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ANNEX II

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

Action Document for Pacific Regional Electrification Programme

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 | Pacific Regional Electrification Programme OPSYS number: ACT-62291 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe) |
| 2. Team Europe Initiative | Yes. This action will contribute to the TEI “Green-Blue Alliance for the Pacific and Timor-Leste”. |
| 3. Zone benefiting from the action | The action shall be carried out in 13 Pacific ACP countries the Pacific Region: (i) Cook Islands, (ii) Federated States of Micronesia, (iii) Fiji, (iv) Kiribati, (v) Republic of Marshall Islands, (vi) Nauru, (vii) Niue, (viii) Palau, (ix) Samoa, (x) Solomon Islands, (xi) Tonga, (xii) Tuvalu, and (xiii) Vanuatu, as well as Papua New Guinea and Timor-Leste. |
| 4. Programming document | Regional Multi-Annual Indicative Programme for Asia and the Pacific 2021-2027 |
| 5. Link with relevant MIP(s) objectives / expected results | Sector 1 “Climate Action and Environmental Sustainability” Specific Objective 2 “Support Pacific partners to build further their capacity to reduce greenhouse gas emissions.” <ul style="list-style-type: none"> • ER 2.1: Reduced dependency on and use of fossil energy sources. • ER 2.2: Increased energy efficiency and use of renewable energy sources, including use of sustainable and smart mobility. |
| PRIORITY AREAS AND SECTOR INFORMATION | |
| 6. Priority Area(s), sectors | DAC sector: <ul style="list-style-type: none"> - 23110 – Energy sector policy, planning and administration - 23210 – Energy generation, renewable sources - multiple technologies - 23631 – Electric power transmission and distribution (isolated mini-grids) |

| | | | | |
|--|---|--|-------------------------------------|-------------------------------------|
| 7. Sustainable Development Goals (SDGs) | Main SDG: 7 – Affordable and Clean Energy Other significant SDGs: 1 – No poverty, 3 – Good health and well-being, 5 – Gender equality, 6 – Clean water and sanitation, 8 – Decent work and economic growth, 10 – Reduced inequalities, 13 – Climate action | | | |
| 8 a) DAC code(s) | 231- energy policy- 50% 232- Energy generation, renewable sources- 30% 236- Energy distribution- 20% | | | |
| 8 b) Main Delivery Channel | 47 0000 – multilateral organizations | | | |
| 9. Targets | <input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" 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 | | | |
| 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 type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Gender equality and women’s and girl’s empowerment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Reproductive, maternal, new-born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Disaster Risk Reduction | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Inclusion of persons with Disabilities | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nutrition | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 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 type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Climate change adaptation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | 11. Internal markers and Tags: | Policy objectives | Not targeted | Significant objective |
| Digitalisation | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| digital connectivity | | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | / |
| digital governance | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| digital entrepreneurship | <input type="checkbox"/> | <input checked="" type="checkbox"/> | | |
| digital skills/literacy | <input type="checkbox"/> | <input checked="" type="checkbox"/> | | |

| | | | | |
|--------------------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | digital services | <input type="checkbox"/> | <input checked="" type="checkbox"/> | / |
| | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | Connectivity | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | digital connectivity | YES | NO | / |
| | energy | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| | transport | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | health | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | education and research | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | Migration | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reduction of Inequalities | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Covid-19 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| BUDGET INFORMATION | | | | |
| 12. Amounts concerned | Budget line(s) (article, item): BGUE-B2024-14.020132-C1-INTPA Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution: EUR 15 000 000 | | | |
| MANAGEMENT AND IMPLEMENTATION | | | | |
| 13. Type of financing | Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1 | | | |

