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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX I

to the Commission Implementing Decision on the financing of the annual action plan in favour of China for 2024, under the Multiannual Indicative Programme for the Asia-Pacific region

Action Document for an Observatory on China's overseas investments in critical raw materials

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

1. Title CRIS/OPSYS business reference Basic Act	Observatory on China's overseas investments in critical raw materials OPSYS number: ACT-62499 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in EU Member States and the People's Republic of China
4. Programming document	Regional Multi-Annual Indicative Programme for Asia and the Pacific (2021-2027)
5. Link with relevant MIP(s) objectives / expected results	<p>This Action will support the implementation of the Specific Objective 1 (SO 1) of the China section in the Regional Multi-Annual Indicative Programme for Asia and the Pacific (RMIP, 2021-2027):</p> <p>SO 1: Promote European values and interests in the bilateral relations with China, in line with the multi-faceted approach.</p> <p>The Action will contribute, in particular, to the following Expected Results:</p> <ul style="list-style-type: none">• ER 1.3: Improved market access, level playing field and fair and equal treatment for European businesses operating in China and competing with Chinese businesses in partner countries.• ER 2.1: Coordinate on the external dimension of the European Green Deal and progress towards the Paris Agreement targets, including via initiatives to address the impact of China's practices in partner countries• ER 2.2: Promote energy transition, clean energy investment and sustainable finance standards, both domestically and externally in partner countries (e.g. phasing out of investments in coal-powered energy generation), green technologies and innovation, renewable energy and energy efficiency.

PRIORITY AREAS AND SECTOR INFORMATION

6. Priority Area(s), sectors	Priority Area 2 – Pursuing EU Interests with Key Partners 151 - Government & Civil Society-general 322 – Mineral Resources & Mining 430 – Other Multisector			
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): Goal 12: “Ensure sustainable consumption and production patterns” Other significant SDGs (up to 9) and where appropriate, targets: Goal 13: “Take urgent action to combat climate change and its impacts”			
8 a) DAC code(s)	151 - Government & Civil Society-general 15110 – Public sector policy and administrative management – 40% 322 – Mineral Resources & Mining 32210 - Mineral/mining policy and administrative management – 30% 430 – Other Multisector 43060 - Disaster Risk Reduction – 30%			
8 b) Main Delivery Channel	Channel 1: 60000 – Private sector institutions			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<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"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <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	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <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 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: 14.020131 Total estimated cost: EUR 2 100 000 Total amount of EU budget contribution: EUR 2 100 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through Procurement			

1.2 Summary of the Action

As the world gears up for net zero, demand for certain raw materials is set to soar. Raw materials will be at the centre of decarbonisation efforts, as our economies will move from fossil fuels to wind and solar power generation, battery- and fuel-cell-based electric vehicles (EVs), and hydrogen production. The EU is not alone in facing these challenges. Moving towards a net-zero and digital economy is a shared interest of the global community. Countries around the world have taken steps to secure their supplies, to process and refine critical raw materials to reduce their strategic dependencies.

Rare earths are a group of metallic elements which are needed for the permanent magnets in everything from wind turbines to electric car motors. China has progressively increased its investments both domestically and abroad to secure them. The country controls almost half of the world's refinery production and it has become a central player at all stages of the mineral supply chain¹. Numerous studies already exist on China's external economic engagement but they tend to be snapshots of a given point in time or offer a broad assessment of Belt and Road Initiative (BRI)-related activities. However, these existing studies do not provide a comprehensive overview nor a systematic, long-term monitoring of Chinese investments and operations in critical raw materials, which may support decision-makers in Europe about the best approach to this issue.

¹ https://www.brookings.edu/wp-content/uploads/2022/08/LTRC_ChinaSupplyChain.pdf

This Action will support systematic monitoring of Chinese global investments and operations through an observatory (i.e. a pool of experts) on critical raw materials (as defined in the proposed Critical Raw Materials Act (CRMA))², their refining and downstream processing. By providing evidence-based analysis on global Chinese activities related to critical raw materials (e.g. investment flows and stocks, companies and sectors involved, relations with host countries, downstream uses of these raw materials), the observatory contributes towards EU policies to mitigate strategic dependencies of the Union and its Member States.

