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

**ANNEX**

to the Commission Implementing Decision on the financing of the annual action plan in favour of Sri Lanka for 2022

**Action Document for Promoting a Circular Economy in the Food Sector**

**ANNUAL PLAN**

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>	Promoting a Circular Economy in the Food Sector OPSYS number: ACT-60581 Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )/ Overseas Association Decision/European Instrument for International Nuclear Safety Cooperation Regulation
<b>2. Team Europe Initiative</b>	Yes – Team Europe Initiative “Green Recovery” for Sri Lanka
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Sri Lanka
<b>4. Programming document</b>	Sri Lanka - Multi-annual Indicative Programme 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	The Action will contribute to specific objective 1 of priority area 1 of the MIP- to support sustainable growth contributing to the transition to a low-carbon, resource efficient and circular economy, while promoting the conservation of biodiversity. It will contribute to the expected results 2: Increased access to finance and other incentives for the private sector (focus on SMEs) to invest in adoption of more sustainable production technologies and practices and consumption patterns as well as in relevant green infrastructure and equipment, contributing to circular economy in particular better waste management and reduction of single use plastic.
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Priority area 1: Green Recovery DAC codes: 410, 250, 151
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): SDG 12 on responsible consumption and production Other significant SDGs (up to 9) and where appropriate, targets: SDG 9 on industry, innovation and infrastructure SDG 8 Decent work and economic growth SDG 5 on gender equality

<b>8 a) DAC code(s)</b>	25040 - Responsible Business Conduct – 30% 43072 - Household food security programmes -20 % 14050 – Waste management – 20% 43081 – Multisector education/training – 20% 32182 – Technological research and development – 10%			
<b>8 b) Main Delivery Channel</b>	Donor Government - 10000 Multilateral organisations - 40000			
<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 checked="" type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<b>YES</b> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<b>NO</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital connectivity energy transport health education and research	<b>YES</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<b>NO</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

	(methodology for tagging under development)			
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): BGUE-B2022-14.020131-C1-INTPA Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution EUR 15 000 000 Members of the Team Europe Initiative, France Germany, the Netherlands and the European Investment Bank (EIB) may contribute to implementation of the activities.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing<sup>1</sup></b>	<b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3			

## 1.2 Summary of the Action

The Action is part of EU's response to the economic crisis in Sri Lanka and will contribute to the **promotion of a circular economy in the food sector**.

In the short and medium-term the Action will support initiatives that increase food availability for vulnerable people through more efficient distribution channels/mechanisms of food, avoiding food waste and/or convert food waste into much needed farming inputs (organic fertiliser, animal feed, ...) at a time when these inputs are in severe shortage on the market.

The first specific objective will be to increase recovery, processing and supply of edible and safe food surplus and/or waste for the benefit of vulnerable consumers and/or food producers. In order to achieve this objective, with regards to sustainable reuse of food surplus and reduction of food waste, technical support and legal frameworks for standards and safe food reuse practices will be needed, collaborative efforts and innovative models by the private sector and civil society encouraged (i.e. food banks, social supermarkets) and public-private partnerships explored. Mechanisms will be put in place to use food waste for animal feed through enhanced segregation and conversion into organic fertilisers, thereby promoting organic agriculture<sup>2</sup>.

The second specific objective will be to enhance effectiveness of sustainable production, distribution and consumption models in the longer term to reduce food waste and single use plastic food packaging. This will contribute to EU's longer-term objectives aiming at reducing the impact on the environment and on climate change since food production, but also plastic packaging, transportation and disposal all contribute to greenhouse gas emissions. It will also contribute to reducing the negative impact of unsustainable plastic packaging on human and animal health and the environment.

In order to achieve these objectives, businesses in the food industry will be encouraged to offer new products and services to reduce food waste by improving food stock management and to replace single use plastic in packaging based on innovation and technology. Different technical and vocational skills will be required and developed through the programme, leading to new employment opportunities. Access to sustainable finance and investment for new "greener" and circular production and services will be facilitated through a matching grant scheme.

Awareness raising campaigns and incentives for consumer behaviour change will play an important role to ensure a transition towards more sustainable consumption, while Government policies and legal frameworks that need to be developed and implemented for a transformation to take place will be addressed mainly under EU's Green Policy Dialogue Facility approved under annual action programme (AAP) 2021.

The Action is aligned with the Paris Agreement, the 2030 Agenda for Sustainable Development and more particularly the external dimension of EU policies under the EU Green Deal such as the Farm to Fork Strategy

<sup>1</sup> Art. 27 NDICI

<sup>2</sup> FAO Concept note "Making food waste count in Sri Lanka"

(2020)<sup>3</sup>, the Circular Economy Action Plan (2020)<sup>4</sup> and the EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' (2021)<sup>5</sup> as well as the EU Strategy for Cooperation in the Indo-Pacific (Green Transition priority area). It will also contribute to Sri Lanka's commitments under the 2021 updated National Determined Contributions (NDCs) and the implementation of the National Policy on Sustainable Consumption and Production and more directly to SDG 12 on responsible consumption and production and SDG 9 on industry, innovation and infrastructure. The NDC revision process for Sri Lanka provided an opportunity to analyse the gender dimensions of mitigation and adaptation priorities.

Target 12.3 of SDG 12 calls for halving per capita global food waste at the retail and consumer level and reducing food loss along production and supply chains by 2030. The Action will contribute to SDG 5 on gender equality and the EU Gender Action Plan (GAP III)<sup>6</sup>, and, particularly, to its thematic area of engagement "Addressing the challenges and harnessing the opportunities offered by the green transition".

