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

**ANNEX II**

to the Commission Implementing Decision on the financing of the annual action plan in favour of the NDICI Neighbourhood East Region for 2024

**Action Document for Green and Sustainable Development, Trade and Investment promotion Facility for the Eastern Partnership**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

|   |   |
|---|---|
| <b>1. Title</b><br><b>OPSYS</b><br><b>Basic Act</b> | Green and Sustainable Development, Trade and Investment promotion Facility for the Eastern Partnership<br>Regional Action Plan for Neighbourhood East 2024<br>OPSYS business reference: ACT-62646<br>ABAC Commitment level 1 number: JAD.1416469<br>Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe). |
| <b>2. Economic and Investment Plan (EIP)</b>        | Yes<br>Economic development<br>Environment and climate resilience<br>Energy<br>Human Development  |
| <b>EIP Flagship</b>                                 | Yes<br>Investing in competitive and innovative economies<br>Investing in sustainable and smart connectivity<br>Investing in sustainable energy<br>Investing in environment & climate<br>Investing in people and knowledge societies   |
| <b>3. Team Europe Initiative</b>                    | No  |

|   |   |
|---|---|
| <b>4. Beneficiary(y)/(ies) of the action</b>                    | The action shall be carried out in the Eastern Partnership region (Armenia, Azerbaijan, Belarus <sup>1</sup> , Georgia, the Republic of Moldova <sup>2</sup> , Ukraine).  |
| <b>5. Programming document</b>                                  | Multi-annual Indicative Programme for the Neighbourhood East Region for the period 2021-2027 <sup>3</sup> .   |
| <b>6. Link with relevant MIP(s) objectives/expected results</b> | Priority area 1: Resilient, sustainable, and integrated economies<br>Priority area 3: Environmental and climate resilience<br>Priority area 4: Resilient digital transformation<br>Priority area 5: Resilient, gender equal, fair and inclusive societies   |
| <b>PRIORITY AREAS AND SECTOR INFORMATION</b>                    |   |
| <b>7. Priority Area(s), sectors</b>                             | Economic development, structural reforms, climate and green, human development  |
| <b>8. Sustainable Development Goals (SDGs)</b>                  | Main SDG (1 only): Goal 8: Decent work and economic growth<br>Other significant SDGs (up to 9) and where appropriate, targets:<br>Goal 4: Quality education<br>Goal 5: Gender equality<br>Goal 10: Reduced inequalities<br>Goal 11: Sustainable cities and communities<br>Goal 13: Climate action   |
| <b>9. DAC code(s)</b>   | 15110 - Public sector policy and administrative management<br>25030 - Business development services<br>25010 - Business support services and Institutions<br>331 - Trade policy and related adjustments<br>32130 - Small and medium-sized enterprises development<br>11430 - Advanced technical and managerial training<br>22040 - Information and communication technology |
| <b>10. Main Delivery Channel</b>                                | Third Country Government – 13000 (Delegated co-operation with a Member State’s pillar-assessed entity)<br>Multilateral organisation – 40000<br>United Nations agency, fund or commission (UN) - 41000   |

<sup>1</sup> “In line with the Council Conclusions of 12 October 2020 and update Council Conclusions of February 2024, and in light of Belarus’s involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Should there be a change of the context this may be reconsidered. In the meantime, the EU continues to engage with and, where possible, has stepped up support to non-state, local and regional actors, including within the framework of this action.

<sup>2</sup> Hereinafter referred to as “Moldova”.

<sup>3</sup> C(2021)9370 adopted on 15/12/2021.

|                                      |  |  |                                     |                                     |
|--------------------------------------|--|--|-------------------------------------|-------------------------------------|
| <b>11. Targets</b>                   | <input type="checkbox"/> Migration<br><input checked="" type="checkbox"/> Climate<br><input checked="" type="checkbox"/> Social inclusion and Human Development<br><input checked="" type="checkbox"/> Gender<br><input checked="" type="checkbox"/> Biodiversity<br><input type="checkbox"/> Human Rights, Democracy and Governance |  |                                     |                                     |
| <b>12. Markers (from DAC form)</b>   | <b>General policy objective</b>  | <b>Not targeted</b>                        | <b>Significant objective</b>        | <b>Principal objective</b>          |
|                                      | Participation development/good governance  | <input checked="" type="checkbox"/>        | <input type="checkbox"/>            | <input type="checkbox"/>            |
|                                      | Aid to environment   | <input type="checkbox"/>                   | <input checked="" type="checkbox"/> | <input 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 type="checkbox"/>                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|                                      | Nutrition  | <input checked="" type="checkbox"/>        | <input type="checkbox"/>            | <input type="checkbox"/>            |
|                                      | <b>RIO Convention markers</b>  | <b>Not targeted</b>                        | <b>Significant objective</b>        | <b>Principal objective</b>          |
|                                      | Biological diversity   | <input checked="" type="checkbox"/>        | <input type="checkbox"/>            | <input type="checkbox"/>            |
|                                      | Combat desertification   | <input checked="" type="checkbox"/>        | <input type="checkbox"/>            | <input type="checkbox"/>            |
|                                      | Climate change mitigation  | <input type="checkbox"/>                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|                                      | Climate change adaptation  | <input type="checkbox"/>                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>13. Internal markers and Tags</b> | <b>Policy objectives</b>   | <b>Not targeted</b>                        | <b>Significant objective</b>        | <b>Principal objective</b>          |
|                                      | EIP  | <input type="checkbox"/>                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|                                      | EIP Flagship   | YES<br><input checked="" type="checkbox"/> |                                     | NO<br><input type="checkbox"/>      |
|                                      | Tags   | YES  |                                     | NO                                  |
|                                      | Transport  | <input type="checkbox"/>                   |                                     | <input checked="" type="checkbox"/> |
|                                      | Energy   | <input checked="" type="checkbox"/>        |                                     | <input type="checkbox"/>            |
|                                      | Environment, climate resilience  | <input checked="" type="checkbox"/>        |                                     | <input type="checkbox"/>            |
|                                      | Digital  | <input checked="" type="checkbox"/>        |                                     | <input type="checkbox"/>            |
|                                      | Economic development (incl. private sector, trade and macroeconomic support)   | <input checked="" type="checkbox"/>        |                                     | <input type="checkbox"/>            |

|  |                                     |                                     |                                     |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Human development (incl. human capital and youth)        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |
| Health resilience  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| Migration and mobility                                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| Agriculture, food security and rural development         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| Rule of law, governance and public administration reform | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| Other  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| Digitalisation   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Tags   | <b>YES</b>                          |                                     | <b>NO</b>                           |
| digital connectivity                                     | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| digital governance                                       | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| digital entrepreneurship                                 | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| digital skills/literacy                                  | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| digital services   | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| Connectivity   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Tags   | <b>YES</b>                          |                                     | <b>NO</b>                           |
| digital connectivity                                     | <input checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| 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 checked="" type="checkbox"/> |                                     | <input type="checkbox"/>            |
| Migration  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Reduction of Inequalities                                | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| COVID-19   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |

### BUDGET INFORMATION

|                              |  |
|------------------------------|--|
| <b>14. Amounts concerned</b> | <p>Budget line(s) (article, item): BGUE-B2024-14.020111-C1-NEAR Eastern Neighbourhood</p> <p>Total estimated cost: EUR 36 000 000</p> <p>Total amount of EU budget contribution EUR 36 000 000</p> <p>The commitment of the EU's contribution to this action may be complemented by potential grant beneficiaries and/or entrusted entities.</p> |
|------------------------------|--|

### MANAGEMENT AND IMPLEMENTATION

|   |   |
|---|---|
| <b>15. Implementation modalities (management)</b> | <p><b>Direct management</b> through:</p> <ul style="list-style-type: none"> <li>- Grants and Procurement</li> </ul> |
|---|---|

|                                   |  |
|-----------------------------------|--|
| <b>mode and delivery methods)</b> | <b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.3.2 |
|-----------------------------------|--|

## 1.2. Summary of the Action

The **EU facility for green and sustainable development, trade and investment promotion aims to address several key socio-economic and climate-related challenges in the Eastern Partnership** (EaP) region, while also supporting the accession process of Ukraine, Moldova and Georgia. The Action is in line with the policy objectives and priorities of the joint communication on the Eastern Partnership<sup>4</sup> and the joint staff working document of recovery, resilience and reform agenda and its Economic and Investment Plan<sup>5</sup>.

Under its **trade, digital and investment promotion pillar**, the facility will support economic development and facilitate exchange between EaP countries and with the EU, with a view to help partner countries reap the benefits of the Deep and Comprehensive Free Trade Areas (DCFTA) and Comprehensive and Enhanced Partnership (CEPA) agreements. To do so, the facility will: a) promote business climate reforms and competitiveness-enhancing policies in the EaP countries; b) support trade facilitation measures and business to business exchanges between the EaP and the EU in a number of key economic sectors. It will also, c) support local economic development by working closely with municipal administrations, European and International Financial Institutions, as well as d) further support the integration of the EaP countries in the Digital Single Market. Overall, the Facility will continue to support partner countries' efforts to bring their legislation closer to the EU. This first pillar will contribute to the Sustainable Development Goal (SDG) 8 "Decent work and economic growth" and SDG 10 "Reduced inequalities".

