



**EN**

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

**ANNEX**

to the Commission Implementing Decision on the financing of the multiannual individual measure in favour of the Horn of Africa for the EU Alliance for the Horn of Africa Initiative

**Action Document for the EU Alliance for the Horn of Africa Initiative 2023-2024**

**MULTIANNUAL INDIVIDUAL MEASURE**

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

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>business reference</b> <b>Basic Act</b>	EU Alliance for the Horn of Africa Initiative OPSYS number: 62202 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes, Team Europe Initiative on the Central Mediterranean route
<b>3. Zone benefiting from the action</b>	The action shall be carried out in the Horn of Africa region encompassing the following countries: Djibouti, Ethiopia, Eritrea, Kenya, Somalia, South Sudan, and Sudan.
<b>4. Programming document</b>	N/A
<b>5. Link with relevant MIP(s) objectives / expected results</b>	N/A
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	N/A
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): SDG 1: No poverty Other significant SDGs (up to 9) and where appropriate, targets: SDG 2: Zero hunger SDG 8: Decent work and economic growth SDG 10 : Reduce inequality SDG 13: Climate action SDG 15: Life on Land
<b>8 a) DAC code(s)</b>	331 - Trade policies and regulations – (15%) 43040 – Rural development (15%) 43060 – Disaster risk reduction (10%)

	43071 – Food security policy and administrative management (10%) 43072 – Household food security programmes (20%) 43073 – Food safety and quality (10%) 15190 - Facilitation of orderly, safe, regular and responsible migration and mobility – (20%)			
<b>8 b) Main Delivery Channel</b>	UN entities – 41100 Other UN - 41300 International NGO – 21000 Donor country-based NGO - 22000			
<b>9. Targets</b>	<input checked="" type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input 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 checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance	YES <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/

	digital entrepreneurship digital skills/literacy digital services	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>																									
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																								
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>																									
	Migration @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>																								
	Reduction of Inequalities @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>																								
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																								
<b>BUDGET INFORMATION</b>																												
<b>12. Amounts concerned</b>	<p>Budget line(s) (article, item):</p> <p>14.020121</p> <p>Total estimated cost: EUR 83 000 000</p> <p>Total amount of EU budget contribution EUR 83 000 000</p> <p>The contribution is for an amount of EUR 14 700 000 from the general budget of the European Union for 2023 and for an amount of EUR 68 300 000 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>Regional TEI for a Comprehensive Migration Approach in the Central Mediterranean Route:</p> <table border="1"> <thead> <tr> <th>EU Member States</th><th>Amount (in EUR)</th></tr> </thead> <tbody> <tr><td>Austria</td><td>4 594 000</td></tr> <tr><td>Belgium</td><td>3 250 000</td></tr> <tr><td>Switzerland</td><td>3 773 000</td></tr> <tr><td>Czech Rep</td><td>1 000 000</td></tr> <tr><td>Germany</td><td>94 760 000</td></tr> <tr><td>Denmark</td><td>36 620 000</td></tr> <tr><td>Spain</td><td>4 100 000</td></tr> <tr><td>France</td><td>56 849 000</td></tr> <tr><td>Netherlands</td><td>65 475 000</td></tr> <tr><td>Italy</td><td>157 363 000</td></tr> <tr><td>Malta</td><td>600 000</td></tr> </tbody> </table>				EU Member States	Amount (in EUR)	Austria	4 594 000	Belgium	3 250 000	Switzerland	3 773 000	Czech Rep	1 000 000	Germany	94 760 000	Denmark	36 620 000	Spain	4 100 000	France	56 849 000	Netherlands	65 475 000	Italy	157 363 000	Malta	600 000
EU Member States	Amount (in EUR)																											
Austria	4 594 000																											
Belgium	3 250 000																											
Switzerland	3 773 000																											
Czech Rep	1 000 000																											
Germany	94 760 000																											
Denmark	36 620 000																											
Spain	4 100 000																											
France	56 849 000																											
Netherlands	65 475 000																											
Italy	157 363 000																											
Malta	600 000																											
<b>MANAGEMENT AND IMPLEMENTATION</b>																												
<b>13. Type of financing</b>	<b>Direct management</b> through:																											

	<ul style="list-style-type: none"> <li>- Grants</li> <li>- procurement</li> </ul> <p><b>Indirect management</b> with the entrusted entity(ies) to be selected in accordance with the criteria set out in section 4.4.3</p>
--	--

## 1.2 Summary of the Action

The Horn of Africa Initiative (HoAI) aims at achieving deeper regional cooperation and integration in four thematic areas: (i) Regional infrastructure connectivity (ii) Economic and trade integration (iii) Building resilience and (iv) Human capital development. It is led by its Members States: Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan and, since May 2022, South Sudan. As one of the four donor partners to the HoAI (together with the World Bank, the African Development Bank, and Germany/BMZ who joined in May 2023), the EU is already contributing with over EUR 860 000 000 to the HoAI, but the unmet needs are still significant. The region is affected by conflict, large-scale displacement, rising inflation, drought, floods and other impacts of environmental degradation and climate change. Positive political developments are raising hope in the region, but additional international support is required to support these processes. The war in Sudan, which erupted on 15 April, resulted in violence, loss of life and property in many parts of the country, and intense fighting continues for control of Khartoum. Mediation initiatives are multiplying, while the population – in particular the over four million displaced due to the conflict – requires support from the international community.

The Commission proposes to support a mechanism dedicated to the stabilisation of the region: the EU Alliance for the Horn of Africa Initiative, building on a Team Europe approach. This mechanism will support activities at country level but with a cross-border, trans-frontier and transnational approach, whenever possible working at local levels, to facilitate regional economic and social integration and political integration. EU Member States have also expressed support to additional EU funding reaching vulnerable populations (such as displaced people, migrants, refugees, populations exposed to drought and floods, who are trapped or with a high displacement risk, disadvantaged groups) in areas of the region affected by climate change and conflict – by preparing such an Alliance, the Commission is responding to this while calling for EU Member States to also join the efforts. The Commission therefore proposes to start by mobilising EUR 83 000 000 in EU support for the EU Alliance. This could be topped up by additional funds at a later stage, including complemented funds from EU Member States.

The EU Alliance will support the two pillars of the HoAI aiming at supporting the economic and trade integration (pillar ii) and the building of resilience (pillar iii) in the region. This is in line with EU interests in the region and in line with the Global Gateway, as well as in complementarity with the Sub-Saharan Africa (SSA) regional MIP which contributes more substantially to the two other pillars (regional infrastructure connectivity and human capital development<sup>1</sup>). The actions would also contribute significantly to the climate and biodiversity spending targets, as well as to the Great Green Wall flagship programme's objectives and all pillars of its accelerator in the relevant countries, and address (the risk of) climate-induced displacement:

1. Promoting trade and economic integration to boost trade, sustainable growth, and decent jobs. The EU Commission has the lead in this pillar, and it would be justified on top of the core support being provided from the SSA regional MIP in support of rolling out regional integration in line with the RECs configurations and the AfCFTA to finance a number of specific actions of high relevance for the HoAI. The Action would allocate about 30 % of the initial envelope to this pillar: EUR 25 000 000.
2. Building resilience to improve the sub-region's capacity to withstand climatic and other shocks and to consolidate peace and security. Given the reconstruction needs, as well as the impact of this pillar on climate change mitigation and adaptation, 70 % of the initial envelope – EUR 58 000 000 – is allocated to this pillar.

The Action will be contributing to the Team Europe Initiative on the Central Mediterranean route – in particular

<sup>1</sup>NDICI Regional Multi-Annual Indicative Programme (MIP) 2021-2027 for Sub-Saharan Africa. The Regional MIP also provides substantial funding for trade and economic integration. However this support is mostly provided at continental level or through RECs, therefore additional support is required specifically for the Horn of Africa region.

component 5: Addressing the root causes of irregular migration and forced displacement with a focus on Sub-Saharan Africa. Synergies will also be built with the relevant country and regional TEIs. Should some EU Member States join the HoAI and/or the EU Alliance through additional funding / programmes, a Team Europe Approach will be developed between the Commission and participating EU MS, to ensure maximum efficiency and visibility of the EU's external action.

The Action will make use of various modalities, including contribution agreements and grants.

## 2 RATIONALE

### 2.1 Context

The Horn of Africa has been a fragile region for decades, riddled by conflict and crisis, repeated droughts, floods and other impacts of climate change, environmental degradation, food and nutrition insecurity, etc. The combination of conflict, erratic weather patterns and impact of the Russian war of aggression against Ukraine are leading to famine-like conditions, and potentially violent civil unrest (notably related to soaring food and fuel prices and dramatic inflation).

This difficult context has led to high levels of population displacement as well as of migratory movements towards Gulf countries (the Eastern route), Southern Africa (the Southern route), and North Africa and Europe (the Northern route). The main drivers of migration include notably poverty and lack of economic opportunities, as well as environmental degradation and climate change. The region is thus a region of origin, transit and destination of migration and forced displacement. Cross-border and internal displacement is taking place on a large scale in the region, exacerbated by the impacts of climate change, especially the effects of the severe drought due to five consecutive failed rainy seasons. Nearly 220,000 people became refugees, driven by conflict, drought, flooding, food shortages, insecurity and localized violence and according to the UNHCR, by the end of 2021, the East and Horn of Africa and the Great Lakes region hosted 4.9 million refugees and asylum seekers, as well as 12 million internally displaced people. Accordingly, this region hosts around 67 % of the refugees on the African continent and 20 % of the global refugee population with the largest number of refugees and asylum seekers originating from South-Sudan as well as Burundi, the Democratic Republic of the Congo, Eritrea, Somalia and Sudan. These high levels of migration and displacement have a significant impact in the respective countries, putting further strain on already limited basic services and resources in host communities.