The Action will support the EU and its Member States to get a long-term overview of Chinese overseas investments in critical raw materials, their location, cooperation partners, modus operandi, challenges, etc, and provide regular inputs and analysis for relevant EU policies, such as trade, industrial policies and international partnerships.

The observatory will collect and analyse information on China's global activities in critical raw materials (in the EU, third countries, as well as the Arctic/Antarctic and on the high seas) from publicly available sources and, where relevant and feasible, from EU Delegations as well as other diplomatic or commercial sources. The data/information will include, for instance, investment flows and stocks, companies and sectors involved, relations with host countries, downstream processing of such raw materials in China or elsewhere. The observatory will gather relevant existing articles and papers by third parties which will be made available in an electronic repository. The repository will not be made publicly available. In addition, the observatory experts will regularly produce new analytical reports for presentation to EU stakeholders.

Currently a baseline study, financed by the European Commission's service for Foreign Policy Instruments (FPI), is conducted on 'China's overseas investments in critical raw materials' (expected to be completed by the end of 2024). The purpose of this study is to provide a first comprehensive overview of China's overseas investments in critical raw materials, identifying the main trends of these investments since 2011 and their implications for the EU. The baseline study should provide a first overview of this issue and, thus, facilitate the development of the observatory which will be supported under this new Action.

1.3 Zone benefitting from the Action

The Action shall be carried out in the European Union Member States and the People's Republic of China.

2 RATIONALE

2.1 Context

On 20 June 2023, the European Commission and the High Representative published a Joint Communication on a European Economic Security Strategy³, to minimise the risks to economic security in the context of increased geopolitical tensions and accelerated technological shifts, while preserving maximum levels of economic openness and dynamism. On 24 January 2024 the European Commission adopted a package of 5 new initiatives (related to trade and research) as part of the roll-out of the European Economic Security Strategy of 20 June 2023⁴.

The European Council Conclusions of 30 June 2023 on China⁵ reaffirmed, along with the Foreign Affairs Council of October 2022 and the "EU-China Strategic Outlook - Joint Communication" of March 2019, the validity of the EU's multifaceted policy approach towards China, where it is simultaneously a partner, a competitor and a systemic rival.

This approach has served to address the different aspects of the relationship, through a period when economic and political relations have required flexibility and agility in bilateral dealings with China. It also kept open the space for bilateral engagement on matters of common or global interest. In recent years, bilateral relations have become more complex in the face of sanctions, economic coercion against Lithuania, heightened tensions across the Taiwan Strait and China's positioning on Russia's war against Ukraine. Continuing to consolidate unity across all aspects of the relationship remains crucial for the EU's capacity to maintain credibility and leverage. At the same

²https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1661

https://single-market-economy.ec.europa.eu/publications/european-critical-raw-materials-act_en

³https://ec.europa.eu/commission/presscorner/detail/en/IP_23_3358

⁴https://ec.europa.eu/commission/presscorner/detail/en/IP_24_363

⁵<https://data.consilium.europa.eu/doc/document/ST-7-2023-INIT/en/pdf>

time, EU unity should aim at balancing realistic and robust engagement with well-managed systemic rivalry and competition with China in support of core EU interests and values.

Readjusting and recalibrating are necessary in light of the evolving circumstances, including China's own actions and posture. As mentioned in the European Council Conclusions of 30 June 2023, the European Union will seek to ensure a level playing field, so that the trade and economic relationship is balanced, reciprocal and mutually beneficial. In line with the Versailles agenda, the European Union will continue to reduce critical dependencies and vulnerabilities, including in its supply chains, and will de-risk and diversify where necessary and appropriate. The European Union does not intend to decouple or to turn inwards. This message was stressed by the EU leaders at the EU-China Summit of 7 December 2023.