1.2 Summary of the Action

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| <p>The action is aligned with the Framework for Energy Security and Resilience in the Pacific 2021-2030 prepared by the Pacific Community (SPC) and endorsed by all Pacific Island Countries (PICs), and with the Accelerated Modalities of Action (Samoa Pathway)¹. The action is part of the Global Gateway intervention on climate and energy, and falls under priority area 1 of the Asia-Pacific regional MIP 2021-2027.</p> <p>The action shall be carried out in the Pacific Region which consists of 13 Pacific Island Countries (Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu), as well as Papua New Guinea (PNG) and Timor-Leste.</p> <p>Whilst there has been significant progress in the Pacific Islands region to increase electricity access, as of 2020, there were still over 3.7 million people without access to electricity. Most of these people were in PNG, with the rest being in Solomon Islands, FSM, Kiribati, Vanuatu and Fiji.</p> <p>This action will involve a wide range of stakeholders, from regional organisations, EU Member States' development agencies, governments, utilities, business, local communities and civil society as well as actors of the energy sector, many of whom are already partners in EU funded programmes in the Pacific.</p> <p>The Overall Objective of this action is to contribute to a sustainable inclusive and climate-resilient socio-economic development through access to sustainable renewable energy electricity services in remote communities of Pacific Island Countries. Its Specific Objective is to increase production, distribution and use of renewable and clean energy to boost energy access, and for productive and public purposes. The Outputs will be improved national energy policies, standards and regulations for off-grid renewable energy and enhanced access to finance.</p> <p>The action will engage in policy dialogue with national and regional stakeholders and provide technical assistance to reduce barriers to investment in rural electrification. It will also provide technical assistance to improve the</p> |
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¹ The Small Island Developing States Accelerated Modalities of Action Pathway (SAMOA Pathway) is the dedicated, internationally agreed, programme of action for small island developing States (SIDS) for the decade 2014 - 2024.

enabling environment and strengthen the policy and regulatory framework, to fill in also gaps and remove obstacles and bottlenecks for rural electrification with renewable energy in the region.

The action will support existing national electrification facilities (or set them up if not existing at national or regional level) for combining EU funds with other sources and type of financing, providing technical assistance to leverage public and private investment, and aiming to crowd-in other donors and partners. The design of the facilities will be carried out in close collaboration with the countries, in full respect of their sovereignty. The facilities will be capitalised through funds from the EU, aiming to also attract co-investment from other donors. For each project and programme, the funds provided by the EU should be as limited as possible to increase the leveraging of the intervention and promote a more sustainable market development. The action will mainstream environmental protection & climate change, gender equality and empowerment of women and girls, human rights, reduction of inequalities, conflict sensitivity, peace and resilience, and disaster risk reduction.

The action will directly contribute to SDG 7, and positively impact other SDGs (i.e. No poverty-SDG 1, Good health and well-being-SDG 3, Gender equality-SDG 5, Clean water and sanitation-SDG 6, Decent work and economic growth-SDG 8, Reduced inequalities-SDG 10, Climate action-SDG 13).

1.3 Zone benefitting from the Action

The action shall be carried out in in the Pacific region, which consists of 13 Pacific Island Countries (Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu), as well as Papua New Guinea and Timor Leste out of which the Cook Islands, Palau, Niue and Nauru are not included in the list of ODA recipients.

2 RATIONALE

2.1 Context

On the political side, despite the distance between Europe and the Pacific, the region's importance for the EU has been growing, particularly against the background of on-going geopolitical shifts in a globalised world, notably the growing competition with China, further exacerbated by Russia's aggression against Ukraine. There is an increased recognition that the world's economic and strategic centre of gravity moves towards the Indo-Pacific. In addition, eleven of the 13 small Pacific Island Countries (PICs) are UN members and, together with Papua New Guinea (PNG) and Timor-Leste, they represent nearly 7% of overall UN votes. As the new Samoa Agreement, and more specifically its 'Pacific Regional Protocol', is entering into force and following the adoption of the EU Strategy for Cooperation in the Indo-Pacific, it is important to demonstrate timely and adequate efforts towards their implementation. The EU is therefore stepping up its relations with the PICs, promoting a more political and strategic engagement. The EU and the PICs having common interests and goals, in particular on climate and environmental diplomacy and action, maritime awareness and security, green/blue growth, as well as multilateralism and a rules-based global order.

PICs face peculiar economic challenges due to their size, geographical remoteness and dependence on limited natural resources, relying heavily on fishing activities for their economies. Impacts of the COVID-19 pandemic have also had a significant impact and continue to affect many of the PICs. This is coming on top of the high vulnerability to external shocks such as natural disasters. Rising global commodity prices have put upward pressure on inflation throughout the region, greatly worsened by the Russian invasion of Ukraine given the PICs' heavy reliance on food and fuel imports.

