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

**ANNEX 3**

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Uganda for 2022-2024

**Action Document for Last mile electrification support project**

**MULTIANNUAL PLAN**

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

# 1 SYNOPSIS

## 1.1 Action Summary Table

<b>1. Title OPSYS business reference Basic Act</b>	Last mile electrification support project ACT-60639  Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Western Region, Uganda
<b>4. Programming document</b>	Uganda multi-annual indicative programme (MIP) 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Specific objective 2.2 - Pertaining to Economic enablers and connectivity / Expected result 2.2.b: Access to reliable electricity for households, businesses and industries is increased
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Priority Area 2 - Promoting Sustainable and Inclusive Growth and Jobs Energy – 230 DAC
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): SDG 7 Other significant SDGs (up to 9) and where appropriate, targets: SDG5, SDG 8; SDG 9, SDG11 and SDG13
<b>8 a) DAC code(s)</b>	23630 – Energy distribution on-grid – 70% 23231- Mini-grids – 30%
<b>8 b) Main Delivery Channel</b>	Third Country Government (Delegated co-operation) - 13000

<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers</b>  (from DAC form)	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input 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"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>
Digitalisation @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		<b>YES</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<b>NO</b> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/
Connectivity @		<input type="checkbox"/>	<input type="checkbox"/>	
digital connectivity energy transport		<b>YES</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<b>NO</b> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	/

	health education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item):  BGUE-B2023-14.020121-C1-INTPA: EUR 10 000 000  Total estimated cost: EUR 50 000 000 <sup>1</sup>  Total amount of EU budget contribution: EUR 10 000 000  The contribution is for an amount of EUR 10 000 000 from the general budget of the European Union for 2023, 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.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	This contribution to the Regional Blending Platform shall be implemented in indirect management by the entities indicated in the annex to this Action Document, in accordance with the Regional Blending Platform’s award procedure.			

## 1.2 Summary of the Action

Despite the enormous potential for the deployment of renewable energy sources in the country and a current generation capacity surplus exceeding 500MW, over 20 million Ugandans (45% of the total population) lack access to clean and affordable energy. The action's specific objective is therefore to contribute to increasing the number of people and businesses using sustainable, clean and affordable energy services in the country, in particular in rural areas with an attention for women. By doing so, the action is expected to enable conditions for sustainable economic growth and employment in Uganda (general objective). Energy is central to both the 2030 Agenda for Sustainable Development and is a prerequisite to the realisation of human rights for all people, including with an impact on the right to education and health. The action will aim to address problems such as the lack of investment in the transmission and distribution network as well as the limited access to finances for deployment of decentralized solutions in a cost-effective manner. To attain the objectives, the action will support a combination of grid extension to rural and peri-urban areas nationwide, last mile connection and provision of off-grid solutions in hard to reach areas, in particular in several islands of the Lake Victoria. The action is expected to provide around 50 000 new connections benefiting around 250 000 people. A thousand (1000) Micro, Small and Medium-sized Enterprises (MSMEs), together with some 110 social institutions such as health centres and schools, are also due to benefit from access to reliable and sustainable electricity. This will improve the lives of the whole population, reaching in particular groups in more vulnerable situations.

By increasing access to energy in rural areas the action is expected to sustain the creation of business opportunities and jobs, increase productivity in key value chain sectors and improve the quality of social services delivery such as health and education. Better access to energy will also contribute to building more resilient communities in rural

<sup>1</sup> Includes an estimated contribution of EUR 40 million from a Lead Finance Institution

areas while reducing CO2 emissions by replacing fossil fuels with alternatives for clean cooking in order to mitigate the unsustainable production of charcoal and its impact on deforestation. In addition, access to energy will contribute to the implementation of the gender equality agenda thanks to women benefiting notably from new empowerment opportunities, reduced exposure to respiratory related diseases, and better security and improved maternity services at health centres. As such, the action will support the implementation of the Uganda National Development Plan (NDP) III (2021-2025)<sup>2</sup> that reflects the commitment of the Government of Uganda to the Sustainable Development Goals (SDG). In particular the action will contribute mainly to the achievement of the SDG7 – universal access to energy and SDG 13 – climate change. Better access to energy will also support the achievement of SDG 5 – gender equality, SDG 8 – decent work, SDG 9 – industrialization and SDG 11 – sustainable communities. The action is also aligned with the Renewable Energy Policy for Uganda<sup>3</sup> and its key policy principles that call for stronger participation of the communities in renewable energy projects, to guarantee that these will take into account the needs of people living in poverty, and that calls for gender mainstreaming in renewable energy development strategies to ensure their benefits reach all groups.

For the action's implementation, the EU's financial contribution will be allocated to the Africa Blending Platform which allows to streamline EU policies and to have a leverage effect by crowding in financial resources from European development banks, the Government of Uganda and the private sector. A concessional loan is expected to cover the cost associated to grid reinforcement and extension while the EU grant support should cover the cost for last mile infrastructure and required subsidies to support the development of mini-grids by private investors favouring affordability for consumers. The blending mechanism will also allow to further build the Team Europe approach with the support of a partner European finance institution – to be selected – while reinforcing the EU's position as a reliable and trusted partner on the policy dialogue with the Government, important in view of the ongoing reform of the electricity sector (re-bundling). In the framework of the bilateral cooperation with the Government of Uganda, the action will contribute to the Priority Area 2 of the Multiannual Indicative Programme<sup>4</sup> (MIP), Promoting Sustainable and Inclusive Growth and Jobs, by supporting the development of economic and connectivity infrastructure.