Under its **green and sustainable development pillar**, the facility will continue to support the energy transition and energy security of our five Eastern partners, focusing notably on a) their progressive regulatory approximation, as well as provide technical expertise to support the capacities of energy regulators and ministries and develop statistical capacities, as well as administrative/technical capacity to review feasibility studies and Environmental Impact Assessments. The facility will also b) support municipalities in developing and implementing climate and sustainable energy actions with a view to contribute to the reduction of greenhouse gas emissions and energy consumption, increase the generation of renewable energy, and adaptation to climate change, in particular in terms of needs identification and risk evaluation. The programme will also c) have a strong focus on nature-based solutions, i.e. actions to protect, sustainably manage, and restore natural and modified ecosystems in infrastructure planning, and encourage green infrastructure. This pillar will contribute to SDG 11 and 13, respectively "sustainable cities and communities", and "climate action".

Under the **investing in human capital pillar**, the action will support improvements in the quality of education in the region and more specifically contribute to Georgia's reform of its education system. The action will support the Eastern Partnership European School, named "School of Europe Tbilisi", which is considered as a "pilot project" and is consistent with the Government of Georgia vision included in the "10-year Education Strategy" for the reform of its education system. The action will support the modernisation of teaching methodologies and quality systemisation and will offer high-quality education to students from the Eastern Partnership countries to increase their educational and employment opportunities. The action will offer merit-based scholarship programme to pupils aged 16-17 years old from the Eastern Partnership countries to obtain the International Baccalaureate Diploma with a focus on European Studies. The third pillar will contribute to SDG 4 "Quality Education" and 5 "Gender equality".

<sup>4</sup> JOIN (2020)7 final

<sup>5</sup> SWD (2021)186 final.

### **1.3. Beneficiar(y)/(ies) of the action**

The Action shall be carried out in the Eastern Partnership countries (Armenia, Azerbaijan, Belarus<sup>6</sup>, Georgia, Moldova and Ukraine)<sup>7</sup>. All of which are included in the list of ODA recipients.

## **2. RATIONALE**

### **2.1. Context**

The present programme is proposed in the context of a fundamental geopolitical shift in the Eastern Partnership region: Russia's war of aggression against Ukraine is having wide-ranging consequences throughout the region, as well as globally. In parallel, among others, the military operation by Azerbaijan in Nagorno-Karabakh in September 2023 yet again demonstrates the crucial need for peace and stability in the region while, in turn, concluding a peace agreement between Armenia and Azerbaijan would have a positive impact on security, stability and connectivity, inter alia. Continued confidence building activities across the region would yield important benefits in terms of security, stability and connectivity.

This new geopolitical reality is also marked by a new – and historic – enlargement momentum, with EU candidate status granted to Ukraine and to the Moldova in 2022, and to Georgia in 2023. This was made possible thanks, in part, to the legal, economic and political approximation achieved over the years in the framework of the Eastern Partnership and Association Agreements. Furthermore, on 27 October 2023, the European Council invited the High Representative and the Commission to present options on how best to strengthen EU-Armenia relations in all their dimensions.

Against this backdrop, the regional dimension of EU assistance, and the continued relevance of the Eastern Partnership post-2020 recovery, resilience and reform agenda with its Economic Investment Plan remains valid. This was also recalled during the Annual Eastern Partnership Foreign Affairs Ministerial meeting in December 2023. The Global Gateway and Economic and Investment Plan (EIP), which helped the Eastern partners to bounce back after two years of COVID-19 crisis, remain a key vehicle to boost resilience across the Eastern Partnership, strengthen connectivity within the region and with the EU, support the green and digital transitions and foster people-to-people contacts<sup>8</sup>. In addition, the EU Green Deal and the EU Circular Economy Action Plan (CEAP) will guide this action and cooperation with partner countries. Looking ahead, the Eastern Partnership also constitutes a useful framework to support the membership aspirations through ad hoc regional cooperation when relevant while adjusting to the different ambitions of our partners.

### **Strategic Priorities 2024-2027**

In this rapidly evolving context, the Multi-Annual Indicative Programme (MIP) has proved itself fit for purpose and sufficiently flexible to respond to this new situation at unprecedented speed. The five priorities included in the MIP are set out to support resilience in the broadest sense and match the investment priorities identified as part of the Global Gateway Strategy, with the Economic and Investment Plan for the Eastern Partnership as its main tool in the eastern neighbourhood region. These continue to remain fully valid in the new context.

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<sup>6</sup> In line with the Council Conclusions of 12 October 2020 and update Council Conclusions of February 2024, and in light of Belarus's involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Should there be a change of the context this may be reconsidered. In the meantime, the EU continues to engage with and, where possible, has stepped up support to non-state, local and regional actors, including within the framework of this action.

<sup>7</sup> Under exceptional circumstances, the activities related to the digital component of pillar I could also benefit candidate countries in the Western Balkans, for the purpose of achieving synergies in leveraging digital technologies in support of the EU accession process.

<sup>8</sup> As of 1st October 2023, a total amount of EUR 6,9 billion has been mobilised through bilateral and regional grants, blending operations and guarantees, of which EUR 4 billion are supporting the implementation of country flagship projects.

The EIP mobilised investments in sustainable connectivity and socio-economic development and will continue to support and provide funding to the flagship projects identified, bringing partner countries closer to each other and to the EU through investments in transport, digital and energy connectivity as well to aid economic development by providing support to Small and Medium-sized Enterprises (SMEs) and trade facilitation. The EIP also contributes to establishing an enabling environment for sustainable investments by shaping the regulatory and legislative frameworks and, as such, can contribute to the enlargement process for the countries concerned.

The EU support for accountable institutions and resilient societies, both directly and as a cross-cutting element in EU support across different sectors, is all the more crucial in the context of the European integration to foster democracy and fundamental freedoms. In addition, the EU candidate status for Ukraine, Moldova and Georgia has increased the demand for programmes in support of regulatory convergence and further reform implementation, notably good governance, gender equality, the rule of law and the fight against corruption and organised crime.

The Facility will be complemented by a series of regional programmes in governance and EU related reforms. For example, specific territorial cross border and transnational cooperation programmes<sup>9</sup> are advancing several objectives of the Facility and primarily the better governance one through support for enhanced cooperation amongst public authorities of participating countries. INTERREG projects also boost cooperation between SMEs, enhance actions for climate resilience and greener regions and support education and health. Furthermore, the Facility will be complemented by EU bilateral programmes in each of the EaP country, and parallel operations under the European Fund for Sustainable Development (EFSD)+ and projects under the Neighbourhood Investment Platform.

## 2.2. Problem Analysis

### Short problem analysis

#### Pillar I

Regarding **trade and investment promotion** in the EaP countries, companies, Business Support Organisations (BSOs) and policy makers need access to trade intelligence, which is a critical factor to reap the benefit from the existing free trade agreements and other trade agreements. Even though between the EaP and EU import grew by 15% between 2018 and 2022, an unrealised potential remains, estimated at EUR 11.5 billion. Exporters from the EaP countries to the EU can face long and complex procedures, with considerable number of documents to provide, significant number of institutions to visits and sometimes multiple times. Information regarding foreign market, tariff measures and procedures can be difficult to obtain for EaP companies. Overcoming the factors preventing trade from reaching its full potential and building up production capacities to leverage the expected demand growth would give rise to another EUR 1.5 billion of intra-regional exports. Trade also has the potential to expand women's role in the economy and to decrease gender inequality. However, for women to reap these benefits, countries need to adopt reforms encouraging women entrepreneurship and access to finance that reduce discrimination against women while building the significant human capital that women represent. Measures will be taken so that trade contributes towards reducing gender and other forms of inequalities.

In addition, the economic recovery from the COVID-19 pandemic has been challenged by the consequences of Russia's war of aggression against Ukraine. Despite signs of resilience from EaP economies, economic effects of the war reverberated across the entire region – impacting countries in a differentiated manner. Across the EaP region, SMEs make up over 98% of total enterprises and between 60% and 80% of employment (except in Azerbaijan, where SMEs generated 16.4% of value added and accounted for 41.8% of total

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<sup>9</sup>[Poland-Ukraine](#); [Hungary-Slovakia-Romania-Ukraine](#); [Romania-Ukraine](#); [Romania-Republic of Moldova](#); and [Black Sea Basin](#) (encompassing Ukraine, Republic of Moldova, Georgia and Armenia)



employment in 2021)<sup>10</sup>, while their contribution to value added is much smaller. Despite the high share of SMEs in EaP economies, they still exhibit a significant productivity gap in comparison to large firms. Rural areas face several disadvantages with respect to urban areas, especially when it comes to entrepreneurship. There is less access to young talent, skilled workers and financial resources. However, fostering entrepreneurship among rural populations can be an important source of job creation and a driver of formalisation of economic activities. Despite important achievements, SMEs across the region still struggle with numerous challenges that hamper their growth and productivity. In particular, access to markets and access to finance remain major obstacles. Although the situation has improved in recent years, the lending environment remains tight, and financial inclusion is low. SMEs are still under-represented in international trade due to information asymmetries, financial barriers and lack of know-how, and their integration in EU value chains remain low. While policies for SMEs have improved across the EaP region, broader issues determining the overall quality of the business environment have an influence on the competitiveness of SMEs, such as barriers to competition, investment and connectivity, the quality of the education system, as well as employment and environmental regulations.