Raw materials are crucial to Europe's economy while being also highly vulnerable to supply disruptions. Critical raw materials are confronted with a growing global demand, driven by the decarbonisation of economies. During her 2022 State of the Union speech⁶, President von der Leyen announced the Critical Raw Materials Act, calling to address EU dependency on imported critical raw materials by diversifying and securing a domestic and sustainable supply.

Chinese overseas investments in raw materials are partly motivated by the need to secure access to certain mineral resources scarce domestically as well as to gain access to global markets and mineral supply chains. These investments could also lead to the creation of strategic dependencies for other countries (including the EU) on China. Moreover, today China controls almost half of the world's refinery production⁷ and has become a central player at all stages of the mineral supply chain. Considering the implications for the EU's economy and European companies' access to critical raw materials, producing an overview, stocktaking and monitoring of Chinese investments in the mining and refining of critical raw materials overseas, including in the EU, is paramount. This will provide the EU with regular inputs and analysis which can inform EU policies and tools in support of strategic interests and to pursue the external dimension of the European Green Deal⁸ and the clean energy transition, as well as to improve the level playing field and market access for European businesses operating in China.

2.2 Problem Analysis

Raw materials are indispensable for a wide set of strategic sectors in the EU including net zero industries, the digital industry, aerospace, and defence sectors. While demand for critical raw materials is projected to increase drastically, Europe still heavily relies on imports, often from quasi-monopolistic third country suppliers like China. For this reason, the EU needs to mitigate the risks for supply chains related to such strategic dependencies to enhance its economic resilience.

During the last decades, China has increased its economic activities abroad significantly. Investments have increased since the adoption of the "Going Out Policy" in the early 2000s, encouraging State Owned-Enterprises to seek for overseas markets and the launch of the Belt and Road Initiative (BRI) in 2013. To support these strategies, in recent years, China has become a particularly active investor in critical raw materials, such as cobalt used to produce electric vehicles and mobile phones, in line also with its "Two Markets, Two Resources Strategy" aiming at penetrating foreign markets while protecting the domestic one.

Besides the geopolitical and development policy aspects, these initiatives and other Chinese activities abroad have also had repercussions for the EU's global economic interests, notably for the European industry competitiveness and economic dependence on China's investments in raw materials. Therefore, it is necessary to gather data on Chinese activities and investments in critical raw materials worldwide and to ensure that this data can inform future European policies/initiatives in this area.

Against this backdrop, this Action will contribute to several EU initiatives on raw materials such as the European Raw Materials Alliance and the Critical Raw Materials Act⁹. Both provide an overview of the current and future challenges in this area and lay down proposals for concrete actions to reduce Europe's raw materials dependency on third countries, diversify supplies from primary and secondary sources and improve resource efficiency and circularity while promoting responsible sourcing worldwide.

⁶ https://state-of-the-union.ec.europa.eu/state-union-2022_en

⁷ https://www.brookings.edu/wp-content/uploads/2022/08/LTRC_ChinaSupplyChain.pdf

⁸ COM(2019) 640 final

⁹ COM(2023) 160 final

The Action will also complement the Net Zero Industry Act (NZIA)¹⁰, which proposes to create the necessary conditions to facilitate investments in net-zero technology manufacturing projects and makes it easier for project promoters to build up net zero industrial manufacturing. In this regard, the EU aims to reach net-zero technologies manufacturing capacity of at least 40% of the Union's needs by 2030. The NZIA will help accelerate the EU's progress towards climate and energy targets by 2030 and to climate neutrality by 2050, while boosting the competitiveness of the EU's industry. This is especially relevant as many climate technologies, renewable energies, electric vehicles require a significant amount of critical raw materials for their production.

The Action will also underpin the EU's Global Gateway¹¹ strategic objectives by analysing the links between the EU's industry and supply chains worldwide and by providing inputs for the EU to take a proactive stance in third countries whenever socio-economic and environmental issues may rise from Chinese activities (or other countries). Finally, the Action is also relevant regarding the UN Sustainable Development Goal 12 on "Ensuring sustainable consumption and production patterns", in view of the links between extractive industries and development aspects.

