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

**ANNEX**

to the Commission Implementing Decision on the financing of the annual action plan in favour of Cuba for 2023

**Action Document for “Ecological transition towards sustainable municipalities in Cuba”**

**ANNUAL PLAN**

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

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title</b> <b>CRIS/OPSYS business reference</b> <b>Basic Act</b>	Ecological transition towards sustainable municipalities in Cuba OPSYS number: ACT-61652 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes Inclusive Ecological Transition
<b>3. Zone benefiting from the action</b>	The Action shall be carried out in Cuba
<b>4. Programming document</b>	Multiannual Indicative Programme (MIP) — EU-Cuba Cooperation 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	<p>The proposed Action intends to contribute to MIP Priority area 1 – Ecological transition and its four Specific Objectives:</p> <ol style="list-style-type: none"> <li>1. Contribute to gradually achieving sustainable and resilient food production, including deforestation-free supply chains.</li> <li>2. Contribute to progressively achieving energy self-sufficiency with renewable energy sources and increase of energy efficiency.</li> <li>3. Support equitable access and rational use of drinking water, sanitation and solid waste management, and link it to the circular economy.</li> <li>4. Contribute to the development of participatory decentralised management, promoting the leadership of local governments, an emphasis on the inclusion of non-state actors, women and young people, and the use of adequate digital means.</li> </ol> <p>The proposed Action has also a link with MIP Priority area 2 – Modernisation of the Economy, as it should pave the way for further opportunities for Micro, Small and Medium-sized Enterprises (MSMEs) and other economic actors working in the above-mentioned sectors while benefitting from the recently approved programme on modernisation of Public Administration services.</p>
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s),</b>	The Action is aligned with the <i>Global Europe</i> targets on Energy, Human development and

<b>sectors</b>	Gender, and with the <i>Global Gateway</i> priorities on Climate, Energy, Education and Research. It is also in line with the <i>European Green Deal</i> (circular economy, renewable energy, sustainable food systems), and its “ <i>From Farm to Fork</i> ” and “ <i>Biodiversity</i> ” strategies and the external dimension of the new <i>EU adaptation strategy</i> . It will also contribute to the <i>EU-LAC green and digital alliances</i> , the <i>European Consensus on Development</i> , the <i>2030 Agenda for Sustainable Development</i> and to <i>international commitments</i> undertaken by the EU and Cuba. The Action supports the <i>EU Council Conclusions on EU Human Rights Guidelines on Safe Drinking Water and Sanitation</i> emphasising this precondition for life plus the <i>Conclusions on Water in the EU’s External Action</i> .			
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): 13 Climate Action (target 13b “Promote mechanisms for raising capacities for effective climate change related planning and management, in least developed countries and small island developing States, including focusing on women, youth and local and marginalised communities”)  Other significant SDGs (up to 9) and where appropriate, targets: SDGs 2, 5, 6, 7, 9, 11, 12, 15 and 16			
<b>8 a) DAC code(s)</b>	43010 - Multisector aid			
<b>8 b) Main Delivery Channel</b>	Other public entities in donor country (Member States agency) - 11004			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @ (energy)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @ (agriculture)	<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 digital entrepreneurship digital skills/literacy digital services	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): BGUE-B2023-14.020141 Total estimated cost: EUR 31 000 000 Total amount of EU budget contribution EUR 31 000 000 The EU, Spain, France and Italy support financially the TEI on Ecological Transition in Cuba to which this Action contributes. The indicative amount of their support is EUR 90.9 million of non-reimbursable funds and EUR 134 million in reimbursable funding from AFD, the only EDFI active in Cuba. The Netherlands is also part of the TEI with the aim of coordinating ongoing and potential future actions on Ecological Transition.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1			

## 1.2 Summary of the Action

The proposed Action takes place in the Republic of Cuba, and aims at supporting the ecological transition of 8 municipalities with a special focus on the food-energy-water nexus and with a clear vision of sustainability linked to economic, environmental, social and generational dimensions. More specifically, the Action will focus on

production, management of and access to healthy food, renewable energy, safe water and waste management services through the lens of sustainability. It will do so by promoting circular economy, agroecology and clean energy, and by supporting innovation, which, in turn, will result in increased adaptation to climate change, mitigation of its effects and conservation of biodiversity. The Action will not tackle basic service provision, but will rather focus on productive development linked to basic needs.

Gradual improvements of people's living conditions, healthy food, clean energy and drinking water security, are expected as results. It is also expected that this will lead to sustainable and resilient local food, energy and water systems, which include effective supply and services with reduced ecological footprint towards gradual climate-neutral communities by 2050, in coherence with the EU Green Deal. In doing so it will contribute to national plans and strategies to combat climate change, specifically Cuba's latest NDC, disaster risk reduction and natural resources protection.

The proposed Action is fully in line with the MIP Priority area 1 – Ecological transition, and its four Specific Objectives. It contributes to the Cuban Team Europe Initiative (TEI) on Ecological Transition, which is also related to the Global Gateway's priorities on Climate, Energy, Education and Research. Also, the Action is in line with the National Programme for the Advancement of Women, among other Cuban strategies and gender sector plans, and will contribute to the EU Gender Action Plan 2021-2025 (GAP III)<sup>1</sup>, and its thematic areas "Promoting economic and social rights and empowering girls and women" and "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation".

The 8 municipalities<sup>2</sup>, involved in the Action have been proposed by the Ministry of Foreign Trade and Foreign Investment (MINCEX) and agreed with the EU Delegation on the basis of their potential and representativeness of Cuba's various geographical and socio-economic realities and on the basis of their experience in the implementation of international cooperation projects. They include a variety of types of rural/urban municipalities with different combinations of strategic sectors. It is expected that the experiences developed under the Action may be used by others municipalities of the country.

The selected municipalities have already developed municipal development strategies in the framework of the decentralisation process – Decree No 33/2021 for Territorial Development and, in preparation for this Action, set up working groups with capacity to design and manage development projects. The selected municipalities also participated to Territorial Approach to Local Development (TALD) workshops during 2022 and were actively involved in relevant discussions during missions of the EU and relevant Cuban institutions to these territories.