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<sup>2</sup> [http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale\\_Compressed.pdf](http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale_Compressed.pdf)

<sup>3</sup> <https://etutoring.gayazahs.sc.ug/uploads/ebooks/1336063700.pdf>

<sup>4</sup> [https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-9149-uganda-annex\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-9149-uganda-annex_en.pdf)

## 2 RATIONALE

### 2.1 Context

#### Country

After a tense 2021 post-electoral period, Uganda has returned to relative calm, but underlying challenges remain. Uganda is facing a high population growth, insufficient investments in social sectors, high unemployment and pressure on natural resources. Uganda's population is currently estimated to be 45.9 million (annual population growth of 3.3 %) of which 84 % is considered rural and about 50 % under 15 years of age. It is estimated that Uganda's population will grow to over 60 million in 2030. Moreover, Uganda hosts more than 1.4 million refugees resulting mainly from long lasting armed conflicts in neighbouring Democratic Republic of Congo and South Sudan. With fertile soils and regular rainfall, agriculture is the most important sector of the economy, employing over 80 % of the work force. The Covid-19 pandemic has exacerbated socio-economic problems, increasing poverty and inequalities, in particular for women. The lack of prospects for youth is a key driver of conflict. There is shrinking space for civil society organisations (CSOs), human rights defenders and environmental activists. Government's fiscal space has narrowed and the growth forecast for the financial year 2022/2023 was revised from 4.2% to 3.8%. Public debt saw a sharp rise, leading to a shift from low to moderate risk of debt distress. The IMF extended credit facility of USD 1 billion was approved in July 2021. Furthermore, recent months have seen an increasing trend of centralisation of power at the highest level, which paralyses decision-making by line ministries and creates bottlenecks and delays. These additional layers of approval are linked to the Government of Uganda's request for development actors to respect principles of ownership and accountability. This also includes a request to channel funding through Government accounts and structures.

#### Energy sector

Uganda is richly endowed with renewable energy resources for energy production and for the provision of energy services. The total estimated potential is about 5,300MW. However, these resources remain largely unexploited, mainly due to the perceived technical and financial risks. Hydro-power and biomass are considered to have the largest potential for electricity generation. Solar power is receiving increasing attention by investors as the average annual radiation is high, between 1800 and 2500kwh/m2.

The electricity sector in Uganda is unbundled thanks to sectoral reforms launched in the early 2000s. The public companies responsible for generation, transmission and distribution co-exist with independent power producers and distribution concessionaires. The current installed capacity stands at 1252MW (up from 180MW in 2000) but it is due to reach 1852MW by the end of 2022 (thanks to the commissioning of the Karuma hydro-power plant). Over 90% of the electricity generated is from renewable sources, mainly hydro-power plants concentrated on the Nile River. Success in supporting independent power producers (IPPs) and public investments in new hydro-power plants (China funded) together with the lack of adequate planning and funding on transmission and distribution network has resulted in a very sizeable generation surplus that could reach 1000MW by the end of 2022.

On access to electricity, the grid only services 24% of the population and more than 45% continue to lack access to modern, clean and sustainable sources of electricity, with women and girls being the most adversely impacted<sup>5</sup>. The latest figures indicate that some 30% of the population would have reached an access to electricity through off-grid solutions, mainly via solar home systems. On the transmission side, the network has expanded 50% between 2003 and 2016, but is still unable to cover the country's needs (important disparities persist between regions). Interconnections with neighbouring countries remain inexistent with the exception of Kenya. The national electricity demand has doubled from 2008 to 2018 reaching now a peak of 750 MW however the average consumption of electricity per capita remains amongst the lowest in Africa. Distribution losses have reduced from 38% to 16.4% and collection rates for the grid-connected customers have increased from 55% to 99.7%.

Uganda has the best electricity regulator in the continent (according to the AfDB Regulators performance index) and one of the very few profitable distribution companies, UMEME, which accounts for 93% of the total energy

<sup>5</sup> Although data is sparse, studies show that female-headed households have more limited access to the national grid (58%) when compared with male-headed households (66%) . The lack of access to electricity has a heavier impact on women and girls including being more at risk of exposure to indoor pollution and consequent respiratory health problems when 85% of the households cook with fuel. [https://www.climateinvestmentfunds.org/sites/cif\\_enc/files/knowledge-documents/gender\\_and\\_energy\\_country\\_brief\\_-\\_uganda.pdf](https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/gender_and_energy_country_brief_-_uganda.pdf)

distributed in the country. However Uganda's cost reflective high tariffs and deficient transmission and distribution system hinder industrial competitiveness and affordability for the general population.