The effects of the pandemic on fiscal and debt positions have varied across the islands. Some PICs have high levels of public debt. Debt sustainability and repayment capacity are a major concerns for some of them.

The action is aligned with the vision of the Framework for Energy Security and Resilience in the Pacific 2021-2030 prepared by Pacific Community (SPC) and endorsed by all PICs, and the Small Island Developing States (SIDS) Accelerated Modalities of Action (Samoa Pathway).

The action also contributes to achieving the objectives of the Pacific RIP “Priority Area 1: Regional Integration and Cooperation”, particularly to “Sector 1: Climate Action and Environmental Sustainability” and its Specific Objective (SO) 2 “Support Pacific partners to build further their capacity to reduce greenhouse gas emissions”.

The other two sectors (i.e. Inclusive and Sustainable Economic Development; and Fundamental Values, Human Development, Peace and Security) will benefit of the improved access to electricity services too.

The EU and the Pacific region play a prominent role in the international climate change debate and this action will be a key example of a strong partnership contributing to the implementation of the Paris Agreement and to assisting the Pacific in reducing its dependency on fossil fuel. It will also contribute towards increased visibility of the EU as a key player supporting climate change mitigation and sustainable development in the Pacific.

This action will ensure that the EU remains a key partner in the broad field of sustainable energy in the region, building on and scaling-up a trajectory of several national and regional past or ongoing interventions such as Adapting to Climate Change and Sustainable Energy (ACSE)², or the bilateral support in the energy sector in Tonga, Marshall Islands and the Federated States of Micronesia, guaranteeing via the regional approach the impact and visibility in all the countries.

The action is part of the Global Gateway intervention on climate and energy.

Focusing on the Pacific region, the action specifically contributes towards the EU-Pacific Green-Blue Alliance’s goals to enhance climate mitigation, adaptation and resilience in the Pacific, while supporting the underlying political planning for, and mainstreaming of, climate ambition needed to achieve this. Member States active in the region are Germany, France, Sweden and Luxembourg but none currently have projects in the energy sector. European Investment Bank (EIB) is active in the region and in the sector. EU Member States cooperation agencies and other European financial institutions could join forces in the framework of the “Green Blue Alliance for the Pacific and Timor Leste” Team Europe Initiative (TEI). TEI will greatly assist in addressing the key challenges faced by the PICs in the energy sector such as access to sustainable renewable energy electricity services in remote communities of the PICs.

2.2 Problem Analysis

Short problem analysis:

As recognized in the EU-Pacific Green-Blue Alliance, the Pacific is one of the most vulnerable regions in the world to the impacts of climate change. Chapter 29 of the 5th International Panel on Climate Change (IPCC) report outlines sea level rise, tropical cyclones, increasing air and sea surface temperatures, and changing rainfall patterns as the key threats to small islands³. To the island nations of the Pacific, these challenges present significant threats to the long-term development and security⁴ of the region, and significantly compromise populations’ livelihoods and food security. With rates of sea level rise in the Pacific being 4 times greater than the global average⁵, the existence of many islands is threatened. Communities that are the most affected by the adverse effects of climate change are the ones living on outer islands.

Electricity access is lower within communities living in outer islands or in isolates places. Whilst there has been significant progress in the Pacific to increase electricity access, as of 2020, there were still over 3.7 million people without access to electricity. Most of these people were in Papua New Guinea (PNG), followed by Solomon Islands, Federated States of Micronesia (FSM), Kiribati, Vanuatu and Fiji.

² FED/2013/024-262 – a EUR 35.5 million programme to strengthen the Pacific ACPs’ capacity to adapt to the adverse effects of climate change and to enhance their energy security at national, provincial and local/community level.

³ Chapter 29: Small islands. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

⁴ <https://www.forumsec.org/2018/09/05/boe-declaration-on-regional-security/>

⁵ Chapter 29: Small islands. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change https://www.ipcc.ch/site/assets/uploads/2018/02/WGIAR5-Chap29_FINAL.pdf

Access to energy is a precondition for health, education and economic prosperity – an essential multiplier to meet our basic needs. Electricity is a basic building block of development, access to electricity services is a key enabler in poverty reduction, economic growth, and improved living standards.