Another municipality, Cienfuegos, will be closely associated with the Action as it already receives EU funding via another programme (LAIF study facility), and there is a proposal of blending (EUR 7 million) to leverage AFD loans under the EFSD+ instrument.

While implementation will be delegated to Pillar Assessed entities, actors such as municipal and provincial government authorities, representatives of territorial services, universities and research centres will be key members of the governance structure of the Action.

The TEI on inclusive Ecological Transition in Cuba supports the promotion of sustainable agriculture (SDG 2); availability and sustainable management of water and sanitation (SDG 6); access to affordable, reliable, sustainable and modern energy for all (SDG 7); inclusive, safe, resilient and sustainable local development (SDG 11) and climate change adaptation and mitigation (SDG 13). The TEI includes a local dimension, supporting pilot municipalities towards sustainability; a national dimension, supporting the development and implementation of relevant policies, investments and promoting the participation of all economic actors; and a regional and global dimension by fostering cooperation with third countries. This Action contributes to the local dimension of the TEI. Other TEI members (Spain, Italy, France) support complementary actions that contribute to the TEI.

<sup>1</sup> The [Gender Action Plan III](#) is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through [EU Presidency Conclusions](#) of 16 December 2020. Drafting was led by European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process.

<sup>2</sup> 1.Guanabacoa (Habana); 2.Marti (Matanzas); 3.Manicaragua, 4.Remedios (Villa Clara); 5.Yaguajay, 6.Trinidad, 7.Cabaiguan (Sancti Spiritus); 8.Isla de la Juventud

## 2 RATIONALE

### 2.1 Context

The proposed Action takes place in the Republic of Cuba, and aims at supporting the ecological transition of 8 municipalities with a special focus on the food-energy-water nexus and with a clear vision of sustainability linked to economic, environmental, social and generational dimensions.

The global context is currently marked by the war of aggression to Ukraine which has generated globally a shock wave which has affected among others the resilience of food systems worldwide. This occurred after the COVID 19 pandemic which had already provided a major blow to the global economy and supply systems and had made more evident the vulnerabilities of a global system based on a few food and energy producers/suppliers.

This troubled global context has worsened the already very complex Cuban context characterized by the long lasting US Embargo, the inclusion of Cuba in the list of countries sponsoring terrorism and the inefficiencies of the centrally planned economy. The international escalation of prices in highly sensitive sectors such as energy and agro-food combined with the great dependence on imports and the low national productivity, has led the country into an emergency situation characterized by the lack of basic goods (food, medicines, hygienic goods, etc.), regular cuts in electricity supply and strong limitations to accessing fossil fuels. Discontent is increasing, and a large share of young Cubans have recently left or planning to leave the country. The most dramatic evidence is the drop in life expectancy of eight years according to data of the 2021 demographic survey, especially due to doubling mortality rates in the elderly groups.

The Action offers a unique opportunity to support Cuba's decentralisation policy and also, continue to promote a territorial approach to local development (TALD), driven by developmental local authorities, with a view to fostering economic development, social cohesion and environmental sustainability. Such legal framework runs parallel to the policy and law on food sovereignty and nutritional education, as well as the national strategy on renewable energies and energy efficiency, meant to be implemented at local level. The broad participation of civil society is also crucial, notably through farmers' associations, cooperatives, smallholders, young people and women's organisations and organisation of persons with disabilities.

Sustainable interventions foreseen under this Action will contribute to improve food and energy security, boost socio-economic benefits in the form of job creation and industrial activity, as well as to generate positive environmental outcomes, increase resilience, adapting to and mitigating climate change, reducing global GHG emissions, improving local air pollution and other environmental outcomes. The Action as such follows the GCCA+ project in the municipality of Marti which already placed the municipality level at the centre of the programme. The design of the Action was supported by the TALD facility. To put local authorities in the driver's seat of the Action and promote bottom-up processes, the EU organised workshops in Cuba on the TALD with participation of Cuban national and local authorities.

The EU has contributed through most of its programmes to local innovation in the agriculture and energy sectors with territorial approach to local development. As mentioned above, this Action will contribute to the TEI on Ecological Transition coordinated with Italy, Spain, France and The Netherlands specifically on the areas of water and sanitation, renewable energy, food systems, local development and adaptation to and mitigation of climate change. It also links with the Swedish ongoing support to civil servant's capacities at local level. Past and ongoing actions funded by the EU and the TEI members have already positioned the ***EU as the leading partner for the inclusive ecological transition in Cuba***. The proposed Action aims at maintaining this vital space for the EU and fosters further cooperation between EU and Cuba on sustainable municipalities.

### 2.2 Problem Analysis

Cuba has a total carbon emission per capita of 2.3 tons/person/year (vs. 6.1 EU average) (World Bank 2019), with electricity, transport, agriculture, water distribution and heating/cooling as main sectors contributing to greenhouse gas emissions. However, the country is highly vulnerable to climate change impacts and natural disasters, especially those related to coastal threats (sea level rise, coastal erosion, seawater intrusion into coastal aquifers) and extended droughts. The Nationally Determined Contribution (NDC) does not present an overall greenhouse gas (GHG) mitigation target in absolute terms, but in 2022 Cuba has increased its ambition of electricity generation from renewable sources as part of the country's electricity matrix from 24% to 37% (by 2030). Other NDC sectors are transport and agriculture, forestry and other land uses (AFOLU). NDC

commitments are reflected in the state plan “*Tarea Vida*” (*Life Task*) and in local climate change strategies as well as development plans.

Cuba initiated the decentralisation process in 2019. After a long period of centralisation, the municipalities find themselves with limited human and technical capacities and financial resources to lead the development process at local level. Following law Decree No 33/2021, municipalities have started working in the design of local development strategies. These documents are an essential starting point but have to be improved in order to provide a solid basis for the desired ecological transition. Implementation plans with indicators and tools to measure, report and evaluate progress still need to be developed. As part of the formulation of this Action, the 8 selected municipalities worked with the support of the TALD facility and the EU Delegation in a SWOT analysis that has informed their development strategies. The analysis has identified common and most pressing challenges in the sectors of agriculture, energy, water and other specific needs in some municipalities, as housing and transport.