Recent months have nevertheless witnessed positive developments in the area of peace and security, with the Cessation of Hostilities Agreement (CoHA) in Ethiopia, and the liberation of several Al-Shabab controlled areas in Somalia. The situation in all three countries nevertheless remains fragile, with still many potential spoilers. If peace dividends are not visible soon, there is a risk that the situation derails.

The war in Sudan that erupted on 15 April already has brought dramatic consequences for the population in Khartoum, Darfur, Kordofan, and the rest of Sudan. Intense fighting continues in Khartoum as both sides seem interested in military solutions only. The international community is looking at proliferating mediation initiatives while providing support to the one million newly displaced.

The Horn of Africa Initiative (HoAI), launched in 2019 by the countries of the region, found a way to overcome national rivalries and political tensions by focusing on joint economic development through regional integration. The HoAI receives financial support of three donors: the EU, the World Bank (WB – providing the vast majority of the funding) and the African Development Bank (AfDB). It has gathered high level political interest since its onset, with 16 Ministerial meetings having taken place since its creation in 2019. Commissioner Urpilainen and EU Special Representative for the Horn of Africa, Annette Weber, have regularly participated to these meetings. The Action thus contributes to the support the international community provides to the region, in a timely manner given the positive political momentum.

The EU is supporting the HoAI with a contribution of EUR 860 000 000 through different country and regional programmes, including a EUR 30 000 000 contribution to the HoAI's Multi-Donor Trust Fund (MDTF). Nevertheless, the gap remains significant compared to needs identified – only US\$ 8 Billion have been committed out of a US\$ 15 Billion pipeline. Moreover, the bulk of the funds for the HoAI, and thus the political influence,

come from the WB. Some EU Member States, but also UAE, Japan, the US and UK, have expressed interest in joining the Initiative – with Germany potentially joining at the end of May. This Action thus provides an opportunity to further reinforce the role and influence of the EU in the Horn of Africa, in particular through the EU's experience and expertise in regional integration, as well as to support countries' involvement in the Great Green Wall initiative.

While regional funds are supporting the HoAI through multi-country and regional actions, many activities – notably under the resilience pillar – are country-level by nature. The Action proposes to undertake such activities at a country level but with a transnational perspective, with a regional approach which reflects the spirit of the HoAI. Complementarity with regional funds will also be related to the distribution of the pillars.

The EU Alliance will allow to build more coherence and to enhance intra- and inter-state cooperation in a region marred by conflict and instability, while demonstrating the effectiveness of the EU's Global Gateway strategy. Working with the private sector and international financing institutions will also contribute to providing an enabling environment for mobilising private finance for sustainable and inclusive growth. The intervention will also contribute to the implementation of the EU Gender Action Plan III, notably its key thematic priorities: strengthening economic and social rights and the empowerment of girls and women; and advancing equal participation and leadership.

The HoAI is not a TEI, although if some EU Member States join the Initiative, the Commission will strive to adopt a Team Europe approach to the EU's contribution. The Action will be contributing to the Team Europe Initiative on the Central Mediterranean route – in particular component 5: Addressing the root causes of irregular migration and forced displacement with a focus on Sub-Saharan Africa. Indeed, the Action will not only provide support to displaced populations, refugees and asylum seekers, and migrants, but it will also contribute to provide alternatives to irregular and unsafe migration by creating economic opportunities for the youth and other populations prone to migration, and will support the resilience of vulnerable populations to conflict and climate change, thereby also reducing internal and international displacement. Synergies will also be built with the relevant country and regional TEIs, in particular:

- Pillar 2: Trade and economic integration: Regional TEI on Investing in Young Businesses in Africa (Kenya is one of the countries for implementation)
- Pillar 3: Resilience: Regional TEI on Climate Change Adaptation and resilience in Africa; Regional TEI on the Central Mediterranean Route; Sudan TEI on Agri-food Value Chains: Vector to Food Security and rural livelihoods' resilience (currently on hold); Somalia TEI on Clean Energy and Climate Resilient Economy; and on the Great Green Wall flagship.

The action will support the rollout of the Global Gateway investment, with particular focus on Global Gateway investment priority area on climate but also on digital, in the Horn of Africa, a region that is particularly vulnerable to the extreme impacts of climate change that threatens to undo decades of economic progress and development and further increase the massive humanitarian needs and displacement. The action will contribute to building resilience by supporting disaster risk reduction and climate change adaptation, enhancing disaster preparedness for an effective response, and assisting in the recovery, rehabilitation, and reconstruction of water infrastructure and feeder roads to mitigate disaster risk and improve regional integration and interconnectivity. Precisely, the action will also contribute to the realization of the COP27 in Sharm el-Sheikh commitments, which announced the new Team Europe Initiative on Climate Change Adaptation and Resilience in Africa as part of the EU-Africa Global Gateway Investment.

Synergies will also be built with actions under the country and regional MIPs, notably the COMESA component of the regional programme on Trade Competitiveness and Market Access, the Regional Programme in Livestock and Pastoralism for Climate Change Adaptation in Eastern/Horn of Africa, NaturAfrica, the Great Green Wall, Peaceful and Resilient Borderlands, support to the IGAD Transhumance Protocol, "Peste des Petits Ruminants" (PPR) Control and Eradication Programme, the "Transboundary conservation in the Boma-Gambella" project, and the EDF funded Food Production and Resilience of Food Systems in African, Caribbean and Pacific (ACP) countries.

## 2.2 Problem Analysis

Trade and economic integration: Even in areas that aren't torn by conflict, trade is a risky business in the Horn of Africa. Most roads – the most common way to move goods in the region – are congested, unsafe, and poorly maintained, with few fueling stations and poor road-side infrastructure. Those obstacles help explain why the volume of trade among the seven countries in the region is the lowest in Africa, amounting to just 6 % of GDP, compared with 13% for the continent. Governments have adopted a regional trade facilitation roadmap – a three-year plan to reduce trade costs and facilitate the movement of goods and services across borders. This would contribute to the region's integration with the rest of Africa, under the auspices of African Continental Free Trade Agreement (AfCFTA), which has the potential to raise incomes by 9% and lift 50 million Africans out of extreme poverty by 2035. Different countries in the Horn are at various levels of the trade facilitation curve. South Sudan needs support in a wide range of areas, from removing physical barriers to conducting a comprehensive assessment of information technology needs. Kenya and Ethiopia have made considerable progress in trade facilitation such as adopting a simplified trade regime and a system of cargo tracking electronically that reduces border delays. Somalia is seeking help to monitor non-tariff barriers and simplify transport-related policies and regulations. Djibouti, with its bustling port on the Gulf of Aden, is focusing on simplifying regulations, tracking cargo electronically, and reducing logistics costs along its transport corridors.

Barriers to trade in the Horn also include lack of coordination among border agencies dealing with health, veterinary, and sanitary inspections. Regulatory information is hard to find and often not available in all relevant languages. Obtaining the needed documentation is therefore costly and time consuming. As a result, dealers prefer to trade informally. Some borders also remain officially closed (i.e. Kenya-Somalia border). Estimates indicate that 80% of the region's cross-border trade isn't recorded; it supports some 17 million people along different value chains, including farmers, traders, livestock herders, fodder suppliers, and ranch owners.

Pastoralism continues to play a key role for economies in the region, with around 70 % of cash income generated from livestock. The pastoral value chain is competitive since live animals and meat are easily exported to the Middle East and North Africa, a demand that is not fully satisfied. The production of milk, hair, hides and skins and animal traction are contributing to local food and local economy/markets. Milk and fats are also addressing some of the nutrition aspects to the benefit of local population including refugees, as Governments in this region have continued to maintain open-door asylum policies and promoting the inclusion of refugees into national systems. In addition, pastoralists undertake livestock keeping for non commercial purposes, such as to meet socio-cultural obligations and as an informal bank for cushioning difficulties during economic shocks. To fully explore potential economic gains from pastoralism while ensuring livestock keeping does not further contribute to environment degradation, further support is required. This is especially linked to rehabilitating rangelands and environmental protection, improving animal health and improving certain standards, such as Livestock Identification and Traceability System (LITS) and Sanitary and Phytosanitary (SPS) standards. At the same time, in pastoralist areas, community-driven models of conservation have been successful in achieving multiple gains in livelihoods, peace and biodiversity conservation.

While the Somali economy had just begun to pick up again after the severe drought in 2016-2017, a new drought which started in 2020, the global disruption of supply chains due to COVID-19 and the Russian war of aggression against Ukraine resulted in extreme price shocks and a disruption of the supply chains of various commodities across Africa, which further slowed Somalia's economic recovery. Meanwhile, Somalia has initiated the process for WTO accession, its AfCFTA and COMESA membership are almost granted, and the country has applied to join the East Africa Community (EAC - verification exercise ongoing). Improvements were made to infrastructures (e.g. Berbera port and special economic zone in Somaliland), and business environment reforms have been launched. Main products traded include livestock, seafood, resins and gums, fruits and vegetables, metals and minerals. However, Somalia is still far off behind the region; recently established quality standards and control institutions have yet to be operationalized.