**Local economic development** is the bedrock of sustainable and inclusive growth. It forms the foundation for vibrant communities, thriving businesses and improved quality of life for residents. In addition, robust local economies contribute to prosperity at the regional and national levels, by driving innovation, competitiveness, and fostering resilience against external shocks. Local authorities in the EaP region have been at the forefront of mitigating the impact of the COVID-19 crisis and the socio-economic consequences of Russia's war of aggression against Ukraine, including rising inflation and unemployment rates. In addition, cities are faced with structural challenges such as rural depopulation and deficient infrastructure, which are exacerbated by urban/rural development gaps, limited financial decentralisation and poor capacity to design local economic development plans to attract further investment and stimulate private sector involvement. As a result, cities are unable to leverage the potential of the twin green and digital transformations and find new trajectories of growth.

Investing further in a **resilient digital transformation** is one of the top priorities of the joint EU-Eastern Partnership agenda and its Economic and Investment Plan. Since 2016, significant progress has been achieved thanks to the support provided by the EU4Digital umbrella initiative. However, the Eastern Partnership region is still lagging behind EU Member States with regard to achieving the targets of the EU Digital Compass and EU Digital Decade Policy Programme 2030<sup>11</sup>, setting the EU's vision for a human-centric and sustainable digital transformation. This prevents the region from unlocking its full potential in the digital economy and from achieving further integration with the EU Digital Single Market. Besides the need to ensure closer alignment with EU digital standards as part of Chapter 10 of the EU acquis, countries still face challenges in delivering on the four cardinal points of the EU Digital Compass: (i) digital connectivity, with a need to increase broadband penetration in rural areas and invest in secure and cutting-edge infrastructure such as data centres and high-performance computing; (ii) digital skills, to improve both basic and advanced digital literacy and skills for citizens and businesses; (iii) digitalisation of public services, with the aim to achieve greater interoperability with EU solutions (e-signature, e-customs); and (iv) digitalisation of businesses, in particular with regard of digitalisation of SMEs and to increase e-commerce with the EU.

## **Pillar II**

**Climate adaptation**, disaster risk reduction and conception of nature-based solutions remain a new area for the municipalities in the Eastern Partnership region. Therefore, further capacity building and awareness raising in this field is required. Moreover, access to finance is the main challenge for the local level

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<sup>10</sup> SME Policy Index: Eastern Partner Countries 2024 : Building Resilience in Challenging Times | SME Policy Index | OECD iLibrary (oecd-ilibrary.org).

<sup>11</sup> COM/2021/118 final – 2030 Digital Compass : the European way for the Digital Decade ; SWD (2023) 570 final – Implementation of the Digital Decade objectives and the Digital Rights and Principles.



and there is a clear need for further actions in the area to enable the projects in the field of climate adaptation. Finally, with three countries –Ukraine, Moldova and Georgia - having obtained candidate status, the capacity of the local authorities in implementing the EU legislation at both national and local levels should be improved. In the specific case of Ukraine, climate change adaptation still needs to be fully factored into reconstruction and recovery strategies, both at local and national level.

As regards **energy sector reforms** in Eastern Partnership countries, one of the key bottlenecks relates to the lack of capacity of national administrations in implementing changes in the respective legal framework. More specifically, lack of adequate competences, staffing or lack of specialized equipment or software often undermine possibilities of the EU law absorption. Armenia and Azerbaijan, which are not bound by the Energy Community as opposed to Ukraine, Moldova and Georgia, have just embarked on the market liberalisation and renewable energy development. Their legal frameworks require further approximation with the EU energy acquis - taking into account the limitations posed by partner countries' bilateral agreements. The development of a robust legal framework for electricity, gas, energy efficiency and renewable, energy, as well as for environmental and social standards and evaluation & control processes are necessary to create modern energy systems. Lack of such regulations hampers the development of more resilient energy systems. The perception, societal support for renewable energy projects and skilled labour force may be considered as a challenge as well, therefore it actions should entail promotion of green energy by education and training programs.

### **Pillar III**

The latest PISA results from the 2022 testing cycle illustrated, once again, that Georgia is battling significant challenges in **education**. The disappointing performance of Georgian students in this most recent and other international comparisons highlights the great need to significantly enhance the quality of educational practices in Georgia, the suitability of learning environments and resources, the professionalism of teachers, and, importantly, the confidence and trust all stakeholders have in educators, schools, other educational institutions and in the quality and relevance of teaching, learning and assessments. There is a need for a clear conceptual vision of quality education with a coherent and well-defined approach to be endorsed by the Ministry of Education, Science and Youth. It will enable to address the identified challenges in educational practices, learning environments, and teacher professionalism. Gender stereotypes and gender-based violence persist in schools in Georgia (as in many parts of the world). It is therefore critical to work on the elimination of gender stereotypes in schools, raise the awareness of students and educate them with values based on equality<sup>12</sup>.

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

#### **Pillar I: Trade and investment promotion**

- Government and relevant ministries of EaP countries (e.g. Ministry of Economy, Ministry of Finance)
- Business Support Organisations (BSOs)
- Trade promotion agencies
- Chambers of commerce and sector associations
- Local financial institutions
- Local authorities (municipal and regional administrations)
- Local SMEs and start-ups, universities
- European and International Financial Institutions
- National stakeholders and private sector related to digital transformation

#### **Pillar II: Green and sustainable development**

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<sup>12</sup> School without gender stereotypes | UN Women – Georgia.

- Government and relevant ministries of EaP countries
- National regulatory authorities
- Local authorities and municipalities
- Local financial institutions
- Local energy companies (transmission system operators, producers of energy, traders)
- European and International Financial Institutions
- Civil society organisations

### Pillar III: Investing in human capital

- The Ministry of Education, Science and Youth in Georgia as principal stakeholder of this action
- The education institutions, teachers and their schools in Georgia, and more specifically the *School of Europe Tbilisi* as pilot school
- The education institutions, schools and teachers in all other Eastern Partnership countries
- The students from all Eastern Partnership countries and the school staff will be stakeholders and the final beneficiaries from the results of this action.

### **2.3. Lessons Learned**

The **EU facility for green and sustainable development, trade and investment promotion** builds up on positive results of past regional programmes addressing socio-economic and climate-related challenges in the Eastern Partnership region.

**Pillar I** of the facility will build on previous initiatives such as:

- a) “the EaP trade Helpdesk”, an online platform offering access to trade and market intelligence. This programme was particularly useful in filling up the information gap for SMEs seeking to export to the EU. Among the lessons learned of the programme, the trade guide has been particularly appreciated but would need to be followed-up, to support partner countries to reduce the burden of some export procedures. Also, the capacity building of SMEs and BSOs on the use of the platform can be further strengthened, and synergies with other existing programmes can be further enhanced.
- b) “the EU4Business: from policies to actions”, which has financed the SME Policy Index, is of great importance to assess SME policies in the EaP countries and compare it to OECD/EU level. More presence on the ground from implementing partners would be recommended, to allow a better follow-up of recommendations. The main lesson learnt would be to encourage the implementing partner to support partner countries in the implementation of the top priority recommendations.
- c) “the EU4Business: connecting companies” programme which carried out business-to-business meetings, study visits and trade fairs to increase business contacts and create commercial opportunities between the EaP and the EU. The Results Oriented Monitoring (ROM) carried out in 2023, showed that following the downturn in trade and tourism during the last few years due to COVID-19 crisis and war in Ukraine, there was and still is a great need for fostering connections between EU and EaP BSOs and SMEs, which confirms the necessity of such programme. Given the achievements and momentum that the project has generated, a continuation is recommended albeit in a less complex and less administratively demanding modality. As such could consider alternatives to the grant schemes, which require significant resources to manage and monitor and which are too demanding for many EaP based BSOs with regards to reporting. Also, the current programme suggests considering including post activities gathering beneficiaries in their own country, to share their experiences and foster national level networking and information exchange. For business-to-business activities, consider matching of SMEs with EU partners on different levels of the value chain (i.e. matching producers with importers). As for activities such as the mobility scheme, should offer more flexibility for beneficiaries to determine duration based on their individual circumstances.

- d) “the Ready to trade” programme, which supported SMEs integrating into domestic and global value chains and access EU market. This programme which ended in 2021 collected positive feedback especially regarding the sectorial approach. Among the lessons learnt, we noted the necessity to better coordinate with programmes of national export agencies and other donors and consider expanding the numbers of beneficiaries.

In addition, the facility will take into account lessons learnt and positive outcomes of these past programmes to build future actions. In addition, it will take specific measures to empower and support female entrepreneurs and build synergies with the regional Women in Business programme, when possible.