Regarding the agriculture sector, most of the beneficiary municipalities have enough arable land, bio capacity<sup>3</sup> and one of the world’s lowest levels of cumulative use of agrochemicals and herbicides, to be, in theory, food self-sufficient. However, they have large portions of fallow land, low productivity and non-diversified food production, and low nutritional education demanding imported and non-healthy foods. As a result, food imports weight some 60-80% of overall Cuba’s food consumption bill. The percentage of workforce in agriculture is decreasing while their median age is increasing (now over 55 years) as young people are discouraged by low wages and limited living conditions including connectivity. It is also worth noting the low involvement of women (some 15% of all employed in primary production). Agroecological production and local food industries could have a great potential with an enabling environment. The promotion of gender equality is essential in this sector, in line with the Ministry of Agriculture’s gender strategy.

Regarding the energy sector, across the country the energy mix is highly based on fossil fuels (95%) with internal production of oil that satisfies 50% of daily fossil fuel needs for electricity generation. Energy is key for covering the needs of the people given its vital role to procure food, pump water, supply for transportation, and for electricity generation and consumption, for production of medicines and for all the economic and industrial sectors. Cuban citizens are affected by frequent and prolonged blackouts due to failures and breakdowns of the outdated thermoelectric power plants and also to fuel shortages. The current limitations to access fossil fuels and produce electricity are hitting national and local economies and undermining decent living conditions and productivity in all sectors. Furthermore, some 100,000 remote households lack a minimum energy source (>300W per person installed) or daily flow (> 4 hours). There is a need for investing in renewal energy and energy efficient technologies, promoting the use of local resources and reusing waste to produce the energy needed at local level. On the other side, promoting behavioural change to make a more sustainable and efficient use of local resources is key to fighting climate change, boosting the local economy and improving living conditions. However, there is a lack of financial resources, especially in hard currency, to address the key infrastructures and technology that access to more efficient and sustainable energy supply would require. The potential of Cuban new economic actors, including private MSME and local development projects, to contribute to the energy transition at local level is an enabler and will be supported by a complementary EU-funded programme approved in under the AAP 2022.

To the same extent, water supply and waste management are also key for improving wellbeing and unlocking the full potential of a circular economy. Availability of and access to water is fundamental not only for human wellbeing but also to ensure agro-food production. While water is provided to all households for human consumption, this provision is often irregular (dependent on electricity for pumping) or inefficient (50% losses due to leaks and water is brought to remote communities by water tankers, subject to fuel availability). Existing water infrastructure is very obsolete, leading to significant losses, and water consumption is rarely measured and charged for. Water quality analysis are not consistently done, with potential health risks. Given the infrastructure and electricity constraints, the use of water for irrigation is still limited. Improving access to sustainable water sources is necessary for agriculture and requires efficient infrastructure investments at municipal level. Likewise, developing safe and affordable solid waste management systems and increasing waste reutilisation and recycling, especially in relation to the agriculture and energy sectors, including producing bio-fertilisers, biogas,

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<sup>3</sup> Biocapacity refers to the capacity of a given biologically productive area to generate an on-going supply of renewable resources and to absorb its spillover wastes

second life to plastics, it is still to be developed in the country, especially at municipal level. An endeavor that provides a unique opportunity to develop circular economy in a new green economy scheme. The promotion of gender equality is also of vital importance in this area, as expressed in the National Institute of Hydraulic Resources gender strategy.

In March 2021, Cuba adopted the National Program for the Advancement of Women by Presidential Decree, as a government agenda to prevent and eliminate discrimination of women. The document is articulated with the country's programs, plans and projects related to climate change, promotes the economic empowerment of women, their access to land and other natural resources, as well as greater participation in urban and suburban agriculture.

The Cuban population is aging and young people are migrating from rural areas and from the country. Participation of young people and women in the development process and in economic activities in rural areas could help to reverse the migration if paired with decent living conditions, transport, access to quality health and education services and innovation and economic opportunities.

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

The main actors of the proposed Action are the authorities of the municipal governments, who will be the main players in the activities to be carried out. As part of the Steering Committee, the 8 selected municipalities are/will be fully involved in the Action, including in its formulation. They will be responsible for the implementation of the Action in the 8 municipalities, involving local stakeholders. Among the latter, Civil Society Organisations (CSOs), universities, research centres, MSMEs, *Local Development Initiatives (PDLs)* and other economic actors (agricultural and non agricultural cooperatives, self-employed workers) will play an important role, notably those working -and especially if led by- women and young people. The aim will be to contribute to open up spaces for broader and more inclusive engagement and participation of citizens, including more marginalised groups such as persons with disabilities.

The Ministry of Economy and Planning, responsible for the implementation of the Territorial Development Policy, will provide strategic coordination and orientation to the Action while the CEDEL (Centre for Local Development) will lead in the technological steer and the INIE (National Institute for Economic Research) in the administrative management and logistics.

Line ministries in charge of agriculture, food, energy, water, climate change, environment, disaster risk reduction, and higher education will be involved at local level as well as local universities and research centres will provide essential guidance from the design throughout the implementation of the Action. Similarly, experts on relevant subjects at provincial<sup>4</sup>, national<sup>5</sup> and international<sup>6</sup> levels will be involved in varying degrees according to their expertise.

The participation of civil society is also crucial in this sector, notably through farmers' associations, cooperatives, smallholders, young people and women's organisations and organisation of persons with disabilities. They have been and shall be included at all stages of Action design and implementation.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The **Overall Objective** of this Action is to promote the ecological transition and participatory territorial development at municipal level in Cuba.

