) of this Action is to promote affordable, low-carbon, productive energy as well as climate adaptation solutions that strengthen productivity and climate-resilient agri-food systems through a market-based approach.

Specific agri-food system value chains were selected, based on a number of prior assessments and market studies undertaken through recent EU-supported actions (Outreach II, RAISSE, DAI investment study 2022) in Somalia. These assessments identified the following agri-food value chains as most promising: Fisheries and fish products, Meat/livestock and dairy industry, Food products, mainly sesame and sesame oil, and cereals/coarse grains. Consequently, this action will focus on promoting renewable energy applications in these agri-food value chains.

In order to further enhance effectiveness and relevance of this and related actions under the MAP 2023-2024, beneficiaries of other actions of the MAP, i.e. those entitled 'Women economic and social empowerment' and 'Social Protection, Adaptation and Resilience to Climate Change' will also have access to specific activities under this action. This includes members of selected households and communities, who will be eligible to receive livelihood packages, including technical training, assets/inputs, and youth job placements/traineeships through cooperating with businesses in selected value chains of the agri-food system and energy sector.

The Specific Objectives (SO) of this Action are:

- SO1: Increase access to renewable energy, accelerate transition to the circular economy, and expand sustainable agri-food value chains.
- SO2: Increase investment by international and local financial institutions in the renewable energy, circular economy and sustainable agribusinesses.

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

Contributing to SO 1:

- Output 1.1: Business development services provided to private sector operators.
- Output 1.2: Improved green skills in the renewable energy, circular economy and sustainable agribusinesses.
- Output 1.3: Policy, legal and institutional framework strengthened.
- Output 1.4: Infrastructure for agri-food system value chains development constructed and or rehabilitated.

Contributing to SO 2:

- Output 2.1: Investments by financial institutions facilitated.
- Output 2.2: Advisory services provided to local financial institutions.

3.2 Indicative Activities

Activities relating to Output 1.1:

The desired output will be achieved through - but not limited to - the implementation of the following activities:

- Development of business development service programmes facilitating access of agri-food value chain operators and renewable energy producers to financing in cooperation with local financial institutions (DFIs, local commercial banks). Services provided will be tailored to each of the target groups, i.e. micro businesses, pioneering and innovative SMEs, and mature green businesses, and will include services covering the entire lifecycle of relevant products.

Activities relating to Output 1.2:

Activities under this output will increase participation of youth and adults in quality technical and vocational education and training linked to employment and economic opportunities in the renewable, agri-food systems businesses and circular economy sectors. The desired output will be achieved through - but not limited to - the implementation of the following activities:

- Provide institutional capacity building support related to TVET to meet the needs of the labour market;

- Promote structural collaboration between businesses and TVET schools
- Provide financial and operational support for the running of TVET centres.
- Support to the private sector to organise e.g. awareness raising campaigns in communities demonstrating opportunities of studying and training.

These activities could be effectively complemented and strengthened through international cooperation projects under the action for Capacity Building in Vocational Education and Training of the Erasmus+ programme.

Activities relating to Output 1.3:

The desired output will be achieved through - but not limited to - the implementation of the following activities:

- Support to key ministries and authorities (MoEWR, MoAI, SOMINVEST, SARIS) in the development of policies and policy studies (e.g. agri-food investment-related policies, renewable energy regulations), and related implementation plans (including budgetary and monitoring plans).
- Support the MoEWR in establishing a national energy regulatory authority, and in the implementation of the Electricity Act through the adoption of secondary legislation.
- Carry out trainings, workshops, seminars to support capacity and skills development for local, regional and national authorities, and support public-private partnership linkages, including with EU companies.
- Support the development and execution of a strategy to access additional funding opportunities, e.g. the EU Global Gateway Strategy, the Loss and Damage Fund of COP27 and UN Green Climate Fund, in order to accelerate attracting FDI to the country, and demonstrate the legitimacy of the State to foreign investors.
- Supporting the development of industry position papers and a communication strategy on issues related to renewable energy, e.g. regarding tax policies, promoting of quality products and harmonised standards, etc.

Activities relating to Output 1.4:

The desired output will be achieved through - but not limited to - the implementation of the following activities:

- Based on established territorial development plans, grants will be provided to support the rehabilitation or construction of community-prioritised small infrastructures related to the operation of agri-food systems value chains, renewable energy and circular economy, e.g. cold stores, warehouses, communal markets, manure and biomaterial management, etc. These investments will be of immediate benefit at the community level and strengthen trust and legitimacy of government institutions (both FGS and FMS) and will contribute to reinforcing livelihoods.