The Action is part of the MIP priority area 1 – Green Recovery - and will contribute to specific objective 1: to support sustainable growth contributing to the transition to a low-carbon, resource efficient and circular economy, while promoting the conservation of biodiversity. It is part of the Team Europe Initiative and EU Member States (Germany, France and the Netherlands accompanied by their respective European Development Finance Institutions (EDFI)) and the EIB may provide complementary support. Through its Technical and Vocational Training (TVET) programme Germany will contribute directly to this Action with up to EUR 7 million. BMZ/GIZ also contributes to the improvement of the plastic cycle management through its DeveloPPP initiative Waste-to-value (EUR 2 million) working with large manufacturers. This initiative is complemented by an EU SWITCH Asia project in Sri Lanka managed by ACTED called PLASTICS, which is supporting more sustainable business and consumption practices. The EU is also funding two complementary interventions under AAP 2017 on agriculture sector modernisation (EUR 34 million) managed by the World Bank and FAO and a food safety project (EUR 10 million) managed by UNIDO/FAO and GIZ under AAP 2019.

## 2 RATIONALE

### 2.1 Context

Over the last 5 years, attempts of economic diversification, the move towards self-sufficiency and far-reaching import restrictions, have not delivered the results hoped for. The impact of the COVID-19 pandemic, which reduced dramatically income from tourism and remittances, and government decisions to cut taxes in 2019 and ban the use of all chemical fertilisers in April 2021, has exacerbated an already fragile fiscal position and led to inflation in the food sector.

In May 2022, Sri Lanka entered a political and macro-economic and financial crisis with an unsustainable debt level (119% to GDP) and foreign currency exchange reserve shortages which led to a default on its external debt. In addition to the shortages of essential imported goods (fuels, fertilisers, medicines...), external factors such as the global commodity price increase on international markets leading to a staggering rise of inflation, partially due to the Russian aggression against Ukraine, and severe supply chain disruptions, has further exacerbated the crisis. The impact on the population is dire. Besides the shortages of fuel and medicines, some indicators already point to a looming food crisis.

Although the EU and other development partners are responding to the food crisis in the short-term through humanitarian aid and adjustment of ongoing cooperation, there is an opportunity to support Sri Lanka to adopt a low-carbon, resource efficient and circular model for its economy, essential to build resilience, protect social wellbeing and mitigate the food crisis and other longer-term crisis (climate,...).

In this context, the Action can help to mitigate the impact of a food crisis by optimising access to food and minimise waste. Unused safe and edible surplus can be recycled, redistributed and reused through i.e. food banks. Other food waste can be used for agriculture purposes such as animal feed and organic fertilisers. At the same time

<sup>3</sup> EUR-Lex -52020DC0381 – EN – EUR-Lex (europa.eu)

<sup>4</sup> [EUR-Lex - 52020DC0098 - EN - EUR-Lex \(europa.eu\)](#)

<sup>5</sup> [EUR-Lex - 52021DC0400 - EN - EUR-Lex \(europa.eu\)](#)

<sup>6</sup> [EU Gender Action Plan \(GAP\) III](#)

environmental and health benefits will be derived by reducing unsustainable single use plastic food packaging and promoting circularity.

The Government has made several attempts over the years to promote a circular economy and reduce waste but it was never accompanied by the necessary financing needed for industries to invest in transformative technologies and innovation, nor the necessary incentives for consumers to change their behaviour. Investing in the circular economy can revive the food supply chains by stimulating innovation, entrepreneurship and creating jobs, while using less raw material and energy which will have a positive environmental and climate impact. This will allow the government to deliver on international commitments, including those made at COP 26 in Glasgow.

Most recently, the country has adopted two important policy measures related to food waste and plastic use, namely the *Road Map on Urban Food Waste Prevention and Reduction for Households, Food Services, Retailers and Wholesalers (2022)* and the *National Action Plan on Plastic Waste Management (2021)*. As the objectives for these two sectors are aligned adequately with the objectives of the new EU Circular Economy Action Plan<sup>7</sup>, the EU is proposing under this Action to provide additional support for the implementation of some of the key objectives under these two government policies.

In order to deliver on these aligned policy objectives in the current context, the Team Europe Initiative on Green Recovery, to which this Action contributes, and the Green Policy Dialogue Facility (AAP 2021) are both timely and important for a sustainable and green economic recovery. It needs to be noted though that with its current fiscal position, Sri Lanka is forced to reduce public and private expenditure/investment which impacts directly the work with the EDFIs and the initially envisaged mobilisation of sustainable finance under the European Fund for Sustainable Development Plus (EFSD+). With those uncertainties, including on the future legal framework, current options for EFSD+ operations (blending and/or guarantees) for new investments are limited in the short/medium-term. This has not prevented the Central Bank of Sri Lanka to launch the Sri Lanka Green Finance Taxonomy in May 2022, which is aligned with the EU taxonomy. As such, it could be used to select beneficiaries and matching grant recipients under the Action.

## 2.2 Problem Analysis

The Sri Lankan food system operates on a wasteful linear model with food security being put at risk and a detrimental impact on the environment. It is estimated that currently Sri Lanka generates approximately 9,000 metric tonnes (MT) of municipal solid waste per day (equivalent to about 0.41 kg per capita) with the Western Province accounting for nearly 40%<sup>8</sup>. Out of this, only 15% become compost or 10% is recycled and 75% is thrown into open dumps<sup>9</sup>. On average food waste makes up 56% of the total municipal solid waste. A survey in the Colombo Municipal Council area has revealed that 75% of food waste is generated from restaurants, 17% from markets, and 6% from slaughterhouses and meat shops<sup>10</sup>. Moreover, post-harvest losses reach 30-40%<sup>11</sup>. Food waste/loss thus largely ends up at disposal sites. This is recognised by the government, which is showing interest in transition to a more circular economy that aims to maintain the value of products, materials and resources for as long as possible, by returning them into the product cycle at the end of their use, while reducing the generation of waste. For instance, in a bid to address the urban food waste challenge, the Sri Lankan government has adopted a *Road Map on Urban Food Waste Prevention and Reduction for Households, Food Services, Retailers and Wholesalers (2022)*.