<sup>4</sup> Provincial government, universities and research centres, MSMEs, etc

<sup>5</sup> Ministry of Economy and Planning (MEP), Ministry of Investment and Foreign Trade (MINCEX), National Institute for Economic Research (INIE), Centre for Local Development (CEDEL), Ministry of Energy and Mines (MINEM), Ministry of Agriculture (MINAG), Ministry of Higher Education (MES), Ministry of Public Health (MINSAP), National Institute of Territorial Planning and Urbanism (INOTU), National Institute of Hydraulic Resources (INRH)

<sup>6</sup> Implementing agencies, TEI members, relevant European Commission services.

The **Specific Objectives** of this Action are to

1. Increase agro-ecological and clean energy production towards municipal self-sufficiency, with efficiency, innovation and circular approach.
2. Increase the contribution of all municipal actors to local development with gender and social dimensions.

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

**Contributing to Outcome 1 (or Specific Objective 1):**

- 1.1. Increased capacity and resources of municipal actors for agroecological and clean energy production and development of their value chains.
- 1.2. Increased availability of innovative technological and digital solutions in priority sectors.
- 1.3. Increased knowledge and resources for efficiency and circular use of energy, water and waste in priority sectors.

**Contributing to Outcome 2 (or Specific Objective 2):**

- 2.1. Better equipped and trained municipal public administration staff to plan and implement local development policies, strategies and plans and perform public administration and financial duties.
- 2.2. Better equipped and trained CSOs (including youth, women and people with disabilities organisations) and economic actors (public and private) to effectively contribute to local development planning, implementation and accountability processes at municipal level.
- 2.3. Improved knowledge, attitudes and practices of the municipal population on climate sensitive, sustainable consumption and production towards ecological transition.

### 3.2 Indicative Activities

**Activities relating to Output 1.1 - *Increased capacity and resources of municipal actors for agroecological and clean energy production and development of their value chains***

- Identification of *actors* (farms, farmers associations, municipal universities, local authorities, economic actors -with predominant participation of women and young people- and similar entities in the EU), *needs* (taking into account climate change context and scenarios, e.g. droughts, rising sea level, salinity of land) and *potential* for agroecology and clean energy production and development of value chains in selected municipalities.
- Provision of *efficient and innovative equipment* to support agroecology and clean energy production and development of value chains.
- Development of *distribution and market support measures* for agroecological products and clean energy solutions.
- Capacity building and technical support to local communities and new economic actors (mostly led by and/or employing women and young people) for improving their production and value chains (e.g. business plans, networking, innovation).

**Activities relating to Output 1.2 - *Increased availability of innovative technological and digital solutions in priority sectors***

- Identify innovative technological and digital solutions for food, energy and water production and value chains (e.g. solar powered irrigation systems, energy storage, solar-powered electric vehicles, mobile applications).
- Development of partnerships with universities and research centres<sup>7</sup> to support local development and economic initiatives.
- Capacity building of local communities and producers, particularly women and young people, as potential innovation leaders.
- Organisation and/or participation in innovation fairs to promote exchanges and disseminate good

<sup>7</sup> Linked to Programme to support new economic actors - AAP 2022.



practices.

**Activities relating to Output 1.3 - *Increased knowledge and resources for efficiency and circular use of energy, water and waste in priority sectors***

- Identification of needs and potential for applying circular economy models (e.g. agriculture-energy-water nexus and waste management).
- Capacity building, technical support, infrastructure and input provision for efficient energy and water use, water supply and quality monitoring.
- Support waste collection and treatment (including batteries and any other electric/electronic equipment) and waste reduction, reusing and recycling initiatives through enhanced knowledge and access to relevant technologies.
- Exchange of experiences and practices – between Cuban, European and other actors from Latin America and the Caribbean (LAC).

**Activities relating to Output 2.1 - *Better equipped and trained municipal public administration staff to plan and implement local development policies, strategies and plans and perform public administration and financial duties***

- Needs assessment, capacity building and technical support to municipal government staff on public administration and finance, economic, environmental, sociocultural and digital dimensions of local development. Special emphasis will be given to the challenges related to climate change and natural disasters, as well as to social aspects such as gender, inclusion and the fight against discrimination.
- Provision of equipment for public administration offices with emphasis on digital means.
- Technical and financial support for setting up and running technical data generation and management systems for monitoring and reporting platforms for planning purposes, at municipal level linked to national platforms.
- Technical and financial support for setting up and running citizen information and participation platform.
- Piloting of accountability tools (e.g. presentation of programme implementation reports to the general public of the municipality, suggestions and complaint mechanisms, in person and online).
- Exchange of experiences and practices between Cuban, European and other LAC actors.

**Activities relating to Output 2.2 - *Better equipped and trained CSOs (including youth, women and people with disabilities organisations) and economic actors (public and private) to effectively contribute to local development planning, implementation and accountability processes at municipal level***

- Gender, youth and people with disabilities (PwD) analysis at municipal level, with a focus on barriers to their social and economic rights.
- Communication campaigns to modify cultural and social patterns wherever they contribute to gender, age, race, disability and any other form of discrimination.
- Mapping and identification of potential and needs of CSOs and economic actors operating at municipal level in the priority sectors.
- Capacity building and technical support for CSOs to improve participation, inclusion and contribution of non state actors to local development, including women, youth, persons with disabilities and other vulnerable groups' organisations.
- Capacity building, technical support and equipment for economic actors that contribute to economic local development, mostly led by and/or employing women and young people (e.g. development of green bankable projects, supporting green / circular local initiatives). Promotion of citizen participation (e.g. support the existing Information and Technology centers (known as "Youth Clubs", working group meetings, mostly Local Development Groups and Municipal Innovation Groups, campaigns on the importance, modalities and possibilities for citizen engagement in policy development, implementation and accountability).

**Activities relating to Output 2.3 - *Improved knowledge, attitudes and practices of the municipal population on climate sensitive, sustainable consumption and production towards ecological transition***

- Knowledge, Attitudes and Practices (KAP) analysis at municipal level, on sustainable development, care of nature and climate change.
- Design and implementation of awareness raising campaigns and skills training, especially to children and young people, on sustainable production and consumption patterns, biodiversity, climate change

- adaptation and mitigation, efficient use of energy and water, healthy nutrition, etc.
- Revival of sustainable traditional knowledge and culture as a way to strengthen local identity and sustainable local development.