Activities relating to Output 2.1:

The desired output will be achieved through - but not limited to - the implementation of the following activities:

- Provision of financial support / investments (either in the form of grants / loans, and/or guarantees) to micro businesses, pioneering and innovative SMEs and mature green businesses in the energy sector (solar service providers (SSPs), independent power producers (IPPs), operators in the agri-food system value chains), for the installation and/or expansion of renewable electricity solutions for households, businesses operators, and public infrastructures (on-grid and/or off-grid solutions) in targeted urban, pre-urban and rural communities.

Activities relating to Output 2.2:

The desired output will be achieved through - but not limited to - the implementation of the following activities:

- Advisory and business development services and incentives to reaching out to underserved market segments will be provided to commercial banks.

3.3 Mainstreaming

Environmental Protection & Climate Change

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

This action will address among others the low penetration of modern energy especially in rural areas (off-grid solutions), forcing most Somali households to resort to poor quality lighting and to using biomass for cooking and requiring small businesses to rely on expensive fossil energy. This in turn will reduce the exploitation of non-renewable biomass, such as firewood and charcoal, with leads to environmental degradation throughout the

country, contributing to displacement and conflicts. Furthermore, the action is expected to encourage the financial sector to provide loans and grants for green investments across the country and to attract additional public and private financial resources in the form of DFI/IFI taking up their activities on green investments in Somalia, together with possibly rising FDI.

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

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

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

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

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality and women empowerment will be mainstreamed into all activities of the Action. This is even more important in the Somali context since women across the whole country bear an unequal brunt of the hardships occasioned by poverty, conflict and a clan-based culture which promotes strict male hierarchy and authority. This is further exacerbated by religious and cultural limitations on the role and status of women in Somali society, leading to deeply-rooted gender inequality.

In the Somali context, exclusionary socioeconomics has been a historic driver of conflict. Given the male-dominated clan system and the absence of a systematic approach to promote inclusivity, Somali women largely remain excluded from key socioeconomics and decision-making processes. They continue to remain underrepresented within national and regional decision and policy-making bodies. It is not surprising that women bear the brunt of lack of access to energy and gender inequality issues will be addressed for sustainable development. Energy sector, which this action will invest, is very important in women's daily lives, especially for serving food to families, lighting for teaching their children at night, and energy for their small food industries and other micro-businesses. The action was designed taking into consideration the recommendations set out in the October 2020 published report funded by EU MS (Sweden) titled *“Sectoral Assessment of Women's Entrepreneurship Development in the Agriculture and Renewable Energy Sectors in Somalia”*.

Gender imbalance in economic development, political participation, in leadership and decision-making, is a threat to sustained peace and development. In order to challenge traditional gender roles of men and women and boys and girls, this Action will apply gender transformative approaches, with the purpose of reducing gender inequality, by ensuring that women are largely represented during the overall implementation and that the needs of women and girls are taken into account in all outputs / activities. Based on the available evidence the afore mentioned gender sector analysis from Somalia, specific activities that improve the lives of women and girls will be prioritised: for instance, The action will include a component of professional training in technical and entrepreneurial skills aimed at youth and women, who are largely underrepresented in the formal workforce.

Human Rights

The human rights situation in Somalia is dire and vulnerable groups such as women, children, , refugees, internally-displaced people (IDPs) and ethnic minorities face enormous challenges in attaining their human rights. Recent studies have also shown that these vulnerable groups are often excluded from development interventions and humanitarian assistance through discriminatory practices. This action will therefore apply a rights-based and leave-no-one-behind approach throughout the design and implementation of the intervention. Using integrated targeting, the Action will ensure that groups that are systematically excluded from decision-making and often barred from accessing humanitarian and development assistance play an important role in its design and implementation.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that persons with disability will be involved in decision-making and as beneficiaries of the Action.

Democracy

The Action will facilitate greater accountability of Somali authorities at different levels (Federal Government, Member States, Constituencies) towards citizens by ensuring that citizens and associations are involved in policy development and decision-making. Somali institutions (from Federal to local levels) will also be capacitated through this intervention to strengthen the role of the state in service delivery in the energy sector with the view to consolidate the social contract between citizens and the state

Conflict sensitivity, peace and resilience

The Action will integrate activities aimed at improving social cohesion between different groups and communities in the target areas. The activities will be designed based on the recommendation of the most recent conflict analysis screening (CAS) conducted in Somalia by the EU in 2022 and early 2023, thereby ensuring that the implementation of the Action does no harm and contributes to greater social cohesion and peace building.