**Pillar I** of the facility will also pursue the work carried out by the Mayors for Economic Growth programme, which has supported municipalities of the region in creating a pipeline of innovative projects improving local economic prospects, as well as in stimulating public-private cooperation to unlock the growth potential of secondary cities. Nearly 50 Eastern Partnership cities and towns received targeted grants to test innovative solutions in a wide range of areas (e.g. fostering the local business community, creating a start-up ecosystem, reinforcing urban planning in a smart and sustainable way). More than 8000 municipal staff and individuals from the region, the EU and beyond have participated in workshops organised by the programme with a view to share good practice that could be replicated across the region. In addition, the programme successfully shifted to new challenges in the region by quickly repurposing part of its activities and adding new components, such as to support short and medium-term recovery priorities in Ukraine, following the start of Russia’s war of aggression against Ukraine and its impact on Moldova.

Finally, pillar I of the present facility will reinforce the work of the EU4Digital facility, which aims at extending the benefits of the Digital Single Market to the Eastern Partnership countries. This specific component of pillar I will finance new activities to align with EU policies and regulations in the field of digital transformation, such as in the context of the EU accession process. Activities will also aim at scaling up pilot projects already underway under EU4Digital, such as with regard to the use of Artificial Intelligence (AI) in support of the EU accession process, digitalisation of transport corridors, digital skills, e-governance and e-commerce.

**Pillar II** of this facility will base its action on previous achievements carried out under EU4Energy and EU4Climate. One of the key objectives within EU4Energy II comprised actions increasing the level of national administration capacities and their ability to implement reforms. To this end, trainings and workshops targeting public officials and main energy companies were organised. Such events focusing for instance on complex concepts like electricity market coupling or cybersecurity of energy infrastructure, contributed to sharing best practices and increasing competences of employees. Similarly, administrations received technical support crucial for the development of key documents and legislative changes. Such activities will be continued, focusing on key identified areas, for instance market liberalisation and energy efficiency. Work on regulatory frameworks helped also to identify key areas where reforms are needed, for instance renewable energy legislation. Key lesson learnt from the project is that the implementation of reforms is to a large extent dependent on political will. Regional knowledge sharing and promotion of best EU practices will be also reinforced. The challenges currently faced by the local authorities related to the access to finance and capacity to implement sustainable energy and climate adaptation projects will be addressed through the additional activities under the Covenant of Mayors East. By contrast, integration of biodiversity and nature-based solutions into risk assessment and planning are relatively new priorities derived from the recently adopted Global Biodiversity Framework and do not benefit yet from lessons-learnt which should be addressed in the future.

**Pillar III** of this facility will build on the development of the on-going programme funded by the EU, the Eastern Partnership European School. This programme aims at promoting secondary education opportunities for students from the six Eastern Partnership countries. The initiative was launched in 2018 under the aegis of Commissioner Hahn and is in its fifth year. The school – currently located on a temporary

campus – should move to its new campus, under construction, at the latest in September 2025. The changes that are understood to be necessary in the Georgian education system are fundamental and require that educators, students and families they serve, as well as administrators/school leaders and decision-makers in the educational sector adopt a progressive, student-centred and future-ready approach to education. This requires profound changes in both how education and school operations are managed and how learning and assessments are facilitated. Previous initiatives in Georgia that attempted to modernise education in the country were not able to rely on an easily accessible “pilot school” as a model for demonstrating the much-needed paradigm shifts. The Eastern Partnership European School, named “School of Europe Tbilisi”, will be the pilot school, will make novel educational experiences accessible for students, their families, teachers, school leaders and decision-makers and thereby will serve as a catalyst for and driver of educational reform in Georgia but also in the region. As such, the “School of Europe Tbilisi” will allow discussions about and work on educational reforms to move beyond the theoretical level that characterised past initiatives and provide a tangible example of how Georgian educators, in collaboration with educators from other countries, provide high-quality and gender sensitive education for students from the Eastern Partnership countries.

### **3. DESCRIPTION OF THE ACTION**

#### **3.1. Objectives and Expected Outputs**

The Overall Objective(s)/Impact(s) of this action is to contribute towards the development of sustainable and inclusive economic growth in the EaP countries.

The Specific Objective(s) (Outcomes) of this action are to:

1. Boost cross-border trade among and between the EaP countries and the EU, to allow partner countries reap the benefits of DCFTAs and CEPA.
2. Support business climate reforms and enhancing SME competitiveness.
3. Support local economic development and municipalities of the EaP.
4. Extend the benefits of the Digital Single Market to the EaP.
5. Accompany a clean energy transition and supporting the capacity of energy regulators in the EaP.
6. Support the implementation of climate change mitigation and adaptation actions at municipal level consistently with the Covenant of Mayors East, notably in the context of Ukraine’s reconstruction.
7. Contribute to Georgia’s reform of its education system by supporting the quality and gender sensitivity of education.

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

- 1.1 contributing to Outcome 1 (or Specific Objective 1): Increased trade relations among and between EaP countries and the EU.
- 2.1 contributing to Outcome 2 (or Specific Objective 2): Improved business climate framework and better definition of SME policies.
- 3.1 contributing to Outcome 3 (or Specific Objective 3): Increased capacities in EaP municipalities to create and implement projects aimed at catalysing further public and private investment including from the local financial system, as well as in strengthening their own revenue streams and absorption capacity.
- 4.1 contributing to Outcome 4 (or Specific Objective 4): Alignment with the EU acquis regarding digital transformation and scaling up of initiatives supporting the digitalisation of societies and economies in line with the EU Digital Compass.

5.1 contributing to Outcome 5 (or Specific Objective 5): Further approximation of national legal frameworks with the EU acquis in the field of energy and overall improvement of the institutional capacities.

6.1 contributing to Outcome 6 (or Specific Objective 6): Improved capacity of local authorities, notably Ukrainian local authorities in the context of reconstruction, on climate change mitigation and adaptation, and capacity to access to finance for such projects, with a view to aligning with EU standards.

7.1 contributing to Outcome 7 (or Specific Objective 7) Improved quality and gender sensitivity of education in Georgia and other EaP country to increase educational and employment opportunities, as a result of modernisation of teaching methodologies and quality systemisation.

### **3.2. Indicative Activities**

#### Activities related to Output 1:

- Further development and dissemination of the Eastern Partnership Trade Helpdesk, which offers access to key trade and market intelligence and analyse export potential in the EaP countries and the EU.
- Organisation of capacity building workshops for SMEs and BSOs for an optimal use of the platform.
- Implementation of various activities consolidating the capacity of BSOs in the EaP and strengthening SMEs export potential (study visits, exchanges, business to business matchmaking, participation to trade fairs).

#### Activities related to Output 2:

- Continuous assessment of SME policies and set of recommendations to EaP authorities (SME Policy Index).
- Regular publication of a policy outlook and regulatory convergence scoreboard, in support of the three accession countries.
- Support to partner countries' authorities in implementing priority reforms identified in the SME Policy Index and the Competitiveness Outlook.

#### Activities related to Output 3:

- Calls for proposals for a re-granting component to select at least 40 cities eligible for tailor-made financing opportunities to develop a portfolio approach and attract more investment under the Economic and Investment Plan for the region. These calls can include a separate window to aggregate pools of investment projects in several cities and at the national level, to strengthen regional integration and alignment with country priorities including climate and biodiversity targets expressed in the NDCs, National Adaptation Plans (NAPs) and National Biodiversity Strategies and Action Plans (NBSAP);
- Technical assistance and peer-learning to support the design of local sustainable economic development plans, pipeline creation, private-sector engagement, feasibility studies, environmental impact and strategic environmental assessments with potential to identify nature-based solutions, mobilisation of public and private financial resources, and sound financial management integrating sustainability criteria, via in-person or online activities;
- Strategic communication to promote the EU visibility and achievements in the field of economic development at the local level, including in the context of the enlargement process.

#### Activities related to Output 4:

- Drafting of legislation, verification of compliance with related EU legal acts under Chapter 10 (digital transformation and media) of the EU acquis, including by leveraging innovative tools such as Artificial Intelligence.



- Scale-up cross-border cooperation projects aimed at the harmonisation of digital markets, such as in support of digital transport corridors, e-governance, e-commerce and digital skills, in line with EU standards.
- Ad-hoc technical assistance supporting digital priorities related to the accession process and delivery of Economic and Investment Plan in the Eastern Partnership region, including in cooperation with the private sector, Member States and International Financial Institutions.

#### Activities related to Output 5:

- Trainings and workshops focusing on key dimensions and concepts of energy policy development (for instance market integration, renewable energy framework and support mechanism, cybersecurity in energy sector).
- Support provided by third energy policy experts for the development regulation, strategies, roadmaps.
- Capacity building of line ministries and regulatory authorities including language training and participation in workshops and trainings.
- Activities incentivising regional cooperation and best practices including regional conferences and seminars.
- Development of education and training programs focusing on renewable energy development.

#### Activities related to Output 6:

- Capacity building on climate change mitigation and adaptation for local authorities, disaster risk reduction as well as nature-based solutions through various activities, including workshops, study visits, coaching, networking events and trainings.
- Technical assistance related to aligning with EU standards in the field of climate in the context of the EU accession process in Georgia, Moldova and Ukraine.
- Additional capacity building on access to climate finance for local authorities, including environmental and social standards applied by International Financial Institutions.
- Establishment of new tools to further support SECAP implementation through additional technical assistance to municipalities linked to project identification, preparation and bundling as well as fundraising capacities and matchmaking with donors for small, medium and large communities.