The commitment of the EU's contribution to the Team Europe Initiative to which this Action refers, will be complemented by other contributions from Team Europe Initiative's members. 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.

### 3.3 Mainstreaming

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

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

The Strategic Environmental Assessment (SEA) screening concluded that key environmental and climate-related aspects needed to be addressed during contract design.

##### **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 B (not requiring an EIA, but for which environment aspects will be addressed during contract design.

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

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

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

As per the OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that gender equality will be supported through the promotion of economic and social rights, particularly through the participation of women and girls in local governance processes, and their access to green and decent jobs.

At all stages gender-responsive and rights-based approach principles, as well as participation, non-discrimination/equality, accountability and transparency will guide the planning and implementation of the Action. Studies and technical assistance services will fully integrate gender aspects and evidence generation will be based on data disaggregated by sex and other intersectional categories. The Action will support gender-specific assessments such as gender analysis at local level. The Action will work with partners to ensure a balanced representation of women and men to the greatest extent possible.

The Action contributes to the objectives of the EU Gender Action Plan 2021-2025 (GAP III), and its thematic areas "Promoting economic and social rights and empowering girls and women" and "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation".

#### **Human Rights**

The proposed Action is aligned with the EU's Action Plan on Human Rights and Democracy 2020-2024. The Action include the promotion of human rights by building the capacities of the duty-bearers (municipal governments) as well as empowering rights-holders (municipal population, with a special emphasis on women and young people in their diversity). The Action results related to agriculture and energy production will also guarantee the right to health food and decent life.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D0 because disability is not targeted by the Action. However, accessibility and participation of persons with disabilities are ensured in all relevant activities, they are consulted as stakeholder/rights holders, their needs are taken into account in the design and implementation of activities along with others.

The Action will ensure that rights of persons with disabilities will be respected, and the planned activities,

evaluations and others are disability inclusive.

Cuba is signatory to the UN Convention of the Rights of Persons with Disabilities (PwD) and has in place inclusive government policy ‘leave no one behind’ and legislation ensuring equal opportunities and participation for PwD.

### **Reduction of inequalities**

Equity and social justice are pillars of Cuba’s development model and social policies and have been endorsed in the first article of the 2019 Constitution as the basis for the enjoyment of individual and collective well-being and prosperity. However, over the last three decades, external and internal factors have contributed to increase inequalities, especially related to the access, or not, to remittances and foreign currency, and the speculative informal market (there are no official data on GINI or related inequality indicators but some very telling research on this subject). The EU encouraged and contributed to an initial dialogue on growing inequality which took place in September 2022 yet public data on the level, trend and distribution of socio-economic inequality in Cuba are limited. The MIP area 2 aims at enhancing inclusive economic growth and its programme in support of the public service includes actions related to fiscal equity and statistic capacities and transparent reporting on inequalities. The current programme will find synergies with the mentioned programme and see with greater detail those challenges at municipal level.

### **Democracy**

In a context of very limited democratic space, outcome 2 of the Action (“Increase the contribution of all municipal actors to local development with gender and social dimensions”) aims at guaranteeing meaningful and inclusive participation of all local-level stakeholders (through the right based approach of strengthening both roles, those of institutions as duty-bearers and of citizens as right holders) and enhance a culture of participatory governance beyond party structures. This applies to both programme design and implementation, and overall local governance.

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

No risks of conflict have been identified for the Action, and the participatory approach in programme management aims at reducing potential divergences between the Action stakeholders through peace building and conflict resolution strategies. The EU is already working with institutions as the Martin Luther King Foundation in Cuba to foster, through participatory education strategies (as Paulo Freire’s “*educación popular*”). The Action develops in a context of high political, social, economic and environmental fragility. As such, building resilience of local communities and municipal governments is at the core of the proposed Action. This will be done by strengthening local actors capacities for local development, opening spaces for dialogue and participation of the different interest groups (including by sex and age), fostering local self-sufficiency in food and energy production, and including disaster risk reduction considerations in all planning and investment activities.

### **Disaster Risk Reduction**

The Action will contribute to Disaster Risk Reduction (DRR), especially related to Sendai Framework Priority 1 (Understanding disaster risk), 2 (Strengthening disaster risk governance to manage disaster risk) and 3 (Investing in disaster risk reduction for resilience). It will do so by including DRR considerations in any agriculture, energy and water infrastructure development/improvement (e.g. their resilience to floods and hurricanes) and promoting the protection of productive assets with final rights holders. Vulnerability and disaster risk assessments will be included in the programme monitoring component and feed into urban planning and municipal development strategies. Where appropriate (according to local context and vulnerability), disaster risk information will be included in the education and communication component of the Action.

### **Other considerations if relevant**

A territorial approach to local development (TALD) is mainstreamed across all components. The Action promotes a development that is endogenous and spatially integrated, leverages the contribution of actors operating at multiple scales and brings incremental value to national development efforts.