Main stakeholders

The Action will involve engagement with organisations that possess information and data on Chinese investments in critical raw materials. These may include, for instance: EU academia, think-tanks, research centres, CSOs, local and national authorities in third countries which are key in global supply chains for critical raw materials, other partner countries, international organisations, as well as EU institutions and policy makers.

The Action will also be implemented in close cooperation with the EU Delegations in relevant countries to ensure that the activities will take into consideration the reality on the ground in partner countries and to ensure maximum access to available information on critical raw materials.

Civil society organisations and local authorities might be involved in gaining access to data collection and information, if considered useful by EU Delegations.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** of this action is to improve the EU's understanding of China's overseas investments in critical raw materials (as defined in the Critical Raw Materials Act – CRMA) among European policy-makers to contribute to reducing critical dependencies and strengthening resilience.

The **Specific Objectives** of this action are to:

1. **Provide an overview of Chinese overseas investments** in critical raw materials to assess current and emerging patterns and to try to anticipate China's actions globally.
2. **Generate regular inputs and analysis which can inform relevant EU policies and tools** (such as foreign policy, trade, industrial, development).

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

- 1.1 Establishment of an observatory (including a **pool of experts** and a user-friendly and up-to-date **database/ spreadsheet**) to systematically monitor Chinese global investments and activities in critical raw materials.
- 2.1 Improved tools and easy effective use of a **searchable repository of existing papers, articles, studies, analysis by third parties** including investment figures.
- 2.2 Improve information and advisory services for EU's policy-making in the area of critical raw materials including through **new analytical reports to be developed by the observatory experts**.

¹⁰ COM(2023)161 – Regulation proposal on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

¹¹ JOIN/2021/30 final

3.2 Indicative Activities

Activities relating to Output 1.1:

- Collect and categorize figures of China's investments in critical raw materials and related activities
- Identification of and contact with relevant EU Delegations in third countries for data input
- Study visits to relevant third countries for "on the ground" data collection
- Creation of a user-friendly observatory (in excel) in the format of a database (excel spreadsheet)

Activities relating to Output 2.1:

- Conduct a desk review of publicly available information including papers, articles, studies, analysis by third parties
- Create a searchable repository of relevant materials (available for internal EU use only¹²)
- Link database figures on investment flows and stocks, downstream processing of such raw materials, etc, to data sources in the repository of materials

Activities relating to Output 2.2:

- Produce factual and analytical quarterly reports assessing most recent developments
- Prepare annual reports summarising and analysing trends in China's global activities in critical raw materials, including forecasts for the next year as well as policy recommendations to the EU and the Member States
- Organise annual presentations to EU stakeholders in Brussels (e.g. European Commission, EEAS, Member States), EU Delegation and Member States in Beijing
- Provide technical expertise, ad-hoc consulting and advisory services, and other types of services and respond to ad-hoc requests on China's activities in the field of critical raw materials (i.e. punctual calls, short analyses)
- Report on an ad-hoc basis on specific issues, e.g. on China's global investments and operations/activities related to deep-sea mining, China's overseas investments in specific minerals or countries

3.3 Mainstreaming

Environmental Protection & Climate Change

Critical raw materials will be at the centre of decarbonisation efforts and will be critical to realise the European Green Deal and clean energy transition. Creating an observatory on Chinese overseas investments in critical raw materials, will provide the EU with important information and advise for policy-making with respect to the green transition.

Outcomes of the SEA screening

This is not applicable for this action.

Outcomes of the EIA (Environmental Impact Assessment) screening

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

Outcome of the CRA (Climate Risk Assessment) screening

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 G0. This implies that the action has been screened against the marker but has not been found to target gender equality either as principal or significant objective.

¹² In principle, relevant EU bodies and EU Member States.