In the off-grid space, significant progress has been made with companies promoting solar home systems claiming to serve almost 14 million people, although in the lowest tier. The Ugandan market for solar home systems is quite competitive with over 30 registered companies operating on it. Recent support from development partners and the Government is also helping to develop the mini-grid market in the country with some 70 mini-grids expected to be operational by 2023. A draft national energy strategy for the regulation of mini-grids was submitted for consultation during the first quarter 2022. The draft national energy strategy fixes a target of 2700 mini-grids by 2030.

Regarding cooking, 95% of the population relies on biomass, either firewood or charcoal. Penetration of Liquefied Petroleum Gas is quite low (1%) and limited to main urban areas. Some start-up companies are working on alternative solutions such as e-cooking and biofuel but these remain anecdotal. However, alarming rates of deforestation, losses of biodiversity and soil erosion are pushing the transition towards clean cooking high in the Government political agenda. The recent announcement by the electricity regulator of a special electricity tariff for cooking aims to support the transition.

### Policy Framework

Energy is key for the country's development; therefore, it has a prominent place in the Uganda NDP III (2021-2025) and the Uganda Vision 2040. The Plan aims to increase access to electricity, improve reliability of the network through, among others, investing more in evacuation and transmission to areas where it can be used such as in industrial parks and in economic zones. The Plan considers access to energy as crucial for the country's industrialisation and urbanization, and therefore as a driver for socio-economic transformation. The Plan responds to the Government's commitment and ambition to reach the Sustainable Development Goals, in particular those related to universal energy access (SDG7), climate change (SDG13), decent work and economic growth (SDG8), resilient infrastructure and sustainable industrialization (SDG9) and sustainable communities (SDG11). The NDP III intends to increase the national grid access rate to 60%, up from the current 24%, to reach an average consumption per year exceeding 550kWh and to reduce the cost of electricity to \$0.05kWh for all categories of consumers. In terms of systematising the cost electricity, the Government has kick-started the reform of the electricity sector that should conclude with the merging of all the public companies operating in the electricity sector in a move to improve efficiency. Part of this reform has also been the transformation of the Rural Electrification Agency, an autonomous body, into a department of the Ministry of Energy and Mineral Development (MEMD), as part of the Rural Electrification Programme. In addition, the national electricity bill has been amended to facilitate direct selling agreements between energy producers and major consumers but also to reinforce the performance and financial independence of the regulator. Other important policy documents such as the National Electrification Strategy, the Energy Efficiency bill, the mini-grids regulation or the National Determined Contributions to the Paris Agreement are in the drafting process. Additional efforts to electrify the country are reflected in the Government's funding and implementation of the Electricity Connection Policy and the funding support to scale up the mini-grids. In 2021, Government has also developed the National Action Plan on Business and Human Rights, reinforcing its commitment to the promotion and protection of human rights in all business operations. The Plan calls for the promotion of social inclusion and the rights of individuals and groups in vulnerable and marginalised situations in private sector operations in the country.

### EU policy

Energy is at the core of the EU Green Deal not only to decarbonise the economy but also as the way to promote the recovery from the Covid-19 induced economic crisis. Empowering women in the support to partner countries' efforts to improve access to clean energy is also stated in the Gender Action Plan III. Further deployment of renewable energy to sustain economic growth and jobs creation is part of the EU-Africa Alliance for Sustainable Investments and Jobs. Moreover, the EU Global Gateway strategy points towards energy infrastructure as a key element to increase productivity, connectivity and promote energy security across the African continent. In Uganda, access to energy is one of the key indicators selected to reflect the EU's cooperation impact within the MIP, in particular via interventions within the Priority Area 2 Promoting sustainable and inclusive growth and jobs.

The EU is one of the most important development partners in the energy sector in Uganda. During the last 5 years, the EU has contributed through a large portfolio exceeding EUR 100 million with a leverage of around EUR 1 billion. This includes programmes such as GET Fit, ElectriFi, the piloting of mini-grids, rural electrification, last mile interventions, and hydro-power plants amongst others. EU funded technical assistance has supported the country to build a solid legal and regulatory framework that favours renewable energy (with a focus on mini-grids). Currently underway is advisory support on the distribution sector reform and drafting of a financial plan linked to the national electrification strategy. The EU is also a member of a specific task force group providing support to the Government on the current ongoing reform of the sector. The EU maintains excellent working relations with development partners through the energy working group and collaborates closely with EU Members States, in particular France and Germany, to set common funding initiatives and to strengthen coordination in the spirit of the Team Europe approach. Moreover, contacts with European Development Financial Institutions are being intensified in the quest for raising opportunities to deploy EFSD+ guarantees.