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External factors	Difficulties and delays in imports experienced due to the persistence of the US embargo and the inclusion in the list of States Sponsors of Terrorism and the global economic crisis.	H	H	Explore ways to mitigate the effects of the US embargo and its extraterritorial measures through experts' advice. Development of innovative local production, repurposing and reuse solutions to replace imports. Sustained dialogue with US on how to support modern and democratic progress in Cuba and sustained political dialogue with Cuba on the impact of US coercive measures.
External factors	Country's macroeconomic situation prevents timely use of programme resources.	H	H	The Action will be implemented in Delegated cooperation with Pillar Assessed entities, having foreign currency accounts outside Cuba, which are not subject to the liquidity restrictions of the country.
External factors	Natural hazards (in particular hurricanes), health and other disasters in the beneficiary municipalities modify local priorities, divert attention and resources and cause setbacks on progress achieved.	H	H	Integration of disaster risk reduction plans as part of sustainability in the Action from design to implementation, including capacity building for local actors and beneficiaries.
Planning, processes and systems	Multiplicity and diversity of actors involved hinder coordination and convergence of interests.	H	H	Solid inclusive and participatory programme management structure, relying on the framework of the decentralisation policy. Detailed organisational set-up with clear responsibilities and division of labour, included in the contract and effective monitoring tools in place (e.g. regular coordination meetings).
People and organisation	Limited capacities of human and financial resources at municipal level, especially in view of the emerging decentralisation process.	H	H	External technical support, capacity building, including on local revenue generation by municipal authorities.
People and organisation	Flows of migrants and brain drain, especially youth, from the beneficiary municipalities hamper local development.	M	M	Develop initiatives facilitating local youth engagement, including initiatives to increase employment and capacity building to increase employability across the range of sectors of the Action.
People and organisation	Persisting cultural practices (consumption, production and participation) hamper the effective transition to a environmentally and socially	M	M	Strong component of behavioural change communication included in the Action.

	sustainable development.			
People and organisation	Cultural norms and traditional labour division in the household prevent the effective participation of women and young people in local development initiatives.	M	M	A gender transformative approach will be used to analyse the root causes and barriers to women and young people participation in each municipal context, and corresponding actions will be included in the local initiatives.
Legality and regularity aspects	The incomplete decentralisation regulatory framework generates uncertainties on the competencies of the municipal governments.	M	M	Continued engagement and communication with local and national actors to support the implementation of the decentralisation regulatory framework.

#### Lessons Learnt:

- National led programmes evidence that low municipal capacities reduce the impact of the actions. Therefore, capacity building of municipal actors is an enabler for effective local development.
- The effectiveness of the EU funded programmes has been higher when various projects in complementary sectors have been implemented in the same territory.
- Development cooperation has limited financial resources, therefore, higher impact can be achieved if it is concentrated in a given territory.
- Experience shows that a deeper engagement of local government institutions is required to ensure sustainability. In the absence of meaningful connections between local level actions and national policies, there is an important risk that territorial development remains stranded in hyper-localised processes with marginal impact.
- Universities, and consortia of universities even more, have proven to play a key role in providing innovative solutions for the local context and can be key for human capacity development.
- Existing government structures and technical capacity continue to represent an important basis for the implementation of the cooperation programmes.
- Import of goods and equipment represent a significant (financial) component of development cooperation programmes in Cuba, therefore, the implementing agency must master the importing procedures, including US embargo related risks.
- Liquidity difficulties and unfavourable local exchange rate make it advisable to operate with an international bank account in foreign currency<sup>8</sup>.

<sup>8</sup> Cuba suffers from a significant foreign exchange deficit. The currencies that enter the country and are deposited in local accounts are used by Cuba to cover the needs of the country (fuel, food, medicines, disasters like hurricanes or gas explosions, etc). To make use of these currencies, the Central Bank of Cuba must issue a liquidity authorization letter. As there is no liquidity, the BCC cannot authorize it, the funds of the projects are blocked and cannot be used in the implementation of the project. Therefore, it is necessary to use the delegated cooperation option through an international implementing agency with a bank account abroad and not direct implementation with Cuban implementers.

### 3.5 The Intervention Logic

The underlying **intervention logic** for this Action is that when municipalities adopt methods for food and energy production compatible with environmental protection, climate change adaptation, and they act across the whole value chains for food and energy production with a view to women and youth, they have more chances of increasing the municipality self-sufficiency and prosperity. If this is also done in conjunction with local MSME, universities and research centres, it is likely that the prosperity and the well being generated will also reduce the exodus towards more attractive municipalities or countries for younger generations.

The theory of change :

IF municipalities identify the actors, their needs, their potential for operating the ecological transformation (food, energy, water, waste, etc),

IF the Action fulfils the needs with network of international relations, with innovation, with training, with equipment, with targeted initiatives,

IF the communities of the municipalities adopt responsible consumption and production behaviours,

THEN the Action will contribute to the ecological transition and to higher food and energy sovereignty of the municipalities.

### 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.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
			2023	2028		
<b>Impact</b>	To promote the ecological transition and participatory territorial development at municipal level in Cuba.	<ol style="list-style-type: none"> <li>Green house gas (GHG) emission level in beneficiary municipalities.</li> <li>Local Development Index in beneficiary municipalities.</li> </ol>	<ol style="list-style-type: none"> <li>TBD at inception phase</li> <li>TBD at inception phase</li> </ol>	<ol style="list-style-type: none"> <li>TBD at inception phase</li> <li>TBD at inception phase</li> </ol>	<ol style="list-style-type: none"> <li>Cuban Institute of Meteorology (INSMET) and Petroleum research center (CEINPET) reports</li> <li>National Institute of Territorial Planning and Urbanism (INOTU) reports</li> </ol>	Not applicable