By facilitating a better access to electricity, which is essential for health, education and economic activities, this action will reduce inequalities for outer islands communities. Clean energy can also be transformative for gender equality. When women own and benefit from productive uses of energy, such as for paid work or for healthcare, opportunities for economic empowerment and resilience are unleashed.

Discrimination against women and gender inequality are regarded as the most pervasive and prevalent human rights violations in the Pacific. The Region has one of the world’s highest rates of violence against women, with over 60% of adult women suffering physical or sexual abuse during their lifetime (compared to an estimated world average of 35.6%)⁶. Women’s mobility and safety are constrained due – among others - to poor energy services, for example, unavailability of streetlights due to unreliable electricity supply and can impact safety of women.

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

This action will involve a wide range of stakeholders, from national governments, regional organisations, EU Member States’ development agencies, utilities, business, local communities and civil society as well as actors of the energy sector, many of whom are already partners in EU funded programmes in the Pacific.

The action will endeavour to create partnerships and synergies with other key programmes and efforts at the regional level, and other donors and international organisations such as Australia, New Zealand, the World Bank, the Asian Development Bank, the Global Green Growth Institute and the United Nations Capital Development Fund, who are amongst the most active development partners in energy in the region. SPC should remain a strategic partner of the action to ensure cohesion with regional policies promoting access to electricity.

In addition, civil society organisations have existing networks and coalitions to build communities of practice, and to test and refine home-grown Pacific approaches.

Other important stakeholders at regional level are the Office of Pacific Energy Regulators Alliance (OPERA), Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE), Pacific Power Association (PPA), Sustainable Energy Industry Association of the Pacific Islands (SEIAPI) and the University of the South Pacific (USP). PCREEE is part of wider SDG-7 multi-stakeholder partnership which aims at the establishment of a network of regional sustainable energy centres for small island developing states (SIDS) in Africa, Caribbean, Pacific and Indian Ocean. PCREEE works closely with the other regional sustainable energy centres based in Cabo Verde and in the Barbados, on common Small Islands Developing States (SIDS) sustainable energy solutions. PCREEE is hosted by SPC.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

Impact: To advance the inclusive, sustainable, gender-based and climate change-resilient socioeconomic development in Pacific Island Countries.

The Specific Objective of this action is to

1. Enhance equitable access to renewable and clean energy in remote communities of PICs.

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

Output 1. Increased opportunities for policy dialogue and coordination between the EU and PICs national governments on rural electrification and renewable energy ensuring a gender-sensitive approach.

⁶ United Nations Population Fund (UNFPA), <https://asiapacific.unfpa.org/en/knowvawdata#:~:text=Globally%2C%20addressing%20violence%20against%20women,hands%20of%20an%20intimate%20partner>, accessed on 19 March 2024.

Output 2. Improved gender-sensitive technical and financial support measures to the public and private sector for rural electrification and market development.

3.2 Indicative Activities

Activities relating to Output 1:

1.1 Organisation of policy dialogues with relevant authorities and key stakeholders around rural electrification.

1.2 Provision of technical assistance to key decision-makers on energy policies and approaches, such as rural electricity tariff setting and recycling of batteries.

Activities relating to Output 2:

2.1 Provision of technical assistance to enhance or develop feasible financial mechanism to leverage private and public sector participation for the development of mini-grids that improve access to electricity.

2.2 Provision of investment grants and/or concessional funding or guarantees for the development of mini-grid projects that improve access to electricity.

2.3 Deliver trainings to the communities that received new renewable energy equipments and will be in charge of its maintenance and/or operation.

2.3 Online coordination meetings with potential financiers to leverage private and/or public investment to co-finance the electrification installations.

In some countries, like in Fiji and Vanuatu, electrification facilities already exist. In Fiji for example the government, with the support of development partners, set up the Fiji Rural Electrification Fund (FREF)⁷ that pulls donor funding together to finance mini-grids for isolated communities that do not have access to electricity. The communities pay back part of the investment for their electricity consumption to FREF who can then implement more electrification projects. In those cases where an electrification facility already exist, this Action will directly contribute to those existing facilities.