## 2.2 Problem Analysis

Promoting sustainable and inclusive growth and jobs cannot be achieved in the absence of affordable, reliable, secure and sustainable energy. Therefore, the action is aiming to bring solutions to the following problems:

- Low access rate to clean, sustainable and affordable energy in the country. 45% of a rapid growing population is lacking access to energy of which 84% is located in rural areas.
- Low level of industrialisation and economic activity in particular in rural areas which is reflected in the low consumption of energy per capita, 215kWh/year against a Sub-Saharan Africa average of 552kWh/year.
- High cost of energy for grid connected consumers as a consequence of a low number of customers and low consumption to share the cost of electricity production, transmission and distribution. The estimated investment cost in electricity transmission and distribution to electrify the total of Ugandan population exceeds USD 6 billion.
- Extremely high deemed energy (EUR 27 million in 2020) as consequence of a lack of and/or inappropriate planning on transmission and distribution that is overstressing the sustainability of the electricity sector and is increasing the financial burden for both the Government and the electricity consumers. This problem is likely to increase with the commissioning of the new Karuma hydro-power plant (with 600MW capacity).
- Electrification exclusively by means of grid extension is very expensive in rural areas due to Uganda's sparse population. Renewable and decentralised mechanisms are required to provide alternative and cheaper solutions.
- A tariff ceiling equivalent to \$0.30 kWh for mini-grids, fixed by the regulator to grant affordability of electricity, is not cost reflective. Therefore, it is difficult to scale-up deployment of mini-grids without the right financial support.
- Lack of opportunities in rural areas to generate new income opportunities and jobs for a rapidly growing population but in particular for youth and women empowerment.
- High pressure on natural ecosystems and resources, in particular forests, as consequences of a lack of alternative sources of energy for cooking and heating. Unsustainable exploitation of charcoal for cooking is leading to the depletion of the last remaining patches of natural forests in the country while aggravating the impact of climate change.
- Low resilience of rural populations to climate change induced problems, in particular to more recurrent, longer and more severe dry spells.
- Poor access to basic social services in rural areas with a particular attention for schools and health centres where minimum and standard conditions for functioning are not met. Access to digital services is equally important to connect the population to Government services and to level the playing field of access to information and opportunities for rural populations.
- Very limited number of donors and private investors attracted by rural electrification projects because of low return, low bankability and high risk.

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

- MEMD and in particular the Rural Electrification Programme – REP (former Rural Electrification Agency) will be responsible for the implementation and follow up of this action in the framework of the

National Energy Strategy (in preparation), the Electricity Connection Policy and the new framework for development of mini-grids. The Ministry is well staffed. However, some technical assistance will be required to support monitoring of activities, in particular implementation of the gender-responsive environmental and social management plan and the resettlement action plan.

- The Electricity Regulatory Authority (ERA) is an independent body with the role of regulating, sanctioning and supervising in the area of electricity. ERA regulates licensing, generation, transmission, and distribution. Therefore, in the frame of this action, ERA is intended to approve necessary investments for the extension of the grid by concessionaires of the distribution network and to issue licenses to mini-grid developers/operators on top of fixing tariffs for electricity.
- UMEME is the most important electricity distribution concessionaire. UMEME operate as a private company. UMEME has more than 1.6 million clients and operates and maintains more than 44 000 km of transmission and distribution lines. It employs more than 1600 people (25% women). UMEME is one of the rare profitable utility companies in Africa. UMEME's concession is due to expire in 2025, however negotiations to renew the concession are ongoing. Should the negotiations fail, a public company will most probably be responsible to continue with the distribution service and the activities planned under this action.
- The private sector. The involvement of the private sector is expected in the implementation of service and works contracts but in particular as a key player for the development and operation of mini-grids. It is expected that part of the capital expenditure required for the construction and operation of the mini-grids is mobilized from private investors. Gender-disaggregated data from private companies in the energy sector is not available, but studies indicate that it tends to be a male-dominated job market<sup>6</sup>.
- The European Finance Institutions (EFIs), in particular Kreditanstalt für Wiederaufbau (KfW), Agence française du Développement (AFD), present through local offices in Uganda, are expected to participate in the action through a blending approach providing a concessional credit to the Government. All EFIs have renewable energy and promotion of access to energy as priority areas of intervention in the country.
- Final beneficiaries getting access to energy services, and women and girls in particular.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to promote sustainable growth and employment in Uganda, in particular in rural areas.

The Specific Objective (Outcome) of this action is:

1. To increase the number of people and businesses using sustainable, clean and affordable energy services in the country, in particular in rural areas with an attention for women.

The Outputs to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are

- 1.1 Improved access to electricity in rural areas

#### 3.2 Indicative Activities

Activities relating to Output 1.1

- 1.1.1 Extension, strengthening and densification of the existing energy grid network.

The proposed activity contributes to the implementation of both the National electrification strategy (a draft as it stands) and the Electricity connection policy that aims to set 300 000 new connections per year. It will support access

<sup>6</sup> <https://www.ndcs.undp.org/content/ndc-support-programme/en/home/impact-and-learning/library/uganda-gender-analysis.html>



to electricity in peri-urban and rural areas by extending and densifying the existing grid network under mainly the concession footprint of UMEME. Since this is going to be implemented through a blending approach, it is expected that the contribution from the EU would be allocated to cover mainly the cost of last mile connections for households and businesses. Health centres and schools under the area of influence of the grid extension will be connected to improve the quality of the service they deliver. Associated costs for the grid extension will mostly be covered through a concessional loan provided by an EU Member State development bank. It is expected that over 50 000 new connections (benefitting 250 000 women and men, including groups in more vulnerable situations such as older persons and persons with disabilities, among other groups) as well as 1 000 MSMEs will benefit from this intervention.