The development of the private sector in Sudan is facing significant challenges such as limited access to finance, challenging regulatory frameworks, human capital related constraints, and an overall increased cost of doing business. Macroeconomic instability, including high inflation, foreign exchange shortage, lack of liquidity and lack of integration into the international banking system are also hampering private sector development. The weakness of the quality standards framework is also a major barrier to trade in Sudan, with weak veterinary and phytosanitary

control systems due to lack of equipment and solid regulations. The country is thus unable to contain outbreaks of infectious diseases, which affects agricultural production and export opportunities. In 2022, Sudan exported \$4.36 billion worth of goods, including gold, cotton, gum Arabic, sesame, groundnuts, livestock and meat – but with a deficit in the trade balance of \$6.74 billion. In 2022, only 2,4 % of Sudan’s exports went to the EU, but a potential to develop trade between Sudan and the EU exists notably in the field of agriculture and livestock. Sudan has preferential access to the EU under Everything But Arms (EBA), but is unable to capitalize on these exports due to insufficient quality standards. In the current context of war, the situation will need to be examined closely before any programme is implemented in support of the private sector in Sudan.

Djibouti has the potential and a vision to become a regional digital hub, as the country hosts the landing of several sub-marine fibre-optic cables. Today, Djibouti has one (semi-)private operational data centre, one public data centre (for the use of the public administration) and private investment companies show interest in establishing (regional) data centres in Djibouti that would be able to provide access to internet and related digital services for local and regional enterprises. Such data centres would improve connectivity for the whole region, and thus provide an opportunity to improve and increase intra-regional trade and integration. However, to date, private companies have limited access to the telecom market in Djibouti. Furthermore, for the data centres to be operational and well-functioning, especially if established through private sector investments, and respond to economic opportunities stemming from increased connectivity, access to skilled workers is crucial. There is therefore a need to reinforce and increase the digital skills in Djibouti, by improving access, for both Djiboutians and citizens from neighbouring countries, to trainings relevant to the digital sector. In addition, Djibouti is already a regional logistic hub and the port-transport-logistic sector is the most important economic sector. As this sector is becoming more digital, there is a need to reinforce the job-specific digital skills for the transport-logistics sector all along the transport corridors.

The Ethiopian government is willing to progress in successfully implementing the AfCFTA after ratification in 2019, which is conducive to a successful WTO accession and should lead to improved intra-African trade. As noted by IOM<sup>2</sup>, regional integration and human mobility will advance socio-economic development, and identifies trade and labour mobility, as the key benefits. However, while trade under the agreement officially commenced on 1<sup>st</sup> January 2021, negotiations remain on numerous important aspects that are yet to be concluded. In the framework of the Global Gateway, a focus is given on regional value chains and how they can unlock the ability of strengthening intra African trade, building resilience to supply shocks and reduce import dependency. However, the active engagement of the private sector in AfCFTA implementation still requires awareness raising and capacity building. Deeper regional value chain integration and trade promotion necessitates support in the reduction of tariffs and non-trade barriers and linking supply chains in Africa. There is also limited capacity of relevant government, academic and research institutions.

**Resilience:** The Horn of Africa remains vulnerable to environmental/climatic shocks and conflicts, as well as to terrorism attacks. It is torn between devastating recurrent droughts (in Ethiopia, Kenya, Somalia) and severe floods (in Sudan, South Sudan, Somalia), factional conflicts (e.g. Somalia and the Sudan) as well as desert locust infestations, and the continued impacts of the COVID-19 pandemic. All of this has exacerbated existing vulnerabilities and slowed down necessary reforms. The 2020-2022 drought in the region has been the most severe in over 4 decades. According to the World Bank, around 57 million people continue to live in extreme poverty.<sup>3</sup> It is estimated that 4.4 million people are facing high levels of acute food insecurity in Kenya alone<sup>4</sup>, while in Somalia 8.25 million are in need of humanitarian assistance<sup>5</sup>, and over 8 million are at risk in South Sudan. Malnutrition levels are also at an all time high in the region, with more than 7.1 million children are acutely malnourished across Ethiopia, Somalia and Kenya, including about 2 million who are severely acutely malnourished. Regionally, over 11 million animals have died. Equally, a large number of communities continue to depend on pastoralism and/or agro-pastoralism for their livelihood. Hundreds of thousands of people across the Horn of Africa region are being forced to flee in search of safety and assistance.

<sup>2</sup> The State of Migration in the East and Horn of Africa, 2022 report, <https://reliefweb.int/attachments/254f3ada-53d9-4905-87de-cf711c1cf33c/State-of-Migration-EHoA.pdf><https://reliefweb.int/attachments/254f3ada-53d9-4905-87de-cf711c1cf33c/State-of-Migration-EHoA.pdf>

<sup>3</sup> <https://www.hoainitiative.org/wp-content/uploads/2022/03/0-HoA-REM-Overview-combined.pdf>

<sup>4</sup> <https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1156210/?iso3=KEN>

<sup>5</sup> <https://reliefweb.int/report/somalia/somalia-humanitarian-response-plan-february-2023>



The conflict in Sudan has only worsened the situation of the Sudanese population, in particular in the conflict hotspot areas (Khartoum, Darfurs, Kordofan). It leaves an unprecedented humanitarian emergency that comes on top of a long-lasting crisis – and could also impact negatively an already volatile region. In addition to over 3,800,000 people newly displaced in Sudan, over 1.1 million already crossed into the neighbouring countries. Egypt, Libya, Chad, Ethiopia, South Sudan and Eritrea as well as Gulf States are likely to play some political or even military roles in the conflict.

Ethiopia currently faces a most challenging crisis situation due to prolonged drought and conflicts. People in need of emergency humanitarian aid are estimated to reach 20 million, with around 5 million people displaced. The ongoing 2.5 year-long drought in the eastern and south-eastern areas of Ethiopia is the most extensive and persistent drought event in decades, leading to deaths of estimated 3 million livestock, and more than 13 million people affected – thus severely affecting livelihoods and economic security. In the southeastern Somali region, for instance, many people have lost or had to sell their livestock to survive thus completely exhausting their coping capacities. The shortage of pasture and water remained critical, with people currently subject to water rationing as most water sources - rainwater collection points - have completely dried up. The problem of access to permanent water supply is worse in the lowland parts of Ethiopia due to complex geology and hydrogeology areas, which do not easily allow the development of productive groundwater sources. Lacking detailed hydrogeological maps, that can be used as a quick reference for sitting water wells, the development of permanent ground water supply is the main challenge in these lowland pastoral areas. Consequently, the scarcity of resources and the resulting competition have led to conflicts between communities, resulting in further displacement. Finally, following recent conflict and deteriorating security in Laascaanood in the Sool region of Somaliland, Ethiopia has seen the arrival of nearly 100,000 people in February 2023 in Doolo Zone, a remote area already severely affected by ongoing drought, with many host community members losing their livelihoods and suffering the worsening effects of climate change.

Effects of the drought are also felt in border communities in Somalia and Kenya, thus feeding conflicts for the access to limited natural resources of water and grazing land. In fact, as the Horn of Africa fails to see its sixth consecutive rainy season, the number of displaced people continues to grow as millions from Somalia and Kenya struggle to survive in the face of water scarcity, hunger, insecurity and conflict. In Kenya, the three Dadaab camps fail to adequately host the newly arrived refugees seeking relief from this climate catastrophe, forcing many to reside along the outskirts of the camps where assistance is limited with clean water and sanitation facilities being either insufficient or non-existent. Similarly, the climate catastrophe in Somalia, the longest and most severe drought in four decades destroyed the lives and livelihoods of millions of people. The catastrophic drought has displaced more than 1.4 million people since 2021 including 1.1 million of whom were displaced over the course of 2022. Many people have lost their livelihoods having little to no coping capacities to recover from the drought without help and will likely remain in protracted displacement in congested informal settlements across the country. Ongoing insecurity and armed conflict, as well as rising food prices and extreme poverty, have exacerbated the situation and increased protection risks and preexisting inequalities.

Like other countries in the Horn of Africa, Djibouti is facing the worst drought in more than 40 years, affecting both people and livestock and leading to further internal displacement. The impact of the drought also extends to host communities as well as refugees and asylum seekers in settlements and urban areas, weakening the social balance of households and exacerbating precarity within communities. Djibouti is also at the centre of the Eastern route which brings on additional challenges for both migrants and relevant authorities. These include the presence of human trafficking and smuggling networks, with exploitation and abuse of migrants; competition for scarce resources and basic services (healthcare, clean water, food); forced deportation from Gulf countries; and drowning and shipwrecks in the Gulf of Aden.

Sudan and South Sudan are among the most affected countries by climate change and least ready for adaptation. Poor farming techniques have increased desertification and land degradation. Climate change is evidenced by recurrent weather events and reduced rainfall, and the Sahara desert is advancing at a rate of about 1.5 km/year. Extreme tensions over scarce resources (water, land and pasture) occur between: i) displaced populations (3.7 million IDPs in Sudan prior to the current crisis, 4 million in South Sudan) and local communities and, ii) sedentary farmers and pastoralists and iii) along ethnic, race and tribal lines. The situation is compounded by weak natural resources governance. During these times of drought, herders are forced to seek alternative sources of food and

water for their animals, often encroaching on the land/water of sedentary farmers with increased tensions. Pastoralists are at risk of important cattle loss in the face of insufficient pasture, fodder and weak veterinary services. In a country deeply affected by climate change, it is essential to govern access to land, water and pasture in order to combat hunger, foster livelihoods and mitigate potential conflicts including between forcibly displaced populations and host communities as well as encourage the voluntary return of displaced populations. The livestock sector plays a critical role in the Sudanese economy. The rural poor depend heavily on income from livestock production, but can seldom afford to eat animal products, as they trade them for staples. The productivity of the livestock sector is compromised by a 20 % mortality rate. Lack of veterinary services and drugs at the community level, lack of livestock vaccination campaigns, as well as lack of traceability to prevent disease outbreaks, contribute to reduced productivity. Climate change also exacerbates disease in livestock: among 65 animal diseases identified as most important to poor people, 58 % are climate sensitive.