Human Rights

Respect for human rights is a fundamental value of the European Union. The supply chain of critical raw materials is especially prone to human rights abuses in production and extraction. This is problematic regarding an actor like China, which considers human rights to be a country's "internal affairs" rather than a legitimate concern of the international community. Furthermore, China promotes a state-centric and relativist conception of human rights "with Chinese characteristics", according to which stability, harmony, subsistence and economic development take precedence over human rights, especially civil and political rights. As investments in critical raw materials occur often in developing countries with weak governing systems, non-democratic systems and with low economic development, human rights discriminations such as forced child labour for the extraction of raw materials, are prone to occur. The creation of an observatory on Chinese overseas investments in critical raw materials will also present the opportunity to observe, report and create awareness of potential human rights abuses regarding the production and extraction of critical raw materials.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the action does not propose any activity concerning any disability, nor contribute to this DAC code.

Reduction of inequalities

As investments in critical raw materials often occur in developing countries, which have often a huge amount of existing inequalities, the action represents an opportunity to create awareness of such inequalities, if related for example to raw materials extraction or production. This action will contribute to the EU's objective to further develop strategic partnerships, working with reliable partners to promote their own economic development in a sustainable manner, including through sustainable value chains locally.

Democracy

All activities, including policy dialogue with the Chinese Government, will aim to strengthen the inclusiveness of policy dialogues as well as to emphasize the importance of the rule of law, good governance, transparency and anti-corruption.

Conflict sensitivity, peace and resilience

Monitoring the promotion of human rights, fundamental freedoms, peace and security both in China and in partner countries will be considered as appropriate.

Disaster Risk Reduction

Critical raw materials are at the centre of the decarbonisation of economies. Creating an observatory on Chinese overseas investments in critical raw materials will provide the EU with data and evidence-based analysis which can inform EU policy-making on the green transition. Decarbonisation efforts could help to reduce extreme weather and climate events and, thus, this action can indirectly contribute to the reduction of climate disasters.

Other considerations if relevant

N/A

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Political risk	Possible pressure from China's authorities on persons and entities	M	M	The EU will take appropriate measures to ensure confidentiality on the project, of the persons and entities involved and

	involved in the implementation of the project			information produced by the activities of the programme.
Political risk	Availability of information becomes more difficult due to restrictive measures of China on CRM data	M	M	The EU will take appropriate measures such as data development support through repository of existing materials, involvement of EU Delegations where appropriate, etc.
Confidentiality	Conflict of interest and leakage of information/data	M	H	The pool of experts will work in full discretion and understanding of the sensitive nature of the data/information handled. For this reason, the main outputs (database, reports and presentations, etc.) will not be openly published but they will be for EU internal use only ¹³ .
Confidentiality	Limited access to information/data	M	M	The action will build on existing networks of EU Delegations as well as on academia and think tanks, to fill potential information gaps.

Lessons Learnt:

This action will build upon an ongoing baseline study (completion expected by end of 2024) on ‘China’s overseas investments in critical raw materials’, which will provide a first comprehensive overview of the issue, identify main trends of such investments since 2011 and implications for the EU. Measures will be taken to avoid possible leakage of the information/data and confidentiality of the project, individuals and entities involved. Furthermore, the involved experts will be briefed to ensure they are aware of the risks involved in this project.

Experts will conduct a thorough data collection, drawing from all relevant available sources, such as EU Delegations, academia, think-tanks analysis, in order to make this a valuable and comprehensive repository of information.

¹³ In principle, relevant EU bodies and EU Member States.

3.5 The Intervention Logic

The EU sources most of its mineral raw materials from non-EU countries, primarily China. Between 2012 and 2016, 44% of the thirty raw materials that the EU classifies as “critical” were imported from China. According to [the EU’s latest data](#), around 98% of the EU’s demand for rare earths is met by China¹⁴, either domestically or from resources located in the so-called Global South.

In the current geopolitical context, in-depth analysis and evidence is critical for policy makers to develop EU policies and tools to de-risk the trade and investment relationship with China.

This Action will support systematic monitoring of Chinese global investments and operations through an observatory (i.e. a pool of experts) focusing on critical raw materials (as defined in the proposed Critical Raw Materials Act (CRMA)), refining and downstream processing. IF comprehensive evidence-based information and analysis will be available, THEN the observatory will contribute to the development of EU policies to mitigate strategic dependencies of the Union and its Member States.