Design, procurement of materials and the construction works required to electrify all participating households and businesses in the project target areas will be carried out by REP from the MEMD in collaboration with UMEME. Definitive areas of intervention will be selected after a cost-benefit analysis included in a feasibility study (covered under another funding programme and encompassing a human rights and gender equality analysis). Technical support will be part of this activity to ensure proper implementation and monitoring. Synergies with other programmes and funding opportunities will be sought in order to ensure the maximum gains from the electrification of new areas, in particular to make a more productive use of energy.

#### 1.1.2 Access to finances to support investment on renewable energy decentralised technologies, in particular mini-grids.

Building on lessons learnt during the implementation of mini-grids pilot projects in the country (EU funded Promotion of mini-grids in Northern Uganda), initiatives from the private sector and the setting in place of an adequate framework endorsed by ERA (draft), mini-grids will be deployed in hard to reach locations, and in particular in a cluster of Ugandan islands in North-east Lake Victoria. In collaboration with REP and ERA, a Result based financing (RBF) mechanism will be put in place to support deployment of mini-grids by private developers. The RBF programme will provide grant investment support as the developer reaches well defined milestones during the construction and operational phase including with particular targets on the productive use of energy. Developers will be selected following a competitive tender process and should demonstrate human rights and gender equality compliance and accountability in their practices and procedures. Developers shall bid for subsidy amounts required to properly install and operate the mini-grids. It is expected that at least 8 islands representing a population of 10 000 are electrified and get improved access to water, education, business opportunities, health and new e-mobility options among others. It is also estimated that some 100 MSMEs will also benefit from access to clean energy. Between 30 to 40% of the total cost for deployment of these mini-grids is expected to be leveraged by the participation of private investors. Mini-grids will allow for domestic, social and business connections at the selected localities. To ensure correct and timely implementation and monitoring of these activities, technical support will be an integral part of the financial assistance to REP. Additional expertise will equally be provided to assist the selection of developers and to encourage the uptake of energy in the new communities electrified.

### 3.3 Mainstreaming

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

##### **Outcomes of the EIA (Environmental Impact Assessment) screening**

The EIA (Environment Impact Assessment) screening classified the action as potentially Category B (for which an EIA will be undertaken). Due to the nature of the infrastructures to be built, both an Environment and social management plan (ESMP) and a Resettlement action plan (RAP) will complement the EIA. Appropriate compensation of landowners needs to be considered as well as adequate correction and accompanying measures and clearance from the competent authority.

The environmental studies are to be covered by an additional funding envelope and will be a pre-condition for the start of the activities under this Action. A representative from the EU Delegation in Kampala is due to sit on the technical committee piloting the EIA, ESMP and RAP, therefore ensuring the quality of the document and the respect of the highest local and international standards on environment and social protection. Furthermore, due to the nature of the action and its activities, the overall impact on the environment is expected to be positive as increased

access to energy services will contribute to reduce ecosystems degradation, particularly important in the islands on Lake Victoria where electricity for cooking can be a cost-effective alternative to charcoal, and to a better and more efficient management of natural resources.

#### **Outcome of the CRA (Climate Risk Assessment) screening**

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

Currently, Uganda's energy mix is overall "clean" as it relies highly on hydro-power generation. Over 90% of the electricity generated in the country is from renewable sources. Moreover, part of the current generation surplus could be utilised to make carbon neutral some of its industries and the transport sector (with e-mobility solutions) or to shift a major part of its population towards clean cooking. Biomass is widely used: over 95 % of Ugandan households rely on biomass (firewood or charcoal) for cooking which puts a large pressure on the country's limited forest resources. Linkages between sustainable energy and the fight against climate change are evident. Improved access to affordable, clean, safe and sustainable energy will directly reduce the CO2 footprint. Sustainable energy access will reduce the consumption of fossil fuels (petrol, diesel, and kerosene), waste (lanterns' batteries) and biomass, and thus, lead to a reduction of greenhouse gas emissions and deforestation. Moreover, improved access to sustainable energy will help Uganda to attain its Nationally Determined Contributions' (NDC) target, to reduce greenhouse gas emissions by 21.8 megatons of CO<sub>2</sub>eq from 2020 to 2030, following the signature of the Paris Agreement. This action will therefore contribute to the implementation of the Uganda National Climate Change Policy. Further increased access to electricity and generation capacity installed with renewable energy are at the cornerstone of the Uganda National Climate Change policy (draft) and of the NDC. Notwithstanding, if during the elaboration of the feasibility and design studies the consultant identifies a particular climate risk, adequate mitigation measures will be defined.

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

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the action will contribute to women empowerment by prioritizing their access to economic infrastructure (electricity access), providing job opportunities, improving access to social services such as health and education, freeing time for more productive tasks at home, improving security against gender based violence, reducing respiratory related diseases or increasing income among other benefits. In order to better seize the opportunity to support women during this action, a gender analysis will be part of the feasibility study to ensure adequate mainstreaming of gender during the implementation of the action's activities. Particular regard will be given to women at the elaboration of environmental and social management plan as well as the resettlement action plan, that are part of the feasibility study for this action, and during implementation of these plans. Women's participation will be encouraged in community liaison groups and other representative groups on works sites. Moreover, the project monitoring system to be put in place at the implementation will collect and report data and indicators (on workforce, awareness campaigns, trainings, connections, etc.) disaggregated by gender to better assess the action's impact on women.