Key public stakeholders for this Action are the national authorities of Members of the Horn of Africa Initiative (Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan, South Sudan). This includes the relevant Ministries of Finance (lead for the HoAI), Ministries for Trade and Economic Integration, Ministries of Agriculture, as well as regional and local authorities, who all have a role to play in regional economic integration and in resilience building. The WB and AfDB are also key stakeholders as contributors to the HoAI – as any additional donor and international financing institution active in the relevant areas in the respective countries (in particular UN agencies and international organisations). Member State agencies active in the relevant sectors will also be involved. Private sector (both European and from the region) will also have an important role, while the UN agencies and the non-governmental sector will also be involved in pillar 3 – be it as implementers or strategic stakeholders to involve in the design of the Action. Media, private sector associations and CSOs will also be important stakeholders in their roles as domestic accountability actors – as well as as potential implementing partners. Finally, the beneficiaries of the Action – in particular vulnerable populations including women, youth, displaced people, and populations affected by the impact of climate change – will be involved in all phases of the programme, from design to monitoring and evaluation.

Regional actors such as the IGAD regional knowledge platform Drought Disaster Resilience and Sustainability Initiative (IDDRSI) and its coordination forum at national and sub-national levels will also be made use of, including existing regional and national resilience monitoring frameworks. Equally, services and research facilities of the previously EU-funded IGAD Sheikh Technical Veterinary School and Reference Centre (ISTVS), can be made use of, to provide pastoralists in the Region of the Horn of Africa with better veterinary services.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective of this Action is to contribute to regional economic and social integration in the Horn of Africa in particular for the benefit of women, youth, displaced people, migrants and other vulnerable populations.

The Specific Objectives of this action are to:

1. Enhance trade and economic integration in the Horn of Africa to boost trade, sustainable growth, and decent jobs, with a focus on women, youth, displaced people, migrants and other vulnerable populations;
2. Strengthen resilience of vulnerable, displacement-affected communities to crisis, including climate-induced shocks and conflict, in particular women, youth, displaced people and trapped populations.

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

- 1.1 Support the development of digital skills in Djibouti (including for migrants) to improve connectivity, intra-regional trade and integration;
- 1.2 Promote the exchange of goods and services between Somalia and its main economic partners in the region, thereby creating economic opportunities as alternatives to migration;
- 1.3 Stimulate trade related economic opportunities for the private sector in Sudan, by building capacities to engage in regional and international trade and by strengthening quality, environmental and social

standard measures, compliance and certification;

1.4 Support the active engagement of the private sector in AfCFTA's successful implementation in Ethiopia, including labour mobility and the movement of business people.

2.1 Contribute to increased access to a more sustainable integrated water supply, resources and systems management for drought-affected populations in Somalia and Ethiopia, in particular displaced persons, refugees and migrants;

2.2 Contribute to the development of sustainable, climate resilient pastoral, agricultural and rural systems in Eastern/Horn of Africa that have the ability to improve their food security and to improve livelihoods, including of displacement affected communities, thereby reducing economic migration and climate-induced displacement;

2.3 Build resilient community conservancies for biodiversity conservation, livelihood improvement and peace/security;

2.4 Enable constructive engagement by regional, international, national and local actors on conflict prevention and resolution processes in the Horn of Africa, including through the provision of analysis and institutional support.

### 3.2 Indicative Activities

#### Activities relating to Output 1.1

- Preparation of a needs-assessment for ICT specialist skills for the digital economy (in Djibouti and the region) and job-specific digital skills for the transport-logistic sector;
- Develop and/or reinforce the offer of vocational trainings in the digital sector, including for migrants in Djibouti, provided by either public or private actors, in close collaboration with the private sector to ensure alignment with markets' needs, including by promoting intra-regional partnerships for training exchanges;
- Support the Centre de Ressources et de Compétences (CRC) to develop trainings related to job-specific digital skills in the transport-logistic sector.

#### Activities relating to Output 1.2:

- Strengthen capacities of quality control and standards institutions for inspections, metrology, testing, and certification of priority products (through standards development, laboratories, equipment, staff training, etc.), including certification of origin, in Somalia;
- Improve collaboration among quality control, standards and certification institutions and with relevant Somali public institutions (e.g. customs, port/airport authorities, police, statistics, Ministries of Trade, Agriculture and Fisheries) and private sector (through MoUs, workshops, training, etc);
- Implement collaboration agreements with relevant institutions, in particular international standards bodies and institutions from other countries in particular Kenya, Ethiopia and UAE, with the aim of contributing to the international recognition of Somali standards and certification and alignment on international best practices.

#### Activities relating to Output 1.3:

- Analysis of the impediments of Sudan to trade with Europe in different sectors and for selected goods and commodities (including those identified in EU supported agro value chains: sesame, gum Arabic, groundnuts);
- Propose tailored solutions (network, legal support, negotiation skills, supply chain – secured to avoid malevolent food contamination and/or adulteration, etc.) to overcome the identified impediments and allow for equitable trade relationships with European firms;
- Prepare the private sector's capacities regarding the EU's green and digital initiatives, and sustainable and ethical trade issues;
- Facilitate the participation of the Sudanese private sector in regional and international events including European trade, fair trade, and digital trade events with a view to align the private sector actors' pushes for trade policy reforms;
- In cooperation with the EU member states, facilitate dialogue of European investors and buyers with Sudanese counterparts to enhance reciprocal understanding on trade challenges in Sudan, trade requirements in Europe, and foster bi-lateral trade opportunities;
- Develop investment opportunities proposals for European investors in specific sectors (notably in the agro-

value chains and food processing – with infrastructure secured by design);

- Equip private sector businesses including micro, small and medium-sized enterprises with trade related skills to increase their profitability, expand their business and create climate-sensitive sustainable jobs; specific account is being taken of the needs of MSMEs owned by migrants and/or displaced people;
- Assess and build the capacities of the conformity assessment bodies notably the Sudan Standards and Metrology Organisation (SSMO), including awareness raising on terrorism risks and mitigation measures;
- Provide equipment to the conformity assessment bodies, notably the SSMO in order to increase for key products, including agricultural, the range and number of available certifications.

#### Activities relating to Output 1.4:

- Enhance human and institutional capacity of private firms to access the AfCFTA Market through knowledge and skills trainings – including on climate resilience, and on the movement of business people;
- Build the capacity of the Ethiopian Chamber of Commerce and Sectoral Association (ECCSA) through the provision of advisory services, the creation of a Private-Public Dialogue Forum, and/or technical support;
- Support sector-specific associations through studies, trainings, drafting of export guides, and support to participation to trade events;
- Increase efficiency in supply chains through studies and decreasing non-tariff barriers;
- Strengthen trade promotion activities related to AfCFTA markets through studies, development on an online platform to connect Ethiopian and African businesses, improve access to credit and fund participation to trade fairs;
- Provide trainings to the Ethiopian Ministry of Trade and Regional Integration (MoTRI);
- Support academic, research, and other institutions to design and deliver trainings and/or a Master programme on trade, and to provide demand-driven research, including on the movement of business people;
- Establish a think tank group with trade experts and other relevant stakeholders – including security experts.

#### Activities relating to Output 2.1:

- Ground water mapping to identify ground water abstraction suitable locations in the eastern and southern displacement-affected pastoral and agro-pastoral areas of Ethiopia bordering Somalia and Kenya;
- Based on the groundwater inventory, and with detailed siting with geology and geophysics, drilling of boreholes, complete with geological borehole logging and water quality testing to add to the existing inventory, installation of solar pumping systems and/or hybrid systems where necessary, and construction of all the needed infrastructures including reservoirs, piping and pressure systems for distribution, and water points to be accessed at strategic locations; the new infrastructures built will be “secure by design” as key critical infrastructures;
- Construct/rehabilitate surface water harvesting structures such as earth dams, and traditional structures to foster water provision/conservation for agriculture, human and animal consumption – in particular in displacement-affected areas and communities hosting refugees and/or migrants;
- Supporting the development of multiple-use water sources with investments in key water management infrastructure for harvesting, storing, and delivering water for people, livestock, and agriculture for border communities, taking into account disaster risk reduction, including terrorism risks, and management needs related to flood control; the new infrastructures built will be “secure by design” as key critical infrastructures;
- Based on best practices in the region, support suitable management arrangements for water points, such as border community water committees and/or public-private partnerships to ensure accessibility, affordability and sustainability, including for displaced people, refugees and migrants, and paying particular attention to management, securing and maintenance of water systems;
- Strengthen the capacity of the regional governments implement groundwater feasibility studies and cloud-based ground water data management systems in Ethiopia;
- Set up an integrated watershed governance mechanism to ensure peace building and practical dispute resolution mechanism between all users of a river basin including local stakeholders and displaced populations.