In addition, food waste is very often combined with single use plastic (SUP) packaging, another of the most glaring symbols of a resource inefficient economy. Each year, over 640,000 metric tonnes of plastic leak into the Indian Ocean from Sri Lanka<sup>12</sup>. Most of the floating marine litter is plastic packaging, polythene bags and other SUPs, which has become one of the key environmental problems of the country and result in high health risks. PET bottles<sup>13</sup> is the only plastic waste that is collected separately for recycling and for which Sri Lanka has adopted a

<sup>7</sup> [https://ec.europa.eu/environment/strategy/circular-economy-action-plan\\_en](https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en)

<sup>8</sup> Website of the UNFCCC, 'Updated Nationally Determined Contributions' (2021), at [UPDATED Nationally Determined Contributions \(unfccc.int\)](https://unfccc.int/updated-nationally-determined-contributions) ('Updated NDC').

<sup>9</sup> Website of Lanka Business Online, 'Opinion: Extended producer responsibility to help address Sri Lanka's plastic waste management', at <https://www.lankabusinessonline.com/opinion-extended-producer-responsibility-to-help-address-sri-lankas-plastic-waste-management/>

<sup>10</sup> Ibid.

<sup>11</sup> FAO/IWMI, 2021c

<sup>12</sup> Website of The Island, 'Focus on Sri Lanka's plastic waste management', at [Focus on Sri Lanka's plastic waste management – The Island](https://www.theisland.lk/focus-on-sri-lankas-plastic-waste-management)

<sup>13</sup> PET bottles are plastic bottles made from polyester. PET stands for polyethylene terephthalate, the chemical name for polyester.

highly ambitious target of increasing the current collection and recycling rate from 27% to 100% by 2025. By eliminating SUP products such as food packaging and replacing them with suitable alternatives, marine litter can be significantly reduced. The *National Action Plan on Plastic Waste Management* (2021) is proposing several measures in this respect.

With an economy highly dependent on imports for its daily consumption and production of essential goods, facing high commodity prices and constrained by low foreign exchange reserves, the current economic and financial crisis has put pressure on all parts of the economy and especially on the food value chains. A recent crop and food security assessment mission conducted by FAO and WFP revealed that although there is an urgent need to work on food production at farm level, fertilisers<sup>14</sup> and other inputs are difficult to procure due to import restrictions<sup>15</sup>. The assessment shows also that 28.3% of households are already to be found in food insecure situations and are changing their purchasing patterns as the share of their total household expenditure for food has risen dramatically to 75%. There is subsequently a need and opportunity to work on the rest of the food value chain, and particularly to reduce waste and losses at retail and consumption level in order to ensure food conservation and access of food surplus i.e. for the most vulnerable part of the population. This should be accompanied by measures and initiatives at public and private level that improves availability and strengthens more efficient distribution of and access (through i.e. food banks) to nutritious food.

While the needs to ensure food security in the short-term is extremely important, the reliance of the current food production system on unaffordable imports of farming inputs (fertilisers, fuel etc...) shows that this will also have to be addressed, both from a financial and environmental point of view, through more sustainable business practices and consumer behaviour. Building economic resilience by improving efficient resource management in the food sector through waste reduction and reuse is therefore needed and highly relevant.

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

The **private sector, including social enterprises**, will be at the core of the activities related to a transition towards sustainable production and business services and solutions to reduce food waste and plastic packaging. More specifically, distribution, retailing, hospitality and food service providers (i.e. restaurants, street food outlets, hospitals and schools) will be covered by the proposed interventions. For food waste and recovery, the wholesale trade sector and organisations working on the reuse (food redistribution organisations, food banks etc...) and recycling of food waste (composting sites to organic fertiliser and animal farms) are covered. As SUP packaging waste will also be targeted, food delivery companies and manufacturers and suppliers of alternatives for SUP, i.e. reusable products and reuse models (such as refill systems) are also covered. Women-led food service providers will be specifically targeted during implementation. In order to facilitate this transition, Business Development Service (BDS) providers, Business Membership Organisations (BMOs), start-up accelerators and research institutes will be targeted. Those will provide technical services and advices to businesses willing to invest in more sustainable practices and technologies.

**Civil Society Organisations (CSOs)** (representing the the right-holders) will play a key role in the programme including on raising awareness at consumer level (households) and monitoring local and foreign companies implementing their environmental, social and governance agenda. CSOs might also play a role in food redistribution to the most vulnerable parts of the population.. CSOs may be contracted through a Call for Proposals.

The **Sri Lankan authorities** (duty-bearers) and more particularly the Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Environment, Local Government and related agencies will be key stakeholders in designing and implementing the key policies and regulatory measures that will be promoted with the support of the Green Policy Dialogue Facility (AAP 2021).

**Team Europe** might also contribute directly and indirectly to the implementation of this Action through their different initiatives. The Team Europe approach is composed by Member States with a development cooperation in Sri Lanka (Germany, France and the Netherlands accompanied by their respective EDFIs) as well as the EIB.