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#### **Human Rights**

The action will be implemented following the human rights based approach as it intends to decrease energy poverty and grant equal access to basic social services and economic opportunities for all, including for groups in more vulnerable situations, such as older persons, persons living with disabilities, among other groups. Access to energy is key to catalyse human rights on access to clean water, education or health assistance. The human rights-based approach will be operationalised by ensuring that all rights are respected and that empowerment, participation, non-discrimination, accountability and transparency are promoted. The action will empower "rights-holders" in claiming their human rights and build the capacity of "duty-bearers" in meeting their obligations.

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#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0.

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#### **Democracy**

Access to energy is a way to support and encourage access to information networks that allows citizens to fully exercise their rights and request better accountability from their Government's representatives. Without access to electricity, citizens are isolated and their capacity to participate in decision making processes is very limited. They are also prevented from taking informed decisions.

**Conflict sensitivity, peace and resilience**

Access to energy in rural areas has the potential to open the door for a range of opportunities for growth and economic development, thus being key to securing social stability. By extending the grid network or bringing decentralized solutions to access electricity, the potential for turmoil by a growing jobless youth population, or other subjacent conflicts, would eventually be attenuated. Appropriate access to energy contributes to the reduction of regional disparities across the country and cements its integrity. Energy is a stabilising element to prevent or to smooth migration flow patterns that can have potential negative impacts. Therefore, access to energy increases security and the resilience of communities facing external and internal shocks.

**Disaster Risk Reduction**

Getting access to information through classic media such as television or radio but also via new mobile applications allows to increase the level of preparation against unexpected external shocks, to organize and implement emergency response or to increase resilience thanks to the transfer of knowledge and technologies. Without reliable and affordable access to electricity, local and national authorities will be constrained for implementing disaster risk reduction plans and to ensure populations' readiness and awareness.

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Macro-economic stability. Debt sustainability.	Risk 1	M	H	Continue promoting improved and transparent public finance management.
Ongoing reform of the electricity sector, including the merging of public companies and extinction of concessions.	Risk 2	H	M	Maintain technical advisory services to MEDM (EU technical assistance support and donor coordination)  Keep active bilateral and multidonors policy dialogue (Active participation in policy task forces).
Failure to attract investment for rural electrification and increase affordability of energy.	Risk 3	M	H	Increase access to concessional loans and subsidies to de-risk investments in the sector.
Lack of capacity to implement projects.	Risk 4	L	M	Provision of technical assistance to ensure timely and quality implementation.
Market distortion.	Risk 5	L	L	Public tendering to ensure competition.
Structural (social, cultural, economic) constraints affecting gender equitable access to energy services are a risk and may hinder outcomes and sustainability of the action.	Risk 6	L	L	Gender analysis to be elaborated during feasibility studies phase.

## Lessons learnt

- Increasing access to electricity is rarely a stand-alone effort and takes a long time for implementation. Programme approaches are to be favoured so as to integrate the stakeholders in charge of the access in the action, namely MEMD, ERA, UMEME and the private sector. Moreover, in order to maximise the potential benefit of the electrification of rural areas, increased energy access should be accompanied by access to finance measures to ensure a productive use of energy and to transfer knowledge to rural populations as a means to further increase productivity, incomes and resilience.
  - In order to optimise efforts and investments in the energy sector, an overall perspective in both the grid and off-grid spaces is required, and a framing is also needed on energy efficiency. The National Electrification Strategy (draft) and its associated financial plan should guide efforts from different stakeholders to achieve the SDG7.
  - Institutional capacity needs to be strengthened to ensure strategic planning and programs implementation are made efficiently, coherently and timely to achieve expected results. The electricity regulator is performing well but other key stakeholders such as the REP (former REA) or the MEMD continue to require support and transfer of knowledge to raise their performance levels.
  - Rural electrification requires access to concessional funds and subsidies. The latter are key to de-risk potential investment from the private sector in the provision of energy services but also to guarantee the economic viability of the investments. Distribution companies operating on profit terms are reluctant to invest on grid extension and connections in rural areas due to the lower return on the investment unless concessional money/subsidies are provided.
  - On mini-grid the regulator has set a tariff cap (\$0.30kWh) to ensure affordability in rural areas. The impossibility to put in place cost-reflective tariffs means that subsidies are required to cover the gap. Recent experiences prove that the level of subsidy is significant, close to 65% of the total unit cost.
  - EU funded interventions should be coordinated with other donors for joint purposes and to maximise impact.
  - Adequate policies and an enabling environment are game changers to accelerate the country's electrification. The success in the generation sector that currently has over 25 producers (there were 3 in 2000) operating and contributing to a surplus capacity is a good example. Adequate legal frameworks for decentralized solutions based on renewable energy could have the same effect in a very short period.
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- As a consequence of the generation capacity surplus in the country, further efforts are required in distribution and transmission to increase demand in particular in those areas where demand is suppressed and the potential for the industrial use of energy is the highest. Inter-ministerial coordination at the Government of Uganda level is fundamental to ensure that the interests in the different sectors are aligned (particularly in terms of agriculture, industry, and fisheries).