This action will benefit in parallel from a resilience framework exercise, including a resilience roadmap, to integrate a forward-looking risk-management and conflict-sensitive resilience approach that focuses on strengthening capacities to respond to shocks and pressures at all stages. The analytical framework will identify how risk-reduction measures can be better integrated into foreseen interventions and build upon existing institutional and societal resilience strengths, driving consensus around the concept of resilience and its necessary components as well as the expectations various stakeholders hold of it.

Designing and applying a resilience monitoring framework will help establish clear baseline values for resilience capacities and responses, necessary for assessing the theory of change brought about by actions and ultimately leading to a healthier, more resilient, and more equitable society. Ideally, monitoring indicators will align with those already used to monitor implementation and link up to the SDGs.

Disaster risk reduction

As a consequence of extremely limited access to modern, green energy, about 90% of energy consumption in Somalia is firewood and charcoal. This results in excessive exploitation of biomass with important damages to the country's limited ecological/environmental resources, which in turn triggers climate-related disasters affecting both rural and urban households at a large scale every year. By increasing the access to modern, green energy sources for citizens and entrepreneurs and by promoting green solutions to the development of value chains and circular economies, the Action will contribute to decrease the exploitation of biomass and to reduce disaster risks.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Risk 1: Conflict and insecurity	Medium	High	Political economy and conflict analysis carried out during the inception phase as well as regular review of the political and security context through the cycle of the Action will allow for correct and timely understanding of the situation on the ground.

External environment	Risk 2: Climate hazards	Medium / High	Medium / High	Environmental assessments and climate risk analysis carried out during the inception phase, with resulting climate risk mitigation measures integrated into activities. Making sure projects have contingency reserves that can be used during crises.
Legality and regulatory aspects	Risk 3: Fiduciary risks	Medium / High	Medium / High	Third party monitoring during implementation and making sure all projects have good plans to handle such risks.
People and the organisation	Risk 4: Lack of agreement on roles and responsibilities of the different layers of Government and other influential actors and institutions	Medium	Medium	Ensuring capacity building elements and coordination with government (MoEWR, MoAI) and influential actors and institutions is included in the design and making sure projects are not relying on good collaboration between different layers of government and other actors and institutions to avoid dependency on this for the success of the project.

Lessons Learnt: According to FAO (2021)², “*Renewable energy solutions and integrated food-energy systems can directly advance energy and food security, while also contributing to job creation, gender equality and climate resilience and adaptation....and a combination of end-user financing, such as grants, long-term credit, and tax exemptions, can help make systems more affordable*”. A recent EU-funded study led by the Somali Investment Promotion Office (SOMINVEST) at the Ministry of Planning, Investment and Economic Development (MoPIED) concluded that Somalia offers a wealth of investment opportunities for MSMEs in the agribusiness, livestock and fishery (blue economy) sectors. Other EU-funded interventions in the area of agribusiness have also demonstrated the potential effectiveness of more comprehensive solutions, which should include renewable energy components. For instance, the previous EU-funded OUTREACH project assessed the value chains of banana, sorghum and sesame production and marketing, identifying a number of production and supply constraints. In order to address these constraints, the stakeholders in consultation with the Federal Ministry of Agriculture and Irrigation (MoAI) identified key strategies that call for both public (including donor) and private investments aimed at improving processing facilities, including packaging and cold storage facilities, which in turn should be operated on the basis of renewable energy solutions. Based on the available evidence that the private sector is dynamic and presents opportunities for investors able to tailor instruments to the particular context of Somalia, several donor funds such as the Africa Enterprise Challenge Fund (AECF) have already supported successfully micro finance institutions to reach clients through the provision of risk capital, and capacity building; and in the clean and renewable energy sector AECF is in the process of mobilising investment and advisory support to a series of companies across the country.

² FAO (2021). Renewable energy for agro-food systems. International Renewable Energy Agency.

3.5 The Intervention Logic

The underlying intervention logic for this Action is that investments towards the adoption of renewable energy technologies through a market system approach can effectively promote green economic growth and improve the livelihoods of Somali people in the face of climate change, including the provision of direct benefits to vulnerable groups.