The main observatory outputs will include an up-to-date database of investment figures (spreadsheet, which will allow to filter for data on specific minerals, destination countries, etc); repository of existing papers, articles, studies by third parties on critical raw materials as defined in the Critical Raw Materials Act (CRMA); new analytical reports produced by the observatory experts drawing on the database information.

¹⁴ https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/rare-earth-elements-permanent-magnets-and-motors_en

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 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 linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

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

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To improve the EU's understanding of China's overseas investments in critical raw materials among European policy makers to contribute to reducing critical dependencies and strengthening resilience	Number of presentations of findings on China's overseas investments in CRM which receive positive feedbacks from EU stakeholders	Zero (2024)	6 throughout the lifetime of the project (including in Brussels and Beijing) (2028)	Project progress reports	<i>Not applicable</i>
Outcome 1	1. An overview of Chinese overseas investments in critical raw materials and assessment of current and emerging patterns and potential implications for the EU is available	1.1 Number of analytical reports approved by DG TRADE and DG INTPA	1.1. Zero (2024)	1.1 3 per year (2028)	1.1 Project progress reports	European researchers are able to gain sufficient access to information sources on China's role in critical raw materials worldwide. The quality of the data and information collected and the analysis is satisfactory. Inputs and contributions from EU Delegations in third-countries is collected and benefit the database and analytical reports.
Outcome 2	2. Regular inputs and analysis which can inform relevant EU policies and tools (such as foreign policy, trade, industrial, development) are available	2.1 Number of annual presentations by experts to EU stakeholders in Brussels and Member States and EU Delegation in Beijing	2.1 Zero (2024)	2.1 1 per year in Beijing and 1 per year in Brussels (2028)	2.1 Presentations, Meeting minutes	
Output 1.1 relating to Outcome 1	1.1. Support the development of an observatory to systematically monitor Chinese global investments and activities in critical raw materials (including a pool of experts and a user-friendly and up-to-date database)	1.1.1 Number of EU Delegations from which data is collected by the observatory, disaggregated by list of EU Delegations 1.1.2 Number of relevant third countries from whose authorities and institutions data is collected by the observatory	1.1.1 Zero (2024) 1.1.2 Zero (2024)	1.1.1 to be determined at inception of the project 1.1.2 to be determined at inception of the project	1.1.1 Project progress reports 1.1.2 China's CRM investments tracker database	

		1.1.3 Number of updates to China's CRM investments tracker database (spreadsheet)	1.1.3 Zero (2024)	1.1.3 to be determined at inception of the project	1.1.3 Project progress reports	
Output 2.1 relating to Outcome 2	2.1 Improve EU access to evidence-based analysis on China's role in critical raw materials (via a repository of information (papers, articles, studies, analysis) including investment figures))	2.1.1 Status of the repository (Number of existing papers, articles, studies developed by third parties which are accessible through the searchable repository)	2.1.1 Zero (2024)	2.1.1 to be determined at inception of the project	2.1.1 Project progress reports Access to the repository	
Output 2.2 relating to Outcome 2	2.2 Improve information and advisory services for EU policy-making in the area of critical raw materials	2.2.1 Number of quarterly analytical reports developed by the observatory 2.2.2 Number of annual reports summarising and analysing trends, evolution and related Chinese overseas investments in critical raw materials 2.2.3 Number of ad-hoc consulting and reporting services by the pool of experts	2.2.1 Zero (2024) 2.2.2 Zero (2024) 2.2.3 Zero (2024)	2.2.1 4 per year (2028) 2.2.2 1 per year (2028) 2.2.3 to be determined at inception of the project	2.2.1 Project progress reports/ Quarterly reports Availability of the analytical reports (quarterly / annual / ad-hoc) 2.2.2 Project progress reports Availability of the analytical reports (quarterly / annual / ad-hoc) 2.2.3 Project progress reports	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the People's Republic of China.

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 48 months from the date of adoption by the Commission of this Financing Decision.