<b>Outcome 1</b>	Increase agro-ecological and clean energy production towards municipal self-sufficiency, with efficient, innovation and circular approach.	<p>1.1. % of nutritional needs covered with local production.</p> <p>1.2. % of agroecological crop production compared with total agriculture production.</p> <p>1.3. % of municipal clean energy needs/ consumption locally produced.</p> <p>1.4. % of Energy generated from renewable sources in the municipal electricity matrix.</p> <p>1.5. *[GERF 2.3. Number of people with access to electricity with EU support through a) new access, b) improved access (disaggregated by sex, age and disability)].</p> <p>1.6. *[GERF 2.7. Greenhouse gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq) with EU support].</p>	<p>1.1. TBD at inception phase</p> <p>1.2. TBD at inception phase</p> <p>1.3. TBD at inception phase</p> <p>1.4. TBD at inception phase</p> <p>1.5. 0</p> <p>1.6. 0</p>	<p>1.1. TBD at inception phase</p> <p>1.2. TBD at inception phase</p> <p>1.3. TBD at inception phase</p> <p>1.4. TBD at inception phase</p> <p>1.5. TBD at inception phase</p> <p>1.6. TBD at inception phase</p>	<p>1.1. Municipal agriculture unit data.</p> <p>1.2. Municipal agriculture unit data</p> <p>1.3. Municipal Electricity Company (UNE) data.</p> <p>1.4. Municipal Electricity Company (UNE) data</p> <p>1.5. Progress reports for the EU-funded intervention.</p> <p>1.6. Progress reports for the EU-funded intervention.</p>	<p>Continuity in national commitment to the NDCs</p> <p>Continuity in national regulatory framework on food and nutritional security</p> <p>Continuity in national policy on renewable energy and energy efficiency</p>
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<b>Outcome 2</b>	Increase the contribution of all municipal actors to local development with gender and social dimensions.	2.1. Amount of local tax revenues collected, budgeted and allocated to local development priorities.	2.1 TBD at inception phase	2.1 TBD at inception phase	2.1 Municipal government data	Continuity in decentralisation and territorial development policies
		2.2. % participation of women and youth in advisory and decision-making bodies (e.g. local development working group).	2.2 TBD at inception phase	2.2 TBD at inception phase	2.2 Progress reports for the EU-funded intervention	
		2.3. Number of green/ circular local economic initiatives with EU support.	2.3 0	2.3 TBD at inception phase	2.3 Progress reports for the EU-funded intervention	
		2.4. *[GERF 2.29. Number of government policies developed or revised with civil society organisation participation through EU support].	2.4 0	2.4 8 (municipal development strategies)	2.4 Progress reports for the EU-funded intervention	
						Enabling environment for CSO participation
						Conducive policy for new economic actors

<b>Output 1 related to Outcome 1</b>	Increased capacity and resources of municipal actors for agroecological and clean energy production and development of their value chains.	1.1.1. *[GERF 2.1. Number of smallholders reached with EU-supported interventions aimed to increase their sustainable production, access to markets and/or security of land (disaggregated by sex and age)].	1.1.1. 0	1.1.1.TBD at inception phase	1.1.1. Database of beneficiaries/participants	Import procedures completed despite the global and national economic situation and US embargo restrictions
		1.1.2. *[GERF 2.2. Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (ha)].	1.1.2. 0	1.1.2. TBD at inception phase	1.1.2. Progress reports for the EU-funded intervention	Final beneficiaries have the capacity to undertake the maintenance of equipment provided
		1.1.3. Number of small-scale economic initiatives / households provided with equipment for efficient energy production from renewable sources with EU support.	1.1.3. 0	1.1.3. TBD at inception phase	1.1.3. Database of beneficiaries/participants	Trained people do not emigrate from the municipality
		1.1.4. *[GERF 2.4. Renewable energy generation capacity installed (MW) with EU support].	1.1.4. 0	1.1.4. TBD at inception phase	1.1.4. Progress reports for the EU-funded intervention	
<b>Output 2 related to Outcome 1</b>	Increased availability of innovative technological and digital solutions in priority sectors.	1.2.1. Number of innovative technological and digital solutions incorporated in the EU-supported Action.	1.2.1. 0	1.2.1. TBD at inception phase	1.2.1 Progress reports for the EU-funded intervention	Universities and research centres remain capable of supporting innovation in favour of the ecological transition
		1.2.2. Number of partnerships established between universities / research centres and economic actors, with EU support.	1.2.2. 0	1.2.2. 8	1.2.2 Progress reports for the EU-funded intervention	Trained people do not emigrate from the municipality
		1.2.3. Number of people trained on innovative agroecology, clean energy and circular economy practices, with EU support.	1.2.3. 0	1.2.3. TBD at inception phase	1.2.3 Database of beneficiaries/participants	

<b>Output 3 related to Outcome 1</b>	Increased knowledge and resources for efficiency and circular use of energy, water and waste in priority sectors.	<p>1.3.1. Number of people with increased skills in the circular economy with EU support (disaggregated by sex, age and sector -public, private, civil society).</p> <p>1.3.2. Number of energy, water and waste-related circular economy initiatives with EU support.</p>	<p>1.3.1. 0</p> <p>1.3.2. 0</p>	<p>1.3.1. TBD at inception phase</p> <p>1.3.2. 8</p>	<p>1.3.1. Pre- and post-training test reports</p> <p>1.3.2. Progress reports for the EU-funded intervention</p>	<p>Import procedures completed despite the global and national economic situation and US embargo restrictions</p> <p>Final beneficiaries have the capacity to undertake the maintenance of equipment provided</p> <p>Trained people do not emigrate from the municipality</p>
<b>Output 1 related to Outcome 2</b>	Better equipped and trained municipal public administration staff to plan and implement local development policies, strategies and plans and perform public administration and financial duties.	<p>2.1.1. Number of municipal staff (including local development groups) trained on local development planning, administration and financial aspects with EU support (disaggregated by sex).</p> <p>2.1.2. Number of local development group's offices equipped with EU support.</p>	<p>2.1.1. 0</p> <p>2.1.2. 0</p>	<p>2.1.1. TBD at inception phase</p> <p>2.1.2. 8</p>	<p>2.1.1 Database of beneficiaries/participants</p> <p>2.1.2 Progress reports for the EU-funded intervention</p>	<p>Continuity in decentralisation and territorial development policies</p> <p>Trained municipal staff stay at their job</p> <p>Public entities have the capacity to follow up on the project's training activities</p>