### 3.5 The Intervention Logic

There is clear evidence that access to electricity is a key element to catalyse industrialization, economic growth, access to social services and job opportunities. Furthermore, deprivation of affordable electricity prevents development and progress that affects in particular the most vulnerable members of society, including women and children. Nowadays, access to energy is at the core of our society. Energy poverty condemns people to stay behind and unconnected while missing opportunities for better healthcare, education or financial services. Evidence is also clear that a sustainable access to energy contributes to building resilience to climate change effects in particular in rural areas. It allows communities to better cope with droughts, floods, pests or diseases among others. There is an urgent need to extend electricity services in particular to rural areas, as a priority also to achieve the SDGs. Overall, this means that access to energy is at the forefront of national development plans and of the external dimension of the EU Green Deal<sup>7</sup>, the EU-Africa Alliance for Sustainable Investments and Jobs<sup>8</sup> and the most recent EU Global Gateway strategy<sup>9</sup>. In Uganda, over 45% of the population lack access to modern, clean and sustainable sources of electricity with women disproportionally being the most affected.

Therefore, in order to level the playing field in terms of opportunities and access to services for the rural population, this action focuses on rural electrification. The action proposes a mix of centralized and decentralized solutions according to the characteristic of the targeted areas. Because their remoteness and unlikeness to be connected to the national grid in the short to medium-term, the electrification of islands in the Lake Victoria is proposed to be channelled through mini-grids. Mini-grid solutions are considered to be the most cost-effective, able not only to facilitate access for domestic consumers but also to sustain commercial and industrial activities and social services. In the mainland, on the contrary, grid extension is the low hanging fruit to increase at speed the number of people with access to sustainable and reliable electricity in the densely populated areas that are close to the grid or under its footprint.

The action will be implemented through a blending modality in order to leverage participation of additional public and private financing institutions whereby the grid extension infrastructure is supposed to be funded by a concessional loan, and the last mile connection and deployment of mini-grids will be financed by the EU grants. The private sector is expected to finance part of the capital and operational expenditure for mini-grids. The EU grant contribution will intervene as a de-risking element to attract the private sector to invest in energy decentralised solutions and to amplify the concessionality effect of loans for the grid extension. The action also allows to reinforce the policy dialogue and, in particular, the aspects related to the ongoing reform of the sector where electricity affordability is a key issue. To succeed, it is expected that the Government remains committed to the electrification of the country by signing concessional loans with development financiers, mobilising the necessary human resources and further improve the enabling environment in particular for the productive sectors (in agriculture, industry and fisheries) deemed to make use of the surplus electricity available.

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<sup>7</sup> COM(2019) 640

<sup>8</sup> COM(2018) 643

<sup>9</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway\\_en#:~:text=The%20Global%20Gateway%20is%20the,meet%20global%20infrastructure%20development%20needs](https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en#:~:text=The%20Global%20Gateway%20is%20the,meet%20global%20infrastructure%20development%20needs)

### 3.6 Logical Framework Matrix

This indicative log frame constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this log frame matrix, a more detailed log frame (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 log frame (e.g. including baselines/targets).
- Progress reports should provide an updated log frame with current values for each indicator.
- The final report should enclose the log frame 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 log frame matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To promote sustainable growth and employment in Uganda, in particular in rural areas.	1. Proportion of population with access to electricity ( **GERF 1.2 SDG 7.1.1)  2. Unemployment rate, by region, sex, age and persons with disabilities (**GERF 1.11 SDG 8.5.2)	1 TBD    2 TBD	1 TBD    2 TBD	1. ERA, REP and UMEME reports  2. Uganda National Development Plant III reports, Ministry of Gender, Labour and Social Development	<i>Not applicable</i>
<b>Outcome 1</b>	1 1. increased number of people and businesses with access to sustainable, clean and affordable energy services in the country in particular in rural areas with an attention for women.	1.1 Number of people with access to electricity with EU support through new access (disaggregated by sex and technology (on or off-grid) (** GERF 2.3. a))  1.2 Number of businesses with access to energy in new deserved areas (disaggregated women lead)  1.3 Number of social services facilities connected (disaggregated by health centres, schools, other)  1.4. Number of full-time equivalent (FTE) workers employed during operations and maintenance phase (disaggregate by sex)	1.1 0 (0)  1.2 0 (0)  1.3 0 (0,0,0)  1.4. 0	1.1 250 000 (240 000 grid, 10 000 off-grid, 65 000 women)  1.2 1100 (220)  1.3 110 (50, 50, 10)  1.4. TBD	1.1. – 1.4. ERA, REP and UMEME reports	Government is capable of supporting the increased access to energy among population  Electricity sector reform is funded, implemented and monitored.