3.3 Mainstreaming

Environmental Protection & Climate Change

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

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

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

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

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

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

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

Gender equality will be included in the policy dialogue and the technical assistance and gender aspects will be included in the consultations that will be undertaken with the communities at project level. Gender aspects will be included in the design phase to make sure the electrification installations serves the purpose of women as well, such as providing light in public areas for their safety. Women will also be included in trainings when trainings

are delivered at community level. Depending on the maintenance and operation model that is selected, women will also have the opportunity to actively participate in the maintenance and operation schemes of their electricity installations. Women will also benefit from the productive use of electricity which provides opportunities for economic empowerment and resilience.

Human Rights

Despite the pivotal importance of energy to the realization of almost all socioeconomic goals, to date there has not been a recognition of access to energy as human right. However, it is acknowledged that electricity is a derived human right, a right supporting other rights, grounded on rights such as the right to adequate housing.

By facilitating access to electricity, the Action will therefore promote several human rights (e.g. access to water).

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that no specific activity will be undertaken in this regard.

Reduction of inequalities

This action is labelled as I1.

Communities living in small outer islands have a poorer access to electricity than the population living in the main islands. By facilitating a better access to electricity, which is essential for health, education and economic activities, this action will reduce inequalities for outer islands communities.

The intervention will also reduce the inequality among countries of the region. Countries with the lowest access rate, which have also a lower Human Development Index (HDI) (e.g. PNG) than the others will benefit the most from the intervention, thus narrowing the gap.

Democracy

The Action will not undertake any direct activity in this regard. However, by providing access to electricity in remote communities, it will provide means (e.g. access to telecommunication and information technologies) for an enhanced participation of the citizens in those localities to the political life.

Conflict sensitivity, peace and resilience

Land ownership has been identified as a recurrent barrier in energy projects in the region and a potential source of conflicts. This could be an issue for mini-grids that requires land for the power plant and the distribution network, while off-grid stand-alone renewable energy solutions (e.g. off-grid solar) will not be concerned by this. This implies that specific eligibility criteria will include land access for the projects' selection in the framework of the financing facilities (e.g. legal proof of ownership/custody of lands for the site; identification of suitable installation site, including Unexploded Ordnance (UXO) clearance (if applicable); acceptances from the community to allow powerlines to traverse the properties within the project zone).

By facilitating access to electricity, the Action will enhance resilience in remote communities by improving the socioeconomic conditions (e.g. increased income from productive uses of energy), reducing vulnerabilities (e.g. improved access to water), thus ultimately contributing to strengthening resilience.

Disaster Risk Reduction

The Action will contribute to disaster risk reduction by diminishing vulnerabilities (e.g. by improving the socioeconomic conditions), increasing preparedness and reducing disaster related displacement of the

communities (e.g. by facilitating access to early warning systems via telecommunication and information technologies).

Additionally, the systems to be co-financed by the electrification facilities will be able to withstand wind ratings as requested in the applicable standards, thus avoiding that they can become a potential risk for the community in case of extreme weather events.

Other considerations if relevant

N.A.

3.4 Risks and Lessons Learnt

| Category | Risks | Likelihood (High/ Medium/ Low) | Impact (High/ Medium/ Low) | Mitigating measures |
|---|--|---|-------------------------------------|---|
| Planning, Processes and system Legality and regularity aspects | Risk 1 Lack of sustainability of the co-funded infrastructure, as a significant number of initiatives did not keep the equipment operational after installation | Medium | High | The initiative will promote sustainability within the renewable energy sector in the region, by acting both at the level of the enabling environment and in the specific projects and programmes that the facilities will co-fund. The action will have a specific focus on supporting schemes guaranteeing the sustainability of the intervention through adequate operation and maintenance, tariff collection methods, the replacement of spare parts and productive uses of electricity. |
| Planning, Processes and system | Risk 2 Increase of renewable equipment cost | Medium | Low | The electrification facilities might promote call for proposals, therefore promote the competition among the applicants, and the selection criteria will also include cost-efficiency. A least cost approach to electrification could be adopted supporting also initiatives that traditionally are less expensive such as grid densification. |
| Communication and Information | Risk 3 Low response to the call for projects | Low | Medium | In the case the electrification facility publishes a call for proposals to select the project to be implemented, the electrification facilities will develop and make available the following: <ul style="list-style-type: none"> • Clear and comprehensive guidelines that outline the objectives, eligibility criteria, |