<b>Output 2 related to Outcome 2</b>	Better equipped and trained CSOs (including youth, women and people with disabilities organisations) and economic actors (public and private) to contribute to local development planning, implementation and accountability processes.	2.2.1. Number of CSOs (including women, youth, persons with disabilities and other vulnerable groups'organisations) trained and supported on participation, inclusion, contribution to local development and accountability, with EU support.	2.2.1. 0	2.2.1. TBD at inception phase	2.2.1. Database of beneficiaries/participants	Continuity in the national Programme on gender equality and women empowerment
		2.2.2. % of population using online public information services (including proposing policy and programme initiatives).	2.2.2. TBD at inception phase	2.2.2. TBD at inception phase	2.2.2. Municipal government data	The government considers CSO recommendations relevant
		2.2.3. Number of economic actors equipped and trained to contribute to local development with EU support.	2.2.3. 0	2.2.3. TBD at inception phase	2.2.3. Database of beneficiaries/participants	Market opportunities exist for developed green and circular products and services
		2.2.4. *[GERF 2.13.b) Number of green jobs supported/sustained by the EU (disaggregated by sex, age and disability)].	2.2.4. 0	2.2.4. TBD at inception phase	2.2.4. Progress reports for the EU-funded intervention	
		2.2.5 GAP III Number of women with increased training, financial resources, technology or other resources for sustainable and safe food production, sustainable energy, sustainable transport, and clean water sources, for family consumption or for productive uses.	2.2.5.0	2.2.5. TBD at inception phase	2.2.5. Database of beneficiaries/participants	

<b>Output 3 related to Outcome 2</b>	Improved knowledge, attitudes and practices of the municipal population on climate sensitive, sustainable consumption and production towards ecological transition.	3.2.1. % of the population with knowledge of basic healthy nutrition (disaggregated by sex and age).	3.2.1. TBD at inception phase	3.2.1. TBD at inception phase	3.2.1. Baseline and endline surveys conducted and budgeted by the EU-funded intervention	Increasing interest in ecological transition in the beneficiary population  Market opportunities exist for green and sustainable traditional knowledge and culture initiatives
		3.2.2. Number of children and youth reached with education centres-based awareness campaigns on sustainable consumption and production, environment and climate change, etc. with EU support.	3.2.2. 0	3.2.2. TBD at inception phase	3.2.2. Progress reports for the EU-funded intervention	
		3.2.3. Number of green and sustainable traditional knowledge and culture initiatives with EU support.	3.2.3. 0	3.2.3. 8	3.2.3. Progress reports for the EU-funded intervention	

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this Action, it is envisaged to conclude a financing agreement with the Republic of Cuba.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this Action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

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

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures<sup>9</sup>.

#### 4.3.1 Indirect Management with an entrusted entity

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

- (a) experience in project management in the priority sectors of the Action (sustainable agriculture, clean energy, circular economy, participatory governance, local development)
- (b) experience working with municipal actors and public entities
- (c) experience with equipment import processes
- (d) shared priorities (with EU) on cooperation with Cuba
- (e) possibility of co-financing

The implementation by this entity entails all the Action objectives and results.

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

With reference to point 4.3.1 in the event of exceptional circumstances beyond the Commission's control, direct management (grants) will be considered according to the criteria (a), (b) and (c) defined in section 4.3.1 in support of the objectives of this Action.

### 4.4 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend geographical eligibility for reasons of urgency or unavailability of services in the markets of the countries or territories concerned, or in other duly justified

<sup>9</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.

cases where the application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) of the NDICI-Global Europe Regulation).

#### 4.5 Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>	<b>Third-party contribution, in currency identified</b>
<b>Implementation modalities</b> – cf. section 4.3		
Indirect management with an entrusted entity cf. section 4.3.1	31 000 000	N.A.
<b>Evaluation</b> – cf. section 5.2	0	N.A.
<b>Audit</b> – cf. section 5.3 <sup>10</sup>	0	
<b>Contingencies</b>	0	N.A.
<b>Totals</b>	31 00 000	

#### 4.6 Organisational Set-up and Responsibilities

The Action will be led by a Steering Committee composed by the the EU Delegation, Ministry of Foreign Trade and Foreign Investment<sup>11</sup>, the Ministry of Economy and Planning and the selected municipalities.

The National Institute of Economic Research (INIE), the Center for Local Development (CEDEL) and the implementing entity(ies) will act as secretariat, report on progress and provide technical support to the Steering Committee. Sectoral ministries will may be invited as observers to the Steering Committee. The Steering Committee will meet at least once per year.

Implementation arrangements include a coordination role for INIE and CEDEL which have been coordinating the national platform for territorial development and the municipal development strategies, respectively. Sectoral ministries will play a technical advisory role.

The entrusted entity for the Action implementation will play a technical and administrative support role.

In each beneficiary municipality, it will be the Local Development Group (part of the already existing municipal structure) to steer the Action implementation.

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.

#### 4.7 Pre-conditions

A financing agreement covering this Action will be signed with MINCEX prior to the signature of the contract(s) and the start of activities, this is a preconditions for the signature of the contract(s).

## 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

<sup>10</sup> Audit and evaluation costs to be covered from another decision.

<sup>11</sup> In its role as Development Cooperation Coordinator in Cuba.

reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring: the specific monitoring and reporting measures will be designed with the implementing partners and will be consistent with the logical framework matrix of this Action Document.

Data collection and reporting of this action will contribute to the monitoring and reporting of the Team Europe Initiative on Inclusive Ecological Transition agreed with Spain, France, Italy and The Netherlands in Cuba. Indicators will be aligned not only with the EU GEF but also with the national monitoring framework as established under the NDCs and relevant national policies.

## 5.2. Evaluation

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

The mid-term evaluation might be carried out for problem solving and learning purposes, in particular with respect to the functioning of the action's support to economic operators and the relevant legal frameworks. The final evaluation will be carried out for accountability and learning purposes at various levels (including policy review), taking into account in particular the objectives of the action.

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 partners and other key stakeholders following best practices for the dissemination of evaluations<sup>12</sup>. The implementing partner and the Commission shall analyse the findings and recommendations of the evaluations and, where appropriate, make the necessary adjustments.

All evaluations shall assess to what extent the action is considering the HRBA, as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

## 5.3. Audit and Verifications

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

The financing of the audit and verifications shall be covered by another measure constituting a financing decision.

# 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

<sup>12</sup> See best practice of evaluation dissemination



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 checked="" 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#):
<b>Contract level</b>		
<input checked="" type="checkbox"/>	Single Contract 1	Indirect management with an entrusted entity cf. section 0
<input type="checkbox"/>	Single Contract 2	
	(...)	
<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	