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Output 1</b> <b>relating to Outcome 1</b>	1.1 Improved access to electricity in rural areas	1.1.1 Length of transmission lines constructed or upgraded with EU support (**EFSD indicator 1.1)	1.1.1 0	1.1.1. TBD	ERA, REP and UMEME reports	Competitive tenders are implemented
		1.1.2 Number of mini-grids installed	1.1.2 0	1.1.2. TBD		The Government and the distribution company, UMEME, provide for sufficient policy and finance follow-up to exploit and service the new infrastructure
		1.1.3 Renewable energy generation capacity installed (MW) with EU support (** EU GERF 2.4)	1.1.3 0	1.1.3. TBD		Allocation of necessary human resources for project implementation and operation and maintenance of new facilities by the Ministry of Energy, distribution companies (UMEME) and private developer (mini-grids)
		1.1.4. Number of full-time equivalent (FTE) workers employed during construction phase (disaggregate by sex)	1.1.4 0	1.1.4 TBD		



## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

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

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

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

### 4.3 Implementation 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>10</sup>.

#### 4.4.1 Contribution to the Africa Investment Platform

This contribution may be implemented under indirect management with the entities, called Lead Finance Institutions, identified in the appendix to this Action Document.

### 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.

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).

<sup>10</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.

## 4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution (amount in EUR)
<b>Implementation modalities</b> – cf. section 4.4		
<b>Output ‘Improved access to electricity in rural areas’</b> composed of		
Contribution to the Africa Investment Platform	9 900 000	40 000 000
<b>Evaluation</b> – cf. section 5.2		
<b>Audit</b> – cf. section 5.3	100 000	N.A.
<b>Totals</b>	10 000 000	40 000 000

## 4.7 Organisational Set-up and Responsibilities

Funds allocated to the Africa Investment Platform will be governed by its established structure. Projects will be selected according to the decisions taken in this order by the Technical Assessment Meeting and Board. The relevant financial institutions will propose the specific governance arrangements. The expected governance structures will certainly include representatives from MEMD, ERA, Ministry of Finances, Planning and Economic Development, the lead financial institution and the European Commission.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the expected governance structures set up for governing the implementation of the action.

## 4.8 Pre-conditions [Only for project modality]

Pre-feasibility and feasibility studies should conclude about the economic viability of the project before signature of any contribution agreement (expected 1<sup>st</sup> quarter 2023) with a pillar assessed European development financial institution for the implementation of the expected activities. Environment and socio-economic impact assessment study, resettlement action plan and environment and social management plan will also be part of the feasibility studies. The studies conclusions should be endorsed by the technical committee supervising the studies. These studies are already in preparation and expected to be concluded by end of the year (2022). The studies are funded by the Technical Support Programme of the 11<sup>th</sup> EDF Uganda National Indicative Programme.

This pre-condition doesn't preclude the signature of the financing agreement with the partner country, Uganda.

# 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 log frame 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).

Indicators shall be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

Roles and responsibilities for data collection, analysis and monitoring:

Baseline indicators and final targets will be defined following conclusion of the feasibility study. The latter will be performed by an independent consultant responsible to mobilise the necessary human and technical resources. A technical committee composed by representatives from MEMD, ERA, the financial institution supporting this action and the EU Delegation will be responsible to assess the quality of the study and to validate it. The feasibility study will be funded with additional resources from the Technical support programme of the 11<sup>th</sup> EDF bilateral cooperation programme with Uganda.

More details on the monitoring of the action during implementation will be defined in the project fiche that the lead financial institution will submit to the blending platform for approval. The monitoring system cost will be covered by the total amount of funds allocated to the action.

## 5.2 Evaluation

Having regard to the importance of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that mini-grids in remote rural areas remain yet an innovative solution to be proved in the context of Uganda.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

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

## 5.3 Audit and Verifications

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

# 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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 programs are in principle no longer required to include a provision for communication and visibility actions promoting the programs 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- List of Lead Finance Institutions

- AFD – Agence française de développement
- KfW
- EIB – European Investment Bank
- Proparco
- DEG – Deutsche Investitions- und Entwicklungsgesellschaft
- COFIDES – Compañía Española de Financiación del Desarrollo
- CDP – Cassa Depositi e Prestiti SpA
- FINNFUND – Finnish Fund for Industrial Cooperation
- BIO – Belgian Investment Company for Developing Countries
- AECID – Spanish Agency for International Development Cooperation
- FMO – Dutch Entrepreneurial Development Bank
- Other pillar assessed institutions by signature of the financing agreement

## Appendix 2 - REPORTING IN OPSYS

An Intervention<sup>11</sup> (also generally called project/program) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities'. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as

<b>Action level</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Group of actions level</b>		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#): <Present action> <Other action>
<b>Contract level</b>		
<input checked="" type="checkbox"/>	Single Contract 1	Contribution to the Africa Investment Platform, EUR 9 900 000
<input checked="" type="checkbox"/>	Single Contract 2	Support entity: Procurement of service for audit and evaluation, EUR 100 000
	(...)	
<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) #>

<sup>11</sup> [Ares\(2021\)4450449](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including 'action' and 'Intervention' where an 'action' is the content (or part of the content) of a Commission Financing Decision and 'Intervention' is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).