<sup>14</sup> It is estimated that USD 300 million is needed to purchase fertiliser for next year harvest season

<sup>15</sup> The EU is currently reallocating EUR 4 million under AAP 2016 to support procurement of farming inputs.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to **promote a circular economy in the food sector, increasing resilience to food crises and climate change.**

The Specific Objectives (Outcome) of this action are:

1. To increase recovery, processing and supply of edible and safe food surplus and/or waste for the benefit of vulnerable consumers and/or food producers
2. To enhance effectiveness of the sustainable production, distribution and consumption models related to food waste/loss and single use plastic food packaging

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

1. Outputs contributing to Specific Objective (Outcome) 1:
  - 1.1. Vulnerable consumers have increased their access (food stock management systems and redistribution) to safe and nutritious food.
  - 1.2. Food producers (farmers, food processors, etc...) have increased access to productive inputs that originate from recovering and re-processing food waste (i.e. composting, fertiliser and animal feed).
2. Outputs contributing to Specific Objective (Outcome) 2:
  - 2.1. Increased awareness (and behavioural change) among the general public, economic operators, consumers and civil society about public incentives, sustainable products, solutions and services on the market.
  - 2.2. Micro, Small and Medium Enterprise (MSME) startups, social enterprises and cooperatives have increased access to sustainable and gender sensitive business models and practices that utilize new technologies and innovations
  - 2.3. MSME, startups, social enterprises, cooperatives have increased access to finance and BDS related to sustainable and gender sensitive business models and practices.
  - 2.4. Enhanced technical capacity of workers and business staff related to sustainable and gender sensitive business models that integrate waste reduction.

#### 3.2 Indicative Activities

Activities relating to Output 1.1 (food stock management and redistribution)

- Conduct an assessment of food stocks and support the development of market information and communication systems to connect sources of food surplus and food waste with potential users/consumers and other relevant stakeholders.
- Promote business development for collection and storage systems to recover and redistribute safe food surplus for human consumption to public and/or private organisations and social initiatives such as food banks, community kitchens, social supermarkets, etc.
- Facilitate access to innovation and technology (digital solutions and/or processing equipment or infrastructure) to support the recovery and redistribution system.
- Facilitate access to finance to support investment by businesses e.g. procurement of infrastructure and equipment (in particular for storing and packaging) for food redistribution by setting up start-up matching grant schemes.

- Provide additional support to access other sources of finance from financial institutions (possibly supported by other donors) to cover other cost related to investment.
- Conduct gender sector analysis where relevant to inform the activities.

Activities relating to Output 1.2 (access to productive inputs for food producers)

- Conduct an assessment of the food waste industrial processing capacities for composting, organic fertiliser, energy conversion and animal feed productions.
- Promote the development of business and processing capacities through tailor-made business and financial advisory services to selected businesses to develop business plans and prepare for investment.
- Facilitate access to finance from financial institutions to cover other cost related to investment.
- Conduct gender sector analysis where relevant to inform the activities.

Activities relating to Output 2.1 (awareness raising and behavioural changes):

- Conduct a food consumption pattern/behaviour assessment especially assessing the role of women in the management of food stock.
- Strengthen the capacity of local authorities to develop sustainable production and consumption oriented policy measures and implementation strategies (e.g. campaigns).
- Establish public-private dialogues (PPD) for marketing campaigns on the benefits of a circular economy and reduced waste in the food sector
- Organise awareness raising campaigns with civil society organisations, private sector and local authorities (through social media, TV and radio, public authorities communication) to encourage women and men in all their diversity to consume food more responsibly and reduce single use plastic packaging by bringing their own containers for food and drink to restaurants and shops.

Activities relating to Output 2.2 (new technology and innovation):

- Conduct a gender sensitive value chain assessment (including a gender-based analysis) and identify specific entry points to reduce food waste/loss and single use plastic packaging (e.g. improved quantity planning and monitoring, demand forecasting).
- Facilitate development, commercialisation and marketing of new technologies and solutions to reduce and reuse waste through incubation, acceleration, research, technology transfer, matchmaking locally and with European partners.
- Develop knowledge sharing platforms for businesses and innovation enablers with practical guidance on technological options to reduce food waste and single use plastic packaging.
- Organise industry and agriculture specific gender responsive value chain working groups to prepare roadmaps for adoption of sustainable models in specific parts of the value chain and/or geographic areas and facilitate its implementation.
- Conduct gender sector analysis where relevant to inform the activities.

Activities relating to Output 2.3: (access to finance and Business Development Services):

- Establish a matching grant funding scheme for selected businesses to facilitate and incentivise investment in adoption and procurement of technological and digital solutions/services supplied by local and European specialised and technological companies (especially start-up and women entrepreneurship).
- Provide tailor-made business and financial advisory services to selected businesses to develop business plans and prepare for investment
- Introduce product life cycle analyses and technical advisory services on circular business models and practices through Business enablers (e.g. BDS, BMOs)
- Provide additional support to access other sources of finance from financial institutions (e.g. procurement of infrastructure and equipment for manufacturing SUP alternatives i.e. for storing and packaging).

Activities relating to Output 2.4: (technical skills/employment):

- Conduct a technical skills gap assessment (including a gender-based analysis) with relevant BDS, BMOs and TVET institutions and prepare a roadmap for implementation throughout the gender responsive value chain.

- Develop and/or improve TVET and other re-training programme curriculae for businesses to enhance their technical capacity (especially for vulnerable people and women) to implement sustainable business models addressing the root causes of food waste and plastic packaging.
- Increase green jobs by technical skills development, targeting especially women (trainings for company staff – especially women- working with green technologies / sustainable business models) and on the labour market (“greening” TVET curriculae).