| | | | | |
|--|--|--|--|---|
| | | | | <p>evaluation criteria, and submission requirements;</p> <ul style="list-style-type: none"> • Examples and templates to illustrate the expected format and content of proposals; • Implementation of multichannel communication strategy to ensure that private and public sector decision makers are aware of the opportunity. <p>With the same purpose, the facilities will develop a suite of capacity building and technical support measures to provide guidance to applicants through the submission and approvals process. These include pre-application sessions, one-one consultations, peer-review and mentoring from the facilities and within the talent pool of Pacific Island actors.</p> |
|--|--|--|--|---|

Lessons Learnt:

Whereas some countries have taken remarkable and successful efforts in promoting quality-verified products (e.g. PNG), these fail to ensure a later proper Operation & Maintenance (O&M) or the easy access of remote communities to spare parts that can guarantee their repairability. In this regard, the region has built some successful experiences on the use of service-based models with monthly instalments to cover the costs of O&M and decommissioning activities, typically offered by the utilities (primarily Kiribati and Republic of the Marshall Islands, but also FSM or Solomon Islands). It has also been observed that O&M sustainability is less an issue for commercial endeavours than for donor funded initiatives⁸. The action will thus have a specific focus on supporting schemes to guarantee the sustainability of the intervention, adequate O&M and the replacement of spare parts. Such a model can help extend the life of off-grid products, while electronic waste is reduced, and the local economies become more circular.

The initiative will promote sustainability within the renewable energy sector in the region, by acting both at the level of the enabling environment and in the specific projects and programmes that the facilities will co-fund. In terms of enabling environment, technical assistance and policy dialogue will work to embed environmental, social and economic sustainability in a conducive policy and regulatory framework. For instance, harmonization of standards for engineering and installation provides safeguards by improving the quality of work, while e-waste policy and regulation guarantee the adequate end-of-life disposal of equipment.

The specific projects and programmes that the facilities co-fund will be screened according to eligibility and selection criteria specifically designed to address the sustainability aspect and to give to the applicants, and the market more in general, a clear indication of the importance of these issues.

⁸ As presented in the ‘Stocktaking of the electricity access situation in the region, renewable energy status of the PICs, gap analysis and lessons learnt’ prepared by the EU Global Technical Assistance Facility for Sustainable Energy

3.5 The Intervention Logic

The underlying intervention logic for this action is that IF the opportunities for policy dialogue and coordination between the EU and PICs national governments on rural electrification and renewable energy from a gender-sensitive approach are increased (Output 1) AND IF the technical and financial support measures to the public and private sector for rural electrification and market development are improved (Output 2), THEN the production, distribution and use of renewable and clean energy for productive and public purposes will be enhanced (Outcome 1), PROVIDED THAT regional and national institutions remain committed to the development of the renewable energy sector (Assumption 1) and the competent authorities maintain their interest to scaling up rural electrification in the most isolated areas (Assumption 2).