#### Activities relating to Output 2.2:

- Improve access to basic services such as health, clean water and food for vulnerable populations, in particular displaced people, refugees and migrants;

- Improve pastoral ecosystems management to be able to withstand and reverse rangeland degradation and contribute to a neutral carbon balance, as well as help reduce climate-induced displacement;
- Establish rangeland management committees/local and national multi-stakeholder platforms and foster community rangelands investment funds;
- Facilitate processes that bring formal/legal protection/access/use rights of pastoral communal rangelands and water resources;
- Improve policies and legislations protecting land tenure and clarify legal access to water resources;
- Map and monitor livestock transhumant routes, and promote grazing management plans based on territorial/landscape approaches;
- Train young people and women on technical and business skills to boost their climate-resilient entrepreneurship capacity, in particular for pastoralists in IGAs, and enable women and women groups to access business incubatory services adopting circular economy principles; support access to training to develop basic literacy skills and livelihoods knowledge, thereby providing economic opportunities which create alternatives to migration
- Promote community entrepreneurship in sectors related to the sustainable pastoral value chain approach adapted to climate change;
- Support advocacy and policy implementation for pro-pastoral development contributing to cross-border peace and security;
- Support feeder road rehabilitation/construction in border communities for access to regional markets;
- Reinforce regional early warning systems (floods, diseases/pest outbreaks, etc.);
- Enhance sustainable access to climate adapted productive inputs (such as seeds, fertilizer, or stock vaccines) following a market-oriented approach;
- Support value chain development, especially in agro-forestry (honey, gum Arabic, shea butter), climate-resilient streams and livestock products;
- Where needed, creation of conflict management and resolution mechanisms (such as youth and/or intercommunal conflict mediation committees, and environmental peacebuilding activities);
- Promote the sustainable use and management of natural resources (forestry, rangeland, biodiversity, agro-ecology, land restoration and nature-based solutions);
- Improve smallholder farmers and herders agricultural and livestock productivity through agro-ecological techniques;
- Promote diversity of locally adapted seeds (including pasture seeds) and animal breeds for maintenance or increase of agrobiodiversity and rangeland rehabilitation;
- Improve community forest systems through establishment of nurseries and subsequent out planting of community forests, shelterbelts and windbreaks;
- Promote renewable energies through solar powered small-scale irrigations and scale up of digital tools for information on weather and climate;
- Develop and implement Standard Operating Procedures for cattle identification and traceability at secondary markets, feedlots, terminal markets, and terminal quarantines;
- Rehabilitate border animal's posts and quarantines in key borders;
- Increase awareness on issues related to animal health/welfare along the export chain, and with regard to the identification and traceability of exported livestock;
- Upgrade animal health services, through provision of vaccination and treatment services, training of veterinarians and community animal health workers on disease surveillance.

#### Activities relating to Output 2.3:

- Support to the Northern Rangelands Trust (NRT), in particular the Conservancy Infrastructure Development Unit, Community Conservancy Facilities, Mobile Community policing teams, and flying to affected areas;
- Provide training in digital capabilities for rangers and required equipment;
- Support to inclusion of community conservancies in Turkana and across the border with Ethiopia;
- Upgrade the communication and widen the coverage of the digital radio to enhance surveillance and monitoring of illegal wildlife activities across community conservancies;
- Raise awareness on the community conservancy model and governance building awareness;
- Support NRT together with Amaya Triangle counties (Isiolo, Laikipia, Samburu and Baringo) address dynamics beyond “Community Conservancy units” or “administrative boundaries” including securing wildlife corridors, pastoral mobility in search of pasture and water, conflicts, cattle rustling, poaching and

- trafficking of wildlife and their products etc);
- Promote community entrepreneurship in sectors related to the sustainable pastoral, wildlife-and tree-based wildlife value chains adapted to climate change
- Support the implementation of integrated land use plans and use of agroforestry to re-design relevant landscapes.

Activities relating to Output 2.4:

- Organise constructive and informal dialogues on peace and security in the Horn of Africa, including with civil society organisations, women and youth;
- Support analysis and studies to enhance the understanding by key regional and international actors of conflict dynamics (including on the conflict and climate nexus), scenarios and policy options for conflict prevention and resolution.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Member States and/or European financing institutions following a Team Europe approach. It is subject to the formal confirmation of each respective member's 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.

Furthermore, Capacity Building partnerships under the Erasmus+ programme will be promoted in order to strengthen the ability of Vocational Education and Training and Higher Education Institutions to support the implementation of this action. The development of relevant Erasmus Mundus Joint Masters Degree programmes will also be encouraged, as well as the participation of Higher Education students, teachers and staff in Erasmus+ international mobility actions

### 3.3 Mainstreaming

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

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

The SEA screening classified the action as Category C (no need for further assessment).

##### **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 at risk (CRA will be undertaken).

##### **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 particular attention will be paid to the situation of women and girls throughout the Action, with a focus on ensuring that their needs and sensitivities are addressed through all relevant activities. The Action is designed to have a positive impact on advancing gender equality and the empowerment of women and girls on both a) the trade and economic integration, and b) the resilience objectives.

#### **Human Rights**

A rights-based and do-no-harm approach will be adopted throughout the Action. Rights-holders will be consulted on the activities foreseen through inclusive participation, and particular efforts will be made to avoid any type of discrimination and to ensure that no one is left behind – in particular for the activities on resilience. Transparency and access to information will be at the core of the activities on trade and economic integration.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that although efforts will be made to avoid discrimination on the basis of disabilities, and that the needs of persons with disabilities will be considered as part of the needs of vulnerable populations, the Action is not considered relevant for specifically including persons with disabilities as significant objective.

---

### **Reduction of inequalities**

As per the Inequality Marker, this Action focusing on the most vulnerable is labelled I-2. The Horn of Africa continues to have high levels of inequality, with wealth increasingly concentrating in the hands of a tiny few, while a majority are struggling to meet their most basic needs. This has been exacerbated by the recent COVID-19 pandemic, climate crisis and economic crisis, where the poorest populations have only been further economically and socially disadvantaged. The Action will adopt a beneficiary participatory approach and target most vulnerable groups, both on trade and economic integration, and on resilience, thereby directly contributing to reducing inequalities. Many activities will take place in border areas, which have been historically disadvantaged by central governments, which has led to marginalisation and underinvestments. Hence, by targeting these areas, the Action aims to reduce the development gap between the borderlands and other regions in the respective countries. Activities will in particular target vulnerable and disadvantaged groups, with indicators disaggregated per sex, age, status (such as displaced person, asylum seeker, refugee, etc.) income level and geographic location (for border areas, areas hosting large numbers of displaced people, etc.) whenever possible.

---

### **Democracy**

Although democratisation is not targeted in the Action, a participatory approach will be promoted throughout the duration of the Action, in particular engaging with beneficiary populations.

---

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

The Action addresses several key drivers of conflict – in particular lack of economic opportunities; scarcity of / competition for resources; – and will therefore contribute to reducing conflict in the region. A conflict sensitive approach will be adopted, with an identification of the (potential) sources of conflict at local level during the inception phases, and an engagement with all relevant stakeholders throughout implementation. Monitoring systems will be in place to identify any potential conflict and address it before it erupts. The second objective of the Action is particularly focused on resilience to both conflicts and climate change. In this context, exchanges will be supported among key regional actors on peace and security related issues, and knowledge products will be developed to support these dialogues – potentially through capacity building of regional actors.

So far, actors have mostly been looking from their own perspective: humanitarian, stabilisation, development, security, private investment etc. However, in order to succeed, protracted acute crises present in the Horn of Africa region require a different and joint approach which prioritises resilience, not just as an additional step in a continuum of emergency, recovery and development. In this way, resilience has the potential to bridge the gap between all actors around a common priority. As Building resilience requires both a long-term commitment and an integrated approach to strengthen the capacities of local communities, multi-sectoral interventions need to be intentionally resilience-layered and -sequenced and all actors need to be co-ordinated in order to prevent or reduce the drivers and effects of shocks and stresses that undermine the programme and the long-term well-being of the target communities. Resilience programme layering comprises the strategic coordination of interventions across the different sectors and stakeholders in order to determine which activities and actors are linked. Resilience programme sequencing in turn comprises the intentional organisation of programme interventions, to coordinate the order in which activities are implemented and actors are engaged, to maximise the potential resilience impact. Designing and applying a resilience monitoring framework will also help establish clear baseline values for resilience capacities and responses, necessary for assessing the potential theory of change to be brought about by actions, ultimately leading to a healthier, more resilient, and equitable society.

---

### **Disaster Risk Reduction**

Adverse climatic shocks, particularly flooding and drought, continue to face vulnerable rural communities in the Horn of Africa. This Action will promote climate change mitigation, adaptation and disaster risk reduction strategies, which will include:

- (i) Ensuring focus on the most vulnerable people and settings in climate adaptation, so that they are reached,

- informed, and included in global, national and local decisions and plans, and their needs met;
- (ii) Enabling more anticipatory and early action to reduce the impacts of rapid and slow onset climate shocks and stressors;
- (iii) Promoting environmental sustainability at all the different levels of project cycle, and
- (iv) Integrating climate risk management across all components of the Action.

The Action will thus contribute to equipping communities and local DRM institutions with the knowledge and skills to be able better respond to climate induced shocks. As outlined, the impacts of climate change are already omni-present in the region, which is why this focus is very relevant. Outputs 2.2 and 2.3 will therefore put special emphasis on DRR.

As regards natural hazards and terrorism risks, security of infrastructures built or supported will be addressed, either by the principle of "secure by design" when it comes to the creation of a new infrastructure, or by risks mitigation with securing the existing critical infrastructures.