The commitment of the EU’s contribution to the Team Europe Initiatives foreseen under this annual action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners’ meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

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

The Action will directly contribute to environmental protection under the Zero Pollution agenda by promoting circular economy and waste management. It will indirectly contribute to climate change through waste reduction and sustainable resource management, reducing de facto carbon emission. Some activities and financial support to targeted stakeholders active in the selected product value chains mentioned under specific objectives 1 and 2 might be subject to additional environmental screening (i.e. product life cycle assessment). Also specifically for financial support, the local sustainable finance taxonomy might be used as a screening tool when selecting beneficiaries.

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

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that a gender analysis of the activities to be implemented will be conducted during the inception phase. Findings from this gender analysis will allow to develop certain more specific indicators such as the involvement of women, in all of their diversity. As the Action will target producers/companies and consumers, there will be a special focus on the role of women as business leaders and entrepreneurs as well as main decision-makers on household consumption. Given the general observation that more women take part in the informal sector in areas such as collection and segregation, specific recommendations will be expected from the gender sector analysis.

#### **Human Rights**

Human (and more specifically labour and environmental) rights will be mainstreamed in supported industrial value chains and benefitting entities. The Action adopts to the extent possible, a human rights-based approach and its working principles of applying all human rights for all, meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law for all and transparency and access to information supported by disaggregated data.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the action will contribute more generally to the improvement of working conditions of persons with disabilities in targeted SMEs and other places of work.

#### **Democracy**

The Action will promote multistakeholders dialogue and therefore contribute to the democratic approaches in the private sector.

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

The Action will have a strong emphasis on promoting in businesses the adoption of environmental, social and governance practices. The Action will also directly contribute in building the economic resilience in the sectors and geographical areas identified which are prone to social tension and community conflicts, as well as improving food security and sustainable management of food, etc. A Do-No-Harm and conflict sensitive approach should be applied at all times, especially if political instability and unrest continues and in relation to the broader impacts of the economic crisis on vulnerable and marginalised groups, including rural populations, women and children.

#### **Disaster Risk Reduction**

The Action will contribute to the reduction of human-made disasters risks, such as destruction/pollution/waste of natural resources (plastic in water or food crisis induced by low production and waste).

**Other considerations if relevant**

NA

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Unexpected developments in the economic, social and political crisis, continuous lack of political stability	High	High	Inability to get buy in for the programme from the business sector (impacts of lack of fuel, electricity and food) will have to be monitored carefully and the programme will have to adapt the activities and planning on regular basis. The sequencing will be essential.
Legal and regulatory aspects	Insufficient enforcement of policies and regulations related to business and investment environment	High	Medium	Through evidence based assessment, monitoring and continuous policy dialogue with local authorities and relevant stakeholders, the Green Policy Dialogue Facility (AAP 2021) will ensure that a right balance between political/policy thinking and doing is presented, accompanied and supported.
External environment	<p>Actions linked to vested political and economic interests businesses, unions, parties.</p> <p>Market/value chain fragmentation and unfair competition (monopolies) might prevent emerging technologies, adoption of innovative products and solutions</p> <p>Decline in consumers purchasing power might prevent behavioural change</p>	High	High	<p>Working closely with all stakeholders (especially representatives of the public and private sector) throughout the value chain offering fair opportunities for support for conversion to more sustainable business practices will be essential.</p> <p>Additional incentive schemes will be developed to support CE market development.</p> <p>The action also envisage large scale awareness raising campaign for consumers to support the demand side.</p> <p>The action also envisage support to the people in most vulnerable situations by promoting activities that recover and redistribute food for direct human consumption</p>

	<p>in more sustainable consumption</p> <p>Deteriorating food situation in the country that leads to a severe food and humanitarian crisis</p>			
External environment	<p>Lack of access to finance incl. forex and high interest rates to support investment in Circular Economy/Sustainable Consumption and Production (CE/SCP) due to persistent economic and financial market failure/conditions (high level of NPL<sup>16</sup> and bankruptcy)</p>	High	High	<p>As the action envisaged to mobilise additional funding from the financial market or other sources, this will require selecting even more carefully the beneficiaries in order to ensure the financial viability (high risk of NPL and bankruptcy) but also to create additional incentives. The action will benefit from work on an enabling policy, regulatory and financial framework through the Green Dialogue Facility (AAP 2021) and in partnership with EDFIs may propose innovative financial instruments.</p> <p>Also the possible incapacity to import equipment, products or services due to forex limitations could be offset by locally developed products and solutions.</p>
People and organisation	<p>Limited capacity of workers/staff in the private sector to develop knowledge and skills to implement relevant activities, integrate new technologies for product development and management systems</p>	Medium	High	<p>As part of the TEI, GIZ will offer a dedicated TVET programme to support the development of skills. The ongoing work through PPD will also prepare the industry for the transition.</p>
People and organisation	<p>Gap between the capacities and skills of women- and men-led enterprises, risking the action targets only those who are more advanced</p>	Medium	Medium	<p>Awareness-raising sessions where needed and/or training f. ex. on gender responsive value chains.</p> <p>Conduct of gender sector analysis to inform the mainstream activities.</p>

<sup>16</sup> Non-Performing Loans

Planning process and systems	Disconnection between government, civil society and private sector, weaknesses in the PPD	Medium	Medium	Engagement with the different stakeholders. The Action will benefit from platforms and dialogue that will be strengthened through the Green Dialogue Facility (AAP 2021). Sector/industry/value chain specific dedicated PPD will also be established.
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### Lessons Learnt:

Previous EU interventions on the circular economy funded through SWITCH-Asia, which pilots innovative solutions, were not always scaled up or replicated by local MSMEs due to the lack of adequate financing opportunities. The current Action will focus on specific local industrial value chains and offer targeted access to finance that could scale-up/replicate successful past and present sustainable production and consumption solutions and support an overall green recovery. To ensure sustainability and transformation, circular economy interventions need to be underpinned by an effective policy dialogue which will take place under the EU Green Policy Dialogue Facility (AAP 2021).