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

4.3 Implementation Modalities applicable to Project modality

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

4.3.1 Direct Management (Procurement)

The procurement will contribute to achieving Specific Objectives under Section 3.1. The global budgetary envelope reserved for procurement is indicated in section 4.5.

This call has been launched on XX (date to be indicated at a later stage) under a suspensive clause prior to the adoption of this Decision. This is justified due the nature of the action, which replies to new priorities and requires a timely contracting. Critical Raw Materials has become an EU priority to reduce our dependency on other countries, including China, by diversifying and securing a domestic and sustainable supply of critical raw materials. The information, data and analysis collected is of critical importance to conduct these dialogues as well as the discussions during the annual EU China Summit. It is therefore essential to start collecting critical information without any further delay to make urgent policy decisions promptly.

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

In case procurement envisaged under section 4.3.1 cannot be implemented as planned due to circumstances outside of the Commission's control, this action may be implemented in indirect management with an entity. In such circumstances, the following selection criteria would apply:

- experience in working with public authorities;
- experience in promoting alignment with EU interests, policies and values in partner countries;
- expertise in providing analytical advisory services, capacity building and/or technical assistance to public and private sectors in the field of trade, investments and industry, notably in the mining sector;
- deep knowledge of the China context.

4.4. Scope of geographical eligibility for procurement and grants

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

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

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

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.3	
“Observatory on China’s overseas investments in critical raw materials” composed of	
Procurement (direct management) – cf. section 4.3.1	N.A.
Procurement – total envelope under section 4.3.1	2 100 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision
Contingencies	N.A.
Totals	2 100 000

4.6 Organisational Set-up and Responsibilities

A dedicated steering committee will be set up. This steering committee will act as advisory mechanism in order to provide the strategic and policy guidance needed to ensure smooth project implementation for each of the designated focus of the action.

The steering committee will meet at least once a year and will define the priority work streams to be addressed. The steering committee will review and endorse annual work plans, monitor project outputs and achievements and provide advice on how to address obstacles and challenges identified during implementation. The steering committee, whose composition will be further detailed in the legal commitments, will comprise the relevant sections of the Delegation representing DG INTPA and DG TRADE, as well as the implementing partner (contractor). Participation of EU HQ will be encouraged through virtual platforms. Private Sector organisations and networks, civil society, including women organisations, will be consulted and involved in the implementation of the action, as appropriate.

EU Member States and other donors and stakeholders with an interest and/or active in the issues addressed may be invited to join the steering committee as observers. Full details of the operation of the steering committee and programme board will be outlined in the programme documents.

The coordination mechanism composed of Commission services (DG INTPA, DG TRADE, DG GROW, JRC, FPI) and the EEAS will be kept up-to-date on any activities under this action that are relevant to dedicated strategic communication and/or public diplomacy actions. The implementing partner or other relevant sections in the EU Delegation will facilitate the organisation of policy dialogue meetings, under the chairmanship of the Head of EU Delegation.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

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

The implementing partners are responsible for day-to-day monitoring and reporting based on the agreed indicators in the logframe. It includes entering the logframe in OPSYS at the beginning of the project as well as the current values on an annual basis. For baseline and/or endline targets that need to be defined for specific indicators, the implementing partners shall take the responsibility to collect data using appropriate tools including surveys and present the results in the progress report for approval by the contracting authority. Funding for the baseline and endline data collection will be incorporated into the overall budget within the implementing partners. Adjustments to the agreed indicators will be subject to a discussion and approval of the contracting authority. The contracting authority will also be responsible for the approval of interim progress reports including the updated current values of the logframe indicators in OPSYS.

Stakeholder engagement will be ensured by appropriate governance mechanism and communication and engagement strategy, monitored closely by the contracting authority during contract implementation.

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).

5.2 Evaluation

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

- A mid-term evaluation may be carried out for problem solving and learning purposes, in particular with respect to the creation of the observatory and the gathering of related information. This would also be useful with respect to the potential launch of a second phase, in which the problems detected during the implementation of the project could be addressed.
- A final evaluation may be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that investment in critical raw materials will become even more important over time, due to their need for the green transition.

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

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

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

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