3.6 Logical Framework Matrix

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

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

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

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

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

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

| Results | Results chain (e): Main expected results (maximum 10) | Indicators (e): (at least one indicator per expected result) | Baselines (values and years) | Targets (values and years) | Sources of data | Assumptions |
|----------------|---|--|--|---|---|--|
| Impact | To advance the inclusive, sustainable, gender-based and climate change-resilient socioeconomic development in Pacific Island Countries. | 1. Proportion of population with access to electricity **(GERF 1.2. & SDG 7.1.1) | 1. 71% across the region (2020) | 1. 80% across the region by 2030 | 1. Sustainable Development Goal (SDG) 7 tracking | <i>Not applicable</i> |
| Outcome | Enhanced production, distribution and use of renewable and clean energy for productive and public purposes | <p>1.1 Renewable energy generation capacity installed (MW) with EU support</p> <p>1.2 Number of people with access to electricity with EU support through: (a) new access, (b) improved access (GERF 2.3) <i>Disaggregated by sex and country</i></p> <p>1.3 Greenhouse Gas (GHG) emissions avoided (tonnes CO₂eq) with EU support. (GERF 2.7) <i>Disaggregated by country</i></p> <p>1.4 Number of people benefitting of social infrastructure health, education, lighting served by new rural electrification solutions, disaggregated at least by sex</p> <p>1.5 Volume of additional resources mobilised through public and private investments to accelerate rural electrification (EUR)</p> | <p>1.1 Zero (2023)</p> <p>1.2 Zero (2023)</p> <p>1.3 Zero (2023)</p> <p>1.4 Zero (2023)</p> <p>1.5 Zero (2023)</p> | <p>1.1 2.1 MW by 2029</p> <p>1.2 At least 29,000 by 2029</p> <p>1.3 639 tCO₂/year by 2029</p> <p>1.4 At least 30,000 by 2029</p> <p>1.5 1.2.2 At least EUR 5 million worth energy investment by 2029</p> | <p>1.1 Implementation monitoring and Progress Report and completion certificates of the rural electrification projects funded</p> <p>1.2 Implementation monitoring and Progress Report. Completion certificates of the rural electrification projects funded</p> <p>1.3 Implementation monitoring and Progress Report</p> <p>1.4 Implementation monitoring and Progress Report</p> <p>1.5 Implementation monitoring and Progress Report</p> | <p>The regional institutions and national governments remain committed to the promotion of renewable energy and rural electrification and committed to maintaining the new renewable energy installations.</p> <p>No natural hazards or natural disasters (such as cyclones, volcano eruptions or earthquakes) happen during the period of implementation.</p> <p>The cost of Renewable energy equipment remains stable during the period of implementation.</p> |

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| <p>Output 1</p> | <p>1.1 Increased opportunities for policy dialogue and coordination between the EU and PICs national governments on rural electrification and renewable energy ensuring a gender-sensitive approach.</p> | <p>1.1.1. Number of gender-sensitive policy proposals that have been designed with the participation of competent authorities and other key sectoral stakeholders. <i>Disaggregated by country</i></p> <p>1.1.2 Number of relevant standards and regulations that have been approved by the competent authorities. <i>Disaggregated by country</i></p> <p>1.1.3 Number of government policies developed or revised with civil society organisation participation through EU support (GERF 2.29). <i>Disaggregated by country</i></p> | <p>1.1.1 Zero (2023)</p> <p>1.1.2 Zero (2023)</p> <p>1.1.3 Zero (2023)</p> | <p>1.1.1 At least 9 by 2029</p> <p>1.1.2 At least 5 by 2029</p> <p>1.1.3 At least 9 by 2029</p> | <p>1.1.1 records of official adoption and enforcement</p> <p>1.1.2 Implementation monitoring and Progress Report</p> <p>1.1.3 Implementation monitoring and Progress Report</p> | <p>Governments are committed to adopting and enforcing the policies, regulations and standards developed and committed to maintaining the new renewable energy installations.</p> <p>No natural hazards or natural disasters (such as cyclones, volcano eruptions or earthquakes) happen during the period of implementation.</p> <p>The cost of Renewable energy equipment remains stable during the period of implementation.</p> |
| <p>Output 2</p> | <p>Improved gender-sensitive technical and financial support measures to the public and private sector for rural electrification and market development.</p> | <p>1.2.1 Renewable energy generation capacity installed (MW) with EU support **(GERF 2.4) <i>Disaggregated by country</i></p> <p>1.2.2 Number of rural electrification initiatives that have been implemented or improved with EU support. <i>Disaggregated by country</i></p> | <p>1.2.1 Zero (2023)</p> <p>1.2.2 Zero (2023)</p> | <p>1.2.1 2.1 MW by 2029</p> <p>1.2.2 At least 15 projects by 2029</p> | <p>1.2.1 Implementation monitoring and Progress Report and completion certificates of the rural electrification projects funded</p> <p>1.2.2 Implementation monitoring and Progress Report</p> | <p>The regional institutions and national governments remain committed to an enhanced participation of the private sector in renewable energy and rural electrification and committed to maintaining the new renewable energy installations.</p> <p>No natural hazards or natural disasters (such</p> |

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|--|--|--|--|--|--|---|
| | | | | | | <p>as cyclones, volcano eruptions or earthquakes) happen during the period of implementation.</p> <p>The cost of Renewable energy equipment remains stable during the period of implementation.</p> |
|--|--|--|--|--|--|---|

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of 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

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 measures⁹.