#### **Other considerations if relevant**

##### **Migration and displacement**

The Horn of Africa has long been a region marked by complex mixed migration patterns, with displaced people, refugees and economic migrants using similar routes and networks. This presents challenges for authorities and humanitarian organizations in distinguishing between different categories of migrants and providing appropriate assistance and protection. The region is both a source and a transit area for migrants and refugees, as individuals have sought to escape conflict and instability, persecution, poverty, environmental degradation and the impact of climate change. The Horn of Africa has also experienced recurrent humanitarian crises, including food insecurity, droughts, and natural disasters. These crises have exacerbated the vulnerability of populations and contributed to both internal and cross-border displacement.

Given these important flows, the region has been a hotspot for human trafficking and smuggling, with criminal networks exploiting vulnerable migrants and refugees, leading to human rights abuses, including physical and sexual violence. Finding durable solutions for the displaced populations in the Horn of Africa remains a challenge. Efforts to address root causes of conflicts, promote peace, and create sustainable economic opportunities are critical for long-term solutions.

The target areas in this action are mostly in border areas and therefore include communities hosting displaced populations, refugees and migrants. The action will thus benefit vulnerable populations including displaced people, migrants and communities exposed to the impact of climate change. These populations will not only be fully mainstreamed in the action, but will also be specifically targeted in the activities.

Moreover, the action will contribute to addressing the root causes of irregular migration and forced displacement by promoting regional integration and providing alternatives to irregular and unsafe migration. This will be done through the creation of job opportunities for the youth, and through support to the resilience of vulnerable populations to conflict and climate change, thereby also reducing internal and international displacement.

### **3.4 Risks and Lessons Learnt**

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
1 – External environment	Crisis and/or conflict and	High	High	The Action will adopt a conflict sensitive approach. Peacebuilding and social cohesion will be mainstreamed across all



	<p>insecurity including terrorism within and between countries, further exacerbated by intensified climate impact and natural resource degradation, affects implementation and access to project locations, and leads to additional displacements.</p>			<p>stages of Action implementation, raising awareness on the importance of peaceful co-existence. Support will also be provided to community traditional peacebuilding and court systems to ensure peaceful resolution of disputes. Social cohesion and gender sensitivity will also be mainstreamed as part of implementation.</p> <p>The Action will particularly promote youth economic empowerment to reduce their incitement to engage in violent activities.</p> <p>Close monitoring of the situation will be ensured by implementing partners and EU Delegations. Flexible implementing modalities will be adopted to ensure that adaptation to political, security and other developments takes place as necessary.</p> <p>In particularly fragile areas selected for support, political economy and conflict analysis will be conducted to ensure conflict- or insecurity-sensitive design. A multi-faceted approach that takes into account community engagement and ownership for the implementation of activities aiming at investment sustainability, protection, and maintenance will be adopted.</p> <p>The EU will continue to work with the Governments of the partner countries, development partners (including the UN), and other donors to ensure lasting peace in the Horn of Africa.</p>
1 – External environment	<p>Economic crisis, high levels of inflation and further deterioration of the business environment, affect target groups, value chains and private sector actors, and lead to increased costs.</p>	High	High	<p>The Action and support package will be implemented in a flexible and agile manner, robust and comprehensive, but also sufficiently flexible and nimble to adapt to the region's ever evolving context.</p> <p>Changes in the macro-economic environment will be monitored during Action implementation, including the disruption to supply chains from Russia's war of aggression against Ukraine, and relevant mitigation measures to reduce adverse impact on Action outcomes deployed.</p> <p>Modalities that incentivise efficient use of resources will be adopted. Close</p>

				monitoring of the situation will be ensured, and targets adapted if necessary.
1 – External environment	Slowdown in domestic revenues collection and investment flows due to global economic shocks	High	Medium	Modalities that incentivise efficient use of resources will be adopted. When needed, alternative sources of funding will be sought, and/or targets will be adapted.
1 – External environment	Widespread flooding in target states affecting production and productivity (both crops and livestock) and leading to displacement of smallholder farmers and also affecting access to project facilities.	High	High	Climate change adaptation will be at the core of all Action interventions. This will include capacity building of smallholder farmers and producer groups in climate-smart agriculture practices. Climate sensitive crops will also be promoted, including rice (which is well adapted to flood conditions) as well as drought tolerant, and early maturing seed varieties. Furthermore, the Action will lobby local officials to promote climate proof land use practices, including exploring opportunities for communities in flood prone areas basins to move to higher grounds.
1 – External environment	Outbreaks of pandemic, local or regional, including Monkey Pox, Ebola, and COVID-19.	Medium	High	EUDs will continue to monitor the situation with regards threats from these likely outbreaks, collaborating closely with authorities and the World Health Organisation on possible mitigation and response measures.
1 – External environment	High prevalence of pests and diseases affecting crops and livestock (Fall Army Worm, Desert Locusts, Anthrax and Foot and Mouth).	High	High	The Action will lobby authorities to prioritise investments towards the key line ministries, to ensure close monitoring of pests and disease outbreaks. The Action will support development of early warning systems to mitigate against adverse impact of outbreaks.
2 – Planning, processes and systems	Limited government capacity to implement programmes and threatening sustainability of actions.	Low	Medium	Flexible programming and close monitoring of the situation will allow for adaptations of the activities (e.g. additional capacity building / technical assistance; working with alternative implementing partners) to ensure the sustainability of the Action.
2 – Planning, processes and systems	The different aspects of vulnerability (age, gender, disability, income etc.) are considered as independent from	Low	Medium	The concept of vulnerability will be understood in its intersectionality. The Distributional Impact Assessment, since it enables to identify ex-ante intersected vulnerabilities, could be used as a planning instrument and therefore limit

	each other; creating the risk of reducing the inequality for the aspect targeted by the programme while increasing the level of inequality for the others			the risk.
2 – Planning, processes and systems	The lack of information and data for targeting vulnerable groups might reduce the capacity of the Action to correctly address inequalities, therefore reducing its impact.	High	Medium	The possibility to use the Distributional Impact Assessment when starting the implementation, to help target the most vulnerable, can be considered.
3 – People and organisation	Changes in key Government stakeholders	Medium	Medium	Broad-based ownership across government will be promoted through close engagement and frequent policy dialogue.
3 – People and organisation	Lack of interest of national governments in regional integration due to competing crisis and/or priorities, or regional rivalries.	Medium	Medium	Close engagement and frequent policy dialogue will be undertaken at all levels, highlighting the importance of the regional integration agenda. Linkages will in particular be made with the regular Horn of Africa Ministerial meetings.

### Lessons Learnt:

Lessons learned from past programmes in the areas of trade and economic integration, as well as resilience, have provided extensive recommendations for future programming. The emphasis on monitoring, evaluation and learning by the EU Emergency Trust Fund for Africa (EUTF)'s Horn of Africa window has been particularly useful, especially the Monitoring and Learning System and the Research and Evidence Facility. The following lessons learned have been identified directly relevant to the Action:

- Increased donor coordination will be required to achieve sustainable results with the limited resources available; this relates to coordination with EU MS as well as other international donors.
- Flexibility of programming is required in fragile situations such as the Horn of Africa region. This requires tools that allow rapid, flexible responses to emergencies (including use of contingency reserves);
- Working at the local level and ensuring meaningful consultations with communities are done by implementing partners are efficient ways of ensuring that activities target the most vulnerable populations, and are addressing their most pressing needs. Initiatives driven by communities create a sense of ownership and are more effective and sustainable.
- While 'bottom-up' action is more sustainable, there is also a need for high-level political support to create an enabling environment for broad stakeholder participation. Engagement with partner countries at regional, national and local level, as well as alignment to their national and regional priorities, is therefore key.
- A focus on short-term humanitarian responses to previous climate-related crises is insufficient to mitigate

them – building long-term resilience is essential to avoid famine and other dramatic humanitarian situations. This requires strengthening of the formal and informal systems that help communities prepare for, cope with, and recover from severe droughts and other impacts of climate change.

- Learning lessons from successful innovative community adaptation actions can cause multiplier effect amongst local stakeholders;
- Peacebuilding and economic integration are interdependent regional processes. Rising economic interdependence in the region – in particular in the context of the global inflation crisis – should be positively harnessed. While the EU has strongly engaged in peacebuilding efforts, insufficient investment has been undertaken so far to facilitate and support trade and economic integration in the region, despite a clear historic added-value.

### 3.5 The Intervention Logic

The underlying intervention logic for this action is that by funding actions under two pillars of the Horn of Africa Initiative (trade and economic integration, and resilience) which particularly target vulnerable populations, including women, youth, and displaced people, regional economic and social integration benefitting these vulnerable populations will be improved. This will in turn support ongoing peace processes in the region, demonstrating not only the EU's engagement but also the peace dividends brought by regional integration.

IF:

- The Horn of Africa target countries' political situation is conducive for policy development, adoption and implementation;
- Local communities, including in border areas, remain supportive;
- Government authorities are cooperative and committed;
- Target areas remain accessible;
- Security levels are conducive to project implementation and regular monitoring;
- Natural disasters do not adversely affect implementation of the Action.