Other development partners, such as AFD, GIZ, USAID, that have experience with circular economy projects and/or specific waste management have singled out the following lessons learnt:

- A general lack of integration among the public, private, education, research, and development partners.
- A lack of awareness across all strata of the community (general public, schools, universities, higher education institutes, companies, government & non-government organisations) of the need for prevention and for managing the waste that cannot be avoided in an environmentally sound manner.
- A lack of mobilisation of businesses and other stakeholders that are keen to engage and to adopt CE measures and share the results and benefits with other stakeholders to sensitize them to adopt similar measures.
- A lack of available and appropriate technologies and technical skills in the workforce for an effective and efficient waste reduction, collection and/or treatment. The country is lacking research & development facilities, to conduct research, to close the information and knowledge gaps.
- A lack of financial products which incentivise economic operators to investment in skilled workforce, solutions and technologies to improve their resources and production management efficiency.
- Inequal division of labour: female waste collectors or recyclers lack time, safety, decent work conditions, and childcare facilities, these issues should be considered while involving women and women's organisations into the waste collection and recycling.

### 3.5 The Intervention Logic

The underlying intervention logic is that by promoting a **CE and SCP to reduce and recover food waste and single use plastic packaging in the food industry**, the EU will not only contribute in **building economic resilience and improving food security and nutrition** (targeting those in most precarious situations) in a period of (post-) crisis but also in **reducing impact** of human activities **on human and animal health, the environment and biodiversity** (including by reducing marine litter) and more generally **on the climate** (since plastic/food production, transportation and disposal contribute to greenhouse gas emissions).

In the short and medium-term, to address the consequences of the economic crisis on the most vulnerable population and to improve resilience to the food crises, the action will **improve the food surplus/waste recovery system (outcome 1)**. Building on activities implemented under component 1 - creating an enabling business environment for adoption of sustainable consumption and production businesses - this component will introduce more circularity into the food value chain through recovery and recycling of food surplus and waste by-products back into the value chain.

Food waste will be avoided by supporting technically and financially businesses **to inventorize, collect and redistribute surplus at the end of the food value chain to the most vulnerable consumers, ensuring their food security (output 1.1)** or to **food producers to process it for human consumption or farming inputs (output 1.2)**.

In collaboration with public authorities and civil society, service providers will ensure that a management and information system accompanied by a sustainable logistics and transport system is established to address market inefficiencies. Service providers will help in supplying both consumers and producers. Support will be provided to producers to invest and be equipped to process food surplus and waste and redistribute it back to the value chain for direct human consumption and/or at the farming level for animal feed or fertiliser for crops.

**In the longer-term, an effective transition to a more circular food value chain, where food and plastic waste is reduced (outcome 2) and recovered/re-used (outcome 1)<sup>17</sup>** will require removal of barriers such as low awareness and knowledge among consumers, producers and service providers about CE business models, technologies, products, digital solutions, skills requirements and access to finance for innovative and green investment projects. The proposed set of measures will contribute in reaching both demand/consumers and supply/producers.

**Public awareness raising and consumer behaviour change (output 2.1)** will transform the demand side. Participation of **civil society and local authorities** and strengthening their capacity to implement policy measures for sustainable consumption will be essential. Financial resources to run campaigns will be provided as these stakeholders are severely affected by the current economic and financial crisis.

On the supply side, to increase **adoption of sustainable business models and practices** that will improve market efficiencies and ultimately reduce waste, **economic operators** will have to:

- **Access innovation and technologies (output 2.2)** through partnerships with research institutes, start-ups and entrepreneurs offering innovative green/digital solutions and more sustainable materials.
- **Access finance (output 2.3)** through SME matchmaking grant schemes for investment in new technologies, equipment, digital solutions, trained workforce and additional advisory services.
- **Develop technical skills of their workforce (output 2.4)** through specialised training programmes.

To ensure the highest transformative impact and integrated approach, the bulk of the activities will initially target districts/municipalities with a high concentration of food service operators and located in biodiversity hot-spots in coastal areas, but nation-wide activities will also be implemented especially when it comes to develop new markets for products and services. At inception, a selection of districts/municipalities will be made.

The different measures and activities will be underpinned by a multistakeholder policy dialogue mainly under the EU Green Policy Dialogue Facility (AAP 2021), which will help to improve the policy and regulatory frameworks needed for the implementation of activities and provide a leeway for other similar initiatives to emerge and scale-up.

Several ongoing interventions under AAP 2017 and 2019 supporting the agriculture modernisation, food safety and organic food will complement this action, especially in terms of value chain analysis.

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<sup>17</sup> This will essentially support the implementation of the *Road Map on Urban Food Waste Prevention and Reduction for Households, Food Services, Retailers and Wholesalers (2022)*.