IF investments are made towards:

- Improving access to finance and skills for MSMEs and private independent power producers (IPPs);
- Developing an enabling environment for renewable energy use in agri-food value chains and circular economy productive sectors;

and IF the following assumptions hold true:

- Small producers, productive sector businesses, local industries (MSMEs), IPPs are committed to promote and adopt renewable energy and low-carbon, climate resilient productive technologies;
- Financial institutions (local banks, DFIs) have the capacity and the willingness to support the implementation of the activities;
- Communities remain supportive and target areas accessible;
- Somali authorities, both at state and community levels, are cooperative and committed to support the shift towards low carbon economy;
- The political situation is conducive for policy development, adoption and implementation;

THEN sustainable agri-food value chain and circular economy businesses can be developed by entrepreneurs and the enabling environment to adopt renewable energy solutions can be improved.

IF that Outcome or Specific Objectives are achieved, and IF these related assumptions hold true:

- Target areas for the Action remain accessible;
- Security levels are conducive to project implementation and regular monitoring;
- Natural disasters do not adversely affect implementation of the Action;
- Government authorities remain supportive;
- Overall economic conditions do not significantly affect the budget of the Action;

THEN the desired impact or Overall Objective to promote affordable, low-carbon, productive energy as well as climate adaptation solutions that strengthen productivity and climate-resilient agri-food systems will be accomplished, thereby making progress towards a low carbon and climate-resilient economy in Somalia, and supporting the country's NDC's conditional target of reducing 30% of greenhouse gas (GHG) emissions (as compared to a Business-As-Usual scenario) by 2030.

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 (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To promote sustainable economic growth by increasing access to affordable renewable energy, advancing circular economy practices, and building climate-resilient agri-food systems through market-based approaches.	<ol style="list-style-type: none"> *Greenhouse Gas (GHG) emissions avoided (tonnes CO₂eq) with EU & EUMS support. Green Energy production, primary (petajoules). Agricultural production index (2014-2016 = 100). 	<ol style="list-style-type: none"> 0 (2023) 143 (2021) 97 (2021) 	<ol style="list-style-type: none"> (To be defined) (2027) (To be defined) (2027) 102 (2027) 	<ol style="list-style-type: none"> TEI Green Deal reports for Somalia http://data.un.org/en/iso/so.html http://data.un.org/en/iso/so.html 	Not applicable
Outcome 1	1. Increased access to renewable energy, accelerate transition to the circular economy, and expand sustainable agri-food value chains.	1.1. *Renewable energy generation capacity installed or rehabilitated (MW) with EU & EUMS support.	1.1. 0 (2023)	1.1. (To be defined) (2027)	1.1. TEI Green Deal reports for Somalia; project reports and third party monitoring.	<p>Project target areas remain accessible.</p> <p>Security levels are conducive to project implementation and regular monitoring.</p> <p>Natural disasters do not adversely affect project implementation.</p>

Outcome 2	2.Increased investment by international and local financial institutions in the renewable energy, circular economy and sustainable agribusinesses.	2.1. Number of enterprises (MSMEs) supported in the development of renewable energy, sustainable agri-food systems and green economy activities.				Project target areas remain accessible.
		2.2. Number of MFIs supported in the implementation of grant schemes to support micro-businesses sustainable agri-food systems and green economy activities.	2.1. 0 (2023)	2.1. 7,500 (2027)	Project reports and third party monitoring.	Security levels are conducive to project implementation and regular monitoring.
		2.3. Number of strategic partnerships liaised with local commercial banks to support the development of sustainable agri-food systems and green economy activities.	2.2. 0 (2023)	2.2. 3 (2027)		
			2.3. 0 (2023)	2.3. 4 (2027)		
		2.4. Total sum raised in match funding (MEUR)	2.4. 0 (2023)	2.4. (To be defined) (2027)		Natural disasters do not adversely affect project implementation

Output 1 relating to Outcome 1	1.1. Business development services provided to private sector operators.	1.1.1. *Number of people with access to electricity with EU support through: (b) improved access (disaggregated by sex, age). 1.1.2. *Number of MSMEs with access to electricity with EU support through: (a) new access, (b) improved access (disaggregated by sex, age).	1.1.1. 0 (2023) 1.1.2. 0 (2023)	1.1.1. 250,000 (2027) 1.1.2. 7,500 (2027)	Project reports and third party monitoring.	The political situation is conducive for policy development, adoption and implementation.
	1.2: Improved green skills in the renewable energy, circular economy and sustainable agribusinesses.	1.2.1. Number of TVET and other education centres supported to develop and / or deliver courses related to green skills 1.2.2. Number of grants awarded to youth and adults willing to enrol for courses related to green skills developments	1.2.1. 0 (2023) 1.2.2. 0 (2023)	1.2.1. 10 (2027) 1.2.1. 100 (2027)		
	1.3: Policy, legal and institutional framework strengthened.	1.3.1. Number of policies, regulations and their implementation plans drafted (at FGS and FMS levels). 1.3.2. Number of policy briefs and papers in the green energy sector and circular economy developed by local associations.	1.3.1. 0 (2023) 1.3.2. 0 (2023)	1.3.1. 5 (2027) 1.3.2. 5 (2027)		