#### Activities related to Output 7:

- Support to the School of Europe Tbilisi with providing opportunities for continuous professional development and capacity building for educators employed by the school and for educators, school leaders and decision-makers from Georgia and from the region:
  - Facilitation of the Learning Academy<sup>13</sup> as a scheduled activity for professional development.
  - Enabling cooperation and exchange of good practices (onsite and remote) for teachers, educators, and school leaders from Georgia and the EaP region with the EU member states.
- Support to the School of Europe Tbilisi in developing and implementing the educational approaches and opportunities required to ascertain its students' readiness for and success in tertiary education and ensure their relevance for students from the region.
  - Further development and implementation of the new gender sensitive Curriculum to allow all stakeholders to experience and benefit from progressive, high-quality education.
  - Support the School of Europe Tbilisi with the implementation of the scholarship programme for students with the enrolment of a fixed number of pupils (60 merit-based scholarships for 2-year

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<sup>13</sup> In 2021, the concept of the Learning Academy was developed in coordination with and endorsed by the Georgian Ministry of Education. The Learning Academy has a dual purpose firstly to ensure the school has the teachers who can deliver the promise and secondly to work in synergy with the Ministry's efforts and help stimulate thinking, broaden perspectives to ensure the best possible approach to teacher training and subsequent professional development that is targeted, impactful and sustainable. The Learning Academy is seen as a key aspect not only in the development of the school but also as an essential change agent to support the national goal of improving teacher efficacy in Georgia.

International Baccalaureate programme - 2 cohorts of 30 students) from all EaP countries in the International Baccalaureate Diploma Programme with a focus on European Studies.

- Maintain a balance in the geographical, social origin and sex of students so that students from all EaP countries and less favourable social background may benefit.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

**Outcomes of the Strategic Environmental Assessment (SEA) screening** (relevant for budget support and strategic-level interventions).

The SEA screening concluded that no further action was required.

Under pillar I, account will be taken of maximising the potential of increased trade and investment to decent work and to environmental protection, including the fight against climate change. Work at the local level will build on the previous work of the Mayors for Economic Growth Facility, which has placed a strong emphasis in supporting cities deliver on sustainable and environmentally friendly projects, also addressing the consequences of climate change when needed.

Pillar III will offer digital alternative to the beneficiaries when this is considered relevant and possible, to reduce its carbon footprint. However, carbon and environmental footprint of digital technologies is not negligible. Therefore, energy efficiency, reuse, and recycling of electronic devices, and promoting circular economy principle, are examples of aspects that will be addressed during implementation of the action.

When face-to-face activities are planned, the implementing partner will be instructed to consider opting for eco-friendly suppliers and supplies, as well as using other means of reducing carbon footprint. More specifically, the implementing partner will be instructed to comply with the Green Public Procurement principles understood as a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.

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

The EIA screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

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

The 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 OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the Action will strive to promote gender equality and to take measures to achieve equal opportunities for male and female in all aspects regarding its implementation.

In line with the **EU Gender Equality Action Plan (GAP) III** for 2021-2025, gender equality will be mainstreamed in all priority areas and context. The Global Gateway's investment principles guarantees that projects and investments be inclusive, notably in terms of gender equality. According to the Joint Staff working documents priorities, female entrepreneurs will receive more training opportunities, and 40% of all EU-supported SME loans will be earmarked for women-led companies well as almost all EU investments will have an important gender equality objective.



**Pillar I** will pay a particular attention to women's economic empowerment by ensuring equal access to trade and market information to female and male entrepreneurs; and by supporting women-led SMEs. Cooperation will be sought with other projects and initiatives that focus on women entrepreneurs, such as the programme Women in Business, which is facilitating access to finance for women entrepreneurs. Access to finance is indeed the main obstacle of women's entrepreneurship. New trends in global trade (especially the rise in services, global value chains, and the digital economy, are opening economic opportunities for women. Trade has the potential to expand women's role in the economy, decrease inequality. But for women to reap these rewards countries need to adopt reforms in trade policy that reduce discrimination against women while building the significant human capital that women represent. Gender mainstreaming will be addressed in all municipal projects and through targeted actions that require specific attention from a gender perspective (e.g. urban mobility), as well as activities related to the digital transformation when appropriate.

**Pillar II** will reflect the gender sensitivity of the climate action and will strive to mobilise women working in the field of climate adaptation.

Under **pillar III**, Gender equality, as well as equal access to education for less privileged pupils have been guiding principles in the selection of pupils since the launch of the first scholarship call and will remain so throughout this Action. It will be implemented through an approach that promotes gender equality. This pillar will address gender stereotypes in the curricula as well as sexual and other forms of abuse and provide reporting mechanism. This will be achieved by ensuring gender balance and active participation of women and girls into the activities planned under this action. Gender equality incentives will be incorporated particularly in the scholarship programme. Where possible, the action will provide for sex-disaggregated data.

### **Human Rights**

Due attention will also be given to the respect of human rights and integration of human rights principles within the undertaken interventions. Enforcement of those principles is likewise ensured through specific administrative procedures applied in accordance with the legislation on anti-discrimination. In the implementation of activities under this action, the same principles shall apply, so that participation in the envisaged activities will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc. The region consists of a significant number of country-specific ethnic and religious minority groups as well as various regional diasporas.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that Pillar III of the action will integrate the inclusion of people with disabilities, for educators, school leader and students attending the School of Europe Tbilisi and also benefiting from the scholarship programmes.

### **Democracy**

The consolidation of democracy is not directly targeted by this action. However, whenever approximation with EU legislation is supported, the programmes supported by this facility will ensure that national scrutiny processes are followed, and the role of Parliament is respected.

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

The various programmes within this action will pay due attention to conflict sensitivity, peace and resilience in the development of the activities as well as for communication aspects. Maximum flexibility will be applied to conflict situations to enable an impact of the action, while reality into account.

## Disaster Risk Reduction

The Disaster Risk Reduction is not directly targeted by this action.

### 3.4. Risks and Assumptions

| Category                       | Risks   | Likelihood<br>(High/<br>Medium/<br>Low) | Impact<br>(High/<br>Medium<br>/ Low) | Mitigating measures   |
|--------------------------------|---|---|--------------------------------------|---|
| 1-to the external environment  | Russia's war of aggression against Ukraine and geopolitical tensions in the Eastern Partnership region might impede the implementation of the action.     | High                                    | High                                 | The EU will continue to provide support to the partner countries over the implementation of the action but will ensure that operations are adapted to the evolving situation. Contingency measures will be provided (a detailed assessment needs to be made of the situation on the ground as regards the needs and possibilities for restoring infrastructure, mitigating security risks and ensuring the sustainability of activities and investments). |
| 1-to the external environment  | Belarus's involvement in the Russian military aggression against Ukraine might hinder the participation of Belarus students in the scholarship programmes | High                                    | High                                 | The EU will continue to engage with Belarus citizens and civil society located in and outside Belarus to inform about the scholarship programme and will not disseminate publicly information on the participation of Belarus students in the scholarship programmes.   |
| 1-to the external environment  | Wavering government commitment /changes in beneficiary government priorities  | Medium                                  | Low                                  | The project will anchor as much responsibility with the private sector as possible, including private-sector business support organisations. Any potentially relevant changes in the political environment will be closely monitored and the necessary adjustments taken.   |
| 1-to the external environment  | Deteriorating political and security situation in the region, with economic consequences  | High                                    | Medium                               | Constant monitoring will be undertaken to evaluate the political and security risks in each country and decide on possible changes in the activities and the level of involvement in each country.  |
| 1- to the external environment | Risk to underestimate climate change threat on energy infrastructure and the built environment<br>Risk to miss nature-based solutions                     | High                                    | High                                 | Providing adequate and commensurate training on climate and environmental standards and nature-based solutions to all levels in the investment chain: to local governments, to project developers, to financial institutions supporting the investments, and to end-users   |

|                                     |   |        |        |   |
|-------------------------------------|---|--------|--------|---|
|                                     | opportunities in planning   |        |        |   |
| 2 - planning, processes and systems | Insufficient capacities and lack of commitment of authorities and beneficiaries may lead to uneven participation across the region  | Low    | Medium | Constant monitoring of the programme will be undertaken to ensure a coherent action across the region.  |
| 5-to communication and information  | EU visibility and policy dialogue is diluted in favour of implementing partners.  | Low    | Medium | A steering committee for each component will be created to ensure a regular and coherent implementation of the relevant reforms throughout the region and in particular of the policy dialogue linked to the action |
| 3 - people and organisation         | High staff turnover and/or low integrity of the staff in the national and local institutions in the partner countries   | Medium | High   | Providing capacity building to the staff involved in the project implementation   |
| 5-to communication and information  | Horizontal communication and ‘joined-up’ approaches between government and other public authorities or with private entities might be limited, as these entities traditionally do not cooperate or do not have a joint approach | Medium | Medium | Promote the ‘joined-up’ approach and raise awareness on its benefits  |

## External Assumptions

- Political, social and economic stability in all participating countries/regions remains or does not deteriorate.
- The security situation in the region and on certain borders remain stable.
- The security situation in Ukraine improves and the overall political situation of the region does not pose major obstacles to the implementation of the action.
- There are no governmental or official restrictions on receiving third-party financing.
- National government partners remain committed and support project implementation.