### 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	Assumptions
Impact	To promote a circular economy in the food sector	<p><b>Remark: indicators with (*) are related to MIP</b></p> <ol style="list-style-type: none"> <li>1. Average Coping Strategies Index (CSI) score (WFP)</li> <li>2. Food Consumption Score (FCS) (Weighted sum of frequency of household consumption, a continuous variable with a possible range of 0 to 112)</li> <li>3. Environmental Performance Index (Yale)</li> <li>4. CO2 emission per unit of value added (SDG 9.4.1)</li> </ol>	TBD (at inception)	TBD (at inception)	<ol style="list-style-type: none"> <li>1. <a href="https://data.humdata.org/dataset/coping-strategy-index-csi">https://data.humdata.org/dataset/coping-strategy-index-csi</a></li> <li>2. <a href="https://www.wfp.org/publications/meta-data-food-consumption-score-fcs-indicator">https://www.wfp.org/publications/meta-data-food-consumption-score-fcs-indicator</a></li> <li>3. <a href="https://epi.yale.edu/">https://epi.yale.edu/</a></li> <li>4. <a href="https://unstats.un.org/sdgs/indicators/database/">https://unstats.un.org/sdgs/indicators/database/</a></li> </ol>	<i>Not applicable</i>

<p><b>Outcome 1</b></p>	<p><b>To increase recovery, processing and supply of edible and safe food surplus and/or waste for the benefit of vulnerable consumers and/or food producers</b></p>	<p>1.1 Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES) (OPSYS core indicator) (SDG 2.1.2)</p> <p>1.2 Number of food insecure people receiving EU assistance (GERF 2.32 - OPSYS core indicator)</p> <p>1.3 Number of people trained by the EU-funded intervention with increased knowledge and/or skills on food conservation and preservation, disaggregated by sex, age and ethnicity (Number of individuals)</p> <p>1.4 Number of jobs supported/sustained by the EU (GERF 2.13 - OPSYS core indicator) (*)</p> <p>1.5 Number of new businesses/start-ups created with support of the EU-funded intervention</p>	<p>TBD (at inception)</p>	<p>TBD (at inception)</p>	<p>1.1 Voices of the Hungry (FAO) - Gallup World Poll (GWP)</p> <p>For indicators 1.2 – 1.5:</p> <p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>Progress reports of the EU-funded intervention</p> <p>Database of beneficiaries</p> <p>1.4 ILO Stat Employment Statistics, <a href="https://ilostat.ilo.org/topics/employment">https://ilostat.ilo.org/topics/employment</a></p>	
<p><b>Outcome 2</b></p>	<p><b>To enhance effectiveness of the sustainable production, distribution and consumption models related to food waste/loss and single use plastic food packaging</b></p>	<p>Greenhouse Gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq) with EU support ( GERF 2.7) (*)</p> <p>2.1 Number of MSMEs applying Sustainable Consumption and Production practices with EU support (GERF 2.6) (*)</p> <p>2.2 Number of green jobs supported/sustained by the EU (GERF 2.13) (OPSYS core indicator) (*)</p> <p>2.3 Number of women benefiting from incentives used to encourage women’s entry into the green economy and the circular economy. (GAP III indicator) (*)</p>	<p>TBD (at inception)</p>	<p>TBD (at inception)</p>	<p>For all indicators:</p> <p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention, based on <a href="#">Technical Platform on the Measurement and Reduction of Food Loss and Waste</a></p> <p>Progress reports for the EU-funded intervention,</p> <p>Database of beneficiaries/participants. <a href="https://www.unep.org/resources/report/unep-food-waste-index-report-2021">https://www.unep.org/resources/report/unep-food-waste-index-report-2021</a></p>	

		<p>Indicators specific to waste:</p> <p>2.4 Amount of waste generated and treated per MSME per year, disaggregated by type of waste, treatment type and International Standard Industrial Classification sector</p> <p>2.5 Estimated amount of SUP waste (MT) recovered and /or recycled. (*)</p> <p>2.6 Estimated amount of food waste (MT) recovered and/or recycled.</p> <p>2.7 Estimated level of food losses along the production, processing, transportation and distribution chain (including post-harvest handling practices) (Percentage (%))</p> <p>Amount of savings generated from improved resource management (food and SUP) efficiency (EUR)</p>				
<b>Output 1 relating to Outcome 1</b>	<b>1.1 Vulnerable consumers have increased their access (food stock management systems and redistribution) to safe and nutritious food</b>	<p>1.1.1 Number of food stock management system designed/equipped with support of the EU-funded intervention</p> <p>1.1.2 Number of Market Information Systems developed with support of the EU-funded intervention</p> <p>1.1.3 Number of Information systems for nutrition developed with support of the EU-funded intervention (e.g. National Information Platforms of Nutrition)</p>			<p>For all indicators:</p> <p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>Progress reports of the EU-funded intervention</p> <p>Database of beneficiaries</p>	
<b>Output 2</b>	<b>1.2 Food producers (farmers, food</b>	<p>1.2.1 Number of people receiving inputs and assets (e.g. livestock, seeds, tools, etc.) with support of the EU-intervention, disaggregated by sex and beneficiary</p>			<p>For all indicators:</p>	

<p><b>relating to Outcome 1</b></p>	<p><b>processors, etc...) have increased access to productive inputs that originate from recovering and re-processing food waste (i.e. composting, fertiliser and animal feed).</b></p>	<p>type, value and type of input (Number of individuals)</p> <p>1.2.2 Quantity (Kg) of inputs distributed by the EU-funded action to households or productive unit, disaggregated by type of input and number of households</p>			<p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention,</p> <p>Progress reports for the EU-funded intervention,</p> <p>Database of beneficiaries/participants.</p>	
<p><b>Output 1 relating to Outcome 2</b></p>	<p><b>2.1 Increased awareness (and behavioural change) among the general public, economic operators, consumers and civil society about public incentives, sustainable products, solutions and services on the market.</b></p>	<p>2.1.1 Number of consumers, business and civil society representatives reached through EU-funded awareness raising campaigns on the impact of consumption, disaggregated by sex and sector (public, private, civil society) (OPSYS core indicator)Number of SCP scaling-up mechanisms established with support of the EU-funded intervention (e.g. technical tools, voluntary agreements, codes of conducts, standards and labels) (OPSYS core indicator)</p> <p>2.1.2 Number of public, private and civil society sector representatives involved in EU-funded CE/SCP knowledge sharing platforms and / or mechanisms, disaggregated by sex and sector.</p> <p>2.1.3 Number of Local Governments, City and Regional administrations supported by the EU-funded intervention in CE/SCP business models and practices</p>	<p>TBD (at inception)</p>	<p>TBD (at inception)</p>	<p>For all indicators:</p> <p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention,</p> <p>Progress reports for the EU-funded intervention,</p> <p>Database of beneficiaries/participants.</p>	