4.3.1 Indirect Management with an entrusted entity

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

- Nature of the action: the entity would have experience in designing facilities or instruments that support rural electrification with renewable energy equipment;
- The entity has experience dealing with project-finance related to renewable energy projects;
- It will have a long-standing cooperation with the Pacific Island Countries and Territories in the energy sector;
- Operational capacity: The entity would have a positive track record in implementation through indirect management of projects of a similar size and scope and will have enough operational capacity to implement the action successfully;
- Value-added: The entity will have experience in project-based cooperation and an adequate setup to ensure the successful implementation of the facilities;
- Transparency and absence of conflict of interest: The entity and its members must have no conflict of interest in the design and implementation of the action.

The implementation by this entity entails:

1. provide, both at regional and national level, institutional capacity building, support for the development of relevant regulatory frameworks and policy advice;
2. support existing national electrification facilities (and or set them up if not existing at national or regional level) for combining EU funding with other types and sources of financing, providing finance and technical assistance to leverage public and private investment, and aiming to crowd-in other donors and partners. The design of the facilities will be carried out in close collaboration with the countries, in full respect of their sovereignty.

⁹ 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.

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

In case the Indirect Management with an entrusted entity cannot be implemented due to circumstances outside of the Commission's control, the action could be implemented in Direct Management (Procurement).

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) |
|---|--|
| Output 1 and 2 | |
| Indirect management with an entrusted entity- cf. section 4.3.1 | 15 000 000 |
| Total | 15 000 000 |

4.6 Organisational Set-up and Responsibilities

A governance structure will be put in place for all interventions of the action. This will rely on the establishment of a project Steering Committee, which will include representatives from the beneficiary countries, European Union, implementing partner and other stakeholders relevant to the objectives and activities of the specific project. The Steering Committee will review and approve work plans and reports, review implementation and define actions to address issues identified.

In addition, a broader EU Project Coordination Forum, with relevant representatives of regional institutions, national governments, donor community and private sector will be in place to share information and best practices, and ensure the coordination of the activities with other initiatives. This forum should also act as a dialogue mechanism for the EU.

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

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

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

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

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

Roles and responsibilities for data collection, analysis and monitoring:

The action shall ensure that there is a systematic Monitoring & Evaluation (M&E) system covering the overall Action to capture the progress towards implementation and ensuring effective gender-sensitive monitoring and data analysis. The development of these project -level M&E systems shall be done in close association between EUD and the implementing partner of the indirect management. Yearly M&E sessions shall be set up at the level of the project, including the institutional beneficiaries' representatives, and regular M&E documentation shall be provided by the implementing partner (bi-annually or quarterly) to ensure a comprehensive follow-up and assessment.

The data necessary for verification of the indicators for the Output 2 and Outcome 1 will be collected and presented in the monitoring and Progress Reports by the implementing partner (Output 1.2) and the EU delegation (Outcome 1).

The data necessary for verification of the indicators for the Output 1 will be collected from records of official adoption and enforcement by the EU delegation on a continuous basis.

The data necessary for verification of the indicators for the Impact will be collected from reports of the Sustainable Development Goal (SDG) 7 tracking by the EU delegation on a yearly basis.

The overall M&E indicators follow-up shall be done by the implementing partner, with dedicated funds and staff under the EUD supervision.

Monitoring and evaluation will assess gender equality results and an impact on rights of groups living in the most vulnerable situations. Monitoring and evaluation will be based on indicators that are disaggregated by sex, and disability group when applicable.

5.2 Evaluation

Having regard to the nature of the action, a mid-term, final or ex-post evaluation may be carried out for this action or its components via independent consultants or the implementing partner.

A mid-term review or Results-Oriented Monitoring (ROM) will be carried out for problem solving and learning purposes, in particular with respect to the implementation of the facilities and their interlinkages with the technical assistance and policy dialogue. A final or ex-post 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 the action may be replicated in future as national access to energy is a target for most of the Pacific Island Countries.

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.