	1.4: Infrastructure for agri-food system value chains development constructed and or rehabilitated.	1.3.3. Number of awareness campaigns in the green energy sector and circular economy developed by Government bodies and local associations.	1.3.3. 0 (2023)	1.3.3. 5 (2027)		
		1.3.4. Number of government officials (and assimilated staff) at national, regional and local levels trained with increased knowledge and/or skills on green technologies, circular economy with EU support (disaggregated by sex).	1.3.4. 0 (2023)	1.3.4. 100 (50 males & 50 females)(2027)		
		1.3.5. Number of civil society, association staff trained with increased knowledge and/or skills on green technologies, circular economy with EU support (disaggregated by sex).	1.3.5. 0 (2023)	1.3.5. 200 (100 males & 100 females)(2027)		
		1.4.1 Number of km of road constructed or rehabilitated.	1.4.1. 0 (2023)	1.4.1. 5 (2027)		
		1.4.2 Number of Community Markets constructed or rehabilitated	1.4.2. 0 (2023)	1.4.2. 5 (2027)		
		1.4.2 Number of cold store/ warehouse constructed or rehabilitated	1.4.3. 0 (2023)	1.4.3. 5 (2027)		

Output 1 relating to Outcome 2	2.1. Financial support (grants, loans, guarantees) is provided to earlier-developmental stage and established MSMEs providing food system solutions and other services in the circular economy area.	2.1.1. Number of micro-businesses supported with grants (disaggregated by sex and age of owner). 2.1.2. Number of earlier-developmental stage businesses supported with grants (disaggregated by sex and age of owner). 2.1.3. Number of well-established businesses supported with grants (disaggregated by sex and age of owner). 2.1.4. Number of MSMEs supported with partial-risk guarantees by local commercial banks (disaggregated by sex and age of owner).	2.1.1. 0 (2023) 2.1.2. 0 (2023) 2.1.3. 0 (2023) 2.1.4. 0 (2023)	2.1.1. 7,000 (2027) 2.1.2. 450 (2027) 2.1.3. 50 (2027) 2.1.4. 50 (2027)	Project reports and third party monitoring.	
Output 2 relating to Outcome 2	2.2. Advisory services to micro-financing institutions (MFIs), commercial banks, borrowers and investees supporting sustainable food system solutions and other services in the circular economy area are provided.	2.2.1. Number of MSMEs supported with advisory services (disaggregated by sex and age of owner). 2.2.2. Number of MFIs supported with advisory services. 2.2.3. Number of local commercial institutions supported with advisory services.	2.2.1. 0 (2023) 2.2.2. 0 (2023) 2.2.3. 0 (2023)	2.2.1. 500 (2027) 2.2.2. 3 (2027) 2.2.3. 4 (2027)	Project reports and third party monitoring. 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 country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component : NA

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³.

4.4.1 Direct Management (Grants)

4.4.1.1 Grants: (direct management)

a) Purpose of the grant(s)

The grant(s) will be supporting the implementation of Specific Objective 1 (Output 1.2) with the aim of stimulating growth in businesses (MSMEs) by promoting green skill-development services on installation and maintenance of renewable energy solutions, and training in recovery and recycling of used equipment (for circular business models), as well as advisory services on agro-ecological approaches and nature-based solutions that enhance green job creation..

(b) Type of applicants targeted

Non Governmental Organisations (NGOs), NGO consortia, Non-profit development organisations (NPO) with operational presence in the areas of intervention and expertise in the relevant sectors of the intervention.

4.4.1.2 Grants: (direct management)

(a) Purpose of the grant(s)

The grant(s) will be supporting the implementation of Specific Objective 1 (Output 1.4) with the aim of enhancing service delivery through community-prioritised small infrastructures support related to the operation of agri-food systems value chains and circular economy, e.g. feeder roads, cold stores, warehouses, communal markets, etc.