And IF activities (with a focus on women, youth, displaced people and other vulnerable populations) are undertaken contributing to:

- Supporting the development of digital skills in Djibouti;
- Promoting the exchange of goods and services between Somalia and its main partners in the region;
- Stimulating trade related economic opportunities for the private sector in Sudan;
- Supporting the active engagement of the private sector in AfCFTA's implementation in Ethiopia;
- Increasing access to a sustainable integrated water supply, resources and systems management for drought-affected populations in Somalia and Ethiopia;
- Developing sustainable, climate resilient pastoral, agricultural and rural systems in Eastern/Horn of Africa that have the ability to improve their food security adaptation and to improve livelihoods;
- Building resilient community conservancies for biodiversity conservation, livelihood improvement and peace/security in Northern Kenya;
- Enabling constructive engagement by regional, international, national and local actors, analysis and cooperation on conflict prevention and resolution processes in the Horn of Africa;

THEN:

- Connectivity, intra-regional trade and economic integration will be improved, boosting trade, sustainable growth, and decent jobs.
- Resilience to crisis including climate-induced shocks and to conflict will be improved, including through climate change adaptation, climate risk mitigation and durable solutions to displacement.

IF intraregional trade and economic integration and resilience are improved, THEN regional economic and social integration in the Horn of Africa will improve, benefitting in particular vulnerable populations such as women, youth, displaced people, and communities exposed to the impact of climate change.

The EU Alliance for the HoAI will allow to showcase the benefits of the Initiative and potentially bring additional interest and funding from EU Member States through increased visibility and ownership. Reinforcing the participation of the EU in the HoAI would allow to foster EU Member State's involvement in the HoAI and therefore enhance the EU's political influence in the region, as well as to increase the EU participation in the pillar we are leading (trade and economic integration).

### 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 (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To contribute to regional economic and social integration in the Horn of Africa for the benefit of vulnerable populations in particular women, youth, displaced people, and communities exposed to the impact of climate change	1 Intra-regional trade share	TBC	TBC	TBC	<i>Not applicable</i>
<b>Outcome 1</b>	1 Enhanced trade and economic integration in the Horn of Africa which boosts trade, sustainable growth, and decent jobs, with a focus on women, youth, displaced people and other vulnerable populations	1.1 Share of exports plus imports over total regional GDP 1.2 Access to social protection for working age individuals	TBC	TBC	TBC	Political and security situation remain relatively stable throughout the implementation period

<b>Outcome 2</b>	2 Strengthened resilience in particular of vulnerable populations, including women, youth, and displaced people to crisis including climate-induced shocks and conflict.	<p>2.1 Prevalence of moderate and severe food insecurity, disaggregated by sex, age, income status and status</p> <p>2.2 Number of migrants and forced displaced persons, including returnees, refugees, IDPs, or individuals from host communities protected or assisted with Union support</p>	TBC	TBC	<p>TBC</p> <p>Distributional Impact Assessment (DIA)</p>	
<b>Output 1 relating to Outcome 1</b>	1.1 Development of digital skills in Djibouti supported	<p>1.1.1 Number of professional digital skills trainings developed, disaggregated by level of education, age, sex</p> <p>1.1.2 GERF indicator 2.14b: Number of people who have benefited from institution or workplace based VET/skills development for digitalisation interventions supported by the EU, disaggregated by age, sex, geographical area, nationality</p> <p>1.1.3 Number of institutions or initiatives that have strengthened or scaled up their digital skills training offer</p> <p>1.1.4 Number of youth having found employment, disaggregated by age, sex, geographical area, nationality</p> <p>1.1.5 Number of migrants having received digital skills trainings or having found employment</p>	TBC	TBC	TBC	

<b>Output 2</b>  <b>relating to Outcome 1</b>	1.2 Exchange of goods and services between Somalia and its main economic partners in the region promoted	1.2.1 Products subject to quality control, standards and certification  1.2.2 Number of public institutions actively involved in product quality control, standards and certification  1.2.3 Number of firms aware of Somali quality control, standards and certification policies  1.2.4 Number of formal agreements with Somalia quality control, standards and certification institutions	1.2.1 TBD (2022)  1.2.2 TBD (2022)  1.2.3. TBD (2022)  1.2.4. TBD (2022)	1.2.1 TBD (2028)  1.2.2 TBD (2028)  1.2.3 TBD (2028)  1.2.4 TBD (2028)	1.2.1 Somali Bureau of Standards, Somaliland Quality Control Commission 1.2.2 Somali Bureau of Standards, Somaliland Quality Control Commission  1.2.3. Surveys  1.2.4. Somali Bureau of Standards, Somaliland Quality Control Commission	
<b>Output 3</b>  <b>Relating to Outcome 1</b>	1.3 Trade related economic opportunities for the private sector in Sudan stimulated	1.3.1 Proportion of private sector representatives familiar with WTO accession process, COMESA and EU trade preferences and requirements (disaggregated by sex, origin/migrants-host population and function)  1.3.2 Quality platform completed and online for information relating to compliance guidelines for selected product-market combinations.  1.3.3 Number and quality of bankable investment opportunities for European investors developed in the agricultural value chains and food processing	1.3.1 tbd in inception phase  1.3.2 not existing  1.3.3 tbd in inception phase	1.3.1 30% increase  1.3.2 Platform is online and consulted by private sector stakeholders  1.3.3 tbd in inception phase	1.3.1 Tests, surveys and attendance sheets  1.3.2 Online website check  1.3.3 Monitoring and reporting procedures	Political and macroeconomic situation in Sudan is stable  Sufficient interest and participation of the private sector



<p><b>Output 4</b></p> <p><b>Relating to Outcome 1</b></p>	<p>1.4 The active engagement of the private sector in AfCFTA's implementation in Ethiopia is supported</p>	<p>1.4.1 Number of representatives of private firms being recipients of trainings</p> <p>1.4.2 Number of advisory services / technical support provided to ECCSA</p> <p>1.4.3 Number of events organised by the Private-Public Dialogue Forum;</p> <p>1.4.4 Number of representatives of sector-specific associations trained, disaggregated by sex;</p> <p>1.4.5 Proportion of private sector representatives familiar with rules and regulations on the movement of business people (mode 4 of the services commitment of the AfCFTA)</p> <p>1.4.6 Number of users of the online platform connecting Ethiopian and African businesses;</p> <p>1.4.7 Number of activities organised in support of MoTRI officials;</p> <p>1.4.8 Number of trainings and programmes developed through the Action on trade-related issues.</p>	<p>TBC</p>	<p>TBC</p>	<p>TBC</p>	
--	--	---	------------	------------	------------	--

<b>Output 1</b>  <b>relating to Outcome 2</b>	2.1 Increased access to a more sustainable integrated water supply, resources and systems management for drought-affected populations in Somalia and Ethiopia	2.1.1 Number of people with access to improved water source and/or sanitation facility with EU support (disaggregated by sex, age, disability, income status).				
		2.1.2 Number of migrants and displaced people, including IDPs, returnees and refugees, with improved access to water and/or sanitation services with EU support	2.1.1 0 (2023)	2.1.1 100,000 (2028)	Project reports, Final evaluation	
			2.1.2 0 (2023)	2.1.2 20,000 (2028)		
		2.1.3 Number of water points constructed/rehabilitated water sources (boreholes, water harvesting structures, etc.)	2.1.33 0 (2023)	2.1.33 50 (2028)		

<p><b>Output 2</b> <b>relating to Outcome 2</b></p>	<p>2.2 Sustainable, climate resilient pastoral, agricultural and rural systems in Eastern/Horn of Africa that have the ability to improve their food security adaptation and to improve livelihoods, including of displaced populations, are developed</p>	<p><a href="#">GERF 2.2.1 Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land</a> (disaggregated by sex, age, income status, disability and migratory / displacement status)</p> <p>2.2.2. GERF indicator 2.9: Areas of terrestrial and freshwater ecosystems under (a) protection, (b) sustainable management with EU support (km2 )</p> <p>2.2.3 % of farmers / herders reporting improvements in productivity and market access, disaggregated by sex, income status, and migratory / displacement status</p> <p><a href="#">GERF 2.2.4 Number of (a) jobs, (b) green jobs supported/sustained by the EU</a></p> <p>2.2.5 No. of pastoralists with access to veterinary services</p> <p>2.2.7 % of cattle subject to identification and traceability.</p> <p>2.2.8 No. of disaster risk reduction for floods and water conservation infrastructure supported.</p> <p>2.2.9 Kms of feeder/ border town roads network rehabilitated/constructed</p> <p>2.2.10 Acreage of communal rangelands secured and rehabilitated for pastoral usage</p>	<p>TBD</p>	<p>TBD</p>	<p>Interviews and surveys</p> <p>Progress reports, final evaluation, ROM, M &amp; E reports</p> <p>Baseline/endline/ evaluations reports</p>	<p>Climatic and ecological conditions remain fairly stable to support increase in yields.</p> <p>Political, social and macroeconomic situation remain fairly stable not to discourage investments by farmers</p> <p>Individual farmers and communities appreciate the long term value of and are willing to invest in climate adaptation activities.</p> <p>Security situation in target areas remains fairly stable</p> <p>Page 27 of 35</p>
---	--	---	------------	------------	--	---

<b>Output 3</b> <b>relating to Outcome 2</b>	2.3 Resilient community conservancies for biodiversity conservation, livelihood improvement and peace/security are built in Northern Kenya	2.3.1 No. of new and existing Community Conservancies supported	43 (2023)	20 (2027)	Baseline/endline/evaluations reports	
		2.3.2 No. of people with enhanced economic opportunities due to community-driven conservation	535,000 (2023)	835,000 (2027)		
		2.3.3 Hectares of land under land use planning	1.9million (2023)	3.5million (2027)		
		2.3.4 Hectares of land under agroforestry	100,000 (2023)	200,000 (2027)		