### 3.5. Intervention Logic

The proposed facility will serve as a multi-thematic umbrella addressing socio-economic and climate-related challenges in the Eastern Partnership region. The coherence of regional actions financed under this facility will be ensured. While most regional actions under this facility will equally cover all 5 Eastern partner

countries, some work streams under this facility will be specifically focused on Moldova, Georgia and Ukraine in support of their accession process.

Under **pillar I of the facility**, the actions will seek to create a conducive environment for economic growth at both national and local levels by a) analysing the quality and effectiveness of prevailing SME policy framework and broader policy frameworks in the EaP countries, b) to support the implementation of recommendations derived from these analyses, while in parallel c) support local authorities in developing pipelines of investment projects to leverage their growth potential; d) create increased opportunities for EaP businesses to interact and build commercial linkages with their European peers and e) encourage the adoption of trade facilitation measures with a view to spur cross-border trades and commercial dealings.

Under **pillar II**, the approach will consist in building-up the capacity of local authorities in the field of climate adaptation, climate risk assessment and nature-based solutions, access to finance and enlargement process. Similar approach is expected in energy sector – increasing capacities and technical assistance, and access to knowledge should result in stronger alignment with EU energy acquis.

Under **pillar III**, the approach will consist in building on the existing EaP European School in Georgia, which is considered as a pilot project in the region for the reform of the education system. It will a) support the modernisation of teaching methodologies and quality systemisation in the region to offer high-quality education to students from the Eastern Partnership countries to increase their educational and employment opportunities and b) offer merit-based scholarship programme to pupils aged 16-17 years old from the Eastern Partnership countries to obtain the International Baccalaureate Diploma with a focus on European Studies.

## 1.4. Indicative Logical Framework Matrix

| Results          | Results chain:<br>Main expected results<br>[maximum 10]   | Indicators<br>[it least one indicator per<br>expected result]   | Baselines<br>(values and<br>years)                         | Targets<br>(values and<br>years)                                    | Sources of<br>data   | Assumptions   |
|------------------|---|---|--|---|--|---|
| <b>Impact</b>    | To contribute towards the development of sustainable and equitable economic growth models in the EaP countries, which can generate more investments and improve socio-economic conditions and employment opportunities for men and women. | 1 Economic growth and employment<br>2 Total trade between EU and EaP countries<br>3 Total intra-regional trade<br>4 EU FDI in the EaP countries | To be defined during inception phase                       | To be defined during inception phase                                | - National statistics<br>- Eurostat<br>- TRADE<br>- OECD data  | <i>Not applicable</i>   |
| <b>Outcome 1</b> | 1. Increased cross-border trade between the EaP countries and the EU, in support of DCFTAs and CEPA.  | 1.1 Total sector trade between the EaP region and EU countries<br>1.2 Total trade between the EaP region and global markets                     | To be collected during the inception phase                 | To be defined during the inception phase                            | -National statistics<br>-SME surveys<br>-ECFIN, TRADE, Eurostat  | -Availability of statistical and survey data for analysis<br>-High-level government involvement and commitment to implement SME policies over time<br>-strong interest and capacity of the private sector to participate and contribute to public-private consultations |
| <b>Outcome 2</b> | 2 Improved business climate reforms and enhancing SME competitiveness   | 2.1 Average score in the SBA assessment across all dimensions<br>2.2 Policy Outlook and Convergence Scoreboard                                  | 2.1 Scores in the 2024 SBA assessment<br>2.2 to be defined | 2.1 The average country scores increase by 10%<br>2.2 to be defined | -SBA assessment and Policy Outlook<br>-Government documents and reports/adopted policy documents<br>-National statistics office<br>-OECD reports |   |

|                         |   |  |  |   |   |  |
|-------------------------|---|--|--|---|---|--|
| <p><b>Outcome 3</b></p> | <p>3 Increased capacities for cities in creating and implementing pipelines of sustainable projects aimed at catalysing further public and private investment, as well as in strengthening their own revenue streams and absorption capacity.</p> | <p>3.1 Number of cities benefiting from grant/co-financing support to design portfolios of innovative and sustainable projects.<br/>3.2 Number of municipal staff trained under the Urban Learning Center (ULC) platform or similar.<br/>3.3 Number of cities participating in the network of the M4EG initiative.</p> | <p>3.1 47 cities under phase II of M4EG (202-2024).<br/>3.2 500 staff under phase II of M4EG.<br/>3.3 403 cities in Ukraine, Moldova, Georgia, Armenia, Azerbaijan.</p>  | <p>3.1 Up to 80 cities.<br/>3.2 More than 1000 staff.<br/>3.3 450 cities.</p>   | <p>3.1 Project reports<br/>3.2 Idem<br/>3.3 Idem</p>  | <p>-Continuous support from relevant stakeholders;<br/>-Sufficient autonomy of local authorities from central governments.</p>                         |
| <p><b>Outcome 4</b></p> | <p>4.Closer alignment with the EU digital acquis and further integration in the EU Digital Single Market.</p>   | <p>4.1 Degree of alignment with the EU legal framework<br/>4.2 Number of EU4Digital pilot projects scaled up<br/>4.3 Digital-related initiatives and investment projects facilitated, supporting joint EU-EaP priorities.</p>  | <p>4.1 Requirements of the Chapter 10 of the EU acquis, including in the context of enlargement reports’ recommendations and Economic Reform Programme for candidate countries;<br/>4.2 13 pilot projects implemented so far.<br/>4.3 Ad-hoc support to digitalisation</p> | <p>4.1 Compliance with requirements of the Chapter 10 of the EU acquis, including in the context of enlargement reports’ recommendations and Economic Reform Programme for candidate countries;<br/>4.2 To be defined.<br/>4.3 To be defined.</p> | <p>4.1 Project reports, enlargement reports.<br/>4.2 Project reports, enlargement reports.<br/>4.3 Project reports.</p> | <p>-Willingness of different national actors to change legal frameworks and implement reforms;<br/>-Continuous support from relevant stakeholders.</p> |



|                                    |   |   |  |  |   |  |
|------------------------------------|---|---|--|--|---|--|
|                                    |   |   | initiatives, including investment projects.  |  |   |  |
| <b>Outcome 5</b>                   | 5. Closer alignment with the EU energy acquis   | 5.1 Degree of the approximation to the EU level framework   | 5.1 Progress related to the transposition of the key elements of the EU energy acquis in predefined areas. | To be defined                            | 5.1 Projects reports<br>5.2 Energy Community assessment | -Willingness of different national actors to change legal frameworks and implement reforms |
| <b>Outcome 6</b>                   | 6. Improved capacity of the local authorities on climate adaptation, enlargement process and access to finance.   | 6.1 Number of cities reached<br>6.2 Number of municipalities' representatives trained (disaggregated by sex)  | To be defined  | To be defined                            | 6.1 Project's reports<br>6.2 Project's reports          |  |
| <b>Outcome 7</b>                   | 7. Supporting improvement in the quality and gender sensitivity of education in the region and more specifically to contribute to Georgia's reform of its education system. | Improvement in basic skills achievement aiming at reaching EU wide target of less than 15% of 15-year-olds underachieving in reading, mathematics and science (Pisa indicators) | Baseline: PISA 2023 results for AZ, GE, MD, UA   | less than 15% of 15 year-olds            | OECD Pisa 2029 results report<br>EaP National statistic |  |
| <b>Output related to Outcome 1</b> | 1.1 Increased trade exchanges between EaP countries and the EU.   | 1.1.1 Total trade between EU and EaP countries<br>1.1.2 Number of exporting SMEs to the EU  | To be defined during the inception phase   | To be defined during the inception phase | -ECFIN, TRADE, Eurostat<br>-WB, IMF, ITC                | Involvement and commitment from partner countries  |
| <b>Output related to Outcome 2</b> | 2.2 Improved macro-economic framework and better definition of SME policies.  | 2.2.1 Number of in-depth review of national SME policies / SME agencies<br>2.2.2 Number of peer reviews carried out   | To be defined during the inception phase   | To be defined during the inception phase | -SBA assessment<br>-Narrative reports                   | -Willingness of different national actors to change legal                                  |