		2.1.4 Number of SCP scaling-up mechanisms established with support of the EU-funded intervention (e.g. technical tools, voluntary agreements, codes of conducts, standards and labels) (OPSYS core indicator)				
<b>Output 2</b> relating to Outcome 2	<b>2.2 MSME, startups, social enterprises and cooperatives have increased access to sustainable and gender sensitive business models and practices that utilize new technologies and innovations</b>	<p>2.2.1 Number of green BDS providers supported by the EU-funded intervention (OPSYS core indicator)</p> <p>2.2.2 Number of innovative CE/SCP products and services developed and commercialised with support of the EU-funded intervention.</p> <p>2.2.3 Number of new innovative businesses/start-ups created with support of the EU-funded intervention (disaggregated by sex of business owner)</p>	TBD (at inception)	TBD (at inception)	<p>For all indicators:</p> <p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention,</p> <p>Progress reports for the EU-funded intervention,</p> <p>Database of beneficiaries/participants.</p>	
<b>Output 3</b> relating to Outcome 2	<b>2.3 MSME, startups, social enterprises, cooperatives have increased access to finance and BDS related to sustainable and gender sensitive business models and practices.</b>	<p>2.3.1 Number of beneficiaries with access to financial services with EU support, (a) firms (OPSYS core indicator) (GERF 2.17) (*)</p> <p>2.3.2 Amount of outstanding loans to MSMEs investing in SCP per year provided with support of the EU-funded intervention, disaggregated by sex and age group of the owner, enterprise size (Local currency)</p> <p>2.3.3 Number of CE financing (matching grant) schemes established with EU support</p>	<i>TBD (at inception)</i>	<i>TBD (at inception)</i>	<p>For all indicators:</p> <p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention,</p> <p>Progress reports for the EU-funded intervention,</p> <p>Database of beneficiaries/participants.</p>	

<p><b>Output 4</b> relating to <b>Outcome 2</b></p>	<p><b>2.4 Enhanced technical capacity of workers and business staff related to sustainable and gender sensitive business models that integrate waste reduction.</b></p>	<p>2.4.1 Number of individuals trained by the EU-funded intervention with increased knowledge and/or skills on SCP practices, disaggregated by sex, age group and sector (OPSYS core indicator)</p>	<p>TBD (at inception)</p>	<p>TBD (at inception)</p>	<p>Baseline and endline surveys conducted and budgeted by the EU-funded intervention, Progress reports for the EU-funded intervention, Database of beneficiaries/participants. Pre- and post-training test reports, Curriculum/training material.</p>	
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## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a Financing Agreement with the partner country .

### 4.2 Indicative Implementation Period

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

### 4.3 Implementation Modalities

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

#### 4.3.1 Indirect Management with a pillar assessed entity

This action may be implemented in indirect management with one or more entities which will be selected by the Commission's services using the following criteria:

- the technical capacity, expertise and mandate in the areas of interventions covered by the action,
- the local presence or proven similar experience from another developing country,
- the complementarity with existing European funded interventions,
- the ability to provide co-financing and capacity to launch a Call for Proposals.

Implementation by this entity(ies) entails the achievement of all the objectives and results under section 3.

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

In exceptional circumstances, where the EU would fail its negotiations with the organisations mentioned in section 4.3.1, part or the entirety of this action may be implemented in direct management through procurement or grants.

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

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

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

##### **(b) Type of applicants targeted**

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

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### 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>Implementation modalities</b> – cf. section 4.3	
<b>Outputs 1 to 5</b> composed of	
Indirect management with a pillar assessed entity- cf. section 4.3.1	15 000 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	Covered by another Decision
<b>Totals</b>	15 000 000

#### 4.6 Organisational Set-up and Responsibilities

A Steering Committee will meet every 6 months and will be co-chaired by the EU and the Government of Sri Lanka with the implementing partner in charge of the Secretariat and the implementing partner of the Green Policy Dialogue Facility (AAP 2021) invited to ensure coordination on relevant policies and regulatory frameworks . The Steering Committee will adopt an annual work plan and review progress reports.

Technical working groups will be established on food waste and single use plastics respectively. These groups will feed into the meetings of the Steering Committee.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission will participate in the above governance structures set up for governing the implementation of the action. Gender equality, human rights and human rights-based approach expertise will be ensured during the implementation of the Action.

## 5 PERFORMANCE MEASUREMENT

### 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner’s strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

The monitoring and reporting will be performed by the lead implementing partner (to be selected) and potentially other EU key partners on a Team Europe approach basis (see section 4.5 and reference to the Green Policy Dialogue Facility) Most of the data will be collected from different sources as indicators are mainly produced by external parties and sometimes at global level.

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

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

The Action will also be subject to ROM missions.

## 5.2 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation(s) will be carried out.

A mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the engagement with the private sector and financial support provided. The evaluation should allow to assist in the preparation of new complementary interventions and more particularly related to mobilising financing under EFSD+ to support access to sustainable finance.

A final 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 the intervention should have a leverage effect by supporting to the mobilisation of private investment and other sources of funding. The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. 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.

## 5.3 Audit and Verifications

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

# 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources. It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

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