<p><b>Output 4</b> <b>relating to Outcome 2</b></p>	<p>2.4 Constructive engagement by regional and international actors enabled on conflict prevention and resolution processes in the Horn of Africa, including through the provision of analysis and institutional support</p>	<p>2.4.1 Number of dialogues organised, disaggregated by type of actors involved</p> <p>2.4.2 Number of actors engaged in the dialogues, disaggregated by type of actor (national / regional / local authorities, international actors, civil society)</p> <p>2.4.3 Quality of engagement between actors involved in project activities.</p> <p>2.4.5 Number of analysis / studies / knowledge products produced, disaggregated by type of product</p> <p>2.4.6 Number of readers of knowledge products reached, disaggregated by type of reader (national / regional / local authorities, international actors, civil society)</p> <p>2.4.7 Variety of policy makers reached</p>	<p>TBD</p>	<p>TBD</p>	<p>TBD</p>	
---	--	---	------------	------------	------------	--

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

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

### 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 in duly justified cases.

### 4.3 Implementation of the Budget Support Component

N/A

### 4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>6</sup>.

#### 4.4.1 Direct Management (Grants)

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

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

Grants will contribute to achieving objectives 1 (Enhance trade and economic integration in the Horn of Africa) and 2 (Strengthen resilience). This includes outputs 1.3 (stimulate trade related economic opportunities for the private sector in Sudan); 1.4 (support the active engagement of the private sector in AfCFTA implementation in Ethiopia); 2.2 (contribute to the development of sustainable, climate resilient pastoral, agricultural and rural systems in Eastern/Horn of Africa); 2.3 (build resilient community conservancies for biodiversity conservation, livelihood improvement and peace/security in Northern Kenya); and 2.4 (enable constructive engagement by regional and international actors on conflict prevention and resolution processes in the Horn of Africa).

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

Potential applicants for grants include local authorities, public bodies, international organisations, private sector intermediary organisations (chamber of commerce) and NGOs.

-----  
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: i) operational capacity and experience to operate in the local environment; ii) relevant expertise and experience in the specific area of trade and economic integration or resilience building concerned; iii) established networks and trust of direct and indirect beneficiaries; iv) previous cooperation with

<sup>6</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

the EU and implementation of EU development assistance on the specific domain.

#### 4.4.2 Direct Management (Procurement)

Procurement will contribute to achieving objective 1 “Enhance trade and economic integration in the Horn of Africa”.

#### 4.4.3 Indirect Management with an entrusted entity

A part of this action may be implemented in indirect management with entities, which will be selected by the Commission’s services using the following criteria: i) operational capacity and experience to operate in the local environment; ii) relevant expertise and experience in the specific area of trade and economic integration or resilience building concerned; iii) established networks and trust of direct and indirect beneficiaries; iv) previous cooperation with the EU and implementation of EU development assistance on the specific domain.

The implementation by these entities entails activities on trade and economic integration (specific objective 1) and on resilience (specific objective 2), and specifically outputs 1.1 (support the development of digital skills in Djibouti); 1.2 (promote the exchange of goods and services between Somalia and its main economic partners in the region); 1.3 (stimulate trade related economic opportunities for the private sector in Sudan); 1.4 (support the active engagement of the private sector in AfCFTA implementation in Ethiopia); 2.1 (contribute to increased access to a more sustainable integrated water supply, resources and systems management for drought-affected populations in Somalia and Ethiopia); and 2.2 (contribute to the development of sustainable, climate resilient pastoral, agricultural and rural systems in Eastern/Horn of Africa that have the ability to improve their food security adaptation and to improve livelihoods, including of displaced populations).

#### 4.4.4 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances

The part of the action under the budgetary envelope reserved for indirect management may, partially or totally, be implemented through grants.

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

Grants will contribute to achieving objectives 1 (Enhance trade and economic integration in the Horn of Africa) and 2 (Strengthen resilience). This includes outputs 1.1 (support the development of digital skills in Djibouti); 1.2 (promote the exchange of goods and services between Somalia and its main economic partners in the region); 1.3 (stimulate trade related economic opportunities for the private sector in Sudan); 1.4 (support the active engagement of the private sector in AfCFTA implementation in Ethiopia); 2.1 (contribute to increased access to a more sustainable integrated water supply, resources and systems management for drought-affected populations in Somalia and Ethiopia); and 2.2 (contribute to the development of sustainable, climate resilient pastoral, agricultural and rural systems in Eastern/Horn of Africa that have the ability to improve their food security adaptation and to improve livelihoods, including of displaced populations).

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

Potential applicants for grants include local authorities, public bodies, international organisations, private sector intermediary organisations (chamber of commerce) and NGOs.

#### 4.5. Scope of geographical eligibility for procurement and grants

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

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

For this multi-country action, natural persons who are nationals of, and legal persons who are effectively established in the following countries and territories covered by this action, are also eligible: Djibouti, Ethiopia, Eritrea, Kenya, Somalia, South Sudan, Sudan.

#### 4.6. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR) Year N</b>	<b>EU contribution (amount in EUR) Year N+1</b>
<b>Implementation modalities</b> – cf. section 4.4		
<b>Objective 1 - Enhance trade and economic integration in the Horn of Africa</b> composed of	7 000 000	18 000 000
Grants (direct management) – cf. section 4.4.1	0	2 000 000
Procurement (direct management) – cf. section 4.4.2	0	4 000 000
Indirect management with an entrusted entity – cf. section 4.4.3	7 000 000	12 000 000
<b>Objective 2 – Strengthen resilience of vulnerable, displacement-affected communities to crisis, including climate-induced shocks and conflict, in particular women, youth, displaced people and trapped populations</b> composed of	7 700 000	50 300 000
Grants (direct management) – cf. section 4.4.1	0	21 000 000
Indirect management with an entrusted entity - cf. section 4.4.3	7 700 000	29 300 000
<b>Grants</b> – total envelope under section 4.4.1	0	23 000 000
<b>Procurement</b> – total envelope under section 4.4.2	0	4 000 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	may be covered by another Decision	
<b>Totals</b>	14 700 000	68 300 000

#### 4.7 Organisational Set-up and Responsibilities

In each country participating to the EU Alliance, a national steering committee will be established with the relevant implementing partners, national authorities, and the respective EU Delegation, to monitor the implementation of the programme in the country and provide guidance at an operational level, in particular in case of political and security developments. The committee will meet at least once every two months. Meetings with key stakeholders (including different national and local authorities, NGOs and relevant international organisations, as well as beneficiaries – in particular youth, women and other vulnerable groups) will be organised at least on an annual basis – where participants will be informed about the activities of the Action.

To ensure coordination of the Action at regional level, a regional steering committee will be established, integrating the European Commission and implementing partners. It will meet (in person or online) on an annual basis, under the leadership of the European Commission, to monitor overall implementation and provide strategic guidance. This regional steering committee will be responsible for providing annual updates on the implementation of the Action to the members of the Horn of Africa Initiative, as well as for ensuring coherence with discussions at Ministerial meetings of the Horn of Africa Initiative.

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 (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:

Implementing partners will be responsible for the monitoring and reporting on indicators of the logframe matrix, including the collection of baselines and data collection, as well as reporting, on their respective outcomes and outputs. National steering committees will provide guidance when needed, and coordinate the monitoring and reporting exercise. Coordination at the regional level – in particular in terms of ensuring harmonised monitoring and reporting, aggregating country-by-country indicators, and reporting to the Horn of Africa Initiative members – will be done through the regional steering committee.

The Distributional Impact Assessment tool (DIA) will be applied, as a data source whenever other sources (national, regional, local data) are not available to monitor whether expected outputs have, to a large extent, benefited socio-economically disadvantaged groups, households and individuals. The DIA can also be performed at the start of the implementation phase to a) locate where the most vulnerable live and target them geographically; b) identify main drivers of inequalities (e.g. reasons for not accessing some services) c) unveil intersectionalities (e.g. bottom 40 income who are women, children etc.).

### 5.2 Evaluation

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

It will be carried out for problem solving and learning purposes, in particular with respect to the possibility to top-up the action with potential additional funding, as well as to assess the impact of such activities on regional economic and social integration.

The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. 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.

The evaluation plan (or component in the foreseen evaluation) should assess the distributional impact of activities undertaken on the socio-economically disadvantaged individuals, households or groups. This can be done through the Distributional Impact Assessment tool (DIA). The DIA analysis looks at the effective targeting of beneficiaries of development interventions, identifying if more than 40 per cent of beneficiaries are at the bottom two quintiles of the income or wealth distribution. It also allows to evaluate whether effective targeting has been done towards women, children and youth or other disadvantaged groups (e.g. ethnic

minorities) or at territorial level.

### 5.3 Audit and Verifications

The national and regional steering committee (see point 4.7) will ensure close supervision of the Action, and will put in place additional mechanisms for financial oversight and accountability to ensure the responsible and transparent use of funds, such as regular reporting, monitoring, and risk assessments.

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

## 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

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

## 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);

<b>Action level (i.e. Budget Support, blending)</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Group of actions level (i.e. top-up cases, different phases of a single programme)</b>		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#): <Present action> <Other action(s)>
<b>Contract level</b>		
<input checked="" type="checkbox"/>	Single Contract 1	<foreseen individual legal commitment (or contract)>
<input checked="" type="checkbox"/>	Single Contract 2	<foreseen individual legal commitment (or contract)>
	(...)	
<b>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)</b>		
<input type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>