|   |  |  |  |   |  |   |
|---|--|--|--|---|--|---|
|   |  | <p>2.2.3 Number of thematic regional policy seminars organised on priority topics</p> <p>2.2.4 Number of government self-assessments provided</p>  |  |   | <p>-Minutes of Advisory Group and Working Group meetings</p>   | <p>frameworks and implement reforms</p> <p>-Continuous support from relevant stakeholders</p>                                     |
| <p><b>Output related to Outcome 3</b></p> | <p>3.1 Local authorities are supported in designing portfolios of investment projects;</p> <p>3.2 Local authorities are empowered to increase their own resources;</p> <p>3.3 Local economic development planning is enhanced, to diversify economic prospects, boost competitiveness and unlock the potential of cities in the green and digital transitions;</p> <p>3.4 Strategic communication and EU-funded activities is enhanced at the local level.</p> | <p>3.1.1 Number of portfolios developed, with potential for scalability of the pilot projects;</p> <p>3.1.2 Number of cities which improved their stakeholders' engagement, with the private sector, with the central government and with European and International Financial Institutions;</p> <p>3.2.1 Number of participating cities in the M4EG initiative, which have identified and taken steps to increase their revenue streams and absorption capacity;</p> <p>3.3.1 Number of participating cities in the M4EG initiative, which have created or updated their economic development strategies, with a focus on scalability of projects, sustainability and inclusiveness.</p> <p>3.3.2 Number of communication activities and local media mentions in line with EU visibility rules.</p> | <p>3.1.1 10 portfolios</p> <p>3.1.2 To be defined during inception phase</p> <p>3.2.1 Idem</p> <p>3.3.1 Idem</p> <p>3.3.2 Idem</p> | <p>3.1.1 To be defined during inception phase</p> <p>3.1.2 To be defined during inception phase, including number of public-private partnerships and of partnerships with European and International Financial Institutions</p> <p>3.2.1 Idem</p> <p>3.3.1 Idem</p> <p>3.3.2 Idem</p> | <p>3.1.1 Project reports</p> <p>3.1.2 Idem</p> <p>3.2.1 Idem</p> <p>3.3.1 Idem</p> <p>3.3.2 Idem</p> | <p>-Continuous support from relevant stakeholders;</p> <p>-Sufficient autonomy of local authorities from central governments.</p> |

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| <p><b>Output related to Outcome 4</b></p> | <p>4.1 Improved regulatory frameworks<br/>4.2 Improved access to EU Digital Single Market<br/>4.3 Ad-hoc support and facilitation of digital-related initiatives and investment projects, in cooperation with other donors, Member States and European and International Financial Institutions.</p> | <p>4.1.1 Number of legal acts changed in line with EU standards<br/>4.2.1 Number of EU-Eastern Partnership pilot projects scaled up, in key fields such as digitalisation of transport corridors, digital skills, e-commerce or e-governance.<br/>4.3.1 Number of digitalisation initiatives and investment projects supported (directly or indirectly).</p> | <p>4.1.1 To be defined<br/>4.2.1 13 pilot projects already implemented<br/>4.3.1 To be defined</p> | <p>4.1.1 To be defined<br/>4.2.1 To be defined<br/>4.3.1 To be defined</p> | <p>4.1.1 Project reports, assessment as part of the accession process.<br/>4.2.1 Project reports<br/>4.3.1 Project reports, reports by national authorities, by European and International Financial Institutions.</p> | <p>-Willingness of different national actors to change legal frameworks and implement reforms<br/>-Continuous support of digitalisation stakeholders</p> |
| <p><b>Output related to Outcome 5</b></p> | <p>5.1 Improved regulatory frameworks<br/>5.2 Increased capacity of national authorities<br/>5.3 Strengthened regional cooperation and knowledge sharing</p>   | <p>5.1.1 Number of legal acts changed<br/>5.2.1 Number of technical workshops and training organised and their attendance<br/>5.3.1 Number of conferences and workshops organised and their attendance.</p>  | <p>To be defined</p>   | <p>To be defined</p>   | <p>-Project reports<br/>-Energy Community assessment Ass</p>   | <p>-willingness of different national actors to change legal frameworks and implement reforms</p>  |
| <p><b>Output related to Outcome 6</b></p> | <p>6.1 Local authorities' capacity on climate adaptation is increased.<br/>6.2 Local authorities' capacity on enlargement process is increased.<br/>6.3 Local authorities' capacity on access to finance is increased.</p>   | <p>6.1.1 Number of climate adaptation actions in SECAPs.<br/>6.2.1 Number of training workshops, consultations and exchange visits on enlargement process.<br/>6.3.1 Number of matchmaking and networking meetings on access to finance.</p>   | <p>To be defined</p>   | <p>To be defined</p>   | <p>Project reports</p>   |  |

|                                    |  |  |  |   |  |   |
|------------------------------------|--|--|--|---|--|---|
|                                    |  | 6.4.1. Number of climate vulnerability and risks assessments completed for key investments   |  |   |  |   |
| <b>Output related to Outcome 7</b> | 6.1 Improved quality of education in Georgia and other EaP country to increase educational and employment opportunities, as a result of modernisation of teaching methodologies and quality systemisation. | <p>6.1 Number of teachers, educators, and school leaders from Georgia and the region benefiting from the Learning Academy</p> <p>6.2 Percentage of graduating students from the European focused IB Diploma track each year</p> <p>6.3 Percentage of students who enter tertiary education</p> <p>6.4 Percentage of students getting scholarships for their tertiary studies</p> | <p>6.1. N/A (The Learning Academy was established in Q1 2024)</p> <p>6.2. 97% (data from Graduation between 2020-2023)</p> <p>6.3 to be defined at the inception (data from graduation between 2020-2025)</p> <p>6.4 to be defined at the inception (data from graduation between 2020-2025)</p> | <p>6.1. to be defined in the inception phase</p> <p>6.2. at least 97%</p> <p>6.3 at least 90%</p> <p>6.4 at least 40%</p> |  | <p>The strong commitment of the Government of Georgia and the Ministry of Education, Science and Youth is maintained during the Project implementation</p> <p>Political stability in the region which allows students to take part at the scholarship programme</p> |

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing Agreement

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

### 4.2. Indicative Implementation Period

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

#### 4.3.1. Direct Management (Grants and procurement)

##### 4.3.1.1 Grants

###### 4.3.1.1.1 Grants under pillar I of the Facility

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

Under **Pillar I of the facility**, some activities to be carried out under the objective 1 (Boosting cross-border trade between the EaP countries and the EU, in support of DCFTAs and CEPA) might be implemented under direct management with a grant component.

The objective of these grants is to: 1) contribute to boosting trade and investment between the EaP and the EU; as well as building the capacity of innovative and grassroot EaP-based Business Support Organisations (BSOs) and/or export promotion agency. The grant would consist of financial support to third parties, providing activities adequate activities dedicated to strengthen BSOs and SMEs' export capacity – such as study visits, B2B matching, trade fairs, capacity building, peer learning between EaP based SMEs and BSOs and EU counterparts.

###### b) Type of applicants targeted

The entity will be selected by the Commission's services using the following criteria:

, The applicant must:

- Be a legal persons, and
- be non-profit-making, and
- be a specific type of organisations such as: non-governmental organisations, public sector operators, local authorities, international (inter-governmental) organisations
- be established in a Member State of the European Union or a country that is a beneficiary of the NDICI Regulation.

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. The maximum possible rate of co-financing for grants under this call is 95% of the eligible costs of the action.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.2 below.

#### 4.3.1.1.2 Grants under pillar II of the Facility

Under **Pillar II of the facility**, some activities to be carried out under the objective 5 (further approximation of national legal frameworks with EU acquis in the field of energy) might be implemented under direct management with a grant component. The objective of these grants is to: contribute to approximation of legal frameworks of EaP countries with the EU acquis in the field of energy and the reinforcement of institutional capacities.

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

The entity will be selected by the Commission's services using the following criteria: The applicant must:

- be a legal persons, and
- be non-profit-making, and
- be a specific type of organisations such as: non-governmental organisations, public sector operators, local authorities, international (inter-governmental) organisations
- be established in a Member State of the European Union or a country that is a beneficiary of the NDICI Regulation.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.2 below.

#### 4.3.1.1.3 Grants under Pillar III of the Facility

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

Under **Pillar III**, activities to be carried out under the objective 7 (Supporting improvements in the quality and gender sensitivity of education in the region and more specifically to contribute to Georgia's reform of its education system) might be implemented under direct management with a grant component. The objective of the grant is to achieve the specific objective 7 (SO7) of the Action.

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

The entity will be selected by the Commission's services using the following criteria:

- The entity has technical and managerial capacity in the field of education and skills.
- The entity has recognised role and experience in education, and it has the technical and managerial capacity to develop and implement programmes and actions with partners in education and skills in the EaP countries.
- The entity has a clear mandate for the implementation of cooperation activities in education and is guided by international standards and recognised normative instruments on education and skills.

- The entity has demonstrated transparency, impartiality, and the absence of conflict of interest, in other cooperation programmes with the EU.

Applicants may equally be economic operators that fulfil those criteria and can demonstrate experience in the work areas mentioned above.

Under the responsibility of the Commission’s authorising officer responsible, the grant will be awarded without a call for proposals, based on Article 195 (f) of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, i.e. “for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals”.

#### **4.3.1.2 Procurement**

Under Pillar I and II, procurement or a top-up to existing service contracts, in line with the requirements of Article 172 of the Financial Regulation will be ensured<sup>1</sup>. The objective is to provide reinforcement to the EU4Digital (objective 4) and Covenant of Mayors East (objective 6) initiatives, considering the need to deliver new activities in the context of the accession process and delivery on the Economic and Investment Plan for the region.