(b) Type of applicants targeted

Non Governmental Organisations (NGOs), NGO consortia, Non-profit development organisations (NPO) with operational presence in the areas of intervention and expertise in the relevant sectors of the intervention.

³ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4.2 Indirect Management with an entrusted entity

4.4.2.1 – A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- For Specific Objective 1 (Output 1.1) and Specific Objective 2 (Output 2.1. and 2.2), the implementing partner needs to have expertise in private sector development, in particular in renewable energy, circular economy and sustainable agri-businesses. The implementing partner needs to deliver tailored financial instruments to local financial institutions in Somalia, combined with technical assistance to such financial institutions.

4.4.2.2 – A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- For Specific Objective 1 (Output 1.2), the implementing partner needs to have expertise institutional capacity building support related to TVET, including from a market system perspective, in order to meet the needs of the labour market, in particular as regards green energy and the agri-food value chains; able to pilot different approaches for the delivery of TVET to identify sustainable business models that promote green job creation.

4.4.2.3 – A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- For Specific Objective 1 (Output 1.3), the implementing partner needs to have experience in strengthening the business environment, in particular policies and regulatory frameworks in relation to green investments. The implementation by this entity entails the promotion of inclusive, fair and transparent governance in sectors targeted by outputs 1.1, output 2.1 and output 2.2

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

The part of the action under the budgetary envelope reserved for grants may, partially or totally, be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: experience in working on the activities foreseen for grants under outputs 1.2 and 1.4 of the action and experience in working with communities and authorities in the areas identified for the support in Somalia.

In case the negotiations with pillar assessed entities as outlined in 4.4.2 and its subsections fail, due to circumstances outside of the Commission's control, the relevant part of the action may be implemented in direct management through grants. The targeted implementing entities will be Non Governmental Organisations (NGOs), NGO consortia, Non-profit development organisations (NPO) with operational presence in the areas of intervention and expertise in the relevant sectors of the intervention.

4.4.4 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

Indicative Budget components	EU contribution 2023	EU contribution 2024	Third-party contribution,
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	(amount in EUR)	(amount in EUR)	in currency identified
Implementation modalities – cf. section 4.4			
Specific Objective 1 composed of:	20 500 000		(to be established)
Grants (direct management) – cf. section 4.4.1 (Output 1.2 and 1.4)	N/A	N/A	N/A
Indirect management with an entrusted entity – cf. section 4.4.2.2 (Output 1.2)	4 000 000		
Indirect management with an entrusted entity – cf. section 4.4.2.3 (Output 1.3)	2 000 000		
Indirect management with an entrusted entity – cf. section 4.4.2.1 (Output 1.1)		Included under SO2 below	
Specific Objective 2 composed of:		20 000 000	(to be established)
Indirect management with an entrusted entity – cf. section 4.4.2.1 (2.1. and 2.2)		20 000 000	
Grants – Total envelope under section 4.4.1	14 500 000		
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be covered by another Decision		N.A.
Contingencies	N.A.		N.A.
Totals	20 500 000	20 000 000	
GRAND TOTAL	40 500 000		

4.6 Organisational Set-up and Responsibilities

The Action will be coordinated through a Programme Steering Committee that will meet on an annual basis and cover all the projects in the intervention. Individual Project Steering Committee meetings will take place every six months while Technical Committee meetings will be arranged when appropriate.

The EU contribution of 40.5 MEUR to the budget of this Action, which is part of the TEI Green Deal for Somalia, may be increased through co-financing by one or more EU Member States.

In this case, the rules governing the relations among donors with regard to governance, reporting, control, etc., may be reflected in a non-legally-binding administrative arrangement (e.g. a working arrangement) to complement the bilateral agreement (contribution, financing or transfer agreement).

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.

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.

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:

In addition to the continuous and regular monitoring, reporting and analysis carried out by the implementing partners, the reporting against the logical framework of this action will depend on inputs from third party consultants recruited by the Commission to take stock as part of the mid-term evaluation and final evaluation of the programme. In addition, throughout the implementation of the intervention third-party monitoring on individual projects will be carried out on a needs-basis and this may include a review of achievements against the logical framework of this action.

5.2 Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, taking into account in particular the fact that the action is innovative in its ambition to adopt a market-based and private sector approach.

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

5.3 Audit and Verifications

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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 multi-annual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

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 chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Grant contracts
<input checked="" type="checkbox"/>	Single Contract 2	Contribution agreements with entrusted entity
	(...)	
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	