#### **4.3.2. Indirect Management with a pillar-assessed entity**

The following objectives of this action may be implemented in indirect management with a pillar-assessed entity, a consortium of pillar assessed entities or several pillar-assessed entities working individually, which will be selected by the Commission’s services using the criteria described under the following paragraphs.

- Objective 1 “Boosting cross-border trade between the EaP countries and the EU, in support of DCFTAs and CEPA”.

The entity will be selected by the Commission’s services using the following criteria:

- Proven knowledge and expertise in the given areas of interventions;
- Track record and capacity to develop good working relations with government partners, BSOs and Business communities; and capacity to deliver work in a conflict sensitive manner across the Eastern Partnership region;
- Demonstrated operational and technical capacities required to manage the data collection process and maintenance of the EaP Trade Heldepsk (to provide market intelligence for SMEs and BSOs, up-to-date insights on the EU market and a valuable source of intelligence for exporters);
- Demonstrated operational capacities required to build the capacity of BSOs and SMEs;
- Positive track record in engaging in communication activities in line with EU visibility rules.
- Objective 2 “Improving business climate reforms and enhancing SME competitiveness”.

The entity will be selected by the Commission’s services using the following criteria:

- Proven knowledge and expertise on economic development policies and SME policies in particular, in addition of an experience in the Eastern Partnership countries.
- Track record and capacity to develop good working relations with government partners, BSOs and Business communities; and capacity to deliver work in a conflict sensitive manner across the Eastern Partnership region;
- Demonstrated operational and technical capacities required to carry out analysis business climate reform and SME policies in the EaP countries;
- Expertise and demonstrated operational and technical capacities required to develop a series of comprehensive assessment of economic performance, governance and regulation in the EaP countries



across key policy areas that are interrelated and make up a holistic structural reform agenda needed to foster competitiveness and socio-economic development;

- Demonstrated operational and technical capacities required to organise regular co-ordination meetings with project partners to provide an update on the project status.
  - Among others, the entity would need to provide a senior policy analyst to supervise the action implementation, in particular the content and the analysis produced; and policy analysts, to manage the operational aspects of the Action including planning, preparation of content and mission organisation, communication etc.
- Objective 3 ‘Supporting local economic development and municipalities of the EaP’

The entity will be selected by the Commission’s services using the following criteria:

- Proven knowledge and expertise in the given areas of interventions;
  - Track record and capacity to develop good working relations with government partners, European and International Financial Institutions and capacity to deliver work in a conflict sensitive manner across the Eastern Partnership region;
  - Demonstrated operational and technical capacities required to implement the programme and support stakeholders, including municipalities, in their participation to the Mayors for Economic Growth initiative;
  - Demonstrated operational and technical capacities required to manage a re-granting scheme for the implementation of small-scale municipal projects building on a portfolio approach and on local economic development plans.
  - Positive track record in engaging in communication activities in line with EU visibility rules.
- Objective 7 ‘Improved quality and gender sensitivity of education in Georgia and other EaP country to increase educational and employment opportunities, as a result of modernisation of teaching methodologies and quality systemisation.’

The entity will be selected by the Commission’s services using the selection criteria defined in section 4.3.1.1.2 and aligned with article 195 (f) FR.

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

If the implementation modality **under direct** management as defined in section 4.3.1 cannot be implemented due to circumstances beyond the control of the Commission, these parts of the action may be implemented through indirect management according to section 4.3.2.

If the implementation modality under **indirect management** as defined in section ‘4.3.2’ cannot be implemented due to circumstances beyond the control of the Commission or in case no compliant pillar assessed entity can be identified, these parts of the action may be implemented through **grants under direct management** according to the section ‘4.3.1’. The grant shall contribute to achieving the specific objectives identified in this Action document. The selection criteria will be the ones defined in section 4.3.1.1.1 and aligned with article 195 (f) FR.

#### **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).

For this multi-country action, natural persons who are nationals of, and legal persons who are effectively established in the following countries and territories covered by this action, are also eligible: Armenia, Azerbaijan, Georgia, Moldova, Ukraine.

#### 4.5. Indicative Budget

| <b>Indicative Budget components</b>                                     | <b>EU contribution<br/>(amount in EUR)</b> | <b>Third Party<br/>contribution</b> |
|---|--|-------------------------------------|
| Pillar I: Trade and investment promotion                                | 26 000 000                                 | TBD                                 |
| Pillar II: Green and sustainable development                            | 5 000 000                                  | TBD                                 |
| Pillar III: Investing in human capital                                  | 5 000 000                                  | TBD                                 |
| <b>Evaluation</b> – cf. section 5.2<br><b>Audit</b> – cf. section 5.3   | covered by another<br>Decision             | TBD                                 |
| <b>Strategic communication and<br/>public diplomacy</b> – cf. section 6 | covered by another<br>Decision             | TBC                                 |
| <b>Totals</b>   | 36 000 000                                 | TBD                                 |

#### 4.6. Organisational Set-up and Responsibilities

An oversight mechanism shall be established to ensure coordination and complementarity of the different activity streams within the Action. It will comprise representatives of the European Commission to ensure strategic guidance of the actions, as well as implementing partners and other stakeholders as appropriate. The steering committee will meet once a year and additionally on a case-by-case basis if such a necessity arises. The Steering Committee will include representatives of other concerned Commission services, including relevant EU Delegations and other involved EU institutions such as the EEAS. Performance monitoring and reporting, including in terms of visibility obligations, of the Action will be undertaken in accordance with the signed agreement.

Overall, the implementing partners will also manage the Action in close cooperation with the main stakeholders, counterpart institutions, national institutions and administrations. They shall closely coordinate with the relevant EU Delegations in consultation with the Commission.

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.

## 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 Outputs and contribution to the achievement of its Outcomes, and if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

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).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

Each of the project activities is related to specific outcomes/outputs and equipped with quantified indicators and deliverables. Throughout the implementation, the achieved results will be checked against original activity plans and project deliverables set as milestones. Indicator-based reporting will be performed based on the logframe. Relevant indicators will have to be disaggregated by country, geographic unit, age group, and gender. Where feasible, data specific for most vulnerable groups should be included.

The implementing partners will be responsible for the day-to-day execution and monitoring of the activities. In case of discrepancies, the project team will propose and introduce corrective measures. The normal procedure for eliminating discrepancies will be (a) recognition of discrepancy, (b) estimation of the level of discrepancy and potential impact (time, quantity and quality wise), (c) definition of reasons (internal and external), (d) preparation of a contingency plan (responsibilities, activities), (e) implementation of a contingency plan and (f) review.

The Commission will be regularly updated on progress made and any issues encountered. EU Delegations in beneficiary countries will be systematically consulted and informed of annual project work plans and on the progress of any bilateral activity within the project. The Commission and EU Delegations in beneficiary countries will be regularly consulted on thematic issues. They will be invited to participate in steering committee meetings.

Regular internal reporting will be established at the onset of the project with all project stakeholders and will contribute to the overall project evaluation reporting. While the monitoring will be a constant process, at the key milestones of the project, internal evaluation will be implemented. The project will be subject to the internal monitoring procedures of the implementing partners. The project might be object of result-oriented monitoring (ROM) by the European Commission.

## **5.2. Evaluation**

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via an implementing partner.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this facility is an innovative action, covering various priority areas.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation exercise and 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 shall be shared with the partner country 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, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

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

### **5.3. Audit and Verifications**

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

## **6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY**

All entities implementing EU-funded external actions have the contractual obligation 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. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

## Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

|  |                    |  |
|--|--------------------|--|
| <b>Action level</b> (i.e. Budget support, Blending)  |                    |  |
| <input type="checkbox"/>   | Single action      | Present action: all contracts in the present action  |
| <b>Group of actions level</b> (i.e: i) top-up cases, ii) second, third, etc. phases of a programme)  |                    |  |
| <input type="checkbox"/>   | Group of actions   | Actions reference (CRIS#/OPSYS#):  |
| <b>Contract level</b> (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)  |                    |  |
| <input checked="" type="checkbox"/>  | Single Contract 1  | PC-37904 Supporting trade facilitation and business climate reforms in the EaP             |
| <input checked="" type="checkbox"/>  | Single Contract 2  | PC-37908 Investing in local economic development: Mayors for Economic Growth – Phase III   |
| <input checked="" type="checkbox"/>  | Single Contract 3  | PC-16314 EU4Digital Facility: supporting digital Economy and society in the EaP – Phase II |
| <input checked="" type="checkbox"/>  | Single Contract 4  | PCC-429902 Covenant of Mayors Eastern Partnership – Phase III                              |
| <input checked="" type="checkbox"/>  | Single Contract 5  | PC-37984 EU4Energy (CEER) – Phase III  |
| <input checked="" type="checkbox"/>  | Single Contract 6  | PC-37915 Investing in education: EaP European School                                       |
| <b>Group of contracts level</b> (i.e: i) series of programme estimates, ii) cases in which an Action Document foresees many foreseen individual legal commitments (for instance four contracts and one of them being a Technical Assistance) and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other, iii) follow up contracts that share the same log frame of the original contract) |                    |  |
| <input type="checkbox"/>   | Group of contracts |  |